

June 27, 2006

The Honorable Dennis Hastert  
Speaker  
U.S. House of Representatives  
H-228, The Capitol  
Washington, DC 20515

Dear Mr. Speaker:

The undersigned organizations, which represent the nation's physicians, hospitals, and medical schools, write to request your support for the "Community and Rural Medical Residency Preservation Act" (H.R. 4403).

The Medicare program has a long history of supporting the training of our nation's physician workforce. While a majority of physician training historically has taken place in the hospital setting, in recent years, recognition that training in the ambulatory setting is extremely important has increased and become part of the accrediting requirements for most specialties. The experiences residents' gain while training at non-hospital ambulatory sites is important to the quality of their training. These sites include physician offices, nursing homes and community health centers, among others.

Ambulatory training sites provide an important educational experience for resident physicians because of the broad range of patients and conditions treated and by ensuring that they are exposed to practice settings similar to those in which they ultimately may practice. This type of training is particularly important for primary care residency programs since a majority of these physicians will practice in non-hospital ambulatory sites upon completion of their training. However, a growing number of residents in other specialties also do rotations outside the hospital.

In the 1990s, Congress began to fear that the graduate medical education payment formula continued to discourage the training of resident physicians in non-hospital ambulatory settings. In 1986, the rules were changed to allow teaching hospitals to include the training time of residents in non-hospital settings in the calculation of direct graduate medical education (DGME) funding. However, the formula for Indirect Medical Education (IME) payment adjustments only accounted for the resident training time in a hospital setting. Through the Balanced Budget Act of 1997, Congress removed this disincentive to training in non-hospital settings and allowed hospitals to count the training time of residents in non-hospital settings in their Medicare cost reports for indirect medical education (IME).

Through changes in statute, Congress has demonstrated clearly its support for non-hospital training opportunities. Changes in the payment formula that occurred in 1986 and 1997 were designed to increase the amount of training a resident physician received in non-hospital settings, enhance access to care for patients in rural and other underserved communities, provide an additional educational experience for residents who are considering practicing in rural

communities, and offer a recruitment mechanism for rural and underserved communities in need of physicians.

The program appeared to be working as intended. However, in recent years, the Centers for Medicare and Medicaid Services (CMS) has administratively altered the rules and regulations in respect to this issue. As a result, CMS intermediaries have denied the time residents spend in non-hospital settings as part of the IME calculation, as well as the DGME formula. In many cases, hospitals are being forced to repay thousands of dollars as a result of this administrative change in regulations. The actions taken by CMS are having a chilling effect. Many hospitals are no longer offering educational experiences at ambulatory sites as a result of the confusing and inequitable regulations being enforced. Some teaching hospitals may be forced to eliminate training programs.

Allowing hospitals to receive payments for the time resident physicians train in a non-hospital setting is sound educational policy and a worthwhile public policy goal that Congress clearly mandated in 1986 and 1997. We believe the Medicare program should encourage quality graduate medical education, rather than impose unnecessary barriers. For this reason, we urge you to demonstrate your support for quality graduate medical education by cosponsoring the "Community and Rural Medical Residency Preservation Act of 2005" (H.R. 4403). This legislation would establish, in statute, clear and concise guidance on the use of ambulatory sites in teaching programs. If enacted, it will preserve the quality education of resident physicians originally envisioned by Congress.

Sincerely,

American Academy of Dermatology Association  
American Academy of Facial, Plastic and Reconstructive Surgery  
American Academy of Family Physicians  
American Academy of Neurology  
American Academy of Ophthalmology  
American Academy of Osteopathy  
American Academy of Otolaryngic Allergy  
American Academy of Otolaryngology-Head and Neck Surgery  
American Academy of Pediatrics  
American Academy of Physical Medicine and Rehabilitation  
American Association of Clinical Urologists  
American Association of Colleges of Osteopathic Medicine  
American Association of Neurological Surgeons  
American Association of Orthopaedic Surgeons  
American College of Cardiology  
American College of Chest Physicians  
American College of Emergency Physicians  
American College of Obstetricians and Gynecologists  
American College of Osteopathic Emergency Physicians  
American College of Osteopathic Family Physicians  
American College of Osteopathic Internists

American College of Osteopathic Neurologists and Psychiatrists  
American College of Osteopathic Obstetricians and Gynecologists  
American College of Osteopathic Surgeons  
American College of Physicians  
American College of Radiology Association  
American College of Surgeons  
American Gastroenterological Association  
American Geriatrics Society  
American Hospital Association  
American Medical Association  
American Medical Group Association  
American Osteopathic Academy of Addiction Medicine  
American Osteopathic Academy of Orthopedics  
American Osteopathic Association  
American Osteopathic Association of Medical Informatics  
American Osteopathic College of Occupational & Preventive Medicine  
American Osteopathic College of Pathologists  
American Osteopathic College of Proctology  
American Osteopathic College of Radiology  
American Osteopathic College of Rheumatology, Inc.  
American Osteopathic Colleges of Ophthalmology and Otolaryngology-Head and Neck Surgery  
American Psychiatric Association  
American Society for Clinical Pathology  
American Society for Reproductive Medicine  
American Society for Therapeutic Radiology and Oncology  
American Society of Addiction Medicine  
American Society of Anesthesiologists  
American Society of Clinical Oncology  
American Society of Plastic Surgeons  
American Thoracic Society  
American Urological Association  
Association for Hospital Medical Education  
Association of American Medical Colleges  
Association of Departments of Family Medicine  
Association of Family Medicine Residency Directors  
Association of Osteopathic Directors and Medical Educators  
Austin Regional Clinic  
Congress of Neurological Surgeons  
Federation of American Hospitals  
Henry Ford Medical Group  
McFarland Clinic  
Medical Group Management Association  
Memorial Sloan Kettering Cancer Center  
National Association of Children's Hospitals  
National Association of Public Hospitals and Health Systems  
National Association of Spine Specialists

National Association of Urban Hospitals  
National Rural Health Association  
North American Primary Care Research Group  
Premier, Inc.  
Renal Physicians Association  
Society of Gynecologic Oncologists  
Society of Hospital Medicine  
Society of Interventional Radiology  
Society of Teachers of Family Medicine  
The Urology Group  
The Vancouver Clinic, Inc.  
VHA, Inc.  
Virginia Mason Medical Center