



Tomorrow's Doctors, Tomorrow's Cures®



**American Hospital  
Association**

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National Association of  
Children's Hospitals

April 28, 2006

The Honorable Arlen Specter  
Chairman  
Labor-HHS Subcommittee  
Committee on Appropriations  
U.S. Senate  
Washington, DC 20510

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Dear Chairman Specter:

On behalf of the American Hospital Association, the Association of American Medical Colleges, and the National Association of Children's Hospitals, thank you very much for the strong support you have given over the years to the federal Children's Hospitals Graduate Medical Education (CHGME) Payment Program, which has been a great success. We recommend full funding of \$330 million in the FY 2007 Labor-HHS-Education bill for CHGME.

This program 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 of the additional pediatric subspecialty 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

The Honorable Ralph Regula  
Chairman  
Labor-HHS Subcommittee  
Committee on Appropriations  
U.S. House of Representatives  
Washington, DC 20515

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Dear Chairman Regula:

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.

CHGME funding is vital to independent children's hospitals not only because they do not receive significant Medicare GME support but also because they face so many challenges. They 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 over night.

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 of full funding for \$330 million for the federal Children's Hospitals GME Payment Program.

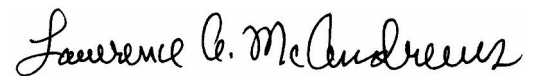
Sincerely,



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