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May 1, 2007

The Honorable Tom Harkin
Chairman
Senate Appropriations Labor, Health and
Human Services, Education, and Related Agencies
United States Senate
131 Hart Senate Office Building
Washington, DC 20510

Dear Mr. Chairman:

The American Hospital Association (AHA), which represents nearly 5,000 hospitals, health 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) 2008, 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. Accordingly, we offer the following funding recommendations for FY 2008 for programs under your jurisdiction:

HEALTH CARE WORKFORCE

The AHA strongly urges you to provide \$200 million for Nursing Workforce Development Programs under Title VIII of the Public Health Service Act. We further urge you to reject the administration's recommendation to cut funding for Advanced Education nursing programs. Severe workforce shortages threaten hospitals' fundamental promise of being able to operate at full capacity to care for their communities. Our nation is in the ninth year of a critical nursing shortage. The demand for registered nurses (RNs) and other health care personnel will continue to rise with the



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growing health care needs of the 78 million “baby boomers” who will begin to retire in 2010. The Department of Health and Human Services estimates that by 2020, our nation will need 2.8 million nurses – 1 million more than the projected supply. There were more than 116,000 RN vacancies in U.S. hospitals last year, according to a recent AHA survey.

In addition, the AHA supports the restoration of funding for Health Professions Training for FY 2008, including allied health, under the jurisdiction of the Health Resources and Services Administration. The AHA is disappointed that the President's budget calls for a 94.6 percent reduction in funding for Health Professions Training Activities -- from the FY 2007 level of \$145 million to \$10 million. An adequate, diverse, and well-distributed supply of health care professionals, including allied health care workers, is indispensable to our nation's health care infrastructure. Health professions programs help address problems associated with maintaining primary care providers in rural areas. These programs also support recruitment of individuals into allied health professions.

The AHA recommends that you reject the administration's proposed cuts to the National Health Service Corps (NHSC) and instead provide increased funding for this valuable program. The administration recommends \$116 million for FY 2008 for the NHSC, a reduction of \$10 million from the previous fiscal year. The NHSC awards scholarships to health professions students and assists graduates of health professions programs with loan repayment in return for an obligation to provide health care services in underserved rural and urban areas. This program is vitally important to many of our citizens. In many areas of the country, the NHSC provides the only source of health care to medically underserved individuals.

The AHA supports the restoration of funding for the Centers of Excellence and the Health Careers Opportunity programs to FY 2005 levels of \$33.6 million and \$35.6 million, respectively. The administration has proposed elimination of these programs. Both programs focus on recruiting and retaining minorities into the health professions to build a more diverse health care workforce. The Centers of Excellence grants strengthen the national capacity to train students from minority groups that are under-represented in allopathic and osteopathic medicine, dentistry and pharmacy, and graduate programs in behavioral or mental health. The Health Careers Opportunity program provides support for increasing the number of individuals from disadvantaged backgrounds in the health and allied health professions.

HOSPITALS PREPAREDNESS FOR DISASTER

The AHA strongly urges the committee to increase funding for hospital emergency preparedness for FY 2008 to help hospitals meet their obligation to provide surge capacity in the event of a public health emergency or other disaster. *The Pandemic and All Hazards Preparedness Act of 2006* (Public Law 109-417) made significant

changes to the hospital preparedness program, including broadening and strengthening its goals and expanding the types of entities eligible from just States to partnerships including hospitals, other health care providers and government. While the hospital preparedness program is currently funded at \$474 million, the President's 2008 budget proposal recommends a \$60 million cut, to \$414 million. This is an inadequate amount given the increasing risks our nation's hospitals face from threats such as natural disaster, pandemic influenza and terrorism, as well as the new requirements mandated by law. The hospital preparedness program enhances the ability of hospitals and health care systems to prepare for and respond to bioterrorism and other public health emergencies and includes priorities such as improving bed and personnel surge capacity, decontamination capabilities, isolation capacity, pharmaceutical supplies, and supporting training, education, and drills and exercises. Funding provided to hospitals will help meet those needs.

The AHA also urges funding of \$1.192 billion, the level requested by the President, to protect our nation from the threat of pandemic influenza. Among the activities these funds would support is increased production capacity for vaccines and antiviral agents, increasing the stockpile of supplies needed in a pandemic, such as vaccines and antiviral agents, ventilators, and personal protective equipment and enhanced surveillance.

