

110TH CONGRESS  
1ST SESSION

# H. R. 2584

To amend the Public Health Service Act to alleviate critical shortages of physicians in the fields of family practice, internal medicine, pediatrics, emergency medicine, general surgery, and obstetrics-gynecology, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 6, 2007

Mr. BURGESS (for himself and Mr. CUELLAR) introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, 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 the Public Health Service Act to alleviate critical shortages of physicians in the fields of family practice, internal medicine, pediatrics, emergency medicine, general surgery, and obstetrics-gynecology, and for other purposes.

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 “High-Need Physician  
5 Workforce Incentives Act of 2007”.

1 **SEC. 2. HIGH-NEED PHYSICIAN SPECIALTY WORKFORCE IN-**  
2 **CENTIVES.**

3 Page E of title VII of the Public Health Service Act  
4 (42 U.S.C. 294n et seq.) is amended by adding at the end  
5 the following:

6 **“Subpart 3—High-Need Physician Specialty**  
7 **Workforce Incentives**

8 **“SEC. 775. SCHOLARSHIP PROGRAM.**

9 “(a) PURPOSE.—The purpose of this section is to al-  
10 leviate critical shortages of physicians in the fields of fam-  
11 ily practice, internal medicine, pediatrics, emergency medi-  
12 cine, general surgery, and obstetrics-gynecology.

13 “(b) GRANTS.—The Secretary, acting through the  
14 Administrator of the Health Resources and Services Ad-  
15 ministration, shall make grants to critical shortage health  
16 facilities to carry out a scholarship program described in  
17 this section.

18 “(c) SCHOLARSHIPS.—A health facility receiving a  
19 grant under this section shall use the grant to enter into  
20 contracts with eligible individuals under which—

21 “(1) the facility agrees to provide the individual  
22 with a scholarship for each school year (not to ex-  
23 ceed 4 school years) in which the individual is en-  
24 rolled as a full-time student in a school of medicine  
25 or a school of osteopathic medicine; and

26 “(2) the individual agrees—

1           “(A) to maintain an acceptable level of  
2 academic standing;

3           “(B) to complete a residency in the field of  
4 family practice, internal medicine, pediatrics,  
5 emergency medicine, general surgery, or obstet-  
6 rics-gynecology; and

7           “(C) after completing the residency, to  
8 serve as a physician at such facility in such  
9 field for a time period equal to the greater of—

10                   “(i) one year for each school year for  
11 which the individual was provided a schol-  
12 arship under this section; or

13                   “(ii) two years.

14           “(d) AMOUNT OF SCHOLARSHIP.—

15                   “(1) IN GENERAL.—The amount paid by a  
16 health facility to an individual through a scholarship  
17 under this section shall not exceed \$30,000 for any  
18 school year.

19                   “(2) CONSIDERATIONS.—In determining the  
20 amount of a scholarship to be provided to an indi-  
21 vidual under this section, a health facility may take  
22 into consideration the individual’s financial need, ge-  
23 ographic differences, and educational costs.

24                   “(3) EXCLUSION FROM GROSS INCOME.—For  
25 purposes of the Internal Revenue Code of 1986,

1 gross income shall not include any amount received  
2 as a scholarship under this section.

3 “(e) APPLICATION OF CERTAIN PROVISIONS.—The  
4 provisions of subpart III of part D of title III shall, except  
5 as inconsistent with this section, apply to the program es-  
6 tablished under this section in the same manner and to  
7 the same extent as such provisions apply to the National  
8 Health Service Corps Scholarship Program established in  
9 such subpart.

10 “(f) DEFINITIONS.—In this subsection:

11 “(1) The term ‘critical shortage health facility’  
12 means a public or private nonprofit health facility  
13 that does not serve a health professional shortage  
14 area (as such term is defined in section 332), but  
15 has a critical shortage of physicians (as determined  
16 by the Secretary) in the field of family practice, in-  
17 ternal medicine, pediatrics, emergency medicine,  
18 general surgery, or obstetrics-gynecology.

19 “(2) The term ‘eligible individual’ means an in-  
20 dividual who is enrolled or accepted for enrollment  
21 as a full-time student in an accredited school of  
22 medicine or school of osteopathic medicine.

