

105TH CONGRESS
2D SESSION

S. 2049

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

IN THE SENATE OF THE UNITED STATES

MAY 7, 1998

Mr. KERREY (for himself, Mr. BOND, Mr. DURBIN, Mr. KENNEDY, Mr. DEWINE, and Mr. MOYNIHAN) 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 1998”.

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 payment under this section to each children’s hos-
3 pital for each hospital cost reporting period begin-
4 ning after fiscal year 1998 and before fiscal year
5 2003 for the direct and indirect expenses associated
6 with operating approved medical residency training
7 programs.

8 (2) CAPPED AMOUNT.—The payment to chil-
9 dren’s hospitals established in this subsection for
10 cost reporting periods ending in a fiscal year is lim-
11 ited to the extent of funds appropriated under sub-
12 section (d) for that fiscal year.

13 (3) PRO RATA REDUCTIONS.—If the Secretary
14 determines that the amount of funds appropriated
15 under subsection (d) for cost reporting periods end-
16 ing in a fiscal year is insufficient to provide the total
17 amount of payments otherwise due for such periods,
18 the Secretary shall reduce the amount payable under
19 this section for such period on a pro rata basis to
20 reflect such shortfall.

21 (b) AMOUNT OF PAYMENT.—

22 (1) IN GENERAL.—The amount payable under
23 this section to a children’s hospital for direct and in-
24 direct expenses relating to approved medical resi-

1 dency training programs for a cost reporting period
2 is equal to the sum of—

3 (A) the product of—

4 (i) the per resident rate for direct
5 medical education, as determined under
6 paragraph (2), for the cost reporting pe-
7 riod; and

8 (ii) the weighted average number of
9 full-time equivalent residents in the hos-
10 pital's approved medical residency training
11 programs (as determined under section
12 1886(h)(4) of the Social Security Act) for
13 the cost reporting period; and

14 (B) the product of—

15 (i) the per resident rate for indirect
16 medical education, as determined under
17 paragraph (3), for the cost reporting pe-
18 riod; and

19 (ii) the number of full-time equivalent
20 residents in the hospital's approved medi-
21 cal residency training programs for the
22 cost reporting period.

23 (2) PER RESIDENT RATE FOR DIRECT MEDICAL
24 EDUCATION.—

(A) IN GENERAL.—The per resident rate for direct medical education for a hospital for a cost reporting period ending in or after fiscal year 1999 is the updated rate determined under subparagraph (B), as adjusted for the hospital under subparagraph (C).

(B) COMPUTATION OF UPDATED RATE.—
The Secretary shall—

(i) compute a base national DME average per resident rate equal to the average of the per resident rates computed under section 1886(h)(2) of the Social Security Act for cost reporting periods ending during fiscal year 1998; and

(ii) update such rate by the applicable percentage increase determined under section 1886(b)(3)(B)(i) of such Act for the fiscal year involved.

(C) ADJUSTMENT FOR VARIATIONS IN LABOR-RELATED COSTS.—The Secretary shall adjust for each hospital the portion of such updated rate that is related to labor and labor-related costs to account for variations in wage costs in the geographic area in which the hospital is located using the factor determined

1 under section 1886(d)(3)(E) of the Social Secu-
2 rity Act.

3 (3) PER RESIDENT RATE FOR INDIRECT MEDI-
4 CAL EDUCATION.—

5 (A) IN GENERAL.—The per resident rate
6 for indirect medical education for a hospital for
7 a cost reporting period ending in or after fiscal
8 year 1999 is the updated amount determined
9 under subparagraph (B).

