

108TH CONGRESS  
2D SESSION

# H. R. 4578

To reauthorize the Children's Hospitals Graduate Medical Education  
Program.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 15, 2004

Mrs. JOHNSON of Connecticut (for herself, Ms. PRYCE of Ohio, Mr. BROWN of Ohio, Mr. GREENWOOD, Mr. RAMSTAD, Mr. BURR, Ms. ESHOO, Mrs. BONO, Mr. MCINNIS, Mr. SHAYS, Mr. NORWOOD, Mr. CAMP, Ms. DUNN, and Mr. WAXMAN) introduced the following bill; which was referred to the Committee on Energy and Commerce

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## A BILL

To reauthorize the Children's Hospitals Graduate Medical  
Education Program.

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 Equity and Research (CHEER) Act of 2004”.

1 **SEC. 2. REAUTHORIZATION OF CHILDREN'S HOSPITALS**  
2 **GRADUATE MEDICAL EDUCATION PROGRAM.**

3 (a) EXTENSION OF PROGRAM.—Section 340E(a) of  
4 the Public Health Service Act (42 U.S.C. 256e(a)) is  
5 amended by striking “2005” and inserting “2010”.

6 (b) DESCRIPTION OF AMOUNT OF PAYMENTS.—Sec-  
7 tion 340E(b) of the Public Health Service Act (42 U.S.C.  
8 256e(b)) is amended—

9 (1) in paragraph (1)(B), by striking “relating  
10 to teaching residents in such” and inserting “associ-  
11 ated with graduate medical residency training”; and

12 (2) in paragraph (2)(A), by inserting before the  
13 period at the end “, except that for purposes of this  
14 paragraph such total excludes amounts that remain  
15 available from a previous fiscal year under para-  
16 graph (1)(B) or (2)(B) of subsection (f)”.

17 (c) DIRECT GRADUATE MEDICAL EDUCATION.—Sec-  
18 tion 340E(c) of the Public Health Service Act (42 U.S.C.  
19 256e(c)) is amended—

20 (1) in paragraph (1)—

21 (A) in the matter preceding subparagraph  
22 (A), by striking “product” and inserting  
23 “sum”;

24 (B) in subparagraph (A), by striking “(A)  
25 the updated per resident” and inserting the fol-  
26 lowing:

1 “(A) the product of—

2 “(i) the updated per resident”;

3 (C) by redesignating subparagraph (B) as  
4 clause (ii) and indenting appropriately;

5 (D) in subparagraph (A)(ii) (as so redesign-  
6 nated)—

7 (i) by inserting “, but without giving  
8 effect to section 1886(h)(7) of such Act)”  
9 after “section 1886(h)(4) of the Social Se-  
10 curity Act”; and

11 (ii) by striking the period and insert-  
12 ing “; and”; and

13 (E) by inserting after subparagraph (A)  
14 the following:

15 “(B) amounts for other approved edu-  
16 cation programs that are provider-operated, as  
17 defined for purposes of Medicare payment, lim-  
18 ited to not more than 30 percent of costs that  
19 would be allowed for such programs under  
20 Medicare rules for hospitals reimbursed under  
21 section 1886(d) of the Social Security Act.”;  
22 and

23 (2) in paragraph (2)(B), by inserting before the  
24 period at the end “, without giving effect to section  
25 1886(d)(3)(E)(ii) of the Social Security Act”.

1 (d) INDIRECT GRADUATE MEDICAL EDUCATION.—  
 2 Section 340E(d) of the Public Health Service Act (42  
 3 U.S.C. 256e(d)) is amended—

4 (1) in paragraph (1), by striking “related to”  
 5 and inserting “associated with”; and

6 (2) in paragraph (2)(A)—

7 (A) by inserting “ratio of the” after “hos-  
 8 pitals and the”; and

9 (B) by inserting at the end before the  
 10 semicolon “to beds (but excluding beds or bassi-  
 11 nets assigned to healthy newborn infants)”.

12 (e) NATURE OF PAYMENTS.—Section 340E(e) of the  
 13 Public Health Service Act (42 U.S.C. 256e(e)) is amend-  
 14 ed—

15 (1) in paragraph (2), by striking the first sen-  
 16 tence;

17 (2) in paragraph (3), by striking “recoup any  
 18 overpayments made to pay any balance due to the  
 19 extent possible” and all that follows through the end  
 20 of the paragraph and inserting the following: “re-  
 21 coup any overpayments made and pay any balance  
 22 due. To the greatest extent possible, amounts re-  
 23 couped from a hospital are to be distributed to other  
 24 hospitals in the same fiscal year. Amounts recouped  
 25 from a hospital and not disbursed to other hospitals

