AGENDA
FOR
COUNCIL OF ACADEMIC SOCIETIES

ADMINISTRATIVE BOARD

Wednesday, March 6, 1974
10:00 a.m. - 5:00 p.m.

Mayflower Hotel
Virginia Room, 2nd Floor
Washington, D. C.

ASSOCIATION OF AMERICAN MEDICAL COLLEGES

One Dupont Circle
Washington, D. C.
AGENDA

COUNCIL OF ACADEMIC SOCIETIES
ADMINISTRATIVE BOARD

Wednesday, March 6, 1974
10:00 a.m. - 5:00 p.m.
Mayflower Hotel
Virginia Room, 2nd Floor
Washington, D.C.

I. Approval of Minutes of CAS Administrative Board
   Meeting of December 13, 1973

II. Chairman's Report

III. Action Items:
   1. CAS Program Scheduling for 1974 Annual Meeting
   2. Review of Society of Critical Care Medicine -
      Drs. Clawson and Webster
   3. Recommendations of FMG Task Force

IV. Discussion Items:
   1. Financial consideration for American Association
      for the Study of Liver Diseases
   2. OSR letter re plans for coming year
   3. MCAAP Program

V. Information Items:
   1. Seattle/Battelle Report
   2. Minutes of Research Manpower Meeting
   3. AAMC Education News
   4. National Health Insurance Task Force
   5. NIRMP Progress Report
6. Institute on Primary Care 73
7. FY 1975 Federal Budget (enclosed)
8. National Health Policy and Development Act of 1974 79
9. NBME-GAP Report
10. Legislation deferring implementation of Section 227 - PL 92-603 82
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12. Ethical aspects of biomedical research
13. Report of Biomedical Research Committee
14. CCME, LCGME Report
15. Responses to letter from Dr. Estabrook re plans for CAS 89
16. AAMC/AADS/NLM Educational Materials Project 118

VI. New Business

LUNCH - Representatives from the Association for Academic Psychiatry
MINUTES
ADMINISTRATIVE BOARD
COUNCIL OF ACADEMIC SOCIETIES

December 13, 1973
AAMC Headquarters
Washington, D.C.

PRESENT:  Board Members

Ronald W. Estabrook Chairman (Presiding)
David R. Challoner
D. Kay Clawson
Carmine D. Clemente
Jack W. Cole
*Ernst Knobil
Leslie T. Webster

ABSENT:  Board Members

Robert M. Blizzard
A. Jay Bollet
Rolla B. Hill, Jr.
*Robert G. Petersdorf

I. Adoption of Minutes

The minutes of the CAS Administrative Board meeting held September 13, 1973 were adopted as circulated.

II. Chairman's Report

Dr. Estabrook reported on the AAMC-CAS activities in which he has been involved since he took office as Chairman six weeks ago. These include the following meetings, which Dr. Estabrook described: (a) a breakfast meeting of the CAS Administrative Board with Presidents of the 12 Professorial societies that were meeting in conjunction with the AAMC Annual Meeting; (b) a biomedical research manpower conference sponsored by the AAMC in conjunction with the University of Washington and held in Seattle, October 1-3, 1973; (c) a meeting of the Research and Training Committee

*Ex Officio
(Chairman, Eugene Braunwald, M.D.) held last week; (d) a meeting with Wilbur Cohen, special counsel to Senator Ribicoff regarding continuity of leadership in the NIH and related matters; (e) meetings with Congressman Rogers and Congressman Roy regarding the Health Professions Education Act; and (f) a 2½-day retreat of the AAMC Executive Committee and key staff. A summary report of the retreat is attached as Appendix A. Additionally, in a number of telephone conference calls with staff, legislative matters such as H.R. 1, and the appropriations bill were discussed.

III. Discussion Items

1. CAS Spring Program

   The CAS March meetings, to be held at the Mayflower Hotel in Washington, are planned as follows:

   March 5, social and dinner meeting with Lionel Bernstein
   March 6, CAS Administrative Board
   March 7, CAS Business Meeting
   March 8, CAS Special Program

   The March 8 special program will feature two debates: one on tenure policies and one on collective bargaining. Suggestions for participants were offered.

2. CAS Fall Program

   The theme for the CAS fall meeting will be confirmed at the March Board meeting. Topics being considered are (a) the FMG or (b) Graduate Medical Education.

   CAS Professorial groups meeting in conjunction with the AAMC will be encouraged to meet on Monday. It is hoped that the Assembly, now scheduled for Wednesday afternoon, can be moved to Thursday afternoon, thus enabling the CAS to have its special program on Wednesday afternoon. Otherwise, the CAS program will have to be held Monday evening, an option that is predicted to present conflicts with the professorial activities.

3. Change in CAS Rules and Regulations Re Size and Terms on Administrative Board

   ACTION: The CAS Administrative Board will recommend to the CAS Council the adoption at its March meeting of the following change in the CAS Rules and Regulations regarding size and terms of office on the Administrative Board:
Section III. Administrative Board

1. The Council of Academic Societies shall be governed by an Administrative Board which shall be composed of a Chairman, Chairman-Elect, immediate Past-Chairman and 9 other members. Three of said 9 members shall be elected by written ballot at each annual meeting of the Council of Academic Societies, and each such member shall serve for a term of 3 years or until his successor is elected and installed. Members elected to serve on the Executive Council of the Association shall continue to hold membership on the Administrative Board until their terms on the Executive Council expire.

4. Nominations for Distinguished Service Membership

ACTION: The CAS Administrative Board nominated for AAMC Distinguished Service Membership the following former Board members, all of whom served on the Board for more than one year, providing each indicates that he wishes to take an active role in the AAMC and will attend its meetings.

Thomas Kinney
Jonathan Rhoads
Daniel Tosteson
Harry Feldman
Sam Clark, Jr.
Patrick Fitzgerald
John Nurnberger
Robert G. Petersdorf
Ralph Wedgwood
James Warren
Charles Gregory
William Weil
Louis Welt
Robert Forster
Ludwig Eichna
Ernst Knobil

5. Report of Biomedical Research Manpower Conference

Dr. Ball summarized the major recommendations that were generated by participants in the Biomedical Research Manpower Conference October 1-3, 1973 in Seattle. They were:

1. A National Commission should be established to review the role of both the Federal government and non-Federal agencies in the support of biomedical research and research training.

2. The institutions of medical education should develop a biomedical research manpower monitoring system.

3. The Association of American Medical Colleges should work to develop understanding regarding realistic manpower development planning among the voluntary health agencies.
ACTION: The CAS Administrative Board voted unanimously to recommend to the Executive Council that the AAMC accept Recommendation 2 above as an opportunity of service to the Membership and that, through participation of the Council of Academic Societies, it establish an inventory and monitoring program for biomedical research manpower. (It is understood that such a program would require outside funding.)

6. Report of the Biomedical Research Committee

According to Dr. Ball after being reconstituted this Committee is gaining momentum as seen in the meeting held last week. One item expected to emerge as a major issue in 1974 is the concept of a single NIH budget which is supported by OMB and opposed by NIH staff. Dr. Estabrook, the only CAS Administrative Board member on the Committee, urged that additional Board members be asked to serve on the Committee.

7. Membership Application for Association for Academic Psychiatry

The Board's action on this application was communicated to this organization (as set forth in the Agenda, page 9).

8. Financial consideration of American Association for the Study of Liver Diseases

The President of this organization wrote to describe their financial problem with regard to the CAS increase (as set forth in the Agenda, pages 11-12).

It was decided appropriate that a letter be sent to all CAS organizations reviewing the reasons for the dues increase. Also groups not yet members but whose applications for membership have been filed should be informed of the new dues structure.

9. Recommendations of Graduate Medical Education Committee on Physician Distribution

These recommendations appeared in the Agenda on pages 13-14. The Administrative Board agreed to send their reactions to these recommendations to Dr. Swanson in the near future.

10. CCME ad hoc Committee Report on Physician Maldistribution

This report appeared in the Agenda on pages 15-44. The Administrative Board agreed to send their reactions to the report to Dr. Swanson in the near future.
11. Report of the Committee on Health Manpower

This report appeared in the Agenda on pages 45-56. (Revised pages 46, 51, and 52 were distributed.) Among specific concerns and ideas expressed by Board members were:

1. The $6,000 amount is very high. Double funding may result. A modified "tiered" plan with some money in the hands of the students, with an income contingent program, is preferred (Challoner).

2. Order of preference: (a) Krevans, (b) Tiered plan, (c) Roy plan, (d) no capitation. Would opt for anything that would control FMGs (Clawson).

3. Recommend a new instrumentality because no one instrument can serve all needs (Knobil).

**ACTION:** The CAS Administrative Board accepted the Report of the Committee on Health Manpower with expressed concerns for modification.

12. Report of the Advisory Committee on Academic Radiology

The Administrative Board discussed the report submitted to the Executive Council and to the Administrative Boards of the Council of Deans, the Council of Teaching Hospitals, and the Council of Academic Societies on December 6, 1973.

**ACTION:** The CAS Administrative Board took the following action (there was one dissenting vote):

1. The report should go back for revision.

2. The report should be received with commendation.

3. All departments should be encouraged to undertake similar studies.

4. Until reports of similar studies have been received, the Report of the Advisory Committee on Academic Radiology should be neither approved nor disapproved.

13. Classification of Faculty Salary Survey Statistics

**ACTION:** The CAS Administrative Board approved the recommendation of the Data Development Liaison Committee that the Executive Council confirm public classification for statistics from the annual Faculty Salary Survey (as set forth in the Agenda, page 57).
14. Release of AAMC Information

**ACTION:** The CAS Administrative Board approved the recommendation of the Data Development Liaison Committee that the policy for the release of AAMC information be adopted (as set forth in the Supplemental Agenda, page 1).

15. Medical School Acceptance Procedures

**ACTION:** The CAS Administrative Board approved the AAMC Recommendations on Medical School Acceptance Procedures (as set forth in the Supplemental Agenda, page 7).

16. Liaison Committee on Graduate Medical Education Bylaws

**ACTION:** The CAS Administrative Board approved the LCGME Bylaws as accepted by the CCME on November 26, 1973 (as set forth in the Supplemental Agenda, page 11).

17. Membership Resignations

**ACTION:** The CAS Administrative Board received resignations from membership from the American College of Surgeons and the American Association of Neuropathologists.

18. New Application for Membership

The membership application of the Society of Critical Care Medicine was assigned for review at the March meeting by Drs. Clawson and Webster.

IV. Adjournment

The meeting was adjourned at 12:30 p.m. at which time the CAS Board joined the Board of the Council of Deans for lunch where Dr. John Cooper made a few remarks regarding new developments in Washington.
APPENDIX A
REPORT OF THE AAMC RETREAT
December 5-7, 1973
Belmont Conference Center
Elkridge, Maryland

The Chairman, Chairman-Elect, and President of the Association along with the Chairman and Chairman-Elect of each Council, the OSR Chairperson, and key AAMC staff met from December 5-7 to review the activities of the Association and to discuss the major issues which the AAMC will confront in the coming year.

Foremost among the issues identified for major Association effort are:

1. the development of recommendations on the financing of medical education by the Sprague Committee with the input already put forth by the Krevans Committee on Health Manpower;

2. the development of a more specific AAMC position on national health insurance by a Special Task Force; such a position must lay out legislative specifications on every aspect of national health insurance affecting the medical schools and teaching hospitals;

3. the consideration, by the AAMC Graduate Medical Education Committee with input to the Coordinating Council on Medical Education, of ways to better relate the specialty and geographic distribution of physicians to the needs of the population;

4. the organization of agencies collecting data on medical schools to avoid duplication and provide a more coherent and better utilized information system--charge to the Data Development Liaison Committee;

5. an examination of the role of the medical schools and teaching hospitals in educating the public about health; this topic would be the theme of the 1974 AAMC Annual Meeting.

Another major consideration was felt to be biomedical research, particularly the issue of assuring adequate research manpower. The Braunwald Committee was asked to evaluate the need for researchers in specialty areas and to recommend an appropriate financing mechanism. This committee was also asked, through the appointment of subcommittees, to consider the peer review system and recommend a mechanism for assuring the appointment of qualified individuals to Advisory Councils and to develop criteria for determining which research areas might benefit from a targeting of federal support (research center approach).

The Retreat participants discussed the Foreign Medical Graduate issue and the overall question of how many physicians are needed. While it was
felt impossible to determine the number of M.D.'s needed until problems such as specialty and geographic maldistribution and the disorganization of the health care system are resolved, it was asserted that the number of graduate positions must reflect the needs of the population and all who enter graduate training must demonstrate a high level of competence.

After supporting in concept the use of the health care team to alleviate shortages caused by maldistribution of physicians and recommending that financial incentives to encourage schools in this area be built into Comprehensive Health Manpower legislation, the Retreat considered the accreditation of physician assistants' and allied health educational programs. The newly-formed Commission on Physician Assistants and the proposed Joint Council for the Accreditation of Allied Health Education were discussed, along with the established AAMC position that the LCME should accredit Type A physician assistants programs. The issue of separating the Type A programs from the remainder of the allied health field was left unresolved. If the Association supports this segregation of Type A programs, it may choose to continue to support LCME accreditation or, alternately, may accept the jurisdiction of the CPA and choose to participate on that body. The relationship of the Coordinating Council to the CPA and JCAHE must also be defined.

There is mounting pressure to form a Liaison Committee on Continuing Medical Education under the Coordinating Council. The Retreat recommended that the Association elaborate detailed specifications on the role and function of such a Liaison Committee during the deliberations of a now-appointed CCME ad hoc committee. The stress should be placed upon stimulating continuing education programs which are linked to quality of care appraisal. The Group on Medical Education should be encouraged to include in its membership those individuals in the institutions who are responsible for continuing medical education, and should evolve programs directed toward improving the effectiveness of educational efforts directed toward practicing physicians. Association activities directed at helping the institutions effectively meet the requirements of the PSRO legislation should include the establishment of a central clearinghouse to collect and disseminate information on medical care evaluation studies. This would include developing a network of quality assurance correspondents at each institution.

The Retreat considered pressures being brought to develop national curricula to train medical students in categorical disease areas such as cancer and high blood pressure. It was felt that the Association should encourage these efforts at the level of public and continuing education, but should not support this at the undergraduate level.

The Retreat participants also discussed issues concerning the constituent composition of the AAMC, the responsiveness of the Association to the needs of various segments of the membership, and the AAMC's liaison with other organizations in the health field. As a final item, the format and program of the 1974 Annual Meeting were briefly discussed and referred to the Executive Committee, which serves as the Annual Meeting Program Committee.
Association of American Medical Colleges

GRADUATES OF FOREIGN MEDICAL SCHOOLS
IN THE UNITED STATES
A CHALLENGE TO MEDICAL EDUCATION

Report to the EXECUTIVE COUNCIL from the
Task Force on Foreign Medical Graduates

February 15, 1974
FOREWORD

In August of 1973 a Task Force on Foreign Medical Graduates was appointed by the Executive Council with the following membership:

Kenneth R. Crispell - Chairman, University of Virginia
Martin S. Begun - New York University School of Medicine
George E. Cartmill - Administrator, Harper Hospital and Wayne State University
Merlin K. DuVal - University of Arizona
Rolla B. Hill, Jr. - Jacksonville Hospitals Educational Program and University of Florida
Robert J. Weiss - Harvard University
Joseph M. White - University of Missouri at Columbia

The Task Force met on four occasions, namely October 5, November 20, December 27, 1973 and January 28-29, 1974. In its deliberations the Task Force was assisted through the participation of Dr. Emanuel Papper, Chairman of the Council of Deans. It also wishes to thank Dr. Betty Lockett of the Health Resources Administration for her contributions and particularly for providing background documentation for the work of the group. Representatives of AHA (Dr. John G. Freymann), AMA (Dr. Raymond Holden) and HRA (Dr. Harold Margulies) provided helpful comments and criticism at a crucial stage in the deliberations of the Task Force.

Statistical data contained in the text and tables were obtained from the following sources:


- The American Medical Association and its published statistics.

- Annual reports and other communications of the Educational Council for Foreign Medical Graduates.

- The National Board of Medical Examiners.

As outlined in the terms of reference for the Task Force, the group restricted its concern to those problem areas of the FMG which fall within the sphere of responsibility and authority of the membership of the Association. For this reason the report of the Task Force intentionally is limited to issues of education and quality of medical services, two areas of particular concern to the AAMC.
BACKGROUND AND INTRODUCTION

Throughout the history of the United States immigration has contributed towards the overall development of the work force in the country. The medical profession has been no exception. The arrival of physicians educated abroad, however, and their integration in the United States systems of medical education and service has reached unusual proportions in recent years. Furthermore, many American college graduates have sought medical education abroad and are now beginning to return home with a medical degree earned in a foreign country. These students add a domestic dimension to problems which stem from the rapidly increasing number of foreign medical graduates (FMG) entering the country and being licensed to practice. The complexity of education, accreditation and licensure in medicine further complicates the situation.

The Phenomenon

The basic trend of admitting FMGs into the United States is represented in table 1. It shows that in a little over a decade the number of FMGs in the United States has increased four times more rapidly than has the total physician supply. FMGs are approaching 20 percent of all physicians and one-third of all hospital and residency training posts are filled by them. In 1972 more graduates of foreign medical schools entered the United States than physicians were graduated by our own schools, and 46 percent of all newly licensed physicians in that year were FMGs.

The Immigration and Naturalization Act Amendments of 1965 have had a major impact on the migration of FMGs to the United States. Termination of the national quota system previously in effect opened avenues of entry to the United States for physicians trained in countries where, even in the face of major unmet health needs, the available physician supply appeared to exceed effective economic demand. In addition, preferential immigration status was assigned to professional and occupational skills presumed to be in short supply nationwide, including medicine and other health skills. The result was that physicians from developing countries began to take advantage of the opportunity to immigrate to the United States regardless of their ability to meet licensure requirements in this country.

