November 12, 2024

Association of
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The Honorable Chuck Schumer
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mike Johnson
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Leader Schumer, Speaker Johnson, Leader McConnell, and Leader Jeffries:

As Congress develops a spending package to fund the federal government and provide critical health care investments, on behalf of the Association American Medical Colleges (AAMC) I strongly urge you to enact robust fiscal year (FY) 2025 appropriations for key science, health workforce, and public health programs; invest in key health care workforce programs; and extend expiring clinical health policies that expand and enhance access to care. These actions will support and protect our nation's medical schools, teaching health systems and hospitals, faculty physicians, and the patients and communities they serve. While we support and appreciate potential opportunities to extend and strengthen investments in the health care workforce, patient care, and safety net providers, these provisions must not come at the expense of our nation's teaching health systems and hospitals and faculty physicians, which cannot sustain additional cuts in the current fiscal environment.

The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, health care, medical research, and community collaborations. Its members are all 159 U.S. medical schools accredited by the Liaison Committee on Medical Education; 13 accredited Canadian medical schools; nearly 500 academic health systems and teaching hospitals, including Department of Veterans Affairs medical centers; and more than 70 academic societies. Through these institutions and organizations, the AAMC leads and serves America's medical schools, academic health systems and teaching hospitals, and the millions of individuals across academic medicine, including more than 201,000 full-time faculty members, 97,000 medical students, 158,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Following a 2022 merger, the Alliance of Academic Health Centers International broadened participation in the AAMC by 70 international academic health centers throughout five regional offices across the globe. Learn more at aamc.org.

Reject Harmful Cuts to Hospital Outpatient Departments

Our nation's teaching health systems and hospitals continue to face profound financial challenges stemming from historic workforce shortages, unprecedented growth in costs, unnecessary administrative burdens that delay, and often deny, reimbursement by insurers, and significant uncertainty as states continue Medicaid redeterminations. According to the Medicare Payment Advisory Commission (MedPAC), hospitals' overall fee-for-service Medicare margins dropped to a record low -11.6% in 2022, and this trend is expected to persist in coming years.[1] So-called "site-neutral" payment policies, which have been considered in both chambers and passed by the House in the Lower Costs, More Transparency Act (H.R. 5378) would only further exacerbate these challenges by cutting Medicare reimbursement for care delivered in off-campus hospital outpatient departments (HOPDs). The AAMC strenuously opposes these policies, which disregard the real differences between teaching hospitals' HOPDs and other sites of care, including physician offices and ambulatory surgical centers. As we have emphasized to policymakers, teaching hospitals' HOPDs care for a more clinically and socially complex patient population than physician offices, while complying with greater licensing, accreditation, and regulatory requirements. Because of these factors, providing care to patients in an HOPD is fundamentally different from other settings. Enacting this HOPD policy ignores these important distinctions and would result in cuts to Medicare reimbursement for drug administration services in off-campus HOPDs.

The HOPD cuts included in H.R. 5378 target and would disproportionately impact AAMC-member teaching health systems and hospitals, many of which are safety-net providers that care for the nation's sickest and under- resourced patients, including in the outpatient setting. It is important to remember that although our members comprise just 5 percent of all U.S. hospitals, they would shoulder nearly half of the cuts included under this policy. Given teaching health systems and hospitals' critical role in caring for Medicare's most vulnerable and complex beneficiaries, these proposed cuts would necessarily limit these patients' access to life-saving care and cutting-edge treatments. The negative impacts of these cuts would be felt most acutely in rural and other medically underserved communities. On behalf of our members and the communities they serve, please do not let these disproportionate cuts on our facilities take effect.

Additionally, while the AAMC supports transparency in health care, we are concerned that requiring both a separate identification number or a National Provider Identifier (NPI) and an attestation for each HOPD would impose significant administrative and financial burdens on our members. Teaching hospitals and health systems are complex entities that must already dedicate substantial financial resources to billing. This policy would require hospitals to invest additional resources to update their billing and IT systems, and reorganize workflows to comply with these new regulations. AAMC member teaching hospitals and health systems are already facing immense financial pressures, therefore complying with additional and unnecessary reporting requirements only stands to further squeeze hospitals and jeopardize patient access to care.

