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COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

94TH CONGRESS }
1st Session }

HOUSE OF REPRESENTATIVES

{ REPORT
No. 94-266 }

HEALTH MANPOWER ACT OF 1975

REPORT

BY THE

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Together With

OPPOSING, SEPARATE, AND SUPPLEMENTAL VIEWS

[To accompany H.R. 5546]



JUNE 7, 1975.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

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HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE ACT OF 1976

MAY 14, 1976.—Ordered to be printed
Filed under authority of the order of the Senate May 13, 1976

Mr. KENNEDY, from the Committee on Labor and Public Welfare,
submitted the following

REPORT together with SUPPLEMENTAL VIEWS

[To accompany S. 3239]

The Committee on Labor and Public Welfare, to which was referred the bill (S. 3239) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health professions, to revise the National Health Service Corps program, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill (as amended) do pass.

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HEALTH PROFESSIONS EDUCATIONAL ASSISTANCE
ACT OF 1976

SEPTEMBER 17, 1976.—Ordered to be printed

Mr. STAGGERS, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5546]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5546) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII for training in the health and allied health professions, to revise the National Health Service Corps program, and the National Health Service Corps scholarship training program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SHORT TITLE: REFERENCE TO ACT

SECTION 1. (a) This Act may be cited as the "Health Professions Educational Assistance Act of 1976".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

FINDINGS AND DECLARATION OF POLICY

SEC. 2. (a) The Congress finds and declares that—

(1) the availability of high quality health care to all Americans is a national goal;

(2) the availability of high quality health care is, to a substantial extent, dependent upon—

(A) the availability of qualified health professions personnel; and

(B) the availability of adequate numbers of physicians engaged in the delivery of primary care, including family practice, general internal medicine, and general pediatrics, and in the various specialties, but numbers which do not exceed the need for physicians in such specialties;

(3) there are many areas in the United States which are unable to attract adequate numbers of health professions personnel to meet their health care needs; and

(4) physician specialization has resulted in inadequate numbers of physicians engaged in the delivery of primary care.

(b) The Congress further finds and declares that—

(1) health professions personnel are a national health resource and the Federal government shares the responsibility of assuring that such qualified personnel are available to meet the health care needs of the American people;

(2) it is therefore appropriate to provide support for the education and training of such personnel; and

(3) at the same time it is appropriate to provide such support in a manner which will assure the availability of health professions personnel to all of the American people.

(c) The Congress further finds and declares that there is no longer an insufficient number of physicians and surgeons in the United States and that there is no further need for the admission of alien physicians and surgeons under the Immigration and Nationality Act.

TITLE I—EXTENSION OF CURRENT AUTHORITIES THROUGH FISCAL YEAR 1977

EXTENSION

SEC. 101. (a) (1) Section 312(a) (relating to traineeships for professional public health personnel) is amended (A) by striking out “and” after “1973,” and (B) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$9,900,000 for the fiscal year ending September 30, 1977”.

(2) Section 313(a) (relating to project grants for graduate training in public health) is amended (A) by striking out “and” after “1973,” and (B) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$6,000,000 for the fiscal year ending September 1977”.

(3) Section 313(c) is amended (A) by striking out “and” after “1973,” and (B) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$6,400,000 for the fiscal year ending September 30, 1977”.

(b) Section 329(h) (relating to the National Health Service Corps) is amended (1) by striking out “and” after “1975,” and (2) by striking out “1976” and inserting in lieu thereof “1976; and \$34,000,000 for the fiscal year ending September 30, 1977”.

(c) Section 720 (relating to grants for construction of teaching facilities) is amended (1) by striking out “and” after “1973,” and (2) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$103,000,000 for the fiscal year ending September 30, 1977”.

(d) Section 729 (relating to loan guarantees and interest subsidies) is amended—

(1) by striking “June 30, 1974” in subsections (a) and (b) and inserting in lieu thereof “September 30, 1977”; and

(2) by inserting after “1974” in subsection (e) the following: “, or in any of the next three fiscal years”.

(e) Section 742 (relating to health professions student loans) is amended (1) by striking out “and” after “1975,” the first time it occurs, and (2) by inserting after “1976” the following: “, and \$39,100,000 for the fiscal year ending September 30, 1977”.

(f) Section 747(d) (relating to loans for students in foreign medical schools) is amended by striking out “two” and inserting in lieu thereof “four”.

(g) The section 767 entitled “GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN FAMILY MEDICINE” is amended (1) by striking out “and” after “1973,” and (2) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$39,000,000 for the fiscal year ending September 30, 1977”.

(h) The section 768 entitled “GRANTS FOR SUPPORT OF POST-GRADUATE TRAINING PROGRAMS FOR PHYSICIANS AND DENTISTS” is amended—

(1) by striking out “for the fiscal year ending June 30, 1974” in subsection (a) and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976”; and

(2) by inserting “or in the next two fiscal years” after “1974,” in subsection (b) (3) (B).

(i) Section 769(a) (relating to grants for training for health professions teaching personnel) is amended by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976”.

(j) Section 769A (relating to grants for computer technology) is amended by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, June 30, 1976, and September 30, 1977”.

(k) (1) Paragraph (1) of section 770(j) (relating to capitation grants) is amended (A) by striking out “and” after “1973,” and (B) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$133,700,000 for the fiscal year ending September 30, 1977”.

(2) Paragraph (2) of such section is amended (A) by striking out “and” after “1973,” and (B) by striking out “for the fiscal year ending June 30, 1974” and inserting in lieu thereof “each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$29,300,000 for the fiscal year ending September 30, 1977”.

(l) Section 771(a) (6) (relating to start-up assistance) is amended (1) by striking out “two fiscal years” and inserting in lieu thereof

"four fiscal years, and not to exceed \$5,100,000 for the fiscal year ending September 30, 1977", (2) by striking out "July 1, 1974" in subsection (b) (2) and inserting in lieu thereof "October 1, 1977", and (3) by striking out "June 30, 1975" in such subsection and inserting in lieu thereof "September 30, 1978".

(m) Section 772(d) (relating to special project grants and contracts) is amended (1) by striking out "and" after "1973," and (2) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$40,852,000 for the fiscal year ending September 30, 1977".

(n) Section 773(a) (relating to financial distress grants) is amended (1) by striking out "and" after "1973," and (2) by striking out "for the fiscal year ending June 30, 1974" the first time it appears and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$5,400,000 for the fiscal year ending September 30, 1977".

(o) Section 774(e) (relating to education initiative awards) is amended (1) by striking out "and" after "1973," and (2) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$41,170,000 for the fiscal year ending September 30, 1977".

(p) Section 780 (relating to scholarship grants) is amended (1) by striking out "the next fiscal year" in subsection (b) and inserting in lieu thereof "the next three fiscal years", (2) by striking out "1974" in such subsection and subsection (c) (1) (B) and inserting in lieu thereof "1976", (3) by striking out in subsections (b) and (c) (1) (B) "June 30, 1975" and inserting in lieu thereof "September 30, 1977" and (4) by striking out "two" in subsection (c) (1) (A) and inserting in lieu thereof "four".

(q) The section 785 entitled "SCHOLARSHIP GRANTS FOR STUDY ABROAD" is amended (1) by striking "two" in subsection (e) (1) and inserting in lieu thereof "four", (2) by striking out "June 30, 1975" in subsection (e) (2) and inserting in lieu thereof "September 30, 1977", and (3) by striking out in such subsection "1974" and inserting in lieu thereof "1976".

(r) Section 786 (relating to physician shortage area scholarships) is amended (1) by striking out "June 30, 1975" in the second sentence and inserting in lieu thereof "September 30, 1977", and (2) by striking out "1974" in that sentence and inserting in lieu thereof "1976".

(s) (1) Section 792(b) (relating to special improvement grants) is amended (A) by striking out "and" after "1973," and (B) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$11,400,000 for the fiscal year ending September 30, 1977".

(2) Section 792(c) (1) (relating to special projects) is amended (A) by striking out "and" after "1973," and (B) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$15,400,000 for the fiscal year ending September 30, 1977".

(3) Section 793(a) (relating to traineeships for advanced training) is amended (A) by striking out "and" after "1973," and (B) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$3,900,000 for the fiscal year ending September 30, 1977".

(4) Section 794A(b) (relating to assistance for recruitment) is amended (A) by striking out "and" after "1973," and (B) by striking out "for the fiscal year ending June 30, 1974" and inserting in lieu thereof "each for the fiscal years ending June 30, 1974, June 30, 1975, and June 30, 1976, and \$109,000 for the fiscal year ending September 30, 1977".

(t) Section 225(i) (relating to Public Health and National Health Service Corps scholarships) is amended (1) by striking out "and" after "1974," and (2) by striking out "for the fiscal year ending June 30, 1975" and inserting in lieu thereof "each for the fiscal years ending June 30, 1975, and June 30, 1976, and \$40,000,000 for the fiscal year ending September 30, 1977".

TITLE II—GENERAL PROVISIONS

NEW GENERAL PROVISIONS

SEC. 201. (a) Sections 701 through 711 are repealed.

(b) The following section is inserted in part A of title VII:

"LIMITATION ON USE OF APPROPRIATIONS

"SEC. 700. (a) Notwithstanding any other provision of law, with respect to any fiscal year beginning after September 30, 1977, no funds appropriated for such fiscal year may be made available for obligation or expenditure for the purposes of carrying out any provision of this title if the sum of the amounts appropriated for such fiscal year for scholarships under subpart IV of part C of title VII (relating to National Health Service Corps scholarships) and for the purpose of making grants under section 758 (relating to disadvantaged student scholarships) is less than the lesser of—

"(1) the sum of the amounts authorized to be appropriated for such fiscal year under such subpart and section, or

"(2) 50 percent of the sum of the amounts appropriated for such fiscal year under this title.

"(b) Subsection (a) shall not apply with respect to a fiscal year if less than 75 percent of the sum of the amounts authorized to be appropriated for such fiscal year under paragraphs (1), (2), and (3) of section 770 (e) (relating to capitation grants for medical, osteopathic, and dental schools) is appropriated for such fiscal year under such paragraphs."

(c) Sections 724, 725, 799, and 799A are transferred to part A, inserted after section 700 (added by subsection (b)), and redesignated as sections 701, 702, 703, and 704, respectively.

(d) (1) The heading for part A of title VII is amended to read as follows:

"PART A—GENERAL PROVISIONS

(2) The heading for part H of title VII is repealed.

(e) Section 701 (as so redesignated) is amended—

(1) by striking out "As used in this part and parts C, E, and F—" and inserting in lieu thereof "For purposes of this title:";

(2) by inserting "or an equivalent degree" after "degree in public health" in paragraph (4); and

(3) by adding at the end the following new paragraphs:

"(7) (A) The term 'program for the training of physician assistants' means an educational program which (i) has as its objective the education of individuals who will, upon completion of their studies in the program, be qualified to effectively provide health care under the supervision of a physician and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate professional organizations, the Secretary shall (within 180 days after the date of enactment of this paragraph) prescribe regulations for programs for the training of physician assistants. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction, directed toward preparing students to deliver health care; and

"(ii) have an enrollment of not less than eight students.

"(8) (A) The term 'program for the training of expanded function dental auxiliaries' means an educational program which (i) has as its objective the education of individuals who will, upon completion of an accredited program of studies, be qualified to assist in the provision of dental care under the supervision of a dentist and (ii) meets regulations prescribed by the Secretary in accordance with subparagraph (B).

"(B) After consultation with appropriate professional organizations, the Secretary shall (within 180 days after the date of enactment of this paragraph) prescribe regulations for programs for the training of expanded function dental auxiliaries. Such regulations shall, as a minimum, require that such a program—

"(i) extend for at least one academic year and consist of—

"(I) supervised clinical practice, and

"(II) at least four months (in the aggregate) of classroom instruction, directed toward preparing students to deliver dental care; and

"(ii) have an enrollment of not less than eight students.

"(9) The term 'State' includes, in addition to the several States, only the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"(10) The term 'Department' means the Department of Health, Education, and Welfare.

"(11) The term 'medical residency training program' means a program which trains graduates of schools of medicine and schools of osteopathy in a medical specialty recognized by the Liaison Committee for Specialty Boards established jointly by the American Board of Medical Specialties and the Council on Medical Education of the American Medical Association and which provides the graduate education required by the specialty board (recognized by such Liaison Committee) for certification in such specialty. Such term does not include a residency training program in an osteopathic hospital."

ADVISORY COUNCIL

SEC. 202. (a) (1) The second sentence of subsection (a) of section 702 (as so redesignated) is amended to read as follows: "Of the appointed members of the Council (1) twelve shall be representatives of the health professions schools assisted under programs authorized by this title, including at least six persons experienced in university administration and at least four representatives, of schools of veterinary medicine, optometry, pharmacy, podiatry, and public health, and entities which may receive a grant under section 791, (2) two shall be full-time students enrolled in health professions schools, and (3) six shall be members of the general public."

(2) Section 702 (as so redesignated) is amended by adding at the end thereof the following new subsection:

"(d) Section 14 of the Federal Advisory Committee Act shall not apply with respect to the Council."

(3) The amendment made by paragraph (1) with respect to compositions of the National Advisory Council on Health Professions Education shall apply with respect to appointments made to the Council after October 1, 1976, and the Secretary of Health, Education, and Welfare shall make appointments to the Council after such date in a manner which will bring about, at the earliest feasible time, the Council composition prescribed by the amendment.

(b) (1) Section 702 (as so redesignated) is amended by striking out "E, and F" in subsection (a) and inserting in lieu thereof "E, F, and G".

(2) Section 702 (as so redesignated) is amended by striking out "parts A and G" in subsections (b) and (c) and inserting in lieu thereof "subpart II of part G".

ADVANCE FUNDING AUTHORITY

SEC. 203. Section 703 (as so redesignated) is amended to read as follows:

"ADVANCE FUNDING

"SEC. 703. (a) An appropriation under an authorization of appropriations for grants or contracts under this title for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under such authorization for another

fiscal year; but no funds may be made available from any appropriation under such authorization for obligation for such grants or contracts before the fiscal year for which such appropriation is authorized.

"(b) Subsection (a) shall not apply with respect to grants under section 770 (relating to capitation)."

RECORDS AND AUDITS, CONTRACTS

SEC. 204. Part A of title VII is amended by adding after section 704 (as so redesignated) the following new sections:

"RECORDS AND AUDITS

"SEC. 705. (a) Each entity which receives a grant, loan, loan guarantee, or interest subsidy or which enters into a contract with the Secretary under this title, shall establish and maintain such records as the Secretary shall by regulation or order require. Such records shall include, among other things, records which completely disclose the amount and disposition of the total amount of funds received by such entity, the total cost of any project or undertaking for which funds were received, and the total amount of that portion of the total cost of any project or undertaking received by or allocated to such entity from other sources, and such other records as will facilitate an audit conducted in accordance with generally accepted auditing standards.

"(b) Each entity which received a grant or entered into a contract under this title shall have an annual financial audit of any books, accounts, financial records, files, and other papers and property which relate to the disposition or use of any funds received under such grant or contract and such other funds received by or allocated to any project or undertaking for which any funds received under this Act were used, and any other funds received under this Act. Each such entity shall be responsible for providing and paying for such audit. For purposes of assuring accurate, current, and complete disclosure of the disposition or use of the funds received, each such audit shall be conducted by and certified to be accurate by an independent certified public accountant utilizing generally accepted auditing standards. A report of each such audit shall be filed with the Secretary at such time and in such manner as he may require.

"(c) The Secretary may specify, by regulation, the form and manner in which such records, required by subsection (a), shall be established and maintained.

"(d) A student recipient of a scholarship, traineeship, loan, or loan guarantee under this title shall not be required to establish or maintain the records required under subsection (a) or provide for an audit required under subsection (b).

"(e) (1) Each entity which is required to establish and maintain records or to provide for an audit under this section shall make such books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of such entity upon a reasonable request therefor.

"(2) The Secretary and the Comptroller General of the United States, or any of their duly authorized representatives shall have the authority to carry out the purposes of this subsection.

"CONTRACTS

"SEC. 706. Contracts authorized by this title may be entered into without regard to section 3648 and 3709 of the Revised Statutes (31 U.S.C. 529, 41 U.S.C. 5)."

DELEGATION OF AUTHORITY

SEC. 205. Part A of title VII is amended by adding after section 706 (added by section 204) the following new section:

"DELEGATION

"SEC. 707. The Secretary may delegate the authority to administer any program authorized by this title to the administrator of a central or regional office or offices of the Department, except that the authority—

"(1) to review, and prepare comments on the merit of, any application for a grant or contract under any such program for purposes of presenting such application to the National Advisory Council on Health Professions Education, and

"(2) to make such a grant or enter into such a contract, shall not be delegated to any administrator of, or officer in, a regional office or offices of the Department."

HEALTH PROFESSIONS DATA

SEC. 206. Part A of title VII is amended by adding after section 707 (added by section 205) the following new section:

"HEALTH PROFESSIONS DATA

"SEC. 708. (a) The Secretary shall establish a program, including a uniform health professions data reporting system, to collect, compile, and analyze data on health professions personnel which shall initially include data respecting all physicians and dentists in the United States and its territories and possessions. The Secretary is authorized to expand the program to include, whenever he determines it necessary, the collection, compilation, and analysis of data respecting pharmacists, optometrists, podiatrists, veterinarians, public health personnel, audiologists, speech pathologists, health care administration personnel, nurses, allied health personnel, medical technologists, and any other health personnel in States designated by the Secretary to be included in the program. Such data shall include data respecting the training, licensure status (including permanent, temporary, partial, limited, or institutional), place or places of practice, professional specialty, practice characteristics, place and date of birth, sex, and socioeconomic background of health professions personnel and such other demographic information regarding health professions personnel as the Secretary may require.

"(b) (1) In carrying out subsection (a), the Secretary shall collect available information from appropriate local, State, and Federal agencies and other appropriate sources.

"(2) The Secretary shall conduct or enter into contracts for the conduct of analytic and descriptive studies of the health professions, including evaluations and projections of the supply of, and requirements for, the health professions by specialty and geographic location.

"(3) The Secretary is authorized to make grants and to enter into contracts with States (or an appropriate nonprofit private entity in any State) for the purpose of participating in the program established under subsection (a). The Secretary shall determine the amount and scope of any such grant or contract. To be eligible for a grant or contract under this paragraph a State or entity shall submit an application in such form and manner and containing such information as the Secretary shall require. Such application shall include reasonable assurances, satisfactory to the Secretary, that—

"(A) such State (or nonprofit entity within a State) will establish a program of mandatory annual registration of the health professions personnel described in subsection (a) who reside or practice in such State and of health institutions licensed by such State, which registration shall include such information as the Secretary shall determine to be appropriate;

"(B) such State or entity shall collect such information and report it to the Secretary in such form and manner as the Secretary shall prescribe; and

"(C) such State or entity shall comply with the requirements of subsection (e).

"(c) For purposes of providing the Secretary with information under this section, each school which receives financial support under section 770 shall annually report to the Secretary information, determined to be appropriate by the Secretary, respecting the students who attend such school. The Secretary may collect such additional data respecting students of the health professions as he determines to be appropriate.

"(d) The Secretary shall assemble and submit to the President and Congress not later than September 1 of each year a report on the status of health professions personnel in the United States, which report shall include a description and analysis of the data collected pursuant to this section. Such report may be included as part of the report made under section 308(a)(2)(C).

"(e) (1) The Secretary and each program entity shall in securing and maintaining any record of individually identifiable personal data (hereinafter in this subsection referred to as 'personal data') for purposes of this section—

"(A) inform any individual who is asked to supply personal data whether he is legally required, or may refuse, to supply such data and inform him of any specific consequences, known to the Secretary or program entity as the case may be, of providing or not providing such data;

"(B) upon request, inform any individual if he is the subject of personal data secured or maintained by the Secretary or program entity, as the case may be, and make the data available to him in a form comprehensive to him;

"(C) assure that no use is made of personal data which is not within the purposes of this section unless an informed consent has been obtained from the individual who is the subject of such data; and

"(D) upon request, inform any individual of the use being made of personal data respecting such individual and of the identity of the individuals and entities which will use the data and their relationship to the programs under this section.

"(2) Any entity which maintains a record of personal data and which receives a request from the Secretary or a program entity for such data for purposes of this section shall not transfer any such data to the Secretary or to a program entity unless the individual whose personal data is to be so transferred gives an informed consent for such transfer.

"(3) (A) Notwithstanding any other provision of law, personal data collected by the Secretary or any program entity under this section may not be made available or disclosed by the Secretary or any program entity to any person other than the individual who is the subject of such data unless (i) such person requires such data for purposes of this section, or (ii) in response to a demand for such data made by means of compulsory legal process. Any individual who is the subject of personal data made available or disclosed under clause (ii) shall be notified of the demand for such data.

"(B) Subject to all applicable laws regarding confidentiality, only the data collected by the Secretary under this section which is not personal data shall be made available to bona fide researchers and policy analysts (including the Congress) for the purposes of assisting in the conduct of studies respecting health professions personnel.

"(4) For purposes of this subsection, the term 'program entity' means any public or private entity which collects, compiles, or analyzes health professions data under a grant, contract, or other arrangement with the Secretary under this section.

"(f) In carrying out his responsibilities under this section, the Secretary shall not be subject to the provisions of chapter 35 of title 44, United States Code.

"(g) The Secretary shall provide technical assistance to the States and political subdivisions thereof in the development of systems (including model laws) concerning confidentiality and comparability of data collected pursuant to this section."

SHARED SCHEDULE RESIDENCIES

SEC. 207. Part A of title VII is amended by adding after section 708 (added by section 206) the following new section:

"SHARED SCHEDULE RESIDENCY TRAINING POSITIONS

"SEC. 709. (a) Any entity which—

"(1) maintains a medical residency training program in family practice, general internal medicine, general pediatrics, or general obstetrics and gynecology, and

"(2) receives any Federal assistance, shall establish or restructure and maintain, to the maximum extent

feasible, a reasonable number of physician training positions in such program as shared schedule positions.

"(b) The Secretary shall report to Congress not later than January 1, 1979, on entities' compliance with subsection (a) and shall include in such report recommendations for legislation to ensure compliance with such subsection.

"(c) For purposes of subsection (a), the term 'shared schedule position' means a physician training position in a medical residency training program which is shared by two individuals and in which each individual—

"(1) engages in at least two-thirds but not more than three-fourths of the total training prescribed for such position,

"(2) receives for each year in such position an amount of credit for certification in the medical specialty for which the position provides training which is equal to the amount of training engaged in in such year,

"(3) receives at least one-half of the salary for such position, and

"(4) receives all applicable employee benefits."

PAYMENT UNDER GRANTS

SEC. 208. Part A of title VII is amended by adding after section 709 (added by section 207) the following new section:

"PAYMENT UNDER GRANTS

"SEC. 710. Grants made under this title (except under section 770) may be paid in advance or by way of reimbursement, at such intervals and on such conditions as the Secretary may find necessary and with appropriate adjustments on account of overpayments or underpayments previously made."

PAYMENT FOR TUITION AND OTHER EDUCATIONAL EXPENSES

SEC. 209. Part A of title VII is amended by adding after section 710 (added by section 208) the following new section:

"PAYMENT FOR TUITION AND OTHER EDUCATIONAL COSTS

"SEC. 711. The Secretary shall by regulation establish criteria for determining allowable increases in tuition and other educational costs for which he shall be responsible for payment under any provision of this title after the date of enactment of the Health Professions Educational Assistance Act of 1976."

TITLE III—ASSISTANCE FOR CONSTRUCTION OF TEACHING FACILITIES

REGIONAL HEALTH PROFESSIONS PROGRAMS

SEC. 301. Section 721 is amended by adding after subsection (e) the following new subsection:

"(f) (1) An application for a grant under subsection (a) for the

fiscal year ending September 30, 1977, for an affiliated clinical facility for the establishment or expansion of a regional health professions program may be filed by any public or other nonprofit agency if the application is approved by the school of veterinary medicine, optometry, podiatry, or pharmacy with which the facility is affiliated. Only that portion of the project to construct such a facility which the Secretary determines to be reasonably attributable to the need of regional health professions program for the facility for teaching purposes shall be regarded as the project with respect to which payments may be made under section 722.

"(2) In considering applications for grants under subsection (a) for the fiscal year ending September 30, 1977, the Secretary shall give special consideration to applications for facilities for the establishment or expansion of regional health professions programs.

"(3) For the purposes of this subsection, the term 'regional health professions program' refers to an interstate program (A) in which a State with an existing degree-granting school sets up a cooperative program with another State (or other States) which does not have such a school, and (B) which provides for (i) a shared curriculum between two or more schools, or (ii) a single campus which is cooperatively financed and controlled by two or more States."

GRANT AUTHORITY; AUTHORIZATIONS

SEC. 302. Section 720 is amended to read as follows:

"GRANT AUTHORITY; AUTHORIZATIONS OF APPROPRIATIONS

"SEC. 720. (a) (1) The Secretary may make grants to assist in the construction of teaching facilities for the training of physicians, dentists, pharmacists, optometrists, podiatrists, veterinarians, and professional public health personnel.

"(2) (A) The Secretary may make grants to public and nonprofit private entities to assist in the construction of ambulatory, primary care teaching facilities for the training of physicians and dentists.

"(B) For purposes of this section, the term 'ambulatory, primary care teaching facilities' means areas dedicated for the training of students in the diagnosis and treatment of ambulatory patients and primarily in the specialties of family practice, general pediatrics, general internal medicine, general dentistry, and pedodontics. Such areas may include examination rooms, clinical laboratories, libraries, classrooms, offices, and other areas for clinical or research purposes necessary for, and appropriate to, the conduct of comprehensive ambulatory, primary care training of physicians and dentists in such specialties.

"(b) For payments under grants under this part there is authorized to be appropriated \$40,000,000 for the fiscal year ending September 30, 1978, \$40,000,000 for the fiscal year ending September 30, 1979, and \$40,000,000 for the fiscal year ending September 30, 1980. Of the sums appropriated under this subsection for any fiscal year 50 percent of such sums shall be obligated for grants under subsection (a) (2)."

APPLICATIONS

SEC. 303. (a) (1) Section 721(b) (1) is amended by inserting "under section 720(a) (1)" after "for a grant".

(2) Section 721(b) (2) is amended by inserting "for a grant under section 720(a) (1)" after "an application" the first time it appears.

(3) Sections 721(b) (3) and 721(c) are each amended by striking out "grant under this part" and inserting in lieu thereof "grant under section 720(a) (1)".

(4) Section 721(d) is amended by inserting "under section 720(a) (1)" after "for grants".

(5) Section 721(e) is amended by inserting "for a grant under section 720(a) (1)" after "of applications".

(b) Section 721 is amended by adding after subsection (f) (added by section 301) the following new subsection:

"(g) (1) A grant under section 720(a) (2) may be made only if the application therefor is approved by the Secretary upon his determination that—

"(A) the applicant meets the eligibility conditions set forth in section 720(a) (2);

"(B) the application contains or is supported by reasonable assurances that (i) the facility is intended to be used for purposes for which the application has been made, (ii) sufficient funds will be available to meet the non-Federal share of the cost of constructing the facility, and (iii) sufficient funds will be available, when construction is completed, for effective use of the facility for the training for which it is being constructed;

"(C) the plans and specifications are in accordance with regulations relating to minimum standards of construction and equipment;

"(D) the application contains or is supported by adequate assurance that any laborer or mechanic employed by a contractor or subcontractors in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a—276a-5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards specified in subparagraph (D) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c).

"(2) In making grants under this section 720(a) (2) the Secretary shall give special consideration to entities which have been awarded grants or received contracts under section 781, 784, or 786 (relating to area health education centers, general internal medicine and general pediatrics, and family medicine and general practice of dentistry)."

(c) Subsection (e) of section 721 is amended by adding at the end the following new sentence: "In considering applications submitted for a grant under section 720(a) (1) for the cost of construction of teaching facilities for the training of physicians, the Secretary shall give special consideration to projects in States which have no such facilities."

GRANT AMOUNTS

SEC. 304. (a) Subsection (a) of section 722 is amended to read as follows:

"(a) (1) The amount of any grant under section 720(a) (1) for construction of a project shall be such amount as the Secretary determines to be appropriate after obtaining advice of the Council, except that no grant for any project may exceed 80 percent of the necessary costs of construction, as determined by the Secretary of such project.

"(2) The amount of any grant under section 720(a) (2) for construction of a facility shall be such amount as the Secretary determines to be appropriate, except that no grant for any facility may exceed the lesser of—

"(A) 50 percent of the total cost of such facility, or

"(B) \$1,000,000."

(b) (1) Subsection (d) of section 722 is amended by striking out "under this part" and inserting in lieu thereof "under section 720(a) (1)".

(2) Subsection (d) of section 722 is amended by striking out "(with in the meaning of part A of this title)".

RECAPTURE

SEC. 305. Section 723 is amended—

(1) by striking out "paid under this part" and inserting in lieu thereof "under a grant under section 720(a) (1)",

(2) by inserting "(a)" before "If",

(3) by redesignating paragraphs (a), (b), and (c) as paragraphs (1), (2), and (3), respectively, and

(4) by adding at the end the following:

"(b) If, within 20 years after completion of any construction for which funds have been paid under a grant under section 720(a) (2)—

"(1) the applicant or other owner of the facility shall cease to be a public or nonprofit entity;

"(2) the facility shall cease to be used for the training purposes for which such funds were provided, unless the Secretary determines, in accordance with regulations which he shall promulgate, that there is a significant public purpose and good cause for releasing the applicant or other owner from the obligation to do so; or

"(3) the facility is used for sectarian instruction or as a place for religious worship,

the United States shall be entitled to recover from the applicant or other owner of the facility the amount bearing the same ratio to the then value (as determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated) of the facility, as the amount of the Federal participation bore to the cost of construction of such facility."

LOAN GUARANTEES AND INTEREST SUBSIDIES

SEC. 306. (a) Subsections (a) and (b) of section 729 are each amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1980".

(b) The second sentence of section 729(e) is amended by striking out "and" after "June 30, 1973," and by striking out the period at the end thereof and inserting in lieu thereof a comma and the following: "\$2,000,000 in the fiscal year ending September 30, 1978, \$3,000,000 in the fiscal year ending September 30, 1979, and \$3,000,000 in the fiscal year ending September 30, 1980."

(c) The third sentence of section 729(a) is amended to read as follows: "No such loan guarantee may, except under special circumstances and under such conditions as are prescribed by regulations, apply to any amount which, when added to any grant under this part or any other law of the United States, exceeds 90 percent of the cost of the construction of the project."

(d) Subsections (a) and (b) of section 729 are each amended by inserting "or the Federal Financing Bank" after "non-Federal lender".

EFFECTIVE DATE

Sec. 307. (a) The amendments made by sections 302 through 305 shall apply with respect to grants made under part B of title VII of the Public Health Service Act from appropriations under section 720 of such Act for fiscal years beginning after September 30, 1977.

(b) The amendment made by section 306(c) shall apply with respect to loans guaranteed under section 729(a) of the Public Health Service Act redesignated section 726(a) by section 308(d) of this Act after September 30, 1977.

TECHNICAL AND CONFORMING AMENDMENTS

Sec. 308. (a) Section 721(c) is amended—

(1) by striking out "section 770(f) of this Act" in paragraph (2) and inserting in lieu thereof "section 771";

(2) by striking out the sentence at the end of paragraph (2);

(3) by striking out paragraph (5) and redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively;

(4) by striking out "and" at the end of paragraph (5) (as so redesignated), by striking out the period at the end of paragraph (6) (as so designated) and inserting in lieu thereof "; and", and by inserting after paragraph (6) the following:

"(7) the application contains or is supported by adequate assurance that any laborer or mechanic employed by a contractor or subcontractors in the performance of work on the construction of the facility will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (40 U.S.C. 276a-276a-5, known as the Davis-Bacon Act).

The Secretary of Labor shall have with respect to the labor standards specified in paragraph (7) the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. Appendix) and section 2 of the Act of June 13, 1934 (40 U.S.C. 276c)."; and

(5) by striking out "725" in the last sentence and inserting in lieu thereof "702".

(b) Section 726 is repealed.

(c) Section 727(a) is amended by striking out "institutions" each time it appears and inserting in lieu thereof "entities".

(d) Sections 727, 728, and 729 are redesignated as sections 724, 725, and 726, respectively.

TITLE IV—STUDENT ASSISTANCE; NATIONAL HEALTH SERVICE CORPS

INSURED LOANS TO STUDENTS

Sec. 401. (a) Effective October 1, 1976, subpart II of part C of title VII is repealed.

(b) Effective October 1, 1977, part C of title VII is amended by—

(1) amending the heading for part C to read as follows:

"PART C—STUDENT ASSISTANCE";

(2) redesignating subpart I of such part as subpart II, and by amending the heading for such subpart to read as follows:

"Subpart II—Student Loans"; and

(3) inserting immediately below the heading to such part the following new subpart:

"Subpart I—Federal Program of Insured Loans to Graduate Students in Health Professions Schools

"STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

"Sec. 727. (a) The purpose of this subpart is to enable the Secretary to provide a Federal program of student loan insurance for students in eligible institutions.

"(b) For the purpose of carrying out this subpart there are authorized to be appropriated (1) for the fiscal year ending September 30, 1978, to the student loan insurance fund (established by section 734) the sum of \$1,500,000 and of such further sums, if any, as may become necessary for the adequacy of student loan insurance fund and for the purpose of administering this subpart; and (2) for fiscal years thereafter such sums as may be necessary for the purpose of administering this subpart. Sums appropriated under this subsection shall remain available until expended.

"SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM

"Sec. 728. (a) The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 737), to students covered by Federal loan insurance under this subpart shall not exceed \$500,000,000 for the fiscal year ending September 30, 1978; \$510,000,000 for the fiscal year ending September 30, 1979; and \$520,000,000 for the fiscal year ending September 30, 1980. Thereafter, Federal loan insurance pursuant to this subpart may

be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this subpart, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, 1982.

