109TH CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
109–508

CHILDREN'S HOSPITAL GME SUPPORT REAUTHORIZATION ACT OF 2006

JUNE 20, 2006.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BARTON of Texas, from the Committee on Energy and Commerce, submitted the following

R E P O R T

[To accompany H.R. 5574]

[Including cost estimate of the Congressional Budget Office]

The Committee on Energy and Commerce, to whom was referred the bill (H.R. 5574) to amend the Public Health Service Act to reauthorize support for graduate medical education programs in children's hospitals, 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 "Children's Hospital GME Support Reauthorization Act of 2006".

SEC. 2. PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

(a) IN GENERAL.—Section 340E of the Public Health Service Act (42 U.S.C. 256e) is amended—

(1) in subsection (a), by inserting "and each of fiscal years 2007 through 2011" after "for each of fiscal years 2000 through 2005";

(2) in subsection (f)(1)(A)—

(A) in clause (ii), by striking "and" at the end;

(B) in clause (iii), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(iv) for each of fiscal years 2007 through 2011, $100,000,000."; and

(3) in subsection (f)(2)—

(A) in the matter before subparagraph (A), by striking "subsection (b)(1)(A)" and inserting "subsection (b)(1)(B)";

(B) in subparagraph (B), by striking "and" at the end;

(C) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following:

"(D) for each of fiscal years 2007 through 2011, $200,000,000.".

(b) REDUCTION IN PAYMENTS FOR FAILURE TO FILE ANNUAL REPORT.—Subsection (b) of section 340E of the Public Health Service Act (42 U.S.C. 256e) is amended—

(1) in paragraph (1), in the matter before subparagraph (A), by striking "paragraph (2)" and inserting "paragraphs (2) and (3)"; and

(2) by adding at the end the following:

"(3) ANNUAL REPORTING REQUIRED.—

"(A) REDUCTION IN PAYMENT FOR FAILURE TO REPORT.—

"(i) IN GENERAL.—The amount payable under this section to a children's hospital for a fiscal year (beginning with fiscal year 2008 and after taking into account paragraph (2)) shall be reduced by 25 percent if the Secretary determines that—

"(I) the hospital has failed to provide the Secretary, as an addendum to the hospital's application under this section for such fiscal year, the report required under subparagraph (B) for the previous fiscal year; or

"(II) such report fails to provide the information required under any clause of such subparagraph.

"(ii) NOTICE AND OPPORTUNITY TO PROVIDE MISSING INFORMATION.—Before imposing a reduction under clause (i) on the basis of a hospital's failure to provide information described in clause (i)(II), the Secretary shall provide notice to the hospital of such failure and the Secretary's intention to impose such reduction and shall provide the hospital with the opportunity to provide the required information within a period of 30 days beginning on the date of such notice. If the hospital provides such information within such period, no reduction shall be made under clause (i) on the basis of the previous failure to provide such information.

"(B) ANNUAL REPORT.—The report required under this subparagraph for a children's hospital for a fiscal year is a report that includes (in a form and manner specified by the Secretary) the following information for the residency academic year completed immediately prior to such fiscal year:

"(i) The types of resident training programs that the hospital provided for residents described in subparagraph (C), such as general pediatrics, internal medicine/pediatrics, and pediatric subspecialties, including both medical subspecialties certified by the American Board of Pediatrics (such as pediatric gastroenterology) and non-medical subspecialties approved by other medical certification boards (such as pediatric surgery).

"(ii) The number of training positions for residents described in subparagraph (C), the number of such positions recruited to fill, and the number of such positions filled.

"(iii) The types of training that the hospital provided for residents described in subparagraph (C) related to the health care needs of dif-

ferent populations, such as children who are underserved for reasons of family income or geographic location, including rural and urban areas.

"(iv) The changes in residency training for residents described in subparagraph (C) which the hospital has made during such residency academic year (except that the first report submitted by the hospital under this subparagraph shall be for such changes since the first year in which the hospital received payment under this section), including—

"(I) changes in curricula, training experiences, and types of training programs, and benefits that have resulted from such changes; and

"(II) changes for purposes of training the residents in the measurement and improvement of the quality and safety of patient care.