[1] https://www.medpac.gov/wp-content/uploads/2023/03/Hospital-Dec-2023-SEC.pdf

Now more than ever, Congress cannot abandon our nation's teaching health systems and hospitals. While we understand the difficult choices Congress must make to fund key health initiatives, the AAMC opposes financing these temporary provisions through permanent cuts to the Medicare program. Teaching health systems and hospitals cannot absorb additional cuts, as it is counterproductive to sustaining their missions of patient care, education, research, and community collaborations. We implore you to avoid the seriously detrimental effect on teaching hospitals and health systems and avert endangering access to care for the patients and communities they serve.

Sustain Our Health Care Safety Net

AAMC-member teaching hospitals play an outsized and unique role in our nation's health care safety net, accounting for 28% of Medicaid inpatient days and 32% of charity care costs nationwide.[2] To support this critical mission, many teaching hospitals rely on federal programs designed to financially bolster safety-net providers, including the Medicaid Disproportionate Share Hospital (DSH) program and the 340B Drug Pricing Program. Given the profound financial challenges facing teaching health systems and hospitals, including rising costs, workforce shortages, and the uncertainty created by the Medicaid unwinding, the AAMC calls on lawmakers to protect these crucial programs and support our members' continued ability to care for low-income and underserved patients and communities.

Established in 1981, the Medicaid DSH program provides crucial support to hospitals that care for a large number of low-income patients, including Medicaid enrollees and the uninsured. The Affordable Care Act (ACA, P.L. 111-148) included significant cuts to the program under the assumption that an expansion of coverage would reduce hospitals' uncompensated care costs. Unfortunately, this assumption has not materialized. Since the ACA's enactment, while costs associated with uninsured patients have declined, financial losses associated with Medicaid patients have risen significantly. For this reason, it is imperative that lawmakers maintain support for the Medicaid DSH program by addressing an $8 billion cut to the program scheduled to take effect on Jan. 1, 2025. In addition, we call upon Congress to pass the Save Our Safety-Net Hospitals Act (H.R. 9351), which would support teaching hospitals' ability to care for Medicare-Medicaid dual eligibles by allowing costs and reimbursements associated with these patients to count towards the Medicaid DSH cap. Together, these actions will help ensure that the Medicaid DSH program and the hospitals that rely upon this funding remain viable.

In addition, we urge lawmakers to preserve and defend the 340B Drug Pricing Program, which allows safety-net providers to maintain, improve, and expand access to care for the patients they serve. Over the past several years, 340B has faced numerous existential threats, including a legislative proposal to seriously restrict hospitals' eligibility for the program, as well as a unilateral attempt by a pharmaceutical manufacturer to restructure the program as a rebate model (which was ultimately withdrawn). In the barrage of these challenges, Congress must affirm its support for this critical safety-net program and reject proposals to "reform" the program by

[2] AAMC analysis of AHA Annual Survey Database FY2022 and NIH Extramural Research Award data.

disproportionately targeting hospital participants and limiting resources used to better provide care to patients and communities.

Support Our Physician Workforce

According to AAMC data, the United States faces a projected physician shortage of up to 86,000 doctors by 2036, with demand rapidly outpacing supply.[3] The nation's changing demographics—namely, a growing and aging population—will only further exacerbate this challenge in coming years. To address this growing crisis, it is critical that we recruit and train additional physicians. The AAMC greatly appreciates and applauds recent bipartisan investments by Congress to expand Medicare support for graduate medical education (GME), including the 1,200 new residency positions provided in the Consolidated Appropriations Act, 2021 (P.L. 116-260) and the Consolidated Appropriations Act, 2023 (P.L. 117-328). Given the staggering magnitude of current and projected workforce shortages, we urge you to build on those achievements and further strengthen our nation's physician workforce in any year-end health package. Increased graduate medical education has tremendous bipartisan support through the Resident Physician Shortage Reduction Act (S. 1302 / H.R. 2389). We ask you to include additional residency positions and aspects of this legislation in a year-end spending package.