"(b) The Secretary may, if necessary to assure an equitable distribution of the benefits of this subpart, assign, within the maximum amounts specified in subsection (a), Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

"LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE

"SEC. 729. (a) The total of the loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this subpart may not exceed \$10,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or public health, and \$7,500 in the case of a student enrolled in a school of pharmacy. The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed \$50,000 in the case of a student enrolled in a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or public health, and \$37,500 in the case of a student enrolled in a school of pharmacy. The annual insurable limit per student shall not be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit.

"(b) The insurance liability on any loan insured by the Secretary under this subpart shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest. The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under the provisions of section 733 or 738.

"SOURCES OF FUNDS

"SEC. 730. Loans made by eligible lenders in accordance with this subpart shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

"ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED STUDENT LOANS

"SEC. 731. (a) A loan by an eligible lender shall be insurable by the Secretary under the provisions of this subpart only if—

"(1) made to a student who—

"(A) has been accepted for enrollment at an eligible institution;

"(B) is in good standing at an eligible institution as determined by the institution;

"(C) is pursuing a full-time course of study at an eligible institution;

"(D) in the case of a student in a school of medicine, osteopathy, or dentistry, has been authorized by the institution in accordance with section 739(b)(2) to receive a loan under this subpart;

"(E) has agreed that all funds received under such loan shall be used solely for tuition and other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by such student;

"(F) for the school year for which such loan is made, receives no funds from a loan insured under a Federal, State, or nonprofit program provided or assisted under part B of title IV of the Higher Education Act of 1965; and

"(G) in the case of a pharmacy student, has satisfactorily completed three years of training; and

"(2) evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, an endorsement may be required;

"(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than 10 years (unless sooner repaid) nor more than 15 years beginning not earlier than 9 months after the date on which the student completes his internship or residency training, and not later than the earlier of 12 months after such date or of 3 years after the date he ceases to carry, at an eligible institution, the normal full-time academic workload as determined by the institution, except (i) as provided in clause (C) below, (ii) that the period of the loan may not exceed 23 years from the date of execution of the note or written agreement evidencing it, and (iii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period (i) during which the borrower is pursuing a full-time course of study at an eligible institution, (ii) not in excess of three years during which the borrower is a participant in an accredited internship or residency program, (iii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States, (iv) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, or (v) not in excess of three years, during which the borrower is a member of the National Health Service Corps, (vi) not in excess of three

years during which the borrower is in service as a full-time volunteer under title I of the Domestic Volunteer Service Act of 1973, and any such period shall not be included in determining the 15-year period or the 23-year period provided in clause (B) above;

"(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed and defined by the Secretary (within the limits set forth in subsection (b)) on a national, regional, or other appropriate basis, which interest shall be compounded semiannually and payable in installments over the period of the loan;

"(E) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan; and

"(F) contains such other terms and conditions consistent with the provisions of this subpart and with the regulations issued by the Secretary pursuant to this subpart, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay to the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan.

"(b) No maximum rate of interest prescribed and defined by the Secretary for the purpose of clause (2)(d) of subsection (a) may exceed 10 percent per annum on the unpaid principal balance of the loan.

"(c) The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this subpart, shall not be less than the annual interest on the outstanding principal.

"CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE

"**SEC. 732.** (a) (1) If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Secretary may require, and otherwise in conformity with this section, the Secretary finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this subpart, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

"(2) Insurance evidenced by a certificate of insurance pursuant to subsection (a) (1) shall become effective upon the date of issuance of the certificate, except that the Secretary is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a) (1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon 60 days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

"(3) An application submitted pursuant to subsection (a) (1) shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Secretary pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Secretary may prescribe by or pursuant to regulation.

"(b) (1) In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Secretary may, in accordance with regulations consistent with section 728, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Secretary, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Secretary's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Secretary and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Secretary from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Secretary in the absence of fraud or misrepresentation of fact or patent error.

"(2) If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student, a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 728, the Secretary may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

"(c) The Secretary shall, pursuant to regulations, charge for insurance on each loan under this subpart a premium in an amount not to exceed 2 percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or become totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 733 (a).

"(d) The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Secretary.

"(e) The consolidation of the obligations of two or more federally insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Secretary may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation. If the loans thus consolidated are covered by a single comprehensive certificate issued under subsection (b), the Secretary may amend that certificate accordingly.

"DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM

"Sec. 733. (a) Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this subpart, and after a substantial collection effort (including, if appropriate, commencement of a suit) as determined under regulations of the Secretary, the insurance beneficiary shall promptly notify the Secretary and the Secretary shall, if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined.

"(b) Upon payment by the Secretary of the amount of the loss pursuant to subsection (a), the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Secretary on a loan after deduction of the cost of that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured.

"(c) Nothing in this section or in this subpart shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance.

"(d) Nothing in this section or in this subpart shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making of loans under the provisions of this subpart and from exercising a substantial effort in the collection of loans under the provisions of this subpart. If the Secretary, after reasonable notice and opportunity for hearing to an eligible lender, finds that the lender has failed to exercise such care and diligence, to exercise such substantial efforts, to make the reports and statements required under section 733(a)(3), or to pay the required Federal loan insurance premiums, he shall disqualify that lender for

further Federal insurance on loans granted pursuant to this subpart until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

"(e) As used in this section—

"(1) the term 'insurance beneficiary' means the insured or its authorized assignee in accordance with section 732(d);

"(2) the term 'amount of the loss' means, with respect to a loan, the unpaid balance of the principal amount and interest on such loan; and

"(3) the term 'default' includes only such defaults as have existed for (A) 120 days in the case of a loan which is repayable in monthly installments, or (B) 180 days in the case of a loan which is repayable in less frequent installments.

"(f) The Secretary may, after notice and opportunity for a hearing, cause to be reduced Federal reimbursements or payments for health services under any Federal law to borrowers who are practicing their professions and have defaulted on their loans insured under this subpart in amounts up to the remaining balance of such loans.

"(g) A debt which is a loan insured under the authority of this subpart may be released by a discharge in bankruptcy under the Bankruptcy Act only if such discharge is granted after the expiration of the five-year period beginning on the first date, as specified in section 731(a)(2)(B), when repayment of such loan is required.

"STUDENT LOAN INSURANCE FUND

"Sec. 734. (a) There is hereby established a student loan insurance fund (hereinafter in this section referred to as the 'fund') which shall be available without fiscal year limitation to the Secretary for making payments in connection with the default of loans insured by him under this subpart. All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with his operations under this subpart, and any other moneys, property, or assets derived by the Secretary from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this subpart shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

"(b) If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Secretary under this subpart, the Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield

on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury shall purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

"POWERS AND RESPONSIBILITIES

"SEC. 735. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this subpart, the Secretary may—

"(1) prescribe such regulations as may be necessary to carry out the purposes of this subpart;

"(2) sue and be sued in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this subpart without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office. No attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this subpart from the application of sections 517 and 547 of title 28 of the United States code;

"(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to his obligations and rights and to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this subpart will be achieved; and any term, condition, and covenant made pursuant to this clause or any other provisions of this subpart may be modified by the Secretary if he determines that modification is necessary to protect the financial interest of the United States;

"(4) subject to the specific limitations in the subpart, consent to the modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by him under this subpart; and

"(5) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right or redemption.

"(b) The Secretary shall, with respect to the financial operations arising by reason of this subpart—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

"(2) maintain with respect to insurance under this subpart an integral set of accounts.

"(c) (1) The Secretary may enter into a written agreement with a borrower under which the Secretary agrees to assume the obligation of paying an amount, not to exceed \$10,000 in any 12-month period, toward the principal and interest due on any loan made to the borrower and insured under this subpart and the borrower agrees to serve, either as a member of the National Health Service Corps or in private practice pursuant to section 723 (as determined by the Secretary), in a health manpower shortage area (designated under section 332) which is described in subparagraphs (A) and (B) of section 753(a)(2) for a continuous period of (A) not less than 12 months for each 12-month period the Secretary assumes such obligation under the agreement, or (B) 24 months, whichever is greater.

"(2) Except as provided in paragraphs (3) and (4), if an individual, who has entered into a written contract under paragraph (1), for any reason breaches his contract obligations with respect to serving in a health manpower shortage area for the period specified in the agreement, the United States shall be entitled to recover damages from such individual in an amount equal to three times the amount paid by the Secretary under the agreement to or on behalf of such individual. Any amount of damages which the United States is entitled to recover under this paragraph shall be paid to the United States not later than one year after the date of the breach of such contract obligations.

"(3) The United States shall not be entitled to recover any damages from an individual under paragraph (2) upon the death of the individual.

"(4) The Secretary shall by regulation provide for the waiver or suspension of payment of any or all of the damages to which the United States is entitled under paragraph (2) whenever the Secretary determines that compliance by an individual with the agreement which was breached is impossible or would involve extreme hardship to the individual and that recovery of such damages with respect to the individual would be unconscionable.

"PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS

"SEC. 736. Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the Director of the Bureau of Federal Credit Unions, have power to make insured loans to eligible students in accordance with the provisions of this subpart relating to Federal insured loans.

"DEFINITIONS

"SEC. 737. As used in this subpart:

"(1) The term 'eligible institution' means, with respect to a fiscal year, a school of medicine, osteopathy, dentistry, optometry, pharmacy, podiatry, veterinary medicine, and public health within the United States that is receiving, or the Secretary determines is eligible to receive, a grant under section 770 of this Act.

"(2) The term 'school of medicine, osteopathy, or dentistry, optometry, pharmacy, podiatry, veterinary medicine, and public health' means any school legally authorized within a State to train members of the professions indicated and accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education, except that a new school which (by reason of no, or an insufficient, period of operation) is not, at the time of application for insurance for a loan under this subpart, eligible for accreditation by such a recognized body or bodies, shall be deemed accredited for purposes of this part if the Commissioner of Education finds, after consultation with the appropriate accreditation body or bodies, that there is reasonable assurance that the school will meet the accreditation standards of such body or bodies prior to the beginning of the academic year following the normal graduation date of the first entering class in such school.

"(3) The term 'eligible lender' means an eligible institution, an agency or instrumentality of a State, a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State, or a pension fund approved by the Secretary for this purpose.

"(4) The term 'line of credit' means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

**"REPAYMENT BY THE SECRETARY OF LOANS OF DECEASED OR DISABLED
BORROWERS**

"SEC. 738. If a student borrower who has received a loan dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan from the fund established under section 734.

"ELIGIBILITY OF INSTITUTIONS

"SEC. 739. (a) Notwithstanding any other provision of this subpart, the Secretary is authorized to prescribe such regulations as may be necessary to provide for—

"(1) a fiscal audit of an eligible institution with regard to any funds obtained from a student who has received a loan insured under this subpart;

"(2) the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student

financial aid with respect to funds obtained from a student who has received a loan insured under this subpart; and

"(3) the limitation, suspension, or termination of the eligibility under this subpart of any otherwise eligible institution, whenever the Secretary has determined, after notice and affording an opportunity for hearing, that such institution has violated or failed to carry out any regulation prescribed under this subpart".

"(b) The Secretary shall by regulation—

"(1) require an eligible institution to record, and make available to a lender and to the Secretary upon request, the name, address, postgraduate destination, and other reasonable identifying information for each student of such institution who has a loan insured under this subpart; and

"(2) in the case of an eligible institution which is a school of medicine, osteopathy, or dentistry, require such institution to establish procedures to insure that no more than 50 percent of the students in each class in the institution are authorized to have loans insured under this subpart."

STUDENT LOAN AGREEMENTS

SEC. 402. Section 740 is amended—

(1) by striking out "of Health, Education, and Welfare" in subsection (a);

(2) by striking out "except as provided in section 746," in paragraphs (2) and (3) of subsection (b);

(3) by striking out "and that while the agreement remains in effect" and all that follows through "National Defense Education Act of 1958; and" in subsection (b) (4) and inserting in lieu thereof a semicolon;

(4) by redesignating paragraph (5) of subsection (b) as paragraph (6), and inserting after paragraph (4) of such subsection the following new paragraph; and

"(5) provide that the school shall advise, in writing, each applicant for a loan from the student loan fund of the provisions of section 741 under which outstanding loans from the student loan fund may be paid (in whole or in part) by the Secretary; and".

LOAN PROVISIONS

SEC. 403. (a) Subsection (a) of section 741 is amended to read as follows:

"(a) Loans from a student loan fund (established under an agreement with a school under section 740) may not exceed for any student for each school year (or its equivalent) the sum of—

"(1) the cost of tuition for such year at such school, and

"(2) \$2,500."

(b) Subsection (e) of section 741 is amended by striking out "3 per centum" and inserting in lieu thereof "7 percent".

(c) The amendments made by subsections (a) and (b) shall apply with respect to loans made after September 30, 1977, from student loan funds established under section 740 of the Public Health Service Act.

(d) Subsection (f)(1)(B) of section 741 is amended to read as follows:

"(B) who obtained one or more loans from a loan fund established under this subpart; and".

(e) In the case of any individual who, on or after November 18, 1971, and before the date of enactment of this Act, met the requirements of subparagraphs (A) and (B) of section 741(f)(1) of the Public Health Service Act and who practiced his profession in an area described in subparagraph (C) of such section (as in effect before the date of the enactment of this Act) while a member of the National Health Service Corps or as an officer of the Regular or Reserve Corps of the Public Health Service or as a civilian employee of the Public Health Service, the individual shall, for purposes of section 741(f) of such Act, be deemed to have entered into the agreement required by such subparagraph (C) with respect to that practice if such individual makes application to the Secretary, not later than January 1, 1977, for payment by the Secretary under section 741(f)(2) of such Act.

(f) A student in a school of medicine or osteopathy who will graduate from such school after June 30, 1979, shall be eligible to receive a loan under section 741 of the Public Health Service Act after October 1, 1977 only if such student is of exceptional financial need (as defined by regulations of the Secretary).

AUTHORIZATION OF APPROPRIATIONS

SEC. 404. Effective October 1, 1977, subsection (a) of section 742 is amended to read as follows:

"(a) For the purpose of making Federal capital contributions into the student loan funds of schools which have established such funds under section 740, there are authorized to be appropriated \$26,000,000 for the fiscal year ending September 30, 1978, \$27,000,000 for the fiscal year ending September 30, 1979, and \$28,000,000 for the fiscal year ending September 30, 1980. For the fiscal year ending September 30, 1981, and each of the two succeeding fiscal years, there are authorized to be appropriated to the Secretary such sums as may be necessary to enable students who have received a loan under this part for any academic year ending before October 1, 1981, to continue or complete their education."

DISTRIBUTION OF ASSETS

SEC. 405. Section 743 is amended by striking out "June 30, 1977" and "September 30, 1977" each place they occur and inserting in lieu thereof "September 30, 1983" and "December 31, 1983", respectively.

LOANS TO SCHOOLS AND TECHNICAL AND CONFORMING AMENDMENTS

SEC. 406. (a)(1) Sections 744 and 746 are repealed.

(2) Section 745 is redesignated as section 744.

(b) The health professions education fund created within the Treasury by section 744(d)(1) of the Public Health Service Act shall remain available to the Secretary of Health, Education, and Welfare

for the purpose of meeting his responsibilities respecting participations in obligations acquired under section 744 of such Act. The Secretary shall continue to deposit in such fund all amounts received by him as interest payments or repayments of principal on loans under such section 744. If at any time the Secretary determines the moneys in the fund exceed the present and any reasonable prospective future requirements of such fund, such excess may be transferred to the general fund of the Treasury.

(c) There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to enable the Secretary to make payments under agreements entered into under section 744(b) of the Public Health Service Act before September 30, 1977.

(d) Section 742(b) is amended (1) by striking out ", and for loans pursuant to section 744" in paragraph (1), and (2) by striking out "whether as Federal capital contributions or as loans to schools under section 744" in paragraph (3).

(e) Section 743(b) is amended by striking out "(other than so much of such fund as relates to payments from the revolving fund established by section 744(d))".

REVISION OF NATIONAL HEALTH SERVICE CORPS PROGRAM

SEC. 407. (a) Part C of title III is amended by inserting immediately below the heading for such part the following:

"Subpart I—General Provisions".

(b) Title III is amended—

(1) by striking out section 329;

(2) by redesignating sections 331 and 332 as sections 339 and 340, respectively; and

(3) by inserting immediately after section 330 the following new subpart:

"Subpart II—National Health Service Corps Program

"NATIONAL HEALTH SERVICE CORPS

"SEC. 331. (a) There is established, within the Service, the National Health Service Corps (hereinafter in this subpart referred to as the 'Corps') which (1) shall consist of such officers of the Regular and Reserve Corps of the Service and such civilian personnel as the Secretary may designate (such officers and personnel hereinafter in this subpart referred to as 'Corps members') and (2) shall be utilized by the Secretary to improve the delivery of health services in health manpower shortage areas as defined in section 332(a).

"(b) The Secretary shall conduct at schools of medicine, osteopathy, dentistry, and, as appropriate, nursing and other schools of the health professions and at entities which train allied health personnel, recruiting programs for the Corps and the Scholarship Program.

"(c) The Secretary may reimburse applicants for positions in the Corps for actual and reasonable expenses incurred in traveling to and from their places of residence to the health manpower shortage area (designated under section 332) in which they would be assigned

for the purpose of evaluating such area with regard to being assigned in such area. The Secretary shall not reimburse an applicant for more than one such trip.

"(d) (1) The Secretary may, under regulations promulgated by the Secretary, adjust the monthly pay of each member of the Corps who is directly engaged in the delivery of health services in a health manpower shortage area as follows:

"(A) During the first 36 months in which such a member is so engaged in the delivery of health services, his monthly pay shall be increased by an amount (not to exceed \$1,000) which when added to the member's monthly pay and allowance will provide a monthly income competitive with the average monthly income from a practice of an individual who is a member of the profession of the Corps member, who has equivalent training, and who has been in practice for a period equivalent to the period during which the Corps member has been in practice.

"(B) During the period beginning upon the expiration of the 36 months referred to in subparagraph (A) and ending with the month in which the member's monthly pay and allowances is equal to or exceeds the monthly income he received for the last of such 36 months, the member shall receive in addition to his monthly pay and allowances an amount which when added to such monthly pay and allowances equals the monthly income he received for such last month.

"(C) For each month in which a member is directly engaged in the delivery of health services in a health manpower shortage area in accordance with an agreement with the Secretary entered into under section 741(f) (1) (C), under which the Secretary is obligated to make payments in accordance with section 741(f) (2), the amount of any monthly increase under subparagraph (A) or (B) with respect to such member shall be decreased by an amount equal to one-twelfth of the amount which the Secretary is obligated to pay upon the completion of the year of practice in which such month occurs.

For purposes of subparagraphs (A) and (B), the term 'monthly pay' includes special pay received under chapter 5 of title 37 of the United States Code.

"(2) In the case of a member of the Corps who is directly engaged in the delivery of health services in a health manpower shortage area in accordance with a service obligation incurred under the Scholarship Program, the adjustment in pay authorized by paragraph (1) may be made for such a member only upon satisfactory completion of such service obligation, and the first 36 months of such member's being so engaged in the delivery of health services shall, for purposes of paragraph (1) (A), be deemed to begin upon such satisfactory completion.

"(e) Corps members assigned under section 333 to provide health services in health manpower shortage areas shall not be counted against any employment ceiling affecting the Department.

"(f) Sections 214 and 216 shall not apply to commissioned officers in the Regular or Reserve Corps of the Service who are members of the National Health Service Corps and who have participated in the Scholarship Program.

"(g) The administrative unit which administers section 770—

"(1) shall participate in the development of regulations, guidelines, funding priorities, and application forms, and

"(2) shall be consulted by, and may make recommendations to, the Secretary in the review of applications and proposals for, and the awarding of, grants and contracts,

with respect to the Corps.

"(h) For the purposes of this subpart:

"(1) The term 'Department' means the Department of Health, Education, and Welfare.

"(2) The term 'Scholarship Program' means the National Health Service Corps Scholarship Program established under section 751.

"(3) The term 'State' includes, in addition to the several States, only the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

"DESIGNATION OF HEALTH MANPOWER SHORTAGE AREAS

"SEC. 332. (a) (1) For purposes of this subpart the term 'health manpower shortage area' means (A) an area in an urban or rural area (which need not conform to the geographic boundaries of a political subdivision and which is a rational area for the delivery of health services) which the Secretary determines has a health manpower shortage, (B) a population group which the Secretary determines has such a shortage, or (C) a public or nonprofit private medical facility or other public facility which the Secretary determines has such a shortage.

"(2) For purposes of this subsection, the term 'medical facility' means a facility for the delivery of health services and includes—

"(A) a hospital, State mental hospital, public health center, outpatient medical facility, rehabilitation facility, facility for long-term care, community mental health center, migrant health center, community health center;

"(B) such a facility of a State correctional institution or of the Indian Health Service;

"(C) such a facility used in connection with the delivery of health services under section 321 (relating to hospitals), 322 (relating to care and treatment of seamen and others), 323 (relating to care and treatment of Federal prisoners), 324 (relating to examination and treatment of certain Federal employees), 325 (relating to examination of aliens), or 326 (relating to services to certain Federal employees), or part D of title III (relating to services for persons with Hansen's disease); and

"(D) a Federal medical facility.

"(b) The Secretary shall establish by regulation, promulgated not later than May 1, 1977, criteria for the designation of areas, population groups, medical facilities, and other public facilities, in the States, as health manpower shortage areas. In establishing such criteria, the Secretary shall take into consideration the following:

"(1) The ratio of available health manpower to number of individuals in an area or population group, or served by a medical facility or other public facility under consideration for designation.

"(2) Indicators of a need, notwithstanding the supply of health manpower, for health services for the individuals in an area or population group or served by a medical facility or other public facility under consideration for designation, with special consideration to indicators of—

"(A) infant mortality,

"(B) access to health services, and

"(C) health status.

"(3) The percentage of physicians serving an area, population group, medical facility, or other public facility under consideration for designation who are employed by hospitals and who are graduates of foreign medical schools.

"(c) In determining whether to make a designation, the Secretary shall take into consideration the following:

"(1) (A) The recommendations of each health systems agency (designated under section 1515) for a health service area which includes all or any part of the area, population group, medical facility, or other public facility under consideration for designation.

"(B) The recommendations of the State health planning and development agency (designated under section 1521) if such area, population group, medical facility, or other public facility is within a health service area for which no health systems agency has been designated.

"(2) The recommendations of the Governor of each State in which the area, population group, medical facility, or other public facility under consideration for designation is in whole or part located.

"(d) In accordance with the criteria established under subsection (b) and the considerations listed in subsection (c), the Secretary shall designate, not later than November 1, 1977, health manpower shortage areas in the States, publish the names of the areas, population groups, medical facilities, and other public facilities so designated, and at least annually review and, as necessary, revise such designations.

"(e) Prior to the designation of a public facility, including a Federal medical facility, as a health manpower shortage area, the Secretary shall give written notice of such proposed designation to the chief administrative officer of such facility and request comments within 30 days with respect to such designation.

"(f) The Secretary shall give written notice of the designation of a health manpower shortage area, not later than 60 days from the date of such designation, to—

"(1) the Governor of each State in which the area, population group, medical facility, or other public facility so designated is in whole or part located;

"(2) (A) each health systems agency (designated under section 1515) for a health service area which includes all or any part of the area, population group, medical facility, or other public facility so designated; or

"(B) the State health planning and development agency of the State (designated under section 1521) if such area, population group, medical facility, or other public facility is within a health service area for which no health systems agency has been designated; and

"(4) appropriate public or nonprofit private entities which are located or which have a demonstrated interest in the area so designated.

"(g) Any person may recommend to the Secretary the designation of an area, population group, medical facility, or other public facility as a health manpower shortage area.

"(h) The Secretary shall conduct such information programs in areas, among population groups, and in medical facilities and other public facilities designated under this section as health manpower shortage areas as may be necessary to inform public and nonprofit private entities which are located or have a demonstrated interest in such areas of the assistance available under this title by virtue of the designation of such areas.

"ASSIGNMENT OF CORPS PERSONNEL

"SEC. 333. (a) (1) The Secretary may assign members of the Corps to provide, under regulations promulgated by the Secretary, health services in or to a health manpower shortage area during the assignment period (specified in the agreement described in section 334) only if—

"(A) a public or nonprofit private entity, which is located or has a demonstrated interest in such area makes application to the Secretary for such assignment;

"(B) such application has been approved by the Secretary;

"(C) an agreement has been entered into between the entity which has applied and the Secretary, in accordance with section 334; and

"(D) in the case of an application made by an entity which has previously been assigned a Corps member for a health manpower shortage area under an agreement (entered into under section 334) which has expired, the Secretary has (i) conducted an evaluation of the continued need for health manpower for the area, the use of Corps members previously assigned to the area, community support for the assignment of Corps members to the area, the area's efforts to secure health manpower for the area, and fiscal management by the entity with respect to Corps members previously assigned and (ii) on the basis of such evaluation has determined that—

"(I) there is a continued need for health manpower for the area;

"(II) there has been appropriate and efficient use of Corps members previously assigned to the entity for the area;

"(III) there is general community support for the assignment of Corps members to the entity;

"(IV) the area has made continued efforts to secure health manpower for the area; and

(V) there has been sound fiscal management, including efficient collection of fee-for-service, third-party, and other appropriate funds, by the entity with respect to Corps members previously assigned to such entity.

"(2) Corps members may be assigned to a Federal health care facility, but only upon the request of the head of the department or agency of which such facility is a part.

"(b) The Secretary may not approve an application under this section for assignment of a Corps member to a health manpower shortage area unless the Secretary has afforded—

"(1) each health systems agency (designated under section 1515) for a health service area which includes all or part of the area in which the area, population group, medical facility, or other public facility so designated is located, and

"(2) if there is a part of such area, population group, medical facility, or other public facility located within a health service area for which no health systems agency has been designated, the State health planning and development agency (designated under section 1521) of the State in which such part is located, an opportunity to review the application and submit to the Secretary its comments respecting the need for, and proposed use of, the Corps member requested in the application.

"(c) In considering, and giving approval to, applications made under this section for the assignment of Corps members, the Secretary shall—

"(1) give priority to an application which provides for the assignment of Corps members to an area, population group, medical facility, or other public facility with the greatest health manpower shortage, as determined under criteria established under section 332 (b);

"(2) give special consideration to an application which provides for the use of physician assistants, nurse practitioners, or expanded function dental auxiliaries;

"(3) take into consideration the willingness of individuals in the area or population group, or at the medical facility or other public facility, and of the appropriate governmental agencies or health entities, to assist and cooperate with the Corps in providing effective health services; and

"(4) take into consideration comments of medical, osteopathic, dental, or other health professional societies serving the area, population group, medical facility, or other public facility, or, if no such societies exist, comments of medical, dental, or other health professions serving the area, population group, medical facility, or other public facility.

"(d) The Secretary shall assign Corps members to entities in health manpower shortage areas without regard to the ability of the individuals in such areas population groups, medical facilities, or other public facilities to pay for such services.

"(e) In making the assignment of a Corps member to an entity in a health manpower shortage area which has had an application approved under this section, the Secretary shall seek to assign to an area a Corps member who has (and whose spouse, if any, has) those

characteristics which are characteristics which increase the probability of the member's remaining to serve the area upon completion of his assignment period.

"(f) (1) The Secretary shall provide technical assistance to a public or nonprofit private entity which is located or has a demonstrated interest in a health manpower shortage area which entity desires to make an application under this section for assignment of a Corps member to such area.

"(2) The Secretary shall provide, to public and nonprofit private entities which are located or have a demonstrated interest in a health manpower shortage area to which area a Corps member has been assigned, technical assistance to assist in the retention of such member in such area after the completion of such member's assignment to the area.

"(3) The Secretary shall provide, to health manpower shortage areas to which no Corps member has been assigned, (A) technical assistance to assist in the recruitment of health manpower for such areas, and (B) current information on public and private programs which provide assistance in the securing of health manpower.

"(g) The Secretary shall conduct, or enter into contracts for the conduct of studies of the methods of assignments of Corps members to health manpower shortage areas. Such studies shall include studies of—

"(1) the characteristics of physicians, dentists, and other health professionals who are more likely to remain in practice in health manpower shortage areas;

"(2) the characteristics, including utilization and reimbursement patterns, of areas which have been able to retain health manpower personnel; and

"(3) the appropriate conditions for the assignment and use of nurse practitioners, physician's assistants, and expanded function dental auxiliaries in health manpower shortage areas.

"(h) Notwithstanding any other law, any member of the Corps licensed to practice medicine, osteopathy, or dentistry in any State shall, while serving in the Corps, be allowed to practice such profession in any State.

"COST SHARING

"SEC. 334. (a) The Secretary shall require, as a condition to the approval of an application under section 333, that the entity which submitted the application enter into an agreement for a specific assignment period (not to exceed 4 years) with the Secretary under which—

"(1) the entity shall be responsible for charging in accordance with subsection (d) for health services provided by Corps members assigned to the entity;

"(2) the entity shall take such action as may be reasonable for the collection of payments for such health services, including, if a Federal agency, an agency of a State or local government, or other third party would be responsible for all or part of the cost of such health services if it had not been provided by Corps members under this subpart, the collection, on a fee-for-service or other

basis, from such agency or third party, the portion of such cost for which it would be so responsible (and in determining the amount of such cost which such agency or third party would be responsible, the health services provided by Corps members shall be considered as being provided by private practitioners);

"(3) the entity shall pay to the United States, as prescribed by the Secretary in each calendar quarter (or other period as may be specified in the agreement) during which any Corps member is assigned to such entity, the sum of—

"(A) the portion of the salary (including amounts paid in accordance with section 331(d)) and allowances of any Corps member received by such member during such calendar quarter (or other period) while such member was assigned to such entity;

"(B) for any Corps member assigned to such entity, an amount which bears the same ratio to the amount paid under the Scholarship Program to or on the behalf of such Corps member as the number of days of obligated service provided by such member during such quarter (or other period) bears to the number of days in his period of obligated service under such program; and

"(C) if such entity received a loan under section 335(c), an amount which bears the same ratio to the amount of such loan as the number of days in such quarter (or other period) during which any Corps members were assigned to the entity bears to the number of days in the assignment period after such entity received such loan; and

"(4) the entity shall prepare and submit to the Secretary an annual report, in such form and manner, as the Secretary may require.

"(b) (1) The Secretary may waive in whole or in part the application of the requirement of subsection (a) (3) for an entity if he determines that the entity is financially unable to meet such requirement or if he determines that compliance with such requirement would unreasonably limit the ability of the entity to provide for the adequate support of the provision of health services by Corps members.

"(2) The Secretary may waive in whole or in part the application of the requirement of subsection (a) (3) for any entity, which is located in a health manpower shortage area in which a significant percentage of the individuals are elderly, living in poverty, or have other characteristics which indicate an inability to repay, in whole or in part, the amounts required in subsection (a) (3).

"(3) In the event that the Secretary grants a waiver under paragraph (1) or (2), the entity shall be required to use the total amount of funds collected by such entity in accordance with subsection (a) (2) for the improvement of the capability of such entity to deliver health services to the individuals in the health manpower shortage area.

"(c) The excess (if any) of the amount of funds collected by an entity in accordance with subsection (a) (2) over the amount paid to the United States in accordance with subsection (a) (3) shall be used by the entity to expand and improve the provision of health services to the individuals in the health manpower shortage area for which the

entity submitted an application or to recruit and retain health manpower to provide health services for such individuals.

"(d) Any person who receives health services provided by a Corps member under this subpart shall be charged for such services on a fee-for-service or other basis, at a rate approved by the Secretary, pursuant to regulations. Such rate shall be computed in such a way as to permit the recovery of the value of such services, except that if such person is determined under regulations of the Secretary to be unable to pay such charge, the Secretary shall provide for the furnishing of such services at a reduced rate or without charge.

"(e) Funds received by the Secretary under an agreement entered into under this section shall be deposited in the Treasury as miscellaneous receipts and shall be disregarded in determining the amounts of appropriations to be requested and the amounts to be made available from appropriations made under section 338 to carry out this subpart.

"PROVISION OF HEALTH SERVICES BY CORPS MEMBERS

"SEC. 335. (a) In providing health services in a health manpower shortage area, Corps members shall utilize the techniques, facilities, and organizational forms most appropriate for the area, population group, medical facility, or other public facility, and shall, to the maximum extent feasible, provide such services (1) to all individuals in such health manpower shortage area regardless of their ability to pay for the services, and (2) in connection with (A) direct health services programs carried out by the Service, (B) any other direct health services program carried out in whole or in part with Federal financial assistance, or (C) any other health services activity which is in furtherance of the purposes of this subpart.

"(b) (1) Notwithstanding any other provision of law, the Secretary may (A) to the maximum extent feasible make such arrangements as he determines necessary to enable Corps members to utilize the health facilities in or serving the health manpower shortage area in providing health services; (B) make such arrangements as he determines are necessary for the use of equipment and supplies of the Service and for the lease or acquisition of other equipment and supplies; and (C) secure the permanent, or temporary services of physicians, dentists, nurses, administrators, and other health personnel. If there are no health facilities in or serving such area, the Secretary may arrange to have Corps members provide health services in the nearest health facilities of the Service or may lease or otherwise provide facilities in or serving such area for the provision of health services.

"(2) If the individuals in or served by a health manpower shortage area are being served (as determined under regulations of the Secretary) by a hospital or other health care delivery facility of the Service, the Secretary may, in addition to such other arrangements as he may make under paragraph (1), arrange for the utilization of such hospital or facility by Corps members in providing health services, but only to the extent that such utilization will not impair the delivery of health services and treatment through such hospital or facility to individuals

who are entitled to health services and treatment through such hospital or facility.

"(c) The Secretary may make one loan to any entity with an approved application under section 333 to assist such entity in meeting the costs of (1) establishing medical, dental, or other health profession practices, including the development of medical practice management systems; (2) acquiring equipment for use in providing health services; (3) renovating buildings to establish health facilities; and (4) establishing appropriate continuing education programs. No loan may be made under this subsection unless an application therefor is submitted to, and approved by, the Secretary. The amount of any loan shall be determined by the Secretary, except that no loan may exceed \$50,000.