"(v) The numbers of residents described in subparagraph (C) who completed their residency training at the end of such residency academic year and care for children within the borders of the service area of the hospital or within the borders of the State in which the hospital is located. Such numbers shall be disaggregated with respect to residents who completed residencies in general pediatrics or internal medicine/pediatrics, subspecialty residencies, and dental residencies.

"(C) RESIDENTS.—The residents described in this subparagraph are those who—

"(i) are in full-time equivalent resident training positions in any training program sponsored by the hospital; or

"(ii) are in a training program sponsored by an entity other than the hospital, but who spend more than 75 percent of their training time at the hospital.

"(D) REPORT TO CONGRESS.—Not later than the end of fiscal year 2011, the Secretary, acting through the Administrator of the Health Resources and Services Administration, shall submit a report to the Congress—

"(i) summarizing the information submitted in reports to the Secretary under subparagraph (B);

"(ii) describing the results of the program carried out under this section; and

"(iii) making recommendations for improvements to the program.".

(c) TECHNICAL AMENDMENTS.—Section 340E of the Public Health Service Act (42 U.S.C. 256e) is further amended—

(1) in subsection (c)(2)(E)(ii), by striking "described in subparagraph (C)(ii)" and inserting "applied under section 1886(d)(3)(E) of the Social Security Act for discharges occurring during the preceding fiscal year";

(2) in subsection (e)(2), by striking the first sentence; and

(3) in subsection (e)(3), by striking "made to pay" and inserting "made and pay".

PURPOSE AND SUMMARY

H.R. 5574 reauthorizes the Children's Hospitals Graduate Medical Education Program from 2007 until 2011 to fund residency programs in children's hospitals.

BACKGROUND AND NEED FOR LEGISLATION

H.R. 5574 reauthorizes the Children's Hospital Graduate Medical Education program from fiscal year 2007 through fiscal year 2011.

The Children's Hospital Graduate Medical Education (CHGME) program was established on December 16, 1999, as part of the Public Health Services Act (P.L. 106–129), and was later amended by the Children's Health Act of 2000 (P.L. 106–310). The authorization expired at the end of fiscal year 2005. The program is administered by the Health Resources and Service Administration (HRSA).

The CHGME program is designed to help children's teaching hospitals that do not receive significant Federal support for their resident and intern training programs through the Medicare program because of their low Medicare patient volume. Graduate medical education is funded through Medicare payments to full service

teaching hospitals. Prior to the enactment of this program, independent children's teaching hospitals did not have a similar program to fund resident training programs for physicians. Congress recognized this inequity and the financial disadvantage it placed on children's hospitals.

HEARINGS

On May 9, 2006, the Subcommittee on Health held a hearing entitled "Examining the Children's Hospital Graduate Medical Education Program." The Subcommittee received testimony from: Kerry Nesseler, Associate Administrator, Bureau of Health Professions, Health Resources and Services Administration, U.S. Department of Health and Human Services; Patrick Magoon, President and CEO, Children's Memorial Hospital, Chicago, Illinois; and Bill Considine, President and CEO, Akron Children's Hospital, Akron, Ohio.

COMMITTEE CONSIDERATION

On Thursday, June 8, 2006, the Subcommittee on Health met in open markup session and approved H.R. 5573 for Full Committee consideration, without amendment, by a voice vote, a quorum being present. On Thursday, June 15, 2006, the Committee on Energy and Commerce met in open markup session and ordered H.R. 5573 reported to the House, amended, by a voice vote, a quorum being present.

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. There were no record votes taken in connection with ordering H.R. 5574 reported. A motion by Mr. Deal to order H.R. 5574 reported to the House, amended, was agreed to by a voice vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee held an oversight hearing and made findings that are reflected in this report.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

The goal of H.R. 5574 is to reauthorize the Children's Hospital Graduate Medical Education Program to provide independent children's hospitals with Federal assistance for their pediatric residency training programs.