CHILDREN'S HOSPITALS GRADUATE MEDICAL EDUCATION (GME)

The AHA recommends \$330 million for the Children's Hospitals GME program, which is the funding level authorized under last year's reauthorization bill, which was signed into law by the President. The President's FY 2008 budget proposes reducing the program by \$187 million. This program provides critically needed federal support to independent children's teaching hospitals which receive no Medicare support. Children's hospitals serve a unique role in our nation's health care system. In addition to training our next generation of pediatricians and pediatric sub-specialists, they provide 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. The pediatricians educated in children's hospitals are vitally needed in the face of growing shortages throughout the nation.

HEALTH CARE INFORMATION TECHNOLOGY

The AHA urges you to support an appropriation of \$118 million in FY 2008 for the Office of the National Coordinator for Health Information Technology within the Agency for Healthcare Research and Quality (ONCHIT). This is the amount recommended in the President's budget. These funds will assist in improving the safety, quality, and cost-effectiveness of health care through rapid implementation of secure and

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interoperable electronic health records. Funding for the ONCHIT will enable it to meet its mission of promoting the use of information technology in health care to improve the quality of care.

RURAL HEALTH CARE

The AHA urges you to fully fund rural health care programs and to support an increase over FY 2007 levels. Programs such as the Medicare Rural Hospital Flexibility Grant Program, Rural Health Outreach and Network Development, Rural Telehealth, Rural Policy Development and others have played a significant role in ensuring that needed services remain available to hospitals and citizens in America's rural communities. The administration's proposal to cut rural health care programs by \$143 million has the potential to further impede access to health care for rural Americans. We urge you instead to provide adequate funding for these important programs.

PUBLIC HEALTH AND OTHER HEALTH CARE PROGRAMS

The AHA recommends increasing funding for the Maternal and Child Health Block Grant (MCHBG) to \$750 million. The President's budget includes \$693 million for the program, which would maintain the funding level of the previous two years. The MCHBG enables states and territories to address their unique needs, and is in great need of increased funding. On an annual basis, this program serves more than 26 million pregnant women, infants and children nationwide. Of the nearly 4 million mothers who give birth annually, almost half receive some prenatal or postnatal service through MCHBG.

The AHA recommends \$102 million in funding for the Healthy Start program, a \$1 million increase over the President's FY 2008 request. The Healthy Start program provides services in 37 states, the District of Columbia and Puerto Rico for high-risk pregnant women, infants and mothers in communities with exceptionally high rates of infant mortality

We support the President's proposal to increase funding for Ryan White HIV/AIDS activities by \$95 million. The recently reauthorized Ryan White CARE Act addresses the health care needs of more than 500,000 low-income and uninsured people living with HIV disease. Among the services provided by the CARE Act are dental care, medications, home-based care, case management and support services.

We recommend \$25 million for Emergency Medical Services for Children, a \$5 million increase over the amount designated in the FY 2007 continuing resolution. The President's budget recommends eliminating funding for this valuable program that is designed to provide specialized emergency care for children through improved availability of child-appropriate equipment in ambulances and emergency departments.

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In addition, the program supports training programs to prevent injuries to children and to educate emergency medical technicians, paramedics and other emergency medical care providers

The AHA recommends full funding for Substance Abuse and Mental Health Services Administration (SAMSHA). The President's budget calls for \$159 million in cuts from the FY 2007 level, with reductions from Substance Abuse treatment (\$47 million), prevention (\$36 million) and Mental Health programs of regional and national significance (\$77 million). Providing adequate substance abuse and mental health services are essential to increasing productivity and economic well-being for individuals, families, and communities.

The AHA recommends full funding of \$12 million for the Trauma-EMS Systems Program. This program, which was recently reauthorized by Congress, facilitates the development of effective and comprehensive statewide trauma systems. Trauma is the leading cause of death of Americans between the ages 1 and 44. The program provides federal support for planning, implementation, and development activities for statewide trauma care systems and improving emergency medical services, with particular emphasis on strengthening communication and coordination in rural areas.

MEDICARE SURVEY AND CERTIFICATION

The AHA supports the administration's recommendation of \$293.5 million for Medicare Survey and Certification Activities. In addition, we strongly urge the committee to reject a Medicare survey and certification user fee. Survey and certification ensures that institutions and agencies providing care to Medicare and Medicaid patients meet federal health, safety and program standards. On-site surveys are conducted by state survey agencies, with a pool of federal surveyors performing random monitoring surveys.

The AHA appreciates and is grateful for the support you have provided to vital health care programs, and hopes the committee will continue to support these funding priorities in FY 2008. We look forward to working with you as the committee begins the appropriations process for the next fiscal year.

Sincerely,

Rick Pollack
Executive Vice President