"(d) Upon the expiration of the assignment of all Corps members to a health manpower shortage area, the Secretary may (notwithstanding any other provision of law) sell to any appropriate local entity equipment and other property of the United States utilized by such members in providing health services. Sales made under this subsection shall be made at the fair market value (as determined by the Secretary) of the equipment or such other property; except that the Secretary may make such sales for a lesser value to an appropriate local entity, if he determines that the entity is financially unable to pay the full market value.

"(e) (1) (A) It shall be unlawful for any hospital to deny an authorized physician or dentist member of the Corps admitting privileges, when such Corps member otherwise meets the professional qualifications established by the hospital for granting such privileges and agrees to abide by the published bylaws of the hospital and the published bylaws, rules, and regulations of its medical staff.

"(B) Any hospital which is found by the Secretary, after notice and an opportunity for a hearing on the record, to have violated this subsection shall upon such finding cease to receive and to be eligible to receive any Federal funds under this Act or under titles XVIII or XIX of the Social Security Act.

"(2) For purposes of this subsection, the term 'hospital' includes a State or local public hospital, a private profit hospital, a private non-profit hospital, a general or special hospital, and any other type of hospital (excluding a hospital owned or operated by an agency of the Federal Government), and any related facilities.

"ANNUAL REPORTS

"Sec. 336. The Secretary shall submit an annual report to Congress on May 1 of each year, and shall include in such report with respect to the previous calendar year—

"(1) the number, identity, and priority of all health manpower shortage areas designated in such year and the number of health manpower shortage areas which the Secretary estimates will be designated in the subsequent year;

"(2) the number of applications filed under section 333 in such year for assignment of Corps members and the action taken on each such application;

"(3) the number and types of Corps members assigned in such year to health manpower shortage areas, the number and types of additional Corps members which the Secretary estimates will be assigned to such areas in the subsequent year, and the need for additional members for the Corps;

"(4) the recruitment efforts engaged in for the Corps in such year and the number of qualified individuals who applied for service in the Corps in such year;

"(5) the number of patients seen and the number of patient visits recorded during such year with respect to each health manpower shortage area to which a Corps member was assigned during such year;

"(6) the number of Corps members who elected, and the number of Corps members who did not elect, to continue to provide health services in health manpower shortage areas after termination of their service in the Corps and the reasons (as reported to the Secretary) of members who did not elect for their not making such election;

"(7) the results of evaluations and determinations made under section 333(a)(1)(D) during such year; and

"(8) the amount charged during such year for health services provided by Corps members, the amount which was collected in such year by entities in accordance with agreements under section 334, and the amount which was paid to the Secretary in such year under such agreements.

"NATIONAL ADVISORY COUNCIL

"Sec. 337. (a) There is established a council to be known as the National Advisory Council on the National Health Service Corps (hereinafter in this section referred to as the 'Council'). The Council shall be composed of fifteen members appointed by the Secretary as follows:

"(1) Four members shall be appointed from the general public to represent the consumers of health care, at least two of whom shall be individuals who are residents of, members of, or served by Corps members assigned to, a health manpower shortage area.

"(2) Three members shall be appointed from medical, dental, and other health professions.

"(3) One member shall be appointed from a State health planning and development agency (designated under section 1521), one member shall be appointed from a Statewide Health Coordinating Council (designated under section 1524), and one member shall be appointed from a health systems agency (designated under section 1515).

"(4) Three members shall be appointed from the Service, at least two of whom shall be members of the Corps directly engaged in the provision of health services in a health manpower shortage area.

"(5) Two members shall be appointed from the National Council on Health Planning and Development (established under section 1503).

No individual who is a provider of health care (as defined in section 1531(3)) may be appointed as a member of the Council under paragraph (1), (3), or (5). The Council shall consult with, advise, and make recommendations to, the Secretary with respect to his responsibilities in carrying out this subpart, and shall review and comment upon regulations promulgated by the Secretary under this subpart.

"(b) (1) Members of the Council shall be appointed for a term of three years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall be appointed for the remainder of such term. No member shall be removed, except for cause. Members may be reappointed to the Council.

"(2) Members of the Council (other than members who are officers or employees of the United States), while attending meetings or conferences thereof or otherwise serving on the business of the Council, shall be entitled to receive for each day (including traveltime) in which they are so serving the daily equivalent of the annual rate of basic pay in effect for grade GS-18 of the General Schedule; and while so serving away from their homes or regular places of business all members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703(b) of title 5 of the United States Code for persons in the Government Service employed intermittently.

"(c) Section 14 of the Federal Advisory Committee Act shall not apply with respect to the Council.

"AUTHORIZATION OF APPROPRIATION

"SEC. 338. (a) To carry out the purposes of this subpart, there are authorized to be appropriated \$47,000,000 for the fiscal year ending September 30, 1978; \$57,000,000 for the fiscal year ending September 30, 1979; and \$70,000,000 for the fiscal year ending September 30, 1980.

"(b) An appropriation under an authorization under subsection (a) for any fiscal year may be made at any time before that fiscal year and may be included in an Act making an appropriation under an authorization under subsection (a) for another fiscal year; but no funds may be made available from any appropriation under such authorization for obligation under this subpart before the fiscal year for which such appropriation is authorized."

"(c) (1) The amendment made by subsections (a) and (b) shall apply only with respect to fiscal years beginning after September 30, 1977, except that the Secretary of Health, Education, and Welfare shall carry out the activities described in section 332 of the Public Health Service Act (as added by such amendment) after the date of enactment of this Act.

"(2) (A) Any area for which a designation under section 329(b) of the Public Health Service Act (as in effect on September 30, 1977) was in effect on such date and in which National Health Service Corps personnel were, on such date, providing, under an assignment made under such section (as so in effect), health care and services for persons residing in such area shall, effective October 1, 1977, be considered under subpart II of part C of title III of such Act (as added by subsection (b) of this section) to (i) be designated a health manpower

shortage area (as defined by section 332 of such Act (as so added)) and (ii) have had an application approved under section 333 of such Act (as so added) for the assignment of Corps personnel unless, as determined under subparagraph (B) of this paragraph, the assignment period applicable to such area (within the meaning of section 334 (as so added)) has expired.

(B) The assignment period (within the meaning of such section 334) applicable to an area described in subparagraph (A) of this paragraph shall be considered to have begun on the date Corps personnel were first assigned to such area under section 329 of such Act (as in effect on September 30, 1977).

(C) In the case of any physician or dentist member of the Corps who was providing health care and services on September 30, 1977, under an assignment made under section 329(b) of such Act (as in effect on September 30, 1977), the number of the months during which such member provided such care and services before October 1, 1977, shall be counted in determining the application of the additional pay provisions of section 331(d) of such Act (as added by subsection (b) of this section) to such number.

(3) The amendment made by subsection (b) which changed the name of the Advisory Council established under section 329 of the Public Health Service Act (and placed the authority for the Advisory Council in section 337 of such Act (as added by such amendment)) shall not be construed as requiring the establishment of a new Advisory Council under such section 337; and the amendment made by such subsection with respect to the composition of such Advisory Council shall apply with respect to appointments made to the Advisory Council after October 1, 1977, and the Secretary of Health, Education, and Welfare shall make appointments to the Advisory Council after such date in a manner which will bring about, at the earliest feasible time, the Advisory Council composition prescribed by the amendment.

(d) (1) Section 741(f) (1) (C) is amended by striking out all that follows after "in a State" and inserting in lieu thereof "in a health manpower shortage area designated under section 332;"

(2) The amendment made by paragraph (1) shall apply with respect to agreements entered into under section 741(f) of the Public Health Service Act after September 30, 1977.

SCHOLARSHIPS AND PUBLIC HEALTH TRAINEESHIPS

SEC. 408. (a) Effective October 1, 1977, part C of title VII is amended by adding at the end thereof the following new subpart:

"Subpart III—Traineeships for Students in Schools of Public Health and Other Graduate Programs

"TRAINEESHIPS FOR STUDENTS IN SCHOOLS OF PUBLIC HEALTH

"SEC. 748. (a) The Secretary may make grants to accredited schools of public health for traineeships to train students enrolled in such schools.

"(b) (1) No grant for traineeships may be made under subsection (a) unless an application therefor has been submitted to, and approved

by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain such information, as the Secretary by regulation may prescribe. Traineeships under such a grant shall be awarded in accordance with such regulations as the Secretary shall prescribe. The amount of any such grant shall be determined by the Secretary.

"(2) Traineeships awarded under grants made under subsection (a) shall provide for such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees as the Secretary may deem necessary.

"(3) In awarding traineeships under this section, each applicant shall assure to the satisfaction of the Secretary that at least the percent specified in paragraph (4) of the funds received under this section shall go to individuals who—

"(A) (i) have previously received a postbaccalaureate degree,

or

"(ii) have three years work experience in health services; and

"(B) are pursuing a course of study in—

"(i) biostatistics or epidemiology,

"(ii) health administration, health planning, or health policy analysis and planning,

"(iii) environmental or occupational health, or

"(iv) dietetics or nutrition.

"(4) The percent referred to in paragraph (3) is—

"(A) 45 percent for grants made for the fiscal year ending September 30, 1978,

"(B) 55 percent for grants made for the fiscal year ending September 30, 1979, and

"(C) 65 percent for grants made for the fiscal year ending September 30, 1980, and in succeeding fiscal years.

"(c) For payments under grants under subsection (a), there are authorized to be appropriated \$7,500,000 for the fiscal year ending September 30, 1978; \$8,000,000 for the fiscal year ending September 30, 1979; and \$9,000,000 for the fiscal year ending September 30, 1980.

"TRAINEESHIPS FOR STUDENTS IN OTHER GRADUATE PROGRAMS

"Sec. 749. (a) The Secretary may make grants to public or nonprofit private educational entities, including graduate schools of social work but excluding schools of public health, which offer a program in health administration, hospital administration, or health policy analysis and planning, which program is accredited by a body or bodies approved for such purpose, by the Commissioner of Education and which meets such other quality standards as the Secretary by regulation may prescribe, for traineeships to train students enrolled in such a program.

"(b) (1) No grant for traineeships may be made under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, be submitted in such manner, and contain such information, as the Secretary by regulation may prescribe. Traineeships under such a grant shall be awarded in accordance with such regulations as the Secretary shall prescribe. The amount of any such grant shall be determined by the Secretary.

"(2) Traineeships awarded under grants made under subsection (a) shall provide for such stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees as the Secretary may deem necessary.

"(3) In awarding traineeships under this section, each applicant shall assure to the satisfaction of the Secretary that at least 80 percent of the funds received under this section shall go to individuals who (A) have previously received a postbaccalaureate degree, or (B) have three years work experience in health services.

"(c) For payments under grants under subsection (a), there are authorized to be appropriated \$2,500,000 for the fiscal year ending September 30, 1978; \$2,500,000 for the fiscal year ending September 30, 1979; and \$2,500,000 for the fiscal year ending September 30, 1980."

(b) (1) Effective October 1, 1977, section 225 is repealed and part C of title VII (as amended by subsection (a)) is amended by adding after subpart III the following new subpart:

"Subpart IV—National Health Service Corps Scholarships

"NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

"Sec. 751. (a) The Secretary shall establish the National Health Service Corps Scholarship Program (hereinafter in this subpart referred to as the 'Scholarship Program') to assure an adequate supply of trained physicians, dentists, and nurses for the National Health Service Corps (hereinafter in this subpart referred to as the 'Corps') and, if needed by the Corps, podiatrists, optometrists, pharmacists, graduates of schools of veterinary medicine, graduates of schools of public health, graduates of programs in health administration, graduates of programs for the training of physician assistants, expanded function dental auxiliaries, and nurse practitioners (as defined in section 822), and other health professionals.

"(b) To be eligible to participate in the Scholarship Program, an individual must—

"(1) be accepted for enrollment, or be enrolled, as a full-time student (A) in an accredited (as determined by the Secretary) educational institution in a State and (B) in a course of study or program, offered by such institution and approved by the Secretary, leading to a degree in medicine, osteopathy, dentistry, or other health profession;

"(2) be eligible for, or hold, an appointment as a commissioned officer in the Regular or Reserve Corps of the Service or be eligible for selection for civilian service in the Corps;

"(3) submit an application to participate in the Scholarship Program; and

"(4) sign and submit to the Secretary, at the time of submittal of such application, a written contract (described in subsection (f)) to accept payment of a scholarship and to serve (in accordance with this subpart) for the applicable period of obligated service in a health manpower shortage area.

"(c) In disseminating application forms and contract forms to individuals desiring to participate in the Scholarship Program, the Secretary shall include with such forms—

"(1) a fair summary of the rights and liabilities of an individual whose application is approved (and whose contract is accepted) by the Secretary, including in the summary a clear explanation of the damages to which the United States is entitled under section 754 in the case of the individual's breach of the contract; and

"(2) such other information as may be necessary for the individual to understand the individual's prospective participation in the Scholarship Program and service in the Corps.

The application form, contract form, and all other information furnished by the Secretary under this subpart shall be written in a manner calculated to be understood by the average individual applying to participate in the Scholarship Program. The Secretary shall make such application forms, contract forms, and other information available to individuals desiring to participate in the Scholarship Program on a date sufficiently early to insure that such individuals have adequate time to carefully review and evaluate such forms and information.

"(d) In determining which applications under the Scholarship Program to approve (and which contracts to accept), the Secretary shall give priority—

"(1) first, to applications made (and contracts submitted) by individuals who have previously received scholarships under the Scholarship Program or under section 758; and

"(2) second, to applications made (and contracts submitted)—

"(A) in the school year ending in the fiscal year beginning October 1, 1977, by individuals who are entering their first or second year of study in a course of study or program described in subsection (b) (1) (B) in such school year; and

"(B) in each school year thereafter, by individuals who are entering their first year of study, in a course of study or program described in subsection (b) (1) (B) in such school year.

"(e) (1) An individual becomes a participant in the Scholarship Program only upon the Secretary's approval of the individual's application submitted under subsection (b) (3) and the Secretary's acceptance of the contract submitted by the individual under subsection (b) (4).

"(2) The Secretary shall provide written notice to an individual promptly upon the Secretary's approving, under paragraph (1), of the individual's participation in the Scholarship Program.

"(f) The written contract (referred to in this subpart) between the Secretary and an individual shall contain—

"(1) an agreement that—

"(A) subject to paragraph (2), the Secretary agrees (i) to provide the individual with a scholarship (described in subsection (g)) in each such school year or years (not to exceed four school years), during which the individual is pursuing a course of study described in subsection (b) (1) (B), as shall be determined by the individual, and (ii) to accept (subject to the availability of appropriated funds for carrying out subpart II of part C of title III) the individual into

the Corps (or for equivalent service as otherwise provided in this subpart); and

"(B) subject to paragraph (2), the individual agrees—

"(i) to accept provision of such a scholarship to the individual;

"(ii) to maintain enrollment in a course of study described in subsection (b) (1) (B) until the individual completes the course of study;

"(iii) while enrolled in such course of study, to maintain an acceptable level of academic standing (as determined under regulations of the Secretary, by the educational institution offering such course of study); and

"(iv) to serve for a time period (hereinafter in the subpart referred to as the 'period of obligated service') equal to—

"(I) one year for each school year for which the individual was provided a scholarship under the Scholarship Program, or

"(II) two years,

whichever is greater, in a health manpower shortage area (designated under section 332) to which he is assigned by the Secretary as a member of the Corps, or as otherwise provided in this subpart;

"(2) a provision that any financial obligation of the United States arising out of a contract entered into under this subpart and any obligation of the individual which is conditioned thereon, is contingent upon funds being appropriated to carry out the purposes of this subpart and subpart II of part C for title III;

"(3) a statement of the damages to which the United States is entitled, under section 754, for the individual's breach of the contract; and

"(4) such other statements of the rights and liabilities of the Secretary and of the individual, not inconsistent with the provisions of this subpart.

"(g) (1) A scholarship, provided to a student for a school year under a written contract under the Scholarship Program or under section 758 (relating to the disadvantaged student scholarship program), shall consist of—

"(A) payment to, or (in accordance with paragraph (2)) on behalf of, the student of the amount (except as provided in section 711) of—

"(i) the tuition of the student in such school year; and

"(ii) all other reasonable educational expenses, including fees, books, and laboratory expenses, incurred by the student in such school year; and

"(B) payment to the student of a stipend of \$400 per month (adjusted in accordance with paragraph (3)) for each of the 12 consecutive months beginning with the first month of such school year.

"(2) The Secretary may contract with an educational institution, in which a participant in the Scholarship Program is enrolled, for

the payment to the educational institution of the amounts of tuition and other reasonable educational expenses described in paragraph (1) (A). Payment to such an educational institution may be made without regard to section 3648 of the Revised Statutes (31 U.S.C. 529).

"(3) The amount of the monthly stipend, specified in paragraph (1) (B) and as previously adjusted (if at all) in accordance with this paragraph, shall be increased by the Secretary for each school year ending in a fiscal year beginning after September 30, 1978, by an amount (rounded to the next highest multiple of \$1) equal to the amount of such stipend multiplied by the overall percentage (as set forth in the report transmitted to the Congress under section 5303 of title 5, United States Code) of the adjustment (if such adjustment is an increase) in the rates of pay under the General Schedule made effective in the fiscal year in which such school year ends.

"(h) Notwithstanding any other provision of law, individuals who have entered into written contracts with the Secretary under this section, while undergoing academic training, shall not be counted against any employment ceiling affecting the Department.

"(i) The Secretary shall report to Congress on December 1 of each year—

"(1) the number, and type of health profession training, of students receiving scholarships under the Scholarship Program;

"(2) the educational institutions at which such students are receiving their training;

"(3) the number of applications filed under this section in the school year beginning in such year and in prior school years; and

"(4) the amount of tuition paid in the aggregate and at each educational institution for the school year beginning in such year and for prior school years.

"(j) The administrative unit which administers section 770 shall—

"(1) participate in the development of regulations, funding priorities, and application forms, and

"(2) be consulted by, and may make recommendations to, the Secretary in the review of applications for scholarships and grants,

with respect to the Scholarship Program.

"OBLIGATED SERVICE

"Sec. 752. (a) Except as provided in section 753, each individual who has entered into a written contract with the Secretary under section 751, 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 services provided in such contract.

"(b) (1) The Secretary shall notify each individual required to provide service under the Scholarship Program, not later than 60 days before the date such individual is required to begin the period of such obligated service, of the opportunity of such individual to serve in the full-time clinical practice of his profession either as a commissioned officer in either the Regular or Reserve Corps of the Service or as a civilian member of the Corps. The Secretary shall include in

such notice sufficient information regarding the advantages and disadvantages to each alternative to enable an individual to make a decision on an informed basis.

"(2) To be eligible to provide obligated service as a commissioned officer in the Service, an individual shall notify the Secretary, not later than 30 days before the date the individual is required to begin the period of such obligated service, of the individual's desire to provide such service as such an officer.

"(3) If an individual who has notified the Secretary under paragraph (2) qualifies for an appointment as such an officer, the Secretary shall promptly appoint the individual as a commissioned officer of the Regular or Reserve Corps and of the Service and shall designate the individual as a member of the Corps. If an individual who has notified the Secretary under paragraph (3) does not so qualify, the Secretary shall promptly appoint such individual in accordance with paragraph (4).

"(4) Except as provided in paragraph (3) and in section 753, the Secretary shall appoint each individual, as soon as possible after the date described in paragraph (5), to serve in the full-time clinical practice of his profession as a civilian member of the Corps.

"(5) (A) With respect to an individual receiving a degree from a school of medicine, osteopathy, or dentistry, the date referred to in paragraph (4) shall be the date upon which the individual completes the training required for such degree, except that the Secretary shall, at the request of such individual, defer such date until the end of the period of time (not to exceed three years) required for the individual to complete an internship, residency, or other advanced clinical training. No such period of internship, residency, or other advanced clinical training shall be counted toward satisfying a period of obligated service under this subpart.

"(B) With respect to an individual receiving a degree other than from a school of medicine, osteopathy, or dentistry, the date referred to in paragraph (4) shall be the date upon which the individual completes his academic training leading to such degree.

"(a) An individual shall be considered to have begun serving a period of obligated service—

"(1) on the date such individual is appointed as an officer in a Regular or Reserve Corps of the service or as a member of the Corps, or

"(2) in the case of an individual who has entered into an agreement with the Secretary under section 753, on the date specified in such agreement, whichever is earlier.

"(d) The Secretary shall assign individuals performing obligated service in accordance with a written contract under the Scholarship Program to health manpower shortage areas in accordance with subpart II of part C of title III. If the Secretary determines that there is no need in a health manpower shortage area (designated under section 332) for a member of the profession under which an individual is obligated to provide service under a written contract, the Secretary may detail such individual to serve his period of obligated service as a full-time member of such profession in such unit of the Department as the Secretary may determine.

"(e) Notwithstanding any other provision of this title, if the Secretary determines that an individual who is or has been a participant in the Program demonstrates exceptional promise for medical research, the Secretary may permit such individual to perform his service obligation under the National Research Service Award program established under section 472.

"PRIVATE PRACTICE

"SEC. 753. (a) The Secretary shall release an individual from all or part of his service obligation under section 752(a) if the individual applies for such a release under this section and enters into a written agreement with the Secretary under which the individual agrees to engage for a period equal to the remaining period of his service obligation in the full-time private clinical practice (including service as a salaried employee in an entity directly providing health services) of his health profession—

"(1) in the case of an individual who is performing obligated service as a member of the Corps in a health manpower shortage area on the date of his application for such a release, in the health manpower shortage area in which such individual is serving on such date; or

"(2) in the case of any other individual, in a health manpower shortage area (designated under section 332) which (A) has a priority for the assignment of Corps members under section 333(c), and (B) has a sufficient financial base to sustain such private practice and to provide the individual with income of not less than the income of members of the Corps.

In the case of an individual described in paragraph (1), the Secretary shall release the individual from his service obligation under this subsection only if the Secretary determines that the area in which the individual is serving meets the requirement of subparagraph (B) of paragraph (2).

"(b) The written agreement described in subsection (a) shall—

"(1) provide that during the period of private practice by an individual pursuant to the agreement—

"(A) any person who receives health services provided by the individual in connection with such practice will be charged for such services at the usual and customary rate prevailing in the area in which such services are provided, except that if such person is unable to pay such charge, such person shall be charged at a reduced rate or not charged any fee; and

"(B) the individual in providing health services in connection with such practice shall not discriminate against any person on the basis of such person's ability to pay for such services or because payment for the health services provided to such person will be made under the insurance program established under part A or B of title XVIII of the Social Security Act or under a State plan for medical assistance approved under title XIX of such Act; and

"(2) contain such additional provisions as the Secretary may require to carry out the purposes of this section.

For purposes of paragraph (1) (A), the Secretary shall by regulation prescribe the method for determining a person's ability to pay a charge for health services and the method of determining the amount (if any) to be charged such person based on such ability.

"BREACH OF SCHOLARSHIP CONTRACT

"SEC. 754. (a) An individual who has entered into a written contract with the Secretary under section 751 and who fails to accept payment, or instructs the educational institution in which he is enrolled not to accept payment, in whole or in part of a scholarship under such contract, shall, in addition to any service or other obligation or liability under the contract, be liable to the United States for the amount of \$1,500 as liquidated damages.

"(b) An individual who has entered into a written contract with the Secretary under section 751 and who—

"(1) fails to maintain an acceptable level of academic standing in the educational institution in which he is enrolled (such level determined by the educational institution under regulations of the Secretary),

"(2) is dismissed from such educational institution for disciplinary reasons; or

"(3) voluntarily terminates the training in such an educational institution for which he is provided a scholarship under such contract, before the completion of such training, in lieu of any service obligation arising under such contract shall be liable to the United States for the amount which has been paid to him, or on his behalf, under the contract.

"(c) If an individual breaches his written contract by failing (for any reason) either to begin such individual's service obligation in accordance with section 752 or 753 or to complete such service obligation, the United States shall be entitled to recover from the individual an amount determined in accordance with the formula

$$A=3\phi\left(\frac{t-s}{t}\right)$$

in which 'A' is the amount the United States is entitled to recover, 'φ' is the sum of the amount paid under this subpart to or on behalf of the individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, as determined by the Treasurer of the United States; 't' is the total number of months in the individual's period of obligated service and 's' is the number of months of such period served by him in accordance with section 752 or a written agreement under section 753. Any amount of damages which the United States is entitled to recover under this subsection shall, within the one year period beginning on the date of the breach of the written contract, be paid to the United States.

"(d) (1) Any obligation of an individual under the Scholarship Program (or a contract thereunder) for service or payment of damages shall be canceled upon the death of the individual.

"(2) The Secretary shall by regulation provide for the waiver or suspension of any obligation of service or payment by an individual under the Scholarship Program (or a contract thereunder) whenever compliance by the individual is impossible or would involve extreme hardship to the individual and if enforcement of such obligation with respect to any individual would be unconscionable.

"(3) Any obligation of an individual under the scholarship (or a contract thereunder) for payment of damages may be released by a discharge in bankruptcy under the Bankruptcy Act only if such discharge is granted after the expiration of the five-year period beginning on the first date, as specified in section 731(a)(2)(B), when payment of such damages is required.

"SPECIAL GRANTS FOR FORMER CORPS MEMBERS TO ENTER PRIVATE PRACTICE

"SEC. 755. (a) The Secretary may make one grant to an individual (other than an individual who has entered into an agreement under section 753)—

"(1) who has completed his period of obligated service in the Corps, and

"(2) who has agreed in writing—

"(A) to engage in the private full-time clinical practice of his profession in a health manpower shortage area (designated under section 332 and described in paragraphs (1) and (2) of section 753(a)) for a period (beginning not later than one year after the date he completed his period of obligated service in the Corps) of not less than one year;

"(B) to conduct such practice in accordance with the provisions of section 753(b)(1); and

"(C) to such additional conditions as the Secretary may require to carry out the purposes of this section;

to assist such individual in meeting the costs of beginning the practice of such individual's profession in accordance with such agreement, including the costs of acquiring equipment and renovating facilities for use in providing health services, and of hiring nurses and other personnel to assist in providing health services. Such grant may not be used for the purchase or construction of any building.

"(b) The amount of the grant under subsection (a) to an individual shall be—

"(1) \$12,500, if the individual agrees to practice his profession in accordance with the agreement for a period of at least one year, but less than two years; or

"(2) \$25,000 if the individual agrees to practice his profession in accordance with the agreement for a period of at least two years.

"(c) The Secretary may not make a grant under this section unless an application therefor has been submitted to, and approved by, the Secretary.

"(d) If the Secretary determines that an individual has breached a written agreement entered into under subsection (a), he shall, as soon as practicable after making such determination, notify the individual of such determination. If within 120 days after the date

of giving such notice, such individual is not practicing his profession in accordance with the agreement under such subsection and has not provided assurances satisfactory to the Secretary that he will not knowingly violate such agreement again, the United States shall be entitled to recover from such individual an amount determined under section 753(c), except that in applying the formula contained in such section, 'p' shall be the sum of the amount of the grant made under subsection (a) to such individual and the interest on such amount which would be payable if at the time it was paid it was a loan bearing interest at the maximum legal prevailing rate, 't' shall be the number of months that such individual agreed to practice his profession under such agreement, and 's' shall be the number of months that such individual practices his profession in accordance with such agreement.

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 756. (a) There are authorized to be appropriated for scholarships under this subpart \$75,000,000 for the fiscal year ending September 30, 1978; \$140,000,000 for the fiscal year ending September 30, 1979, and \$200,000,000 for the fiscal year ending September 30, 1980. For the fiscal year ending September 30, 1981, and for each subsequent fiscal year, there are authorized to be appropriated such sums as may be necessary to continue to make scholarship awards to students who have entered into written contracts under the Scholarship Program before October 1, 1980.

"(b) Of the sums appropriated under this section (1) 90 percent shall be obligated for scholarships for medical, osteopathic, and dental students, and (2) 10 percent of such 90 percent shall be obligated for scholarships for dental students."

(2) (A) Except as provided in subparagraph (B), the amendment made by paragraph (1) of this subsection shall apply with respect to scholarships awarded under the National Health Service Corps Scholarship Program from appropriations for such Program for fiscal years beginning after September 30, 1977.

(B) The provisions of section 225(f)(1) of the Public Health Service Act (as in effect on September 30, 1977) prescribing the financial obligation of a participant in the National Health Service Corps Scholarship Program who fails to complete an active duty service obligation incurred under that Program shall apply to any individual who received a scholarship under such Program for any school year ending before September 30, 1977, irrespective of whether such individual received such a scholarship after that date, unless such individual agrees to meet his active duty service obligation (or the remaining part thereof) through the private practice of his profession under an agreement entered into under section 753 of the Public Health Service Act (as added by this subsection), in which case the provisions of section 754 of such Act (as added by this subsection) shall apply to such individual if he violates such agreement.

(C) Periods of internship or residency served before September 30, 1976, in a facility of the National Health Service Corps or other facility of the Public Health Service in accordance with an agreement entered into under section 225(b) of the Public Health Service Act

(as in effect before that date) shall be creditable in satisfying a service obligation incurred under the Public Health and National Health Service Corps Scholarship Program as revised by this subsection.

(c) Effective October 1, 1977, part C of title VII (as amended by subsections (a) and (b)) is amended by adding after subpart IV the following new subpart:

"Subpart V—Other Scholarships

"SCHOLARSHIPS FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

"Sec. 758. (a) The Secretary shall make grants to a public or non-profit school of medicine, osteopathy, dentistry, optometry, pharmacy, podiatry, or veterinary medicine which is accredited as provided in section 721(b)(1)(B), for scholarships to be awarded by the school to full-time students thereof who are of exceptional financial need, and who are in their first year of study at such school in the school year ending in the fiscal year in which such grant is made.

"(b)(1) Scholarships may be awarded by a school from grant under subsection (a) only to individuals who have been accepted by it for enrollment as full-time students in their first year of study at such school.

"(2) A scholarship awarded to a student for a school year under a grant made under subsection (a) shall be the scholarship described in section 751(g).

"(3) For purposes of this section, the term 'first year of study' means, with respect to a student of a school other than a school of pharmacy, the student's first year of postbaccalaureate study at such school.

"(c) The Secretary shall distribute grants under this section among all schools of the health professions, but shall give priority in distributing such grants to schools of medicine, osteopathy, and dentistry.

"(d) For the purpose of making grants under this section, there is authorized to be appropriated \$16,000,000 for the fiscal year ending September 30, 1978, \$17,000,000 for the fiscal year ending September 30, 1979, and \$18,000,000 for the fiscal year ending September 30, 1980.

"LISTER HILL SCHOLARSHIP PROGRAM

"Sec. 759. (a) The Secretary annually shall make grants to at least 10 individuals (to be known as Lister Hill scholars) for scholarships of up to four years of medical school if such individuals agree to enter into the family practice of medicine in a health manpower shortage area in accordance with this section. Grants made under this section shall be made only from funds appropriated under subsection (b).

"(b) There are authorized to be appropriated to carry out the purposes of this section \$80,000 for the fiscal year ending September 30, 1977, \$160,000 for the fiscal year ending September 30, 1978, \$240,000 for the fiscal year ending September 30, 1979, and \$320,000 for the fiscal year ending September 30, 1980. For the fiscal year ending September 30, 1981 and for each succeeding fiscal year, there are authorized to be appropriated such sums as may be necessary to continue to make such grants to students who (prior to October 1, 1980) have received such a grant under this section during such succeeding fiscal year."

SCHOLARSHIPS

SEC. 409. (a) Effective October 1, 1976, subparts I, II, and III of part F of title VII are repealed.

(b) The Secretary of Health, Education, and Welfare during the period beginning October 1, 1976, and ending September 30, 1979, may (1) make grants under section 780 of the Public Health Service Act (as in effect before the date of the enactment of this Act) to public and nonprofit private schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, and pharmacy to enable such schools to continue making payments under scholarship awards to individuals enrolled and in good standing as full-time students who initially received such awards out of grants made to the schools under such section 780 for fiscal years ending before October 1, 1976, and (2) make scholarship grants under section 784 of such Act (as in effect before the date of the enactment of this Act) to individuals enrolled and in good standing as medical students who initially received such grants before October 1, 1976.

TITLE V—GRANTS FOR HEALTH PROFESSIONS SCHOOLS

GRANT AMOUNTS; AUTHORIZATIONS

SEC. 501. (a) Section 770(a) is amended to read as follows:

"(a) GRANT COMPUTATION.—The Secretary shall make annual grants to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, and podiatry for the support of the education programs of such schools. The amount of the annual grant to each such school with an approved application shall be computed for each fiscal year as follows:

"(1) Each school of medicine, osteopathy, and dentistry shall receive—

"(A) for the fiscal year ending September 30, 1978, \$2,000 for each full-time student enrolled in such school in the school year beginning in such fiscal year,

"(B) for the fiscal year ending September 30, 1979, \$2,050 for each full-time student enrolled in such school in the school year beginning in such fiscal year, and

"(C) for the fiscal year ending September 30, 1980, \$2,100 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

"(2) (A) Each school of public health shall receive for the fiscal year ending September 30, 1978, and for each of the next two fiscal years an amount equal to the product of—

"(i) \$1,400, and

"(ii) the sum of (I) the number of full-time students enrolled in such school in the school year beginning in such fiscal year, and (II) the number of full-time equivalents of part-time students, determined pursuant to subparagraph (B), for such school for such school year.

"(B) For purposes of subparagraph (A) the number of full-time equivalents of part-time students for a school of public health for any school year is a number equal to—

"(i) the total number of credit hours of instruction in such year for which part-time students of such school, who are pursuing a course of study leading to a graduate degree in public health or an equivalent degree, have enrolled, divided by

"(ii) the greater of (I) the number of credit hours of instruction which a full-time student of such school was required to take in such year, or (II) 9, rounded to the next highest whole number.