Foreign-born FMGs are admitted to the United States both as immigrants (permanent residents) and as nonimmigrants (primarily exchange visitors). In the eleven years ending June 1972, over 50,700 physicians entered this country as exchange visitors, the great majority for graduate medical education. Since 1967 about 44 percent of all physicians entering the United States have been immigrants and 52 percent exchange visitors. This has begun to change, however.

1) For the purpose of this document a foreign medical graduate is a physician who has completed the requirements for graduation from medical school and for practice in a country outside the United States, Canada, and Puerto Rico.
In 1971 and 1972 more physicians were admitted as immigrants (53 and 63 percent respectively) than as exchange visitors. A major portion of these admitted immigrants, however, were FMGs who converted from nonimmigrant status while residing in this country. Legislation in 1970 facilitated this trend by eliminating the requirement that exchange visitors be absent from the United States for a period of two years after ending their studies, provided they were from countries where their special skills are not in short supply.

There is an emerging group of American-born FMGs who seek medical education abroad after failing to gain admission to a medical school in the United States. They request entry into the American medical education system at various stages of their training. Accurate figures regarding these students are not available, but it is estimated that as many as 6,000 students are currently enrolled in medical schools abroad compared with 50,716 students in American medical schools in September of 1973. According to a recent survey carried out by the Division of Manpower Intelligence of the Bureau of Health Resources Development, in 1971-1972 medical schools of Latin American universities had 2,045 American students enrolled, 91 percent of whom were at the Universidad Autonoma de Guadalajara in Mexico. In 1970 AAMC initiated the Coordinated Transfer Application System (COTRANS) which arranges for qualified American students to take Part I of the National Board Examination and apply for transfer into a United States medical school. As of May 1973 a total of 442 American students had been admitted through this mechanism to domestic medical schools for advanced standing.

**Evaluation of FMGs for Admission**

Admission to graduate medical education programs and to state licensure examinations generally is predicated on the fact that the graduate has met the education requirements of an accredited medical school in the United States or Canada. Before 1955 the Council on Medical Education of AMA attempted to approximate the system of evaluating medical education in the United States by preparing a list of foreign medical schools considered of sufficient quality for graduates to be admitted into domestic graduate medical education programs. Because this practice proved unsatisfactory, the Educational Council for Foreign Medical Graduates (ECFMG) was established as an independent agency sponsored by AAMC, AHA, AHME, AMA, and FSMB to develop a system of certifying minimal educational accomplishments of FMGs. For certification the ECFMG uses two criteria—proof that the candidate has fulfilled all requirements of a medical school listed in the World Directory of Medical Schools published by the World Health Organization, and a satisfactory score on an examination furnished by the National Board of Medical Examiners. The examination is prepared by a test committee from questions provided by the NBME. Eighty percent of the questions are taken from Part II of the National Board Examination.

Since its inception in 1958 the ECFMG has organized a worldwide network of 178 examination centers in which a cumulative total of 313,885 examinations has been given to 178,325 candidates. The overall pass rate including all repeaters through 1972 is 67 percent. Upon the first try 45 percent obtain a passing score, while a decreasing percentage of those who fail in the first attempt pass in subsequent tries. There is great variation in performance of FMGs from different countries and from different schools within some countries.
Some Characteristics of FMGs

Country of Origin - Until recently the majority of FMGs came from European or other countries with standards of medical education similar to those in this country. As a consequence of the amendments to the Immigration and Naturalization Act passed by Congress in 1965, the number of physician immigrants from Asian and other developing countries increased rapidly. As table 2 shows, 27 and 12 percent of the 2,083 physician immigrants came from Europe and Asia respectively in 1963, while the corresponding figures for 1972 were 13 and 70 percent out of a total 7,143 FMGs. This represents a major shift in nationality of physicians coming to the United States and also in the nature and quality of their medical education because one should not expect medical education offered in developing countries to be the same as that of economically and technically developed nations.

Performance - In objective-type examinations FMGs perform at a lower level than do graduates from American medical schools. Thus, in the past few years the failure rate in the ECFMG examination (score below 75) has varied from 67.4 to 56.9 percent, while students or graduates of American schools have had a failure rate of 14 percent on Part I and 2.5 percent on Part II of the National Board Examination. In FLEX (Federation Licensure Examination) 50 percent of FMGs have passed versus 85 percent of graduates from American schools. In Specialty Board Examinations the failure rate in 1972 was 63 percent for FMGs and 27 percent for domestic graduates. It must be emphasized that there is a much wider spread of performance with FMGs and that some perform as well as domestic graduates. It is generally acknowledged, though not proven, that the medical care rendered by some FMGs is of poorer quality than that rendered by graduates from domestic schools. American FMGs have a similar if not greater failure rate in the ECFMG examination than foreign-born FMGs. This suggests that language difficulties do not significantly influence performance in standardized examinations of this kind.

Specialty and Geographic Distribution - As shown in table 3, FMGs are distributed by specialty in much the same way as physicians educated in the United States. They are concentrated largely in the five major specialties and general practice chosen by United States graduates. Approximately 52 percent of FMGs versus 57 percent of graduates from domestic medical schools select internal medicine, pediatrics, general surgery, obstetrics and gynecology, psychiatry, and general practice.

Proportionally more FMGs are in specialties such as anesthesiology and physical medicine, while fewer FMGs are in dermatology, and orthopedic surgery. In addition, FMGs are disproportionately found in some residency programs. For example, residencies in general practice, physical medicine, colon and rectal surgery, anesthesiology, and pathology are more than 50 percent filled by FMGs. This may imply in the future a smaller supply of physicians born and educated in the United States for these specialties.

Therefore, in the aggregate FMGs are distributed along the same lines as our own graduates, although for certain specialties there is a differential distribution between FMGs and graduates from domestic medical schools. It remains to be seen whether this differential in enrollment in residency programs will have any impact on specialty distribution in practice at a later time.
The participation of FMGs in the practice of medicine has further distorted the geographic distribution of physician manpower in this country. It has been shown that they follow a similar pattern as that of physicians educated in the United States and tend to concentrate in cities.

State Institutions - In many states the demand of public institutions for physicians is accommodated by special licensure provisions for FMGs not fully qualified to practice. The extent to which these FMGs are employed and the impact of their activities on medical care are not known. However, anecdotal evidence suggests that much health care delivery in the public sector depends on physicians not fully qualified but willing to accept working conditions and income levels qualified physicians will not accept.

Academic Medicine - Many FMGs have entered careers in academic medicine in this country. Usually these are physicians who either already have established a reputation in their home country and found the working conditions more attractive in an American institution or have demonstrated unusual capabilities within an American graduate program and entered into an academic career in this country. In 1970 there were 4291 FMGs in academic positions (including medical education and research) representing 7.5 percent of all FMGs in the United States at that time. This percentage is slightly greater than that of United States medical graduates (about 5 percent). Today our medical schools have 4,165 FMGs out of a total of 34,658 salaried physicians on their full-time and part-time academic staff. The contribution of FMG scientists to American medical science has been substantial.

Dual Standards

The present policy for certifying FMGs has led to a system of dual standards for admission to graduate medical education in this country. To illustrate, figure 1 gives a graphic representation of the three programs in the continuum of medical education offered in the United States. It shows that the quality of the student's educational experience and performance is ascertained by the following:

- Accreditation on a national or regional basis of the three required education programs offered consecutively by a college or university, a medical school, and a teaching hospital.

- Selection of students for each program on the basis of performance in the previous program, or scores obtained in national entrance examinations, and broader judgement by a selection committee of the institution.

- Internal evaluation of the student by the faculty in a continuing fashion and final certification by the faculty for awarding the degree.

1) This figure includes U.S. born FMGs.
External evaluation of the student by Parts I and II of the National Board Examination (23 of 116 medical schools require the student to take the National Board Examination, while 26 of these schools make a passing score a requirement for promotion or graduation).

External evaluation for licensure through FLEX (unless the candidate has already received a passing score on the National Board Examination) and for specialty certification by specialty board examination.

The majority of FMGs now applying for admission to graduate medical education has not been screened by equivalent selective internal and external evaluation processes. Furthermore, with notable exceptions, in most countries there is no accreditation system similar to our system. In general, the intensity and quality of the learning experience in the United States is attained by a high faculty student ratio, adequate educational and clinical resources, a competitive situation, and the exposure of the student to the institution's research atmosphere. Finally, by incorporating the student into the medical care programs of the teaching hospital United States medical schools guarantee the American student a participatory role in clinical medicine, while in most schools abroad the clinical student is an onlooker. It may be concluded that while many medical schools abroad are outstanding and excel in many of these same features, the United States medical school provides a more intensive learning experience to the student than those institutions from which a large proportion of the FMGs have graduated. Beginning with the extensive premedical education in colleges, the United States educational continuum results in a physician-graduate of considerable personal maturity and professional sophistication in the art and science of medicine.

The present mechanism by which FMGs are admitted into graduate medical education programs implies that the ECFMG examination is a substitute for assessing the quality of the educational process over a period of four to six years and for selecting and evaluating the student for admission and promotion during this period. In reality, there is no examination available for measuring professional competence. Hence we are faced with dual standards for admission and are condoning the evolution of a dual system of graduate medical education. Currently, a little over one-half of the physicians entering the American system are products of accredited United States medical schools, while the balance for the most part represents products of unaccredited education systems. This double standard results in wide disparity in the quality of the physicians admitted to deliver care in the United States. It undermines the process of quality medical education in this country and ultimately poses a threat to the quality of care delivered to the people.

The FMG's Advocate

The notion that American medical education is rendering a service to foreign doctors by permitting them to enter our system in large numbers must be challenged on several counts. The FMG coming to this country faces difficult and disadvantageous conditions which in many instances offset the potential benefits to be gained from entering the education system. Some of these problem areas are:
- Differences in culture and daily life resulting in isolation.
- Learning of a new language.
- Acceptance into a setting which imposes excessive responsibility for patient care without adequate supervision and educational content.
- General stigma associated with the status of being an FMG and therefore lack of full acceptance on a professional basis.
- Need to accept positions under unfavorable working conditions and with relatively low salary.
- Acceptance of lower performance level.
- Fear and threat of failure.

The present system of accepting FMGs into the United States and incorporating them into our medical education and care systems has created a category of second-class physicians. From an educational and ethical point of view, this is undesirable.

The Task Force's Response

In reviewing the benefits and problems which accompany the admission of FMGs to the United States the Task Force considered many approaches. Although the prohibition of medical practice by FMGs could be considered a possible solution, the long history and ideals of the United States regarding immigration policy make this unacceptable. It was agreed that any recommendations should be in accord with two major considerations, namely that:

- Medical schools in the United States presently are able to identify outstanding candidates for educational programs which prepare physicians, provide programs of quality medical education to students of medicine, and deliver highly qualified physicians in sufficient numbers into the medical care system of this country. With the rapid increase of enrollment by students in our medical schools (15,000 by September 1975), it is anticipated that our basic need for physicians in the 1980's presumably can be satisfied from domestic sources. If the anticipated number of graduates is insufficient to meet our nationally conceived need for physicians, adequately planned and financed programs should be initiated to increase further the class size of domestic medical schools. It seems inappropriate that the United States with its existing resources should depend to any significant degree on physicians supplied by education systems of other countries.

- The dual standards in admission of United States and foreign medical graduates must be reduced in the interest of quality of medical education and care, as well as for the benefit of foreign graduates who come to this country to achieve medical excellence. Ultimately nobody can gain from the continued existence of two classes of physicians.
The Task Force is aware of the consequences that corrective measures may have on the number of FMGs gaining admission to graduate medical education in the United States. Because the implications of the present trend are so vast, it recommends that steps be taken to minimize the difference in admission standards between graduates of domestic and foreign medical schools, in spite of the fact that complete equality cannot be achieved rapidly and that some hospitals will be faced with a shortage of housestaff during an intermediary period of time. The recommendations do not address themselves to the licensing process except for the loopholes which permit unqualified FMGs institutional medical practice without adequate supervision.

The Task Force recognizes the similarity between these recommendations and those made by the National Advisory Commission on Health Manpower in 1967 (pp. 71-81 of volume 2 of the Commission Report). For their implementation close collaboration among concerned government and private agencies is required. The Task Force urges the AAMC to initiate such concerted action.
RECOMMENDATIONS

The Task Force recommends the following policies to the AAMC for adoption and implementation by the constituency in collaboration with related agencies:

1. Physician Manpower - Medical schools of the United States must become the major source for educating physicians to satisfy the need for physician services to the American people. This country should not depend for its supply of physicians to any significant extent on the immigration of FMGs or on the training of its own citizens in foreign medical schools. If the anticipated need for physicians exceeds present or future enrollment in our medical schools, appropriate measures including adequate funding must be taken to enlarge the student body accordingly. Since there is a delay of seven to ten years until a corrective increase in first year medical school admissions first becomes manifest in terms of physician manpower, a continuing analysis of our physician needs is called for.

2. Admission Criteria - The process of certifying FMGs for admission to graduate medical education programs in the United States is inequitable and inadequate. In order to apply the same standards to all medical graduates, it is recommended that a generally acceptable qualifying examination be made a universal requirement for admitting all physicians to approved programs of graduate medical education. Until another such examination may become available, Parts I and II of the National Board Examination should be employed for this purpose. FMGs can register for this examination only after having demonstrated an acceptable command of spoken and written English. Part III of the National Board Examination or some other method for determining clinical competence should be required for continuation beyond the first year of graduate medical studies or for direct admission to advanced standing in graduate medical programs.

3. Approval of Programs of Graduate Medical Education - In order to ensure all medical graduates of a continuing exposure to quality education, regulations for the approval of programs of graduate medical education must be strictly enforced. The regulations should emphasize the educational function of these programs. In addition, the relative number of FMGs permitted in any program should be limited and geared to the educational resources of the program. Effective adaptation and enculturation cannot be expected unless special efforts are made and there is a balance between American and foreign graduates in the program. Since undergraduate and graduate medical education are considered integral parts of an educational continuum, it is also recommended that the number of first year positions in approved programs of graduate medical education be adjusted gradually so as to exceed only slightly the expected number of graduates from domestic medical schools, but provide sufficient opportunities to highly qualified FMGs.
4. **Pilot Project** - Because examinations to determine the professional competence of the physician are still in a developing stage it is recommended that a pilot project be initiated for the enrollment of a limited number of FMGs as students in modified undergraduate medical education programs in United States institutions. The objectives of this project to be undertaken by AAMC and interested medical schools, are to identify the educational deficiencies of FMGs and provide supervised learning experiences to correct these deficits with the goal of bringing the FMG to a level of professional competence similar to that reached by graduates of domestic schools. In this project preference should be given to United States citizens and may include American students enrolled in foreign medical schools qualified for participation in the COTRANS program.

5. **Loopholes** - On the basis of temporary licenses or exemptions from licensure provisions, a large but unknown number of FMGs is delivering medical services in institutional settings such as state institutions and other medical service organizations. They are active in this capacity without having qualified either for graduate medical education or licensure. The indefinite continuation of unsupervised medical practice on this basis without minimal involvement in approved graduate medical education should be discontinued. It is recommended that AAMC join with the American Hospital Association, the American Medical Association and other agencies to bring this problem to the attention of the Federation of State Medical Boards in a concerted effort to seek and implement appropriate solutions.

6. **Hospital Patient Care Services** - These recommendations when implemented undoubtedly will reduce the number of FMGs qualified for appointment to positions in graduate medical education. Therefore, new methods must be developed to ensure patient care services in many hospitals. The Task Force believes that other health care personnel can be trained to provide under physician supervision many of the services now required to be rendered by physicians. Projects to study and demonstrate the engagement of such personnel in institutional care settings should be undertaken immediately. Ultimately, the efficient utilization of such personnel depends on appropriate education of the health care team, particularly physicians, and thus is a joint responsibility of medical and other health profession faculties.

7. **Special Categories** - The Task Force recognizes two groups of FMGs who require special consideration. The first group is represented by those physicians who seek a temporary educational experience with the intent of returning to their home country. These physicians should be admitted to graduate medical education programs without having to pass Parts I and II of the National Board Examination in those instances when the FMG enters with a visitor exchange visa and has a statement describing the proposed program of study. This program should have the concurrence of the American institution accepting the physician, the FMG's home institution, and the governmental or private agency interested in the FMG's education and continuing employment. Furthermore, the American institution should not plan to continue the FMG's engagement beyond the training period, which usually should be limited to two years.
The second group encompasses FMGs who have established reputations as medical academicians and are appointed by medical schools as visiting scholars. Unless the respective state licensing boards prescribe differently, temporary exemptions from the requirement specified under recommendation two should be accorded these FMGs provided they are visiting members of a medical faculty and their involvement in the practice of medicine is limited to patient care related to their teaching obligations. The granting of these exemptions should be based on a policy agreed upon nationally and should cover a delimited period of time. FMGs who serve on medical faculties as teachers and scientists without patient obligations including supervision of those who render patient care do not fall within the purview of these recommendations.