1 in the same fiscal year shall remain available for dis-  
2 tribution during the subsequent fiscal year. Unless  
3 there is fraud, amounts paid to a hospital without  
4 a demand for recoupment by the end of the fiscal  
5 year shall be final and not subject to recoupment.”;  
6 and

7 (3) by adding at the end the following:

8 “(4) APPEALS.—

9 “(A) IN GENERAL.—A decision affecting  
10 the amount payable to a hospital pursuant to  
11 this section shall—

12 “(i) be subject to review under section  
13 1878 of the Social Security Act in the  
14 same manner as final determinations of a  
15 fiscal intermediary of the amount of pay-  
16 ment under section 1886(d) of such Act  
17 are subject to review; and

18 “(ii) be handled expeditiously so that  
19 the review decision is reflected in the final  
20 reconciliation for the year in which the ap-  
21 peal is made.

22 “(B) LIMITATION.—A review decision pur-  
23 suant to this section shall not affect payments  
24 for a fiscal year prior to the fiscal year in which  
25 the review decision is rendered.

1           “(C) APPLICATION TO SUBSEQUENT FIS-  
 2           CAL YEARS.—The Secretary shall apply a re-  
 3           view decision in determining the amount of pay-  
 4           ment for the appealing hospital in the fiscal  
 5           year in which the decision is rendered and in  
 6           subsequent years, unless the law at issue in the  
 7           review decision is amended or there are mate-  
 8           rial differences between the facts for the fiscal  
 9           year for which the review decision is rendered  
 10          and the year for which payment is made. Noth-  
 11          ing in this section shall be construed to prohibit  
 12          a hospital from appealing similar determina-  
 13          tions in subsequent periods.”.

14          (f) AUTHORIZATION OF APPROPRIATIONS.—Section  
 15          340E(f) of the Public Health Service Act (42 U.S.C.  
 16          256e(f)) is amended—

17               (1) in paragraph (1)—

18                   (A) in subparagraph (A)—

19                           (i) in clause (ii), by striking “and”;

20                           (ii) in clause (iii), by striking the pe-  
 21                           riod at the end and inserting a semicolon;  
 22                           and

23                           (iii) by adding at the end the fol-  
 24                           lowing:

1 “(iv) for fiscal year 2006,  
2 \$110,000,000; and

3 “(v) for each of fiscal years 2007  
4 through 2010, such sums as may be nec-  
5 essary, including an annual adjustment to  
6 reflect increases in the Consumer Price  
7 Index.”; and

8 (B) in subparagraph (B), by striking “for  
9 fiscal year 2000” and all that follows and in-  
10 serting “for fiscal year 2006 and each subse-  
11 quent fiscal year shall remain available for obli-  
12 gation for the year appropriated and the subse-  
13 quent fiscal year.”; and

14 (2) in paragraph (2)—

15 (A) by redesignating subparagraphs (A),  
16 (B), and (C) as clauses (i), (ii), and (iii), re-  
17 spectively, and indenting appropriately;

18 (B) by striking “There are hereby author-  
19 ized” and inserting the following:

20 “(A) IN GENERAL.—There are author-  
21 ized”;

22 (C) in clause (ii) (as redesignated by this  
23 paragraph), by striking “and”;

1 (D) in clause (iii) (as redesignated by this  
2 paragraph), by striking the period at the end  
3 and inserting a semicolon;

4 (E) by adding at the end of subparagraph  
5 (A) (as designated by this paragraph), the fol-  
6 lowing:

7 “(iv) for fiscal year 2006,  
8 \$220,000,000; and

9 “(v) for each of fiscal years 2007  
10 through 2010, such sums as may be nec-  
11 essary, including an annual adjustment to  
12 reflect increases in the Consumer Price  
13 Index.”; and

14 (F) at the end of paragraph (2), by adding  
15 the following:

16 “(B) CARRYOVER OF EXCESS.—To the ex-  
17 tent that amounts are not expended in the year  
18 for which they are appropriated, the amounts  
19 appropriated under subparagraph (A) for fiscal  
20 year 2006 and each subsequent fiscal year shall  
21 remain available for obligation through the end  
22 of the following fiscal year.”.

23 (g) DEFINITIONS.—Paragraph (3) of section  
24 340E(g) of the Public Health Service Act (42 U.S.C.



1 256e(g)) is amended by striking “has” and all that follows  
2 through the end of the sentence and inserting “—

3 “(A) has the meaning given such term in  
4 section 1886(h)(5)(C) of the Social Security  
5 Act; and

6 “(B) includes costs of approved edu-  
7 cational activities, as such term is used in sec-  
8 tion 1886(a)(4) of the Social Security Act.”.

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