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April 28, 2004

The Honorable Ralph Regula
Chairman
House Appropriations Subcommittee
Labor, Health and Human Services and Education
2358 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Regula:

The American Hospital Association (AHA), which represents nearly 5,000 hospitals, health care systems, networks, and other providers of care, recognizes the serious fiscal constraints imposed upon your committee to stay within the margin of available funding for programs under your jurisdiction. We greatly appreciate your committee's support in the past and hope that you will continue to give strong and favorable consideration to health care programs that have proven successful in improving access to quality health care. As you begin to deliberate funding for programs within the Departments of Labor, Health and Human Services (HHS), Education and Related Agencies for Fiscal Year (FY) 2005, the AHA asks you to consider the potential effect your committee's decision will have on hospitals' ability to combat the nation's health care workforce crisis and maintain quality health care services for the patients they serve.

HEALTH CARE WORKFORCE SHORTAGE

Today's hospitals and health care facilities continue to experience both immediate and long-term shortages of health care personnel. The shortage not only includes nurses, who are perhaps the most visible, but also encompasses pharmacists, radiological and laboratory technicians, housekeepers, food service workers, information technology employees, and other allied health professionals. At the same time, our patient populations are growing. And with 78 million "baby boomers" approaching retirement, the stress of the shortages on our health care system will worsen.

While we have more nurses than ever working in hospitals, we still need more. The Department of Labor has projected that by the year 2010, there will be a need for at least 1 million new nurses.



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There are many complex reasons for the current shortage. A growing number of health care workers are retiring from the workforce, and others are seeking alternative career opportunities. In addition, fewer young people are choosing health care as their career. At the same time, hospitals are treating more and sicker patients.

Hospitals recognize the problem and are actively working to help alleviate this crisis, but the problem cannot be solved by hospitals alone. The role of the federal government is pivotal in addressing the supply of the health care workforce.

The President's FY 2005 budget recommends \$147 million for Nurse Training Programs. Because the nursing shortage is so critical, **the AHA strongly recommends at least \$205 million for the nursing programs within Title VIII.**

The National Health Service Corps (NHSC) awards scholarships to health profession students and assists graduates of health professions programs with loan repayments in return for an obligation to provide health care services in underserved rural and urban areas. We are pleased that the President's FY 2005 budget recommends an increase for the NHSC, to \$205 million. This program is of vital importance to many of our citizens. In many areas of the country, the NHSC provides the only source of health care to medically underserved Americans. **The AHA supports at least \$225 million for this program to make scholarship awards and loan repayments available for qualifying health professions working in underserved and shortage areas.**

The AHA is disappointed that the President's FY 2005 budget request drastically cuts federal support for Health Professions Training by \$283 million. Programs within the Health Professions cluster address problems associated with maintaining primary care providers in rural areas. These programs also support recruitment of individuals into allied professions with the most shortages or whose services are most needed by the elderly. The AHA also urges the committee to continue to provide funds for strengthening the national capacity to educate students from disadvantaged backgrounds in the health professions. **The AHA recommends that the committee increase funding to this program cluster to at least last year's level of \$294 million.**

BIOTERRORISM AND HOSPITAL PREPAREDNESS

The President's FY 2005 budget recommends reducing funds for hospital bioterrorism preparedness from \$518 million to \$476 million, a cut of \$39 million. The hospitals preparedness program was initiated to help states, territories and municipalities develop and implement biological and chemical preparedness plans focused on hospitals. The tragic events of September 11, 2001, the subsequent anthrax infections and ricin threats in our nation's capitol have forced us to realize that we must enhance our hospitals' capacity to deal with any nuclear, biological, or chemical attack. Hospitals need to be able to train their clinical and laboratory staff to recognize the symptoms of biological terrorism. They need personal protection equipment for health care workers, who are often times the first responders to a biological

terrorism attack. And they need dedicated decontamination facilities. Funds provided to hospitals will be helpful in meeting these needs. **We strongly urge the committee to fund hospital bioterrorism at \$580 million to help hospitals meet their obligations as “first responders.”**

ACCESS TO HEALTH CARE

The AHA strongly supports efforts to expand access to health care. More than 42 million Americans are uninsured, and at least 48 million do not have regular access to health care. The Community Access Program (CAP) was designed to assist communities and consortia of health care providers to develop the infrastructure necessary for integrated health systems that coordinate health services for the uninsured and underinsured. We are disappointed that the President’s FY 20045 budget recommends cutting the CAP from the current level of \$104 million to \$10 million. In prior years, funding for this program has enabled many institutions to provide health care services to the uninsured. **The AHA strongly supports continued funding for this program and would urge the committee to provide at least \$120 million for FY 2005.**

CHILDREN’S HOSPITALS GRADUATE MEDICAL EDUCATION

The AHA strongly recommends \$303 million for Children’s Graduate Medical Education for FY 2005. Children’s hospitals serve a unique role in our nation’s health care system, taking care of some of the most vulnerable populations. Because Medicare is the largest single payer of GME funds, and because our nation’s children’s hospitals typically treat very few Medicare patients, these hospitals receive no significant federal support for GME. Although they represent less than one percent of all hospitals, independent children’s teaching hospitals train almost 30 percent of all pediatricians, almost half of all pediatric subspecialists, and two-thirds of pediatric critical care physicians. Equitable GME funding for children’s hospitals is a sound investment in the future of children’s health.