8. Time Table - A realistic time table should be established for implementation of these recommendations.
Figure 1: Continuum of medical education - Included are the points at which selection and internal and external evaluation of the student occurs (at right of graph). At the left accreditation of the programs is indicated. (V indicates internal evaluation)
TABLE 1

Ten Years Trend in Admission, Employment and Licensure of FGh and Graduates of Domestic Medical Schools

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>ECFMG</td>
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<td></td>
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</tr>
<tr>
<td>No. Exams Administered</td>
<td>14,535</td>
<td>19,130</td>
<td>18,511</td>
<td>18,337</td>
<td>18,988</td>
<td>19,128</td>
<td>19,540</td>
<td>22,598</td>
<td>29,950</td>
<td>31,033</td>
<td>32,072</td>
<td>37,023</td>
</tr>
<tr>
<td>No. Candidates Passed</td>
<td>6,051</td>
<td>6,043</td>
<td>6,620</td>
<td>7,724</td>
<td>7,842</td>
<td>8,770</td>
<td>7,774</td>
<td>8,127</td>
<td>11,916</td>
<td>9,693</td>
<td>12,037</td>
<td>12,269</td>
</tr>
<tr>
<td>No. FGh Certified</td>
<td>not available before 1966</td>
<td>6,699</td>
<td>5,364</td>
<td>6,142</td>
<td>4,686</td>
<td>5,436</td>
<td>6,886</td>
<td>8,712</td>
<td>6,227</td>
<td></td>
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</tr>
<tr>
<td>Admission to U.S.</td>
<td></td>
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</tr>
<tr>
<td>Exchange Visa</td>
<td>3,970</td>
<td>4,637</td>
<td>4,518</td>
<td>4,160</td>
<td>4,370</td>
<td>5,204</td>
<td>5,701</td>
<td>4,460</td>
<td>5,006</td>
<td>4,784</td>
<td>3,935</td>
<td>4,613</td>
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<tr>
<td>Immigrants</td>
<td>1,297</td>
<td>2,093</td>
<td>2,249</td>
<td>2,012</td>
<td>2,552</td>
<td>3,326</td>
<td>3,128</td>
<td>2,756</td>
<td>3,156</td>
<td>5,756</td>
<td>7,119</td>
<td>7,119</td>
</tr>
<tr>
<td>Total*</td>
<td>5,767</td>
<td>6,730</td>
<td>6,767</td>
<td>6,172</td>
<td>6,922</td>
<td>8,097</td>
<td>9,125</td>
<td>7,615</td>
<td>8,523</td>
<td>10,947</td>
<td>11,416</td>
<td>12,285</td>
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<tr>
<td>U.S. Graduates</td>
<td>7,168</td>
<td>7,264</td>
<td>7,336</td>
<td>7,409</td>
<td>7,574</td>
<td>7,743</td>
<td>7,973</td>
<td>8,059</td>
<td>8,367</td>
<td>8,974</td>
<td>9,551</td>
<td>10,391</td>
</tr>
<tr>
<td>Graduate Medical Education</td>
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<td></td>
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<td></td>
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<tr>
<td>Interns:</td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>U.S.</td>
<td>6,900</td>
<td>7,136</td>
<td>7,070</td>
<td>7,296</td>
<td>7,309</td>
<td>7,573</td>
<td>7,506</td>
<td>7,194</td>
<td>7,869</td>
<td>8,213</td>
<td>8,120</td>
<td>3,924</td>
</tr>
<tr>
<td>FGh</td>
<td>1,273</td>
<td>1,669</td>
<td>2,556</td>
<td>2,821</td>
<td>2,361</td>
<td>2,793</td>
<td>2,913</td>
<td>3,270</td>
<td>2,939</td>
<td>3,339</td>
<td>3,946</td>
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</tr>
<tr>
<td>Total</td>
<td>8,173</td>
<td>8,805</td>
<td>9,636</td>
<td>10,097</td>
<td>9,670</td>
<td>10,366</td>
<td>10,419</td>
<td>10,464</td>
<td>10,088</td>
<td>11,552</td>
<td>12,066</td>
<td>11,163</td>
</tr>
<tr>
<td>Residents:</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>FGh</td>
<td>7,723</td>
<td>7,062</td>
<td>7,052</td>
<td>8,153</td>
<td>9,133</td>
<td>9,502</td>
<td>10,627</td>
<td>11,231</td>
<td>12,126</td>
<td>12,968</td>
<td>13,543</td>
<td>14,471</td>
</tr>
<tr>
<td>Total</td>
<td>29,637</td>
<td>29,239</td>
<td>29,485</td>
<td>31,005</td>
<td>31,889</td>
<td>32,050</td>
<td>33,743</td>
<td>35,047</td>
<td>37,139</td>
<td>39,463</td>
<td>42,512</td>
<td>45,081</td>
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<td>Licensed to Practice</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>U.S. Graduates</td>
<td>6,648</td>
<td>6,832</td>
<td>6,605</td>
<td>7,619</td>
<td>7,217</td>
<td>7,267</td>
<td>7,581</td>
<td>7,671</td>
<td>8,016</td>
<td>7,943</td>
<td>7,815</td>
<td>not yet available</td>
</tr>
<tr>
<td>FGh</td>
<td>1,357</td>
<td>1,451</td>
<td>1,306</td>
<td>1,528</td>
<td>1,634</td>
<td>2,157</td>
<td>2,185</td>
<td>2,307</td>
<td>3,016</td>
<td>4,314</td>
<td>6,611</td>
<td>not yet available</td>
</tr>
<tr>
<td>Total</td>
<td>8,005</td>
<td>8,283</td>
<td>7,911</td>
<td>9,147</td>
<td>8,861</td>
<td>9,424</td>
<td>9,766</td>
<td>9,978</td>
<td>11,032</td>
<td>12,257</td>
<td>14,476</td>
<td>14,476</td>
</tr>
<tr>
<td>Physicians in U.S.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>FGh</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
<td>30,925</td>
</tr>
<tr>
<td>Total</td>
<td>268,000</td>
<td>277,400</td>
<td>285,149</td>
<td>292,985</td>
<td>308,260</td>
<td>312,580</td>
<td>317,957</td>
<td>325,862</td>
<td>344,900</td>
<td>357,454</td>
<td>357,454</td>
<td>357,454</td>
</tr>
</tbody>
</table>
TABLE 2

Country or Region of Emigration of FNGs for 1963 and 1972

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>Canada</th>
<th>Latin America*</th>
<th>Asia</th>
<th>Other *</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1963</td>
<td>575</td>
<td>27.5</td>
<td>467</td>
<td>22.3</td>
<td>580</td>
<td>27.7</td>
</tr>
<tr>
<td>1972</td>
<td>911</td>
<td>12.7</td>
<td>439</td>
<td>6.4</td>
<td>372</td>
<td>5.1</td>
</tr>
</tbody>
</table>

* Includes South America, Mexico and Cuba.
* Includes Africa, Oceania, and selected countries of the Americas.
**TABLE 3**

Selected Specialty Distribution of FMG's and U.S. Medical Graduates as of 1970

<table>
<thead>
<tr>
<th>Specialty</th>
<th>All Physicians</th>
<th>Foreign Medical Graduates *</th>
<th>U.S. Medical Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>41,872</td>
<td>12.5</td>
<td>6,094</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>17,941</td>
<td>5.4</td>
<td>3,787</td>
</tr>
<tr>
<td>General Surgery</td>
<td>29,761</td>
<td>8.9</td>
<td>5,748</td>
</tr>
<tr>
<td>Ob-Gyn</td>
<td>18,876</td>
<td>5.6</td>
<td>3,403</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>21,146</td>
<td>6.3</td>
<td>5,588</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal 1</strong></td>
<td><strong>38.8</strong></td>
<td><strong>25,420</strong></td>
</tr>
<tr>
<td>General Practice</td>
<td>57,948</td>
<td>17.3</td>
<td>7,512</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal 2</strong></td>
<td><strong>56.1</strong></td>
<td><strong>32,932</strong></td>
</tr>
<tr>
<td>Other</td>
<td>146,484</td>
<td>43.9</td>
<td>30,459</td>
</tr>
<tr>
<td></td>
<td><strong>Grand Total</strong></td>
<td><strong>100.0</strong></td>
<td><strong>63,391</strong></td>
</tr>
</tbody>
</table>

* Including graduates from Canadian medical schools.
Dear Gus:

We were pleased that the AAMC Assembly last week in Washington accepted the American Association for the Study of Liver Diseases (AASLD) as a new member in the Council of Academic Societies (CAS). At the same time, the decision to increase dues from $100 per year to $1000 for societies of the moderately small category came as a sharp disappointment. As you informed me briefly last week, there has been a great deal of discussion pro and con on this matter of dues increase, but unfortunately our society has not been aware of the substance of the discussions.

When speaking with Dr. Robert Petersdorf, the outgoing president of CAS, this past weekend, I asked how best to present the facts and arguments to our council and to our members, for I expect a great deal of resistance to the dues increase. They are going to want to know what benefits should be expected to justify investment of such a large proportion of the total income of the AASLD. Dr. Petersdorf suggested that you might be able to explain these decisions and actions clearly to our council, which is scheduled to meet next in Bethesda in early March, 1974. I should like to invite you to come and hope you will be able to be with us for discussion of this issue.

A few facts and comments may help clarify our position. The AASLD will be 25 years old in 1974. It is therefore a relatively young society, one which is just emerging from the status of a small scientific club into a moderate-sized national group of interested workers in the field of liver disease. Our growth rate in recent years has been about 10% per year, and we now number just over 400. The members include a predominant number of internists and gastroenterologists, with moderate numbers of surgeons and pathologists and a few electron microscopists, biochemists, immunologists, and assorted other interested persons. Our dues have been a modest $10 per year, and we have no great accumulation in our treasury.
While the AASLD recognizes its growing responsibilities and would like to participate in the national activities of the CAS, it must protest the most inequitable financial burden proposed for those smaller societies least able to bear it. We hope that there may very soon be a remedy for this, that you may be able to provide us with further information in the immediate future, and visit with our council in March.

Sincerely,

John R. Senior, M.D.
President, AASLD

JRS:amcd

CC: Dr. William Summerskill
    Dr. Robert Petersdorf
Dear Dr. Thompson:

I have finally found time to drop you a note of thanks for your participation in the OSR administrative board meeting on January 11. Your presentation was very helpful to the Board. Overall, we had a very productive two days of meetings and I feel that the OSR will have its most active year yet.

I also want to express my appreciation to you for your time with me in private discussion on January 11. I think our talk helped to clarify some of the problems and concerns of our organization. During this talk we touched on the topic of the OSR budget and new OSR activities which I projected for this coming year.

Over the past two weeks, the issue of the OSR budget and finances have been discussed between Bob Boerner and myself on a number of occasions. The initial problem arose in seeking funding for the OSR members of GSA committees so that they could attend the GSA meeting in Chicago, February 3 and 4. Bob and I have come to a stalemate on this topic and I have finally accepted the fact that the GSA has no funds to send these five OSR members. The other rational is that the Chicago meeting does not include true GSA committee meetings, but rather it is a long-range planning meeting and therefore OSR members are not "officially" invited to participate as members of committees. It seems that there is a "Catch-22" situation here, where on the one hand the OSR has been invited and desires to participate as members of GSA committees, but on the other hand this meeting is not officially including the committees and even if it was, there would be no money in the GSA budget, or the OSR's for that matter. I tell you this only as a background to my present concerns. I feel that I acted too late on this particular topic to seek or expect funds from another source.
What I want to discuss now are future OSR activities, in hopes of avoiding another situation like the one I've just described. Firstly, Bob tells me that the OSR budget is set at $6,300 for fiscal year 1974 and that at present we have a balance which is smaller than that necessary to fund one more administrative board meeting. This fact, in itself, is rather disturbing. I presume, however, that when the budget was drawn up last February, those responsible had little idea exactly how to project the expenses of our growing organization. It has always been my assumption that since the OSR is still developing in an unpredictable manner there is a certain built-in "flexibility" to funding.

As we discussed on January 11, the OSR has several new projects which will need additional funding. I would like to outline these projects and ask for your assurance that we will be able to proceed with them during the present fiscal year.

A. Administrative Board Meetings: The Board feels that the OSR now has enough business and interest in the activities of the AAMC to require administrative board meetings four times a year. Just as the three Councils, we would like to meet prior to the Executive Council meetings in order to carry out our business, as well as to consider the Executive Council agenda items. At our January 12 meeting, the Board felt that we should meet on March 15 or 16, June 14 or 15, and September 13 or 14.

The upcoming problem is that the budget contains funding for only one more meeting between now and July 1, while the Board would like to have two meetings. Will we be able to get funding for this additional meeting from some other source?

B. OSR Task Force on Evaluation, Certification and Licensure in Medicine: The administrative board created this task force which will correspond by mail and phone in conducting an evaluation of the National Board of Medical Examiner's GAP Report. As is described in the enclosed "Guidelines" the four task force members will come together in June in order to draw up the final OSR position paper. The estimated costs of this project run about $1,200 including travel, lodging, phones and mailings.

The budget does not contain funds for this new project. Will we be able to obtain funding from another source?
C. OSR National Bulletin: The administrative board wants to go full speed ahead with this project and was very happy to hear that your division will fund a pilot issue this spring. We are in the process of drawing up a formal proposal for funding in the next fiscal year, and will submit it to the budget committee through Bob.

D. Liaison Activities: We have begun to develop close liaison ties with SAMA and SNMA. This cooperation between student organizations is important so that we do not duplicate efforts or unknowingly undermine each other. SAMA's president attended the recent OSR administrative board meeting and we found his presence very helpful on a number of occasions.

SAMA has also invited me or another member of the Board to attend their Board of Trustee meetings as an ex-officio member. We feel that this is an important activity, but there are no visible funds present.

E. Additional Operating Expenses: With this increase in activities outlined above, as well as greater participation of more OSR members, I predict that we will incur greater expenses in terms of phone bills, mailings, and other communications. This is a dollar quantity which I cannot project, but we might be able to get a better figure by looking at these particular expenses from the past month.

In all instances, the Board is eager to proceed with reasonable economy. As an example, we asked Bob to do a cost analysis on travel to a number of cities in which we could potentially hold Board meetings. We had hoped that there might be a location more centrally situated which would save on airfare and travel time.

Finally, Dr. Thompson, I am asking for your assurance that we can move on these projects between now and July 1. I have set out the major areas of anticipated expenditures so that we will not have to come to you each time with separate petitions for funds.

On a related subject, I feel that it is necessary to have OSR administrative board input to the budget requests for fiscal year 1975. By working more closely with the staff on this, we may be able to anticipate expenses and thus avoid repeating our situation of this year.
I will be in Chicago for the Congress on Medical Education and the GSA meetings, and I hope that we can talk about these issues in a spare moment there.

I hope I have been clear in this lengthy discussion. I appreciate your attention to these matters and look forward to your response.

Sincerely,

Dan

Dan Clarke-Pearson

cc: Bob Boerner
    Mark Cannon

Enclosure
GUIDELINES FOR OSR TASK FORCE ON EVALUATION, CERTIFICATION, AND LICENSURE IN MEDICINE

Approved by OSR Administrative Board
January 11, 1974

I. Name and purpose of task force

An OSR Task Force on Evaluation, Certification, and Licensure in Medicine shall be organized to study the report of the Committee on Goals and Priorities of the National Board of Medical Examiners, entitled "Evaluation in the Continuum of Medical Education."

II. Composition of task force

A. The task force shall consist of four members, one from each of the four regions of the OSR. Each member may be either an official OSR representative or an alternate, and need not have previously participated in the OSR.

B. It shall be the responsibility of each regional chairperson to select the regional member of the task force, in his or her own manner. The regional chairperson may serve as the regional member of the task force. The name and address of the official regional member shall be reported by the regional chairperson to the OSR chairperson, no later than February 1, 1974.

C. If for any reason a region does not wish to select one of its own representatives as a member of the task force, the regional chairperson shall designate a representative from another region to serve as the first region's member of the task force.

D. The OSR chairperson shall designate one of the task force members as the chairperson of the task force, by February 15, 1974.

E. The OSR chairperson shall make certain that all official OSR members are sent the names and addresses of the task force members, by February 15, 1974.

III. Preliminary regional position papers

A. Each task force member shall write a preliminary regional position paper regarding "Evaluation in the Continuum of Medical Education," to be submitted to the OSR chairperson by March 16, 1974. The task force members shall be encouraged to consult one another and other members of the respective regions that they represent, and shall be requested particularly to take the regional input into account in formulating the preliminary regional position papers.
IV. Discussion at OSR regional meetings

A. The report of the Committee on Goals and Priorities of the National Board of Medical Examiners, "Evaluation in the Continuum of Medical Education," shall be a major discussion item at the OSR regional meetings to be held in spring 1974. The regional chairpersons shall make this known, in advance, to the OSR members in their respective regions, and are advised to encourage them to give particular attention to the preliminary regional position papers in their preparation for the regional meetings.

B. It shall be up to each regional chairperson to determine the amount of time that shall be devoted to this item at the regional meeting, but no time allotment need be determined in advance of the regional meeting.

C. At each regional meeting, the regional member of the task force shall discuss his or her own preliminary regional position paper, as well as the other three preliminary regional position papers, and shall solicit additional input from the region.

D. Wherever there arise major points of disagreement at the regional meeting, the task force member is advised to poll the region to reach a consensus.

V. Regional position papers

Each task force member shall take into account the input received at the regional meeting in formulating a regional position paper. Each member shall also compile a list enumerating those ideas that received significant (but not necessarily majority) support at the regional meeting, but that were not incorporated into the regional paper. Both of these items shall be sent, within ten days of the end of the regional meeting, to the AAMC office, from where they shall be sent to all OSR members.

VI. Task force conference, final OSR position paper

A. A conference of the task force shall be held during the two days immediately preceding the June 1974 meeting of the OSR Administrative Board, at the same location as the Administrative Board meeting. The task force shall work out a final OSR position paper at this conference.
B. The structure and guidelines of the conference shall be proposed by the task force chairperson; these shall be subject to the approval of the other three members of the task force and the OSR chairperson. The task force chairperson shall send copies of the proposed structure and guidelines to these persons, by May 20, 1974.

C. The final OSR position paper shall be submitted, by the task force chairperson, to the OSR Administrative Board, as the major action item for its June 1974 meeting. The members of the task force shall be invited to this meeting, and shall participate in the discussions regarding the final OSR position paper.

D. If approved at the June meeting of the OSR Administrative Board, the final OSR position paper shall be submitted as a discussion item at the June 21, 1974 meeting of the Executive Council of the AAMC. It shall also be mailed, by the AAMC office, to all official OSR members. The OSR chairperson shall subsequently determine, through consultation with the task force members, what further steps, if any, shall be taken in regard to this project.