In addition, it is critical that we diversify the health care workforce, and we ask you to invest in proven initiatives that encourage students from underrepresented communities to attend medical school and yield positive results. These programs are integral to efforts to ensure that all patients – particularly those in rural and other underserved areas – have access to the care they need. For example, the proposed Pathway to Practice Program, which enables medical and postbaccalaureate students from rural and other disadvantaged communities who are underrepresented in the physician workforce to receive support earlier in the medical education pathway and throughout residency training. The AAMC supports the inclusion of this program in any year-end package.

Mitigate Cuts to Physician Payments

In addition to making crucial investments in the physicians of the future, it is imperative that we retain our current health care workforce. The COVID-19 pandemic and concomitant burnout have placed profound pressure on our nation's physicians, causing many to leave the profession. These stresses on the workforce are further compounded by the financial difficulties plaguing physicians caused by a combination of rising practice costs and stagnant Medicare reimbursement. The financial challenges facing America's physicians are expected to worsen in coming months, as a 2.8% reduction to the Medicare Physician Fee Schedule that will take effect on Jan. 1, 2025. Absent congressional action, these cuts will seriously undermine physicians' ability to care for Medicare patients. We urge you to act swiftly to eliminate this cut and support physicians' ability to care for Medicare beneficiaries. Our nation's seniors and their physicians need your support. We also urge you to provide a multi-year commitment to reforming care

[3] https://www.aamc.org/media/75236/download?attachment

delivery by extending the advanced alternative payment model (AAPM) incentives for at least two years. The Consolidated Appropriations Act, 2024 extended these incentives until the end of performance year 2024, and without Congressional action, they will expire on Dec. 31, 2024.

Extend Telehealth Waivers to Maintain Patient Access to Care

Telehealth flexibilities and the Acute Hospital Care at Home (AHCaH) program have proven essential for expanding access to care during the COVID-19 pandemic and beyond, particularly in underserved and rural communities. These programs have allowed teaching health systems and hospitals and other providers to continue delivering critical care to patients who otherwise face significant barriers to in-person visits, such as mobility challenges and limited access to transportation. By utilizing waivers that enable telehealth and AHCaH services, hospitals have effectively managed capacity issues while maintaining patient safety and satisfaction. The ongoing flexibility these waivers provide supports broader health care access, fosters stronger clinician-patient relationships, and addresses workforce shortages through virtual care delivery. As such, the programs have transformed how care is delivered, providing timely, advanced specialist care and mental health services remotely, often without the need for an initial in-person visit.

With the waivers set to expire on Dec. 31, 2024, it is imperative that Congress act to extend these critical flexibilities. AAMC-member teaching health systems and hospitals, which have made substantial investments in telehealth and AHCaH, need certainty to continue developing these programs and ensuring their patients can rely on them. Extending the waivers for at least two years would allow hospitals to further innovate and improve care delivery, particularly in addressing current capacity challenges and maintaining access to essential services. Without action, these programs risk being dismantled, undoing progress that has expanded care to millions of patients and helped fortify our health care ecosystem. We urge Congress extend both of these programs before year's end to safeguard patient access and support the evolution of care delivery.

Ensure Robust FY 2025 Appropriations for Key Programs that Support the Nation's Health

We strongly urge Congress to complete the final FY 2025 spending bills before the current continuing resolution expires in December; to follow the Senate's bipartisan commitment to avoid problematic policy provisions that would impose arbitrary restrictions on efforts to advance research, education, public health, and health care; and to provide the highest possible funding level for key science, health, and public health programs.

Specifically, we urge you to provide no less than the $48.9 billion provided in the Senate Appropriations Committee's bipartisan Labor-HHS-Education (LHHS-Ed) bill (S. 4942) for the National Institutes of Health (NIH), in addition to continued funding for the Advanced Research and Projects Agency for Health (ARPA-H). The longstanding, bipartisan federal commitment to medical research is key to supporting patients, families, and scientists pursing medical advances

against Alzheimer's, cancer, mental health conditions, substance use disorders, and other health challenges that affect people in every congressional district, from urban centers to rural frontiers. We must ensure appropriate investment in NIH's capacity to support research nationwide to continue making progress against existing and emerging threats to our nation's health, security, and economic competitiveness with global adversaries. We recognize that lawmakers in both chambers have proposed ways to optimize NIH for the future, and we look forward to continuing to engage with those committees as they consider potential authorizing legislation separate from the appropriations process.