NEW BUDGET AUTHORITY, ENTITLEMENT AUTHORITY, AND TAX EXPENDITURES

In compliance with clause 3(c)(2) of rule XIII of the Rules of the House of Representatives, the Committee finds that H.R. 5574, the Children's Hospital GME Support Reauthorization Act of 2006, would result in no new or increased budget authority, entitlement authority, or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate 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 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, June 19, 2006.

Hon. JOE BARTON,
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. 5574, the Children's Hospital GME Support Reauthorization Act of 2006.

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

Sincerely,

DONALD B. MARRON,
Acting Director.

Enclosure.

H.R. 5574—Children's Hospital GME Support Reauthorization Act of 2006

Summary: H.R. 5574 would amend the Public Health Service Act to authorize payments to children's hospitals that operate graduate medical education programs. Payments would be made to such hospitals for both "direct" and "indirect" costs related to graduate medical education. Direct costs are related to the cost of operating a medical education program, such as the salaries of medical residents, while indirect costs are intended to compensate hospitals for patient care costs that are expected to be higher in teaching hospitals than in non-teaching hospitals.

H.R. 5574 would authorize the appropriation of $300 million a year over the 2007–2011 period for payments to children's hospitals. CBO estimates that implementing the bill would cost $225 million in 2007 and $1.4 billion over the 2007–2011 period, assuming the appropriation of the authorized amounts.

H.R. 5574 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Children's hospitals that are operated by government entities could benefit from grants authorized by the bill for graduate medical training.

Estimated cost to the Federal Government: The estimated budgetary impact of H.R. 5574 is shown in the following table. The costs of this legislation fall within budget function 550 (health).

	By fiscal year, in millions of dollars—					
	2006	2007	2008	2009	2010	2011
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law:						
Budget Authority [a]	301	0	0	0	0	0
Estimated Outlays	302	75	0	0	0	0
Proposed Changes:						
Authorization Level	0	300	300	300	300	300
Estimated Outlays	0	225	300	300	300	300
Spending Under H.R. 5574:						
Authorization Level [a]	301	300	300	300	300	300
Estimated Outlays	302	300	300	300	300	300

[a] The 2006 level is the amount appropriated for that year for payments to children's hospitals that operate graduate medical education programs.

Basis of estimate: The Health Resources and Services Administration administers a program that provides payments to children's hospitals that operate graduate medical education programs. Authorization for that program expired in 2005. H.R. 5574 would authorize funding for the program through 2011. For this estimate, CBO assumes that H.R. 5574 will be enacted before the end of this fiscal year and that the authorized amounts will be appropriated for each year.

H.R. 5574 would authorize the appropriation of $100 million a year for 2007 through 2011 for payment towards the direct costs of graduate medical education in children's hospitals. Those funds would be allocated across eligible hospitals according to a formula that takes into account the number of residents each hospital employs and its cost per resident as reported in 1997.

The bill also would authorize the appropriation of $200 million a year for 2007 through 2011 for payment towards the indirect costs of graduate medical education programs. Those payments would be made to hospitals on the basis of a formula that takes into account the hospital's number of discharges, the relative costliness of those cases are measured by a case-mix index, and the number of residents at the hospital.

Based on historical patterns of spending for the graduate medical education program, CBO estimates that implementing the bill would cost $225 million in 2007 and $1.4 billion over the 2007–2011 period, assuming appropriation of the specified amounts.

Intergovernmental and private-sector impact: H.R. 5574 contains no intergovernmental or private-sector mandates as defined in UMRA. Children's hospitals that are operated by governmental entities could benefit from grants authorized by the bill for graduate medical training.

Estimate prepared by: Federal Costs: Camile Williams. Impact on State, Local, and Tribal Governments: Leo Lex. Impact on the Private Sector: Paige Shevlin.

Estimate approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

FEDERAL MANDATES STATEMENT

The Committee adopts as its own the estimate of Federal mandates 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 were created by this legislation.

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 this legislation is provided in Article I, section 8, clause 3, which grants Congress the power to regulate commerce with foreign nations, among the several States, and with the Indian tribes.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation 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.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

Section 1 establishes the short title of the Act as the "Children's Hospital GME Support Reauthorization Act of 2006."

