

115TH CONGRESS
2D SESSION

S. 3014

To amend title XVIII of the Social Security Act to support rural residency training funding that is equitable for all States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 6, 2018

Mr. GARDNER introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend title XVIII of the Social Security Act to support rural residency training funding that is equitable for all States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Physician Work-
5 force Production Act of 2018”.

1 **SEC. 2. ALTERNATIVE NATIONAL PER RESIDENT PAYMENT**
2 **FOR RESIDENTS TRAINING IN RURAL TRAIN-**
3 **ING LOCATIONS.**

4 (a) IN GENERAL.—Section 1886 of the Social Secu-
5 rity Act (42 U.S.C. 1395ww) is amended by adding at the
6 end the following new subsection:

7 “(u) ALTERNATIVE NATIONAL PER RESIDENT PAY-
8 MENT AMOUNT FOR RESIDENTS TRAINING IN RURAL
9 TRAINING LOCATIONS.—

10 “(1) IN GENERAL.—

11 “(A) ESTABLISHMENT.—The Secretary
12 shall establish a national per resident payment
13 (NPRP) amount for time spent by residents
14 training in rural training locations in accord-
15 ance with paragraph (2).

16 “(B) ELECTION.—For cost reporting peri-
17 ods beginning on or after the date that is 1
18 year after the date of enactment of this sub-
19 section, an applicable hospital (as defined in
20 paragraph (6)(A)), may elect to receive the pay-
21 ment amount under this subsection for each
22 full-time-equivalent resident in an approved
23 medical residency training program that re-
24 ceives training in a rural training location in
25 accordance with paragraph (2). An applicable
26 hospital may make an election under the pre-

1 ceding sentence regardless of whether the appli-
2 cable hospital is otherwise eligible for a pay-
3 ment or adjustment for indirect and direct
4 graduate medical education costs under sub-
5 sections (d)(5)(B) and (h) or section 1814(l), as
6 applicable, with respect to such residents. If the
7 applicable hospital is otherwise eligible for such
8 a payment or adjustment, the national per resi-
9 dent payment amount under this subsection
10 shall be in lieu of such payment or adjustment.

11 “(C) APPLICATION.—The provisions of this
12 subsection, or the application of such provisions
13 to an applicable hospital, shall not result in or
14 otherwise effect the following:

15 “(i) The establishment of a limitation
16 on the number of residents in allopathic or
17 osteopathic medicine for purposes of sub-
18 sections (d)(5)(B) and (h) with respect to
19 an approved medical residency training
20 program of an applicable hospital (or be
21 taken into account in determining such a
22 limitation during the cap building period of
23 an applicable hospital).

24 “(ii) The determination of—

1 “(I) the additional payment
2 amount under subsection (d)(5)(B);
3 or

4 “(II) hospital-specific approved
5 FTE resident amounts under sub-
6 section (h).

7 “(iii) The counting of any resident
8 with respect to which the applicable hos-
9 pital receives a national per resident pay-
10 ment under this subsection towards the ap-
11 plication of the limitation described in
12 clause (i) for purposes of subsections
13 (d)(5)(B) and (h).

14 “(2) PAYMENT AMOUNT.—

15 “(A) BASE AMOUNT.—The national per
16 resident payment amount, with respect to full-
17 time equivalent residents training in rural
18 training locations, for cost reporting periods be-
19 ginning during the first year beginning on or
20 after the date of enactment of this subsection
21 shall be, based on the most recently available
22 data with respect to cost reporting periods be-
23 ginning during a preceding year (referred to in
24 this subparagraph as the ‘base cost reporting
25 period’), equal to the sum of the following:

1 “(i) DIRECT GME.—The amount that,
2 out of all of the payment amounts (deter-
3 mined on a per resident basis) received by
4 hospitals under subsection (h) for such
5 base cost reporting period, is equal to the
6 national 85th percentile of such payment
7 amounts.

8 “(ii) INDIRECT GME.—The amount
9 that, out of all of the additional payment
10 amounts (determined on a per resident
11 basis) received by hospitals under sub-
12 section (d)(5)(B) for such base cost report-
13 ing period, is equal to the national 85th
14 percentile of such payment amounts.

15 “(B) UPDATING FOR SUBSEQUENT COST
16 REPORTING PERIODS.—For each subsequent
17 cost reporting period, the national per resident
18 payment amount is equal to such amount deter-
19 mined under this paragraph for the previous
20 cost reporting period updated, through the mid-
21 point of the period, by projecting the estimated
22 percentage change in the consumer price index
23 during the 12-month period ending at that mid-
24 point, with appropriate adjustments to reflect
25 previous under- or over-estimations under this

1 subparagraph in the projected percentage
2 change in the consumer price index.