VII. Modification of guidelines

The chairperson of the task force may use his or her discretion in modifying the schedules and conditions provided herein, subject, in each instance, to the approval of the other members of the task force and the OSR chairperson.

VIII. Financing of project

A. The AAMC shall finance the June meeting of the task force. The AAMC shall also reimburse the task force members for all reasonable expenses that they incur through their participation in this project. The OSR chairperson shall estimate, by February 11, 1974, the total cost of this project, and a sentence stating the estimated cost shall replace this sentence.

B. The OSR chairperson shall immediately begin to pursue possible means of ascertaining that the AAMC will finance this project in the manner specified in item VIII A. If, by March 1, 1974, a satisfactory result on this matter has not been achieved, the OSR chairperson shall make the necessary preparations for presenting these guidelines to the Executive Council of the AAMC at its March 22, 1974 meeting. If necessary, he shall recommend that the Executive Council endorse item VIII A and authorize the AAMC to finance the task force through June 1974.
IX: Public announcement of project to general OSR membership

If these guidelines are approved by the OSR Administrative Board at its meeting on January 11-12, 1974, the AAMC shall send to each OSR member, on January 14, 1974, the following items:

(c) a brief discussion of the report of the Committee on Goals and Priorities of the National Board of Medical Examiners, "Evaluation in the Continuum of Medical Education";

(b) a copy of the article, "Evaluation, Certification, and Licensure in Medicine: New Directions," by John P. Huddle, M.D., which appeared in JAMA, 7/23/73;

(c) a brief outline of the nature of this project;

(d) a request that OSR members or alternates interested in serving on the task force should so notify the regional chairperson as soon as possible, recognizing that the official task force member must be designated by February 1, 1974;

(e) a listing of the names, addresses, and phone numbers of the four regional chairpersons.

Items (c), (d), and (e) are to be provided by the vice chairperson of the OSR.

SUMMARY OF PROPOSED TIMETABLE

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 11-12</td>
<td>approval of proposed guidelines for OSR Task Force on Evaluation, Certification, and Licensure in Medicine by OSR Administrative Board</td>
</tr>
<tr>
<td>Feb. 1</td>
<td>designation of members of task force</td>
</tr>
<tr>
<td>Feb. 15</td>
<td>selection of chairperson of task force</td>
</tr>
<tr>
<td>Mar. 22</td>
<td>four preliminary regional position papers sent to all OSR members</td>
</tr>
<tr>
<td>spring</td>
<td>discussion at OSR regional meetings; formulation of regional position papers</td>
</tr>
<tr>
<td>June</td>
<td>Task Force Conference, development of final OSR position paper; consideration by OSR Administrative Board; submission to AAMC Executive Council</td>
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STATUS REPORT ON MCAAP PROJECTS

Subsequent to the publication of the Final Report of the Task Force on the Medical College Admissions Assessment Program (MCAAP), staff of the Division of Educational Measurement and Research have been studying the ways AAMC resources and talent may be optimally mobilized to respond to the recommendations of that report. At this point it appears that the recommendations might be best grouped according to the following project areas:

I. The Cognitive Assessment Battery - The activity is expected to focus immediately upon the development of new subtests in reading, comprehension and analysis, quantitative reasoning, and specific subtests with a strong achievement orientation in chemistry, biology, and physics.

II. Formalized Assessment of Personal Qualities - This activity of necessity will be research oriented at the outset and will attempt to identify predictors/correlates of clinical performance, practice characteristics, etc.

III. Problem Solving - This project is expected to focus on the assessment of general problem solving behavior and its relationship to later performance measures, e.g. diagnosis.

IV. Pre-enrollment Guidance and Advising - This effort would involve the expansion of current activities as needed and appropriate
V. Letters of Evaluation

VI. The Interview
(these last two efforts will attempt to improve these as devices for data collection).

VII. Medical Student Information System - This project will attempt to extend established programs to provide for better feedback to the schools.

VIII. Evaluation of Clinical Performance of Students

IX. Physician Performance
(these last two areas are essential for purposes of short and long term validation respectively. The latter interest initially is expected to be contained in the proposed AAMC Longitudinal Study Follow-Up).

Further specification and implementation of these projects will be accomplished through the combined efforts of the MCAAP Committee and AAMC staff.
In June of 1973, the inexorable elimination of the National Institutes of Health and National Institutes of Mental Health research training programs for developing young biomedical investigators had so clearly become the policy of the Federal government that a meeting of representatives from the major universities responsible for research training was called. These institutions recognized that their role must now extend beyond responding to requests for developing talented youth and become one of participating actively in the planning for preservation of research capability in the sciences basic to medicine. The two-and-one half day meeting was held in Seattle in October, 1973, and was attended by representatives from 20 university medical schools, several voluntary health agencies, private foundations, the Office of the Assistant Secretary for Health, Education and Welfare and the Director of the National Institutes of Health. The Association of American Medical Colleges, through its Council of Academic Societies, and the University of Washington School of Medicine arranged the meeting. The Battelle Memorial Institute kindly provided us with excellent conference facilities in Seattle.

For two-and-one half days the 62 participants met in plenary and small workshop sessions. The principal focus was on developing ideas and plans for the assumption of increased responsibility by non-governmental agencies for planning and monitoring the development of the Nation's biomedical research manpower. Three major groups were considered by the Con-
ference participants as inseparably interdependent in carrying forward research talent development. These are: the faculties of the Nation's colleges and universities; the informed laity, particularly those in the voluntary health agencies; and the legislative and administrative branches of the Federal government. Major supporting roles are expected from private foundations and the commercial-industrial sectors of society.

The recommendations emanating from the meeting placed great responsibility on the non-governmental sector for monitoring and planning the research training effort of the country in the future. This is not intended to imply that the Congress, the National Institutes of Health, the Department of Health, Education and Welfare and the National Science Foundation do not have principal responsibility for the Nation's biomedical research manpower policies. However, recent experience demonstrates that educational training policies can be radically changed by politically motivated decisions. A more stable element in policy development must be included if public expectations for improved health through research are to be met. This element must come from the responsible input of professional scientists and their academic institutions.

The appendix to this report contains the schedule of the Conference, a list of attendees, the letter to the participants regarding the purposes of the Conference, and an outline regarding the task forces that met and the report of each task force that formed the basis for developing the enclosed report. The individuals participating in each task force are also listed in this appendix.
RECOMMENDATIONS

Three principal recommendations were derived from the Biomedical Research Manpower Conference.

1. That the Congress establish a national commission, possibly under the auspices of the National Academy of Sciences, to help in determining the appropriate role for the federal government in the support of biomedical research and research training, with particular attention to the mission of its principal agency, the National Institutes of Health. Such a commission should have broad representation from business, labor, consumers, foundations, the scientific community, and other interested parties.

2. The Association of American Medical Colleges should take a leadership role in the evaluation of needs for manpower development and should call upon the assistance of the voluntary health agencies such as the American Heart Association, the American Cancer Society, the Muscular Dystrophy Society, Planned Parenthood and others. This program should also involve the biomedical scientific societies participating in the Council of Academic Societies of the AAMC in order to obtain a broad consensus of needs. The informed support of business, labor and individual citizens should be utilized to promote a rational, national biomedical research and research training policy. The academic medical community, the
professional biomedical scientific associations and the voluntary health agencies should also develop mechanisms to foster public education regarding the implications of biomedical research programs on the public and individual health of the American citizens.

3. A systems-analysis group should be established to evaluate biomedical research from the standpoint of optimizing contributions to health care and suggesting guidelines for the allocation of resources to basic and applied research. This group will require input of biomedical scientists and should include among its topics for consideration the factors which contribute to the career choice of students who enter biomedical research.

The task forces which met in Seattle to consider the issues related to biomedical research manpower training arrived at these recommendations based upon their evaluations of needs, priorities, evaluation mechanisms, the problems of finding public support and establishing new funding mechanisms. The workshop participants also considered that a high priority item must be the development for mechanisms for interaction between the institutions and universities associated with biomedical research and research training and the appropriate non-federal agencies, foundations, and voluntary health groups as well as the various arms of the federal government interested and involved in the support of biomedical research and research training.
The improvement of health as a stated national goal has received strong bipartisan support and major federal funding. Support for biomedical research grew sharply between 1950 and 1968. Throughout this entire period, approximately 15 percent of the extramural research budget of the NIH was assigned to support training in the biomedical sciences. During the late 1960's health care was supported through Medicare legislation and development of health care workers through health manpower legislation. The expanding cost of the latter two programs and shifts in policy have resulted in increased competition for federal dollars, reduced support for research and withdrawal of federal dollars for research training. Termination of support for research training was based upon two major arguments: 1) That the cost of training represents an equity for the individual leading to increased earning capacities; therefore, he should pay for the training himself; and 2) That the market forces should determine the entry of biomedical research workers into the various fields, rather than central planning.

The members of the conference take issue with both of these assumptions. The first premise ignores the very large costs involved in training for research, and the limited enhancement of earning power through attainment of research expertise. The argument that market forces will determine the entry of biomedical scientists ignores the long pipeline between entry and attainment of independence as a biomedical scientist.
Furthermore, in many of the more lucrative fields, such as anesthesiology, market forces have never drawn sufficient manpower to meet community or teaching needs.

Research and research training are national assets and not regional ones. They receive their funding from national agencies because only they can rise above the local constituencies and because they represent a partnership between the universities and institutions pursuing research and the sources of funding. Inasmuch as there is presently no dispassionate body to speak for either the Congress or the Executive Office relative to biomedical research needs, we propose the establishment of a national commission to help to determine the role of the federal government in the support of biomedical research and research training. This commission would have responsibility to propose public policy relative to research activity and manpower training. The commission should have broad representation including representatives from labor, industry, medical schools and other universities, and institutes pursuing biomedical research, consumers, voluntary health agencies, foundations, and other appropriate representatives of interested parties.

The necessity of bringing together the voluntary health agencies, the professional societies, the medical and non-medical institutions pursuing biomedical research and research training, and the National Institutes of Health and other national organizations associated with the support for biomedical research and research training to reach common goals in pursuit of support for these efforts to evaluate programs to produce biomed-
ical scientists, is clearly recognized. To accomplish this, a scientific registry of all programs to produce biomedical scientists should be developed by the commission suggested under recommendation No. 1, which will have university, state, federal and public input. Thus, the establishment of a mechanism for continuous monitoring of the optimal levels of biomedical support, of the entry of biomedical scientists by discipline and the outcome of training programs can be established. This mechanism should be responsive to the best advice of the scientific community as to directions of research so as to insure an adequate investment in non-categorical research as well as in special initiatives. It should be capable of influencing the flow of manpower into biomedical science in general, and specific disciplines in particular, based upon its best perception of scientific opportunities and of market forces. The latter are substantially influenced by the level of support for biomedical research by the federal government. Until such a mechanism can be established, we recommend that approximately 15 percent of the extramural NIH budget continue to be allocated to research training.

We recommend that the present mix of mechanisms of research training be maintained until further evaluation can assess its relative success; namely, the departmental training grants, direct fellowships for pre- and post-doctoral support and inclusion of research associates in research grants as well as the research career development award; and that within this mix the training grant be accorded a high priority. We also recommend that research training grants and fellowships which
tend to strengthen institutions with established reputations for research productivity be supplemented by continuation of capitation support of all medical schools, and of the Health Science Advancement Fellowship, that is offered only to trainees in departments that do not have training grants. These latter two mechanisms, therefore, offer an egalitarian balance between these programs. Loans should also be made available as an additional modality useful to a small percentage of students or research trainees who can't afford the increased costs of this mechanism. We suggest, however, that this mechanism is the least satisfactory for guaranteeing an adequate flow of biomedical research manpower in that it is unattractive to students from disadvantaged backgrounds who most need the help. Where the loan mechanism is employed, we recommend that payback be possible through service such as research, teaching, or activities in the health care system, rather than dollars.

In addition to the federal sources indicated above, every effort should be extended to recruit non-federal sources for supporting training in biomedical research. Generous programs are already in effect through several voluntary health agencies and foundations, but these need to be enlarged wherever possible. Thus, an association of the voluntary health agencies, together with the other parties recommended previously, should gather to review from time to time the status of research training funds, and research funds so that the most effective application of
these funds can be made to help meet the national health needs.

Money is potentially available through industry and other interested parties for biomedical research and research training. Therefore, we would encourage the development of a consortium in an effort to recruit increased funds from both general industry and those immediately concerned with biomedical sciences as well as foundations and voluntary health agencies not currently involved with funding biomedical research training. Such funds could be more economically administered by the central agency previously recommended, but yet could retain the advantage of identifying the recipient with the donor.

Needs can be assessed by the establishment of a data base that would include the present number of investigators as well as training opportunities funded by federal and non-federal sources. The funding of research grants and training grants, the distribution of investigators, training grants and trainees and the turnover of each of these individuals will be important to monitor. Areas in which there are deficiencies in the current supply of investigators and in which there are qualified, unemployed investigators need to be clearly established. The extent to which the presence or absence of stipends affects the access to research training for disadvantaged groups also needs to be monitored. Thus, a systems analysis group which will continue to investigate biomedical research from the standpoint of the optimization
of research contributions to health care and the allocation of these resources to basic and applied research can take into account factors derived from an adequate data-based analysis of the needs, appropriate means for evaluating the quality of the training and research programs, and the participation of the appropriate parties to determine priorities as needs change.

It is hoped that these recommendations can be implemented through the establishment of the appropriate groups with the help and support of the AAMC as the principal catalyzing body to permit their establishment.
The recent decisions by the Federal government to phase-out pre-doctoral support for graduate students in the basic medical sciences has prompted expressions of concern throughout the biomedical scientific community about the implications of these decisions on the supply of basic medical scientists in the years ahead. As a manifestation of this concern, staff of the AAMC was requested by its Executive Council to ascertain whether there was need to mount a new program of data collection and coordination to evaluate patterns of supply of basic medical scientists.

A meeting was held at the AAMC Headquarters, Tuesday afternoon, February 12, of a selected group of individuals interested in this problem. A listing of the participants is attached to these minutes.

It was the consensus of the participants that the basic information necessary to evaluate the number of students being trained by discipline, the pattern of doctorates being conferred by discipline and the career patterns of these students is currently being gathered by various agencies and associations. The participants strongly believe that there is no need to mount a major program of data collection.
However, it was felt that a coordinated effort should be made to apprise each of the organizations interested in this problem of the efforts currently under way or planned by other organizations.

As the next step in this coordination effort, each of the individuals present is asked to supply Dr. Michael F. Ball, at the AAMC, with the following:

1. The names of individuals not present at the initial meeting who should be advised of progress and included in any future meetings.

2. Ten copies of survey instruments, either in use at this time or in various stages of development.

3. A listing of current data accumulation programs regarding manpower assessment in the basic biomedical sciences.

4. Ten copies of current publications pertaining to manpower in the basic medical sciences and a listing of publications being planned.

5. Suggestions as to positive actions this ad hoc group might take to facilitate coordination of data being developed in the area of basic science manpower.

MFB:ms
February 19, 1974
RESEARCH MANPOWER MEETING PARTICIPANTS
February 12, 1974
AAMC

Michael F. Ball, M.D. Association of American Medical Colleges
Dr. T.H. Curry National Research Council
Carl D. Douglass, Ph.D. National Institutes of Health
Greg Fawcett Association of American Medical Colleges
Eugene L. Hess, Ph.D. Federation of American Societies for Experimental Biology
Dr. Louise Marshall National Research Council
J. Boyd Page, Ph.D. Council of Graduate Schools
Roger Robertson National Institutes of Mental Health
Dr. Herbert H. Rosenberg National Institutes of Health
Dr. Solomon Schneyer National Institutes of Health
Allen Singer National Research Council
Richard D. Stephenson, M.D. National Institutes of Health

cc: John A.D. Cooper, M.D., AAMC
    Robert Caine, National Science Foundation
    Robert Grant, FASEB
    August G. Swanson, M.D., AAMC
    D.C. Tosteson, M.D., Chairman, AAMC
CATASTROPHIC HEALTH INSURANCE AND MEDICAL ASSISTANCE ACT OF 1973

By Mr. LONG (for himself, Mr. RIBICOFF, Mr. TALMADGE, Mr. NELSON, Mr. ANDREWS, Mr. BENTSEN, Mr. HANSEN, Mr. DOLE, Mr. ROTH, Mr. MONToya, Mr. PERCY, Mr. McGovern, Mr. Saxe, and Mr. Hugh Scott):

S. 2513. A bill to amend the Social Security Act by adding a new title thereto which will provide insurance against the costs of catastrophic illness, by replacing the medicaid program with a Federal medical assistance plan for low-income people, and by adding a new title XV thereto which will encourage and facilitate the availability, through private insurance carriers, of basic health insurance at reasonable premium charges, and for other purposes. Referred to the Committee on Finance.

Mr. LONG. Mr. President, on behalf of myself and Senator RIGICOFF, as well as Senators TALMADGE, NELSON, BENTSEN, HANSEN, DOLE, ROTH, ANDREWS, MONToya, PERCY, Saxe, and Hugh Scott, I am proud to introduce today proposed legislation which we believe represents a major step forward in the provision of adequate protection against the high costs of necessary health care.

The Catastrophic Health Insurance and Medical Assistance Reform Act of 1973 represents many months of effort designed to develop a means of assuring virtually all Americans that they will not be bankrupted by the devastating effects of serious illness, as well as a definitive approach toward eliminating the widespread inequities of the medicaid program by replacing it with a program providing equal benefits to all Americans at the lower end of the income scale. Additionally, the proposal contains provisions designed to stimulate, on a voluntary basis, the actual availability of adequate basic private health insurance to those many millions of hard-working, middle-income Americans as a floor of protection above which they would be covered by catastrophic health insurance.

