



January 11, 2024

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 avert a government shutdown, I write on behalf of the Association American Medical Colleges (AAMC) strongly urging you to enact robust fiscal year (FY) 2024 appropriations for key science, health workforce, and public health programs. In doing so, policymakers will support and protect our nation's medical schools, teaching health systems and hospitals, faculty physicians, and the patients and communities they serve. We appreciate proposed opportunities to extend and strengthen other investments in the health care workforce and safety net, but these provisions should not come at the expense of our nation's teaching health systems, 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 158 U.S. medical schools accredited by the Liaison Committee on Medical Education; 13 accredited Canadian medical schools; approximately 400 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 193,000 full-time faculty members, 96,000 medical students, 153,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Following a 2022 merger, the Alliance of Academic Health Centers and the Alliance of Academic Health Centers International broadened participation in the AAMC by U.S. and international academic health centers.

Reject Harmful Cuts to Hospital Outpatient Departments

It is undeniable that 2023 was a difficult year for our nation's teaching health systems and hospitals, which faced profound financial challenges stemming from historic workforce shortages, an unprecedented growth in costs, and significant uncertainty as states resumed Medicaid redeterminations. According to the Medicare Payment Advisory Commission, hospitals' overall fee-for-service Medicare margins dropped to a record low -11.6 percent in 2022, and this trend is expected to persist in coming years.¹ So-called "site-neutral" payment policies included in the House-passed Lower Costs, More Transparency Act ([H.R. 5378](#)) would only further exacerbate these challenges by cutting Medicare reimbursement for care delivered in 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

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

offices, while complying with greater licensing, accreditation, and regulatory requirements. Because of these factors, the cost of providing care 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 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. 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.

Now more than ever, Congress cannot abandon our nation's teaching health systems and hospitals. Although H.R. 5378 would invest in key workforce programs and mitigate pending cuts to the Medicaid Disproportionate Share Hospital (DSH) program, 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

Given the acute financial challenges facing teaching health systems and hospitals, particularly those that care for a disproportionate share of low-income and under-resourced patients, the AAMC urges Congress to address pending cuts to the Medicaid DSH program. Established in 1981, the Medicaid DSH program provides crucial financial support to hospitals that care for a disproportionate share of Medicaid enrollees and the uninsured. The Medicaid DSH program is crucial to AAMC-member teaching hospitals, which account for 27% of Medicaid inpatient days and 30% of hospital charity care costs. The AAMC appreciates Congress' continued support and urges you to eliminate pending cuts to the Medicaid DSH program, which are due to take effect on January 20, 2024. Absent congressional action, these cuts will significantly impact safety-net hospitals' ability to care for Medicaid enrollees, thereby restricting access to care during a critical inflection point for the program.

Support Our Physician Workforce

According to AAMC data, the United States faces a projected physician shortage of up to 124,000 doctors by 2034, with demand rapidly outpacing supply. 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 and the Consolidated Appropriations Act, 2023. However, 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 addition, it is critical that we diversify the health care workforce, and we urge you to invest in innovative initiatives that encourage students from underrepresented communities to attend medical school. These types of 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.

In addition to these 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 difficulties 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 3.37 percent reduction to the Medicare Physician Fee Schedule that took effect on January 1, 2024. 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.

Ensure Robust FY 2024 Appropriations for Key Programs that Support the Nation's Health

The AAMC appreciates that the recently announced bipartisan agreement on topline funding for FY 2024 will allow the annual spending bills to proceed. With less than eight months left in the fiscal year, we strongly urge Congress to complete the final spending bills as quickly as possible; 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 \$47.7 billion provided in the Senate Appropriations Committee's bipartisan Labor-HHS-Education bill ([S. 2624](#)) 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 pursuing 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.

Additionally, we urge you to provide the higher of the House- and 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 evolving health care needs and future unexpected crises. Despite their success and widespread interest, currently only 21 schools have HRSA Health Careers Opportunity Program (HCOP) grants and only 18 have HRSA Center of Excellence (COE) grants — down from 80 HCOP programs and 34 COE programs in 2005 before the programs' federal funding was cut substantially. 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, and at minimum, the higher of the two funding levels proposed in the House and Senate's FY 24 Labor, Health and Human Services, Education (LHHS-Ed), and Related Agencies bill.

We also recommend full funding for other critical programs and agencies, including \$930 million for medical and prosthetics research supported by the Department of Veterans Affairs, public health and prevention efforts led by the Centers for Disease Control and Prevention (CDC) and the Administration for Strategic Preparedness and Response (ASPR), 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 and Preparedness 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, it 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 impacts on the physician workforce shortage in those settings. We urge Congress to reauthorize and increase investment in the NHSC and THCGME programs before their funding expires.

AAMC members continue to play a critical role on the front lines of the public health response through their research, clinical care, education, and community collaborations missions. They have seen and experienced first-hand the challenges that patients, the public health and health care systems, communities, and the nation still face in combatting active COVID-19 infections, addressing long-term symptoms of the disease, and grappling with the inequities heightened by the pandemic. The Pandemic and All-Hazards Preparedness Act (PAHPA), which has historically been bipartisan, plays a critical role in our nation's health security, equipping health care and public health systems for significant threats and disasters. Additional stopgap extensions and further delays to reauthorization hinder the nation's preparedness response and health security. We urge you to work together in a bipartisan manner to reauthorize PAHPA before it expires on January 19.

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 and misguided 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 (lm Marquez@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