3 “(C) CLARIFICATION.—The national per
4 resident payment amount shall not be dis-
5 counted or otherwise adjusted based on the
6 Medicare patient load (as defined in subsection
7 (h)(3)(C)) of an applicable hospital or dis-
8 charges in a diagnosis-related group.

9 “(3) ALLOCATION OF PAYMENTS.—In providing
10 for payments under this subsection, the Secretary
11 shall provide for an allocation of such payments be-
12 tween parts A and part B (and the trust funds es-
13 tablished under the respective parts) as reasonably
14 reflects the proportion of such costs associated with
15 the provision of services under each respective part.

16 “(4) ELIGIBILITY FOR PAYMENT.—

17 “(A) IN GENERAL.—An applicable hospital
18 shall be eligible for payment of the national per
19 resident payment amount under this subsection
20 for time spent by a resident training in a rural
21 training location if the following requirements
22 are met:

23 “(i) The resident spends the equiva-
24 lent of at least 8 weeks over the course of
25 their training in a rural training location.

1 “(ii) The hospital pays the salary and
2 benefits of the resident for the time spent
3 training in a rural training location.

4 “(B) TREATMENT OF TIME SPENT IN
5 RURAL TRACKS.—An applicable hospital shall
6 be eligible for payment of the national per resi-
7 dent payment amount under this subsection for
8 all time spent by residents in an approved med-
9 ical residency program (or separately defined
10 track within a program) that provides 50 per-
11 cent or more of the total residency training
12 time in rural training locations (as defined in
13 paragraph (6)(C)), regardless of where the
14 training occurs and regardless of specialty.

15 “(5) DETERMINATION OF FULL-TIME-EQUIVA-
16 LENT RESIDENTS.—The determination of full-time-
17 equivalent residents for purposes of this subsection
18 shall be made in the same manner as the determina-
19 tion of full-time-equivalent residents under sub-
20 section (h)(4).

21 “(6) DEFINITIONS.—In this subsection:

22 “(A) APPLICABLE HOSPITAL.—The term
23 ‘applicable hospital’ means a hospital or critical
24 access hospital.

1 “(B) APPROVED MEDICAL RESIDENCY
2 TRAINING PROGRAM; DIRECT GRADUATE MED-
3 ICAL EDUCATION COSTS; RESIDENT.—The
4 terms ‘approved medical residency training pro-
5 gram’, ‘direct graduate medical education
6 costs’, and ‘resident’ have the meanings given
7 those terms in subsection (h)(5).

8 “(C) RURAL TRAINING LOCATION.—The
9 term ‘rural training location’ means a location
10 in which training occurs that, based on the
11 2010 census or any subsequent census adjust-
12 ment, meets one or more of the following cri-
13 teria:

14 “(i) The training occurs in a location
15 that is a rural area (as defined in section
16 1886(d)(2)(D)).

17 “(ii) The training occurs in a location
18 that has a rural-urban commuting area
19 code equal to or greater than 4.0.

20 “(iii) The training occurs in a location
21 that is within 10 miles of a sole community
22 hospital (as defined in subsection
23 (d)(5)(D)(iii)).

24 “(7) BUDGET NEUTRALITY REQUIREMENT.—
25 The Secretary shall ensure that aggregate payments

1 for direct medical education costs and indirect med-
2 ical education costs under this title, including any
3 payments under this subsection, for each year (effec-
4 tive beginning on or after the date that is 1 year
5 after the date of enactment of this subsection) are
6 not greater than the aggregate payments for such
7 costs that would have been made under this title for
8 the year without the application of this subsection.
9 For purposes of carrying out the budget neutrality
10 requirement under the preceding sentence, the Sec-
11 retary may make appropriate adjustments to the
12 amount of such payments for direct graduate med-
13 ical education costs and indirect medical education
14 costs under subsections (h) and (d)(5)(B), respec-
15 tively.”.

16 (b) TREATMENT OF CRITICAL ACCESS HOSPITALS
17 AND SOLE COMMUNITY HOSPITALS.—

18 (1) CRITICAL ACCESS HOSPITALS.—Section
19 1814(l) of the Social Security Act (42 U.S.C.
20 1395f(l)) is amended by adding at the end the fol-
21 lowing new paragraph:

22 “(6) For cost reporting periods beginning on or after
23 the date that is 1 year after the date of enactment of this
24 paragraph, the following shall apply:

1 “(A) A critical access hospital may elect to be
2 treated as a hospital or as a non-provider setting for
3 purposes of counting resident time for indirect med-
4 ical education costs and direct graduate medical edu-
5 cation costs for the time spent by the resident in
6 that setting under subsections (d)(5)(B) and (h), re-
7 spectively, of section 1886.

