



**Association of
American Medical Colleges**
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May 23, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Chairman Hatch:

On behalf of the nation's medical schools and major teaching hospitals, I write in response to your request for comments and recommendations concerning how the nation can move forward in providing patient-focused reforms to our health care system. We at the Association of American Medical Colleges (AAMC) appreciate the thoughtful and deliberative process the Senate is pursuing to achieve this goal.

The AAMC is a not-for-profit association dedicated to transforming health care through innovative medical education, cutting-edge patient care, and groundbreaking medical research. Our members comprise all 147 accredited U.S. medical schools; nearly 400 major teaching hospitals and health systems, including 51 Department of Veterans Affairs medical centers; and more than 80 academic societies. Through these institutions and organizations, the AAMC serves the leaders of America's medical schools and teaching hospitals and their nearly 160,000 faculty members, 83,000 medical students, 115,000 resident physicians, and thousands of graduate students and postdoctoral trainees in the biomedical sciences.

Teaching hospitals and their medical school faculty physicians achieve world-renowned heights of clinical excellence, while also tending to the needs of our nation's most vulnerable patients. Though they represent only five percent of America's hospitals, AAMC-member teaching hospitals and health systems provide nearly 25 percent of all hospital care, including 24 percent of all Medicaid inpatient visits and 20 percent of all Medicare inpatient visits, as well as deliver nearly 40 percent of the nation's charity care. These institutions are also committed to the nation and their communities as evidenced through their roles as drivers of high-quality health care, forerunners in preparing for and responding to health threats, pioneers of cures and treatments for diseases, leading employers, providers of safety net and critical emergency services, and partners in public health.

The AAMC has long advocated for a number of key principles as fundamental cornerstones of any successful health care system:

- High-quality, affordable health insurance should be available to all;
- Programs to support the health care safety net must be maintained at least at current levels until other affordable and high-quality coverage expansions are available;
- A growing demand for health care services requires investments in the physician workforce, so it is imperative to strengthen federal support for graduate medical education;
- Payments to physicians and hospitals must be at adequate levels to ensure that access to care is not compromised; and
- Constraining health care spending in the long-term depends on innovation in the delivery system and research to facilitate health promotion, disease prevention, and care coordination.

These continue to be our principles as the Senate debates repeal of the Patient Protection and Affordable Care Act (ACA) and considers changes to our health care delivery system. The AAMC opposes the House passed version of the American Health Care Act (AHCA), because it does not align with our principles and values. Among our primary concerns are the \$839 billion cut in Medicaid spending, the 24 million people that will lose insurance coverage, and policies that would penalize individuals with pre-existing conditions.

Repealing the ACA without simultaneously enacting accompanying legislation specifically guaranteeing similar comprehensive coverage would jeopardize the nation's health care system, affecting not only individuals, but also the medical schools and teaching hospitals that provide care to the most vulnerable patients. Patients who lose their insurance, or only obtain very limited insurance, will delay or forego necessary care. Health care costs will increase as uninsured or underinsured patients present with more severe conditions and have no option but to utilize emergency departments to obtain care.

The AAMC urges the Senate to engage in close collaboration with health care stakeholders to ensure that any reform considered by your Committee is crafted in a bipartisan manner and builds on policies that are working well and eliminates policies that are not. In that spirit, the AAMC has identified the following key policy priorities for any reform legislation:

1. *Maintaining Medicaid Investment*

Medicaid is relied upon by our nation's most vulnerable citizens and should be strengthened – not curtailed. The AAMC supports maintaining current Medicaid eligibility levels and federal matching rates; to do otherwise would leave millions of the nation's most vulnerable patients uninsured. The federal government should also maintain its commitment to jointly finance the costs of covering Medicaid beneficiaries, without spending caps or funding cuts. Medicaid remains the nation's most efficient health care payer, with per-patient spending already growing more slowly than in any other types of insurance. The AAMC believes that existing Medicaid waiver authority can be leveraged to provide sufficient flexibility and creativity at the state level without undermining coverage and program funding.

2. *Keeping People Covered and Improving Affordability*

Maintaining or improving current levels of health care coverage is paramount in any health care reform proposal. Teaching hospitals and health systems treat patients with complex medical needs. Our experience demonstrates that when patients only have access to emergency care they cost the health care system more as they come to hospitals sicker. These patients also are denied the benefits that come from a health care system that supports the coordination of care and focuses on keeping patients healthier. A key goal of health care reform should be providing comprehensive, high quality insurance that incorporates robust benefit packages that protect patients from high out-of-pocket costs and does not limit annual or lifetime benefits, particularly for those with pre-existing conditions. Making coverage more affordable for all Americans should not come at the expense of the old or the sick.

3. *Immediate Market Stabilization*

Responsible health care reform will require time and a thoughtful implementation process. To give this process time to unfold, actions must be taken now to stabilize the insurance markets. While the AAMC is pleased that the Administration issued the market stabilization rule that provided some market stability, many patients and families are still facing rising insurance

premiums and limited plan choices in some markets. Congress should continue to ensure that the current insurance market is stabilized through funding the cost-sharing reductions, maintaining ongoing outreach and enrollment efforts in existing marketplaces, and providing public reassurance of continued funding measures. Such measures will protect patients in the short term, but more action is necessary to ensure that future reforms flourish in a stable health care system.

Finally, as the organization that represents institutions that educate tomorrow's doctors, discover tomorrow's cures, and provide the world's best health care, we welcome the opportunity to work with policymakers on critical health care issues including chronic care, CHIP, and workforce funding. We look forward to advancing our joint goals, including support for cutting-edge medical research, investing in health care delivery infrastructure such as hospitals and the physician workforce, and mitigating excessive and unnecessary regulatory burden imposed on both researchers and clinical care providers.

Please feel free to contact me or Leonard Marquez, director of government relations, at (lm Marquez@aamc.org) with any questions.

Sincerely,

A handwritten signature in black ink that reads "Karen Fisher". The signature is written in a cursive, flowing style.

Karen Fisher, JD
Chief Public Policy Officer