23 “(g) AUTHORIZATION OF APPROPRIATIONS.—To  
24 carry out this section, there is authorized to be appro-

1 priated \$5,000,000 for each of fiscal years 2008 through  
2 2012.

3 **“SEC. 776. LOAN REPAYMENT PROGRAM.**

4 “(a) PURPOSE.—The purpose of this section is to al-  
5 leviate critical shortages of physicians in the fields of fam-  
6 ily practice, internal medicine, pediatrics, emergency medi-  
7 cine, general surgery, and obstetrics-gynecology.

8 “(b) LOANS.—The Secretary, acting through the Ad-  
9 ministrator of the Health Resources and Services Admin-  
10 istration, shall establish a program of entering into con-  
11 tracts with eligible individuals under which—

12 “(1) the individual agrees to serve—

13 “(A) as a physician in the field of family  
14 practice, internal medicine, pediatrics, emer-  
15 gency medicine, general surgery, or obstetrics-  
16 gynecology; and

17 “(B) in an area that is not a health profes-  
18 sional shortage area (as such term is defined in  
19 section 332), but has a critical shortage of phy-  
20 sicians (as determined by the Secretary) in such  
21 field; and

22 “(2) the Secretary agrees to pay, for each year  
23 of such service, not more than \$35,000 of the prin-  
24 cipal and interest of the undergraduate or graduate  
25 educational loans of the individual.

1       “(c) SERVICE REQUIREMENT.—A contract entered  
2 into under this section shall allow the individual receiving  
3 the loan repayment to satisfy the service requirement de-  
4 scribed in subsection (b)(1) through employment in a solo  
5 or group practice, a clinic, a public or private nonprofit  
6 hospital, or any other appropriate health care entity.

7       “(d) APPLICATION OF CERTAIN PROVISIONS.—The  
8 provisions of subpart III of part D of title III shall, except  
9 as inconsistent with this section, apply to the program es-  
10 tablished in this section to the same extent and in the  
11 same manner as such provisions apply to the National  
12 Health Service Corps Loan Repayment Program estab-  
13 lished in such subpart.

14       “(e) DEFINITION.—In this section, the term ‘eligible  
15 individual’ means an individual with a degree in medicine  
16 or osteopathic medicine.

17       “(f) AUTHORIZATION OF APPROPRIATIONS.—To  
18 carry out this section, there is authorized to be appro-  
19 priated \$5,000,000 for each of fiscal years 2008 through  
20 2012.

21 **“SEC. 777. PRIMARY CARE PHYSICIAN RETENTION AND**  
22 **MEDICAL HOME ENHANCEMENT GRANTS.**

23       “(a) GRANTS.—The Secretary, acting through the  
24 Administrator of the Health Resources and Services Ad-  
25 ministration, shall make grants to States to provide care

1 management fees to physicians in medically underserved  
2 communities to support the provision of targeted, acces-  
3 sible, continuous, coordinated, and patient-centered care  
4 through a qualified medical home.

5 “(b) QUALIFIED MEDICAL HOMES.—

6 “(1) IN GENERAL.—In this section, the term  
7 ‘qualified medical home’ means a physician-directed  
8 practice that is certified as a qualified medical home  
9 in accordance with this subsection.

10 “(2) ACTIONS BY SECRETARY.—Not later than  
11 90 days after the date of the enactment of this sub-  
12 part, the Secretary shall—

13 “(A) designate one or more objective exter-  
14 nal private-sector entities to certify physician-  
15 directed practices as qualified medical homes;  
16 and

17 “(B) issue requirements for such certifi-  
18 cation.

19 “(3) REQUIREMENTS.—The requirements re-  
20 ferred to in paragraph (2)(B) shall set forth a cer-  
21 tification process whereby—

22 “(A) a physician-directed practice, in con-  
23 sultation with the State where the practice is  
24 located, submits an application on a voluntary

1 basis to an entity designated by the Secretary  
2 under paragraph (2)(A); and

3 “(B) the entity certifies the practice as a  
4 qualified medical home if the practice dem-  
5 onstrates that the practice has capabilities to  
6 achieve improvements in the management and  
7 coordination of care of patients described in  
8 paragraph (4) by incorporating attributes of the  
9 care management model described in paragraph  
10 (5).

