

SEC. 5508. INCREASING TEACHING CAPACITY.

(a) **TEACHING HEALTH CENTERS TRAINING AND ENHANCEMENT.**—Part C of title VII of the Public Health Service Act (42 U.S.C. 293k et. seq.), as amended by section 5303, is further amended by inserting after section 749 the following:

“SEC. 749A [42 U.S.C. 293I-1]. TEACHING HEALTH CENTERS DEVELOPMENT GRANTS.

“(a) **PROGRAM AUTHORIZED.**—The Secretary may award grants under this section to teaching health centers for the purpose of establishing new accredited or expanded primary care residency programs.

“(b) **AMOUNT AND DURATION.**—Grants awarded under this section shall be for a term of not more than 3 years and the maximum amount may not be more than \$500,000.

“(c) **USE OF FUNDS.**—Amounts provided under a grant under this section shall be used to cover the costs of—

“(1) establishing or expanding a primary care residency training program described in subsection (a), including costs associated with—

“(A) curriculum development;

“(B) recruitment, training and retention of residents and faculty;

“(C) accreditation by the Accreditation Council for Graduate Medical Education (ACGME), the American Dental Association (ADA), or the American Osteopathic Association (AOA); and

“(D) faculty salaries during the development phase; and

“(2) technical assistance provided by an eligible entity.

“(d) **APPLICATION.**—A teaching health center seeking a grant under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may require.

“(e) **PREFERENCE FOR CERTAIN APPLICATIONS.**—In selecting recipients for grants under this section, the Secretary shall give preference to any such application that documents an existing affiliation agreement with an area health education center program as defined in sections 751 and 799B.

“(f) **DEFINITIONS.**—In this section:

“(1) **ELIGIBLE ENTITY.**—The term ‘eligible entity’ means an organization capable of providing technical assistance including an area health education center program as defined in sections 751 and 799B.

“(2) **PRIMARY CARE RESIDENCY PROGRAM.**—The term ‘primary care residency program’ means an approved graduate medical residency training program (as defined in section 340H) in family medicine, internal medicine, pediatrics, internal medicine-pediatrics, obstetrics and gynecology, psychiatry, general dentistry, pediatric dentistry, and geriatrics.

“(3) **TEACHING HEALTH CENTER.**—

“(A) **IN GENERAL.**—The term ‘teaching health center’ means an entity that—

“(i) is a community based, ambulatory patient care center; and

“(ii) operates a primary care residency program.

“(B) INCLUSION OF CERTAIN ENTITIES.—Such term includes the following:

“(i) A Federally qualified health center (as defined in section 1905(l)(2)(B), of the Social Security Act).

“(ii) A community mental health center (as defined in section 1861(ff)(3)(B) of the Social Security Act).

“(iii) A rural health clinic, as defined in section 1861(aa) of the Social Security Act.

“(iv) A health center operated by the Indian Health Service, an Indian tribe or tribal organization, or an urban Indian organization (as defined in section 4 of the Indian Health Care Improvement Act).

“(v) An entity receiving funds under title X of the Public Health Service Act.

“(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, \$25,000,000 for fiscal year 2010, \$50,000,000 for fiscal year 2011, \$50,000,000 for fiscal year 2012, and such sums as may be necessary for each fiscal year thereafter to carry out this section. Not to exceed \$5,000,000 annually may be used for technical assistance program grants.”.

(b) NATIONAL HEALTH SERVICE CORPS TEACHING CAPACITY.—Section 338C(a) of the Public Health Service Act (42 U.S.C. 254m(a)) is amended to read as follows:

“(a) SERVICE IN FULL-TIME CLINICAL PRACTICE.—Except as provided in section 338D, each individual who has entered into a written contract with the Secretary under section 338A or 338B shall provide service in the full-time clinical practice of such individual’s profession as a member of the Corps for the period of obligated service provided in such contract. The Secretary may treat teaching as clinical practice for up to 20 percent of such period of obligated service. Notwithstanding the preceding sentence, with respect to a member of the Corps participating in the teaching health centers graduate medical education program under section 340H, for the purpose of calculating time spent in full-time clinical practice under this section, up to 50 percent of time spent teaching by such member may be counted toward his or her service obligation. **[As revised by section 10501(n)(5)]**”.

(c) PAYMENTS TO QUALIFIED TEACHING HEALTH CENTERS.—Part D of title III of the Public Health Service Act (42 U.S.C. 254b et seq.) is amended by adding at the end the following:

“Subpart XI—Support of Graduate Medical Education in Qualified Teaching Health Centers

“SEC. 340H [42 U.S.C. 256h]. PROGRAM OF PAYMENTS TO TEACHING HEALTH CENTERS THAT OPERATE GRADUATE MEDICAL EDUCATION PROGRAMS.

“(a) PAYMENTS.—Subject to subsection (h)(2), the Secretary shall make payments under this section for direct expenses and for indirect expenses to qualified teaching health centers that are listed as sponsoring institutions by the relevant accrediting body for

expansion of existing or establishment of new approved graduate medical residency training programs.

“(b) AMOUNT OF PAYMENTS.—

“(1) IN GENERAL.—Subject to paragraph (2), the amounts payable under this section to qualified teaching health centers for an approved graduate medical residency training program for a fiscal year are each of the following amounts:

“(A) DIRECT EXPENSE AMOUNT.—The amount determined under subsection (c) for direct expenses associated with sponsoring approved graduate medical residency training programs.