"(3) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of veterinary medicine shall receive \$1,450 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

"(4) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of optometry shall receive \$765 for each full-time student enrolled in such school in the school year beginning in such fiscal year.

"(5) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of pharmacy (other than a school of pharmacy with a course of study of more than four years) shall receive \$695 for each full-time student enrolled in such school in the school year beginning in such fiscal year. Each school of pharmacy with a course of study of more than four years shall receive \$695 for each full-time student enrolled in the last four years of such school. For purposes of section 771, a student enrolled in the first year of the last four years of such school shall be considered a first-year student.

"(6) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, each school of podiatry shall receive \$965 for each full-time student enrolled in such school in the school year beginning in such fiscal year."

(b) Subsection (b) of section 770 is amended to read as follows:

"(b) APPORTIONMENT OF APPROPRIATIONS.—Notwithstanding subsection (a), if the aggregate of the amounts of the grants to be made in accordance with such subsection for any fiscal year to schools of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry with approved applications exceeds the total of the amounts appropriated under subsection (f) for such grants, the amount of a school's grant with respect to which such excess exists shall for such fiscal year be an amount which bears the same ratio to the amount determined for the school under such subsection as the total of the amounts appropriated for that year under subsection (f) for grants to schools of the same category as such school bears to the amount required to make grants in accordance with such subsection to each of the schools of that category with approved applications."

(c)(1) Subsections (c), (d), (e), (f), and (g) of section 770 are repealed.

(2) Subsection (h) of section 770 is (A) redesignated as subsection (c), and (B) is amended to read as follows:

"(c) ENROLLMENT DETERMINATIONS.—

"(1) For purposes of this section, regulations of the Secretary shall include provisions relating to the determination of the number of students enrolled in a school or in a particular year-class in

a school on the basis of estimates, on the basis of the number of students who in an earlier year were enrolled in a school or in a particular year-class, or on such other basis as he deems appropriate for making such determination, and shall include methods of making such determination when a school or a year-class was not in existence in an earlier year at a school.

"(2) For purposes of this section, the term 'full-time students' (whether such term is used by itself or in connection with a particular year-class) means students pursuing a full-time course of study leading to a degree of doctor of medicine, doctor of dentistry or an equivalent degree, doctor of osteopathy, bachelor or master of science in pharmacy or an equivalent degree, doctor of optometry or an equivalent degree, doctor of veterinary medicine or an equivalent degree, or doctor of podiatry or an equivalent degree or to a graduate degree in public health or equivalent degree. In the case of a training program of a school designed to permit the students enrolled in such program to complete, within six years after completing secondary school, the requirements for degree of doctor of medicine, doctor of dentistry or an equivalent degree, or doctor of osteopathy, the term 'full-time students' shall only include students enrolled on a full-time basis in the last four years of such program and for purposes of section 771, students enrolled in the first of the last four years of such program shall be considered as first-year students."

(3) Subsection (i) of section 770 is amended (A) by inserting "public health" after "dentistry", (B) by striking out "and (b)", and (C) redesignated as subsection (d).

(4) Subsection (j) of section 770 is redesignated as subsection (e) and is amended to read as follows:

"(e) AUTHORIZATIONS OF APPROPRIATIONS.—

"(1) There are authorized to be appropriated \$124,182,000 for the fiscal year ending September 30, 1978, \$131,683,800 for the fiscal year ending September 30, 1979, and \$139,400,100 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of medicine.

"(2) There are authorized to be appropriated \$8,680,000 for the fiscal year ending September 30, 1978, \$9,337,750 for the fiscal year ending September 30, 1979, and \$10,159,800 for the fiscal year ending September 30, 1980, for payments under grants under this section for schools of osteopathy.

"(3) There are authorized to be appropriated \$45,798,000 for the fiscal year ending September 30, 1978, \$45,409,550 for the fiscal year ending September 30, 1979, and \$46,909,800 for the fiscal year ending September 30, 1980, for payments under grants under this section for schools of dentistry.

"(4) There are authorized to be appropriated \$7,166,600 for the fiscal year ending September 30, 1978, \$7,296,800 for the fiscal year ending September 30, 1979, and \$7,411,600 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of public health.

"(5) There are authorized to be appropriated \$10,219,600 for the fiscal year ending September 30, 1978, \$10,548,750 for the fiscal year ending September 30, 1979, and \$10,705,350 for the fiscal

year ending September 30, 1980, for payments under grants under this section to schools of veterinary medicine.

"(6) There are authorized to be appropriated \$3,204,585 for the fiscal year ending September 30, 1978, \$3,272,670 for the fiscal year ending September 30, 1979, and \$3,366,000 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of optometry.

"(7) There are authorized to be appropriated \$16,989,970 for the fiscal year ending September 30, 1978, \$17,110,205 for the fiscal year ending September 30, 1979, and \$17,368,050 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of pharmacy.

"(8) There are authorized to be appropriated \$2,267,750 for the fiscal year ending September 30, 1978, \$2,270,645 for the fiscal year ending September 30, 1979, and \$2,285,120 for the fiscal year ending September 30, 1980, for payments under grants under this section to schools of podiatry."

(d) For the fiscal year ending September 30, 1978, and for each of the next two fiscal years, there are authorized to be appropriated such sums as may be necessary to continue to make annual grants to schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, and podiatry under section 770(a) of the Public Health Service Act (as in effect on September 30, 1977) based on the number of enrollment bonus students (determined in accordance with subsections (d) and (c) of section 770 of such Act (as so in effect)) enrolled in such schools who were first-year students in such schools for school years ending before September 30, 1977, except that the amount of any grant made to such a school from sums appropriated under this subsection may not exceed the amount of the grant the school received in the fiscal year ending September 30, 1977, based on the number of such students enrolled in it.

(e) Effective October 1, 1977, the heading for part E of title VII is amended to read as follows:

"PART E.—GRANTS TO IMPROVE THE QUALITY OF SCHOOLS OF MEDICINE, OSTEOPATHY, DENTISTRY, PUBLIC HEALTH, VETERINARY MEDICINE, OPTOMETRY, PHARMACY, AND PODIATRY".

(f) The amendments made by subsections (a), (b), and (c) shall apply with respect to appropriations under section 770 of the Public Health Service Act, and grants under that section, for fiscal years beginning after September 30, 1977.

GRANT REQUIREMENTS

SEC. 502. Effective with respect to fiscal years beginning after September 30, 1977, part E of title VII is amended (1) by striking out sections 771, 772, 773, 774, and 776, and (2) by adding after section 770 the following new section:

"ELIGIBILITY FOR CAPITATION GRANTS

"SEC. 771. (a) IN GENERAL.—The Secretary shall not make a grant under section 770 to any school in a fiscal year beginning after Septem-

ber 30, 1977, unless the application for the grant contains, or is supported by, assurances satisfactory to the Secretary that—

"(1) the first-year enrollment of full-time students in the school in the school year beginning in the fiscal year in which the grant applied for is to be made will not be less than the first-year enrollment of such students in the school in the preceding school year; and

"(2) the applicant will expend in carrying out its functions as a school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry, as the case may be, during the fiscal year for which such grant is sought, an amount of funds (other than funds for construction as determined by the Secretary) from non-Federal sources which is at least as great as the amount of funds expended by such applicant for such purpose (excluding expenditures of a nonrecurring nature) in the fiscal year preceding the fiscal year for which such grant is sought.

"(b) (1) MEDICAL SCHOOLS.—To be eligible for a grant under section 770 each school of medicine shall, in addition to the requirements of subsection (a), meet the applicable requirements of paragraphs (2) and (3).

"(2) (A) (i) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1977, in direct or affiliated medical residency training programs in primary care is at least 35 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1978, a school of medicine shall have on July 15, 1978, at least 35 percent of its filled first year positions, as determined under subparagraph (B), and (b), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

"(ii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15, 1978, in direct or affiliated medical residency training programs in primary care is at least 40 percent of the number of filled first year positions on that date in all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending September 30, 1979, a school of medicine shall have on July 15, 1979, at least 40 percent of its filled first year positions, as determined under subparagraph (B), and (b), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

"(iii) Unless, as determined under subparagraph (B), the number of filled first year positions on July 15 of any year (beginning with 1979) in direct or affiliated medical residency training programs in primary care is at least 50 percent of the number of filled first year positions on that date all direct or affiliated medical residency training programs, to be eligible for a grant under section 770 for the fiscal year ending on September 30 of the following year, a school of medicine shall have on July 15 of such following year at least 50 percent of its filled first year positions, as determined under subparagraphs (C) and (D), in its direct or affiliated medical residency training programs in first year positions in such programs in primary care.

“(B) The Secretary shall determine what percent of all the positions filled, as of July 15, 1977, and July 15 of each subsequent year, in all direct or affiliated medical residency training programs are filled positions in such programs in primary care. In determining the number of such positions on July 15, 1978, or on July 15 of a subsequent year, the Secretary shall deduct from such number a number equal to the number of individuals who were in a first year position in any direct or affiliated medical residency training program in primary care as of July 15 of the previous year and who on the date for which the determination is to be made were not in any direct or affiliated medical residency training program in primary care. Each determination under this subparagraph shall, not later than 45 days after the date for which the determination is made, be published in the Federal Register and reported in writing to each school of medicine in the States and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

“(C) In determining if a school of medicine meets an applicable requirement of clause (i), (ii), or (iii) of subparagraph (A) for a fiscal year, the number of filled first year positions in direct or affiliated medical residency training programs of such school in primary care on July 15 in such fiscal year shall be reduced by the number of individuals who were in a first year position in a direct or affiliated medical residency training program of such school in primary care on July 15 in the previous fiscal year and who on July 15 in the fiscal year to which the requirement applies are not in a direct or affiliated medical residency training program of such school in primary care. Each determination, with respect to a school, under this subparagraph shall, not later than 45 days after the date on which the determination is made, be reported in writing to such school and to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate.

“(D) The percent of filled first year positions which a school is required to have on a date under subparagraph (A), in order to be eligible for a grant under section 770, shall be waived by the Secretary if he determines (i) that such school has made a good faith effort to comply with such percent requirement, and (ii) the school has at least 98 percent of such percent of its positions filled on such date.

“(E) The Secretary shall not make any grant under section 770 to a school of medicine for any fiscal year if the Secretary, after providing notice and opportunity for a hearing, determines that in the preceding fiscal year such school—

“(i) terminated or failed to renew an affiliation with a medical residency training program for the purpose of meeting the requirements of this paragraph, and

“(ii) after such a termination or failure to renew, provided support for such medical residency training program (including any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program).

“(F) For purposes of this paragraph:

“(i) The term ‘direct or affiliated medical residency training program’ means a medical residency training program with which a school of medicine is affiliated or has a similar arrangement (including any arrangement which provides for any interchange of medical residents, students, or faculty between the school and such program, the offering of any faculty position at such school to any individual on the staff of such entity who has any responsibility for such program, or the provision or receipt by such school of any funds for such program), as determined under regulations of the Secretary, or which is primarily conducted in facilities owned by a school of medicine.

“(ii) The term ‘primary care’ means general internal medicine, family medicine, or general pediatrics.

“(3) (A) To be eligible for a grant under section 770 a school of medicine shall, in its application for such grant, give assurances satisfactory to the Secretary that, except as provided in subparagraph (C), the school will reserve positions in the school year beginning immediately before the fiscal year for which such grant is applied for for students described in subparagraph (B).

“(B) No later than August 15, 1977, and August 15 of each of the next two years, the Secretary shall identify the citizens of the United States who, before September 15, 1976, were enrolled in a school of medicine not in a State and who by the date of the identification is made under this subparagraph—

“(i) successfully completed at least two years in such school of medicine, and

“(ii) successfully completed part I of the National Board of Medical Examiners’ examination (or any successor to such examination).

The Secretary shall equitably apportion a number of positions adequate to fill the needs of students described in subparagraph (B) among the schools of medicine in the States.

“(C) A school of medicine shall not be required to enroll a student described in subparagraph (B) if—

“(i) the individual does not meet, as determined under guidelines established by the Secretary by regulation, the entrance requirements of the school (other than requirements related to academic qualifications or to place of residence), or

“(ii) enrollment of such individual will, as determined by the Secretary after consultation with the appropriate accreditation body, result in the school’s not meeting the accreditation standards of such body.

“(D) The Secretary may waive the requirements of this paragraph upon a finding that, because of the inadequate size of the population served by the hospital or clinical facility in which such school conducts its clinical training, compliance by such school with such assurances will prevent such school from providing high quality clinical training for the students added by the application of this paragraph to such school.

“(c) SCHOOLS OF OSTEOPATHY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of osteopathy shall, in addition to the requirements of subsection

(a), submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made and either in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of osteopathy which has joined with the applicant in the submission of the plan) areas in which medically underserved population reside.

"(2) More than one applicant may join in the submission of a plan described in paragraph (1). No plan may be approved by the Secretary unless—

"(A) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received, in an area geographically remote from the main site of the training facilities of such school, at least 6 weeks (at last 3 of which shall be consecutive of clinical training or in areas in which medically underserved populations reside;

"(B) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provision for periodic review by experts in osteopathic education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

"(C) the plan contains a specific program for the appointing, as members of the faculty of the school or schools submitting the plan, of practicing physicians to serve as instructors in the training program in such areas; and

"(D) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

"(d) SCHOOLS OF DENTISTRY.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of dentistry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and of subparagraphs (A) or (B) of paragraph (3).

"(2) In the school year beginning in the fiscal year ending September 30, 1978, and in each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, at least 70 percent of a school of dentistry's filled positions in dental specialty programs which are in excess of the number of filled positions in its programs in the school year beginning in the fiscal year ending September 30, 1977, shall be positions in dental specialty programs in general dentistry or pedodontics.

"(3) A school of dentistry shall maintain an enrollment of full-time first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time first-year students enrolled in

such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 10 percent of such number if such number was not more than 100, or

"(B) by 5 percent of such number, or 10 students, whichever is greater, if such number was more than 100.

"(4) (A) A school of dentistry shall submit to the Secretary and have approved by him before the grant applied for is made, a plan to train full-time students in ambulatory care settings in the school year beginning in the fiscal year for which the grant is made and in each school year thereafter beginning in a fiscal year for which such a grant is made and in areas geographically remote from the main site of the teaching facilities of the applicant (or any other school of dentistry which has joined with the applicant in the submission of the plan) or in areas in which medically underserved populations reside.

"(B) More than one applicant may join in the submission of a plan described in subparagraph (A). No plan may be approved by the Secretary unless—

"(i) the application for a grant under section 770 of each school which has joined in the submission of the plan contains or is supported by assurances satisfactory to the Secretary that all of the full-time students who will graduate from such school will upon graduation have received, in an area geographically remote from the main site of the training facilities of such school, at least 6 weeks (in the aggregate) of clinical training;

"(ii) the plan contains a list of the areas where the training under such plan is to be conducted, a detailed description of the type and amount of training to be given in such areas, and provision for periodic review by experts in dental education of the desirability of providing training in such areas and of the quality of training rendered in such areas;

"(iii) the plan contains a specific program for the hiring, as members of the faculty of the school or schools submitting the plan, of practicing dentists to serve as instructors in the training program in such areas; and

"(iv) the plan contains a plan for frequent counseling and consultation between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

"(e) SCHOOLS OF PUBLIC HEALTH.—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of public health shall, in addition to the requirements of subsection (a), maintain an enrollment of full-time, first-lear students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 5 percent of such number if such number was not more than 100, or

"(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

"(2) The Secretary may waive (in whole or in part) application

to a school of public health the requirement of paragraph (1) if the Secretary determines, after receiving the written recommendation of the appropriate accreditation body or bodies (as defined in section 721 (b) (1)) that compliance by such school with such requirement will prevent it from maintaining its accreditation.

"(f) **SCHOOLS OF VETERINARY MEDICINE.**—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of veterinary medicine shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) and paragraph (3) or (4).

"(2) An application of a school of veterinary medicine for a grant under section 770 shall contain or be supported by assurances satisfactory to the Secretary that the clinical training of the school shall emphasize predominantly care to food-producing animals or to fibre-producing animals, or to both types of animals.

"(3) A school of veterinary medicine shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 5 percent of such number if such number was not more than 100, or

"(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

"(4) An application of a school of veterinary medicine shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 30 percent of the enrollment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of veterinary medicine.

"(g) **SCHOOLS OF OPTOMETRY.**—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of optometry shall, in addition to the requirements of subsection (a), meet the requirement of paragraph (2) or (3).

"(2) A school of optometry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 5 percent of such number if such number was not more than 100, or

"(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

"(3) An application of a school of optometry shall contain or be supported by assurances satisfactory to the Secretary that for the school year ending in the fiscal year for which a grant is made under section 770 at least 25 percent (or 50 percent if the applicant is a nonprofit private school of optometry) of the first year enrollment

of full-time students in such school will be comprised of students who are residents of States in which there are no accredited schools of optometry.

"(h) **SCHOOLS OF PODIATRY.**—(1) To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of podiatry shall, in addition to the requirements of subsection (a), meet the requirements of paragraph (2) or (3).

"(2) A school of podiatry shall maintain an enrollment of full-time, first-year students, for the school year beginning in the fiscal year ending September 30, 1978, and for each school year thereafter beginning in a fiscal year for which a grant under section 770 is applied for, which exceeds the number of full-time, first-year students enrolled in such school in the school year beginning in the fiscal year ending September 30, 1976—

"(A) by 5 percent of such number if such number was not more than 100, or

"(B) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100.

"(3) An application of a school of podiatry shall contain or be supported by assurances satisfactory to the Secretary that for the school year beginning in the fiscal year for which a grant is made under section 770 at least 40 percent of the enrollment of full-time, first-year students in such school will be comprised of students who are residents of States in which there are no accredited schools of podiatry.

"(i) **SCHOOLS OF PHARMACY.**—To be eligible for a grant under section 770 for a fiscal year beginning after September 30, 1977, a school of pharmacy's application for such a grant shall, in addition to the assurances required by subsection (a), contain or be supported by assurances that each student who is enrolled in the school will before graduation undergo a training program in clinical pharmacy, which shall include (1) an inpatient and outpatient clerkship experience in a hospital, extended care facility, or other clinical setting; (2) interaction with physicians and other health professionals; (3) training in the counseling of patients with regard to the appropriate use and reactions to drugs; and (4) training in drug information retrieval and analysis in the context of actual patient problems."

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 503. (a) Section 775 is redesignated section 772 and is amended—

(1) by striking out "section 770, 771, 772, or 773" each place it occurs and inserting in lieu thereof "section 770",

(2) by inserting "public health" after "dentistry" in subsection (b),

(3) by striking out "this part" in subsection (c) and inserting in lieu thereof "section 770",

(4) by striking out "section 770, 771, or 773" in subsection (d) (1) and inserting in lieu thereof "section 771", and

(5) by amending subsection (d) (3) to read as follows:

"(3) provides for such fiscal control and accounting procedures and reports, including the use of such standard proce-

dures for the recording and reporting of financial information, as the Secretary may prescribe, and access to the records of the applicant, as the Secretary may require to enable him to determine the costs to the applicant of its program for the education or training of students."

(b) Sections 312 and 313 are repealed.

(c) The amendments made by this section shall take effect October 1, 1977.

TITLE VI—FOREIGN MEDICAL GRADUATES

LIMITATION ON IMMIGRATION OF FOREIGN MEDICAL GRADUATES

SEC. 601. (a) Section 212(a) of the Immigration and Nationality Act (8 U.S.C. 1182(a)) is amended by (1) striking out the period at the end thereof and inserting a semicolon in lieu thereof, and (2) by adding at the end thereof the following new paragraph:

(3) Aliens who are graduates of a medical school and are coming to the United States principally to perform services as members of the medical profession, except such aliens who have passed parts I and II of the National Board of Medical Examiners Examination (or equivalent examination as determined by the Secretary of Health, Education, and Welfare) and who are competent in oral and written English. The exclusion of aliens under this paragraph shall apply to special immigrants defined in section 101(a)(27)(A) (other than the parents, spouses, or children of United States citizens or of aliens lawfully admitted for permanent residence), to nonpreference immigrant aliens described in section 203(a)(8), and to preference immigrant aliens described in section 203(a)(3) and (6)."

(b) Section 101(a)(15) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(15)) is amended as follows:

(1) Subparagraph (H)(i) is amended by inserting before the semicolon "and who, in the case of a graduate of a medical school coming to the United States to perform services as a member of the medical profession, is coming pursuant to an invitation from a public or nonprofit private educational or research institution or agency in the United States to teach or conduct research, or both, at or for such institution or agency".

(2) Subparagraph (H)(ii) is amended by inserting before the semicolon "but this clause shall not apply to graduates of medical schools coming to the United States to perform services as members of the medical profession".

(3) Subparagraph (H)(iii) is amended by inserting before the semicolon "other than to receive graduate medical education or training".

(4) Subparagraph (J) is amended by inserting "and who, if he is coming to the United States to participate in a program under which he will receive graduate medical education or training, also meets the requirements of section 212(j)" before "and the alien spouse".

(c) Section 212(e) of such Act (8 U.S.C. 1182(e)) is amended—

(1) by striking out "whose (i)" and inserting in lieu thereof "(i) whose";

(2) by striking out "or" immediately before "(ii)";

(3) by inserting immediately before "shall be eligible" in the first sentence the following: "or (iii) who came to the United States or acquired such status in order to receive graduate medical education or training"; and

(4) by inserting "except in the case of an alien described in clause (iii)," immediately after "provided further, That".

(d) Section 212 of such Act (8 U.S.C. 1182) is amended by inserting at the end thereof the following new subsection:

"(j) (1) The additional requirements referred to in section 101(a)(15)(J) for an alien who is coming to the United States under a program under which he will receive graduate medical education or training are:

"(A) A school of medicine or of one of the other health professions, which is accredited by a body or bodies approved for the purpose by the Commissioner of Education, has agreed in writing to provide the graduate medical education or training under the program for which the alien is coming to the United States or to assume responsibility for arranging for the provision thereof by an appropriate public or nonprofit private institution or agency, except that, in the case of such an agreement by a school of medicine, any one or more of its affiliated hospitals which are to participate in the provision of the graduate medical education or training must join in the agreement;

"(B) Before making such agreement, the accredited school has been satisfied that the alien has passed parts I and II of the National Board of Medical Examiners Examination (or equivalent examination as determined by the Secretary of Health, Education, and Welfare), has competency in oral and written English, will be able to adapt to the educational and cultural environment in which he will be receiving his education or training, and has adequate prior education and training to participate satisfactorily in the program for which he is coming to the United States;

"(C) The alien has made a commitment to return to the country of his nationality or last residence upon completion of his education or training for which he is coming to the United States (including any extension of the duration thereof under subparagraph (D)), and the government of the country of his nationality or last residence has provided a written assurance, satisfactory to the Secretary of Health, Education, and Welfare, that upon such completion and return he will be appointed to a position in which he will fully utilize the skills acquired in such education or training in the government of that country or in an educational or other appropriate institution or agency in that country; and

"(D) The duration of the alien's participation in the program for which he is coming to the United States is limited to not more than 2 years, except that such duration may be extended for one year at the request of the government of his nationality or last residence, if (i) such government provides a written assurance, satisfactory to the Secretary of Health, Education, and Welfare, that the alien will, at the end of such extension, be appointed to a position in which he will fully utilize the skills acquired in such

education or training in the government of that country or in an educational or other appropriate institution or agency in that country, and (ii) the accredited school providing or arranging for the provision of his education or training agrees in writing to such extension, and (iii) such extension is for the purpose of continuing the alien's education or training under the program for which he came to the United States.

"(2) (A) Except as provided in subparagraph (B), the requirements of subparagraphs (A) through (D) of paragraph (1) shall not apply between the effective date of this subsection and December 31, 1980, to any alien who seeks to come to the United States to participate in an accredited program of graduate medical education or training if there would be a substantial disruption in the health services provided in such program because such alien was not permitted, because of his failure to meet such requirements, to enter the United States to participate in such program.

"(B) In the administration of this subsection, the Attorney General shall take such action as may be necessary to ensure that the total number of aliens participating (at any time) in programs described in subparagraph (A) does not, because of the exemption provided by such subparagraph, exceed the total number of aliens participating in such programs on the effective date of this subsection."

(C) Section 101(a) of the Immigration and Nationality Act (8 U.S.C. 1101(a)) is amended by adding the following at the end thereof:

"(41) The term 'graduates of medical school' means aliens who have graduated from a medical school or who have qualified to practice medicine in a foreign state."

(f) The amendments made by this section shall take effect ninety days after the date of enactment of this section.

TITLE VII—PUBLIC AND ALLIED HEALTH PERSONNEL

PUBLIC AND ALLIED HEALTH PERSONNEL

SEC. 701. (a) Effective October 1, 1977, part G of title VII is amended to read as follows:

"PART G—PROGRAMS FOR PERSONNEL IN HEALTH ADMINISTRATION AND IN ALLIED HEALTH

"SUBPART I—PUBLIC HEALTH PERSONNEL

"GRANTS FOR GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

"SEC. 791. (a) From funds appropriated under subsection (d), the Secretary shall make annual grants to public or nonprofit private educational entities (including schools of social work and excluding accredited schools of public health) to support the graduate educational programs of such entities in health administration, hospital administration, and health planning.

"(b) The amount of the grant for any fiscal year under subsection (a) to an educational entity with an application approved under subsection (c) shall be equal to the amount appropriated under subsection

(d) for such fiscal year divided by the number of educational entities which have applications for grants for such fiscal year approved under subsection (c).

"(c) (1) No grant may be made under subsection (a) unless an application therefor has been submitted to the Secretary before such time as he shall by regulation prescribe and has been approved by the Secretary. Such application shall be in such form, and submitted in such manner, as the Secretary shall by regulation prescribe.

"(2) The Secretary may not approve an application submitted under paragraph (1) unless—

"(A) such application—

"(i) contains assurances satisfactory to the Secretary that in the school year (as defined in regulations of the Secretary) ending in the fiscal year for which the applicant receives a grant under subsection (a) that—

"(I) at least 25 individuals will complete the graduate educational programs of the entity for which such application is submitted; and

"(II) such entity shall expend or obligate at least \$100,000 in funds from non-Federal sources to conduct such programs;

"(ii) contains assurances satisfactory to the Secretary that such entity shall maintain a first-year enrollment of full-time students in the programs, for the school year ending in the fiscal year ending September 30, 1978, and for each school year thereafter ending in a fiscal year for which a grant under this section is applied for, which exceeds the number of full-time, first year students enrolled in such programs in the school year ending in the fiscal year ending September 30, 1976—

"(I) by 5 percent of such number if such number was not more than 100, or

"(II) by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100; and

"(iii) contains such other information as the Secretary may by regulation prescribe; and

"(B) the program for which such application was submitted has been accredited for the training of individuals for health administration, hospital administration, or health planning by a recognized body or bodies approved for such purpose by the Commissioner of Education and meet such other quality standards as the Secretary shall by regulation prescribe.

"(3) The Secretary may waive (in whole or in part) the requirements of paragraph (2) with respect to any school upon written notification by the appropriate accreditation body or bodies that compliance with the assurances required by such paragraph will prevent such school from meeting the accreditation standards of such body or bodies.

The Secretary may not approve or disapprove such an application except after consultation with the National Advisory Council on Health Professions Education.

"(d) There are authorized to be appropriated for payments under grants under this section \$3,250,000 for the fiscal year ending September 30, 1978, \$3,500,000 for the fiscal year ending September 30, 1979, and \$3,750,000 for the fiscal year ending September 30, 1980.

"SPECIAL PROJECTS FOR ACCREDITED SCHOOLS OF PUBLIC HEALTH AND GRADUATE PROGRAMS IN HEALTH ADMINISTRATION

"Sec. 792. (a) The Secretary may make grants to assist accredited schools of public health in meeting the costs of special projects to develop new programs or to expand existing programs in—

"(1) biostatistics or epidemiology,

"(2) health administration, health planning or health policy analysis and planning,

"(3) environmental or occupational health, or

"(4) dietetics and nutrition.

"(b) (1) The Secretary may make grants to assist those public or non-profit educational entities (including graduate schools of social work) which have accredited programs in accordance with paragraph (2) in meeting the costs of special projects to develop new programs or to expand existing programs in—

"(A) biostatistics or epidemiology,

"(B) health administration, health planning or health policy analysis and planning,

"(C) environmental or occupational health, or

"(D) dietetics and nutrition.

"(2) For purposes of this section, an accredited program is a graduate program accredited for the training of individuals in health administration, health planning, or health policy analysis and planning by a recognized body or bodies approved by the Commissioner of Education and meets such other quality standards as the Secretary may by regulation prescribe.

"(c) There are authorized for the purpose of making payments pursuant to grants under this section \$5,000,000 for the fiscal year ending September 30, 1978; \$5,500,000 for the fiscal year ending September 30, 1979; and \$6,000,000 for the fiscal year ending September 30, 1980.

"STATISTICS AND ANNUAL REPORT

"Sec. 793. (a) The Secretary shall, in coordination with the National Center for Health Statistics (established under section 306), continuously develop, publish, and disseminate on a nationwide basis statistics and other information respecting public and community health personnel, including—

"(1) detailed descriptions of the various types of activities in which public and community health personnel are engaged,

"(2) the current and anticipated needs for the various types of public and community health personnel, and

"(3) the number, employment, geographic locations, salaries, and surpluses and shortages of public and community health personnel, the educational and licensure requirements for the various types of such personnel, and the cost of training such personnel.

"(b) (1) The Secretary and each program entity shall in securing and maintaining any record of individually identifiable personal data

(hereinafter in this subsection referred to as 'personal data') for purposes of this section—

"(A) inform any individual who is asked to supply personal data whether he is legally required, or may refuse, to supply such data and inform him of any specific consequences, known to the Secretary or program entity as the case may be, of providing or not providing such data;

"(B) upon request, inform any individual if he is the subject of personal data secured or maintained by the Secretary or program entity as the case may be and make the data available to him in a form comprehensible to him;

"(C) assure that no use is made of personal data which is not within the purposes of this section unless an informed consent has been obtained from the individual who is the subject of such data; and

"(D) upon request, inform any individual of the use being made of personal data respecting such individual and of the identity of the individuals and entities which will use the data and their relationship to the program under this section.

"(2) Any entity which maintains a record of personal data and which receives a request from the Secretary or a program entity to use such data for purposes of this section shall not transfer any such data to the Secretary or to a program entity unless the individual whose personal data is to be so transferred gives an informed consent for such transfer.

"(3) (A) Notwithstanding any other provision of law, personal data collected by the Secretary or any program entity for purposes of this section may not be made available or disclosed by the Secretary or any program entity to any person other than the individual who is the subject of such data unless (i) such person requires such data for purposes of this section, or (ii) in response to a demand for such data made by means of compulsory legal process. Any individual who is the subject of personal data made available or disclosed under clause (ii) shall be notified of the demand for such data.

"(B) Subject to all applicable laws regarding confidentiality, only the data collected by the Secretary under this section which is not personal data shall be made available to bona fide researchers and policy analysts (including the Congress) for the purposes of assisting in the conduct of studies respecting health professions personnel.

"(4) For purposes of this subsection, the term 'program entity' means any public or private entity which collects, compiles, or analyzes health professions data under an arrangement with the Secretary for purposes of this section.

"(c) The Secretary shall submit annually to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate a report on—

"(1) the statistics and other information developed pursuant to subsection (a), and

"(2) the activities conducted under this subpart, including an evaluation of such activities.

Such report shall contain such recommendations for legislation as the Secretary determines is needed to improve the programs authorized under this subpart. The Office of Management and Budget may review

such report before its submission to Congress, but the Office may not revise the report or delay its submission beyond the date prescribed for its submission and may submit to Congress its comments respecting such report. The first report under this subsection shall be submitted not later than December 1, 1978.

"(d) For purposes of this section, the term 'public and community health personnel' means individuals who are engaged in—

"(1) the planning, development, monitoring, or management of health care or health care institutions, organizations, or systems,

"(2) research on health care development and the collection and analysis of health statistics, data on the health of population groups, and any other health data,

"(3) the development and improvement of individual and community knowledge of health (including environmental health and preventive medicine) and the health care system, or

"(4) the planning and development of a healthful environment and control of environmental health hazards.

"SUBPART II—ALLIED HEALTH PERSONNEL

"DEFINITIONS

"SEC. 795. For purposes of this subpart:

"(1) the term 'allied health personnel' means individuals with training and responsibilities for (A) supporting, complementing, or supplementing the professional functions of physicians, dentists, and other health professionals in the delivery of health care to patients, or (B) assisting environmental engineers and other personnel in environmental health control and preventive medicine activities.

"(2) The term 'training center for allied health professions' means a junior college, college, or university—

"(A) which provides, or can provide, programs of education leading to a baccalaureate or associate degree or to the equivalent of either or to a higher degree in the medical technology, optometric technology, dental hygiene, or any of such other of the allied health professions curriculums as are specified by regulations, or which, if in a junior college provides a program (i) leading to an associate or an equivalent degree, (ii) of education in optometric technology, dental hygiene, or curriculums as are specified by regulation, and (iii) acceptable for full credit toward a baccalaureate or equivalent degree in the allied health professions or designed to prepare the student to work as a technician in a health occupation specified by regulations of the Secretary,

"(B) which provides training for not less than a total of twenty persons in such curriculums,

"(C) which, if in a college or university which does not include a teaching hospital or in a junior college, is affiliated (to the extent and in the manner determined in accordance with regulations) with such a hospital, and

"(D) which is (or is in a college or university, which is) accredited by a recognized body or bodies approved for such

purpose by the Commissioner of Education, or which is in a junior college which is accredited by the regional accrediting agency for the region in which it is located or there is satisfactory assurance afforded by such accrediting agency to the Secretary that reasonable progress is being made toward accreditation by such junior college,

except that an applicant for a grant under this subpart which does not at the time of application meet the requirement of clause (B) shall be deemed to meet such requirement if the Secretary finds there is reasonable assurance that the unit will meet the requirement of clause (B) prior to the beginning of the academic year following the normal graduation date of the first entering class in such unit.

