Section 3(b) directs the Secretary to establish criteria for the order of approval of applications which shall be the same criteria as that developed by the District of Columbia "State agency" pursuant to a plan approved under the Medical Facilities Acts.

Section 3(c) provides that applications for grants under the bill may be approved only if they comply with hte terms and conditions for applications under the Medical Facilities Act, other than the availability of sufficient funds in the District allotment.

Section 3(d) provides that applications for grants under the bill may not be approved unless the areawide planning body has an opportunity to review it and that body's recommendations have been considered by the District "State Agency" and submitted to the Secretary in connection with the application.

Section 4(a) provides that payments shall be made in the manner provided under the Medical Facilities Acts subject to reasonable conditions imposed by the Secretary and section 4(b) specifies that total payments, together with payments under the Medical Facilities Acts, may not exceed—

(1) 66⅔% of the cost of a long-term care facility, a diagnostic or treatment center, or a rehabilitation facility; or

(2) 50% of the cost of any project.

Section 5 provides that conditions for recovery of payments shall be the same as under the Medical Facilities Acts, and secion 6 provides that the meaning of terms used in the bill shall be the same as under the Medical Facilities Acts.

The purpose of the bill is to authorize Federal assistance for the District of Columbia, supplementary to that now available under various programs provided by the Public Health Services Act, including the Hill-Burton program and Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963, for modernization of public or nonprofit private hospitals and the construction of public health centers, long-term care facilities, diagnostic or treatment centers, rehabilitation facilities, facilities for the mentally retarded, and community mental health centers.

Private nonprofit medical facilities in the District of Columbia have been unable to take full advantage of the Federal programs for two reasons. First, the allocation of funds is based on a formula which takes into consideration the per capita income of the area. The high per capita income in the District of Columbia results in a proportionately lower allocation of funds than would be the case if per capita income in the District were nearer the national average. Presumably, there is an expectation that the high income group will readily contribute toward meeting the non-Federal share of the cost of the project. Experience in the District of Columbia has indicated, however, that this is not the case. Many of the residents of the District are in a very real sense "temporary residents" (although for an indefinite period) whose loyalties in the matter of contributions to the cost of a hospital project are directed more toward projects in their home States than toward those in the District of Columbia.

The second reason for the inability of the District of Columbia to take full advantage of these Federal programs is the unavailability in the District of corporate donors, who are in other cities the largest contributors to such projects.[2]

Consequently, less money can be expected to be collected for medical facilities in the District of Columbia than is the case in other jurisdictions where there is a higher degree of permanency of residence and a relatively high incidence of commercial, manufacturing and industrial activities.

Similarly, in the case of public medical facilities in the District of Columbia, the low District allocation of funds under these Federal programs and the substantial percentage of matching funds required from District appropriations have inhibited participation in these programs by the District. One result of the present situation was that the cost of a recent modernization program for D.C. General Hospital was borne almost entirely by District appropriations.

As a result of this situation, representatives of the District of Columbia have for some time worked with representatives of the Department of Health, Education, and Welfare on draft legislation, similar to this bill, which would compensate for these special circumstances by making additional Federal funds

[2] Survey of Municipal Hospital Facilities by J. B. Steinle (1957), indicating that industrial and commercial concerns account for 70 to 80 percent of all private donations to hospitals.