RURAL HEALTH CARE

The AHA urges \$50 million for the Medicare Rural Hospital Flexibility Grant Program (FLEX) for FY 2005. The Balanced Budget Act established this nationwide program to help retain access to essential health care services in rural communities by creating a new Medicare hospital classification, known as Critical Access Hospitals (CAHs). The program helps communities ensure that needed services, such as emergency medical services, will be available when needed. In FY 2001, Congress and the Administration expanded the scope of this program and appropriated additional funds to help rural hospitals address issues related to HIPAA, quality improvement and upgrading billing systems. **The AHA supports \$50 million for this program.**

The AHA supports funding of at least \$60 million for Rural Health Outreach and Network Development. This program supports projects that demonstrate new and innovative models of outreach in rural areas, such as integration and coordination of health services. Since 1991, this program has enabled rural communities to implement innovative strategies for improving access to health care in underserved areas, such as mobile primary care outreach for migrant and seasonal farm workers, telemedicine, and trauma care services. Notably, most projects funded continue after completion of the federal grant. **In addition, the AHA supports \$28 million for Rural Telehealth for FY 2005.** Unfortunately, the President's FY 2005 budget requests only \$4 million for this program. The telehealth program promotes the use of technologies to improve access to health services and distance education for health care professionals, especially in underserved areas.

The AHA recommends \$11 million for Rural Health Policy Development (Research). This program supports critical rural health policy research and analysis. This information then is made available to policymakers, including Congress and HHS, to help address emerging health issues for rural America.

The Quentin N. Burdick program for rural health interdisciplinary training addresses shortages of health professionals in rural areas by providing training opportunities and clinical experiences for a broad array of health care practitioners. It prepares health care practitioners in various disciplines to practice together, thus enhancing the continuity of care provided to patients. **The AHA supports \$7 million for this program.**

INDIAN HEALTH SERVICE

The AHA supports an increase of \$300 million over current funding for health care programs within Indian Health Services (IHS) for FY 2005. The IHS provides care to approximately 1.5 million American Indians and Alaska Natives who are members of more than 560 federally recognized tribes. Recent statistics reflect that the overall death rate for Native American people has increased by approximately 4 percent over the past few years. At the same time, the U.S. "all race" mortality rate dropped by about 6 percent. In addition, the morbidity rates for diabetes, alcoholism and depression are greater in Native American populations. An increase in funding would help ensure access to medical treatment and preventative health care services to Native Americans.

AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

The AHA recommends \$443 million for the Agency for Healthcare Research and Quality (AHRQ), including \$53 million authorized by the Medicare Modernization Act of 2003 (P.L. 108-173) to conduct efficacy studies of health services and to convene the Citizens' Health Care Working Group and Commission on Systemic Interoperability. The AHRQ serves as the focal point within the federal government for determining what works best in health care. As such, it generates and disseminates valuable information aimed at improving the

delivery of health care in an increasingly complex and sophisticated environment. Research goals of the agency include determining best medical practice, maximizing the cost-effectiveness of health care resources, providing consumer information, and measuring the quality of care. The AHA strongly supports funding research at inpatient facilities that deploys information technology to advance patient safety and urges the committee to provide funds for this activity.

The purpose of the **Citizens' Health Care Working Group** is to provide Congress with recommendations to improve our health care system to provide every American with the ability to obtain quality, affordable health care coverage. The Working Group will be responsible for holding hearings and producing public reports regarding a variety of significant issues aimed at improving the quality of health care and lowering costs.

The **Commission on Systemic Interoperability** is responsible for developing "a comprehensive strategy for the adoption of implementation of health care information technology standards." Health information technology can provide revolutionary ways to control health care costs in the future.

PUBLIC HEALTH AND OTHER HEALTH CARE PROGRAMS

The AHA recommends at least \$807 million in funding for maternal and child care initiatives for FY 2005, including the Maternal and Child Health Block Grant (MCHBG), to ensure and promote health care for mothers and children. The MCHBG provides health care services to over 80 percent of infants, 50 percent of pregnant women, and 20 percent of children in the U.S. Of particular importance to hospitals is the Healthy Start Program. This program has been instrumental in identifying and demonstrating useful approaches to reduce infant mortality. **The AHA urges you to provide at least \$99 million for Healthy Start in FY 2005.**

The AHA advocates funding for **Medicare contractors** sufficient to ensure that services to Medicare beneficiaries and health care providers are maintained. Over the last year, a number of the more experienced contractors have opted to discontinue their relationship with the Medicare program. The AHA is concerned about maintaining expertise in the field and about what may happen to the quality of the products if this trend continues.

The AHA also recommends continued funding for Emergency Medical Services for Children that was first authorized by Congress in 1985. Injury is the leading cause of death in children over one year of age. Saving the lives of children in medical emergencies and preventing disability from trauma requires special equipment and specially trained personnel.

MEDICARE SURVEY AND CERTIFICATION USER FEES

In his FY 2005 budget proposal, the President provides \$270 million for Medicare certification and survey activities. In addition, the budget authorizes the Secretary of Health and Human

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Services to impose a user fee for each duplicate or “unprocessable” claim submitted by providers (\$195 million).

We strongly urge the committee to reject the Medicare survey and certification user fee and to fund the program at the administration’s recommended level of \$270 million.

Survey and certification ensures that institutions and agencies providing care to Medicare and Medicaid beneficiaries meet federal health, safety, and program standards. Onsite surveys are conducted by state survey agencies, with a pool of federal surveyors performing random monitoring surveys. In addition, hospitals should not be held liable for mistakes of the intermediary that might cause claims to be classified as “unprocessable.”

The AHA appreciates and is grateful for the support you have provided us over the years, and hopes that the committee will continue to support funding for these valuable programs in FY 2005. We look forward to working with you as you move forward with your funding proposal for the next fiscal year.

Please do not hesitate to contact either Carla Luggiero at 202/626-2333 or Kristen Morris at 202/626-2677 on our staff if we can be of assistance to you.

Sincerely,

Rick Pollack
Executive Vice President