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REPORT
110–872

PHYSICIAN WORKFORCE ENHANCEMENT ACT OF 2008

SEPTEMBER 23, 2008.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DINGELL, from the Committee on Energy and Commerce, submitted the following

R E P O R T

[To accompany H.R. 2583]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 2583) to amend title VII of the Public Health Service Act to establish a loan program for eligible hospitals to establish residency training programs, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

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AMENDMENT

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Physician Workforce Enhancement Act of 2008".

SEC. 2. HOSPITAL RESIDENCY LOAN PROGRAM.

Subpart 2 of part E of title VII of the Public Health Service Act is amended by adding at the end the following new section:

"SEC. 771. HOSPITAL RESIDENCY LOAN PROGRAM.

"(a) ESTABLISHMENT.—Not later than October 1, 2010, the Secretary, acting through the Administrator of the Health Resources and Services Administration, shall establish a hospital residency loan program that provides loans to eligible hospitals to establish a residency training program.

"(b) APPLICATION.—No loan may be provided under this section to an eligible hospital except pursuant to an application that is submitted and approved in a time, manner, and form specified by the Administrator of the Health Resources and Services Administration. A loan under this section shall be on such terms and conditions and meet such requirements as the Administrator determines appropriate, in accordance with the provisions of this section.

"(c) ELIGIBILITY; PREFERENCE FOR RURAL AREAS.—

"(1) ELIGIBLE HOSPITAL DEFINED.—For purposes of this section, an 'eligible hospital' means, with respect to a loan under this section, a public or non-profit hospital that, as of the date of the submission of an application under subsection (b), meets, to the satisfaction of the Administrator of the Health Resources and Services Administration, each of the following criteria:

"(A) The hospital does not operate a residency training program and has not previously operated such a program.

"(B) The hospital has secured initial accreditation by the American Council for Graduate Medical Education or the American Osteopathic Association.

"(C) The hospital provides assurances to the satisfaction of the Administrator of the Health Resources and Services Administration that such loan shall be used, consistent with subsection (d), only for the purposes of establishing and conducting an allopathic or osteopathic physician residency training program in at least one of the following, or a combination of the following:

"(i) Family medicine.

"(ii) Internal medicine.

"(iii) Obstetrics or gynecology.

"(iv) Behavioral or Mental health.

"(v) Pediatrics.

"(D) The hospital enters into an agreement with the Administrator that certifies the hospital will provide for the repayment of the loan in accordance with subsection (e).

"(2) PREFERENCE FOR RURAL AREAS.—In making loans under this section, the Administrator of the Health Resources and Services Administration shall create guidelines that give preference to rural areas (as such term is defined in section 1886(d)(2)(D) of the Social Security Act).

"(d) PERMISSIBLE USES OF LOAN FUNDS.—A loan provided under this section shall be used, with respect to a residency training program, only for costs directly attributable to the residency training program, except as otherwise provided by the Administrator of the Health Resources and Services Administration.

"(e) REPAYMENT OF LOANS.—

"(1) REPAYMENT PLANS.—For purposes of subsection (c)(1)(D), a repayment plan for an eligible hospital is in accordance with this subsection if it provides for the repayment of the loan amount in installments, in accordance with a schedule that is agreed to by the Administrator of the Health Resources and Services Administration and the hospital and that is in accordance with paragraphs (2), (3), and (4).

"(2) COMMENCEMENT OF REPAYMENT.—Repayment by an eligible hospital of a loan under this section shall commence not later than the date that is 18 months after the date on which the loan amount is disbursed to such hospital.

"(3) REPAYMENT PERIOD.—A loan made under this section shall be fully repaid not later than the date that is 24 months after the date on which the repayment is required to commence.

"(4) LOAN PAYABLE IN FULL IF RESIDENCY TRAINING PROGRAM CANCELED.—In the case that an eligible hospital borrows a loan under this section, with respect to a residency training program, and terminates such program before the date on which such loan has been fully repaid in accordance with a plan under para-

graph (1), such loan shall be payable by the hospital not later than 45 days after the date of such termination.

"(f) NO INTEREST CHARGED.—The Administrator of the Health Resources and Services Administration may not charge or collect interest on any loan made under this section.

"(g) LIMITATION ON TOTAL AMOUNT OF LOAN.—The cumulative annual dollar amount of a loan made to an eligible hospital under this section may not exceed $250,000.