These are the people who can often afford good private health insurance at reasonable premium rates, but to whom such coverage is not always available and often, when available, incorporates various underwriting restrictions designed to limit the insurer's liability rather than protect the person insured.

The thrust of these latter provisions is to assign a vast area of responsibility to the private health insurance industry of this country, giving them benchmarks against which the success of their efforts will be measured. Obviously, to the extent private health insurance effectively meets the basic needs of a large segment of our population, to that extent further expansion of governmental programs would not be necessary.

The Long-Ribicoff health insurance proposal has three essential parts:

The first part consists of catastrophic insurance coverage for virtually all Americans. Each year hundreds of thousands of Americans are stricken by catastrophic illnesses or accidents. In addition to suffering the terrible physical consequences of these events, these individuals and their families also suffer the often devastating financial effects of these illnesses.

I have long thought that the Federal Government should play a part in mitigating the financial effects of these illnesses through the use of the established social insurance mechanisms. This plan, like medicare, would be financed by social security payroll taxes and administered by the time-tested Social Security Administration. The plan, effective July 1, 1974, would cover nearly all employees covered under social security and their dependents, and all social security beneficiaries. It would make payment for the types of services covered by medicare, after an individual had been hospitalized for sixty days or a family had incurred expenses of $2,000. The payments would cover expenses beyond those deductibles.

Again, the catastrophic plan is not designed to replace basic private health insurance but rather to supplement that protection.

The second part of the bill consists of an entirely new basic health benefits program for low-income individuals and families. While most middle-income families can afford and can obtain reasonably adequate basic health insurance coverage toward the costs of their first 60 days of hospitalization and first $2,000 of medical expenses, many millions of low-income individuals and
Position on National Health Plans

The Association of American Medical Colleges supports the concept that adequate health care and maintenance is a right of all citizens. It believes that this right can be best served by means of health insurance and progressive change in the health care delivery system. The system must be a national one, with adequate provision for varying regional requirements. Financing should be based on prepayment, both public and private. Control of the system and fixing of national health goals and priorities requires appropriate balance between public and provider inputs.

Any such system must assure access to primary care and prompt referral, in accordance with individual patients' needs, to progressively more sophisticated facilities and personnel. It must also provide for, and emphasize, preventive as well as curative care on an ambulatory basis.

The system should optimize quality of care and economy; and should utilize incentives as an aid in cost-control and in developing a more effective and responsive national mechanism for delivery of health services. It must include a continuing and dynamic method for evaluating overall operation and performance of providers.

Position on the Special Role of Academic Health Centers

The education of health manpower must take place within the system for providing health services. In those settings where both health services and education are provided, costs will be greater than in those settings in which care alone is provided. This fact should be reflected in reimbursement policies under any health care plan.

Because of their special and essential role in educating health professionals, conducting research, and in developing new methods, academic health centers must be recognized as national resources. Within the Centers, biomedical research and those elements of educational cost not directly related to provisions of patient services should be separately funded from multiple sources, including the Federal Government.
families cannot afford or do not have such basic private health insurance protection available to them.

The present Federal-State program providing health benefits to the poor—medicaid does not generally cover low-income workers who are not on welfare. It is basically provided only to welfare families and, even then, benefit and eligibility levels vary all over the lot from State to State. In most States medicaid is limited to poor aged, blind, and disabled persons or fatherless families. Today, for example, in one State a disabled person with $1,800 annual income might not be eligible for medicaid whereas, in another State, he would be. Further, that same disabled person might be covered for only 15 days of hospitalization under medicaid in one State while, in another, he would be eligible for unlimited hospitalization. Now, that just does not make sense, does it?

Aside from those obvious inequities in treatment of the poor, there is another inequity developing with implementation of the new supplemental security income plan for aged, blind, and disabled persons, where thousands of people in a State would be eligible for medicaid and other thousands in the same State, and with the same income, would not. And in no State is medicaid coverage available to a hard-working couple or small intact family with low income.

These general problems with the existing medicaid program are best illustrated by specific cases, such as the man in Florida who recently had to divorce his wife of many years in an attempt to qualify her under medicaid and thus obtain the necessary medical care for her chronic illness.

The major new program which Senator Ribicoff and I propose, would provide, effective July 1, 1975, basic health benefits coverage with uniform national eligibility standards for all low-income individuals and families. It would be administered, as would catastrophic health insurance, by the Social Security Administration.

The basic benefits provided under the low-income plan are designed to mesh with the deductibles under the catastrophic program. This new proposal is directed primarily at providing necessary health benefits protection to the millions of working low-income families in the United States who receive no coverage at the present time. The program would also eliminate the inequities and much of the redtape in the present medicaid program.

Coverage under the new program would be available to all individuals and families with annual incomes at or below the following levels: First, an individual with income at or under $2,400; second, a two-person family with income at or under $3,600; and, third, a family of four with an income at or under $4,800. For each family member above the first four, the eligibility limit is increased by $400. In addition, families with incomes slightly above the eligibility levels would be eligible for benefits if their medical expenses reduced their income to these levels. For example, a family of four with an income of $5,200 would become eligible after they had expended $400 for medical expenses, including any health insurance premiums. Of course, no person presently eligible for medicaid would lose entitlement to benefits, because of the new program.

The benefits covered by the plan would include 60 days of hospital care and all medically necessary physicians' services, laboratory and X-ray services, home health services and care in skilled nursing homes and intermediate care facilities. A copayment of $3 would be required on patient-initiated services, such as visits to a doctor's office, but copayments could not exceed $30 per individual or family during a year. These copayments would not apply to well-baby care or with respect to family planning services.

The plan would also afford catastrophic insurance coverage to those low-income families who are not covered under the catastrophic plan and would also pay for low-income families and coinsurance required under the catastrophic plan.

States would be free to provide additional benefits—such as drugs and dental services—with the Federal Government assuming one-half of the cost.

For millions of older Americans with low incomes, the Long-Ribicoff bill would pick up their part B medicare premiums—presently $6.30 per month—as well as paying their medicare deductibles and coinsurance amounts. In addition, it would provide them with all medically necessary hospital, skilled nursing facility, and intermediate care facility services. Home health care would also be available without limitation.

With respect to mental illness, the program would cover all medically necessary care in an accredited medical institution and care in qualified mental health centers.

The plan would also cover up to five visits to a psychiatrist for "crisis intervention," as well as any additional visits or care approved by a professional standards review organization as medically appropriate and, in the absence of which, the patient would reasonably be expected to be institutionalized or suffer serious dysfunction.

Additionally, the bill also includes coverage of appropriate routine immunization and pap smears on a scheduled allowance basis. This provision is written in such a way so as to also make this coverage of immunizations and pap smears applicable to medicare beneficiaries generally.

The benefits under the low-income plan are residual—that is, they are available only after whatever private health insurance or similar coverage which the person may have has paid first. Under
the bill, no employer insurance plan could exclude an otherwise eligible employee solely because that employee could be covered under the low-income plan. Accidentally, if an employed, low-income plan eligible refuses to participate in an employer-sponsored health insurance program where the employer pays 75 percent or more of the cost, that individual would have to pay the first $250 of his hospital or medical costs before being eligible for benefits under the low-income plan.

Mr. President, coverage under the low-income plan would virtually eliminate hospital bad-debts problems. The plan would pay physicians' services at Medicare levels—rather than at the often substandard Medicaid rates. It would provide necessary long-term care for many millions of low-income older people—long-term care not now provided under Medicare.

Of great importance, the plan would afford very substantial fiscal relief to State and local governments. States would make a fixed contribution toward the cost of the low-income plan based upon each state's level of spending for Medicaid and general assistance health care in the year prior to the effective date of the plan, July 1, 1975. For example, if a state spent $100 million of its own funds under Medicaid for the types of care covered under the new low-income plan, it would contribute that $100 million to the low-income fund during the first and in each succeeding year. Additionally, the state would contribute 50 percent of the estimated amount of state and local expenditures in the year before the low-income plan effective date for health care services to people ineligible for Medicaid, but who would be eligible for those types of services under the new low-income plan.

The estimated annual cost of the low-income plan is $5.3 billion in general revenues above present Federal-State expenditures for Medicaid. The catastrophic illness plan, financed from social security payroll taxes, would cost an estimated $3.6 billion in the first full year of operation.

The total new Federal cost of $8.9 billion for the catastrophic health insurance and low-income plan compares with the estimated cost of over $70 billion for the national health insurance plan proposed by Senator Kennedy. The Long-Ribicoff proposal would also cost about $6 billion less annually than legislation endorsed by the American Medical Association.

Mr. President, the third part of our bill consists of a new and voluntary certification program for private basic health insurance policies. With this voluntary program, private insurers could, of their own volition, submit any or all of their basic health insurance policies to the Secretary for certification. This certification would be based upon certain minimum criteria specified in the bill relating to adequacy of coverage, ratio of benefits paid to premium income and conditions of eligibility.

Insurers could advertise the certification in promoting their policies. Three years after enactment of this bill, carriers and intermediaries under the Medicare program would be expected to offer one or more certified policies to the general public in areas they sold policies.

In addition, the bill contains provisions designed to facilitate arrangements whereby basic health insurance policies meeting minimum standards could be offered through private insurance "pools" established by groups of private insurers.

The bill also directs the Secretary of Health, Education, and Welfare to report to Congress after 3 years as to the extent to which private health insurance meeting the criteria established in the bill is actually and generally available in each state.

Mr. President, this bill does not constitute a "be all—end all" approach, but it does provide an opportunity to provide significant assistance to many through closing major gaps in the financing of necessary health care. We believe that careful building and improving upon the present system through this major initiative is the only feasible alternative to the potentially disruptive and bankrupting effects involved in proposals which would radically alter and almost completely destroy existing structures and mechanisms. The variables are too uncontrollable and the chances of error too great for us to risk the magnitude of any mistakes in the total takeover approach. What Senator Ribicoff and I propose to do is what we know needs to be done and can be done.

We firmly believe that the thrust of the catastrophic health insurance and the Medical Assistance Reform Act is the direction in which we should proceed. Both Senator Ribicoff and I expect that our proposal will certainly benefit from additional constructive efforts during the course of legislative consideration.

Mr. President, I believe that those who have joined in cosponsoring this measure with us have made a significant and impressive contribution. These are Senators who, through the years, have made their suggestions and sponsored their own bills, indicating ways that they believed we could solve the problem of providing better health care for America. Having worked in this area, we were proud that some of them saw fit to join our efforts and coalesce on a bill which we believe the Senate could pass.

We are extremely proud to have them in this effort. We believe that by moving in this fashion, trying to take the suggestions of each Senator on the Finance Committee as well as each Senator who has worked in this area through the years up to this point, we can contribute to shaping a bill in the best na-
tional interests, and a bill that can be passed, and one which we believe will serve the Nation.

Mr. President, I now send the Catastrophic Health Insurance and Medical Assistance Reform Act to the desk and ask that it be appropriately referred.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred.

Mr. LONG. I also request unanimous consent that a summary of each of the three titles of the bill appear in the CONGRESSIONAL RECORD following these remarks, and a letter I received today from Congressman Dowrxnc, which illustrates one of the problems with private health insurance which will be dealt with by title III of our bill.

There being no objection, the material was ordered to be printed in the Record, as follows:
DESCRIPTION OF CATASTROPHIC HEALTH INSURANCE PLAN—TITLE I OF THE BILL

ELIGIBILITY

The bill would establish, effective July 1, 1974, a new Catastrophic Health Insurance Program (CHIP) as part of the Social Security Act financed by payroll contributions from employees, employers and the self-employed. Under the plan all persons who are fully or currently insured under the Social Security program, their spouses and dependents (and all Social Security beneficiaries) would be eligible for CHIP protection. All persons who are entitled to retirement, survivors, or disability benefits under Social Security, as well as their spouses and dependent children, would thereby be eligible for CHIP. This constitutes about 95 percent of the population.

The largest noncovered groups are Federal employees, employees covered by the Railroad Retirement Act, and state and local governmental employees who are eligible for Social Security but not covered due to the lack of an agreement with the State. There are a small number of people who are still not covered by Social Security or other retirement programs; the majority of these are domestic or agricultural workers who have not met the necessary Social Security coverage requirements.

Federal employees are, however, eligible for both basic and major medical catastrophic health insurance protection under the Federal Employees Health Benefits Act, with the Federal Government paying 40 percent of the costs of such coverage.

BUY-IN FOR STATE AND LOCAL EMPLOYEES

Under the plan, State and local employees who are not covered by Social Security could receive coverage under CHIP if the State and local governments exercise an option to buy into the program to cover them on a group basis. When purchasing this protection, States would ordinarily be expected to include all employees and eligible annuitants under a single agreement with the Secretary. A determination by the State as to whether an individual is an annuitant may be made by a retirement system or is otherwise eligible to have such coverage purchased on his behalf would, for purposes of the agreement to provide CHIP protection, be final and binding upon the Secretary.

Each State which enters into an agreement with the Secretary of Health, Education, and Welfare to purchase CHIP protection will be required to reimburse the Federal Catastrophic Health Insurance Trust Fund for the payments made from the fund for the services furnished to those persons covered under CHIP through the State's agreement with the Secretary, plus the administrative expenses incurred by the Department of Health, Education, and Welfare in carrying out the agreement.

Payments will be made from the fund to providers of services for covered services furnished to these persons on the same basis as for other persons entitled to benefits under CHIP. Conditions are also specified under which the Secretary or the State could, after due notice, terminate the agreement.

BENEFITS

The benefits that would be provided under CHIP would be the same as those currently provided under Parts A and B of Medicare, except that there would be no upper limitations on hospital days, or home health visits. Present Medicare coverage under Part A includes 90 days of hospital care and 100 days of post-hospital extended care in a benefit period, plus an additional lifetime reserve of 60 hospital days; and 100 home health visits during the year following discharge from a hospital or extended care facility.

Part B coverage includes physicians' services. 100 home health visits annually, outpatient physical therapy services, laboratory and X-ray services and other medical and health items and services such as durable medical equipment.

The major benefits excluded from Medicare, and consequently excluded from this proposal, are nursing home care, prescription drugs, hearing aids, eyeglasses, false teeth and dental care. Medicare's limitations on extended care, on inpatient care in psychiatric hospitals, which limit payment to active treatment subject to a 190-day lifetime maximum. The program has two entirely separate deductibles which would parallel the inpatient hospital deductible under Part A and the $45 deductible under Part B of Medicare.

The separate deductibles are intended to enhance the mesh of the program with private insurance coverage. In order to receive both hospital and medical benefits, both deductibles must be met. If a person were to meet the hospital deductible alone, he would become eligible only for the hospital and extended care benefits.

Similarly, if a family were to meet the $2,000 medical deductible, they would become eligible only for the medical benefits. There would be hospital and medical insurance requirements (as described below) but these would rise to a maximum of $1,000.

HOSPITAL DEDUCTIBLE AND COINSURANCE

There would be a hospital deductible of 60 days hospitalization per year per individual. After an individual has been hospitalized for a total of 60 days in one year, he would become eligible for payments toward hospital expenses associated with continued hospitalization. The program would thus begin payment with the 61st day of his hospitalization in that year. Only those post-hospital extended care services which he receives subsequent to having met the 60-day deductible would be eligible for payment.

After the hospital deductible has been met, the program would pay hospitals substantially as they are presently paid under Medicare, with the individual being responsible for a coinsurance amount equal to one-fourth of the Medicare inpatient hospital deductible applicable at that time. Extended care services which are eligible for payment would be subject to a daily coinsurance amount equal to one-eighth of the Medicare inpatient hospital deductible. In 1973, this coinsurance amounted to $17.50 a day for inpatient hospital services and $8.75 a day for extended care services. Thus, the coinsurance could rise yearly in proportion to any increase in hospital costs.
MEDICAL DEDUCTIBLE AND COINSURANCE

There would be a supplemental medical deductible initially established at $2,000 per year per family. The Secretary of Health, Education, and Welfare would, between July 1 and October 1 of each year (beginning in 1975) determine and announce the amount of the supplemental medical deductible for the following year.

The deductible would be the greater of $2,000 or $2,000 multiplied by the ratio of the physicians' services component of the Consumer Price Index for June of that year to the level of that component for December, 1974. Thus, the deductible could rise yearly in proportion to any increase in the price of physicians' services.

After a family has incurred expenses of $2,000 for physicians' bills, home health visits, physical therapy services, laboratory and X-ray services and other covered medical and health services, the family would become eligible for payment under the program toward these expenses. For purposes of determining the deductible, a family would be defined as a husband and wife and all dependents.

After the medical deductible had been met, the program would pay 80 percent of eligible medical expenses, with the patient responsible for coinsurance of 20 percent.

DEDUCTIBLE CARRYOVER

As in Part B of Medicare, the plan would have a deductible carryover feature—applicable to both the dollar deductible and the hospital-day deductible—under which expenses incurred (or hospital days used) but not reimbursed during the last calendar quarter of a year would also count toward the satisfaction of the deductibles for the ensuing year. For example, an individual admitted to the hospital with a cardiac condition on December 10, 1975, and continuously hospitalized through February 19, 1976, would not, in the absence of the carryover provision, meet the hospital-day deductible unless he were to be hospitalized for at least another 10 days in 1976.

With a carryover provision, however, the individual described above would meet the hospital deductible on January 30, 1976. Since a family's first eligible medical expenses in 1975 amount to $1,200 and were incurred during the months of November and December, and an additional $3,000 in eligible medical expenses are incurred in 1976, the family would, in the absence of a carryover provision, be eligible for payment toward only $1,000 of their expenses in 1976. With a carryover provision, however, the family described above would be eligible for payment toward $2,200 of their expenses in 1976.