Section 2. Program of payments to children's hospitals that operate graduate medical education programs

Section 2 amends Section 340E of the Public Health Service Act to extend the authorization of the CHGME program from fiscal year 2007 through fiscal year 2011. It also provides authorization of appropriations for direct medical education (DME) payments and indirect medical education (IME) payments under CHGME through fiscal year 2011, providing $100,000,000 for DME and $200,000,000 for IME for each of fiscal years 2007 through 2011.

Section 2 also creates a mechanism by which hospitals may voluntarily provide the Secretary of Health and Human Services additional reporting information. In order to receive full funding, hospitals will be required to submit an annual report. If a hospital opts not to report this data, it will be able to access only 75% of what would have been its total amount awarded.

The new information will include the (1) types of resident training programs that the hospital provided for residents; (2) number of training positions for residents; (3) types of training that the hospital provided for residents related to the health care needs of different populations; (4) changes in residency training for residents which the hospital has made during such residency academic year; and (4) number of residents who completed their residency training at the end of such residency academic year and care for children within the borders of the service area of the hospital or within the borders of the State in which the hospital is located.

Finally, section 2 corrects a technical error in the underlying statute.

Section 3. Sense of the Senate

Section 3 recognizes the importance of perinatal hospitals in both treating seriously ill newborns and training the providers who are

essential to their care, as well as to the care of healthy mothers and babies.

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):

SECTION 340E OF THE PUBLIC HEALTH SERVICE ACT

SEC. 340E. PROGRAM OF PAYMENTS TO CHILDREN'S HOSPITALS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

(a) PAYMENTS.—The Secretary shall make two payments under this section to each children's hospital for each of fiscal years 2000 through 2005 *and each of fiscal years 2007 through 2011*, one for the direct expenses and the other for indirect expenses associated with operating approved graduate medical residency training programs. The Secretary shall promulgate regulations pursuant to the rulemaking requirements of title 5, United States Code, which shall govern payments made under this subpart.

(b) AMOUNT OF PAYMENTS.—

(1) IN GENERAL.—Subject to [paragraph (2)] *paragraphs (2) and (3)*, the amounts payable under this section to a children's hospital for an approved graduate medical residency training program for a fiscal year are each of the following amounts:

(A) * * *

* * * * * * *

(3) ANNUAL REPORTING REQUIRED.—

(A) REDUCTION IN PAYMENT FOR FAILURE TO REPORT.—

(i) IN GENERAL.—The amount payable under this section to a children's hospital for a fiscal year (beginning with fiscal year 2008 and after taking into account paragraph (2)) shall be reduced by 25 percent if the Secretary determines that—

(I) the hospital has failed to provide the Secretary, as an addendum to the hospital's application under this section for such fiscal year, the report required under subparagraph (B) for the previous fiscal year; or

(II) such report fails to provide the information required under any clause of such subparagraph.

(ii) NOTICE AND OPPORTUNITY TO PROVIDE MISSING INFORMATION.—Before imposing a reduction under clause (i) on the basis of a hospital's failure to provide information described in clause (i)(II), the Secretary shall provide notice to the hospital of such failure and the Secretary's intention to impose such reduction and shall provide the hospital with the opportunity to provide the required information within a period of 30 days beginning on the date of such notice. If the hospital provides such information within such period, no reduction shall be made under clause (i) on the basis of the previous failure to provide such information.

(B) ANNUAL REPORT.—The report required under this subparagraph for a children's hospital for a fiscal year is a report that includes (in a form and manner specified by the Secretary) the following information for the residency academic year completed immediately prior to such fiscal year:

(i) The types of resident training programs that the hospital provided for residents described in subparagraph (C), such as general pediatrics, internal medicine/pediatrics, and pediatric subspecialties, including both medical subspecialties certified by the American Board of Pediatrics (such as pediatric gastroenterology) and non-medical subspecialties approved by other medical certification boards (such as pediatric surgery).

(ii) The number of training positions for residents described in subparagraph (C), the number of such positions recruited to fill, and the number of such positions filled.

(iii) The types of training that the hospital provided for residents described in subparagraph (C) related to the health care needs of different populations, such as children who are underserved for reasons of family income or geographic location, including rural and urban areas.

