

**Association of American Medical Colleges  
Statement for the Record  
before the  
Senate Health, Education, Labor, and Pensions Committee  
hearing, titled  
“Making Health Care Affordable: Solutions to Lower Costs and Empower Patients”  
July 31, 2025**

The Association of American Medical Colleges (AAMC)<sup>1</sup> appreciates the opportunity to submit this statement for the record regarding the hearing entitled “Making Health Care Affordable: Solutions to Lower Costs and Empower Patients” before the Senate Health, Education, Labor, and Pensions (HELP) Committee on July 31, 2025. The AAMC and our member institutions are committed to working with the Committee to explore meaningful policy solutions that protect the nation’s health care system, expand access to care, improve quality, and make care more affordable without sacrificing the integrity of the health care safety net.

The AAMC and its member academic health systems, teaching hospitals, and faculty physician practices are fundamental components of the nation’s health care infrastructure and serve as the fabric of the health care safety net. They provide both primary and highly specialized health care services that are often unavailable in other settings; care for complex and underserved patient populations, including Medicare and Medicaid beneficiaries and the uninsured; serve as essential access points in rural and urban underserved areas; train the next generation of physicians; and conduct groundbreaking biomedical research. Only in the academic medicine setting do these missions coalesce for the benefit of all patients. While these mission-driven responsibilities come with tremendous financial and operational demands, our members continue to shoulder those demands while navigating unprecedented fiscal strain.

Academic health systems, teaching hospitals, and faculty physician practices have faced intensified financial challenges, including historic workforce shortages, soaring labor and supply costs, and rising patient demand. These pressures have only grown in recent years. Of particular concern is the nearly \$1 trillion in Medicaid cuts and restrictions on access to coverage that threaten to increase the uninsured population by 10 million by 2034 following the passage of the One Big Beautiful Bill Act (P.L. 119-106). Hospitals will also have to navigate increased

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<sup>1</sup> The AAMC is a nonprofit association dedicated to improving the health of people everywhere through medical education, clinical care, biomedical research, and community collaborations. Its members are all 160 U.S. medical schools accredited by the Liaison Committee on Medical Education; 13 Canadian medical schools accredited by the Committee on Accreditation of Canadian Medical Schools; nearly 500 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 210,000 full-time faculty members, 99,000 medical students, 162,000 resident physicians, and 60,000 graduate students and postdoctoral researchers in the biomedical sciences. Through the Alliance of Academic Health Centers International, AAMC membership reaches more than 60 international academic health centers throughout five regional offices across the globe.

pressures on their budgets as a result of changes to provider taxes and state-directed payments, which have proven to be crucial to ensuring hospitals’ ability to care for Medicaid patients.

In addition to these imminent, harmful cuts, hospitals face several other urgent fiscal threats. Congress must act to prevent:

- The expiration of key telehealth flexibilities and the Hospital at Home program, on September 30, 2025.
- A 4% across-the-board Medicare sequester, triggered by Statutory Pay-As-You-Go (PAYGO) due to enactment of the One Big Beautiful Bill Act, set to go into effect in early 2026.
- The expiration of enhanced premium tax credits on Dec. 31, 2025, which will dramatically raise premiums and cause millions to become uninsured, as indicated by the Congressional Budget Office.
- The scheduled Medicaid Disproportionate Share Hospital (DSH) cuts, set to take effect on October 1, 2025.

These threats will further destabilize institutions that are already stretched to the limit and jeopardize access to care for the patients who need it most.

Additionally, the Centers for Medicare and Medicaid Services has proposed a cut to drug administration services in its FY 2026 Outpatient Prospective Payment System (OPPS) rule, released on July 15, 2025. The AAMC strongly opposes so-called “site-neutral” payment policies, which ignore the critical differences between care delivered in hospital outpatient departments (HOPDs) and services rendered in physician offices or ambulatory surgical centers (ASCs). These policies fundamentally disregard the structural, clinical, and regulatory distinctions that make HOPDs more costly. AAMC members’ HOPDs care for a greater number of sicker, more complex patients, adhere to more stringent licensing and accreditation standards, and provide critical training sites for medical students and residents. Many are also located in underserved communities, where they are the only available source of specialty or outpatient care.

The proposal from CMS, as well as other so-called site-neutral proposals that have been considered in Congress, focus simply on the site of care while ignoring the complexity of care or the needs of the patient. This one-size-fits-all approach ignores clinical realities. For instance, if a patient previously experienced an adverse reaction during a procedure in a physician’s office, such as fainting or a severe allergic reaction, their provider may reasonably direct them to receive future care in a hospital outpatient department for safety reasons. These decisions are made to protect a patient’s well-being. Additionally, these policies target AAMC member academic health systems and teaching hospitals as they bear a disproportionate burden from these policies in that they comprise just 5% of U.S. hospitals, but would be subject to nearly half of these cuts, per AAMC analysis. Yet another cut that would have devastating results for patient access to care, especially for medically complex Medicare beneficiaries.

All of these challenges are layered on top of longstanding obligations: maintaining 24/7 emergency care, meeting extensive regulatory and accreditation requirements, sustaining standby capacity for public health emergencies and disasters, conducting groundbreaking medical research, and training the next generation of physicians. Simply put, our nation’s academic health systems, teaching hospitals, and faculty physician practices cannot withstand additional cuts. While we share your commitment to making health care more affordable and accessible for patients, we must raise serious concerns about proposals that will erode access to care, especially for the nation’s most vulnerable patients.

The 340B Drug Pricing Program is also a vital tool for helping our members adapt to these ever-increasing financial pressures, with minimal expense to the federal government. Amidst the tremendous challenges facing the health care safety net, the 340B program is more important than ever to sustaining access to critical programs and services for low-income, underserved, and rural populations. Unfortunately, recent threats to the program—including pharmaceutical manufacturers’ efforts to restrict covered entities’ use of contract pharmacies and restructure 340B as a back-end discount—pose a serious risk to the program’s long-term viability, and by extension, the patients and communities who depend on it. As the Committee considers strategies to lower health care costs, it is important to note that policies that would further restrict covered entities’ access to the 340B program would only exacerbate the financial challenges enumerated above, threatening to raise costs and restrict access to care, without producing significant savings for the federal government.

Ensuring patient access to care is a top priority for AAMC members. But it is essential for policymakers to understand that most teaching hospitals are already operating on razor-thin margins. Ongoing cuts to hospital payments will only hollow out the institutions that serve as our nation’s health care foundation. If Congress fails to protect academic health systems and teaching hospitals, they could be forced to make difficult decisions, such as reducing services, eliminating programs, or, in some cases, shutting down access points entirely. The consequences for patients, communities, and the broader health care system would be severe. Hospitals and health systems cannot cut their way to solvency, and Congress cannot legislate affordability by dismantling the institutions that care for the nation’s most vulnerable.

The AAMC urges the Committee and Congress to protect, not penalize, academic health systems, teaching hospitals, and faculty practices, and most importantly, the patients who depend on them. We remain committed to working with you to develop meaningful policy solutions that expand access, improve quality, and make care more affordable without sacrificing the integrity of the health care safety net. If you have any further questions, please contact AAMC Senior Director of Government Relations and Legislative Advocacy Len Marquez ([lm Marquez@aamc.org](mailto:lm Marquez@aamc.org)).