ADMINISTRATION

Payments made to patients, providers and practitioners under this program would be subject to the same reimbursement, quality, health and safety standards, and utilization controls as exist in the Medicare program. Reimbursement controls would include the payment of audited “reasonable costs” to participating institutions and agencies, and “reasonable charges” to practitioners, and other suppliers.

The utilization of services would be subject to review by present utilization review committees established in hospitals and extended care facilities and by the professional standards review organizations established under P. L. 92-603.

The proposal contemplates using the same administrative mechanisms used for the administration of Medicare, including, where appropriate, Medicare’s carriers and intermediaries. The proposal also would encompass use of Medicare’s statutory quality standards, in that the same conditions of participation which apply to institutions participating in Medicare would apply to those institutions participating in CHIP.

The Social Security Administration, utilizing its network of district offices, would determine the insured status of individuals and relationships within families which are necessary to establish entitlement to CHIP benefits. The determination of eligibility for payment of the deductible expenses had been met would also be handled by the Social Security Administration in cooperating with carriers and intermediaries.

FINANCING

The amendment would finance the plan with the following contribution schedule: 1975-1977, 0.3 of one percent of taxable payroll on employers and 0.4 on employees; 1978-1981, 0.35; 1982 and after, 0.4. Rates for the self-employed would also be 0.3, 0.35 and 0.4 respectively.

The contributions would be placed in a separate Federal Catastrophic Health Insurance Trust Fund from which benefits and administrative expenses related to this program would be paid. The complete separation of catastrophic health insurance financing and benefit payments is intended to assure that the catastrophic health insurance program will in no way impinge upon the financial soundness of the retirement, survivors, or disability insurance trust funds or Medicare’s hospital and supplementary medical insurance trust funds. Such separation will also focus public and congressional attention closely on the cost and the adequacy of the financing of the program.

To provide an operating fund at the beginning of the program (in recognition of the lag in time between the date on which the taxes are payable and their collection), and to establish a contingency reserve, a Government appropriation would be available (on a repayable basis without interest) during the first 3 calendar years of the program. The amount which could be drawn in any such calendar year could not exceed the estimated amount of 6 months of benefit payments during that year.

More than one million families of the approximately 49 million families in the United States annually incur medical expenses which will qualify them to receive benefits under the program. All eligible families will receive the benefit of insurance protection against the costs of catastrophic illness.

DESCRIPTION OF MEDICAL ASSISTANCE PLAN FOR LOW-INCOME INDIVIDUALS AND FAMILIES—TITLE II OF THE BILL

GENERAL APPROACH

The bill would establish a medical assistance plan, effective July 1, 1975, for low-income individuals and families. The plan would provide Federally-administered basic health benefits coverage with uniform national eligibility standards.
The basic benefits provided under the plan are designed to mesh with those under the catastrophic health insurance plan. The plan is aimed in large part at providing coverage to low-income working individuals and families, in addition to replacing the current Medicaid program. It would eliminate the present inequities in Medicaid whereby people with the same incomes and needs are eligible for Medicaid in one State but ineligible in another, as well as the extensive variations in benefits between States. The plan would also result in substantial fiscal relief to State and local governments.

**Eligibility**

Coverage would be available to all individuals and families having an annual income at or below the following levels: $2,400 for an individual; $3,600 for a two-person family; $4,800 for a three-person family; $6,000 for a four-person family; and $8,000 additional for each additional family member.

Eligibility would not be linked to eligibility for welfare payments and, consequently, there would be no requirement that an individual fit into one of the current welfare categories (such as aged, blind or disabled). This would mean that working low-income individuals and families presently ineligible for Medicaid (such as thousands of migrant families) would be eligible for benefits under this plan.

In view of the fact that the plan is not linked to the welfare program, and to simplify its administration, there would be no assets test applied in determining eligibility.

The program would contain a “spend-down” provision under which an individual or family's income would be reduced by their incurred health care expenses in determining their eligibility for benefits under the program. For example, a family of four with $5,000 of income would be covered under the program after they had incurred expenses of $200 for medical care.

To be eligible for benefits, persons would have to be either resident citizens of the United States or aliens lawfully admitted for permanent residence, or otherwise legally residing in the United States.

Eligible individuals would file an application (or have an application filed in their behalf). Upon approval of an application, each individual would be issued a health benefits eligibility card.

To enhance administrative simplicity, eligibility would be certified on an annual basis with a coverage year generally beginning on April 1, and with the income determinations generally being based upon the previous year's income. Provisions are included to allow entrants into the program, where appropriate, at any point during the year. In such cases, eligibility would be redetermined on the following April 1. In addition, the plan provides for prospective earnings estimates, where appropriate, in determination of eligibility.

Individuals' or families' eligibility would generally continue throughout the coverage year unless their income increased to more than 20 percent above the eligibility level. In determining eligibility, a family is defined as two or more individuals related by blood, marriage or adoption, and residing in a place maintained by one or more of them as their home. Also, in determining eligibility, income would include both earned and unearned income, including welfare payments, pension or Social Security payments, support and alimony payments, gifts, rents, dividends and interest. The plan includes lesser income limits for Puerto Rico, the Virgin Islands and Guam. Additionally, there would be special rules established by the Secretary to deal with cases where gross income of an individual or family from a trade or business including farming) would be considered sufficiently large to cause the family not to be regarded as "low income".

The plan contains a “grandfather” provision to guarantee that no current Medicaid recipient would be disadvantaged by this program.

**Benefits**

The plan would cover medically-necessary inpatient hospital services for up to 60 days during a benefit period, as well as all medically-necessary skilled nursing facility care, intermediate facility care and home health services. Additionally, the plan would cover all medically-necessary medical and other health services (including physicians' services and laboratory and X-ray services), as well as prenatal and well-baby care, family planning counseling services and supplies and, for children under 18, periodic screening, diagnosis and treatment. Additionally, the plan would make payments for Part B Medicare premiums for eligible individuals.

Mental health care would be covered on an inpatient basis to the extent that it consisted of active care and treatment provided in an accredited mental institution, and outpatient mental health services would be covered without limitation if provided in a qualified community mental health center. Additionally, the plan would cover up to five visits to a psychiatrist related to "clinical intervention", during any benefit period. Additional visits would be authorized upon a finding that the patient would require institutionalization in the absence of such care or that he would be severely dysfunctional.

For individuals who are also entitled to benefits under the catastrophic health insurance plan, the medical assistance plan would pay any coinsurance required under the catastrophic plan. For persons not eligible for benefits under the catastrophic plan, the medical assistance plan would make payments for benefits covered under the catastrophic plan. The plan would also cover routine immunizations.

**Deductibles and Coinsurance**

In view of the fact that the medical assistance plan is aimed at providing benefits to individuals and families without adequate resources to purchase medical care, there would generally be no deductibles or coinsurance payments required.

However, to assist in controlling patient-initiated utilization, there would be a $3 per visit copayment for each of the first 10 outpatient physicians' visits per family, but no copayment would be applicable for visits for well-baby care and family planning services.

There would be one other circumstance in which a copayment would be required. This would be applicable in those situations where a person, without dependents, is in a long-term care facility for more than 60 days. In such cases, the individual (usually an elderly person in a nursing home) would retain $50 of his monthly income and any income in excess of $50 would be required as a copayment.

**Payments and Administration**

Payments made to providers and practitioners under this program would be subject to the same reimbursement, quality, health and safety standards, and would conform controls as are applicable under the Medicare...
The bill would establish a voluntary certification program for private basic health insurance. Under this program, a private health insurer could, if it chose, submit one or more of its basic health insurance policies to the Secretary for certification. The Secretary's certification would be based upon the policies' meeting certain minimum criteria with respect to adequacy of coverage, conditions of eligibility, actual availability of the policy and reasonableness of pay-out ratio which are specified in the bill.

If a policy was certified by the Secretary, the private insurer could advertise such certification in promotion of the policy.

As a condition of eligibility for contracting as the Government's agents, beginning three years after enactment of the bill, carriers and intermediaries under the Medicare program would be expected to offer one or more certified policies to the general public in each service area where the carrier or intermediary sold health insurance policies.

Additionally, the bill would facilitate arrangements whereby basic health insurance policies meeting the minimum standards could be offered through "pools" of private insurers.

The bill would direct the Secretary of Health, Education and Welfare to report to the Congress after three years on the extent to which private health insurance meeting the criteria established in the bill is actually and generally available.

CRITERIA FOR BASIC PRIVATE HEALTH INSURANCE

The bill contains a set of criteria for basic private health insurance policies. Private health insurance would not be required to meet these criteria but these yardsticks would be applied by the Secretary in certifying policies voluntarily submitted for certification.

The criteria dealing with adequacy of coverage would basically call for benefits of at least 60 days of hospital care and coverage of medical bills up to $2,000. A policy meeting these criteria would mesh with the deductible amounts under the catastrophic health insurance program. The standards also limit the amount of deductible and copayments which could be charged with respect to the covered hospital and medical care.

Other criteria ban exclusions, waivers of liability and waiting periods in group policies and, with respect to individual policies, limit medical exclusion to preexisting preg-
nancy and waiting periods for other preexisting conditions to not more than 90 days.

Additional requirements deal with opportunities for enrollment including at least an annual "open" enrollment period.

Reasonable ratios of benefit payments to premiums are defined in terms of average ratios for group policies generally underwritten by insurers.

**USE OF CERTIFICATION**

The Secretary would design an appropriate emblem which could be used by the private insurer in advertising the certified policy.

**CARRIERS AND INTERMEDIARIES**

Three years from the effective date no insurer could serve as a Medicare carrier or intermediary unless it offered one or more certified policies to the general public in each geographic or service area in which it did business.

**FACILITATING INSURANCE "POOLS"**

The bill contains an antitrust exemption under which insurers could enter into contracts or arrangements for the sole purpose of establishing insurance "pool" arrangements in order to offer to the general public certified health insurance policies. Such pools allow proportionate sharing of risks and rewards.

**REPORT BY THE SECRETARY**

The Secretary of Health, Education and Welfare would report to the Congress at the end of three years on the extent to which private health insurance meeting the criteria for certification contained in the bill was actually and generally available in States.

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Ron. THOMAS N. DOWNING.
House of Representatives,
Washington, D.C.

DEAR MR. DOWNING:

I have an insurance policy with National Preferred Division Globe Life and Accident Insurance Company, Box 18526, Oklahoma City, Oklahoma 73118. It was issued in November 1960, and is a cash payment policy of $100 to $150 per week, payable after the third day of hospitalization. I have collected on this insurance on several occasions when I was hospitalized, the last time being in June 1973. Since I have terminal cancer, a condition which did not exist when the policy was issued, the company now advises me that they are canceling the policy as of February 1974. They have this option as so stated in the policy.

My question is, since this policy was issued such a long time ago, has there been any insurance laws passed since then that prohibits a company from canceling a policy at their option. It does not seem fair that a person pays all these years on a policy, and even though I have collected small amounts in the past, now when they feel there may be long term hospitalization they opt to cancel.

I would appreciate a reply with your comments and suggestions, if any, as to what can be done in this case. I know that my policy states at their option, and I will have to abide by it, but it seems to me that this is something that should be considered in future legislation to protect the consumer, and this is my reason for bringing it to your attention.
FACT SHEET—LONG-RIBICOFF CATASTROPHIC HEATH INSURANCE AND MEDICAL ASSISTANCE REFORM ACT OF 1973

TITLE I—CATASTROPHIC HEALTH INSURANCE PLAN

Eligibility
All persons covered by the Social Security System and their spouses and dependents. This constitutes 95% of the population. Most of the rest of the uncovered population are government employees. State and local governmental employees not covered under Social Security could buy into the program. Federal employees who are eligible for basic and catastrophic protection under the Federal Employees Health Benefits Act would continue to be covered by that program.

Benefits
Social Security administered trust fund pays for medical bills after a family has incurred $2000 of medical bills in a year. Hospital costs would be paid for after a person has incurred 60 days of hospital costs. The $2000 deductible and the 60 day deductible are entirely separate. If a person were to meet the hospital deductible alone it would be eligible only for the hospital benefits. Similarly, if a family were to meet only the $2000 deductible, it would be eligible only for medical benefits. After the deductibles are met there would still be copayments required similar to the Medicare copayments ($17.50 a day for hospital and 20% of medical bills). But these copayments would stop once they reach $1000.

Cost
$3.6 billion payble by 3% increase in Social Security tax on employee and employer.

Effective date
July 1, 1974.

TITLE II—MEDICAL ASSISTANCE PLAN

Replaces Medicaid with a uniform national program of medical benefits for low-income persons administered by Social Security Administration.

Eligibility—34 million people
All persons now receiving Medicaid benefits.
All individuals and families having an annual income at or below the following levels:
$2,400 for an individual;
$3,600 for a two-person family;
$4,200 for a three-person family;
$4,800 for a four-person family;
And $400 additional of each additional family member.
Families with incomes above these levels would become eligible if they spend enough on medical care to reduce their income to the eligibility levels. Thus, a family of four with $5000 would become eligible if it spent $2000 for medical care.

Benefits
Provides hospital care for up to 60 days and all skilled nursing facility care, intermediate facility care and home health services.
Also covers physicians services, X-ray, laboratory, prenatal and well-baby care, family planning counseling services and supplies, periodic screening, diagnosis and treatment for children under 18, inpatient mental health care that consists of active care and treatment at a medically accredited institution and outpatient care in a qualified community health center. Outpatient psychiatric services would be limited to 5 visits related to “crisis” intervention and additional visits could be authorized upon finding that in their absence the patient would require institutionalization or be severely dysfunctional.
The plan would also pay the $6.30 monthly Part B Medicare premium for persons eligible for this Title.

Copayments and deductibles
Only copayment is $3 for each of first 10 visits to doctor per family (but no copayments for visits for well-baby care and family planning services).

Payments to health care providers and administration
Same as Medicare (reasonable costs for institutions, reasonable charges for physicians.
Payments made under the program would have to be accepted as payment in full and there could be no additional charges to patient.
Benefits reduced to patients by $250 if they have failed to enroll in an employer-employee plan in which employer pays 75% or more of the premium cost.

Cost
$5.3 billion in federal general revenues. States would have to pay no more than they did for Medicaid in the year prior to this Title’s effective date plus one-half of what they paid for medical services for those not covered by Medicaid. Thus states would be held harmless against additional costs or caseeloads.

Effective date
July 1, 1975.

TITLE III
Establishes a voluntary certification program for private basic health insurance to encourage the availability of adequate private health insurance.
Insurer could submit policy to HEW Secretary for certification. Certification is based on adequacy of coverage, conditions of eligibility, actual availability. Certified policies would be advertised as such.

Criteria for certification of policies
Must provide 60 days of hospital care and coverage of medical bills up to $2000. (This meshes with catastrophic plan.)
Limits on deductibles and copayments.
Ban on exclusions, waivers of liability and waiting periods in group policies, and with respect to individual policies, a limit on medical exclusion to pre-existing pregnancy and waiting periods for other pre-existing conditions to not more than 90 days.
At least one annual open enrollment period.
Reasonable ratios of benefit payments to premiums defined in terms of average ratios for group policies generally written by insurers.

Incentives to provide certified policies
For three years from effective date of act, Secretary of HEW studies progress of insurers in making certified policies actually and generally available to population.
After that time no insurer could serve as a Medicare carrier or intermediary unless it offered one or more certified policies to the general public in each geographic or service area in which it did business.

Insurance pooling
Contains an anti-trust exemption under which insurers could enter into contracts or arrangements for the sole purpose of establishing insurance “pool” arrangements in order to offer to the general public certified health insurance policies. Such pools allow proportionate sharing of risks and rewards.
NIXON'S HEALTH INSURANCE MESSAGE CALLS FOR ACTION THIS YEAR

TO THE CONGRESS OF THE UNITED STATES:

One of the most cherished goals of our democracy is to assure every American an equal opportunity to lead a full and productive life.

In the last quarter century, we have made remarkable progress toward that goal, opening the doors to millions of our fellow countrymen who were seeking equal opportunities in education, jobs and voting.

Now it is time that we move forward again in still another critical area: Health Care.

Without adequate health care, no one can make full use of his or her talents and opportunities. It is thus just as important that economic, racial and social barriers not stand in the way of good health care as it is to eliminate those barriers to a good education and a good job.

Three years ago, I proposed a major health insurance program to the Congress, seeking to guarantee adequate financing of health care on a nationwide basis. That proposal generated widespread discussion and useful debate. But no legislation reached my desk.

Today the need is even more pressing because of the higher costs of medical care. Efforts to control medical costs under the New Economic Policy have been met with encouraging success, sharply reducing the rate of inflation for health care. Nevertheless, the overall cost of health care has still risen by more than 20% in the last two and one-half years, so that more and more Americans face staggering bills when they receive medical help today:

Across the nation, the average cost of a day of hospital care now exceeds $110.

The average cost of delivering a baby and providing post-natal care approaches $1,000.

The average cost of health care for terminal cancer now exceeds $20,000.

For the average family, it is clear that without adequate insurance, even normal care can be a financial burden while a catastrophic illness can mean catastrophic debt.
Beyond the question of the prices of health care, our present system of health care insurance suffers from two major flaws:

First, even though more Americans carry health insurance than ever before, the 25 million Americans who remain uninsured often need it the most and are most unlikely to obtain it. They include many who work in seasonal or transient occupations, high-risk cases, and those who are ineligible for Medicaid despite low incomes.

Second, those Americans who do carry health insurance often lack coverage which is balanced, comprehensive and fully protective:

* Forty percent of those who are insured are not covered for visits to physicians on an out-patient basis, a gap that creates powerful incentives toward high-cost in hospitals;

* Few people have the option of selecting care through prepaid arrangements offered by Health Maintenance Organizations so the system at large does not benefit from the free choice and creative competition this would offer;

* Very few private policies cover preventive services;

* Most health plans do not contain built-in incentives to reduce waste and inefficiency. The extra costs of wasteful practices are passed on, of course, to consumers, and

* Fewer than half of our citizens under 65 - and almost none over 65 - have major medical coverage which pays for the cost of catastrophic illness.