11 “(4) ELIGIBLE PATIENTS.—The patients re-  
12 ferred to in paragraph (3)(B)—

13 “(A) are patients determined by the State  
14 involved under criteria developed by the Sec-  
15 retary to be underserved, special needs, or high  
16 risk patients; and

17 “(B) shall include individuals who—

18 “(i) are eligible for medical assistance  
19 under title XIX of the Social Security Act;

20 “(ii) are eligible for child health as-  
21 sistance under title XXI of the Social Se-  
22 curity Act; or

23 “(iii) otherwise lack health insurance.

24 “(5) CARE MANAGEMENT MODEL.—The care  
25 management model referred to in paragraph (3)(B)

1 is a model that uses health information technology  
2 and other physician-practice innovations to improve  
3 the management and coordination of patient care.  
4 Such a model includes the following conditions:

5 “(A) Physicians advocate for their patients  
6 to support the attainment of optimal, patient-  
7 centered outcomes that are defined by a care  
8 planning process driven by a partnership be-  
9 tween physicians, patients, and the patient’s  
10 family.

11 “(B) Evidence-based medicine and clinical  
12 decision-support tools guide decision making.

13 “(C) Physicians in the practice accept ac-  
14 countability for continuous quality improvement  
15 through voluntary engagement in performance  
16 measurement and improvement.

17 “(D) Patients actively participate in deci-  
18 sionmaking; patients take personal responsi-  
19 bility for their own health through diet and life-  
20 style changes; and feedback is sought to ensure  
21 that patients’ expectations are being met.

22 “(E) Information technology is utilized ap-  
23 propriately to support optimal patient care, per-  
24 formance measurement, patient education, and  
25 enhanced communication.

1           “(F) Patients and families participate in  
2           quality improvement activities at the practice  
3           level.

4           “(c) AMOUNT OF CARE MANAGEMENT FEE.—

5           “(1) IN GENERAL.—As a condition on the re-  
6           ceipt of a grant under this section, a State shall  
7           agree to determine the amount of each care manage-  
8           ment fee provided through the grant in accordance  
9           with the guidance issued by the Secretary under  
10          paragraph (2).

11          “(2) GUIDANCE.—Not later than 90 days after  
12          the date of the enactment of this Act, the Secretary  
13          shall issue guidance for determining the amount of  
14          a care management fee to be provided through a  
15          grant under this section. Such guidance shall take  
16          into account the costs of implementation, additional  
17          time by participating physicians, and training associ-  
18          ated with compliance with this section. Such guid-  
19          ance shall include—

20                 “(A) recognition of the value of physician  
21                 and clinical staff work associated with patient  
22                 care that falls outside the face-to-face visit,  
23                 such as the time and effort spent on educating  
24                 family caregivers and arranging appropriate fol-

1 low-up services with other health care profes-  
2 sionals, such as nurse educators;

3 “(B) recognition of expenses that the  
4 qualified medical home will incur to acquire and  
5 utilize health information technology, such as  
6 clinical decision support tools, patient registries,  
7 and electronic medical records;

8 “(C) additional performance-based reim-  
9 bursement payments based on reporting on evi-  
10 dence-based quality, cost of care, and patient  
11 experience measures;

12 “(D) reimbursement for separately identifi-  
13 able e-mail and telephonic consultations, either  
14 as separately-billable services or as part of a  
15 global management fee;

16 “(E) recognition of the specific cir-  
17 cumstances and expenses associated with physi-  
18 cian practices of fewer than 5 full-time employ-  
19 ees in implementing the attributes of a qualified  
20 medical home and care management model de-  
21 scribed in subsection (b); and

22 “(F) recognition and sharing of savings  
23 that may result from a qualified medical home.

24 “(d) APPLICATION.—A State seeking a grant under  
25 this section shall submit an application to the Secretary

1 at such time, in such manner, and containing such infor-  
2 mation as the Secretary may require. Each such applica-  
3 tion shall describe the methodologies to be used by the  
4 State to determine the amount of care managements fees  
5 to be provided through the grant.

6 “(e) AUTHORIZATION OF APPROPRIATIONS.—To  
7 carry out this section, there is authorized to be appro-  
8 priated \$10,000,000 for each of fiscal years 2008 through  
9 2012.

