

106TH CONGRESS
1ST SESSION

S. 1504

To improve health care quality and reduce health care costs by establishing a National Fund for Health Research that would significantly expand the Nation's investment in medical research.

IN THE SENATE OF THE UNITED STATES

AUGUST 5, 1999

Mr. HARKIN (for himself and Mr. SPECTER) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

A BILL

To improve health care quality and reduce health care costs by establishing a National Fund for Health Research that would significantly expand the Nation's investment in medical research.

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 “National Fund for
5 Health Research Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) Only 30 percent of peer reviewed research
2 projects deemed worthy of funding by the National
3 Institutes of Health are funded.

4 (2) Less than 3 percent of the over 1 trillion
5 dollars that our Nation spends on health care is de-
6 voted to health research, while the defense industry
7 spends 15 percent of its budget on research and de-
8 velopment.

9 (3) Public opinion surveys have shown that
10 Americans want more Federal resources put into
11 health research and are willing to pay for it.

12 (4) Ample evidence exists to demonstrate that
13 health research has improved the quality of health
14 care in the United States. Advances such as the de-
15 velopment of vaccines, the cure of many childhood
16 cancers, drugs that effectively treat a host of dis-
17 eases and disorders, a process to protect our Na-
18 tion's blood supply from the HIV virus, progress
19 against cardiovascular disease including heart attack
20 and stroke, and new strategies for the early detec-
21 tion and treatment of diseases such as colon, breast,
22 and prostate cancer clearly demonstrates the bene-
23 fits of health research.

24 (5) Health research which holds the promise of
25 prevention of intentional and unintentional injury

1 and cure and prevention of disease and disability, is
2 critical to holding down health care costs in the long
3 term.

4 (6) Expanded medical research is also critical
5 to holding down the long-term costs of the medicare
6 program under title XVIII of the Social Security Act
7 (42 U.S.C. 1395 et seq.). For example, recent re-
8 search has demonstrated that delaying the onset of
9 debilitating and costly conditions like Alzheimer's
10 disease could reduce general health care and medi-
11 care costs by billions of dollars annually.

12 (7) The state of our Nation's research facilities
13 at the National Institutes of Health and at univer-
14 sities is deteriorating significantly. Renovation and
15 repair of these facilities are badly needed to main-
16 tain and improve the quality of research.

17 (8) Because discretionary spending is likely to
18 decline in real terms over the next 5 years, the Na-
19 tion's investment in health research through the Na-
20 tional Institutes of Health is likely to decline in real
21 terms unless corrective legislative action is taken.

22 (9) A health research fund is needed to main-
23 tain our Nation's commitment to health research
24 and to increase the percentage of approved projects

1 which receive funding at the National Institutes of
2 Health.

3 (10) Americans purchase health insurance and
4 participate in the medicare program to protect them-
5 selves and their families against the high cost of ill-
6 ness and disability. Because of this, it makes sense
7 to devote at least 1 cent of every health insurance
8 dollar to finding preventions, cures, and improved
9 treatments for illnesses and disabilities through
10 medical research.

11 **SEC. 3. ESTABLISHMENT OF FUND.**

12 (a) ESTABLISHMENT.—There is established in the
13 Treasury of the United States a fund, to be known as the
14 “National Fund for Health Research” (referred to in this
15 section as the “Fund”), consisting of such amounts as are
16 transferred to the Fund under subsection (b) and any in-
17 terest earned on the investment of amounts in the Fund.

18 (b) TRANSFERS TO FUND.—

19 (1) IN GENERAL.—The Secretary of the Treas-
20 ury shall transfer to the Fund amounts equivalent to
21 amounts designated under paragraph (2) and re-
22 ceived in the Treasury.

23 (2) HEALTH PLAN SET ASIDE.—With respect to
24 each calendar year beginning with the first full cal-
25 endar year after the date of enactment of this Act,

1 each health plan shall set aside and transfer to the
2 Treasury of the United States an amount equal to—

3 (A) for the first full calendar year, .5 per-
4 cent of all health premiums received with re-
5 spect to the plan for such year; and

6 (B) for the second and each succeeding full
7 calendar year, 1 percent of all health premiums
8 received with respect to the plan for such year.

