

112TH CONGRESS  
1ST SESSION

# H. R. 2224

To amend title XVIII of the Social Security Act to provide opportunities for additional residency slots in participating teaching hospitals and to expand the primary care bonus to certain underserved specialties and to amend the Internal Revenue Code of 1986 to provide tax incentives for practicing-teaching physicians.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 16, 2011

Mr. GRIMM (for himself, Mr. CROWLEY, Mr. ENGEL, Mr. KING of New York, Mr. MEEKS, Mr. HANNA, Mrs. MALONEY, Ms. CLARKE of New York, Mr. ACKERMAN, and Mrs. MCCARTHY of New York) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To amend title XVIII of the Social Security Act to provide opportunities for additional residency slots in participating teaching hospitals and to expand the primary care bonus to certain underserved specialties and to amend the Internal Revenue Code of 1986 to provide tax incentives for practicing-teaching physicians.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Improving Physician  
3 Access in Teaching Hospitals (PATH) Act of 2011”.

4 **SEC. 2. DISTRIBUTION OF ADDITIONAL RESIDENCY SLOTS.**

5 Section 1886(h) of the Social Security Act (42 U.S.C.  
6 1395ww(h)) is amended—

7 (1) in paragraph (7)(E), by inserting “para-  
8 graph (9),” after “paragraph (8),”; and

9 (2) by adding at the end the following:

10 “(9) DISTRIBUTION OF ADDITIONAL RESIDENCY  
11 POSITIONS.—

12 “(A) REDUCTIONS IN LIMIT BASED ON UN-  
13 USED POSITIONS.—

14 “(i) IN GENERAL.—Except as pro-  
15 vided in clause (ii), if a hospital’s resident  
16 level (as defined in paragraph (7)(C)(i))  
17 for each of the 5 most recent cost report-  
18 ing periods (ending before the date of the  
19 enactment of this paragraph) of the hos-  
20 pital for which a cost report has been set-  
21 tled (or, if not, submitted subject to audit)  
22 as determined by the Secretary is less than  
23 the otherwise applicable resident limit (as  
24 defined in paragraph (8)(H)(iii)), effective  
25 for portions of cost reporting periods oc-  
26 ccurring on or after the paragraph (9) ef-

1           fective date (as defined in subparagraph  
2           (E)), the otherwise applicable resident  
3           limit shall be reduced by the difference be-  
4           tween such otherwise applicable resident  
5           limit and the highest such reference resi-  
6           dent level for any of such 5 cost reporting  
7           periods.

8           “(ii) EXCEPTION.—Clause (i) shall  
9           not apply to—

10           “(I) a hospital located in a rural  
11           area with fewer than 250 beds; or

12           “(II) a hospital that has had in  
13           effect a voluntary residency reduction  
14           plan under paragraph (6) or pursuant  
15           to section 402 of Public Law 90–248.

16           “(B) REQUIREMENTS FOR ADDITIONAL  
17           RESIDENCY SLOTS.—

18           “(i) IN GENERAL.—The Secretary  
19           shall increase the otherwise applicable resi-  
20           dent limit for hospitals that submit an ap-  
21           plication under this subparagraph by such  
22           number as the Secretary may approve for  
23           portions of cost reporting periods occurring  
24           on or after the paragraph (9) effective  
25           date. The aggregate number of increases in

1 the otherwise applicable resident limit  
2 under this subparagraph shall be equal to  
3 the sum of—

4 “(I) the aggregate reduction in  
5 such limits attributable to subpara-  
6 graph (A) (as estimated by the Sec-  
7 retary); and

8 “(II) 1,000 for portions of cost  
9 reporting periods occurring during the  
10 12-month period beginning on the  
11 paragraph (9) effective date, 1,000  
12 additional positions for portions of  
13 cost reporting periods occurring dur-  
14 ing the 12-month period beginning 1  
15 year after such effective date, 1,000  
16 additional positions for portion of cost  
17 reporting period occurring during the  
18 12-month period beginning 2 years  
19 after such effective date, and such  
20 number of additional positions for  
21 portions of the 2 subsequent cost re-  
22 porting periods as the Secretary may  
23 determine necessary to support resi-  
24 dency training programs in specialities  
25 that exceed 3 years.