10 **“SEC. 778. COMPREHENSIVE GERIATRIC TRAINING GRANTS.**

11 “(a) GRANTS.—The Secretary, acting through the  
12 Administrator of the Health Resources and Services Ad-  
13 ministration, shall make grants to board-certified entities  
14 to establish or expand geriatric fellowship programs de-  
15 scribed in subsection (b).

16 “(b) GERIATRIC FELLOWSHIP PROGRAMS.—A geri-  
17 atric fellowship program funded through a grant under  
18 this section shall provide 1-year fellowships to train physi-  
19 cians practicing in rural areas or in the field of family  
20 practice, internal medicine, emergency medicine, general  
21 surgery, or obstetrics-gynecology, at any time during their  
22 careers, in geriatric medicine.

23 “(c) AMOUNT.—As a condition on the receipt of a  
24 grant under this section, an entity shall agree to expend  
25 not more than \$50,000 of the grant per fellow.

1       “(d) PREFERENCE.—In awarding grants under this  
2 section, the Secretary shall give preference to entities  
3 seeking to establish or expand a fellowship program in a  
4 rural area, a suburban area, or a medically underserved  
5 community.

6       “(e) AUTHORIZATION OF APPROPRIATIONS.—To  
7 carry out this section, there is authorized to be appro-  
8 priated \$1,000,000 for each of fiscal years 2008 through  
9 2012.

10 **“SEC. 779. REPORTS TO CONGRESS.**

11       “Not later than 1 year after the date of the enact-  
12 ment of the High-Need Physician Workforce Incentives  
13 Act of 2007, and annually thereafter, the Secretary shall  
14 submit a report to the Congress—

15               “(1) identifying the number of grants and loans  
16 made under this section during the preceding 12-  
17 month period; and

18               “(2) describing the results achieved through  
19 such grants and loans, including the extent to which  
20 such grants and loans met the needs of the physi-  
21 cian workforce in rural areas and in the fields of  
22 family practice, internal medicine, pediatrics, emer-  
23 gency medicine, general surgery, and obstetrics-gyn-  
24 ecology.”.

1 **SEC. 3. EXEMPTION FROM GROSS INCOME FOR CERTAIN**  
2 **COMPENSATION PAID TO PHYSICIANS BY**  
3 **LOCAL GOVERNMENTS FOR SERVICE IN**  
4 **MEDICALLY UNDERSERVED AREAS.**

5 (a) IN GENERAL.—Part III of subchapter B of chap-  
6 ter 1 of the Internal Revenue Code of 1986 (relating to  
7 items specifically excluded from gross income) is amended  
8 by adding at the end the following new section:

9 **“SEC. 139B. CERTAIN COMPENSATION PAID TO PHYSICIANS**  
10 **BY LOCAL GOVERNMENTS FOR SERVICE IN**  
11 **MEDICALLY UNDERSERVED AREAS.**

12 “(a) IN GENERAL.—Gross income does not include  
13 compensation received by a physician (as defined in sec-  
14 tion 1861(r) of the Social Security Act) from a local gov-  
15 ernment (as defined in section 1393(a)(5)) for qualified  
16 medical service.

17 “(b) QUALIFIED MEDICAL SERVICE.—For purposes  
18 of this section, the term ‘qualified medical service’ means  
19 medical care described in section 213(d)(1)(A) which is  
20 performed—

21 “(1) in a medically underserved community (as  
22 defined in section 799B(6) of the Public Health  
23 Service Act), and

24 “(2) under a contract with the local government  
25 referred to in subsection (a) for the performance of  
26 such services for a period of not less than 4 years.

1       “(c) NO EXEMPTION FROM EMPLOYMENT TAXES.—  
2 Compensation shall not fail to be taken into account as  
3 wages under any provision of subtitle C solely because  
4 such compensation is excluded from gross income under  
5 this section.”.

6       (b) CLERICAL AMENDMENT.—The table of sections  
7 for part III of subchapter B of chapter 1 of such Code  
8 is amended by inserting after the item relating to section  
9 139A the following new item:

“Sec. 139B. Certain compensation paid to physicians by local governments for  
service in medically underserved areas.”.

10       (c) EFFECTIVE DATE.—The amendments made by  
11 this section shall apply to taxable years beginning after  
12 the date of the enactment of this Act.

○