10 (B) COMPUTATION OF UPDATED
11 AMOUNT.—The Secretary shall—

12 (i) determine, for each hospital with a
13 graduate medical education program which
14 is paid under section 1886(d) of the Social
15 Security Act, the amount paid to that hos-
16 pital pursuant to section 1886(d)(5)(B) of
17 such Act for the equivalent of a full twelve-
18 month cost reporting period ending during
19 the preceding fiscal year and divide such
20 amount by the number of full-time equiva-
21 lent residents participating in its approved
22 residency programs and used to calculate
23 the amount of payment under such section
24 in that cost reporting period;

1 (ii) take the sum of the amounts de-
2 termined under clause (i) for all the hos-
3 pitals described in such clause and divide
4 that sum by the number of hospitals so de-
5 scribed; and

6 (iii) update the amount computed
7 under clause (ii) for a hospital by the ap-
8 plicable percentage increase determined
9 under section 1886(b)(3)(B)(i) of such Act
10 for the fiscal year involved.

11 (c) MAKING OF PAYMENTS.—

12 (1) INTERIM PAYMENTS.—The Secretary shall
13 estimate, before the beginning of each cost reporting
14 period for a hospital for which a payment may be
15 made under this section, the amount of payment to
16 be made under this section to the hospital for such
17 period and shall make payment of such amount, in
18 26 equal interim installments during such period.

19 (2) FINAL PAYMENT.—At the end of each such
20 period, the hospital shall submit to the Secretary
21 such information as the Secretary determines to be
22 necessary to determine the final payment amount
23 due under this section for the hospital for the pe-
24 riod. Based on such determination, the Secretary
25 shall recoup any overpayments made, or pay any

1 balance due. The final amount so determined shall
 2 be considered a final intermediary determination for
 3 purposes of applying section 1878 of the Social Se-
 4 curity Act and shall be subject to review under that
 5 section in the same manner as the amount of pay-
 6 ment under section 1886(d) is subject to review
 7 under such section.

8 (d) LIMITATION ON EXPENDITURES.—

9 (1) IN GENERAL.—Subject to paragraph (2),
 10 there are hereby appropriated, out of any money in
 11 the Treasury not otherwise appropriated, for pay-
 12 ments under this section for cost reporting periods
 13 beginning in—

14 (A) fiscal year 1999 \$100,000,000;

15 (B) fiscal year 2000, \$285,000,000;

16 (C) fiscal year 2001, \$285,000,000; and

17 (D) fiscal year 2002, \$285,000,000.

18 (2) CARRYOVER OF EXCESS.—If the amount of
 19 payments under this section for cost reporting peri-
 20 ods ending in fiscal year 1999, 2000, or 2001 is less
 21 than the amount provided under this subsection for
 22 such payments for such periods, then the amount
 23 available under this subsection for cost reporting pe-
 24 riods ending in the following fiscal year shall be in-
 25 creased by the amount of such difference.

1 (e) RELATION TO MEDICARE AND MEDICAID PAY-
 2 MENTS.—Notwithstanding any other provision of law,
 3 payments under this section to a hospital for a cost report-
 4 ing period—

5 (1) are in lieu of any amounts otherwise pay-
 6 able to the hospital under section 1886(h) or
 7 1886(d)(5)(B) of the Social Security Act to the hos-
 8 pital for such cost reporting period, but

9 (2) shall not affect the amounts otherwise pay-
 10 able to such hospitals under a State medicaid plan
 11 under title XIX of such Act.

12 (f) DEFINITIONS.—In this section:

13 (1) APPROVED MEDICAL RESIDENCY TRAINING
 14 PROGRAM.—The term “approved medical residency
 15 training program” has the meaning given such term
 16 in section 1886(h)(5)(A) of the Social Security Act
 17 (42 U.S.C. 1395ww(h)(5)(A)).

18 (2) CHILDREN’S HOSPITAL.—The term “chil-
 19 dren’s hospital” means a hospital described in sec-
 20 tion 1886(d)(1)(B)(iii) of the Social Security Act
 21 (42 U.S.C. 1395ww(d)(1)(B)(iii)).

22 (3) DIRECT GRADUATE MEDICAL EDUCATION
 23 COSTS.—The term “direct graduate medical edu-
 24 cation costs” has the meaning given such term in

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

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

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