"(3) The term 'nonprofit' as applied to any training center for allied health professions means such a training center which is an entity, or is owned and operated by an entity, no part of the net earnings of which inures or may lawfully inure, to the benefit of any private shareholder or individual; and as applied to any entity means an entity no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual.

"PROJECT GRANTS AND CONTRACTS

"SEC. 796. (a) The Secretary shall make grants and enter into contracts with eligible entities to assist them in meeting the costs of planning, developing, demonstrating, operating, and evaluating projects relating to:

"(1) Establishment of regional or State systems for the coordination and management of education and training at various levels for allied health personnel and nurses within and among educational institutions and their clinical affiliates for the purpose of assuring that allied health and nurse manpower needs of such region or State are substantially met.

"(2) Establishment of new roles and functions for allied health personnel and methods for increasing the efficiency of health manpower through more effective utilization of allied health personnel in various practice settings.

"(3) Establishment of new or improved methods of credentialing allied health personnel, including techniques for appropriate recognition (through equivalency and proficiency testing or otherwise) of previously acquired training or experience, developed in coordination with the Secretary's program under section 1123 of the Social Security Act.

"(4) Establishment of methods of recruitment, training, and retraining of allied health personnel.

"(5) Establishment of meaningful career ladders and programs of advancement for practicing allied health personnel.

"(6) Establishment of continuing education programs for practicing allied health personnel.

"(b) (1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) The amount of any grant under subsection (a) shall be determined by the Secretary.

"(c) (1) For purposes of subsection (a), the term 'eligible entities' means entities which are—

"(A) schools, universities, or other educational entities which provide for allied health personnel education and training and which meet such standards as the Secretary may by regulation prescribe;

"(B) States, political subdivisions of States, or regional and other public bodies representing States or political subdivisions of States or both; or

"(C) entities which have a working arrangement (meeting such requirements as the Secretary may by regulation prescribe) with an entity described in subparagraph (A).

"(d) (1) For the purpose of making payments under grants and contracts under subsection (a), there are authorized to be appropriated \$22,000,000 for the fiscal year ending September 30, 1978; \$24,000,000 for the fiscal year ending September 30, 1979; and \$26,000,000 for the fiscal year ending September 30, 1980.

"(2) In each fiscal year for which funds are authorized to be appropriated under this subsection, not less than 50 percent of the funds appropriated shall be reserved for award to training centers for allied health professions.

"TRAINEESHIPS FOR ADVANCED TRAINING OF ALLIED HEALTH PERSONNEL

"Sec. 797. (a) The Secretary may make grants to public and non-profit private entities for traineeships provided by such entities for the advanced training of allied health personnel to teach in training programs for such personnel or to serve in administrative or supervisory positions.

"(b) (1) No grant may be made under subsection (a) unless an application therefor has been submitted to and approved by the Secretary. Such application shall be in such form, submitted in such manner, and contain such information as the Secretary shall by regulation prescribe.

"(2) Payments under such grants shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the trainees.

"(c) For the purposes of making payments under grants under subsection (a), there are authorized to be appropriated \$4,500,000 for the fiscal year ending September 30, 1978; \$5,000,000 for the fiscal year ending September 30, 1979; and \$5,500,000 for the fiscal year ending September 30, 1980.

"EDUCATIONAL ASSISTANCE TO DISADVANTAGED INDIVIDUALS IN ALLIED HEALTH TRAINING

"Sec. 798. (a) (1) For the purpose of assisting individuals who, due to socioeconomic factors, are financially or otherwise disadvantaged (including individuals who are veterans of the Armed Forces with military training or experience in the health field) to undertake education to enter the allied health professions, the Secretary may make

grants to and enter into contracts with schools of allied health, State and local educational agencies, and other public or private nonprofit entities to assist in meeting the costs described in paragraph (2).

"(2) A grant or contract under paragraph (1) may be used by the health or educational entity to meet the costs of—

"(A) identifying, recruiting, and selecting such individuals with a potential for education or training in the allied health professions;

"(B) facilitating the entry of those individuals into such an entity;

"(C) providing counseling or other services designed to assist those individuals to complete successfully their education at such an entity;

"(D) providing, for a period prior to the entry of those individuals into the regular course of education of such an entity, preliminary education designed to assist them to complete successfully such regular course of education at such an entity, or referring such individuals to institutions providing such preliminary education; and

"(E) publicizing existing sources of financial aid available to persons enrolled in the education program of such an entity or who are undertaking training necessary to qualify them to enroll in such a program.

"(b) (1) No grant may be made or contract entered into under subsection (a) unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe.

"(2) The amount of any grant under subsection (a) shall be determined by the Secretary.

"(c) For payments under grants and contracts under subsection (a) there are authorized to be appropriated \$1,000,000 for fiscal year ending September 30, 1978, \$1,000,000 for fiscal year ending September 30, 1979, and \$1,000,000 for fiscal year ending September 30, 1980."

STUDIES AND STATISTICAL REPORT ON ALLIED HEALTH PERSONNEL

SEC. 702. (a) The Secretary of Health, Education, and Welfare shall conduct and complete, not later than two years after the date of enactment of this Act, studies—

(1) to identify the various types of allied health personnel and the activities in which such personnel are engaged and the various training programs currently offered for allied health personnel;

(2) to establish classifications of allied health personnel on the basis of their activities, responsibilities, and training;

(3) using appropriate methodologies, to determine the cost of educating and training allied health personnel in each such classification; and

(4) to identify the classifications in which there are a critical shortage of such personnel and the training programs which should be assisted to meet that shortage.

(b) In addition, the Secretary shall, in coordination with the National Center for Health Statistics (established under section 306 of

the Public Health Service Act), develop, publish, and disseminate on a nationwide basis a report containing statistics and other information respecting allied health personnel, including—

(1) detailed descriptions of the various types of such personnel and the activities in which such personnel are engaged,

(2) the current and anticipated needs for the various types of such health personnel, and

(3) the number, employment, geographic locations, salaries, and surpluses and shortages of such personnel.

(c) (1) The Secretary and each program entity shall in securing and maintaining any record of individually identifiable personal data (hereinafter in this subsection referred to as 'personal data') for purposes of this section—

(A) inform any individual who is asked to supply personal data whether he is legally required, or may refuse, to supply such data and inform him of any specific consequences, known to the Secretary or program entity as the case may be, of providing or not providing such data;

(B) upon request, inform any individual if he is the subject of personal data secured or maintained by the Secretary or program entity, as the case may be, and make the data available to him in a form comprehensible to him;

(C) assure that no use is made of personal data which is not within the purposes of this section unless an informed consent has been obtained from the individual who is the subject of such data; and

(D) upon request, inform any individual of the use being made of personal data respecting such individual and of the identity of the individuals and entities which will use the data and their relationship to the studies made or information collected under this section.

(2) Any entity which maintains a record of personal data and which receives a request from the Secretary or a program entity for data for purposes of this section shall not transfer any such data to the Secretary or to a program entity unless the individual whose personal data is to be so transferred gives an informed consent for such transfer.

(3) (A) Notwithstanding any other provision of law, personal data collected by the Secretary or any program entity for purposes of this section may not be made available or disclosed by the Secretary or any program entity to any person other than the individual who is the subject of such data unless (i) such person requires such data for purposes of this section, or (ii) in response to a demand for such data made by means of compulsory legal process. Any individual who is the subject of personal data made available or disclosed under clause (ii) shall be notified of the demand for such data.

(B) Subject to all applicable laws regarding confidentiality, only the data collected by the Secretary under this section which is not personal data shall be made available to bona fide researchers and policy analysts (including the Congress) for the purposes of assisting in the conduct of studies respecting health professions personnel.

(4) For purposes of this subsection, the term "program entity" means any public or private entity which collects, compiles, or analyzes health

professions data under an arrangement with the Secretary for purposes of this section.

(d) The Secretary shall submit, not later than two years after the date of enactment of this Act, to the Committee on Interstate and Foreign Commerce of the House of Representatives and to the Committee on Labor and Public Welfare of the Senate—

(1) a report on the results of the studies conducted under subsection (a);

(2) the report developed under subsection (b); and

(3) a report on, including an evaluation of, activities conducted under subpart II of part G of title VII of the Public Health Service Act (relating to allied health personnel).

The report described in paragraph (3) shall contain such recommendations for legislation as the Secretary determines is needed to improve the programs authorized under such subpart. The Office of Management and Budget may review such report before its submission to Congress, but the Office may not revise the report or delay its submission beyond the date prescribed for its submission and may submit to Congress its comments respecting such report.

(e) For the purposes of this section, the term "allied health personnel" means individuals with training and responsibilities for (1) supporting, complementing, or supplementing the professional functions of physicians, dentists, and other health professionals in the delivery of health care to patients, or (2) assisting environmental engineers and other personnel in environmental health control and preventive medicine activities.

TITLE VIII—SPECIAL PROJECTS

GRANTS AND CONTRACTS

SEC. 801. Effective October 1, 1976, part F of title VII is amended to read as follows:

"PART F—GRANTS AND CONTRACTS FOR PROGRAMS AND PROJECTS

"PROJECT GRANTS FOR ESTABLISHMENT OF DEPARTMENTS OF FAMILY MEDICINE

"SEC. 780. (a) The Secretary may make grants to schools of medicine and osteopathy to meet the costs of projects to establish and maintain academic administrative units (which may be departments, divisions, or other units) to provide clinical instruction in family medicine.

"(b) The Secretary may not approve an application for a grant under subsection (a) unless such application contains—

"(1) assurances satisfactory to the Secretary that the academic administrative unit with respect to which the application is made will (A) be comparable to academic administrative units for other major clinical specialties offered by the applicant, (B) be responsible for directing an amount of the curriculum for each member of the student body engaged in an education program leading to the awarding of the degree of doctor of medicine or doctor of osteopathy, which amount is determined by the Secre-

tary to be comparable to the amount of curriculum required for other major clinical specialties in the school, (C) have a number of full-time faculty which is determined by the Secretary to be sufficient to conduct the instruction required by clause (B) and to be comparable to the number of faculty assigned to other major clinical specialties in the school, and (D) have control over a three-year approved or provisionally approved medical residency training program in family practice or its equivalent as determined by the Secretary which shall have the capacity to enroll a total of no less than twelve interns or residents per year; and

"(2) such other information as the Secretary shall by regulation prescribe.

"(c) There are authorized to be appropriated \$10,000,000 for the fiscal year ending September 30, 1978, \$15,000,000 for the fiscal year ending September 30, 1979, and \$20,000,000 for the fiscal year ending September 30, 1980, for payments under grants under subsection (a).

"AREA HEALTH EDUCATION CENTERS

"**SEC. 781.** (a) For the purpose of improving the distribution, supply, quality, utilization, and efficiency of health personnel in the health services delivery system and for the purpose of encouraging the regionalization of educational responsibilities of the health professions schools, the Secretary may enter into contracts for projects to assist in the planning, development, and implementation of area health education center programs.

"(b) An area health education center program shall be a cooperative program of one or more medical or osteopathic schools and one or more nonprofit private or public area health education centers.

"(c) Each medical or osteopathic school participating in an area health education center shall—

"(1) provide for the active participation in such program by individuals who are associated with the administration of the school, each of the departments (or specialties if the school has no such departments) of internal medicine, pediatrics, obstetrics and gynecology, surgery, psychiatry, and family medicine;

"(2) provide that no less than 10 percent of all undergraduate medical or osteopathic clinical education of the school will be conducted in an area health education center and at locations under the sponsorship of such center;

"(3) be responsible for, or conduct, a nurse practitioner or physician assistant training program which gives special consideration to the enrollment of individuals from, or intending to practice in, the area served by the area health education center of the program; and

"(4) provide for the active participation of at least 2 other health science disciplines (including a school of dentistry if there is one affiliated with the university with which the school of medicine or osteopathy is affiliated) in the educational program conducted in the area served by the area health education center.

"(d) (1) Each area health education center shall specifically designate the geographic area in which it will serve, or shall specifically

designate the medically underserved population it will serve (such area or population with respect to such center in this section referred to as 'the area served by the center').

"(2) Each area health education center shall—

"(A) provide for or conduct training in health education services, including education in nutrition evaluation and counseling, in the area served by the center;

"(B) assess the health manpower needs of the area served by the center and assist in the planning and development of training programs to meet such needs;

"(C) provide for or conduct a medical residency training program in family medicine or general internal medicine and in which no fewer than six individuals are enrolled in first-year positions in such program;

"(D) provide opportunities for continuing medical education (including education in disease prevention) to all physicians and other health professionals (including allied health personnel) practicing within the area served by the center;

"(E) provide continuing medical education and other support services to the National Health Service Corps members serving within the area served by the center;

"(F) encourage the utilization of nurse practitioners and physician assistants within the area served by the center and the recruitment of individuals for training in such professions at the participating medical or osteopathic schools;

"(G) arrange and support educational opportunities for medical and other students at health facilities, ambulatory care centers, and health agencies throughout the area served by the center; and

"(H) have an advisory board of which at least 75 percent of the members shall be individuals, including both health service providers and consumers, from the area served by the center.

Any health education center which is participating in an area health education center program in which another center has a medical residency training program described in subparagraph (C) need not provide for or conduct such a medical residency training program.

"(e) The Secretary is authorized to enter into contracts with medical and osteopathic schools, which have cooperative arrangements with area health education centers, for the planning, development, and operation of area health education center programs. In making contracts under this section the Secretary shall assure that—

"(1) 75 percent of the total funds provided to any school shall be expended by an area health education program in the area served by the centers;

"(2) not more than 75 percent of the total operating funds of the program in any year shall be provided by the Secretary; and

"(3) no contract shall provide funds solely for the planning or development of such program for a period of longer than two years.

"(f) For the purpose of this section the term 'area health education center program' means a program which is organized and operated in

a manner described in subsection (b) and which is capable, as determined by the Secretary, of performing each of the functions described in subsection (d) (2). The Secretary shall, by regulation, establish standards and criteria for the requirements of such subsections.

"(g) There are authorized to be appropriated to carry out the provisions of this section \$20,000,000 for the fiscal year ending September 30, 1978, \$30,000,000 for the fiscal year ending September 30, 1979, and \$40,000,000 for the fiscal year ending September 30, 1980.

"EDUCATION OF RETURNING UNITED STATES STUDENTS FROM FOREIGN MEDICAL SCHOOLS

"SEC. 782. (a) The Secretary may make grants to schools of medicine and osteopathy in the United States to plan, develop, and operate programs—

"(1) to train United States citizens who have been enrolled in medical schools in foreign countries before the date of enactment of the Health Professions Education Assistance Act of 1976 to enable them to meet the requirements for enrolling in schools of medicine or osteopathy in the United States as full-time students with advanced standing; or

"(2) to train United States citizens who have transferred from medical schools in foreign countries in which they were enrolled before the date of enactment of the Health Professions Educational Assistance Act of 1976, and who have enrolled in schools of medicine or osteopathy in the United States as full-time students with advanced standing.

The costs for which a grant under this subsection may be made may include the costs of identifying deficiencies in the medical school education of the United States citizens who have been enrolled in foreign medical schools, the development of materials and methodology for correcting such deficiencies, and specialized training designed to prepare such United States citizens for enrollment in schools of medicine or osteopathy in the United States as full-time students with advanced standing.

"(b) More than one school of medicine or osteopathy may join in the submission of an application for a grant under subsection (a).

"(c) Any school of medicine or osteopathy which receives a grant under this subsection in the fiscal year ending September 30, 1978, shall submit to the Secretary before June 30, 1979, a report on the deficiencies (if any) identified by the school in the foreign medical education of the students trained by such school under the program for which such grant was made. The Secretary shall compile the reports submitted under the preceding sentence, and before September 30, 1979 submit to the Congress his analysis and evaluation of the information contained in such reports.

"(d) There are authorized to be appropriated for the purposes of this section \$2,000,000 for the fiscal year ending September 30, 1977, \$2,000,000 for the fiscal year ending September 30, 1978, \$3,000,000 for the fiscal year ending September 30, 1979, and \$4,000,000 for the fiscal year ending September 30, 1980.

"PROGRAMS FOR PHYSICIAN ASSISTANTS, EXPANDED FUNCTION DENTAL AUXILIARIES AND DENTAL TEAM PRACTICE

"SEC. 783. (a) The Secretary may make grants to and enter into contracts with public or nonprofit private schools of medicine, osteopathy, dentistry and other public or nonprofit private entities to meet the costs of projects to—

"(A) plan, develop, and operate or maintain programs for the training of physician assistants (as defined in section 701(7));

"(B) plan, develop, and operate or maintain programs for the training of expanded function dental auxiliaries (as defined in section 701(8)); and

"(C) plan, develop, and operate or maintain a program to train dental students in the organization and management of multiple auxiliary dental team practice (T.E.A.M.) in accordance with regulations of the Secretary.

"(b) No grant or contract may be made under subsection (a) unless the application therefor contains or is supported by assurances satisfactory to the Secretary that the school or entity receiving the grant or contract, has appropriate mechanisms for placing graduates of the training program, with respect to which the application is submitted, in positions for which they have been trained.

"(c) The Secretary shall assure that the making of grants and entering into contracts under this section shall be integrated with the making of grants and entering into contracts under section 830.

"(d) The costs for which a grant or contract under this section may be made include costs of preparation of faculty members respecting programs for the training of physician assistants and expanded function dental auxiliaries.

"(e) For payments under grants and contracts under this section, there is authorized to be appropriated \$25,000,000 for the fiscal year ending September 30, 1978, \$30,000,000 for the fiscal year ending September 30, 1979, and \$35,000,000 for the fiscal year ending September 30, 1980.

"GRANTS FOR TRAINING, TRAINEESHIPS, AND FELLOWSHIPS IN GENERAL INTERNAL MEDICINE AND GENERAL PEDIATRICS

"SEC. 784. (a) The Secretary may make grants to and enter into contracts with schools of medicine and osteopathy to meet the costs of projects—

"(1) to plan, develop, and operate an approved medical residency training program in internal medicine or pediatrics, which emphasize the training of residents for practice of general internal medicine or general pediatrics (as defined by the Secretary in regulations);

"(2) which provide financial assistance (in the form of traineeships and fellowships) to residents who are participants in any such program, and who plan to specialize or work in the practice of general internal medicine or general pediatrics.

"(b) There are authorized to be appropriated to carry out the pro-

visions of this section \$10,000,000 for the fiscal year ending September 30, 1977, \$15,000,000 for the fiscal year ending September 30, 1978, \$20,000,000 for the fiscal year ending September 30, 1979, and \$25,000,000 for the fiscal year ending September 30, 1980.

"OCCUPATIONAL HEALTH TRAINING AND EDUCATION CENTERS

"SEC. 785. (a) (1) The Secretary shall, by grants, assist public or private nonprofit colleges or universities, to establish, operate, and administer occupational health training and education centers through cooperative arrangements between schools of medicine and schools of public health (or other qualified departments or schools within such colleges or universities which are qualified to participate in carrying out activities set forth in this section).

"(2) To be eligible for a grant under this section, the applicant must demonstrate to the Secretary that it has or will have available full-time faculty members with training and experience in the field of occupational health and support from other faculty members trained in the occupational health sciences and other relevant disciplines and medical and public health specialties and that it will substantially carry out activities including, but not limited to—

"(A) the establishment and operation of a new graduate training program, or where appropriate, the substantial expansion of an existing graduate training program in the field of occupational health;

"(B) the development of curricula and operation of continuing education for physicians, nurses, and industrial hygienists, and other professionals, practicing full- or part-time in the field of occupational health in order to upgrade their proficiency in delivering such services;

"(C) the establishment and operation of projects designed to increase admissions to and enrollment in occupational health programs of individuals who by virtue of their background and interests are likely to engage in the delivery of occupational health services;

"(D) the establishment of traineeships for industrial hygiene students;

"(E) the establishment and operation of medical residencies in the field of occupational health at a level of financial support comparable to that provided to such individuals for residencies in other medical specialties;

"(F) the establishment and operation of traineeships in the field of occupational health for medical students, residents, nursing students, nurses, physicians, sanitarians, and other relevant disciplines;

"(G) the establishment and operation of short-term traineeships for continuing education in the field of occupational health for any of the health profession disciplines dealing with problems of occupational health; and

"(H) the appointment of full-time staff for the center, who have training, experience and demonstrated capacity for leadership in the field of occupational health.

"(b) To the extent feasible, the Secretary shall approve, in accordance with the requirements of subsection (a), at least 10 such centers and at least one of which shall be located in each region of the Department of Health, Education, and Welfare.

"(c) For the purpose of making grants to carry out this section, there are authorized to be appropriated \$5,000,000 for the fiscal year ending September 30, 1977, \$5,000,000 for the fiscal year ending September 30, 1978, \$8,000,000 for the fiscal year ending September 30, 1979, and \$10,000,000 for the fiscal year ending September 30, 1980.

"FAMILY MEDICINE AND GENERAL PRACTICE OF DENTISTRY

"SEC. 786. (a) The Secretary may make grants to, or enter into contracts with, any public or nonprofit hospital, school of medicine of osteopathy, or to or with a public or private nonprofit entity (which the Secretary has determined is capable of carrying out such grant or contract)—

"(1) to plan, develop, and operate, or participate in, an approved professional training program (including a continuing education program or an approved residency or internship program) in the field of family medicine for medical and osteopathic students, interns (including interns in internships in osteopathic medicine), residents, or practicing physicians;

"(2) to provide financial assistance (in the form of traineeships and fellowships) to medical and osteopathic students, interns (including interns in internships in osteopathic medicine), residents, practicing physicians, or other medical personnel, who are in need thereof, who are participants in any such program, and who plan to specialize or work in the practice of family medicine;

"(3) to plan, develop, and operate a program for the training of physicians who plan to teach in family medicine training programs; and

"(4) to provide financial assistance (in the form of traineeships and fellowships) to physicians who are participants in any such program and who plan to teach in a family medicine training program.

"(b) The Secretary may make grants to any public or nonprofit private school of dentistry or accredited postgraduate dental training institution—

"(1) to plan, develop, and operate an approved residency program in the general practice of dentistry; and

"(2) to provide financial assistance (in the form of traineeships and fellowships) to residents in such a program who are in need of financial assistance and who plan to specialize in the practice of general dentistry.

"(c) Not less than 10 percent of the amount appropriated to make grants under this section shall be made available for grants under subsection (b).

"(d) There are authorized to be appropriated to make grants under this section \$40,000,000 for the fiscal year ending September 30, 1978, \$45,000,000 for the fiscal year ending September 30, 1979, and \$50,000,000 for the fiscal year ending September 30, 1980.

**"EDUCATIONAL ASSISTANCE TO INDIVIDUALS FROM DISADVANTAGED
BACKGROUNDS**

Sec. 787. (a) (1) For the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake education to enter a health profession, the Secretary may make grants to and enter into contracts with schools of medicine, osteopathy, public health, dentistry, veterinary medicine, optometry, pharmacy, and podiatry and other public or private nonprofit health or educational entities to assist in meeting the costs described in paragraph (2).

(2) A grant or contract under paragraph (1) may be used by the health or educational entity to meet the cost of—

(A) identifying, recruiting, and selecting individuals from disadvantaged backgrounds, as so determined, for education and training in the health professions,

(B) facilitating the entry of those individuals into such a school,

(C) providing counseling or other services designed to assist those individuals to complete successfully their education at such a school,

(D) providing, for a period prior to the entry of those individuals into the regular course of education of such a school, preliminary education designed to assist them to complete successfully such regular course of education at such a school, or referring such individuals to institutions providing such preliminary education, and

(E) publicizing existing sources of financial aid available to persons enrolled in the education program of such a school or who are undertaking training necessary to qualify them to enroll in such a program.

(b) There are authorized to be appropriated \$20,000,000 for the fiscal year ending September 30, 1978, \$20,000,000 for the fiscal year ending September 30, 1979, and \$20,000,000 for the fiscal year ending September 30, 1980, for payments under grants and contracts under subsection (a).

**"PROJECT GRANT AUTHORITY FOR START-UP ASSISTANCE, FINANCIAL DISTRESS
INTERDISCIPLINARY TRAINING, AND CURRICULUM DEVELOPMENT**

Sec. 788. (a) (1) In the case of any new school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, pharmacy, or podiatry which begins instruction after July 1, 1974, the Secretary may, after taking into account—

(A) the ability of such school to use a grant under this subsection to (i) accelerate the date it will begin instruction, or (ii) increase the number of students in its entering class, and

(B) the other resources available to such school, make a grant to such school for each year such school is a new school (as determined under paragraph (5)). No school may receive a grant under this subsection unless the Secretary estimates that the number of full-time students enrolled in its first school year of operation will exceed twenty-three.

(2) The Secretary shall determine the amount of any grant under this subsection; but no such grant to any school may exceed—

(A) in the case of the year preceding the first year in which such school has students enrolled, an amount equal to the product of \$10,000 and the number of full-time students which the Secretary estimates will enroll in such school in such first year;

(B) in the case of the first year in which such school has students enrolled, an amount equal to the product of \$7,500 and the number of full-time students enrolled in such school in such year;

(C) in the case of the second year in which such school has students enrolled, an amount equal to the product of \$5,000 and the number of full-time students enrolled in such school in such year;

(D) in the case of the third year in which such school has students enrolled, an amount equal to the product of \$2,500 and the number of full-time students enrolled in such school in such year.

Estimates by the Secretary under this subsection of the number of full-time students enrolled in a school may be made on the basis of assurances provided by the school.

(3) A grant may not be made under this subsection unless an application for such grant is submitted, and approved by the Secretary. The Secretary shall give priority to applications which provide for projects which—

(A) assist in the planning, development, or initial operation of a new school of medicine, osteopathy, or dentistry (i) which will conduct exceptionally innovative programs for training students in ambulatory primary care in cooperation with accredited psychiatric practitioners or program, as appropriate, or (ii) which will have as a major objective the provision of training opportunities for individuals from disadvantaged backgrounds;

(B) assist in the planning, development, expansion, or initial operation of a regional health profession school granting a degree in one or more of the following professions: medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, or public health; or

(C) the Secretary determines will meet a national or regional need for members of the profession to be trained in the new school for which the application is submitted.

(4) The Secretary shall give special consideration to each application of a school for a grant under this subsection—

(A) which application contains or is reasonably supported by assurances, that, because of the use that the school will make of existing facilities (including Federal medical or dental facilities), it will be able to accelerate the date on which it will begin its teaching program;

(B) which school will be located in a health manpower shortage area (designated under section 332); or

(C) which school is a school of medicine or osteopathy which will be located in a State which has no other such school.

(5) For purposes of this subsection, any school of medicine, osteopathy, dentistry, public health, veterinary medicine, optometry, phar-

maey, or podiatry shall be considered a new school for any year if such year is the year preceding the first year in which such school has students enrolled, such first year, and the next two years.

"(b) (1) The Secretary may make grants to and enter into contracts with, schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health for the purposes of assisting in—

"(A) (i) meeting the costs of operation of any school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, and public health if they are in serious financial distress, or

"(ii) meeting accreditation requirements, if they have special need to be assisted in meeting such requirements, and

"(B) carrying out appropriate operational, managerial, and financial reforms on the basis of information obtained in comprehensive cost analysis study or on the basis of other relevant information.

"(2) Any grant under this subsection may be made upon such terms and conditions as the Secretary determines to be reasonable and necessary, including requirements that the school agree—

"(A) to disclose any financial information or data deemed by the Secretary to be necessary to determine the sources or causes of that school's financial distress,

"(B) to conduct a comprehensive cost analysis study in cooperation with the Secretary, and

"(C) to carry out appropriate operational, managerial, and financial reforms (as the Secretary may require), including the securing of increased financial support from State or local governmental units or the increasing of tuition on the basis of information obtained in the course of a comprehensive cost analysis study or on the basis of other relevant information.

"(3) An application for a grant under this subsection must contain or be supported by assurances satisfactory to the Secretary that the applicant will expend in carrying out its function of a school of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, or public health as the case may be, during the fiscal year for which such grant is sought an amount of funds (other than funds for construction, as determined by the Secretary) from non-Federal sources which is at least as great as the average amount of funds expended by such applicant for such training in the preceding two years.

"(4) In the case of a school which has received a grant under this subsection in the immediately preceding fiscal year, the amount granted to that school under this section in any fiscal year may not exceed 75 percent of the amount granted to that school under this subsection in that immediately preceding fiscal year.

"(5) The Secretary may provide to any school eligible for a grant under this subsection technical assistance to enable the school to conduct a comprehensive cost analysis study of its operations, to identify operational inefficiencies, or to develop or carry out appropriate operational, managerial, and financial reforms.

"(6) The Secretary shall prepare and submit on or before September 30, 1978, a report on the administration of this subsection. Such report

shall give special emphasis to a description of the results of the cost analysis study carried out under paragraph (2) (B) and the operational, managerial, and financial reforms instituted under paragraph (2) (C).

"(c) The Secretary may make grants to any health profession, allied health profession, or nurse training institution, or to any other public or nonprofit private entity for the encouragement of the development of programs for cooperative interdisciplinary training among schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, pharmacy, podiatry, nursing, public health, and allied health, emphasizing—

"(1) the use of the team approach to the delivery of health services,

"(2) the training of physician assistants and extenders and nurse practitioners with physicians and expanded function dental auxiliaries with dentists, and

"(3) the training of physicians, dentists, nurses, and other health professionals in the organization, management, and effective utilization of such extenders, practitioners, and auxiliaries.

"(d) The Secretary may make grants and enter into contracts with any health profession, allied health profession, or nurse training institution, or any other public or nonprofit private entity for projects and programs such as—

"(1) speech pathology, audiology, bioanalysis, and medical technology;

"(2) establishing humanism in health care centers;

"(3) biomedical combined educational programs;

"(4) cooperative human behavior and psychiatry in medical and dental education and practice;

"(5) bilingual health clinical training centers;

"(6) curriculum development in schools of optometry, pharmacy and podiatry;

"(7) social work in health care;

"(8) health manpower development;

"(9) environmental health education and preventive medicine;

"(10) the special medical problems related to women;

"(11) the development or expansion of regional health professions schools;

"(12) training of citizens of the United States from foreign health professions schools to enable them to enroll in residency programs in the United States;

"(13) psychology training programs;

"(14) ethical implications of biomedical research;

"(15) establishment of dietetic residencies;

"(16) regional systems of continuing education;

"(17) computer technology;

"(18) training of professional standards review organization staff;

"(19) training of health professionals in human nutrition and its application to health.

"(20) health manpower development for the Trust Territories and incorporated Trust Territories of the United States; and

"(21) training in the diagnosis, treatment, and prevention of the diseases and related medical and behavioral problems of the aged.

"(e) (1) There are authorized to be appropriated to carry out the provisions of this section (other than the provisions of subsections (f) and (g)) \$25,000,000 for the fiscal year ending September 30, 1978, \$25,000,000 for the fiscal year ending September 30, 1979, and \$25,000,000 for the fiscal year ending September 30, 1980.

"(2) From the sums authorized to be appropriated under paragraph (1) not more than—

"(A) \$5,000,000 may be obligated or expended for the purposes of subsection (a), and

"(B) \$5,000,000 may be obligated or expended for the purposes of subsection (b).

"(f) (1) The Secretary may make grants to any school of medicine to meet the planning costs for projects for the training of students, enrolled in the last two years of such school, in facilities—

"(A) which are other than the principal teaching facilities of the school receiving the grant and which are existing Federal health care facilities or are other public or private health care facilities; and

"(B) which are located in a health manpower shortage area.

No grant may be made under this paragraph with respect to any project unless before the fiscal year for which the grant is to be made the project has received at least \$100,000 from non-Federal sources and has been approved by the legislature of the State in which it is located.

"(2) For payments under grants under paragraph (1), there are authorized to be appropriated \$400,000 for the fiscal year ending September 30, 1977.

"(g) (1) The Secretary may make grants to public and nonprofit private institutions of higher education and hospitals and other health care delivery facilities which are engaged in the development of new schools of medicine to assist such institutions and facilities in meeting the costs of employing faculty, acquiring equipment, and taking such other action related to the initial operation of a school of medicine as may be necessary for the proposed schools to meet the eligibility requirements for a grant under subsection (a) of this section.

"(2) No application for a grant under paragraph (1) may be approved by the Secretary unless the application contains or is supported by assurances satisfactory to the Secretary that—

"(A) with the assistance provided under the grant applied for the applicant will be able to accelerate the date on which the school of medicine being developed by the applicant will be able to begin its teaching program,

"(B) there is a reasonable indication of non-Federal financial resources for development and operation of such school, and

"(C) the school of medicine will emphasize training programs in family medicine and will improve access to health care for residents of the geographical regions in which such training programs are located.

The Secretary may not approve or disapprove an application unless he has consulted with the body recognized by the Commissioner of Edu-

cation as the accrediting body for schools of medicine respecting approval of the application.

"(3) No institution or facility may receive more than one grant under this subsection. For payment under grants under this subsection, there is authorized to be appropriated \$1,500,000 for the fiscal year ending September 30, 1977 and \$1,500,000 for the fiscal year ending September 30, 1978.

"(4) Upon graduation of the second class from each school of medicine for which a grant was made under this subsection, the Secretary shall report to the Congress on the ability of the school of medicine to improve access to health care for residents of the geographical regions in which the clinical training programs of the school are located.

"GENERAL PROVISIONS

"Sec. 789. Except as otherwise provided in this part:

"(1) No grant may be made or contract entered into under this part unless an application therefor has been submitted to, and approved by, the Secretary. Such application shall be in such form, submitted in such manner, and contain such information, as the Secretary shall by regulation prescribe. The Secretary may not approve or disapprove any application for a grant or contract under this part except after consultation with the National Advisory Council on Health Professions Education.