Further, we urge you to provide the Senate-proposed funding levels for each of the Health Resources and Services Administration (HRSA) workforce programs, which are important complements to Medicare GME that help to grow and support our health care workforce. The HRSA Title VII and Title VIII programs have proven successful in recruiting, training, and supporting health providers critical to addressing the country's medical, nursing, dental, public health, and allied health professionals workforce, evolving health care needs, and future unexpected crises.

Despite their success, federal funding for most of the Title VII and VIII programs remained flat-funded in FY 2024. Furthermore, given the increased need to address current and projected workforce shortages and shape the future workforce for the health care demands for tomorrow, a robust and sustained investment is needed to the Title VII and VIII programs to enhance health workforce diversity. In particular, the HRSA Title VII health professions programs help improve access to care in rural and other underserved areas; bolster training opportunities in primary care, mental and behavioral health, oral health, and pediatric and geriatric care; and promote team-based care through their focus on interprofessional education.

Additionally, the Children's Hospitals GME (CHGME) program helps increase the number of residents training in children's hospitals and improve pediatric physician workforce shortages. Therefore, we urge you to work in a bipartisan manner to provide the highest possible funding for the CHGME program and the HRSA Title VII health professions and Title VIII nursing workforce development programs, providing $892.8 million as proposed in the Senate's FY 2025 LHHS-Ed bill at a minimum.

We also recommend full funding for other critical programs and agencies, including for medical and prosthetics research supported by the Department of Veterans Affairs ($1.05 billion), public health and prevention efforts led by the Centers for Disease Control and Prevention (CDC) and the Administration for Strategic Preparedness and Response (ASPR), education and workforce programs supported by the National Science Foundation (NSF), and health services research funded by the Agency for Healthcare Research and Quality (AHRQ), among other priorities.

The nation's medical schools and teaching health systems and hospitals work every day to advance research, education, health care, and community collaborations to make a meaningful impact on the health of people everywhere, and these federal programs and agencies play an important role in supporting that work. The needs and opportunities across these key areas far

outpace the resources that either chamber has proposed. Strengthening the commitment to medical research toward new cures, treatments, diagnostics, and preventive interventions; expanding and adapting our health workforce to address pervasive and persistent challenges in patients' access to care; and fortifying our public health and health infrastructure in the wake of existing and emerging threats are urgent national priorities. We must ensure that we are making robust investments to support these priorities, and at minimum, that we reject any efforts to scale back this important work.

Extend Funding and Authorizations for Workforce Programs

The National Health Service Corps (NHSC) has played a significant role in recruiting primary care physicians to federally-designated health professional shortage areas (HPSA) through scholarships and loan repayment options. Despite the NHSC's success, its funding still falls far short of fulfilling the wide-ranging health care needs of all HPSAs due to growing demand for health professionals across the country. Additionally, the Teaching Health Centers GME (THCGME) program helps increase the number of residents training in community health centers and mitigate the physician workforce shortage in those settings. We urge Congress to reauthorize and extend investment in the NHSC and THCGME programs before their funding expires on Dec. 31, 2024.

On behalf of America's medical schools, teaching health systems and hospitals, and physician faculty, we thank you for your work to fund the government and keep federal agencies operational. We urge you to reject harmful policies and cuts to academic medical centers, which would imperil access to care for vulnerable and under-resourced patients and communities. If you have any questions regarding these requests, please contact me (dturnipseed@aamc.org) or my colleagues, Len Marquez, Senior Director, Government Relations and Legislative Advocacy (lmarquez@aamc.org) and Tannaz Rasouli, Senior Director, Public Policy and Strategic Outreach (trasouli@aamc.org).

Sincerely,

Danielle Turnipseed, JD, MHSA, MPP
Chief Public Policy Officer
Association of American Medical Colleges

CC: David Skorton, MD, AAMC President and CEO