These gaps in health protection can have tragic consequences. They can cause people to delay seeking medical attention until it is too late. Then a medical crisis ensues, followed by huge medical bills - or worse. Delays in treatment can end in death or lifelong disability.

**Comprehensive Health Insurance Plan (CHIP)**

Early last year, I directed the Secretary of HEW to prepare a new and improved plan for comprehensive health insurance. That plan, as I indicated in my State of the Union message, has been developed and I am presenting it to the Congress today. I urge its enactment as soon as possible.

The plan is organized around seven principles:
First, it offers every American an opportunity to obtain a balanced, comprehensive range of health insurance benefits;

Second, it will cost no American more than he can afford to pay;

Third, it builds on the strength and diversity of our existing public and private systems of health financing and harmonizes them into an overall system;

Fourth, it uses public funds only where needed and requires no new federal taxes;

Fifth, it would maintain freedom of choice by patients and ensure that doctors work for their patient, not for the federal government;

Sixth, it encourages more effective use of our health care resources;

And Finally, it is organized so that all parties would have a direct stake in making the system work - consumer, provider, insurer, state governments and the federal government.

Broad and Balanced Protection for All Americans

Upon adoption of appropriate federal and state legislation, the Comprehensive Health Insurance Plan would offer to every American the same broad and balanced health protection through one of three major programs:

1) Employee Health Insurance, covering most Americans and offered at their place of employment, with the cost to be shared by the employer and employee on a basis which would prevent excessive burdens on either;

2) Assisted Health Insurance, covering low-income persons, and persons who would be ineligible for the other two programs, with federal and state government paying these costs beyond the means of the individual who is insured; and,

3) An improved Medicare Plan, covering those 65 and over and offered through a Medicare system that is modified to include additional, needed benefits.

One of these three plans would be available to every American, but for everyone, participation in the program would be voluntary.

The benefits offered by the three plans would be identical for all Americans, regardless of age or income. Benefits would be provided for:
-hospital care;
-physicians' care in and out of the hospital;
-prescription and life-saving drugs;
-laboratory tests and X-rays;
-medical devices;
-ambulance services; and,
-other ancillary health care.

There would be no exclusions of coverage based on the nature of the illness. For example, a person with heart disease would qualify for benefits as would a person with kidney disease.

In addition, CHIP would cover treatment for mental illness, alcoholism and drug addiction, whether that treatment were provided in hospitals and physicians' offices or in community-based settings.

Certain nursing home services and other convalescent services would also be covered. For example, home health services would be covered so that long and costly stays in nursing homes could be averted where possible.

The health needs of children would come in for special attention, since many conditions, if detected in childhood, can be prevented from causing lifelong disability and learning handicaps. Included in these services for children would be:

-preventive care up to age six;
-eye examinations;
-hearing examinations; and
-regular dental care up to age 13.

Under the Comprehensive Health Insurance Plan, a doctor's decisions could be based on the health care needs of his patients, not on health insurance coverage. This difference is essential for quality care.

Every American participating in the program would be insured for catastrophic illnesses that can eat away savings and plunge individuals and families into hopeless debt for years. No family would ever have annual out-of-pocket expenses for covered health services in excess of $1,500, and low-income families would face substantially smaller expenses.

As part of this program, every American who participates in the program would receive a Healthcard when the plan goes into effect in his state. This card, similar to a credit card, would be honored by hospitals, nursing homes, emergency
rooms, doctors, and clinics across the country. This card could also be used to identify information on blood type and sensitivity to particular drugs - information which might be important in an emergency.

Bills for the services paid for with the Healthcard would be sent to the insurance carrier who would reimburse the provider of the care for covered services, then bill the patient for his share, if any.

The entire program would become effective in 1976, assuming that the plan is promptly enacted by the Congress.

How Employee Health Insurance Would Work

Every employer would be required to offer all full-time employees the Comprehensive Health Insurance Plan. Additional benefits could then be added by mutual agreement. The insurance plan would be jointly financed with employers paying 65% of the premium for the first three years of the plan, and 75% thereafter. Employees would pay the balance of the premiums. Temporary federal subsidies would be used to ease the initial burden on employers who face significant cost increases.

Individuals covered by the plan would pay the first $150 in annual medical expenses. A separate $50 deductible provision would apply for outpatient drugs. There would be a maximum of three medical deductibles per family.

After satisfying this deductible limit, an enrollee would then pay for 25% of additional bills. However, $1,500 per year would be the absolute dollar limit on any family's medical expenses for covered services in any one year.

How Assisted Health Insurance Would Work

The program of Assisted Health Insurance is designed to cover everyone not offered coverage under Employee Health Insurance or Medicare, including the unemployed, the disabled, the self-employed, and those with low incomes. In addition, persons with higher incomes could also obtain Assisted Health Insurance if they cannot otherwise get coverage at reasonable rates. Included in this latter group might be persons whose health status or type of work puts them in high-risk insurance categories.

Assisted Health Insurance would thus fill many of the gaps in our present health insurance system and would ensure that
for the first time in our nation's history, all Americans would have financial access to health protection regardless of income or circumstances.

A principal feature of Assisted Health Insurance is that it relates to premiums and out-of-pocket expenses to the income of the person or family enrolled. Working families with incomes of up to $5,000, for instance, would pay no premiums at all. Deductibles, co-insurance, and maximum liability would all be pegged to income levels.

Assisted Health Insurance would replace state-run Medicaid for most services. Unlike Medicaid, where benefits vary in each state, this plan would establish uniform benefit and eligibility standards for all low-income persons. It would also eliminate artificial barriers to enrollment or access to health care.

As an interim measure, the Medicaid program would be continued to meet certain needs, primarily long-term institutional care. I do not consider our current approach to long-term care desirable because it can lead to over-emphasis on institutional care as opposed to home care. The Secretary of HEW has undertaken a thorough study of the appropriate institutional services which should be included in health insurance and other programs and will report his findings to me.

Improving Medicare

The Medicare program now provides medical protection for over 23 million older Americans. Medicare, however, does not cover outpatient drugs, nor does it limit total out-of-pocket costs. It is still possible for an elderly person to be financially devastated by a lengthy illness even with Medicare coverage.

I therefore propose that Medicare's benefits be improved so that Medicare would provide the same benefits offered to other Americans under Employee Health Insurance and Assisted Health Insurance.

Any person 65 or over, eligible to receive Medicare payments, would ordinarily, under my modified Medicare plan, pay the first $100 for care received during a year, and the first $50 toward out-patient drugs. He or she would also pay 20% of any bills above the deductible limit. But in no case would any Medicare beneficiary have to pay more than $750 in out-of-pocket costs. The premiums and cost sharing for those with low incomes would be reduced, with public funds making up the difference.
The current program of Medicare for the disabled would be replaced. Those now in the Medicare for the disabled plan would be eligible for Assisted Health Insurance, which would provide better coverage for those with high medical costs and low incomes.

Premiums for most people under the new Medicare program would be roughly equal to that which is now payable under Part B of Medicare – the Supplementary Medical Insurance Program.

**Costs of Comprehensive Health Insurance**

When fully effective, the total new costs of CHIP to the federal and state governments would be about $6.9 billion with an additional small amount for transitional assistance for small and low wage employers:

*The federal government would add about $5.9 billion over the cost of continuing existing programs to finance health care for low-income or high risk persons.

*State governments would add about $1 billion over existing Medicaid spending for the same purpose, though these added costs would be largely, if not wholly, offset by reduced state and local budgets for direct provision of services.

*The federal government would provide assistance to small and low wage employers which would initially cost about $450 million but be phased out over five years.

*The national average family cost for health insurance premiums each year under Employee Health Insurance would be about $150; the employer would pay approximately $450 for each employee who participates in the plan.

*Additional family costs for medical care would vary according to need and use, but in no case would a family have to pay more than $1,500 in any one year for covered services.

*No additional taxes would be needed to pay for the cost of CHIP. The federal funds needed to pay for this plan could all be drawn from revenues that would be generated by the present tax structure. I am opposed to any comprehensive health plan which requires new taxes.
Making the Health Care System Work Better

Any program to finance health care for the nation must take close account of two critical and related problems - cost and quality.

When Medicare and Medicaid went into effect, medical prices jumped almost twice as fast as living costs in general in the next five years. These programs increased demand without increasing supply proportionately and higher costs resulted.

This escalation of medical prices must not recur when the Comprehensive Health Insurance Plan goes into effect. One way to prevent an escalation is to increase the supply of physicians, which is now taking place at a rapid rate. Since 1965, the number of first-year enrollments in medical schools has increased 55%. By 1980, the nation should have over 440,000 physicians, or roughly one-third more than today. We are also taking steps to train persons in allied health occupations, who can extend the services of the physician.

With these and other efforts already underway, the nation's health manpower supply will be able to meet the additional demands that will be placed on it.

Other measures have also been taken to contain medical prices. Under the New Economic Policy, hospital cost increases have been cut almost in half from their post-Medicare highs, and the rate of increase in physician fees has slowed substantially. It is extremely important that these successes be continued as we move toward our goal of comprehensive health insurance protection for all Americans. I will, therefore, recommend to the Congress that the Cost of Living Council's authority to control medical care costs be extended.

To contain medical costs effectively over the long haul, however, basic reforms in the financing and delivery of care are also needed. We need a system with built-in incentives that operates more efficiently and reduces the losses from waste and duplication of effort. Everyone pays for this inefficiency through their health premiums and medical bills.

The measure I am recommending today therefore contains a number of proposals designed to contain costs, improve the efficiency of the system and assure quality health care. These proposals include:

1) Health Maintenance Organizations (HMOs)

On Dec. 29, 1973, I signed into law legislation designed to stimulate, through federal aid, the establishment of prepaid comprehensive care
organizations. HMO's have proved an effective means for delivering health care and the CHIP plan requires that they be offered as an option for the individual and the family as soon as they become available. This would encourage more freedom of choice for both patients and providers, while fostering diversity in our medical care delivery system.

2) Professional Standards Review Organizations (PSROs)

I also contemplate in my proposal a provision that would place health services provided under CHIP under the review of Professional Standards Review Organizations. These PSRO's would be charged with maintaining high standards of care and reducing needless hospitalization. Operated by groups or private physicians, professional review organizations can do much to ensure quality care while helping to bring about significant savings in health costs.

3) More Balanced Growth in Health Facilities

Another provision of this legislation would call on the states to review building plans for hospitals, nursing homes and other health facilities. Existing health insurance has overemphasized the placement of patients in hospitals and nursing homes. Under this artificial stimulus, institutions have felt impelled to keep adding bed space. This has produced a growth of almost 75% in the number of hospital beds in the last 20 years, so that now we have a surplus of beds in many places and a poor mix of facilities in others. Under the legislation I am submitting, states can begin remedying this costly imbalance.

4) State Role

Another important provision of this legislation calls on the states to review the operation of health insurance carriers within their jurisdiction. The states would approve specific plans, oversee rates, ensure adequate disclosure, require an annual audit and take other appropriate measures. For health care providers, the states would assure fair reimbursement for physician services, drugs and institutional services, including a prospective reimbursement system for hospitals.

A number of states have shown that an effective job can be done in containing costs. Under my proposal all states would have an incentive to do the same. Only with effective cost control measures can states ensure that the citizens receive the increased health care they need and at rates they can afford. Failure on the part of the states to enact the necessary authorities would prevent them from receiving any federal support of their state-administered health assistance plan.
Maintaining a Private Enterprise Approach

My proposed plan differs sharply with several of the other health insurance plans which have been prominently discussed. The primary difference is that my proposal would rely extensively on private insurers.

Any insurance company which could offer those benefits would be a potential supplier. Because private employers would have to provide certain basic benefits to their employees, they would have an incentive to seek out the best insurance company proposals and insurance companies would have an incentive to offer their plans at the lowest possible prices. If, on the other hand, the government were to act as the insurer, there would be no competition and little incentive to hold down costs.

There is a huge reservoir of talent and skill in administering and designing health plans within the private sector. That pool of talent should be put to work.

It is also important to understand that the CHIP plan preserves basic freedoms for both the patient and doctor. The patient would continue to have a freedom of choice between doctors. The doctors would continue to work for their patients, not the federal government. By contrast, some of the national health plans that have been proposed in the Congress would place the entire health system under the heavy hand of the federal government, would add considerably to our tax burdens, and would threaten to destroy the entire system of medical care that has been so carefully built in America.

I firmly believe we should capitalize on the skills and facilities already in place, not replace them and start from scratch with a huge federal bureaucracy to add to the ones we already have.

Comprehensive Health Insurance Plan – A Partnership Effort

No program will work unless people want it to work. Everyone must have a stake in the process. This Comprehensive Health Insurance Plan has been designed so that everyone involved would have both a stake in making it work and a role to play in the process – consumer, provider, health insurance carrier, the states and the federal government. It is a partnership program in every sense.

By sharing costs, consumers would have a direct economic stake in choosing and using their community's health resources wisely and prudently. They would be assisted by requirements that physicians and other providers of care make available to patients full information on fees, hours of operation and other matters affecting the qualifications of providers.
But they would not have to go it alone either: doctors, hospitals and other providers of care would also have a direct stake in making the Comprehensive Health Insurance Plan work. This program has been designed to relieve them of much of the red tape, confusion and delays in reimbursement that plague them under the bewildering assortment of public and private financing systems that now exist. Healthcards would relieve them of troublesome bookkeeping. Hospitals could be hospitals, not bill collecting agencies.

Conclusion

Comprehensive health insurance is an idea whose time has come in America. There has long been a need to assure every American financial access to high quality health care. As medical costs go up, that need grows more pressing.

Now, for the first time, we have not just the need but the will to get this job done. There is widespread support in the Congress and in the nation for some form of comprehensive health insurance.

Surely if we have the will, 1974 should also be the year that we find the way. The plan that I am proposing today is, I believe, the very best way. Improvements can be made in it, of course, and the Administration stands ready to work with the Congress, the medical profession, and others in making those changes.

But let us not be led to an extreme program that would place the entire health care system under the dominion of social planners in Washington. Let us continue to have doctors who work for their patients, not for the federal government. Let us build upon the strengths of the medical system we have now, not destroy it.

Indeed, let us act sensibly. And let us act now – in 1974 – to assure all Americans financial access to high quality medical care.
The 1974 NIRMP matching process was completed on February 20; results are to be mailed to hospitals and students about the first of March thus advancing the notification date six weeks ahead of the 1973 program. This improvement in operation was achieved by the NIRMP Board and Staff with the assistance of a private consulting group and is significant in maintaining the credibility of an essential mechanism in the continuum of medical education. Operational improvements, however, are only one side of the present concerns for the NIRMP.

The occurrence of violations involving some students and some program directors, especially in certain first-year residency programs, have resulted in the establishment of an NIRMP Monitoring Program within the AAMC. The Group on Student Affairs and the Organization of Student Representatives of the AAMC were responsible for developing this program announced by Dr. John A.D. Cooper on February 22. The program is essentially a means for committees in the medical schools to report incidents of non-compliance to the AAMC President for communication to the program director and the school involved. It is hoped that this program will serve as a potential deterrent to many violations. The occurrence of some violations may be also traced to problems resulting from basic changes in the process of medical education, this is particularly so in psychiatry.

The AAMC has responded to a request from the members of a Task Force on the Internship and Residency of the American Association of Chairmen of Departments of Psychiatry to assist them in assessing the concerns of members of this specialty group about problems relating to the NIRMP. The AAMC has identified
two projects in which staff can give direct assistance. The first is to
gather information about the numbers and characteristics of the applicant
pool for residency programs in psychiatry. The second is a review of the
NIRMP to determine whether this program or one similar to it can function
satisfactorily as a logical entry point for medical school graduates into
the second phase of the continuum of medical education.

The AAMC suggests that information of this nature would be useful to
other specialty groups whose applicants and program directors are finding the
NIRMP to be less than satisfactory.

Robert Thompson, Ed.D.
Director of Student Programs and Services
Department of Academic Affairs
00073

ASSOCIATION OF AMERICAN MEDICAL COLLEGES
INSTITUTE ON PRIMARY CARE

Proposed October/November, 1974

Tentative Agenda
00074
First Plenary Session
Issues in Primary Care Education

Presiding: Thomas E. Piemme, M.D., Institute Chairman

Welcome John A. D. Cooper, M.D.

Issues in Primary Care: Paul B. Beeson, M.D.
The Academic Perspective

Issues in Primary Care: Rashi Fein, Ph.D.
The Policy Perspective
Second Plenary Session

Organization of Model Systems for Primary Care Practice

Presiding: Henry M. Seidel, M.D.

Introduction: Problems and Issues

Use of Existing Institutional Resources

delineation of examples of conversion of traditional "out-patient" departments to viable instruments and models for primary care practice - issues to be discussed include organization, staffing, recruitment of physician role models, involvement of specialty services, role of the student and graduate trainee, relationship to the medical school and/or hospital, and financing

Respondent

Gerald Perkoff, M.D.

to describe specific example of conversion of OPD to prepaid group practice model

Respondent

Roblieri, M.D.

to describe specific example of university affiliated hospital OPD to primary care practice model complementary to University Clinic

Use of Community/Private Sector Resources

discussion of the spectrum of solutions throughout the U.S. wherein community resources are used - examples to include use of public facility (Montefiore Hospital), use of family practitioner offices (Maryland), use of constellation of community hospitals (Rochester, Medical College of Virginia, Indiana), use of regional divisions (Michigan State), use of regional campuses (Illinois)

Respondent

Edward Kowalewski, M.D.

to describe specific example of use of network of practicing physicians and community hospital ambulatory facilities

Respondent

Harold Wise, M.D.

to describe specific example of use of urban low-income ambulatory facility (Martin Luther King Center)
Third Plenary Session

Graduate Physician Training in Primary Care

Presiding: Joel Alpert, M.D.