"(2) Payments by recipients of grants or contracts under this part for (A) traineeships shall be limited to such amounts as the Secretary finds necessary to cover the cost of tuition and fees of, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for the trainees; and (B) fellowships shall be limited to such amounts as the Secretary finds necessary to cover the cost of advanced study by, and stipends and allowances (including travel and subsistence expenses and dependency allowances) for, the fellows.

"(3) The amount of any grant or contract under this part shall be determined by the Secretary. Contracts may be entered into under this part without regard to sections 3648 and 3709 of the Revised Statutes (31 U.S.C. 529; 41 U.S.C. 5)."

TRANSITIONAL PROVISIONS AND REPORTS ON AREA HEALTH EDUCATIONAL CENTERS

SEC. 802. (a) For the fiscal year ending September 30, 1978, and for the next fiscal year there are authorized to be appropriated such sums as may be necessary to continue payments to entities under contracts entered into under section 774 of the Public Health Service Act (as in effect on September 30, 1977) for projects for area health education centers, except that no payment shall be made to an entity under such a contract in the fiscal year ending September 30, 1979, unless the entity provides assurances satisfactory to the Secretary that not later than September 30, 1979, the project for which the payment is to be made will be a project described in subsection (a) of section 781 of such Act (as added by this Act) and the entity and

its application will meet the requirements of subsections (b), (c), and (d) of such section. Such payments may only be made from such sums for the periods and amounts specified in such contracts.

(b) After October 1, 1978, the Secretary of Health, Education, and Welfare shall assess the program of contracts under section 781 of the Public Health Service Act (as so added) to determine the effect of the projects funded under such contracts on the distribution of health manpower and on the access to and the quality of health care in the areas in which such projects are located. Not later than September 30, 1979, the Secretary shall submit to the Congress a report on the assessment conducted under this subsection.

TITLE IX—MISCELLANEOUS

NURSE TRAINEESHIPS

SEC. 901. (a) The second sentence of section 830(b) is amended to read as follows: "In making grants for traineeships under this section, the Secretary shall give special consideration to applications—

SEC. 901. Section 830 is amended—

(1) by striking out in subsection (a) "There are authorized" and all that follows through "1978," and inserting in lieu thereof "(1) The Secretary may make grants to public or private non-profit institutions";

(2) by redesignating paragraphs (1), (2), (3), and (4) of subsection (a) as subparagraphs (A), (B), (C), and (D);

(3) by striking out subsection (b) and inserting in lieu thereof the following:

"(2) In making grants for traineeships under this subsection, the Secretary shall give special consideration to applications for traineeship programs (A) for the training of nurse practitioners who will practice in health manpower shortage areas (designated under section 332), and (B) for traineeship programs which conform to guidelines established by the Secretary under section 822(a)(2)(B).";

(4) by striking out "section" in subsection (c) and inserting in lieu thereof "subsection";

(5) by redesignating subsection (c) as paragraph (3); and

(6) by adding at the end thereof the following:

"(b) (1) The Secretary may make grants and enter into contracts with schools of nursing, medicine, and public health, public or non-profit private hospitals, and other nonprofit entities to establish and operate traineeship programs to train nurse practitioners who are residents of a health manpower shortage area (designated under section 332).

"(2) Traineeships funded under this subsection shall include 100 percent of the costs of tuition, reasonable living and moving expenses (including stipends), books, fees, and necessary transportation.

"(3) A traineeship funded under this subsection shall not be awarded unless the recipient enters into a commitment with the Secretary to practice as a nurse practitioner in a health manpower shortage area (designated under section 332).

"(c) There are authorized to be appropriated for the purposes of this section \$15,000,000 for the fiscal year ending June 30, 1976,

\$20,000,000 for the fiscal year ending September 30, 1977, and \$25,000,000 for the fiscal year ending September 30, 1978."

HEALTH PLANNING

SEC. 902. (a) Section 1512(b)(3)(c)(ii)(I) is amended by inserting "optometrists," after "nurses,".

(b) Section 1531(3)(A) is amended by inserting "optometrist," after "podiatrist,".

(c) The amendments made by subsections (a) and (b) shall take effect on the date of enactment of this Act.

STUDY RELATING TO CHIROPRACTIC HEALTH PROFESSIONS

SEC. 903. (a) (1) The Secretary shall arrange for the conduct of a study or studies to determine the national average annual per student educational cost of providing education programs which lead to a degree of doctor of chiropractics.

(2) Such study shall be completed and an interim report thereby submitted not later than March 30, 1978, and a final report not later than January 1, 1979, to the Secretary, the Committee on Labor and Public Welfare of the Senate, and the Committee on Interstate and Foreign Commerce of the House of Representatives.

(3) Such study shall develop methodologies for ascertaining the average annual cost of chiropractic education, and the factors that affect any variation among schools with respect to their average annual per student educational costs. The study shall employ the most recent data available from the chiropractic schools in the United States at the time of the study.

(4) The study shall also determine the current demand for chiropractic services throughout the United States and shall develop methodologies for determining if current supply of chiropractors is sufficient to meet this demand.

(5) The study shall include an analysis of the current costs of chiropractic services by type of service and shall include an analysis of such costs over the past five years.

(b) The Secretary shall enter into an agreement with an appropriate nonprofit group or association to conduct such a study under an arrangement which reimburses for actual expenses incurred by such group or association in conducting such a study. Such expenses will be paid by the Secretary.

(c) The provisions of this section shall take effect on the date of enactment of this Act.

STUDIES OF TRAINING IN BILINGUAL AND BICULTURAL AWARENESS AND OF ADMISSIONS EXAMINATIONS OF PERSONS FROM POPULATION GROUPS OF LIMITED ENGLISH SPEAKING ABILITY

SEC. 904. (a) The Secretary of Health, Education, and Welfare shall conduct, or arrange for the conduct of, a study of the adequacy of the efforts of health professions schools which provide training in facilities which serve populations of limited English-speaking ability (1) in recruiting and training individuals who are competent in the

predominant language (other than English) spoken by such populations, and (2) in conducting programs to increase the awareness of such individuals of the cultural sensitivities of such populations.

(b) The Secretary of Health, Education, and Welfare shall conduct, or arrange for the conduct of, a study or studies to determine the effectiveness of health training institution admissions examinations in evaluating accurately the potential and ability of the student applicant from a population group of limited English-speaking ability to participate in and successfully complete the educational program. Such study or studies shall particularly consider the extent of any cultural bias in admissions examinations utilized by such institutions.

(c) Within one year of the date of enactment of this Act the Secretary shall report to the Congress the findings made in the studies conducted pursuant to subsections (a) and (b), recommendations for administrative action and legislation, and the steps taken to carry out such action.

DEFINITION OF STATE

SEC. 905. (a) Section 2(f) is amended to read as follows:

"(f) Except as provided in sections 314(g)(4)(B), 317(h)(2), 318(c)(1), 331(h)(3), 355(5), 361(d), 701(9), 1002(c), 1201(2), 1410(13), 1531(1), and 1633(1), the term 'State' includes, in addition to the several States, only the District of Columbia, Guam, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the Virgin Islands."

(b)(1) Section 361(d) is amended by adding at the end thereof the following: "For purposes of this subsection, the term 'State' includes, in addition to the several States, only the District of Columbia."

(2) Section 1410 is amended by adding after paragraph (12) the following new paragraph:

"(13) The term 'State' includes, in addition to the several States, only the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands."

(3) Sections 314(g)(4)(B), 317(h)(2), 355(5), 1002(c), 1201(2), and 1633(1) are amended by inserting "The Commonwealth of the Northern Mariana Islands," immediately after "Puerto Rico," in each such section.

(4) Section 318(c)(1) is amended by inserting "The Commonwealth of the Northern Mariana Islands," immediately after "American Samoa,".

LABOR CERTIFICATION

SEC. 906. (a) The Secretary of Health, Education, and Welfare shall (not later than one year after the date of the enactment of this Act) develop sufficient data to enable the Secretary of Labor to make equitable determinations with regard to applications for labor certification by graduates of foreign medical schools.

(b) The data required under subsection (a) shall include the number of physicians (by specialty and by percent of population) in a geo-

graphic area necessary to provide adequate medical care, including such care in hospitals, nursing homes, and other health care institutions, in such area.

(c) The Secretary of Health, Education, and Welfare shall develop such data after consultation with such medical or other associations as may be necessary.

And the Senate agree to the same.

HARLEY O. STAGGERS,
PAUL G. ROGERS,
DAVID E. SATTERFIELD,
RICHARD PREYER,
JAMES W. SYMINGTON,
JAMES H. SCHEUER,
HENRY A. WAXMAN,
JAMES J. FLORIO,
CHARLES J. CARNEY,
ANDREW MAGUIRE,
SAMUEL L. DEVINE,
TIM LEE CARTER,
JAMES T. BROYHILL,
EDWARD R. MADIGAN,

Managers on the Part of the House.

EDWARD KENNEDY,
H. A. WILLIAMS,
GAYLORD NELSON,
THOMAS F. EAGLETON,
ALAN CRANSTON,
CLAIBORNE PELL,
WILLIAM D. HATHAWAY,
JOHN A. DURKIN,
RICHARD S. SCHWEIKER,
J. K. JAVITS,
J. GLENN BEALL, JR.,
ROBERT TAFT, JR.,
ROBERT T. STAFFORD,
PAUL LAXALT,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3546) to amend the Public Health Service Act to revise and extend the programs of assistance under title VII of such act for training in the health and allied health professions, to revise the National Health Service Corps program and the National Health Service Corps scholarship training program, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report: The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text. The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment.

The principal differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below.

SHORT TITLE

The House bill provided that the act was to be cited as the "Health Manpower Act of 1975".

The Senate amendment provided that the act was to be cited as the "Health Professions Educational Assistance Act of 1976".

The conference substitute conforms to the Senate amendment.

X EXTENSION OF EXISTING AUTHORITIES

The House bill extended, without substantive revision, existing authorities relating to health manpower through fiscal year 1975 at the fiscal year 1974 authorization levels.

The Senate amendment extended most existing authorities through fiscal year 1977, and made substantive revisions through such fiscal year in the authorities for construction of teaching facilities. It extended the existing authority for loans and scholarships to United States students enrolled in foreign medical schools through fiscal year 1980. It also extended, with substantive revisions, the existing authority for grants for training in family medicine through fiscal year 1980. Under the Senate amendment, the fiscal year 1976 authorizations reflected the higher of the fiscal year 1975 appropriation and the fiscal year 1975 budget request. The fiscal 1977 levels reflected the higher of the fiscal year 1976 appropriations times 1.072 (the cost of living increment, as determined by the Senate Budget Committee) and the fiscal year 1977 budget request.

The conference substitute provides for an extension of existing programs through fiscal year 1976 at the fiscal year 1974 authorization

levels. It includes the line-item authorizations for fiscal year 1977 provided by the Senate amendment, and makes substantive revisions for fiscal year 1977 in the existing construction authority. As noted below, the substantive revisions with respect to grants for traineeships and fellowships in family medicine are made applicable beginning in fiscal year 1978. Finally, under the conference substitute, the programs of loans and scholarships for United States citizens studying abroad are extended only through fiscal year 1976.

TRAINING IN BILINGUAL AND BICULTURAL AWARENESS AND STUDY OF ADMISSIONS EXAMINATIONS

The Senate amendment required that any entity seeking assistance under the Public Health Service Act which provides training in facilities providing health services to an area where a substantial portion of individuals served is of limited English-speaking ability shall include in its application for assistance assurances that it will (1) place special emphasis on the recruitment and training of personnel who are competent in the predominant language other than English spoken by such individuals and (2) plan and operate projects to increase the awareness of their trainees of the cultural sensitivities of such individuals. The Senate amendment also required the Secretary to arrange for the conduct of a study to determine the effectiveness of the admissions examinations of health training institutions in evaluating the potential and ability of applicants from population groups of limited English-speaking ability to participate in and successfully complete the educational program of the institution.

The House bill contained no comparable provisions.

Under the conference substitute, the Secretary is required to arrange for the conduct of two studies: the first to determine the effectiveness of admissions examinations in evaluating the potential of applicants from population groups of limited English-speaking ability and the second to determine the adequacy of efforts by health training institutions which provide training in facilities serving populations with limited English-speaking ability to recruit and train health personnel who are bilingual and to conduct programs to increase the awareness of those trainees of the cultural sensitivities of population groups with limited English-speaking ability. The conferees agreed that if the findings of either study indicate a need for legislation, they will give serious consideration to remedial legislation without awaiting expiration and reconsideration of renew the authorities in the conference report. The conference substitute also provides special project grant authority, described below, designed to encourage the recruitment and training of bilingual personnel and the establishment of programs to increase awareness of cultural sensitivities.

INTERDISCIPLINARY HEALTH PERSONNEL TRAINING

The Senate amendment required that, in providing assistance under the Public Health Service Act to any entity for the training of health personnel, the Secretary take affirmative steps to encourage the development of programs for cooperative interdisciplinary training among the various health professions.

The House bill contained no comparable provision.

In lieu of the provisions of the Senate amendment, the conference substitute authorizes the award of special project grants, described below, for the development of programs of interdisciplinary health personnel training.

PRESERVATION OF ACADEMIC FREEDOM

The Senate amendment included a provision whereby it was expressly declared to be the intent of Congress to supersede any laws of States or political subdivisions insofar as they prevent training authorized under the Public Health Service Act.

The House bill contained no comparable provision.

The conference substitute does not include the Senate provision.

ADVISORY COUNCIL

The House bill amended the provisions of existing law with respect to the composition of the National Advisory Council on Health Professions Education to require that, of the appointed members of the council, twelve shall be representatives of health professions schools, two shall be full-time students enrolled in such schools, and six shall be members of the general public.

The Senate amendment contained no comparable provision.

The conference substitute conforms to the provisions of the House bill except that of the twelve representatives of health professions schools, at least four are to be representatives of schools of veterinary medicine, optometry, podiatry, pharmacy and public health.

The conferees view the efficient implementation of the various programs for grants authorized by the conference substitute as a top priority of the National Advisory Council. In this regard, the conferees fully expect that each of the programs will be administered expeditiously and in a way that will insure that only quality programs which have passed the rigors of scientific review will be approved. It is, therefore, the intent of the conferees that sufficient advisory committees be established as complements to the Advisory Council in order that grant applications may be evaluated in a timely manner with appropriate advice and recommendations prepared for final action by the National Advisory Council. It is intended that separate advisory committees be established so that they represent the disciplines of (1) medicine and osteopathy, (2) dentistry, and (3) veterinary medicine, optometry, pharmacy, podiatry, and public health. The conferees feel strongly that review of grants by experts in the discipline which is the subject of the grant application is necessary if sufficient technical expertise is to be available to insure that each application receives thorough review by qualified persons.

Both the House bill and the Senate amendment included provisions which prohibited the Secretary from delegating to regional offices his authority to (1) review and prepare comments upon the merit of any grant or contract under any health manpower program for the purposes of presenting such application to the National Advisory Council on Health Professions Education, and (2) to make such a grant or contract.

The conferees made their intention clear that this provision precludes only the making of comments on such applications for purposes of presenting them to the Advisory Council, and does not constitute a blanket prohibition of regional office comment on grant or contract applications.

HEALTH PROFESSIONS DATA

The Senate amendment contained a provision requiring the Secretary to establish a program to collect, compile, and analyze data on health professions personnel (including data respecting their training, licensure status, place of practice, professional specialty, practice characteristics, place and date of birth, sex, and socioeconomic background). It authorized the Secretary, in the collection of such data, to enter into contracts for the conduct of analytic and descriptive studies of the health professions as well as to make grants and enter into contracts with States (or appropriate nonprofit private entities within States) for the purpose of establishing a uniform health professions data reporting system. Further, the Senate amendment required any school receiving institutional support under the bill to make reports annually to the Secretary respecting students which attend such school. The Senate amendment required an annual report to the Congress and to the President on the status of health professions personnel in the United States. Finally, the Senate amendment provided for the confidentiality of personal data secured for the purposes described above.

The House bill contained no comparable provisions.

The conference substitute includes the provisions of the Senate amendment with technical amendments.

SHARED SCHEDULE RESIDENCIES

The Senate amendment required that any entity which maintains a post-graduate physician training position in family practice, general internal medicine, general pediatrics, or general obstetrics and gynecology and which receives financial support under title VII of the Public Health Service Act shall, in the fiscal year in which it received such financial assistance, establish a reasonable number of such positions as "shared schedule positions." "Shared schedule positions" was defined as a post-graduate training position which is shared by two individuals in which each individual (1) engages in at least two-thirds but not more than three-fourths of the total training for such position, (2) receives for each year in such position an amount of credit for certification in the medical specialty equal to the amount of training in which the trainee was engaged, (3) receives one-half of the salary for such position, and (4) receives all applicable employee benefits.

The House amendment contained no comparable provision.

The conference substitute conforms to the Senate amendment, except that the requirement to maintain shared schedule residency positions is applicable to all entities that receive Federal assistance.

PAYMENT FOR INCREASES IN TUITION FOR WHICH THE SECRETARY IS RESPONSIBLE

The Senate amendment required the Secretary, by regulation, to establish criteria for determining allowable increases in tuition and

other educational costs for which he would be responsible for payment under the Public Health Service Act.

The House bill contained no comparable provision.

The conference substitute adopts the provision of the Senate amendment except that the determination is limited to tuition and other educational costs for which the Secretary is responsible for payment under title VII of the Public Health Service Act.

ACCREDITATION OF NONAFFILIATED RESIDENCIES

Under the Senate amendment the Commissioner of Education was directed not to recognize any entity for the purposes of accrediting graduate medical education, or to revoke recognition, in the case where he has recognized such an entity for such purposes, where the entity has either accredited or proposed to accredit a graduate medical residency training program in a hospital which is not contractually affiliated with an accredited school of medicine or osteopathy.

The House bill contained no comparable provision.

The conference substitute does not contain the Senate provision. However, as described in more detail below, the conference agreement does contain broad authorities to enable the Secretary to determine whether a medical residency training program is, in fact, affiliated with a school of medicine for purposes of determining compliance with eligibility requirements for capitation support. Moreover, the conference report contains a requirement that, if the Secretary determines that a school of medicine has disaffiliated with a medical residency training program for the purpose of compliance with such requirements but continued to provide training support for such a program, he is to deny such school capitation support.

SOLDIERS' AND SAILORS' CIVIL RELIEF ACT

The House bill contained a provision which equated active service of commissioned officers of the Public Health Service with active service in the armed forces of the United States for the purpose of rights, privileges, immunities, and benefits under the Soldiers' and Sailors' Civil Relief Act of 1940.

The Senate amendment contained no comparable provision.

The conference agreement contains no such provision since the conferees noted that the provision was included in Public Law 94-278, enacted after the passage of the House bill.

ASSISTANCE FOR CONSTRUCTION OF TEACHING FACILITIES

The House bill continued the existing program of assistance for construction of teaching facilities with the following revisions: (1) it added facilities for the training of professional public health personnel as entities eligible for such assistance; (2) it required that grants for construction projects for teaching facilities for the training of physicians located in a State which has no such facilities shall cover 80 percent of the construction costs unless the Secretary determines that such percent is not needed; (3) it required that, in considering grant applications for the cost of construction of teaching facilities for the training of physicians, the Secretary give special consideration to projects in States which have no such facilities and (4) it author-

ized \$25 million per year for fiscal years 1976, 1977, 1978 for the construction program.

The Senate amendment extended the existing program through fiscal year 1977 with revisions which authorized (1) that, for such fiscal year, an application for the construction of a clinical facility affiliated with a school of veterinary medicine, optometry, podiatry, or pharmacy, which has as its purpose the establishment or expansion of a regional health professions school may be filed by any public or other nonprofit agency if the application is approved by the school with which the facility is to be affiliated and that, in connection with such an application, (2) that only that portion of the project which the Secretary determines to be reasonably attributable to the need of the regional health professions school for teaching facilities shall be regarded as the project with respect to which the application is submitted and (3) that, in considering applications for grants under the construction authority, the Secretary afford special consideration to applications for facilities for the establishment or expansion of regional health professions schools.

In addition, the Senate amendment repealed the existing construction authority beginning in fiscal year 1978 and replaced such authority with authority to make grants (not to exceed the lesser of \$1 million or 50 percent of costs) to public and nonprofit private entities to assist in the construction of ambulatory, primary care teaching facilities for the training of physicians and dentists. The Senate amendment authorized \$80 million for fiscal year 1978 and \$40 million for fiscal year 1979 for this purpose.

Under the conference substitute, the existing program is continued through fiscal year 1980 with the following revisions: (1) the conference substitute adopts the provisions of the Senate amendment with respect to regional health professions schools and makes such authority effective only during fiscal year 1977, (2) the amendment of the House bill to existing authority which added facilities of schools of public health as eligible entities and the authority of the Senate amendment with respect to construction of ambulatory primary care teaching facilities for the training of physicians and dentists are added to the existing authority, and (3) authorizations of \$40 million per year for fiscal years 1978, 1979, and 1980 are provided with the stipulation that 50 percent of sums appropriated shall be obligated for grants for the construction of teaching facilities and the remaining 50 percent shall be obligated for grants for the construction of ambulatory, primary care teaching facilities.

During their deliberations with respect to the construction authority, the conferees expressed interest in the concept of establishing "twilight medical schools" whereby, in effect, two separate student bodies could attend one medical school at the same time through utilization of the school's facilities during evening hours. The conferees direct the Secretary of Health, Education, and Welfare to conduct a study of this concept and to submit a report of his findings with respect to its feasibility to the appropriate House and Senate committees within six months of the date of enactment of the conference report.

AUTHORIZATIONS OF APPROPRIATIONS FOR LOAN GUARANTEES AND INTEREST SUBSIDIES

The House bill continued the existing program authorizing loan guarantees and interest subsidies to assist nonprofit private entities to carry out approved construction projects for teaching facilities, and authorized appropriations of \$2 million for fiscal year 1976, \$3 million for fiscal year 1977, and \$3 million for fiscal year 1978 for the program.

The Senate amendment also continued the loan guarantee and interest subsidy program, with authorizations of \$3 million for each of fiscal years 1978, 1979, and 1980.

The conference substitute authorizes \$2 million for fiscal year 1978, \$3 million for fiscal year 1979, and \$3 million for fiscal year 1980 for the program.

REVISIONS OF STUDENT LOAN PROGRAM

Both bills contained extensions and revisions of the existing program authorizing the Secretary to assist schools of the health professions in establishing student loan funds for the purpose of making loans to students in such schools.

Under the House bill, the following appropriations were authorized for Federal capital contributions to student loan funds: \$30 million for each of fiscal years 1976, 1977, and 1978.

Under the Senate amendment, the following appropriations for Federal capital contributions to student loan funds were authorized: \$22 million for fiscal year 1978, \$24 million for fiscal year 1979, and \$26 million for fiscal year 1980. Further, the Senate amendment made the following revisions in the program: (1) it repealed the prohibition against health professions students receiving both a health professions student loan and a national defense education loan; (2) it required that no student of medicine or osteopathy who would graduate that June 30, 1978 would be eligible to receive a health professions student loan after October 1, 1976 unless such student were of exceptional financial need; and (3) it limited the existing loan forgiveness provisions to allow repayment only of health professions student loans through service in a shortage area.

The conference substitute conforms to the Senate amendment except that (1) it prohibits assistance to any medical or osteopathic student who will graduate after June 30, 1979 unless such student is of exceptional financial need, and (2) it authorizes the following appropriations for Federal contributions to student loan funds: \$26 million for fiscal year 1978, \$27 million for fiscal year 1979, and \$28 million for fiscal year 1980.

LISTER HILL SCHOLARSHIPS

The Senate amendment established a program whereby up to ten Lister Hill scholarships each year would be awarded to medical students who agree to enter into the family practice of medicine in health manpower shortage areas and authorized appropriations for such program as follows: \$80,000 for fiscal year 1977, \$160,000 for

fiscal year 1978, \$240,000 for fiscal year 1979, and \$320,000 for fiscal year 1980.

The House bill contained no comparable provision.

The conference substitute conforms to the Senate provision, with technical amendments.

REVISIONS TO NATIONAL HEALTH SERVICE CORPS PROGRAM

ADMINISTRATIVE PROVISIONS

The House bill retained the provisions of existing law which require the Secretary to conduct recruiting programs for the National Health Service Corps at health professions schools, authorize the Secretary to reimburse applicants for positions in the Corps for expenses incurred in making one trip to an area in which they would be assigned, and provide that personnel of the Corps engaged in the provision of health services to underserved populations shall not be counted against employment ceilings affecting the Department of Health, Education, and Welfare.

The Senate amendment did not contain the provisions described above. The Senate amendment did require that the identifiable administrative unit within the Department of Health, Education, and Welfare which administers programs relating to construction, capitation grants, and grants for family medicine programs concur in administrative actions, prior to the issuance thereof, with respect to the National Health Service Corps Program and the National Health Service Corps Scholarship Program.

Under the conference substitute, the three administrative provisions contained in the House bill are adopted. In addition, the conference substitute provides that the administrative unit within the Department of Health, Education, and Welfare which administers the program relating to capitation grants shall participate in the development of administrative actions, prior to their issuance, with respect to the National Health Service Corps Program and the Scholarship Program.

ADJUSTMENT OF PAY

Under the House bill, the Secretary was authorized to adjust the monthly pay of each National Health Service Corps physician and dentist engaged directly in the delivery of health services, following the termination of any obligatory service incurred as a result of NHSC scholarship support, by an amount not to exceed \$1,000 per month so that such pay would be competitive with that of members of their professions with equivalent training and time experience. Upon expiration of the thirty-six month period, such bonus support would continue only to the extent necessary to make the National Health Service Corps member's monthly pay equal to the income he received for the last month of the thirty-six month period.

The Senate amendment contained no comparable provision.

The conference substitute includes the House provision, except that it is made applicable to all members of the National Health Service Corps.

DESIGNATION OF MEDICALLY UNDERSERVED POPULATIONS OR HEALTH MANPOWER SHORTAGE AREAS

Under the House bill, the population of an urban or rural area which the Secretary determined to have a critical health manpower shortage or a population group determined by the Secretary to have such a shortage was to be designated as a "medical underserved population" and, thus, eligible for service from a National Health Service Corps assignee.

The Senate amendment, using the term "health manpower shortage area", defined such an area as (1) an area in an urban or rural area which the Secretary determines has a health manpower shortage, (2) a population group which the Secretary determines has such a shortage or (3) a public or nonprofit private medical facility or other public facility (including a Federal facility) which the Secretary determines has such a shortage.

The conference substitute adopts the provisions of the Senate amendment, except that it adds a definition of the term "medical facility".

REVIEW OF APPLICATIONS FOR ASSIGNMENT OF CORPS PERSONNEL

Under the House bill, the Secretary could not approve an application for the assignment of a National Health Service Corps member to an area unless he had afforded each health systems agency for a health service area which includes any or part of the area in which the population for which the application is submitted resides (or, if there is part of such area within a health service area for which no health systems agency has been designated, the State health planning and development agency of the State in which such part is located) is afforded an opportunity to review the application and submit comments respecting the need for and proposed use of the Corps personnel requested.

The Senate amendment contained no comparable provision.

The conference substitute includes the provisions of the House bill except that health systems agencies (and where appropriate State health planning and development agencies) are afforded 90 days to review and comment upon applications.

PARTICIPATION OF MEDICAL AND OTHER HEALTH PROFESSIONS SOCIETIES IN ASSIGNMENT OF CORPS PERSONNEL

The House bill required the certification of a State or district medical, osteopathic, dental, or other appropriate health society for a designated area to certify to the Secretary that assignment of Corps personnel is needed for the area prior to the assignment of a National Health Service Corps member. The House bill provided for a waiver of this requirement if the Secretary determined that certification had clearly been arbitrarily and capriciously withheld.

The Senate amendment required that, in considering an application for assignment, the Secretary take into consideration comments from medical, osteopathic, dental or other health professions societies or individuals in such professions serving the appropriate area.

The conference substitute directs the Secretary to take into consideration the comments of such societies or individuals prior to making an assignment of a National Health Service Corps member to a designated area.

WAIVER OF COST SHARING PROVISIONS

Both bills provided authority for the Secretary to waive requirements that an entity to which a National Health Service Corps member has been assigned pay to the United States an amount equal to the assignee's salary, any scholarship support he might have received under the National Health Service Corps Scholarship Program, and any amount paid to the entity by the Secretary in order that the entity could prepare for the arrival of the National Health Service Corps member.

Under the House bill the Secretary was authorized to waive, in whole or in part, such repayment requirements if he determines that compliance would unduly limit the ability of the entity to maintain the quality of the services it provided.

Under the Senate amendment, the Secretary's determination was to be with respect to the ability of the entity to provide for the support of the provision of health services by Corps members. In addition, the Senate amendment exempted from the repayment requirement entities located in a health manpower shortage area in which a significant percentage of the residents were elderly, living in poverty, or had other characteristics which would indicate an inability to repay the required amount.

Under the conference substitute, the Secretary is authorized to waive, in whole or in part, the repayment requirement if he finds that the requirement would unreasonably limit the ability of the entity to provide for the *adequate* support of the provision of health services by Corps members. In addition, the Secretary is authorized, but not required, to grant such a waiver to an entity located in an area in which a significant percentage of the residents of the area are elderly, living in poverty, or have other characteristics bearing upon ability to repay.

LOANS AND GRANTS TO ENTITIES TO WHICH NATIONAL HEALTH SERVICE CORPS PERSONNEL WILL BE ASSIGNED

The House bill authorized the Secretary to make single grants, not in excess of \$25,000, to entities to which National Health Service Corps personnel had been assigned for the purpose of establishing medical practice management systems, acquiring equipment, and establishing continuing education programs for National Health Service Corps personnel. As noted above, the amount of such grants was required to be repaid by the entity, although the repayment requirement could be waived in whole or in part.

The Senate amendment authorized the Secretary to make one loan, without interest, to any entity to which a National Health Service Corps member has been assigned for purposes comparable to those for which the House bill authorized grants except that such a loan could also be utilized for the renovation of buildings. No such loan could exceed \$75,000, and repayment could be waived. In addition, the Senate amendment authorized the Secretary to make one grant in lieu of

a loan to an entity that was financially unable to meet the full cost of providing facilities. The amount of any such grant could not exceed \$15,000 or 50 percent of the cost of providing such facilities, whichever is less.

The conference substitute conforms to the House bill except that (1) the term "grant" is changed to "loan" (2) the Senate provision which authorized as one of the purposes for a loan the renovation of buildings is included and (3) the amount of the loan may not exceed \$50,000.

DENIAL OF HOSPITAL PRIVILEGES TO NATIONAL HEALTH SERVICE CORPS MEMBERS

The Senate amendment contained a provision, not included in the House bill, making it unlawful for any hospital to deny admitting privileges to a physician or dentist member of the National Health Service Corps when such member otherwise meets the professional qualifications established by the hospital and agrees to abide by the bylaws of the hospital and medical staff. Further, the Senate amendment provided that any hospital which is found by the Secretary to have violated this requirement shall cease to receive and be eligible to receive federal funds under the Public Health Service Act, and shall be liable to the United States for civil penalty of \$10,000.

The conference substitute includes the Senate provision.

ADVISORY COUNCIL

The House bill repealed the provisions of existing law which establish the National Advisory Council on Health Manpower Shortage Areas and established in its place a council to be known as the National Advisory Council on the National Health Service Corps.

The Senate bill repealed the authority for the National Advisory Council on Health Manpower Shortage Areas.

The conference substitute conforms to the provisions of the House bill.

AUTHORIZATION OF APPROPRIATIONS FOR THE NATIONAL HEALTH SERVICE CORPS PROGRAM

The House bill authorized appropriations as follows for the Scholarship Program: \$30 million for fiscal year 1976, \$36 million for fiscal year 1977, \$45 million for fiscal year 1978.

The Senate amendment authorized the following appropriations for the program: \$47 million for fiscal year 1978, \$57 million for fiscal year 1979, and \$70 million for fiscal year 1980.

The conference substitute conforms to the Senate amendment.

The conferees intend that persons who volunteer for the National Health Service Corps should be given greater consideration in matching their preferences for assignment among all health manpower shortage areas than persons who acquire an obligation to serve in such areas because of receipt of scholarship support.

The conferees further intend that scholarship recipients should be assigned to areas of greatest need. In determining assignments, the

Secretary should establish groupings of areas of greatest need and authorize limited assignment choices for scholarship recipients among such groupings.

REVISIONS IN THE NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

PERIOD OF OBLIGATED SERVICE

The House bill required each applicant for participation in the National Health Service Corps Scholarship Program to agree to provide one year of service for each academic year of training for which a scholarship was received, or two years of service, whichever is greater.

The Senate amendment required each participant in the program to serve for a period equal to one year of such service for each year for which the scholarship was received, but required each applicant to accept no less than two years of scholarship support.

The conference agreement conforms to the House provision.

APPLICATION, PROVISIONS OF OFFER, AND CONTRACT

The Senate amendment required that, to be eligible for acceptance in the National Health Service Corps Program, an individual must submit an application for acceptance in the program and enter into a written contract with the Secretary.

In addition, the Senate amendment contained a provision requiring the Secretary to transmit an offer to each person whose application for participation in the Scholarship Program had been approved. The offer was required to include (1) a copy of the approval, (2) necessary forms, (3) a summary of the rights and liabilities of the individual upon acceptance of the scholarship, and (4) a copy of the contract to be entered into by the individual. The contract was required to contain (1) an agreement whereby the Secretary agrees to provide the individual with scholarships for a specified number of years and the individual agrees to accept such scholarships and serve for the period of obligated service in an area to which he is assigned by the Secretary, (2) a provision that any financial obligation of the United States and of the student is contingent upon sufficient funds being appropriated to carry out such obligation, (3) provisions for liquidated damages, (4) applicable administrative and judicial procedures, and (5) other significant matters affecting the rights and liabilities of the parties.

The House bill contained no comparable provision.

The conference substitute combines the provisions of the Senate amendment into one provision whereby the application for acceptance into the program includes the provisions of the offer and a copy of the contract which must be signed by the applicant prior to acceptance into the program.