"(h) PENALTIES.—The Administrator of the Health Resources and Services Administration shall establish penalties to which an eligible hospital receiving a loan under this section would be subject if such hospital is in violation of any of the criteria described in subsection (c)(1). Such penalties shall include the charge or collection of interest, at a rate to be determined by the Administrator of the Health Resources and Services Administration. Except as otherwise provided, penalties collected under this subsection shall be paid to the Administrator of the Health Resources and Services Administration and shall, subject to appropriation Acts, be available until expended for the purpose of enforcing the provisions of this section.

"(i) REPORTS.—Not later than January 1, 2012, and annually thereafter (before January 2, 2014), the Administrator of the Health Resources and Services Administration shall submit to Congress a report on the efficacy of the program under this section in increasing the number of residents practicing in each medical specialty described in subsection (c)(1)(C) during such year and the extent to which the program resulted in an increase in the number of available practitioners in each of such medical specialties that serve medically underserved populations.

"(j) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of providing amounts for loans under this section, there are authorized to be appropriated such sums as may be necessary to provide—

"(A) $8,000,000 in loans for fiscal year 2010;

"(B) $8,400,000 in loans for fiscal year 2011;

"(C) $8,820,000 in loans for fiscal year 2012;

"(D) $9,261,000 in loans for fiscal year 2013; and

"(E) $9,724,050 in loans for fiscal year 2014.

"(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available until expended.

"(k) TERMINATION OF PROGRAM.—No loan may be made under this section after December 31, 2013.".

PURPOSE AND SUMMARY

The purpose of H.R. 2583, the Physician Workforce Enhancement Act of 2008, is to establish a loan program for eligible hospitals to establish residency training programs in allopathic and osteopathic medicine, with a preference for hospitals located in rural areas.

BACKGROUND AND NEED FOR LEGISLATION

Recent trends in the physician workforce demonstrate that the growth in the physician workforce is not keeping pace with general population growth. Certain areas of practice, including primary care and pediatrics, are expected to have more critical shortages in the future. In 2006, the American College of Physicians released a report entitled "The Impending Collapse of Primary Care Medicine and Its Implications for the State of the Nation's Health Care." According to that report, as the demand has grown for primary care due to growth in the number of people with chronic diseases and long-term care needs of an aging population, there has been a decline in the number of medical students and training opportunities for primary care. This problem will only be further exacerbated by the decline of the physician workforce in years to come.

Residency training programs are an integral way to attract physicians, particularly in hard-to-serve areas such as rural areas. In the 16th report of the Council of Graduate Medical Education, entitled, "Physician Workforce Policy Guidelines for the United States,

2000–2020," the Council recommended that the number of physicians entering residency training each year should be increased to 27,000 by 2015 to meet projected demand of medical services. The Council recommends a multifaceted approach to achieve this increase, and one important part of that plan is to facilitate a modest increase in medical education and training capacity over the next decade.

One important source of funding for residency training programs is Medicare. The Medicare program, however, caps the number of residents and fellows eligible for Medicare reimbursement. This can narrow the number of resources available to some smaller hospitals that have the need for residents that will later serve the community as physicians. That cap was implemented at a time when it appeared that the physician workforce would enjoy surpluses for some time and that the use of managed health care services would reduce the demand for medical services. Both trends have significantly reversed in recent years, precipitating the need for a new strategy to improve the health and vitality of the U.S. physician workforce.

HEARINGS

No hearings were held in connection with H.R. 2583.

COMMITTEE CONSIDERATION

On Wednesday, September 17, 2008, the full Committee met in open markup session and ordered H.R. 2583 favorably reported to the House, amended, by a voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee to list the record votes on the motion to report legislation and amendments thereto. No record votes were taken on amendments or in connection with ordering H.R. 2583 reported to the House. A motion by Mr. Dingell to order H.R. 2583 favorably reported to the House, amended, was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Regarding clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the oversight findings of the Committee regarding H.R. 2583 are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The objective of H.R. 2583 is to expand and improve the distribution of the physician workforce by creating new opportunities for residency training programs, particularly in rural areas.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

Regarding compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 2583 would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

EARMARKS AND TAX AND TARIFF BENEFITS

Regarding compliance with clause 9 of rule XXI of the Rules of the House of Representatives, H.R. 2583 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate on H.R. 2583 prepared by the Director of the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the following is the cost estimate on H.R. 2583 provided by the Congressional Budget Office pursuant to section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 23, 2008.

Hon. JOHN D. DINGELL,
Chairman, Committee on Energy and Commerce,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 2583, the Physician Workforce Enhancement Act of 2008.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kirstin Nelson.

Sincerely,

PETER A. FONTAINE
(For Peter R. Orszag, Director).

Enclosure.

