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(Original Signature of Member)

110TH CONGRESS
1ST SESSION

H. R.

To amend title VII of the Public Health Service Act to establish a loan program for eligible hospitals to establish residency training programs.

IN THE HOUSE OF REPRESENTATIVES

Mr. BURGESS (for himself and Mr. MATHESON) introduced the following bill; which was referred to the Committee on _____

A BILL

To amend title VII of the Public Health Service Act to establish a loan program for eligible hospitals to establish residency training 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 “Physician Workforce
5 and Graduate Medical Education Enhancement Act of
6 2007”.

1 **SEC. 2. HOSPITAL RESIDENCY LOAN PROGRAM.**

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

5 **“SEC. 771. HOSPITAL RESIDENCY LOAN PROGRAM.**

6 “(a) ESTABLISHMENT.—Not later than January 1,
7 2008, the Secretary, acting through the Administrator of
8 the Health Resources and Services Administration, shall
9 establish a loan program that provides loans to eligible
10 hospitals to establish residency training programs.

11 “(b) APPLICATION.—No loan may be provided under
12 this section to an eligible hospital except pursuant to an
13 application that is submitted and approved in a time, man-
14 ner, and form specified by the Administrator of the Health
15 Resources and Services Administration. A loan under this
16 section shall be on such terms and conditions and meet
17 such requirements as the Administrator determines appro-
18 priate, in accordance with the provisions of this section.

19 “(c) ELIGIBILITY; PREFERENCE FOR RURAL AND
20 SMALL URBAN AREAS.—

21 “(1) ELIGIBLE HOSPITAL DEFINED.—For pur-
22 poses of this section, an ‘eligible hospital’ means,
23 with respect to a loan under this section, a hospital
24 that, as of the date of the submission of an applica-
25 tion under subsection (b), meets, to the satisfaction
26 of the Administrator of the Health Resources and

1 Services Administration, each of the following cri-
2 teria:

3 “(A) The hospital does not operate a resi-
4 dency training program and has not previously
5 operated such a program.

6 “(B) The hospital has secured initial ac-
7 creditation by the American Council for Grad-
8 uate Medical Education or the American Osteo-
9 pathic Association.

10 “(C) The hospital provides assurances to
11 the satisfaction of the Administrator that such
12 loan shall be used, consistent with subsection
13 (d), only for the purposes of establishing and
14 conducting an allopathic or osteopathic resi-
15 dency program in at least one of the following
16 medical specialties (or a combination of such
17 specialties):

18 “(i) Family medicine.

19 “(ii) Internal medicine.

20 “(iii) Emergency medicine.

21 “(iv) Obstetrics or gynecology.

22 “(v) General surgery.

23 “(D) The hospital enters into an agree-
24 ment with the Administrator that certifies the

1 hospital will provide for the repayment of the
2 loan in accordance with subsection (e).

3 “(2) PREFERENCE FOR RURAL AND SMALL
4 URBAN AREAS.—In making loans under this section,
5 the Administrator of the Health Resources and Serv-
6 ices Administration shall give preference to any ap-
7 plicant for such a loan that is a hospital located in
8 a rural area (as such term is defined in section
9 1886(d)(2)(D) of the Social Security Act) or an
10 urban area that is not a large urban area (as such
11 terms are respectively defined in such section).

12 “(d) PERMISSIBLE USES OF LOAN FUNDS.—A loan
13 provided under this section shall be used, with respect to
14 a residency training program, for only the following pur-
15 poses:

16 “(1) Stipends and benefits available to resi-
17 dents.

18 “(2) Salaries of faculty.

19 “(3) Any other costs directly attributable to the
20 residency training program, as specified by the Ad-
21 ministrator of the Health Resources and Services
22 Administration.

23 “(e) REPAYMENT OF LOANS.—

24 “(1) REPAYMENT PLANS.—Under the agree-
25 ment described in subsection (c)(1)(D), with respect

1 to a loan under this section provided to an eligible
2 hospital, the hospital may select one of the following
3 repayment plans:

4 “(A) DIRECT PAYMENTS ON INSTALLMENT
5 BASIS PLAN.—The repayment plan under this
6 subparagraph is a plan under which the eligible
7 hospital provides for the repayment of the loan
8 amount in installments, in accordance with a
9 schedule agreed to by the Administrator and
10 the hospital.