PRIORITY AND AWARD OF SCHOLARSHIPS

The Senate amendment required that, in awarding National Health Service Corps scholarships, the Secretary give initial priority to an

individual who has previously received such a scholarship or who had received a scholarship for persons of exceptional financial need, and thereafter priority to individuals who will be entering their first year of school, and, finally, special consideration to individuals who reside in designated medically underserved areas.

The House bill contained no comparable provision.

Under the conference substitute, the Secretary is required to give priority in acceptance of applicants for participation in the program (1) for the academic year which begins September, 1978, first to individuals who have previously participated in the Scholarship Program or who have received scholarships under the program for students of exceptional financial need, and, secondly to individuals who will be entering their first or second year of training at an accredited health professions school; and (2) for each academic year which begins September, 1979 and thereafter, first to individuals who have previously participated in the Scholarship Program or who have received scholarships for persons of exceptional financial need and secondly to those individuals entering their first year of training at an accredited health professions school.

AMOUNT OF SCHOLARSHIP

The House bill provided that a National Health Service Corps scholarship was to consist of (1) an amount equal to the basic pay and allowances of a commissioned officer of the Public Health Service on active duty in pay grade O-1 with less than two years of service and (2) payment of the tuition expenses of the participant and all other reasonable educational expenses.

The Senate amendment provided that the scholarship of a participant in the National Health Service Corps Scholarship Program was to consist of (1) a stipend of \$400.00 per month (with a provision for an annual increase of a percentage equal to the percentage of the increase in the salaries of Federal employees) and (2) tuition and all other reasonable educational expenses.

The conference agreement adopts the provisions of the Senate amendment.

DEFERRAL OF OBLIGATED SERVICE

The House bill provided that the Secretary shall, at the request of participants in the NHSC Scholarship Program, defer the beginning of obligated service for the time required for the participant to complete internship, residency, or other advanced clinical training.

Under the Senate amendment, the Secretary was authorized but not required, to defer the beginning of obligated service for such persons for a period required for a participant to complete internship, residency, or other advanced clinical training, except that such period could not exceed three years. Under the Senate amendment, the Secretary was to give priority in granting a deferral to participants who requested such deferral for the purpose of completing such training in a medically underserved area, or for the purpose of receiving training in family medicine, general internal medicine, general pediatrics, and general obstetrics and gynecology.

The conference substitute conforms to the House provision except that the period of deferral may not exceed three years.

REPORTS

The Senate amendment required each member of the National Health Service Corps during his period of obligatory service and each individual released from his service requirement as a member of the Corps to serve in private practice to file a report with the Secretary each year which shall include his activities over the previous year.

The House bill contained no comparable provision.

The conference report does not contain the Senate provision. However, the conferees do not intend that this action be construed as prohibiting reasonable requests for information from such individuals by the Secretary.

RELEASE TO ENGAGE IN RESEARCH

The Senate amendment contained a provision, not included in the House bill, which authorized the Secretary, if he determines that a participant in the National Health Service Corps Program demonstrates exceptional promise for medical research, to permit such individual to perform his service obligation under the requirements of the National Research Service Award program obligation established under section 472(c) of the Public Health Service Act.

The conference substitute conforms to the Senate provision, except that the Secretary may permit such individuals to perform their service obligation through participation in the National Research Service Award program.

The conferees intend that the Secretary would use his authority to release such individuals who demonstrate extraordinary promise respecting biomedical research, given the fact that the principal purpose of awarding National Health Service Corps scholarships is to provide health services to medically underserved areas and not simply to provide financial support for health professions students. It is the intent of the conferees that, in his annual report to the Congress with respect to the Scholarship Program, the Secretary report as to the number of individuals released from their service obligations under the Program during the previous year.

RELEASE FROM OBLIGATION TO ENTER PRIVATE PRACTICE

Both bills contained provisions authorizing the release of persons from their service obligation in order to enter the private clinical practice of their profession in a health manpower shortage area.

Under the House bill, the Secretary was *required* to release such an individual from his service obligation and was authorized to make one grant to any such individual who has agreed to extend the period of practice under such agreement by a period of not less than one year to assist in the costs of beginning the practice of his profession. The amount of the grant was authorized to be \$12,500 if the individual agreed to practice his profession for a period of at least one year but less than two years; such amount was to be \$25,000 if the individual agreed to practice his profession for a period of at least two years.

The Senate amendment *permitted* but did not require the Secretary to release such an individual, conditioned upon the existence of a sufficient financial base in the area in which the individual intended to practice his profession. It contained no provision authorizing the award of a grant to such an individual.

Under the conference substitute the Secretary is required to release from his service obligation a member of the National Health Service Corps who agrees to enter into the private practice of his profession in a health manpower shortage area which has a sufficient financial base to sustain such practice. The conference substitute contains no provision with respect to the award of a grant to such an individual.

GOOD MEDICAL PRACTICE REQUIREMENTS

The Senate amendment required that agreements entered into between the Secretary and persons released from obligated service in order to enter private practice contain provisions in order to assure that the medical practice of such person will be in accordance with the requirements of good medical practice in effect for Corps members, including requirements relating to medical records systems, professional coverage arrangements, and hours of practice.

The House bill contained no comparable provision.

The conference substitute does not contain this provision. However, the conferees noted that this action does not preclude the establishment of reasonable regulations by the Secretary to insure that persons released for purposes of private practice engage in the full time clinical practice of their profession and that such practice be of high quality.

GRANTS FOR PERSONS WHO HAVE COMPLETED OBLIGATED SERVICE

The House bill contained a provision authorizing grants to persons who have completed their service obligation and who agree to engage in the private practice of their profession in a medically underserved area to assist such persons in meeting the costs of beginning the practice of their professions. The authorized amount of such grant was \$12,500 if the individual agreed to practice his profession for a period of at least one but not less than two years; such amount was to be \$25,000 if such individual agreed to practice his profession for a period of at least two years.

The Senate amendment contained no comparable provision.

The conference substitute includes the House provision.

RECOVERY OF DAMAGES UPON DEFAULT

The House bill contained a provision which entitled the United States to recover from a person failing to begin or complete his service obligation an amount equal to two times the amount paid under the scholarship training program, plus interest at the maximum prevailing legal rate, within a three year period beginning on the date the United States becomes entitled to recover such amounts. Repayment was to be in accordance with a formula designed to encourage participants not to fulfill only a portion of their service obligations.

The Senate amendment contained a comparable provision, except that repayment was to be at an amount equal to three times the amount

paid under the scholarship training program plus interest, repayable within 60 days of the period in which the United States becomes entitled to recover the amount.

Under the conference substitute, the amount the United States is entitled to recover is an amount equal to three times the amount paid under the scholarship training program, plus interest, payable within one year from the date of the breach of the contract entered into between the United States and the individual.

TERMINATION OF STUDIES

The House bill provided that when a participant in the scholarship program is dismissed for failure to meet academic standing requirements or for disciplinary reasons or voluntarily terminates academic training, he shall be liable for repayment to the government for an amount equal to the scholarship which he received.

Under the Senate amendment, the obligation of such individual would be cancelled without prejudice, although if the individual subsequently received a health professions degree, the obligation which had been cancelled would be reinstated.

The conference substitute conforms to the House bill.

LIQUIDATED DAMAGES

The Senate amendment contained a provision providing that any individual who entered into a written contract to accept a National Health Service Corps scholarship and who failed to enroll as a first year student shall be liable to the United States for the sum of \$1,500 in liquidated damages. Further, it provided that whenever an individual submitted an application for a National Service Corps scholarship, agreed in writing to accept the scholarship, enrolled as a student in a school of the health professions and failed to accept such scholarship, if offered, such individual would be liable to the United States for the sum of \$1,500 in liquidated damages.

The House bill contained no comparable provision.

The conference substitute does not contain the provisions of the Senate amendment with respect to failure to enroll as a first year student. It does, however, contain the provisions with respect to the liability of an individual who enrolls in a health professions school and fails to accept a scholarship after agreeing in writing to do so.

AUTHORIZATION OF APPROPRIATIONS FOR NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

The House bill authorized the following appropriations to carry out the National Health Service Corps Scholarship Program: \$40 million for fiscal year 1976, \$80 million for fiscal year 1977, and \$120 million for fiscal year 1978. Further, the House amendment required that sums appropriated under the authority for National Health Service Corps scholarships for any fiscal year must remain available for obligation in the succeeding fiscal year.

Under the Senate amendment, the following appropriations were authorized for the National Health Service Corps Scholarship Program: \$85 million for fiscal year 1978, \$150 million for fiscal year 1979, and

\$233 million for fiscal year 1980. The Senate amendment further required that not less than \$68 million for fiscal year 1978, \$120 million for fiscal year 1979, and \$190 million for fiscal year 1980 be used for scholarships for medical and osteopathic students and that not less than \$12 million for fiscal year 1978, \$24 million for fiscal year 1979, and \$36 million for fiscal year 1980 be used for scholarships for dental students.

Under the conference substitute, the following appropriations are authorized for the National Health Service Corps Scholarship Program: \$75 million for fiscal year 1978; \$140 million for fiscal year 1979, and \$200 million for fiscal year 1980. In addition, under the conference substitute, not less than 90 percent of funds appropriated in any of the above fiscal years must be for the purpose of awarding scholarships for medical, osteopathic, or dental students, of which 10 percent must be reserved for dental students. Finally, the conference substitute includes the House provision which required that sums appropriated for any fiscal year shall remain available for obligation for the succeeding fiscal year.

X FUNDING PRIORITY

Under the Senate amendment, funds appropriated under the authorization of appropriations for National Health Service Corps scholarships and scholarships for students of exceptional financial need could not be less than 50 percent of the funds appropriated for capitation grants to schools of medicine, osteopathy, and dentistry.

The House bill contained no comparable provision.

Under the conference substitute, if 75 percent or more of the sum of the amounts authorized to be appropriated for such fiscal year for the purpose of making capitation grants to schools of medicine, osteopathy and dentistry is appropriated for any fiscal year, no funds appropriated for such fiscal year may be obligated or expended for the purpose of carrying out any provisions of title VII of the Public Health Service Act unless the amounts appropriated for National Health Service Corps Scholarships and scholarships for students of exceptional financial need are less than the lesser of (1) the amounts authorized to be appropriated for such fiscal year for such programs or (2) 50 percent of the total amount appropriated for such fiscal year under title VII of the Public Health Service Act.

X REVISION OF SCHOLARSHIP AUTHORITY

Under the House bill, the existing authority for grants to schools for the provision of scholarship awards to students was repealed, and appropriations were authorized only for the purpose of making payments to students who had received such awards from grants made to schools prior to fiscal year 1975.

Under the Senate amendment, the existing scholarship authority was repealed and replaced by authority for grants to public or non-profit private schools of medicine, osteopathy, dentistry, optometry, pharmacy, podiatry, and veterinary medicine for scholarships to be awarded to students who are of exceptional financial need and who are in their first year of study at such schools. Scholarships were to consist of a stipend of \$400 per month, tuition, and all other reasonable educational expenses. Authorizations of \$16 million for fiscal year

1978, \$17 million for fiscal year 1979, and \$18 million for fiscal year 1980 were provided for such purpose.

Under the conference substitute, both the provisions of the House bill and the Senate amendment are adopted with technical changes.

GUARANTEED STUDENT LOANS

The Senate amendment contained provisions which would establish a new program of Federally insured loans for students enrolled in health professions schools, modeled on the program established by the Higher Education Act but with substantially increased ceilings on the amounts that could be borrowed by health professions students. Students in schools of medicine, osteopathy, dentistry, veterinary medicine, podiatry, optometry, and public health were authorized to borrow up to \$10,000 a year with a total loan limit per student of \$50,000. Students in schools of pharmacy were permitted to borrow up to \$7500 a year with a total loan limit per student of \$37,500. The Senate amendment provided for principal payments on such loans to be deferred while the borrower was in school, and during a period not to exceed three years, while in training as an intern or resident or while serving in the Armed Forces, the Peace Corps, or under the Domestic Volunteer Services Act of 1973, but required that interest payments be made during the period of deferral. It limited the amounts of new loans that could be insured in each of the fiscal years covered by the legislation to \$500 million during fiscal year 1978, \$510 million during fiscal year 1979, and \$520 million during fiscal year 1980, and it provided that not more than 50 percent of the students in any class of a medical, dental, or osteopathic school were authorized to obtain such insured loans. In addition, the Senate amendment authorized the marketing of such loans in the secondary market established by the Student Marketing Association, permitted institutions to use capitation payments to subsidize the interest costs of students holding such insured loans, and authorized the Secretary to permit borrowers under the program to discharge their loan obligation after graduation by providing service in a medically underserved area either as a member of the National Health Service Corps or in private practice in such an area.

The House bill contained no comparable provision.

The conference substitute includes the provisions of the Senate amendment with the following changes:

(1) Health professions schools participating in the program may do so only if they meet the conditions prescribed by the conference report respecting eligibility for capitation.

(2) The schools themselves are designated as eligible lenders, unlike the provision of the Senate amendment which excluded such institutions as being lenders.

(3) Lenders are required to make substantial efforts at collecting on loans insured under the program before the Federal government may pay the amount owed under the guarantee.

(4) In the event that the Secretary enters into an agreement with a borrower for payment of a portion of a loan obligation in return for service and the borrower breaches his contract obligation under such

agreement, he is required to pay damages in an amount equal to three times the amount paid by the Secretary under the agreement to him or on his behalf.

The conferees were particularly concerned that schools not use the guaranteed student loan program as a substitute for the capitation program. Thus, the conference substitute provides that only the students of schools that are in compliance with the capitation conditions for receipt of capitation support are eligible for participation in the program.

In the view of the conferees, the new guaranteed loan program will be of material assistance to health professions schools by providing private sources of income for students to meet the ever rising costs of education. This program should be of particular value to those institutions which receive relatively little public support and, consequently, are obliged to charge high tuition fees. Thus, the conferees expect that, in the administration of the program, the Secretary will pay particular attention to the needs of high tuition schools.

Finally, the conferees noted that the guaranteed student loan program offers the Secretary a source of personnel for service in underserved areas in addition to persons who are under obligation due to receipt of National Health Service Corps scholarships. Although borrowers under the program are not entitled to repay their loans through service as a matter of right, the Secretary is authorized to enter into agreements with them to discharge their loan obligations in return for service under terms and conditions identical to those of the NHSC program. In all likelihood, most of the loans insured under this program will be repaid in the normal course; however, there may be circumstances under which the Secretary seeks to obtain additional personnel for service in underserved areas. This program enables the Secretary to obtain such personnel by contracting with borrowers for such service.

The conferees stress that provision is made to limit the possibility of avoidance of repayment by restricting borrowers under the program from discharging their obligation through bankruptcy for a period of five years after repayment commences and, further, by authorizing denial of reimbursement under any Federal program to providers who have defaulted on loan obligations incurred under the program.

TRAINEESHIPS FOR STUDENTS IN SCHOOLS OF PUBLIC HEALTH AND OTHER GRADUATE PROGRAMS

The House bill contained two provisions which authorized traineeship support for students in schools of public health and other graduate programs in health. The first provision authorized appropriations of \$6 million for each of fiscal years 1976, 1977, and 1978 for grants to schools of public health for traineeships to train students enrolled in such schools. The second provision authorized appropriations of \$2.5 million for each of fiscal years 1976, 1977, and 1978 for grants to public or nonprofit private entities (except schools of public health) training students in graduate educational programs in health administration, hospital administration, health planning, environmental health, and preventive medicine for traineeships to train public and

community health personnel for which the Secretary determines there is unusual need.

The Senate amendment combined the two authorities into one authority for traineeships. Under the Senate provision, the Secretary was authorized to make grants to accredited schools of public health and to public or nonprofit private educational entities (including schools of social work) which have accredited programs in health administration, hospital administration, and health planning for traineeships to train students in such schools and programs. It provided that eighty percent of the traineeships were to be awarded to individuals who either had a postbaccalaureate degree or had worked for three years in health services, and were pursuing courses of study in biostatistics, epidemiology, health administration, health planning, health policy analysis and planning, environmental health, occupational health, dietetics, or nutrition. The Senate amendment authorized appropriations of \$10 million for fiscal year 1978, \$11 million for fiscal year 1979, and \$12 million for fiscal year 1980 for such traineeships.

The conference substitute provides for two separate traineeship programs, one for students in accredited schools of public health and one for students in accredited programs of health administration, hospital administration, and health planning. With respect to traineeships to students in accredited schools of public health, 45% of the awards in fiscal year 1978, 55% in fiscal year 1979, and 65% in fiscal year 1980 are to be reserved for awards to the individuals eligible under the Senate amendment. Eighty percent of the awards for students in accredited programs of health administration, hospital administration, and health planning are earmarked for individuals who either have a postbaccalaureate degree or three years of work experience in health. The conference substitute authorizes appropriations of \$7.5 million for fiscal year 1978, \$8 million for fiscal year 1979, and \$9 million for fiscal year 1980 for traineeship awards for students in schools of public health, and \$2.5 million for each of fiscal years 1978, 1979, and 1980 for traineeship awards to students enrolled in graduate programs of health administration, hospital administration, and health planning.

The conferees recognize that the report contains several references regarding accreditation of schools of public health and programs in health administration, hospital administration, and health planning. These references are in no way intended to imply that any changes in policy or direction with respect to HEW's Office of Education respecting the recognition it chooses to grant regarding accreditation are necessary.

CAPITATION GRANTS FOR SCHOOLS OF MEDICINE, OSTEOPATHY AND DENTISTRY AND ELIGIBILITY FOR SUCH GRANTS

Under both the House bill and the Senate amendment, schools of medicine, osteopathy, and dentistry were eligible for Federal institutional support based on a formula of a statutory amount of money times the number of full time students enrolled in such schools (and thus termed "capitation" support). Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of medicine, osteopathy, and dentistry were eligible for institutional support of \$2100 per full time student for fiscal year 1975, \$2100 per full time student for fiscal year 1976, and \$2000 per full time student for fiscal year 1977.

The House bill provided that a school of medicine, osteopathy, or dentistry was not eligible for capitation support unless one of the following three conditions were met:

(1) That for the second school year beginning after the fiscal year in which the grant was to be made the first year enrollment of such school would be increased over the 1975 enrollment level by 10 percent if the enrollment in fiscal year 1975 was under 100 students, or by 5 percent or 10 students, whichever is greater, if such year's enrollment was over 100 and maintained for each school year thereafter;

(2) That for the second school year beginning after the fiscal year in which the grant was to be made and the third year enrollment of such school would be increased over the 1975 enrollment level by 10 percent if the enrollment in fiscal year 1975 was under 100 students, or by 5 percent or 10 students, whichever is greater, if such year's enrollment was over 100 and maintained for each school year thereafter; or

(3) That such school would have approved a plan to train students in ambulatory care settings in areas geographically remote from the main site of teaching facilities of the school. Under this option, a minimum of 50 percent of graduating students were required to receive at least six weeks of training (in the aggregate) in such areas; if 60 percent of the students were to receive such training, the required period was shortened to five weeks; if 75 percent of the students were to receive such training, the required period was shortened to four weeks.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of medicine, osteopathy, and dentistry was established at \$1800 per student for fiscal year 1978, \$1900 per student for fiscal year 1979, and \$2000 per student for fiscal year 1980.

The Senate amendment required the following as conditions for receipt of capitation support by schools of medicine, osteopathy and dentistry:

Schools of Medicine and Osteopathy

Each such school would be required to provide assurances that an established number of positions available to students enrolled in such school would be reserved for students (excluding fourth-year students) who had applied for and agreed in writing to accept National Health Service Corps scholarships. The required number in academic year 1977-78 would be 25 percent of the number of first year students enrolled in the preceding academic year; in 1978-79, 30 percent of such number; and in 1979-80, 35 percent of such number. Further, the Senate amendment provided that these school-by-school requirements would not apply if "assured national goals" were "substantially

met". "Assured national goals" meant that the national average of full-time first year students submitting applications for National Health Service Corps scholarships and entering into written contracts constituted at least the following percentages: 25 percent in academic year 1977-78; 30 percent in 1978-79; and 35 percent in 1979-80. "Substantially met" was defined to mean either that 92.5 percent of funds authorized to be appropriated for National Health Service Corps scholarships for medical and osteopathic students had been obligated, or that at least 92.5 percent of the assured national goal for each academic year had been met.

In addition, each school of medicine would have been required to have the following percentages of all of its filled residency positions (including both direct and affiliated positions) in the specialties of family practice, general internal medicine, general pediatrics, and general obstetrics and gynecology: 42 percent in academic year 1977-78; 47 percent in 1978-79; and 57 percent in academic year 1979-80; with not more than 7 percent each year attributable to residencies in general obstetrics and gynecology (calculated on a school-by-school basis). Further, in applying these requirements, the Secretary was required to seek to assure that calculated in the national aggregate for each academic year there were an appropriate percentage of residencies in psychiatry.

Schools of Dentistry

Under the Senate amendment, schools of dentistry were required to meet the following conditions:

First, each such school would be required to provide assurances that an established number of positions available to students enrolled in such school would be reserved for students (excluding fourth year students) who applied for and agreed to accept National Health Service Corps scholarships. The number was to be a percentage of first year positions to be determined by the Secretary (which could not be more than 20 percent, but not less than 10 percent). This school-by-school requirement would not apply if the national average of full-time first year students who applied for and agreed to accept National Health Service Corps scholarships was equal to or exceeded the percentage established by the Secretary or if 92.5 percent of the funds authorized to be appropriated for such scholarships for dental students were obligated. The percentage of first year positions which was to constitute the requirements under the Senate amendment was to be determined by the Secretary in cooperation with appropriate national dental organizations.

Second, each dental school would be required either (1) to develop a program to train dental students in the organization and management of multiple auxiliary dental team practices in accordance with regulations of the Secretary, or (2) to increase (beginning in academic year 1977-78) the number of first year students above 1976-77 levels by 10 percent if such level was 100 or less, or by 5 percent or 10 students, whichever is greater, if such level was more than 100. Further, the Secretary was authorized to waive either of these requirements in cases in which dental schools would face the loss of accreditation due to compliance with such requirements.

Third, dental schools would be required to provide assurances that at least 70 percent of filled positions in dental specialty programs in excess of academic year 1976-77 levels would be in either general dentistry or pedodontics.

CONFERENCE SUBSTITUTE

Under the conference substitute, the following appropriations are authorized for capitation grants to schools of medicine, osteopathy and dentistry: \$2000 per full time student for fiscal year 1978; \$2050 per full time student for fiscal year 1979; and \$2100 per full time student for fiscal year 1980.

The requirements of the conference substitute with respect to eligibility for capitation support are modifications of the provisions of the House bill with respect to enrollment increases and of the Senate amendment with respect to requirements for percentages of residency training programs in primary care. The requirements of the Senate amendment with respect to the reservation of certain percentages of positions in schools for students who apply for and agree to accept National Health Service Corps scholarships are not included in the conference substitute; however, due to the provisions of the conference substitute with respect to funding priorities for National Health Service Corps scholarships, (described above) the intention of the Senate amendment—to insure that adequate numbers of students receive scholarships in return for an agreement to practice their professions in medically underserved areas—will, in the opinion of the conferees, be fulfilled.

The conference substitute provides as follows:

Requirements for Schools of Medicine

Requirements for Primary Care Residency Positions: Unless, on July 15, 1977, the number of filled first year residency positions in primary care (defined as family medicine, general internal medicine and general pediatrics) is at least 35% of the total number of first year filled positions on that date in all direct or affiliated medical residency training programs, then in order for a school of medicine to be eligible for capitation grants for the fiscal year 1978, it must have, on July 15, 1978, at least 35% of its filled first year positions in its direct or affiliated medical residency training programs in primary care.

Unless, on July 15, 1978, the number of filled first year residency positions in primary care is at least 40% of the total number of filled first year filled positions, then in order for a medical school to be eligible for a capitation grant for fiscal year 1979, it must have on July 15, 1979, 40% of its filled first year residency positions in its direct or affiliated medical residency training programs in primary care.

Unless, on July 15, 1979, at least 50% of all filled first year medical residency positions are in primary care, then in order for a medical school to be eligible for capitation support for fiscal year 1980, it must have July 15, 1980, at least 50% of its filled first year positions, in its direct or affiliated medical residency training programs in primary care.

Under the conference substitute, the Secretary is required to determine what percent of all first year filled positions as of July 15, 1977 and July 15 of each succeeding in direct or affiliated medical residency training programs are filled positions in primary care. In making his determination each year, the Secretary is to deduct from the number of filled first year positions in primary care, a number equal to the number of individuals who were in a first year filled position in primary care in the previous year and who are, at the time the Secretary makes his determination, not in a residency training program in primary care. Each such determination is required to be published in the Federal Register not later than 45 days after the determination is made and reported in writing to each school of medicine in the United States and to the appropriate committees of the Congress. The Secretary may, in instances in which a school is required to have a specified percentage in primary care positions, determine that such requirement is met if (1) he determines that a school has made good faith efforts to meet the requirement and that at least 98 percent of the required percentage has been met. In addition, the conference substitute provides that the Secretary may not make a capitation grant to a school of medicine for any fiscal year if in the preceding year such school terminated or failed to renew an affiliation with a medical residency training program for the purpose of meeting the requirements for eligibility for capitation grants relating to residency positions continued to provide training support for such a residency training program.

Requirements to Enroll Students from Foreign Medical Schools: In order for a school of medicine to be eligible for capitation support, it must in its application for such support provide assurances satisfactory to the Secretary that it will participate in a national program whereby it will reserve positions in the school year beginning immediately before the fiscal year for which the grant is applied for students who were enrolled in a school of medicine outside of the United States prior to the enactment of the conference report which students (1) are citizens of the United States, (2) successfully completed at least two years in such a school of medicine, (3) successfully completed Part I of the National Board of Medical Examiners examination (or its equivalent) and (4) have applied to the Secretary for assignment to a school of medicine in the United States. The Secretary is required to apportion equitably among the schools of medicine in the United States the number of positions for individuals eligible for admission under this provision and must report to the schools not later than 15 days after the identification is made of such individuals; schools of medicine are not required to enroll an individual apportioned to it if such individual does not meet the school's entrance requirements (other than requirements with respect to academic standing or place of residence) or, if enrollment of such individual will, as determined by the Secretary after consultation with the appropriate accreditation body, result in the school's not meeting the accreditation standards of such body. In addition, if the Secretary determines that there is an inadequate population in the area served by the medical school hospital to provide an adequate patient load so quality clinical training can be provided to students in the medical schools.

It is not the conferees' intent, in including this requirement, either to encourage or condone the practice of U.S. citizens receiving their

medical education in foreign medical schools if such persons intend to practice medicine in the United States. Rather, it is intended to remedy an unfortunate situation which currently exists. In the view of the conferees, the current situation, in which thousands of U.S. citizens are presently enrolled in foreign medical schools where, in most cases, the education they are receiving is not of the quality provided by U.S. medical schools and is being taught in a language other than English, is a situation which deserves the immediate attention of the Department of Health, Education, and Welfare, the American Medical Association, and the Association of American Medical Colleges. The conferees believe that it is in the best interests of the U.S. health care system to permit those U.S. citizens who have successfully completed two years of medical education in a foreign medical school and who have passed Part I of the National Board of Medical Examiners' Examination to complete their education in U.S. medical schools. The conferees intend that this provision not be extended beyond the life of the conference report and that individuals planning a career in medicine become cognizant of this fact.

Although the conference substitute does not include the provisions of the Senate amendment with respect to emphasis on residencies in psychiatry and obstetrics and gynecology, the conferees do not intend that this action be construed as prohibiting the development of appropriate numbers of such residencies to meet national needs.

Schools of Osteopathy

The requirements of the conference substitute with respect to receipt of capitation support by schools of osteopathy build upon the remote site training requirements of the House bill. Under the conference substitute, in order for a school of osteopathy to be eligible for capitation support for fiscal years 1978, 1979, or 1980 such school must submit to the Secretary and have approved a plan to train full time students in ambulatory care settings in the school year beginning in the fiscal year for which the grant was made and in each school year thereafter beginning in a fiscal year for which a grant is made. Such training must be in an area geographically remote from the main site of the teaching facilities of the applicant (or any other school of osteopathy which is joined with the applicant in the submission of the plan or areas in which medically underserved populations reside. This provision authorizes more than one school of osteopathy to join in the submission of the plan. It requires that no plan may be approved unless (1) each school which joins in the submission of the plan submits assurances that all of the full time students who graduated from the school will upon graduation have received, in such areas, at least six weeks (of which at least three weeks must be consecutive) of clinical training, (2) the plan contains a list of the areas where the training is to be conducted, a detailed description of the type and amount of training to be given in the areas, and provision for periodic review by experts in osteopathic education of the desirability of providing training in such areas and the quality of training rendered in such areas, (3) the plan contains a specific program for the hiring, as members of faculty of the school or schools submitting the plan, of practicing physicians to serve as instructors in the training program in such areas, and (4) the plan contains a plan for frequent counseling and consultation

between the faculty of the school or schools at the main site of their training facilities and the instructors in the training program in such areas.

Schools of Dentistry

The conference substitute provides that no school of dentistry will be eligible to receive capitation support for fiscal years 1978, 1979, or 1980 unless the following requirements are met.

First, in the school year beginning in fiscal year 1978 and in each school year ending in the fiscal year for which a capitation grant is applied for, at least 70 percent of such school's filled positions in dental specialty programs which are in excess of the number of filled positions in its program in the school year beginning in fiscal year 1977 must be in general dentistry or pedodontics.

Second, a school of dentistry must either increase its enrollment during fiscal year 1978 or submit and have approved a plan for remote site training of its students. The enrollment increase must be a percentage of the number of full time students enrolled in the school in the school year beginning in fiscal year 1977. The increase must be by 10 percent of the academic year 1976-77 enrollment if the enrollment was not more than 100 or 5 percent of such number (or 10 students) whichever is greater if such number was more than 100. Requirements with respect to remote site training are identical to those described above with respect to schools of osteopathy except that the requirement to provide at least three consecutive weeks of training is not included. However the conferees anticipate that this requirement could and should be met in most instances. It is the intention of the conferees that, to the maximum extent feasible, remote site training should be conducted in areas which are in need of dentists. The conferees anticipate that the Secretary would use as a guideline counties (or equivalent political units) in which the dental to population ratio is 1 to 2,000 or more and that the area be an area in which training support in general dental practice and pedodontics is available.

CAPITATION GRANTS FOR SCHOOLS OF PUBLIC HEALTH

Under both the House bill and the Senate amendment, schools of public health were eligible for capitation support. Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of public health were eligible for capitation grants of \$1,500 per student equivalent for fiscal years 1976, 1977, and 1978.

The House bill required that no school of public health would be eligible for capitation support unless it agreed that the number of full time students enrolled in the second school year beginning after the close of the fiscal year in which the capitation grant was to be made and for each school year thereafter would exceed the number of such students enrolled in the school year which began during fiscal year 1975 by 10 percent of such number if the number was not more than 100, or by 5 percent of such number, or 10 students, whichever was greater, if such number was more than 100. The Secretary was

authorized to waive such requirement if he determined that such school could not increase its first year enrollment without lowering the quality of education provided in the school.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of public health was established at \$1225 per student equivalent for fiscal year 1978, \$1300 per student equivalent for fiscal year 1979, and \$1375 per student equivalent for fiscal year 1980.

The Senate amendment's requirements for eligibility for capitation support were comparable to the requirements of the House bill, except that the enrollment increase was to be by 5 percent of the number of students enrolled in the preceding school year if such number was not more than 100, or by 2.5 percent of such number or five students, whichever was greater, if such number was not more than 100.

CONFERENCE SUBSTITUTE

Under the conference substitute, appropriations of \$1,400 per student equivalent are authorized for each of fiscal years 1978, 1979, and 1980 for capitation grants for schools of public health.

The requirements of the conference substitute with respect to eligibility for capitation grants conform to the Senate amendment.

CAPITATION GRANTS FOR SCHOOLS OF VETERINARY MEDICINE

Under both the House bill and the Senate amendment, schools of veterinary medicine were eligible for capitation support. Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of veterinary medicine were eligible for capitation grants of \$1,500 per year for each full time student for each of fiscal years 1976, 1977, and 1978.

The House bill required that one of two conditions were required to be met in order for a school of veterinary medicine to be eligible for capitation support. First, the number of full time students enrolled in the second school year beginning after the close of the fiscal year in which the capitation grant was to be made and for each school year thereafter was required to exceed the number of such students enrolled in the school year which began during fiscal year 1975 by 10 percent of such number if the number was not more than 100, or by 5 percent of such number, or 10 students, whichever was greater, if such number was more than 100. Alternatively, such schools would be required to submit assurances to the Secretary that at least 20 percent of the first year enrollment of full time students in such school would, for the second school year beginning after the close of the fiscal year in which the grant applied for was to be made and in each school year thereafter beginning in a fiscal year in which the grant was to be made, be comprised of students who were residents of States in which there were no accredited schools of veterinary medicine.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of veterinary medicine was established at \$1,350 per full time student for fiscal year 1978, \$1,425 per full time student for fiscal year 1979, and \$1,500 per full time student for fiscal year 1980.

The Senate amendment contained requirements with respect to eligibility for capitation support comparable to those of the House bill, except that the enrollment increase requirement was to be by 5 percent of the number of students of the preceding school year if such number was not more than 100 or by 2.5 percent of such number, or 5 students, whichever was greater, if such number was more than 100, and that at least 40 percent of the first year enrollment of full time students must be comprised of students who are residents of States in which there are no accredited schools of veterinary medicine. In addition, the Senate amendment required that each school of veterinary medicine, in order to be eligible for capitation support, provide assurances to the Secretary that the clinical training provided by such school emphasize predominantly care to food producing animals or to fiber producing animals or to both types of animals. Further, the Senate amendment authorized the Secretary to waive requirements with respect to increasing enrollment or enrollment of students from States in which there are no accredited schools of veterinary medicine (or both such requirements) if he determined, after receiving the written recommendation of the appropriate accreditation body, that compliance by such school would prevent it from maintaining its accreditation.