1           “(ii) CONSIDERATION IN REDISTRIBU-  
2           TION.—In determining for which hospitals  
3           the increase in the otherwise applicable  
4           resident limit is provided under this sub-  
5           paragraph, the Secretary shall take into  
6           account—

7                   “(I) data provided by the Health  
8                   Resources and Services Administra-  
9                   tion as a national standard to exhibit  
10                  a specific demand in the health care  
11                  workforce, as well as the Administra-  
12                  tion’s projected demand and supply  
13                  for physicians in the specialty of med-  
14                  icine involved; and

15                   “(II) the demonstrated likelihood  
16                   of the hospital filling positions made  
17                   available under this paragraph within  
18                   the first 3 cost reporting periods be-  
19                   ginning on or after the paragraph (9)  
20                   effective date.

21           The Secretary shall give special consider-  
22           ation for up to 25 additional positions in  
23           the case of a hospital that demonstrates  
24           the likelihood of filing such positions dur-

1           ing the first cost reporting period begin-  
2           ning on or after such effective date.

3           “(iii) LIMITATION.—In no case shall  
4           the number of additional positions made  
5           available to a hospital under this para-  
6           graph exceed 25 in the first cost reporting  
7           period or 75 for all cost reporting periods.

8           “(C) PRIORITY FOR ADDITIONAL POSI-  
9           TIONS RESULTING FROM HOSPITAL CLO-  
10          SURES.—With respect to additional positions  
11          described in subparagraph (B)(i)(I) which are  
12          derived from a reduction in limits under sub-  
13          paragraph (A) for a hospital that closed (in this  
14          subparagraph referred to as a ‘closed hospital’),  
15          the Secretary shall distribute the increase to  
16          hospitals in the following priority order:

17           “(i) First, to other hospitals for the  
18           program or programs under which the hos-  
19           pital had a cooperative arrangement with  
20           the closed hospital under which residents  
21           in the graduate medical education program  
22           of the closed hospital also rotated through  
23           the other hospital.

1           “(ii) Second, to other hospitals that  
2           are members of the same affiliated group  
3           of hospitals as the closed hospital.

4           “(iii) Third, to other hospitals that  
5           are located in the same or contiguous core-  
6           based statistical area as the closed hos-  
7           pital.

8           “(D) PREFERENCE.—After applying sub-  
9           paragraph (C) and the special consideration  
10          under subparagraph (B), in determining for  
11          which hospitals the increase in the otherwise  
12          applicable resident limit is provided under sub-  
13          paragraph (B), the Secretary shall give pref-  
14          erence to hospitals—

15                 “(i) that submit an application for  
16                 new residents in primary care and geriatric  
17                 medicine and in other specialties as deter-  
18                 mined to be in demand under subpara-  
19                 graph (B)(ii)(I); and

20                 “(ii) that emphasize training in com-  
21                 munity health centers and other commu-  
22                 nity-based or hospital-sponsored clinics,  
23                 and private physicians’ offices, including  
24                 physician groups.

1           “(E) PARAGRAPH (9) EFFECTIVE DATE DE-  
2           FINED.—In this paragraph, the term ‘para-  
3           graph (9) effective date’ means July 1 of the  
4           year that begins after the date of the enactment  
5           of this paragraph.

6           “(F) AFFILIATION.—The provisions of this  
7           paragraph shall be applied to hospitals which  
8           are members of the same affiliated group (as  
9           defined by the Secretary under paragraph  
10          (4)(H)(ii)) and the reference resident level for  
11          each such hospital with respect to the cost re-  
12          porting period that results in the smallest dif-  
13          ference between the reference resident level and  
14          the otherwise applicable resident limit.”.

15 **SEC. 3. EXPANDING PRIMARY CARE BONUS TO CERTAIN**  
16 **UNDERSERVED SPECIALTIES.**

17          (a) IN GENERAL.—Section 1833(x)(2)(A) of the So-  
18          cial Security Act (42 U.S.C. 1395l(x)(2)(A)) is amend-  
19          ed—

20                 (1) in clause (i)—

21                         (A) by striking “or” at the end of sub-  
22                         clause (I);

23                         (B) by striking “and” at the end of sub-  
24                         clause (II) and inserting “or”; and



1 (C) by adding at the end the following new  
2 subclause:

3 “(III) is a physician (as de-  
4 scribed in section 1861(r)(1)) who is  
5 in an underserved specialty, such as  
6 psychiatry or neurology, as specified  
7 by the Secretary, or other specialty  
8 identified by the Secretary to be in  
9 demand; and”; and

10 (2) in clause (ii), by inserting after “(ii)” the  
11 following: “in the case of an individual described in  
12 subclause (I) or (II) of clause (i),”.

13 (b) EFFECTIVE DATE.—The amendments made by  
14 subsection (a) shall apply to payments for items and serv-  
15 ices furnished on or after January 1, 2012.

