

United States Senate

WASHINGTON, DC 20510

August 1, 2003

The Honorable Bill Frist
S-230
United States Senate
Washington, DC 20510

Dear Senator Frist:

We want to express our support for increasing the indirect medical education (IME) payments to teaching hospitals within the Medicare bill.

Teaching hospitals will lose an estimated \$794 million in IME payments in FY 2003 alone, and will lose \$4.2 billion over the next five years. In 2003, Tennessee teaching hospitals will lose \$42 million, Louisiana and Arizona - \$7 million each, Oklahoma - \$5 million and Iowa - \$4 million due to the reduction. Teaching hospitals have a unique characteristic - - they are responsible for training all of our nation's physicians and, due to this position, their costs are greater than other hospitals. Every state has at least one teaching hospital, with 1,100 facilities nationwide. Teaching hospitals train nearly 100,000 physicians annually, and the federal government has recognized the higher costs inherent in training and educating those health care providers by reimbursing the hospitals through IME payments.

Furthermore, teaching hospitals provide state-of-the-art and essential services and clinical care, such as burn and trauma care, and bone marrow and organ transplants. In fact, in many states, teaching hospitals are the only providers of such critical services. Because major teaching hospitals are in financial distress, we are concerned that these services could be compromised if IME cuts are not reversed.

The Senate-passed Medicare bill includes an IME provision, increasing payments by approximately .03 percent over ten years, which was a place holder. In order to continue quality physician education, teaching hospitals will require, and we would like to see, IME payments increased by one percent; to 6.5 percent over ten years. The House-passed Medicare bill does not provide any relief in the bill. We appreciate Sens. Frist, Grassley, Santorum and Baucus agreeing to include a modest amount of IME relief in the Senate bill while committing to increase the IME adjustment in conference.

We look forward to working with you to ensure our nation's teaching hospitals can continue to train the physicians of the future while providing superior care. Thank you for your consideration.

Sincerely,

Tony Bailey Hutchison
Allen Fitch

Jim Talbot
John McLean
H. Smith

Mark Dayton
Lamar Alexander

Pat Roberts
Susan Collins

John G. Dingell
E. Benjamin Nelson

Jack Miller
Don Weyer
Barbara Boxer

Joe Lieberman
Mary L. Landrau

Jeff Bond

Ed Kennedy
Earl Babbitt
Daiquiri

Tom T. Luery
Charles Schumer

George Allen
Frank R. Lautenberg
Mike DeLoine

John Dingell
Patty Murray
Marianne Williamson

Hillary Rodham Clinton

John Edwards
Patrick Leahy

Mark Kohl

Lincoln Chafee

Robert G. Menendez

Jack Reed

Nellie Starnes

John Cowen
Russ Feingold

~~John Cowen~~
Harry Reid