American Hospital Association

March 13, 2006

The Honorable Joe Barton
Chairman
Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20515

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Dear Chairman Barton:

The Honorable John Dingell
Ranking Minority Member
Energy and Commerce Committee
U.S. House of Representatives
Washington, DC 20515

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Dear Congressman Dingell:

On behalf of the American Hospital Association, the Association of American Medical Colleges, and the National Association of Children's Hospitals, we urge a swift mark-up, followed by quick passage, of legislation to reauthorize the federal Children's Hospitals Graduate Medical Education (CHGME) Payment Program, which has been a success.

There is strong, bipartisan support for reauthorization. H.R. 1246, the "Children's Hospitals Education Equity and Research Act," has 158 cosponsors and is pending before the committee. The Senate unanimously passed companion legislation last July.

The leadership of your committee played a critical role in the original two-year authorization of CHGME in 1999 and the five-year reauthorization of it as part of the "Children's Health Act of 2000." It provides critically needed federal GME support to 60 independent children's teaching hospitals, which receive virtually no Medicare GME support – the nation's largest, most reliable source of support for the extra costs of teaching hospitals – because they care only for children, not the elderly.

Thanks to CHGME support, independent children's hospitals have been able to play a key role in ensuring the continued growth of our nation's pediatric workforce, including pediatric subspecialists in short supply. Between 2000 and 2004, nationwide there would have been a net decline in the number of general pediatricians trained, if CHGME-receiving hospitals had not trained an additional 360 pediatricians. During that time, nationwide CHGME hospitals were responsible for training 68 percent of all the additional pediatric subspeciality fellows, which were vitally needed in the face of growing shortages of subspecialists throughout the country. CHGME made this possible.

CHGME allowed the recipient hospitals to expand both the scope of training their GME programs provide and the numbers of pediatric residents they train without sacrificing either their financial health or their other important missions of clinical care and research

devoted to advancing the health care of all children. This occurred at a time when they also have had to assume major new capital costs for construction in order to respond to growing demand for their services, growing numbers of Medicaid and uninsured patients, and state cutbacks in Medicaid.

In recommending that the committee move quickly to reauthorize CHGME, we also urge you to reject the administration's proposal to cut funding for the program by two-thirds and limit the remaining funds only to financially weak hospitals. The proposal ignores the CHGME program's purpose of providing comparable federal GME support to independent children's hospitals, its success in strengthening children's hospitals' ability to contribute to the future workforce of physicians who care for children, and the impact of the virtual elimination of the program on hospitals that face numerous challenges.

These challenges include the continued decline in private coverage for children, the rising numbers of children covered by Medicaid, which provides inadequate reimbursement, the significant costs of new capital requirements for hospitals that must provide many regionalized pediatric services that otherwise would not be available, and the hospitals' rising bad debt. The loss of CHGME funding, which on average would equal a 33 percent reduction in children's hospitals' total margins, coupled with the worsening of any of these challenges, could quickly move a children's hospital from financial strength to weakness.

Ultimately, maintaining strong CHGME support for the independent children's hospitals is critical not just to their patients but to the future health of all children. Although they represent only one percent of all hospitals, CHGME hospitals provide close to half of all pediatric subspecialty care for the nation's sickest children, train about half of all pediatric subspecialists and the majority of pediatric researchers, house the nation's premier pediatric research centers, and are the largest pediatric safety net providers of their communities. The nation's children cannot afford the loss of CHGME funding for this tiny but pivotal segment of the hospital community.

We thank you for your consideration of our recommendation for swift markup and passage of a reauthorization of the Children's Hospitals GME Payment Program.

Sincerely,

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