8 “(B) Medical education costs shall not be con-
9 sidered reasonable costs of a critical access hospital
10 for purposes of payment under paragraph (1), to the
11 extent that the critical access hospital or another
12 hospital receives payment for such costs for the time
13 spent by the resident in that setting pursuant to
14 subsection (d)(5)(B), subsection (h), or subsection
15 (u) of section 1886.”.

16 (2) SOLE COMMUNITY HOSPITALS.—Section
17 1886(d)(5)(D) of the Social Security Act (42 U.S.C.
18 1395ww(d)(5)(D)) is amended by adding at the end
19 the following new clause:

20 “(vi) For cost reporting periods beginning on or after
21 the date that is 1 year after the date of enactment of this
22 paragraph, the hospital-specific payment amount deter-
23 mined under clause (i)(I) with respect to a sole community
24 hospital shall not include medical education costs, to the
25 extent that the sole community hospital receives payment

1 for such costs for the time spent by the resident in that
2 setting pursuant to subsection (u).”.

3 (c) CONFORMING AMENDMENTS.—

4 (1) Section 1886 of the Social Security Act (42
5 U.S.C. 1395ww) is amended—

6 (A) in subsection (d)(5)(B), in the matter
7 preceding clause (i), by striking “The Sec-
8 retary” and inserting “Subject to subsection
9 (u), the Secretary”; and

10 (B) in subsection (h)—

11 (i) in paragraph (1), by inserting
12 “subject to subsection (u)” after
13 “1861(v),”; and

14 (ii) in paragraph (3), in the flush
15 matter at the end, by striking “subsection
16 (k)” and inserting “subsection (k) or sub-
17 section (u)”.

18 **SEC. 3. SUPPORTING NEW, EXPANDING, AND EXISTING**

19 **RURAL TRAINING TRACK RESIDENCIES.**

20 (a) DIRECT GRADUATE MEDICAL EDUCATION.—Sec-
21 tion 1886(h) of the Social Security Act (42 U.S.C.
22 1395ww(h)) is amended—

23 (1) in paragraph (4)—

24 (A) in subparagraph (F)(i)—

1 (i) by striking “130 percent” and in-
2 sserting “for cost reporting periods begin-
3 ning on or after October 1, 1997, and be-
4 fore the date that is 1 year after the date
5 of enactment of the Rural Physician Work-
6 force Production Act of 2018, 130 per-
7 cent”; and

8 (ii) by adding at the end the fol-
9 lowing: “For cost reporting periods begin-
10 ning on or after the date that is 1 year
11 after the date of enactment of the Rural
12 Physician Workforce Production Act of
13 2018, such rules shall provide that any
14 full-time-equivalent resident in an ap-
15 proved medical residency program (or sep-
16 arately defined track within a program)
17 that provides 50 percent or more of the
18 total residency training time in rural train-
19 ing locations (as defined in subsection
20 (u)(6)(C)), regardless of where the training
21 occurs and regardless of specialty, shall
22 not be taken into account for purposes of
23 applying the limitation under this subpara-
24 graph.”. ; and

25 (B) in subparagraph (H)—

1 (i) in clause (i), in the second sen-
2 tence, by inserting the following before the
3 period: “, in accordance with the second
4 sentence of clause (i) of such subpara-
5 graph”; and

6 (ii) in clause (iv), by inserting the fol-
7 lowing before the period: “, in accordance
8 with the second sentence of clause (i) of
9 such subparagraph”; and

10 (2) in paragraph (5), by adding at the end the
11 following new subparagraph:

12 “(L) SPECIAL RULES REGARDING APPLICA-
13 TION OF NATIONAL PER RESIDENT PAYMENT
14 AMOUNT.—For special rules regarding applica-
15 tion of the national per resident payment
16 amount under subsection (u), see paragraph
17 (1)(C) of such subsection.”.

18 (b) INDIRECT MEDICAL EDUCATION.—Section
19 1886(d)(5)(B)(v) is amended—

20 (1) by striking “130 percent” and inserting
21 “for cost reporting periods beginning on or after Oc-
22 tober 1, 1997, and before the date that is 1 year
23 after the date of enactment of the Rural Physician
24 Workforce Production Act of 2018, 130 percent”;
25 and

1 (2) by adding at the end the following: “For
2 cost reporting periods beginning on or after the date
3 that is 1 year after the date of enactment of the
4 Rural Physician Workforce Production Act of 2018,
5 such rules shall provide that any full-time-equivalent
6 resident in an approved medical residency program
7 (or separately defined track within a program) that
8 provides 50 percent or more of the total residency
9 training time in rural training locations (as defined
10 in subsection (u)(6)(C)), regardless of where the
11 training occurs and regardless of specialty, shall not
12 be taken into account for purposes of applying the
13 limitation under this subparagraph. For special rules
14 regarding application of the national per resident
15 payment amount under subsection (u), see para-
16 graph (1)(C) of such subsection.”.

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