

106TH CONGRESS
1ST SESSION

S. 391

To provide for payments to children's hospitals that operate graduate medical education programs.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 8, 1999

Mr. KERREY (for himself, Mr. BOND, Mr. KENNEDY, Mr. GORTON, Mr. GRAHAM, Mr. DEWINE, Mr. MOYNIHAN, Mr. DURBIN, Mr. INOUE, Mr. MACK, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide for payments to children's hospitals that operate graduate medical education programs.

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 "Children's Hospitals
5 Education and Research Act of 1999".

6 **SEC. 2. PROGRAM OF PAYMENTS TO CHILDREN'S HOS-**
7 **PITALS THAT OPERATE GRADUATE MEDICAL**
8 **EDUCATION PROGRAMS.**

9 (a) PAYMENTS.—

1 (1) IN GENERAL.—The Secretary shall make
 2 payments under this section to each children’s hos-
 3 pital for each hospital cost reporting period under
 4 the medicare program beginning in or after fiscal
 5 year 2000 and before fiscal year 2004 for the—

6 (A) direct expenses associated with operat-
 7 ing approved medical residency training pro-
 8 grams; and

9 (B) indirect expenses associated with the
 10 treatment of more severely ill patients and the
 11 additional costs related to the teaching of resi-
 12 dents.

13 (2) PAYMENT AMOUNTS.—Subject to paragraph
 14 (3), the following amounts shall be payable under
 15 this section to a children’s hospital for a cost report-
 16 ing period described in paragraph (1):

17 (A) DIRECT EXPENSES.—The amount de-
 18 termined under subsection (b) for direct ex-
 19 penses described in paragraph (1)(A).

20 (B) INDIRECT EXPENSES.—The amount
 21 determined under subsection (c) for indirect ex-
 22 penses described in paragraph (1)(B)

23 (3) CAPPED AMOUNT.—

24 (A) IN GENERAL.—The payments to chil-
 25 dren’s hospitals established in this subsection

1 for cost reporting periods ending in any fiscal
2 year shall not exceed the funds appropriated
3 under subsection (e) for that fiscal year.

4 (B) PRO RATA REDUCTIONS OF PAYMENTS
5 FOR DIRECT EXPENSES.—If the Secretary de-
6 termines that the amount of funds appropriated
7 under subsection (e)(1) for cost reporting peri-
8 ods ending in any fiscal year is insufficient to
9 provide the total amount of payments otherwise
10 due for such periods, the Secretary shall reduce
11 each of the amounts payable under this section
12 pursuant to paragraph (2)(A) for such period
13 on a pro rata basis to reflect such shortfall.

14 (b) AMOUNT OF PAYMENT FOR DIRECT MEDICAL
15 EDUCATION.—

16 (1) IN GENERAL.—The amount determined
17 under this subsection for payments to a children's
18 hospital for direct expenses relating to approved
19 medical residency training programs for a cost re-
20 porting period beginning in or after fiscal year 2000
21 and before fiscal year 2004 is equal to the product
22 of—

23 (A) the updated per resident amount for
24 direct medical education, as determined under

1 paragraph (2), for the cost reporting period;
2 and

3 (B) the number of full-time equivalent resi-
4 dents in the hospital's approved medical resi-
5 dency training programs (as determined under
6 section 1886(h)(4) of the Social Security Act
7 (42 U.S.C. 1395ww(h)(4))) for the cost report-
8 ing period.

9 (2) UPDATED PER RESIDENT AMOUNT FOR DI-
10 RECT MEDICAL EDUCATION.—The updated per resi-
11 dent amount for direct medical education for a hos-
12 pital for a cost reporting period ending in a fiscal
13 year is an amount equal to the per resident amount
14 for cost reporting periods ending during fiscal year
15 1999 for the hospital involved (as determined by the
16 Secretary using the methodology described in section
17 1886(h)(2)(E)) of such Act (42 U.S.C.
18 1395ww(h)(2)(E))) increased by the percentage in-
19 crease in the Consumer Price Index for All Urban
20 Consumers (United States city average) from fiscal
21 year 1999 through the fiscal year involved.

22 (c) AMOUNT OF PAYMENT FOR INDIRECT MEDICAL
23 EDUCATION.—

24 (1) IN GENERAL.—The amount determined
25 under this subsection for payments to a children's

1 hospital for indirect expenses associated with the
2 treatment of more severely ill patients and the addi-
3 tional costs related to the teaching of residents for
4 a cost reporting period beginning in or after fiscal
5 year 2000 and before fiscal year 2004 is equal to
6 an amount determined appropriate by the Secretary.

7 (2) FACTORS.—In determining the amount
8 under paragraph (1), the Secretary shall—

9 (A) take into account variations in case
10 mix among children’s hospitals and the number
11 of full-time equivalent residents in the hospitals’
12 approved medical residency training programs
13 for the cost reporting period; and

14 (B) assure that the aggregate of the pay-
15 ments for indirect expenses associated with the
16 treatment of more severely ill patients and the
17 additional costs related to the teaching of resi-
18 dents under this section in a fiscal year are
19 equal to the amount appropriated for such ex-
20 penses in such year under subsection (e)(2).