H.R. 2583—Physician Workforce Enhancement Act of 2008

H.R. 2583, the Physician Workforce Enhancement Act of 2008, would allow eligible hospitals to receive a no-interest loan to establish a residency training program. Eligible hospitals are public or nonprofit hospitals that are not currently operating and have not previously operated a residency training program. Loans to individual hospitals could not exceed $250,000 annually. Loans could only be for costs directly related to certain residency programs in one of (or a combination of) the following areas: family medicine, internal medicine, obstetrics and gynecology, behavioral or mental health, and pediatrics.

Assuming appropriation of the necessary amounts, CBO estimates that implementing the bill would cost an additional $1 million in 2010 and $4 million over the 2010–2013 period. Enacting H.R. 2583 would not affect direct spending or revenues.

H.R. 2583 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. Public hospitals in rural areas that establish residency training programs would benefit from loans authorized in the bill.

Under H.R. 2583, hospitals would be required to enter into an agreement with the Administrator of the Health Resources and Services Administration (HRSA) to repay the loan in installments beginning 18 months after the loan is disbursed. H.R. 2583 would require that loans be repaid no later than 24 months after the loan repayment begins. Under the bill, if a hospital receives a loan and then terminates the residency training program before repaying the loan, the hospital would have 45 days to repay the loan after terminating the residency program. In making loans to eligible hospitals, the HRSA Administrator would be required to establish guidelines that give preference to hospitals in rural areas.

Lastly, H.R. 2583 would establish the loan program no later than October 1, 2010. No loans could be made under this program after December 31, 2013.

H.R. 2583 would authorize the appropriation of such sums as may be necessary to provide $8 million in loans for 2010 and $34 million in loans over the 2009–2013 period. Under the Federal Credit Reform Act of 1990, the cost of a loan program is measured as the net present value of cash flows over the life of the loan. Hospitals would begin to repay the loan 18 months after disbursement and would repay the entire loan amount within 24 months after repayments begin. CBO estimates that the subsidy cost for the no-interest loans would total about $1 million per year over the 2010–2013 period.

The estimated cost of H.R. 2583 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By fiscal year, in millions of dollars—				
	2009	2010	2011	2012	2013
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Authorization Level	0	1	1	1	1
Estimated Outlays	0	1	1	1	1

The CBO staff contact for this estimate is Kirstin Nelson. This estimate was approved by Keith J. Fontenot, Deputy Assistant Director for Health and Human Resources, Budget Analysis Division.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates regarding H.R. 2583 prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act would be created by H.R. 2583.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds that the Constitutional authority for H.R. 2583 is provided in the provisions of Article I, section 8, clause 1, that relate to expending funds to provide for the general welfare of the United States.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that H.R. 2583 does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act of 1995.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 establishes the short title as the Physician Workforce Enhancement Act of 2008.

Section 2. Hospital residency loan program

Section 2 establishes the date of establishment for the program as October 1, 2010; clarifies that an eligible hospital means a public or non-profit hospital; establishes the list of eligible professions as family medicine, internal medicine, obstetrics or gynecology, behavioral or mental health, pediatrics, or a combination of such professions; extends the preference for loans to be given to rural areas, as defined by section 1886(d)(2)(D) of the Social Security Act; makes clear that permissible uses of loan funds are only meant to cover direct costs that are determined by the Administrator of the Health Resources and Services Administration to be necessary to run the residency training program; establishes the date to commence repayment as 18 months and the repayment period as 24 months; sets the limitation on the total amount of the loan, so that no annual dollar amount may exceed $250,000; establishes a penalties provision so that the Secretary may collect interest, together with any other penalties, on defaulted loans (thereby making the restriction in subsection (f) subject to the authority to collect interest); and establishes the authorization of appropriations ($8 million for fiscal year (FY) 2009, $8.4 million for FY 2010, $8.82 million for FY 2011, $9.261 million for FY 2012; and $9,724,050 for FY 2013); and terminates the program after December 31, 2013.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC HEALTH SERVICE ACT

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TITLE VII—HEALTH PROFESSIONS EDUCATION

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PART E—HEALTH PROFESSIONS AND PUBLIC HEALTH WORKFORCE

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Subpart 2—Public Health Workforce

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SEC. 771. HOSPITAL RESIDENCY LOAN PROGRAM.

(a) ESTABLISHMENT.—Not later than October 1, 2010, the Secretary, acting through the Administrator of the Health Resources and Services Administration, shall establish a hospital residency loan program that provides loans to eligible hospitals to establish a residency training program.

(b) APPLICATION.—No loan may be provided under this section to an eligible hospital except pursuant to an application that is submitted and approved in a time, manner, and form specified by the Administrator of the Health Resources and Services Administration. A loan under this section shall be on such terms and conditions and meet such requirements as the Administrator determines appropriate, in accordance with the provisions of this section.

