To amend section 340E of the Public Health Service Act (relating to children's hospitals) to modify provisions regarding the determination of the amount of payments for indirect expenses associated with operating approved graduate medical residency training programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DISREGARD OF NEWBORN BASSINETS IN CALCULATING CASE MIX FOR RECEIPT BY CHILDREN'S HOSPITALS OF FUNDING FOR GRADUATE MEDICAL EDUCATION PROGRAMS.

(a) IN GENERAL.—Section 340E(d) of the Public Health Service Act (42 U.S.C. 256e(d)) is amended—

(1) in paragraph (1), by striking “related to” and inserting “associated with”; and

(2) in paragraph (2)(A)—

(A) by inserting “ratio of the” after “hospitals and the”; and

(B) by inserting at the end before the semicolon “to beds (but excluding beds or bassinets assigned to healthy newborn infants)”.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to payments for periods beginning with fiscal year 2005.