16 **SEC. 4. SMALL PHYSICIAN PRACTICE RESIDENCY CREDIT.**

17 (a) IN GENERAL.—Subpart D of part IV of sub-  
18 chapter A of chapter 1 of the Internal Revenue Code of  
19 1986 (relating to business related credits) is amended by  
20 adding at the end the following new section:

21 **“SEC. 45S. SMALL PHYSICIAN PRACTICE RESIDENCY CRED-  
22 IT.**

23 “(a) IN GENERAL.—For purposes of section 38, the  
24 amount of the small physician practice residency credit de-  
25 termined under this section for any taxable year with re-

1 spect to a qualified small physician practice is the sum  
2 of the following:

3           “(1) OVERALL AMOUNT.—The per resident dol-  
4 lar amount multiplied by the number of qualified  
5 teaching hospital residents who provide services to,  
6 and are trained by, such practice during the taxable  
7 year and who are in their first, second, or third  
8 post-graduate year of medical residency.

9           “(2) BONUS.—The sum of—

10                   “(A) 50 percent of the per resident dollar  
11 amount multiplied by the number of such resi-  
12 dents who are in their first post-graduate year  
13 of medical residency during the taxable year;  
14 and

15                   “(B) 25 percent of the per resident dollar  
16 amount multiplied by the average number of  
17 such residents who are not counted under sub-  
18 paragraph (A) and are in their second post-  
19 graduate year during the taxable year.

20           “(b) QUALIFIED SMALL PHYSICIAN PRACTICE.—For  
21 purposes of this section, the term ‘qualified small physi-  
22 cian practice’ means any trade or business of providing  
23 physicians’ services (as defined in section 1861(q) of the  
24 Social Security Act), which may be a community health  
25 center, that is owned and operated by a doctor of medicine

1 or osteopathy if fewer than 50 individuals are employed  
2 in such trade or business (including new training sites)  
3 and the trade or business includes as part of the practice  
4 the training of doctors of medicine or osteopathy in a rota-  
5 tion covering at least 6 months in the taxable year. All  
6 persons treated as a single employer under subsection (a)  
7 or (b) or section 52 or subsection (m) or (o) of section  
8 414 shall be treated as a single trade or business for pur-  
9 poses of the preceding sentence.

10 “(c) QUALIFIED TEACHING HOSPITAL RESIDENTS.—

11 For purposes of this section, the term ‘qualified teaching  
12 hospital resident’ means any resident (within the meaning  
13 of subparagraph (I) of section 1886(h)(5) of the Social  
14 Security Act) in an approved medical residency training  
15 program (as defined in subparagraph (A) of such section)  
16 which provides services to the qualified small physician  
17 practice (while utilizing the technologies and supplies of  
18 such practice) for a period not less than—

19 “(1) 4 weeks in the case of a primary care resi-  
20 dent (as defined in subparagraph (H) of such sec-  
21 tion); or

22 “(2) 2 weeks in the case of any other resident.

23 “(d) PER RESIDENT DOLLAR AMOUNT.—For pur-  
24 poses of this section, the term ‘per resident dollar amount’  
25 means, in the case of a qualified small physician practice

1 that includes as part of the practice the training of doctors  
2 of medicine or osteopathy in a rotation covering—

3 “(1) at least 6 months but less than 9 months  
4 in the taxable year, \$2,500; or

5 “(2) at least 9 months in the taxable year,  
6 \$3,000.

7 “(e) RESIDENTS NOT TAKEN INTO ACCOUNT MORE  
8 THAN ONCE.—A qualified teaching hospital resident shall  
9 be taken into account under subsection (a) for the taxable  
10 in which the period described in subsection (c) ends and  
11 shall not be so taken into account for any other taxable  
12 year.”.

13 (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-  
14 NESS CREDIT.—Section 38(b) of such Code (defining cur-  
15 rent year business credit) is amended by striking “plus”  
16 at the end of paragraph (35), by striking the period at  
17 the end of paragraph (36) and inserting “, plus”, and by  
18 adding at the end the following new paragraph:

19 “(37) the small physician practice residency  
20 credit determined under section 45S(a).”.

21 (c) CONFORMING AMENDMENT.—The table of sec-  
22 tions for subpart D of part IV of subchapter A of chapter  
23 1 of such Code is amended by adding at the end the fol-  
24 lowing new item:

“Sec. 45S. Small physician practice residency credit.”.

1       (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to taxable years beginning after  
3 the date of the enactment of this Act.

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