(c) ELIGIBILITY; PREFERENCE FOR RURAL AREAS.—

(1) ELIGIBLE HOSPITAL DEFINED.—For purposes of this section, an "eligible hospital" means, with respect to a loan under this section, a public or non-profit hospital that, as of the date of the submission of an application under subsection (b), meets, to the satisfaction of the Administrator of the Health Resources and Services Administration, each of the following criteria:

(A) The hospital does not operate a residency training program and has not previously operated such a program.

(B) The hospital has secured initial accreditation by the American Council for Graduate Medical Education or the American Osteopathic Association.

(C) The hospital provides assurances to the satisfaction of the Administrator of the Health Resources and Services Administration that such loan shall be used, consistent with subsection (d), only for the purposes of establishing and conducting an allopathic or osteopathic physician residency training program in at least one of the following, or a combination of the following:

(i) Family medicine.

(ii) Internal medicine.

(iii) Obstetrics or gynecology.

(iv) Behavioral or Mental health.

(v) Pediatrics.

(D) The hospital enters into an agreement with the Administrator that certifies the hospital will provide for the repayment of the loan in accordance with subsection (e).

(2) PREFERENCE FOR RURAL AREAS.—In making loans under this section, the Administrator of the Health Resources and Services Administration shall create guidelines that give preference to rural areas (as such term is defined in section 1886(d)(2)(D) of the Social Security Act).

(d) PERMISSIBLE USES OF LOAN FUNDS.—A loan provided under this section shall be used, with respect to a residency training program, only for costs directly attributable to the residency training program, except as otherwise provided by the Administrator of the Health Resources and Services Administration.

(e) REPAYMENT OF LOANS.—

(1) REPAYMENT PLANS.—For purposes of subsection (c)(1)(D), a repayment plan for an eligible hospital is in accordance with this subsection if it provides for the repayment of the loan amount in installments, in accordance with a schedule that is agreed to by the Administrator of the Health Resources and Services Administration and the hospital and that is in accordance with paragraphs (2), (3), and (4).

(2) COMMENCEMENT OF REPAYMENT.—Repayment by an eligible hospital of a loan under this section shall commence not later than the date that is 18 months after the date on which the loan amount is disbursed to such hospital.

(3) REPAYMENT PERIOD.—A loan made under this section shall be fully repaid not later than the date that is 24 months after the date on which the repayment is required to commence.

(4) LOAN PAYABLE IN FULL IF RESIDENCY TRAINING PROGRAM CANCELED.—In the case that an eligible hospital borrows a loan under this section, with respect to a residency training program, and terminates such program before the date on which such loan has been fully repaid in accordance with a plan under paragraph (1), such loan shall be payable by the hospital not later than 45 days after the date of such termination.

(f) NO INTEREST CHARGED.—The Administrator of the Health Resources and Services Administration may not charge or collect interest on any loan made under this section.

(g) LIMITATION ON TOTAL AMOUNT OF LOAN.—The cumulative annual dollar amount of a loan made to an eligible hospital under this section may not exceed $250,000.

(h) PENALTIES.—The Administrator of the Health Resources and Services Administration shall establish penalties to which an eligible hospital receiving a loan under this section would be subject if such hospital is in violation of any of the criteria described in subsection (c)(1). Such penalties shall include the charge or collection of interest, at a rate to be determined by the Administrator of the Health Resources and Services Administration. Except as otherwise provided, penalties collected under this subsection shall be paid to the Administrator of the Health Resources and Services Administration and shall, subject to appropriation Acts, be available until expended for the purpose of enforcing the provisions of this section.

(i) REPORTS.—Not later than January 1, 2012, and annually thereafter (before January 2, 2014), the Administrator of the Health Resources and Services Administration shall submit to Congress a report on the efficacy of the program under this section in increasing the number of residents practicing in each medical specialty described in subsection (c)(1)(C) during such year and the extent to which the program resulted in an increase in the number of available practitioners in each of such medical specialties that serve medically underserved populations.

(j) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of providing amounts for loans under this section, there are authorized to be appropriated such sums as may be necessary to provide—

(A) $8,000,000 in loans for fiscal year 2010;

(B) $8,400,000 in loans for fiscal year 2011;

(C) $8,820,000 in loans for fiscal year 2012;

(D) $9,261,000 in loans for fiscal year 2013; and

(E) $9,724,050 in loans for fiscal year 2014.

(2) AVAILABILITY.—Amounts appropriated under paragraph (1) shall remain available until expended.

(k) TERMINATION OF PROGRAM.—No loan may be made under this section after December 31, 2013.

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