11 “(B) DEDUCTION IN MEDICARE REIM-
12 BURSEMENT PLAN.—

13 “(i) IN GENERAL.—Subject to clause
14 (ii), the repayment plan under this sub-
15 paragraph is a plan established by the Ad-
16 ministrator of the Health Resources and
17 Services Administration, in consultation
18 with the Administrator of the Centers for
19 Medicare & Medicaid Services, with respect
20 to an eligible hospital receiving a loan
21 under this section, under which the loan is
22 repaid through deductions from the
23 amounts otherwise payable to the hospital
24 under title XVIII of the Social Security
25 Act, in accordance with a formula and

1 schedule agreed to by the Administrator
2 and the hospital.

3 “(ii) LIMITATION.—A deduction de-
4 scribed in clause (i) applicable to an eligi-
5 ble hospital for a fiscal year may not ex-
6 ceed 2 percent of the total amounts other-
7 wise payable to the hospital under title
8 XVIII of the Social Security Act during
9 such year.

10 “(C) COMBINATION PLAN.—The repay-
11 ment plan under this subparagraph is a plan,
12 agreed to by the Administrator and the eligible
13 hospital involved, that provides for a combina-
14 tion of the repayment elements of the plans de-
15 scribed in subparagraphs (A) and (B), in ac-
16 cordance with the provisions of this subsection.

17 “(2) CHANGES IN SELECTION.—An eligible hos-
18 pital that borrows a loan made under this section
19 may change the selection made by the hospital of a
20 repayment plan under paragraph (1) under such
21 terms and conditions as may be established by the
22 Administrator of the Health Resources and Services
23 Administration and with the approval of the Admin-
24 istrator.

1 “(3) COMMENCEMENT OF REPAYMENT.—Re-
2 payment by an eligible hospital of a loan under this
3 section shall commence not later than the date that
4 is 24 months after the date on which the loan
5 amount is disbursed to such hospital.

6 “(4) REPAYMENT PERIOD.—A loan made under
7 this section shall be fully repaid not later than the
8 date that is five years after the date on which the
9 repayment is required to commence under paragraph
10 (3).

11 “(5) LOAN PAYABLE IN FULL IF RESIDENCY
12 TRAINING PROGRAM CANCELED.—In the case that
13 an eligible hospital borrows a loan under this sec-
14 tion, with respect to a residency training program,
15 and terminates such program before the date on
16 which such loan has been fully repaid in accordance
17 with a plan under paragraph (1), such loan shall be
18 payable by the hospital within 90 days of the date
19 of such termination.

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

1 “(g) LIMITATION ON TOTAL AMOUNT OF LOAN.—

2 The cumulative dollar amount of a loan made to an eligible
3 hospital under this section may not exceed \$1,000,000.

4 “(h) PENALTIES.—The Administrator of the Health
5 Resources and Services Administration shall establish pen-
6 alties to which an eligible hospital receiving a loan under
7 this section would be subject if such hospital is in violation
8 of any of the criteria described in subsection (c)(1).

9 “(i) REPORTS.—Not later than January 1, 2012, and
10 annually thereafter (before January 2, 2018), the Admin-
11 istrator of the Health Resources and Services Administra-
12 tion shall submit to Congress a report on the efficacy of
13 the program under this section in increasing the number
14 of residents practicing in each medical specialty described
15 in subsection (c)(1)(C) during such year and the extent
16 to which the program resulted in an increase in the num-
17 ber of available practitioners in each of such medical spe-
18 cialties that serve medically underserved populations.

19 “(j) FUNDING.—

20 “(1) AUTHORIZATION FOR APPROPRIATIONS.—

21 For the purpose of carrying out the loan program
22 under this section, there are authorized to be appro-
23 priated \$25,000,000 for the period of fiscal years
24 2008 through 2018.

1 “(2) AVAILABILITY.—Amounts appropriated
2 under paragraph (1) shall remain available until ex-
3 pended.

4 “(3) REPAID LOAN AMOUNTS.—Any amount re-
5 paid by, or recovered from, an eligible hospital under
6 this section on or before the date of termination de-
7 scribed in subsection (j) shall be credited to the ap-
8 propriation account from which the loan amount in-
9 volved was originally paid. Any amount so credited
10 shall be available only for the purpose of carrying
11 out the loan program under this section. Any
12 amount repaid by, or recovered from, such a hospital
13 under this section after such date shall be credited
14 to the general fund in the Treasury.

15 “(k) TERMINATION OF PROGRAM.—No loan may be
16 made under this section after December 31, 2017.”.