9 (3) TRANSFERS BASED ON ESTIMATES.—The
10 amounts transferred by paragraph (1) shall annually
11 be transferred to the Fund within 30 days after the
12 President signs an appropriations Act for the De-
13 partments of Labor, Health and Human Services,
14 and Education, and related agencies, or by the end
15 of the first quarter of the fiscal year. Proper adjust-
16 ment shall be made in amounts subsequently trans-
17 ferred to the extent prior estimates were in excess
18 of or less than the amounts required to be trans-
19 ferred.

20 (4) DEFINITION.—As used in this subsection,
21 the term “health plan” means a group health plan
22 (as defined in section 2791(a) of the Public Health
23 Service Act (42 U.S.C. 300gg–91(a))) and any indi-
24 vidual health insurance (as defined in section

2791(b)(5) of such Act (42 U.S.C. 300gg–91(b)(5)))
operated by a health insurance issuer.

(c) OBLIGATIONS FROM FUND.—

(1) IN GENERAL.—Subject to the provisions of
paragraph (4), with respect to the amounts made
available in the Fund in a fiscal year, the Secretary
of Health and Human Services shall distribute—

(A) 2 percent of such amounts during any
fiscal year to the Office of the Director of the
National Institutes of Health to be allocated at
the Director’s discretion for the following
activities—

(i) for carrying out the responsibilities
of the Office of the Director, including the
Office of Research on Women’s Health and
the Office of Research on Minority Health,
the Office of Rare Disease Research, the
Office of Behavioral and Social Sciences
Research (for use for efforts to reduce to-
bacco use), the Office of Dietary Supple-
ments, and the Office for Disease Preven-
tion; and

(ii) for construction and acquisition of
equipment for or facilities of or used by
the National Institutes of Health;

1 (B) 2 percent of such amounts for transfer
2 to the National Center for Research Resources
3 to carry out section 481A of the Public Health
4 Service Act (42 U.S.C. 287a–2) concerning
5 Biomedical and Behavioral Research Facilities;

6 (C) 1 percent of such amounts during any
7 fiscal year for carrying out section 301 and
8 part D of title IV of the Public Health Service
9 Act (42 U.S.C. 241 and 286 et seq.) with re-
10 spect to health information communications;
11 and

12 (D) the remainder of such amounts during
13 any fiscal year to member institutes and cen-
14 ters, including the Office of AIDS Research, of
15 the National Institutes of Health in the same
16 proportion to the total amount received under
17 this section, as the amount of annual appro-
18 priations under appropriations Acts for each
19 member institute and Centers for the fiscal year
20 bears to the total amount of appropriations
21 under appropriations Acts for all member insti-
22 tutes and Centers of the National Institutes of
23 Health for the fiscal year.

24 (2) PLANS OF ALLOCATION.—The amounts
25 transferred under paragraph (1)(D) shall be allo-

1 cated by the Director of the National Institutes of
2 Health or the various directors of the institutes and
3 centers, as the case may be, pursuant to allocation
4 plans developed by the various advisory councils to
5 such directors, after consultation with such direc-
6 tors.

7 (3) GRANTS AND CONTRACTS FULLY FUNDED
8 IN FIRST YEAR.—With respect to any grant or con-
9 tract funded by amounts distributed under para-
10 graph (1), the full amount of the total obligation of
11 such grant or contract shall be funded in the first
12 year of such grant or contract, and shall remain
13 available until expended.

14 (4) TRIGGER AND RELEASE OF MONIES AND
15 PHASE-IN.—

16 (A) TRIGGER AND RELEASE.—No expendi-
17 ture shall be made under paragraph (1) during
18 any fiscal year in which the annual amount ap-
19 propriated for the National Institutes of Health
20 is less than the amount so appropriated for the
21 prior fiscal year.

22 (B) PHASE-IN.—The Secretary of Health
23 and Human Services shall phase-in the distribu-
24 tions required under paragraph (1) so that—

1 (i) 50 percent of the amount in the
2 Fund is distributed in the first fiscal year
3 for which funds are available; and

4 (ii) 100 percent of the amount in the
5 Fund is distributed in the second and each
6 succeeding fiscal year for which funds are
7 available.

8 (d) BUDGET TREATMENT OF AMOUNTS IN FUND.—

9 The amounts in the Fund shall be excluded from, and
10 shall not be taken into account, for purposes of any budget
11 enforcement procedure under the Congressional Budget
12 Act of 1974 or the Balanced Budget and Emergency Def-
13 icit Control Act of 1985.

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