

116TH CONGRESS  
1ST SESSION

# S. 289

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.

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## IN THE SENATE OF THE UNITED STATES

JANUARY 31, 2019

Mr. GARDNER (for himself, Mr. TESTER, and Mrs. HYDE-SMITH) introduced the following bill; which was read twice and referred to the Committee on Finance

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## 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 2019”.

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 following subparagraph (B), by  
16 striking “subsection (k)” and inserting  
17 “subsection (k) or subsection (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 2019, 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 2019, 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 2019, 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 2019,  
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.”.

○