21 (d) MAKING OF PAYMENTS.—

22 (1) INTERIM PAYMENTS.—The Secretary shall
23 estimate, before the beginning of each cost reporting
24 period for a hospital for which the payments may be
25 made under this section, the amounts of the pay-

1 ments for such period and shall (subject to para-
2 graph (2)) make the payments of such amounts in
3 26 equal interim installments during such period.

4 (2) WITHHOLDING.—The Secretary shall with-
5 hold up to 25 percent from each interim installment
6 paid under paragraph (1).

7 (3) RECONCILIATION.—At the end of each such
8 period, the hospital shall submit to the Secretary
9 such information as the Secretary determines to be
10 necessary to determine the percent (if any) of the
11 total amount withheld under paragraph (2) that is
12 due under this section for the hospital for the pe-
13 riod. Based on such determination, the Secretary
14 shall recoup any overpayments made, or pay any
15 balance due. The amount so determined shall be
16 considered a final intermediary determination for
17 purposes of applying section 1878 of the Social Se-
18 curity Act (42 U.S.C. 1395oo) and shall be subject
19 to review under that section in the same manner as
20 the amount of payment under section 1886(d) of
21 such Act (42 U.S.C. 1395ww(d)) is subject to review
22 under such section.

23 (e) LIMITATION ON EXPENDITURES.—

24 (1) DIRECT MEDICAL EDUCATION.—

1 (A) IN GENERAL.—Subject to subpara-
2 graph (B), there are hereby appropriated, out
3 of any money in the Treasury not otherwise ap-
4 propriated, for payments under this section for
5 direct expenses relating to approved medical
6 residency training programs for cost reporting
7 periods beginning in—

8 (i) fiscal year 2000, \$35,000,000;

9 (ii) fiscal year 2001, \$95,000,000;

10 (iii) fiscal year 2002, \$95,000,000;

11 and

12 (iv) fiscal year 2003, \$95,000,000.

13 (B) CARRYOVER OF EXCESS.—If the
14 amount of payments under this section for cost
15 reporting periods beginning in fiscal year 2000,
16 2001, or 2002 is less than the amount provided
17 under this paragraph for such payments for
18 such periods, then the amount available under
19 this paragraph for cost reporting periods begin-
20 ning in the following fiscal year shall be in-
21 creased by the amount of such difference.

22 (2) INDIRECT MEDICAL EDUCATION.—There
23 are hereby appropriated, out of any money in the
24 Treasury not otherwise appropriated, for payments
25 under this section for indirect expenses associated

1 with the treatment of more severely ill patients and
 2 the additional costs related to the teaching of resi-
 3 dents for cost reporting periods beginning in—

4 (A) fiscal year 2000, \$65,000,000;

5 (B) fiscal year 2001, \$190,000,000;

6 (C) fiscal year 2002, \$190,000,000; and

7 (D) fiscal year 2003, \$190,000,000.

8 (f) RELATION TO MEDICARE AND MEDICAID PAY-
 9 MENTS.—Notwithstanding any other provision of law,
 10 payments under this section to a hospital for a cost report-
 11 ing period—

12 (1) are in lieu of any amounts otherwise pay-
 13 able to the hospital under section 1886(h) or
 14 1886(d)(5)(B) of the Social Security Act (42 U.S.C.
 15 1395ww(h); 1395ww(d)(5)B)) to the hospital for
 16 such cost reporting period, but

17 (2) shall not affect the amounts otherwise pay-
 18 able to such hospitals under a State medicaid plan
 19 under title XIX of such Act (42 U.S.C. 1396 et
 20 seq.).

21 (g) DEFINITIONS.—In this section:

22 (1) APPROVED MEDICAL RESIDENCY TRAINING
 23 PROGRAM.—The term “approved medical residency
 24 training program” has the meaning given such term

1 in section 1886(h)(5)(A) of the Social Security Act
2 (42 U.S.C. 1395ww(h)(5)(A)).

3 (2) CHILDREN'S HOSPITAL.—The term “chil-
4 dren's hospital” means a hospital described in sec-
5 tion 1886(d)(1)(B)(iii) of the Social Security Act
6 (42 U.S.C. 1395ww(d)(1)(B)(iii)).

7 (3) DIRECT GRADUATE MEDICAL EDUCATION
8 COSTS.—The term “direct graduate medical edu-
9 cation costs” has the meaning given such term in
10 section 1886(h)(5)(C) of the Social Security Act (42
11 U.S.C. 1395ww(h)(5)(C)).

12 (4) SECRETARY.—The term “Secretary” means
13 the Secretary of Health and Human Services.

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