CONFERENCE SUBSTITUTE

Under the conference substitute, \$1,450 per full time student is authorized for fiscal years 1978, 1979, and 1980 for capitation grants for schools of veterinary medicine.

The requirements of the conference substitute with respect to eligibility for capitation support conform to the Senate amendment, except that (1) the requirement with respect to enrollment of students from States which have no accredited schools of veterinary medicine is that 30 percent of the first year enrollment of such schools be comprised of such students and (2) that the Secretary is not authorized to waive either requirement.

CAPITATION GRANTS FOR SCHOOLS OF OPTOMETRY

Under both the House bill and the Senate amendment schools of optometry were eligible for capitation support. Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of optometry were eligible for capitation grants of \$700 per full time student for fiscal years 1976, 1977 and 1978.

Under the House bill, one of two conditions was required to be met in order for a school of optometry to be eligible for capitation. First, the number of full time students enrolled in the second school year beginning after the close of the fiscal year in which the capitation grant was to be made and for each school year thereafter was required to exceed the number of such students enrolled in the school year which began during fiscal year 1975 by 10 percent of such number if the number was not more than 100, or by 5 percent of such number, or 10 students, whichever was greater, if such number was more than 100. Alternatively, such schools would be required to submit assurances to the Secretary that at least 25 percent of the first year enrollment of full time students in such school (or, in the case of a private school, 50 percent of such enrollment) would, for the second school year beginning after the close of the fiscal year in which the grant applied for was to be made and in each school year thereafter beginning in a fiscal year in which the grant was to be made, be comprised of students who were residents of States in which there were no accredited schools of optometry.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of optometry was established at \$775 per student for fiscal year 1978, \$830 per student for fiscal year 1979, and \$885 per student for fiscal year 1980.

The Senate amendment contained requirements with respect to eligibility for capitation support comparable to those of the House bill, except that the enrollment increase requirement was to be by 5 percent of the number of students of the preceding school year if such number were less than 100, or 2.5 percent of such number or 5 students, whichever was greater, if such number was more than 100.

Further, the Senate amendment authorized the Secretary to waive requirements with respect to increasing enrollment if he determined, after receiving the written recommendation of the appropriate accreditation body, that compliance by such school would prevent it from maintaining its accreditation.

CONFERENCE SUBSTITUTE

Under the conference substitute, \$765 per full time student is authorized for each of fiscal years 1978, 1979, and 1980 for capitation grants for schools of optometry.

The requirements of the conference substitute with respect to eligibility for receipt of capitation support conform to the Senate amendment, except that the conference substitute does not provide for a waiver of the requirements.

CAPITATION GRANTS FOR SCHOOLS OF PODIATRY

Under both the House bill and the Senate amendment schools of podiatry were eligible for capitation support. Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of podiatry were eligible for capitation grants of \$1,100 per full time student for each of fiscal years 1976, 1977, and 1978.

Under the House bill, one of two conditions was required to be met in order for a school of podiatry to be eligible for capitation. First, the number of full time students enrolled in the second school year beginning after the close of the fiscal year in which the capitation grant was to be made and for each school year thereafter was required to exceed the number of such students enrolled in the school year which began during fiscal year 1975 by 10 percent of such number if the number was not more than 100, or by 5 percent of such number, or 10 students, whichever was greater, if such number was more than 100. Alternatively, such schools would be required to submit assurances to the Secretary that at least 40 percent of the first year enrollment of full time students in such school would, for the second school year beginning after the close of the fiscal year in which the grant applied for was to be made and in each school year thereafter beginning in a fiscal year in which the grant was to be made, be comprised of students who were residents of States in which there were no accredited schools of podiatry.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of podiatry was established at \$775 per full time student for fiscal year 1978, \$830 per full time student for fiscal year 1979, and \$885 per full time student for fiscal year 1980.

The Senate amendment contained requirements with respect to eligibility for capitation support comparable to those of the House bill, except that the enrollment increase requirement was to be by 5 percent of the number of students of the preceding school year if such number was not more than 100 or by 2.5 percent of such number, or 5 students, whichever was greater, if such number was more than 100.

Further, the Senate amendment authorized the Secretary to waive requirements with respect to increasing enrollment if he determined, after receiving the written recommendation of the appropriate accreditation body, that compliance by such school would prevent it from maintaining its accreditation.

CONFERENCE SUBSTITUTE

Under the conference substitute, \$965 per full time student is authorized for each of fiscal years 1978, 1979, and 1980 for capitation grants for schools of podiatry.

The requirements of the conference substitute with respect to eligibility for receipt of capitation support conform to the Senate amendment except that the conference substitute does not provide for a waiver of the requirements.

CAPITATION GRANTS FOR SCHOOLS OF PHARMACY

Under both the House bill and the Senate amendment schools of pharmacy were eligible for capitation support. Both the House bill and the Senate amendment required that certain conditions be met by such schools in order that they be eligible for capitation support.

HOUSE BILL

Under the House bill, schools of pharmacy were eligible for capitation grants of \$700 per full time student for each of fiscal years 1975, 1976, and 1977.

Under the House bill, one of two conditions was required to be met in order for a school of pharmacy to be eligible for capitation. First, the number of full time students enrolled in the second school year beginning after the close of the fiscal year in which the capitation grant was to be made and for each school year thereafter was required to exceed the number of such students enrolled in the school year which began during fiscal year 1975 by 10 percent of such number if the number was not more than 100, or by 5 percent of such number, or 10 students, whichever was greater, if such number was more than 100. Alternatively, such schools would be required to have a plan approved by the Secretary for the establishment, expansion, improvement, or operation of at least two of the following programs: (1) a program to teach pharmacy in a hospital, extended care facility, or other clinical setting; (2) a program of training in clinical pharmacology; or (3) a program to train pharmacists to assist physicians and patients on the appropriate use of and reaction to drugs.

SENATE AMENDMENT

Under the Senate amendment, capitation support for schools of pharmacy was established at \$650 per full time student for fiscal year 1978, \$690 per full time student for fiscal year 1979, and \$730 per full time student for fiscal year 1980.

The requirements of the Senate amendment with respect to eligibility for capitation support were that each such school must provide each student with a training program in clinical pharmacy which includes one clinically trained full-time faculty member for every fifteen students in the last year of the program; inpatient and outpatient clinical pharmacy clerkship experience, and training in drug information retrieval and analysis in the context of actual patient problems.

CONFERENCE SUBSTITUTE

Under the conference substitute, \$695 per full time student is authorized for each of fiscal years 1978, 1979, and 1980 for capitation grants for schools of pharmacy.

The requirements of the conference substitute with respect to eligibility for receipt of capitation grants are that each student enrolled in such school must undergo a training program in clinical pharmacy which shall include inpatient and outpatient clinical pharmacy clerk-

ship experience in a hospital, extended care facility, or other clinical setting; interaction with physicians and other health professionals; training in the counseling of patients on the appropriate use of and reactions to drugs, training in drug information retrieval and analysis in the context of actual patient problems.

REQUIREMENTS THAT STUDENTS IN HEALTH PROFESSIONS SCHOOLS REPAY CAPITATION GRANTS RECEIVED BY SUCH SCHOOLS

The House bill contained a provision which required that, as a condition for receipt of capitation support, each school of the health professions enter into agreements with each of its students to repay, beginning two years after such student graduates or completes postgraduate clinical training, the amount of capitation grants paid on his behalf, in annual installments equal to the number of such grants. It provided for forgiveness of one annual installment for each year of service in the National Health Service Corps or Indian Health Service, in private practice for a designated medically underserved population, or in military service.

The Senate amendment contained no comparable provision.

The conference substitute does not include the provision of the House bill.

INSTITUTIONAL GRANTS FOR GRADUATE PROGRAMS IN HEALTH

Both bills contained provisions providing new authority for the Secretary to make annual grants to public or nonprofit private educational entities (except schools of public health) to support the graduate programs in health of such entities.

Under the House bill, grants were to be for the purpose of supporting the graduate educational programs of such entities in health administration, hospital administration, health planning, environmental health and preventive medicine. In addition, the House bill required that the Secretary could not approve an application for assistance to such entities unless they provided assurances to the Secretary that they would increase overall enrollment, as well as increase enrollment in programs for the training of needed types of health personnel (as determined by the Secretary). The House bill authorized the following appropriations for such grants: \$3 million for fiscal year 1976, \$3.5 million for fiscal year 1977, and \$4 million for fiscal year 1978.

Under the Senate amendment, funds were authorized to support graduate educational programs in health administration, hospital administration, and health planning. The Senate bill contained no provisions with respect to requirements for increases in enrollment. The Senate amendment authorized the following appropriations for such programs: \$3 million for fiscal year 1977, \$3.25 million for fiscal year 1978, \$3.5 million for fiscal year 1979, and \$3.75 million for fiscal year 1980.

Under the conference substitute, grants for graduate programs in health are to be for the purpose of supporting programs in health administration, hospital administration, and health planning. In addition, an application for assistance may not be approved unless the

program maintains a first year enrollment of full time students in such program for the school year ending in fiscal year 1978 and for each school year thereafter ending in a fiscal year in which a grant is applied for exceeds the number of such students enrolled in such program ending in fiscal year 1977 by 5 percent of such number if such number was not more than 100 or by 2.5 percent of such number, or 5 students, whichever is greater, if such number was more than 100. Provision for waiver if accreditation status is threatened is included in the conference substitute. Finally, under the conference substitute, the following appropriations are authorized for institutional grants for graduate programs in health: \$3.25 million for fiscal year 1978, \$3.5 million for fiscal year 1979, and \$3.75 million for fiscal year 1980.

SPECIAL PROJECT GRANTS AND CONTRACTS

Both the House bill and the Senate amendment authorized funds for special project grants and contracts. The House bill provided detailed authority for ten programs with discrete line item authorizations of appropriations for each program. The Senate amendment, with a few exceptions, combined all special project authorities into a single line item authorization of appropriations with priority for certain purposes.

HOUSE BILL

The House bill provided for a line item authorization of appropriations for each of the following programs at the specified funding level and repealed all other existing special project authority:

1. Revised and extended the existing program of start-up assistance and authorized \$10 million for each of fiscal years 1976, 1977, and 1978 for the program.
2. Extended the existing authority for financial distress awards, included schools of public health as entities eligible to receive such awards, and authorized \$5 million for each of fiscal years 1976, 1977, and 1978 for such purpose.
3. Extended the existing program of support for family medicine residency programs, added authority for the support of residency programs in the general practice of dentistry and authorized \$40 million for each of fiscal years 1976, 1977, and 1978 for the program.
4. Extended the existing program of grants for computer technology health care demonstration programs and authorized \$3 million for each of fiscal years 1976, 1977 and 1978 for the program.
5. Extended the existing program of support for emergency medical services training, added authority for support of postgraduate physician training, and authorized \$10 million for each of fiscal years 1976, 1977, and 1978, of which one-third of the monies appropriated was to be obligated for postgraduate physician training program support.
6. Added specific authority for the following two programs which had previously been funded under the general authority entitled "Health Manpower Educational Initiative Awards":

(a) Area Health Education Centers at \$15 million for fiscal year 1976, \$20 million for fiscal year 1977, and \$25 million for fiscal year 1978; and

(b) Training of physician assistants and expanded function dental auxiliaries at \$25 million for fiscal year 1976, \$30 million for fiscal year 1977, and \$35 million for fiscal year 1978.

7. Added new authority for the establishment and support of family medicine departments in schools of medicine and osteopathy and authorized \$10 million for fiscal year 1976, \$15 million for fiscal year 1977, and \$20 million for fiscal year 1978 for such purposes.

8. Added new authority to award grants to schools of medicine and osteopathy to train U.S. citizens who had been enrolled in foreign medical schools prior to July 1, 1975, to enable such individuals to enroll in U.S. schools and to encourage such schools to enroll such individuals with advanced standing, and authorized \$2 million for fiscal year 1976, \$3 million for fiscal year 1977, and \$4 million for fiscal year 1978 for such awards.

9. Added new authority to award grants and enter into contracts with schools of optometry, pharmacy, and podiatry for specified special projects and authorized \$5 million for each of fiscal years 1976, 1977, and 1978 for such purposes.

SENATE AMENDMENT

The Senate amendment contained a broad, general special project grant authority which specified, in detail, twenty-three purposes which could be funded by special project grants and contracts. It authorized the Secretary to make grants and enter into contracts with public or nonprofit private hospitals, schools of medicine, osteopathy, and dentistry, graduate schools of psychology and social work, and other public or nonprofit private entities for special projects for the following purposes:

1. Programs for physician assistants and expanded function dental auxiliaries.
2. Start-up grants.
3. Area Health Education Center programs.
4. Financial distress.
5. Grants for training, traineeships, and fellowships in general internal medicine and general pediatrics.
6. Human behavior and psychiatry in medical and dental practice.
7. Speech pathology, audiology, bioanalysis and medical technology.
8. Humanism in health care.
9. Biomedical educational programs.
10. Education of United States citizens returning from foreign medical schools.
11. Grants for bilingual health clinical training centers.
12. Project grants and contracts for schools of optometry, pharmacy, and podiatry.
13. Grants to schools of social work in health care.
14. Health manpower development grants and contracts.
15. Environmental health education grants.
16. Problems relating to women.
17. Regional health professions schools.
18. Primary dental care development.
19. United States citizens trained abroad.
20. Psychology training programs.

21. Implications of advances in biomedical research.

22. Dietetic residencies.

23. Regional systems of continuing education.

24. Health manpower development in the Trust Territories.

25. Problems of the Aged.

The Senate amendment authorized \$110 million for fiscal year 1978, \$120 million for fiscal year 1979, and \$130 million for fiscal year 1980 for such programs, and required that, of funds appropriated in each fiscal year, not less than 50 percent were to be obligated for the purposes of (a) programs for physician assistants and expanded function dental auxiliaries, (b) start-up grants, (c) area health education center programs, and (d) financial distress.

In addition, the Senate amendment contained provisions which:

(1) Extended the program of support for family medicine residencies, and authorized \$40 million for fiscal year 1978, \$45 million for fiscal year 1979, and \$50 million for fiscal year 1980 for such program;

(2) Added new authority to award grants to assist public or private nonprofit colleges or universities in the establishment, operation, and administration of occupational health training and education centers and authorized \$5 million for each of fiscal years 1977 and 1978, \$8 million for fiscal year 1979, and \$10 million for fiscal year 1980 for such purpose.

(3) Added new authority for special project grants to accredited schools of public health, and public or nonprofit private educational entities (including graduate schools of social work) which have accredited programs of health administration, health planning, or health policy analysis and planning, and authorized \$5 million for fiscal year 1978, \$5.5 million for fiscal year 1979, and \$6 million for fiscal year 1980 for such program.

(4) Added new authority for grants to public or nonprofit private agencies, institutions, or organizations which can demonstrate the ability to assist in carrying out a program to select and train effective lay staff of professional standards review organizations and authorized \$2.5 million for each of fiscal years 1978, 1979, and 1980 for such purposes.

(5) Added new general authority (under section 301 of the Public Health Service Act) to award grants to universities, hospitals, laboratories, and other public or private institutions for such projects as are recommended by the National Environmental Health Sciences Council for institutional support for manpower development programs.

CONFERENCE SUBSTITUTE

The conference substitute provides for a line-item authorization for each of the following programs at the specified funding level:

(1) It continues the program of assistance for family medicine residency programs, adds authority for support of general dentistry residency programs, and authorizes \$45 million for fiscal year 1978, \$45 million for fiscal year 1979, and \$50 million for fiscal year 1980 for such purposes, of which not less than ten percent of funds appropriated must be obligated for support of general dentistry residency programs;

(2) It adds new authority to make grants to schools of medicine and osteopathy to meet the costs of projects to establish and maintain academic administrative units to provide instruction in family medicine, and authorizes \$10 million for fiscal year 1978, \$15 million for fiscal year 1979, and \$20 million for fiscal year 1980 for such purposes.

(3) It adds specific authority for the support of area health education center programs and authorizes \$20 million for fiscal year 1978, \$30 million for fiscal year 1979, and \$40 million for fiscal year 1980 for such purposes.

(4) It adds new authority to award grants to schools of medicine and osteopathy to train U.S. citizens who had been enrolled in foreign medical schools prior to the date of enactment to enable such individuals to enroll in U.S. medical schools, or to encourage such schools to enroll such individuals, and authorizes \$2 million for each of fiscal years 1977 and 1978, \$3 million for fiscal year 1979, and \$4 million for fiscal year 1980 for such purposes.

(5) It adds specific authority to support programs for the training of physician assistants and expanded function dental auxiliaries and to support training in the TEAM approach to the delivery of dental care, and authorizes \$25 million for fiscal year 1978, \$30 million for fiscal year 1979, and \$35 million for fiscal year 1980 for such purposes.

(6) It adds new authority to support general internal medicine and general pediatric residency programs and authorizes \$10 million for fiscal year 1977, \$15 million for fiscal year 1978, \$20 million for fiscal year 1979, and \$25 million for fiscal year 1980 for such purposes.

(7) It adds new authority for grant support for the establishment, operation, and administration of occupational health training and education centers, and authorizes \$5 million for each of fiscal years 1977 and 1978, \$8 million for fiscal year 1979, and \$10 million for fiscal year 1980 for such purpose.

(8) It adds a new general authority for the following purposes:

- (a) start-up assistance,
- (b) financial distress,
- (c) interdisciplinary training, and
- (d) projects and programs such as—
 - (1) speech pathology, audiology, bioanalysis, and medical technology,
 - (2) establishing humanism in health care centers,
 - (3) biomedical combined educational programs,
 - (4) cooperative human behavior and psychiatry in medical and dental education and practice,
 - (5) bilingual health clinical training centers,
 - (6) curriculum development in school of optometry, pharmacy, and podiatry.
 - (7) social work in health care,
 - (8) health manpower development,
 - (9) environmental health education and preventive medicine,
 - (10) the special medical problems related to women,
 - (11) the development or expansion of regional health professions schools,
 - (12) training of citizens of the United States from foreign medical schools to enable them to enroll in residency programs in the United States,

- (13) psychology training programs,
- (14) ethical implications of biomedical research,
- (15) establishment of dietetic residencies,
- (16) regional systems of continuing education,
- (17) computer technology,
- (18) training of professional standards review organization staff, and
- (19) training of health professionals in human nutrition and its application to health.

The conference substitute authorizes \$25 million for each of fiscal years 1978, 1979, and 1980 for such purposes of which not more than \$5 million of the funds appropriated in each fiscal year may be obligated for startup assistance and not more than \$5 million may be obligated for financial distress awards.

(9) It adds new authority for special project grants to accredited schools of public health, and public or nonprofit private educational entities (including schools of social work) which have accredited programs of health administration, health planning, or health policy analysis and planning, and authorizes \$5 million for fiscal year 1978, \$5.5 million for fiscal year 1979, and \$6 million for the fiscal year 1980 for such purposes.

As noted above, many of the provisions of the Senate amendment which provided detailed authority for a variety of special project grant programs are included in the conference substitute, but are mentioned only briefly as examples of projects which may be funded under broad, general authority. The conferees intend that, if applications are submitted under this broad authority for the specific programs derived from the provisions of the Senate amendment, they be considered under the detailed terms and conditions as required in the provisions of the Senate amendment and the legislative history respecting such programs set forth in Senate Report 94-887.

The conferees believe that the TEAM approach to the delivery of dental services is one which increases the capacity of the current dental system to increase the productivity and thereby obviate the necessity for producing more dentists. The TEAM concept is based on increasing efficiency and productivity through incorporation of management philosophies and utilization of expanded function auxiliaries. Basic to achieving these efficiencies is the necessity for dental students to work with auxiliaries, in a clinical environment, who are performing expanded functions; without the clinical experience and the ability to work with expanded function dental auxiliaries, the productivity increases will not be realized. It is therefore the intent of the conferees that any school applying for special project support to institute a TEAM program must demonstrate a capacity for clinical training and insure that expanded function dental auxiliaries are participants in the training program. Research demonstrates that in order to increase the productivity of the TEAM to a meaningful degree, it is imperative that the EFDA's pack, carve, and finish amalgams.

The conferees are impressed with the potential that preventive dental care has on preventing dental disease and thereby greatly lessening the cost of dental care to the public. It is therefore intended that the dental TEAM program include at least one dental hygienist and the clinical experience incorporate the provision of preventive care.

In addition, the conferees recognize that virtually all of the expertise with respect to the special training needed for top management and data handling in Professional Standards Review Organizations exists among those who are working in a PSRO. Thus, the conferees intend that, if the Secretary awards a grant or contract for the training of Professional Standards Review Organization personnel, that such grant or contract stipulate that training be conducted by or through organizations of PSROs and those with experience working in a PSRO.

It is also the expressed intent of the conferees that the Secretary of HEW establish coordinating mechanisms which will insure that the training and education functions of the National Institute of Occupational Safety and Health and the National Institute of Environmental Health Science will be coordinated with the development and operation of the Occupational Health Training and Education Centers program authorized by the conference report.

The conferees recognize that the provisions of the new authority for Area Health Education Center programs are such that many existing area health education centers are not in compliance with them. In the view of the conferees, these centers have been given sufficient time under the provisions of the conference report to meet the new requirements. It may be, however, that in the case of the AHEC program located in New Mexico, the principal thrust of the program—the training of Indian people in health professions—can not be continued under the new provisions. If this becomes the case, then it is the intent of the conferees that the Secretary afford special consideration to the funding of the program under other provisions of law.

PROVISIONS WITH RESPECT TO TRAINING IN ALLIED HEALTH

Both the House bill and the Senate amendment contained provisions authorizing support of project grants and contracts and traineeships with respect to schools and students of the allied health professions.

DEFINITION

Under the House bill, the term "allied health personnel" was defined as individuals responsible for (1) supporting, complementing, or supplementing the professional activities of physicians, dentists, and other health professionals in the delivery of health care to patients, or (2) assisting environmental engineers and other personnel in environmental health control and preventive medicine activities.

The definition of "allied health personnel" in the Senate amendment was identical to that of the House amendment except that it did not include reference to assistance to environmental engineers and other personnel in environmental health control and preventive medicine activities.

The conference substitute conforms to the provisions of the House bill.

PROJECT GRANTS AND CONTRACTS

Both the House bill and the Senate amendment authorized the award of project grants and contracts with respect to training in the

allied health professions. The provisions of the House bill and the Senate amendment were comparable except that:

(1) The House bill authorized the award of project grants and contracts to public and nonprofit private entities while the Senate amendment defined entities eligible for receipt of project grants and contracts as schools, universities, other educational entities, States, political subdivisions of States, or regional and other public bodies representing States or political subdivisions, and any entity which has a working relationship with such entities. The conference substitute conforms to the provisions of the Senate amendment.

(2) The House bill provided that project support could be for the purposes of coordination of training programs for allied health personnel with other educational institutions and for State and regional coordination and monitoring of education and training of allied health personnel. The Senate amendment authorized project grant support for such purposes for the training of nurses, as well as allied health personnel. The conference substitute conforms to the Senate provision.

(3) The House bill provided that one of the purposes for which project grants and contracts could be awarded was the support of educational programs leading to a degree in the various fields within the allied health professions and the expansion or establishment of new educational programs in the allied health professions for which the Secretary determined there was a critical national need. The Senate amendment contained no comparable provision, and the conference substitute contains no comparable provision.

(4) One of the purposes for which project grants and contracts could be awarded under the House amendment was for continuing education programs for practicing allied health personnel. The Senate amendment contained no comparable provision. The conference substitute includes the provision of the House amendment.

(5) Under the House bill, \$20 million for each of fiscal years 1976, 1977, and 1978, was authorized for the purpose of making payments under grants and contracts for projects relating to allied health. The Senate amendment contained the following authorizations: \$27.2 million for fiscal year 1978, \$30 million for fiscal year 1979, and \$32.5 million for fiscal year 1980. Under the conference substitute, the following authorizations of appropriations are provided for project grants and contracts for projects relating to allied health: \$22 million for fiscal year 1978, \$24 million for fiscal year 1979, and \$26 million for fiscal year 1980.

(6) The Senate amendment required that not less than 50 percent of funds appropriated for projects in the allied health professions be reserved for awards to training centers for allied health professions. The House bill contained no comparable provision, and the conference substitute conforms to the provision of the Senate amendment.

TRAINEESHIPS FOR ADVANCED TRAINING OF ALLIED HEALTH PERSONNEL

Both the House bill and the Senate amendment contained provisions authorizing the Secretary to make grants for traineeships for the advanced training of allied health personnel. The provisions of the House bill and the Senate amendment respecting such traineeships

were identical except that the House bill authorized \$6 million per year for fiscal years 1976, 1977, and 1978 for such purposes and the Senate amendment authorized \$4.5 million for fiscal year 1978, \$5 million for fiscal year 1979, and \$5.5 million for fiscal year 1980 for such purposes.

The conference substitute conforms to the provisions of the Senate amendment.

GRANTS FOR EDUCATIONAL ASSISTANCE TO DISADVANTAGED INDIVIDUALS IN ALLIED HEALTH TRAINING

Both the House bill and the Senate amendment authorized the Secretary to make grants to and enter into contracts with State and local educational entities and other public or private nonprofit entities for the recruitment and training of such persons in the allied health professions.

Under the House bill, \$1 million per year was authorized for fiscal years 1976, 1977, and 1978 for such purposes.

Under the Senate amendment, the following appropriations were authorized for such purposes: \$1.1 million for fiscal year 1978, \$1.2 million for fiscal year 1979, and \$1.3 million for fiscal year 1980.

The conference substitute conforms to the House bill.

STUDIES AND REPORTS

The House bill required the following studies and reports:

(1) A continuous compilation of statistics, and an annual report to the Congress, of information respecting activities, needs and other characteristics with respect to public health personnel.

(2) A continuous study, and an annual report to the Congress, with respect to descriptions of anticipated need for, and the number, employment, geographic locations, salaries, and surpluses and shortages of allied health personnel.

(3) A study of the current distribution of physicians by specialty, a projection of the expected distribution of physicians by specialty and subspecialty, an examination of the various methods for estimating the optimal distribution of physicians and the development of a methodology to establish such distribution.

(4) A report describing the allied health personnel program supported by the Secretary and a requirement that assistance be provided only to programs which meet quality standards.

(5) Studies with respect to the types of allied health personnel and the activities in which they are engaged, classifications of allied health personnel, methodologies to determine the cost of educating and training allied health personnel, and an identification of the classifications in which there is a critical shortage of allied health personnel.

(6) A study of funding alternatives to Federal and State support which may be developed to meet the costs of training within schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, and pharmacy.

The Senate amendment contained no comparable provisions. However, the Senate amendment contained a provision requiring the

Secretary to arrange for the conduct of a study to determine the national average per student educational cost of providing education programs which lead to a degree of Doctor of Chiropractics, and recommendations concerning how the Federal government can utilize educational cost per student data to determine the amount of capitation grants which might be provided under the Public Health Service Act.

Under the conference substitute, the following studies and reports are mandated: (1) the provision of the House bill with respect to public health personnel, (2) a study of data and characteristics with respect to allied health personnel, combining the requirements of the two studies of allied health personnel contained in the House bill, (3) the provision of the Senate amendment with respect to chiropractic education, except that the report to the Congress is not to contain information concerning how the Federal government can utilize costs per student to determine the amount of capitation grants which might be provided under the Public Health Service Act.

NATIONAL COUNCIL ON POSTGRADUATE PHYSICIAN TRAINING

The Senate amendment provided for the establishment of a National Council on Postgraduate Physician Training consisting of various officers of the Federal government and members of the public. Duties of the council included the making of studies and other activities (and the making of recommendations to the Secretary of Health, Education and Welfare) with respect to distribution and goals for the distribution of postgraduate physician training positions among the various medical specialties, the development of working relationships with specialty organizations with respect to number and location of specialists, assessment of the need for financial support for postgraduate physician training, and assessment of the service needs of hospitals and other health institutions for graduate physician trainees, an assessment of the educational components of postgraduate physician training programs, and an assessment of the impact of practice in the United States by graduates of foreign medical schools. Not later than 6 months after the completion of the study by the National Council, the Secretary was to report to the Congress on the status of specialty and geographic maldistribution of postgraduate physician training programs, any changes in the goals recommended by the National Council, and any authority the Secretary may require to implement such goals.

The House bill contained no comparable provision.

The conference substitute does not include the Senate provision.

STANDARDS FOR LICENSURE, RELICENSURE AND CONTINUING EDUCATION

The Senate amendment required the Secretary, in consultation with appropriate professional organizations, to develop and establish model standards for State licensure of physicians and dentists, prepare appropriate examinations for the licensing and procedures for the relicensing of physicians and dentists, and develop appropriate standards for continuing educational programs for physicians and dentists.

Standards were to include a level of satisfactory performance on examinations, the demonstration of written and spoken proficiency in the English language, and completion of a specific number of hours of continuing education. In addition, under the Senate amendment, the Secretary was authorized to make grants to State agencies to assist States planning, developing, or operating systems for licensure and relicensure of physicians and dentists which would meet the standards established by the Secretary. Authorizations of \$3 million for fiscal year 1978, \$4 million for fiscal year 1979, and \$5 million for fiscal year 1980 were provided for such grants.

The House bill contained no comparable provision.

The conference substitute does not contain the Senate provision.

AMENDMENTS TO NURSE TRAINING ACT WITH RESPECT TO NURSE PRACTITIONERS

The Senate amendment contained a provision which would amend the Nurse Training Act with respect to nurse traineeships to (1) require the Secretary, in awarding such traineeships to give special consideration to programs for the training of nurse practitioners who will practice in health manpower shortage areas and (2) to authorize the Secretary to make grants and enter into contracts with schools of nursing, medicine, and public health, hospitals, and other nonprofit entities to establish traineeship programs to train nurse practitioners who are residents of urban or rural health manpower shortage areas.

The House bill contained no comparable provision.

The conference substitute conforms to the provisions of the Senate amendment.

INCLUSION OF OPTOMETRISTS AS PROVIDERS UNDER HEALTH PLANNING AUTHORITY

The Senate amendment contained a provision which (1) specifically included optometrists as providers of health care eligible to be appointed to the governing bodies of health systems agencies under section 1512 of the Public Health Service Act and (2) included optometrists within the definition of "provider of health care" under section 1531 of such Act.

The House bill contained no comparable provision.

The conference substitute includes the provisions of the Senate amendment.

RADIATION HEALTH AND SAFETY

The Senate amendment contained a provision which required the Secretary to develop criteria for minimum standards for accreditation of educational institutions for the training of radiologic technologists and for use in the accreditation of educational institutions conducting programs for the training of medical and dental practitioners, dental hygienists, and dental assistants. In addition, the Secretary was required to develop and issue to the States criteria and minimum standards for licensure of radiologic technologists. If such standards for accreditation of institutions or licensure of personnel were not met by States within two years, standards developed by the Secretary were to become standards to be applied within such States.

The House bill contained no comparable provision.

The conference substitute does not contain the Senate provision. However, the protection of patients from unnecessary radiation exposure in the provision of radiologic services is a matter of considerable concern to the conferees. The general public's exposure to radiation in medicine and dentistry amounts to over 90 percent of all human exposure to man-made ionizing radiation. Testimony before the House Committee on Interstate and Foreign Commerce and the Senate Committee on Labor and Public Welfare indicates that such patient exposure can be significantly reduced without impairing the provision of radiologic services, such as X-ray examinations, which are essential to effective medical and dental services.

Concern for the public health implications of present practices has spurred no less than seven national bodies between 1966 and 1974 to recommend that the qualifications of the operators of radiologic equipment be upgraded. In response, eight States have enacted legislation and four other States have been judged by their Attorney Generals to possess sufficient authority to require the mandatory licensure of radiologic technologists.

In the judgment of the conferees the programs of the Department of Health, Education, and Welfare to promote model legislation to encourage State licensure of radiologic technologists have been inadequate, compared to the potential risks associated with unnecessary radiation exposure of consumer-patients. Thus, the conferees expect the Secretary to intensify his efforts with respect to offering encouragement and assistance to States to upgrade their standards with respect to the provision of radiologic services.

AMENDMENTS TO THE IMMIGRATION AND NATIONALITY ACT

The Senate amendment contained provisions which amended the Immigration and Nationality Act with respect to the eligibility of alien physicians to immigrate into the United States. These provisions rendered such aliens ineligible for preference priorities under section 203(a) (3) and (6) of such Act (relating to preferences for persons of exceptional ability in the sciences or the arts and to persons capable of performing labor for which a shortage exists in the United States) and for the nonpreference category, unless such aliens have passed Parts I and II of the National Board of Medical Examiners Examination (or an equivalent examination) and are competent in the English language. In addition, the Senate amendment added new provisions to such Act which required that in order for an alien physician to enter the United States on an exchange visitor visa, (a so-called "J-visa"), he must (a) participate in a program sponsored by a United States school of medicine or other recognized educational institution, (b) have passed parts I or II of the National Board of Medical Examiners Examination or an equivalent examination, and (c) make a commitment to return to the country of his origin upon completion of his education in the United States. In addition, such alien physician may not participate in an educational program in the United States for more than two years (with provision for extension of this period for an additional year). Until December 31, 1980, these additional requirements with respect to the J-visa program would not preclude

participation by aliens in an accredited program of graduate training in a medical facility where such program would otherwise be substantially disrupted.

The House amendment contained no comparable provision.

The conference substitute includes the Senate provisions, with technical amendments, including an amendment requiring the Secretary of Health, Education, and Welfare to develop sufficient data to enable the Secretary of Labor to make equitable determinations with regard to applications for labor certification by graduates of foreign medical schools.

The conferees recognize that successful legal challenges have been made to Department of Labor determinations under section 212 (a) (14) of the Immigration and Nationality Act. As a result, future case-by-case determinations should be supported by data and information relating to the availability of physicians, and the conferees expect the Department of Health, Education, and Welfare to provide the necessary assistance in accumulating such data.

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