(iv) The changes in residency training for residents described in subparagraph (C) which the hospital has made during such residency academic year (except that the first report submitted by the hospital under this subparagraph shall be for such changes since the first year in which the hospital received payment under this section), including—

(I) changes in curricula, training experiences, and types of training programs, and benefits that have resulted from such changes; and

(II) changes for purposes of training the residents in the measurement and improvement of the quality and safety of patient care.

(v) The numbers of residents described in subparagraph (C) who completed their residency training at the end of such residency academic year and care for children within the borders of the service area of the hospital or within the borders of the State in which the hospital is located. Such numbers shall be disaggregated with respect to residents who completed residencies in general pediatrics or internal medicine/pediatrics, subspecialty residencies, and dental residencies.

(C) RESIDENTS.—The residents described in this subparagraph are those who—

(i) are in full-time equivalent resident training positions in any training program sponsored by the hospital; or

(ii) are in a training program sponsored by an entity other than the hospital, but who spend more than 75 percent of their training time at the hospital.

(D) REPORT TO CONGRESS.—Not later than the end of fiscal year 2011, the Secretary, acting through the Administrator of the Health Resources and Services Administration, shall submit a report to the Congress—

(i) summarizing the information submitted in reports to the Secretary under subparagraph (B);

(ii) describing the results of the program carried out under this section; and

(iii) making recommendations for improvements to the program.

(c) AMOUNT OF PAYMENT FOR DIRECT GRADUATE MEDICAL EDUCATION.—

(1) * * *

(2) UPDATED PER RESIDENT AMOUNT FOR DIRECT GRADUATE MEDICAL EDUCATION.—The updated per resident amount for direct graduate medical education for a hospital for a fiscal year is an amount determined as follows:

(A) * * *

* * * * * * *

(E) APPLICATION TO INDIVIDUAL HOSPITALS.—The Secretary shall compute for each such hospital that is a children's hospital a per resident amount—

(i) * * *

(ii) by multiplying the wage-related portion by the factor **[**described in subparagraph (C)(ii)**]** *applied under section 1886(d)(3)(E) of the Social Security Act for discharges occurring during the preceding fiscal year* for the hospital's area; and

* * * * * * *

(e) MAKING OF PAYMENTS.—

(1) * * *

(2) WITHHOLDING.—**[**The Secretary shall withhold up to 25 percent from each interim installment for direct and indirect graduate medical education paid under paragraph (1).**]** The Secretary shall withhold up to 25 percent from each interim installment for direct and indirect graduate medical education paid under paragraph (1) as necessary to ensure a hospital will not be overpaid on an interim basis.

(3) RECONCILIATION.—Prior to the end of each fiscal year, the Secretary shall determine any changes to the number of residents reported by a hospital in the application of the hospital for the current fiscal year to determine the final amount payable to the hospital for the current fiscal year for both direct expense and indirect expense amounts. Based on such determination, the Secretary shall recoup any overpayments **[**made to pay**]** *made and pay* any balance due to the extent possible. The final amount so determined shall be considered a final intermediary determination for the purposes of section 1878 of the Social Security Act and shall be subject to administrative and judicial review under that section in the same manner as the amount of payment under section 1186(d) of such Act is subject to review under such section.

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) DIRECT GRADUATE MEDICAL EDUCATION.—

(A) IN GENERAL.—There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for payments under subsection (b)(1)(A)—

(i) for fiscal year 2000, $90,000,000;

(ii) for fiscal year 2001, $95,000,000; [and]

(iii) for each of the fiscal years 2002 through 2005, such sums as may be necessary[.]*; and*

(iv) for each of fiscal years 2007 through 2011, $100,000,000.

* * * * * * *

(2) INDIRECT MEDICAL EDUCATION.—There are hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, for payments under subsection [(b)(1)(A)] *(b)(1)(B)*—

(A) * * *

(B) for fiscal year 2001, $190,000,000; [and]

(C) for each of the fiscal years 2002 through 2005, such sums as may be necessary[.]*; and*

(D) for each of fiscal years 2007 through 2011, $200,000,000.

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