“(B) INDIRECT EXPENSE AMOUNT.—The amount determined under subsection (d) for indirect expenses associated with the additional costs relating to teaching residents in such programs.

“(2) CAPPED AMOUNT.—

“(A) IN GENERAL.—The total of the payments made to qualified teaching health centers under paragraph (1)(A) or paragraph (1)(B) in a fiscal year shall not exceed the amount of funds appropriated under subsection (g) for such payments for that fiscal year.

“(B) LIMITATION.—The Secretary shall limit the funding of full-time equivalent residents in order to ensure the direct and indirect payments as determined under subsection (c) and (d) do not exceed the total amount of funds appropriated in a fiscal year under subsection (g).

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

“(1) IN GENERAL.—The amount determined under this subsection for payments to qualified teaching health centers for direct graduate expenses relating to approved graduate medical residency training programs for a fiscal year is equal to the product of—

“(A) the updated national per resident amount for direct graduate medical education, as determined under paragraph (2); and

“(B) the average number of full-time equivalent residents in the teaching health center’s graduate approved medical residency training programs as determined under section 1886(h)(4) of the Social Security Act (without regard to the limitation under subparagraph (F) of such section) during the fiscal year.

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

“(A) DETERMINATION OF QUALIFIED TEACHING HEALTH CENTER PER RESIDENT AMOUNT.—The Secretary shall compute for each individual qualified teaching health center a per resident amount—

“(i) by dividing the national average per resident amount computed under section 340E(c)(2)(D) into a wage-related portion and a non-wage related portion

by applying the proportion determined under subparagraph (B);

“(ii) by multiplying the wage-related portion by the factor applied under section 1886(d)(3)(E) of the Social Security Act (but without application of section 4410 of the Balanced Budget Act of 1997 (42 U.S.C. 1395ww note)) during the preceding fiscal year for the teaching health center’s area; and

“(iii) by adding the non-wage-related portion to the amount computed under clause (ii).

“(B) UPDATING RATE.—The Secretary shall update such per resident amount for each such qualified teaching health center as determined appropriate by the Secretary.

“(d) AMOUNT OF PAYMENT FOR INDIRECT MEDICAL EDUCATION.—

“(1) IN GENERAL.—The amount determined under this subsection for payments to qualified teaching health centers for indirect expenses associated with the additional costs of teaching residents for a fiscal year is equal to an amount determined appropriate by the Secretary.

“(2) FACTORS.—In determining the amount under paragraph (1), the Secretary shall—

“(A) evaluate indirect training costs relative to supporting a primary care residency program in qualified teaching health centers; and

“(B) based on this evaluation, assure that the aggregate of the payments for indirect expenses under this section and the payments for direct graduate medical education as determined under subsection (c) in a fiscal year do not exceed the amount appropriated for such expenses as determined in subsection (g).

“(3) INTERIM PAYMENT.—Before the Secretary makes a payment under this subsection pursuant to a determination of indirect expenses under paragraph (1), the Secretary may provide to qualified teaching health centers a payment, in addition to any payment made under subsection (c), for expected indirect expenses associated with the additional costs of teaching residents for a fiscal year, based on an estimate by the Secretary.

“(e) CLARIFICATION REGARDING RELATIONSHIP TO OTHER PAYMENTS FOR GRADUATE MEDICAL EDUCATION.—Payments under this section—

“(1) shall be in addition to any payments—

“(A) for the indirect costs of medical education under section 1886(d)(5)(B) of the Social Security Act;

“(B) for direct graduate medical education costs under section 1886(h) of such Act; and

“(C) for direct costs of medical education under section 1886(k) of such Act;

“(2) shall not be taken into account in applying the limitation on the number of total full-time equivalent residents under subparagraphs (F) and (G) of section 1886(h)(4) of such Act and clauses (v), (vi)(I), and (vi)(II) of section 1886(d)(5)(B)

of such Act for the portion of time that a resident rotates to a hospital; and

“(3) shall not include the time in which a resident is counted toward full-time equivalency by a hospital under paragraph (2) or under section 1886(d)(5)(B)(iv) of the Social Security Act, section 1886(h)(4)(E) of such Act, or section 340E of this Act.

“(f) RECONCILIATION.—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 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.

“(g) FUNDING.—To carry out this section, there are appropriated such sums as may be necessary, not to exceed \$230,000,000, for the period of fiscal years 2011 through 2015.

“(h) ANNUAL REPORTING REQUIRED.—

“(1) ANNUAL REPORT.—The report required under this paragraph for a qualified teaching health center 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:

“(A) The types of primary care resident approved training programs that the qualified teaching health center provided for residents.

“(B) The number of approved training positions for residents described in paragraph (4).

“(C) The number of residents described in paragraph (4) who completed their residency training at the end of such residency academic year and care for vulnerable populations living in underserved areas.

“(D) Other information as deemed appropriate by the Secretary.

“(2) AUDIT AUTHORITY; LIMITATION ON PAYMENT.—

“(A) AUDIT AUTHORITY.—The Secretary may audit a qualified teaching health center to ensure the accuracy and completeness of the information submitted in a report under paragraph (1).

“(B) LIMITATION ON PAYMENT.—A teaching health center may only receive payment in a cost reporting period for a number of such resident positions that is greater than the base level of primary care resident positions, as determined by the Secretary. For purposes of this subparagraph, the ‘base level of primary care residents’ for a teaching health center is the level of such residents as of a base period.

“(3) REDUCTION IN PAYMENT FOR FAILURE TO REPORT.—