Introduction: Problems and Issues

Joel Alpert, M.D.

Training of Generalists in Medicine and Pediatrics

Evan Charney, M.D.

discussion of the development of primary care versus specialty tracks within medicine and pediatrics - description of specific programs developed for this purpose (Rochester) - discussion of implications for specialty boards - discussion of components of such training programs and degree of cross-training in sister specialties - discussion of expectation of behavior of trainee in practice setting

Respondent

Joseph Dorsey, M.D.

to describe specific example of such a training program in the context of prepaid group practice

Respondent

Robert Petersdorf, M.D.

to describe specific example for internal medicine and view of the American Board of Internal Medicine

Training of Family Practitioners

Robert Rakel, M.D.

discussion of the philosophy behind training for family practice - to include history of development since publication of Willard Report - to discuss essentials for training, and mechanisms for residency approval - to discuss component of training, settings in which training may take place, and expected practice behavior of products of such training programs

Respondent

Eugene Farley, M.D.

to describe specific example of training program in affiliated University Hospital

Respondent

Thomas Piemme, M.D.

to describe difficulties in governance and compromise model applicable to medical schools in urban locations
Fourth Plenary Session

Education of New Health Practitioners

Presiding: Alfred M. Sadler, M.D.

Introduction: Problems and Issues

Alfred M. Sadler, M.D.

Training the New Health Practitioner

Charles Lewis, M.D.

discussion of the development of the concept and outline of history of programs training physicians assistants, nurse practitioners, and MEDEX - discussion of issues of certification, accreditation, and legal status - discussion of objectives and components of training programs - discussion of resources necessary for program development - what institutions should/should not be engaged in such efforts - discussion of governance locus within academic health centers - discussion of fiscal implications

Respondent

David Lawrence, M.D.

to describe philosophy and structure of MEDEX model

Respondent

Robert Jewett, M.D.

to describe philosophy and structure of Physician Assistant

Training for Team Practice

David Kindig, M.D.

discussion of congruent training for the health professions - experience with the development of teams in the practice environment - definition of "core" curricula for health practitioners - fiscal implications for academic health centers - experience with teaching medical students and physician assistant students in the same classroom - who heads the team? - institutional governance of training

Respondent

Malcolm Peterson, M.D.

to describe a model (Hopkins) in which multiple resources have been placed in a new school

Respondent

John Ott, M.D.

to discuss development of performance objectives and methods by which skills and performance may be evaluated
Fifth Plenary Session
New Directions in Health Science Education

Presiding: Thomas E. Piemme, M.D., Institute Chairman

Priorities for Health Science Education in the Next Decade

discussion of current experiments in health science education - results of significant innovations - fiscal incentives and limitations to innovation

Respondent Hilliard Jason, M.D.

to discuss evaluation of training methodology - methods and preliminary conclusions

Respondent August Swanson, M.D.

to discuss activities of the AAMC and the commitment of American Medical Colleges to training for primary care
Administrative Board
Memorandum No. 74-4AB
January 16, 1974

Officers and Administrative Board:
Robert A. Derzon, Chairman*
Sidney Lewine, Chairman-Elect*
Leonard W. Cronkhite, Jr., M.D., Immediate Past Chairman*
David L. Everhart, Secretary
Daniel W. Capps
David A. Gee
David H. Hitt
Arthur J. Klippen, M.D.
J. W. Pinkston, Jr.
S. David Pomrinse, M.D.
John M. Stagl
David D. Thompson, M.D.
Charles B. Womer
Madison B. Brown, M.D., AHA Representative

Subject: National Health Policy and Development Act of 1974

The attached legislation was introduced by Representative Rogers for himself, Representative Roy and Representative Hastings on December 20, 1973. The bill is intended to replace the CHP, RMP and Hill-Burton legislation. I believe this bill will be taken very seriously; its contents are most important, and I think warrants your attention. I would be interested in your views on any or all of the sections of the bill. A brief summary of the bill is as follows.

The proposed Act has four principal parts. Part A would establish a National Council for Health Policy. Part B would create a system of Health Service Agencies (HSAs) responsible for areawide health planning and development throughout the country. Part C would assist State governments in the creation of State Health Commissions (SHCs) responsible for State-level health planning and regulatory activities. Part D would create a new Federal program of construction assistance for health facilities based on loans, loan guarantees, and interest subsidies. The new programs would commence during the present fiscal year, thus overlapping with the authorities for CHP, RMP, and Hill-Burton. The Secretary would be responsible for assisting the existing agencies under the latter programs in their transition into the new programs, and then at the end of the present fiscal year the legislative authorities for CHP, RMP, and Hill-Burton would be terminated. The provisions of the new programs are based on the extensive experience now available with the existing programs and combine the most effective and successful features of each of them.
The National Council for Health Policy would be established in the Executive Office of the President. It would have five members appointed by the President with the advice and consent of the Senate, and suitable staff and support for performing its functions. It would be responsible for assessment of the nation's health; assessment of Federal and other health programs; assessment of the need for health resources, services, and financing; developing recommendations for a national health policy; issuing guidelines on the appropriate supply, distribution, and organization of health resources and services; and conducting studies and analyses concerning its recommendations for a national health policy. The Council would be required to submit an annual report to the public on the work it has done. In developing policy the Council would be required to give priority consideration to national health priorities specified in the legislation.

In creating a system of Health Service Agencies (HSAs) the Secretary would first be responsible for dividing the nation into health areas for planning and development purposes. He would then designate in each health area a private nonprofit corporation as the HSA responsible for planning and development in that area. The legislative proposal specifies minimum criteria for the legal structure, staff, governing body, and functioning of the HSAs. They would be broadly responsible for preparing and implementing plans designed to improve the health of the residents of their health areas; increasing the accessibility, acceptability, continuity, and quality of the health care provided the residents; and restraining increases in costs of such care. In performing these functions HSAs would be required to gather suitable data; prepare long-range goal plans and short-term priority plans; provide assistance of either a technical or financial nature to people seeking to implement provisions of the plans; coordinate activities with PSROs, SHCs, and other appropriate planning and regulatory entities; review and approve or disapprove proposed uses of Federal health funds within the area; assist States in the performance of capital expenditure reviews under the Social Security Act; and assist the SHCs in certifying as needed health services offered in the area. Procedures and criteria for use by HSAs and SHCs in their performing of reviews required by the legislation are detailed.

Authority is given to the Secretary for providing assistance to organizations seeking to be designated as HSAs during their development, for providing technical assistance of various kinds to HSAs and SHCs, for making planning grants to designated HSAs to fund part of the cost of their planning programs, and for making development grants for HSA use in implementation of their plans. The Secretary is required to perform annual and triannual reviews of the activities and quality of HSAs to assure that they perform their functions in a satisfactory fashion.

The Secretary would also be required to designate in each State a State Health Commission (SHC) meeting criteria for its composition, staffing, and functions which are specified in the legislation. In order to receive designation, a SHC would need to submit to the Secretary an approvable administrative program.
for carrying out its functions. The SHCs would be responsible for annual review and approval or disapproval of the plans of the HSAs, annual review and comment on the budgets of the HSAs, review of applications submitted by HSAs for assistance from the Federal government, commenting on disapproved applications for Federal funds, performance of capital expenditure review functions under the Social Security Act, certification as needed of health services offered within the state, regulation of health care costs within the state, and (if they so desire) licensure and quality activities. Provision is made for the Secretary to provide financial assistance in the development and operating costs of SHCs. In addition the Secretary would be required after the expiration of the fourth fiscal year after enactment of the legislation to perform the functions of SHCs in any State in which one was not designated.

Attachment:
PAYMENT FOR SERVICES OF PHYSICIANS RENDERED IN A TEACHING HOSPITAL

Sec. 16. (a) (1) Notwithstanding any other provision of law, the provisions of section 1801(b) of the Social Security Act shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if paragraph (7) of such section read as follows:

"(7) a physician where the hospital has a teaching program approved as specified in paragraph (6), if (A) the hospital elects to receive any payment due under this title for reasonable costs of such services, and (B) all physicians in such hospital agree not to bill charges for professional services rendered in such hospital to individuals covered under the insurance program established by this title."

(2) Notwithstanding any other provision of law, the provisions of section 1832(u) (2)(B) (1) of the Social Security Act, shall, subject to subsection (b) of this section, for the period with respect to which this paragraph is applicable, be administered as if the preceding clause of such section read as follows:

"(II) a physician to a patient in a hospital which has a teaching program approved as specified in paragraph (6) (including services in conjunction with the teaching programs of such hospital whether or not such patient is an inpatient of such hospital), where the conditions specified in paragraph (7) of such section are met, and"

(b) The provisions of subsection (a) shall not be deemed to render improper any determination of payment under title XVIII of the Social Security Act for any service provided prior to the enactment of this Act.

(c) (1) The Secretary of Health, Education, and Welfare shall arrange for the conduct of a study or studies concerning (A) appropriate and equitable methods of reimbursement for physicians' services under titles XVIII and XIX of the Social Security Act in hospitals which have a teaching program approved as specified in Section 1861(b)(6) of such Act, (B) the extent to which funds expended under such titles are supporting the training of medical specialties which are in excess supply, (C) how such funds could be expended in ways which support more rational distribution of physician manpower both geographically and by specialty, (D) the extent to which such funds support or encourage teaching programs which tend to disproportionately attract foreign medical graduates, and (E) the existing and appropriate role that part of such funds which are expended to meet in whole or in part the costs of salaries of interns and residents in teaching programs approved as specified in section 1861(b)(6) of such Act.

(2) The studies required by paragraph (1) shall be the subject of an interim report thereon submitted not later than December 1, 1974, and a final report not later than July 1, 1975. Such reports shall be submitted to the Secretary, the Committee on Finance of the Senate, and the Committee on Ways and Means of the House of Representatives, simultaneously.

(3) The Secretary shall request the National Academy of Sciences to conduct such studies under an arrangement under which the actual expenses incurred by such Academy in conducting such studies will be paid by the Secretary. If the National Academy of Sciences is willing to do so, the Secretary shall enter into such an arrangement with such Academy for the conduct of such studies.

(4) If the National Academy of Sciences is unwilling to conduct the studies required under this section, under such an arrangement with the Secretary, then the Secretary shall enter into a similar arrangement with other appropriate non-profit private groups or associations under which such groups or associations shall conduct such studies and prepare and submit the report thereon as provided in paragraph (2).

(5) The Social Security Administration shall study the interim report called for in paragraph (2) and shall submit its analysis of such interim report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives not later than March 1, 1975. The Social Security Administration shall study and submit its analysis of the final report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives by October 1, 1975.

(d) The provisions of subsection (a) shall apply with respect to cost accounting periods beginning after June 30, 1973, and prior to January 1, 1975 except that if the Secretary of Health, Education, and Welfare determines that additional time is required to prepare the report required by subsection (c), he may by regulation, extend the applicability of the provisions of subsection (a) to cost accounting periods beginning after June 30, 1973.
February 8, 1974

James B. Cardwell
Commissioner of Social Security
Department of Health, Education and Welfare
Fourth and Independence Avenue
Washington, D.C. 20201

Dear Commissioner Cardwell:

The purpose of this communication is to forward comments of the Association of American Medical Colleges regarding proposed federal regulations altering utilization review standards under the Medicare program. Specifically the material presented here pertains to Federal Health Insurance for the Aged and Disabled: Condition of Participation - Hospitals and Skilled Nursing Facilities, as proposed in the Federal Register, Vol. 39, No. 6 (January 9, 1974) amending 45 CFR 405.

The only advantage that would result from the regulations noted above and those proposing to amend 45 CFR 405 (utilization review standards under the Medicaid program) is elimination of the situation where hospitals are required to operate under differing utilization review standards for both the Medicare and Medicaid programs. The employment of two different sets of standards and procedures causes unnecessary duplication of effort and results in confusion. While coordination of utilization review requirements under Medicare and Medicaid is beneficial, the Association feels that the substance of the proposed regulations and mechanisms they seek to implement, pose severe operational difficulties in the light of rather marginal expected benefits. This is particularly true with regard to the nation's teaching-tertiary care hospitals.

Section 405.1035(f) seeks to establish an admission pre-certification mechanism for the purpose of reducing the unnecessary utilization of inpatient services. The Association shares the objective of the Social Security Administration to make optimal use of scarce health resources but questions whether pre-admission certification is the most cost-effective and cost-efficient manner in which to do so. The cost of implementing such a procedure is extraordinary. Under the proposed regulations the assumption of this cost would be dictated in the absence of any evidence
indicating that there would be any substantial reduction in expenditures. A similar criticism could be made of the length of stay recertification requirements also contained in the proposed regulations. The Association suggests that research be undertaken (one such investigation is already being conducted by the American Hospital Association) to determine the cost-effectiveness and cost-efficiency of pre-admission certification and length of stay recertification before such procedures are implemented on a broad scale.

In addition to potentially high ratio of costs to benefits, the pre-certification mechanism, as proposed, would create serious problems in teaching hospitals. Teaching-tertiary care hospitals are characterized by the fact that they function as referral facilities, providing services to a geographically disperse catchment area. Patients are referred by a local practitioner to a physician faculty member for treatment or further diagnostic workup; often the teaching hospital's outpatient department serves as the inpatient entry point and inter-hospital transfers are commonplace. Pre-admission certification of patients transferred from other hospitals would be of marginal value. Patients referred to the teaching hospital for more sophisticated diagnostic workups would, by definition, not enter the facility with a diagnosis refined enough to serve as a basis for pre-certifying a specific length of stay. The supporting material (medical records, test results, etc.) of referred patients distant from the teaching hospital are generally forwarded immediately prior to admission or are brought by the patient to the hospital. Under such circumstances the pre-certification procedure specified in the proposed regulations is difficult, if not impossible, to execute properly. A time delay caused by the interaction of pre-certification requirements and distance would be particularly troublesome where the admission is medically expedient (much diagnostic work performed by teaching hospitals would fall into this category) although not necessarily emergency in character.

Section 405.1035(e) of the proposed regulations provides that required reviews cannot be conducted by persons who are employed by the hospital (among other stipulations). This provision is contrary to § 1122(e) of P.L. 92-603 (establishing PSRO's) as amended by § 18(v) P.L. 93-233 for hospitals. Many hospitals (especially teaching institutions) pay physicians to conduct utilization review under the Medicare and Medicaid program (or alternatively the review is conducted by salaried physicians on the hospital staff). The regulations, as currently written, would essentially prohibit payment for utilization review activity. If these regulations are finally adopted, the work load associated with utilization review will increase astronomically — it is unreasonable to assume that physicians would be willing (or should) engage in such activity without compensation. Given the anticipated volume of such work in teaching hospitals, the review function may have to be assumed by several physicians and associated
support personnel on a full-time basis. For example, assuming 35 percent Medicare/Medicaid admissions and 35,000 admissions per year would require approximately 30 pre-certifications per day — this excludes effort that would have to be expended in re-certifying length of stay. Based upon the aforementioned reasoning, the Association strongly urges that the clause prohibiting employee participation in utilization review be deleted from the regulations.

The Association is particularly concerned about language contained in § 405.1137(b) that grants authority to the Secretary of Health, Education and Welfare to waive published utilization review procedures and substitute a program external to the utilization committee of the individual hospital. At a minimum, the regulations should detail the criteria upon which such authority could be exercised by the Secretary. The Association believes that utilization review is most effective when conducted by the staff of an institution itself. Local staff are most familiar with factors affecting the patient, feedback is facilitated, and acceptance and understanding are greater when corrective action is required.

As currently proposed the regulations would be implemented within four months of final publication. Inadequate lead time is provided to design and install the data management systems and organizational structures necessary to comply with the regulations. Congress has recognized the difficulty in implementing such complex systems under PSRO provision of P.L. 92-603 — a 24-month lead time was provided in this instance. The Association strongly urges a re-evaluation of the time frame in which such requirements should be implemented.

While commenting upon certain operational difficulties inherent in the proposed regulations, the Association strongly urges that such regulations be withdrawn. There is every reason to believe that the objectives sought in the proposed regulations can be achieved through the development and activation of Professional Standards Review Organizations.

I stand ready to clarify and/or elaborate upon the comments presented here.

Sincerely,

John A. D. Cooper, M.D.
February 8, 1974

James S. Dwight, Jr.
Administrator
Social and Rehabilitation Services
Department of Health, Education, and Welfare
P.O. Box 2372
Washington, D.C. 20013

Dear Mr. Dwight:

The purpose of this communication is to forward comments of the Association of American Medical Colleges regarding proposed federal regulations altering utilization review standards under the Medicaid program. Specifically, the material presented here pertains to Medical Assistance Programs; Utilization Review, as proposed in the Federal Register, Vol. 39, No. 6 (January 9, 1974) amending 45 CFR 250.

The only advantage that would result from the regulations noted above and those proposing to amend 45 CFR 405 (utilization review standards under the Medicare program) is elimination of the situation where hospitals are required to operate under differing utilization review standards for both the Medicare and Medicaid programs. The employment of two different sets of standards and procedures causes unnecessary duplication of effort and results in confusion. While coordination of utilization review requirement under Medicare and Medicaid is beneficial the Association feels that the substance of the proposed regulations and mechanisms they seek to implement, pose severe operational difficulties in the light of rather marginal expected benefits. This is particularly true with regard to the nation's teaching-tertiary care hospitals.

Section 250.20(a)(4) seeks to establish an admission pre-certification mechanism for the purpose of reducing the unnecessary utilization of inpatient services. The Association shares the objectives of the Social and Rehabilitation Service to make optimal use of scarce health resources but questions whether pre-admission certification is the most cost-effective and cost-efficient manner in which to do so. The cost of implementing such a procedure is extraordinary. Under the proposed regulations the
assumption of this cost would be dictated in the absence of any evidence indicating that there would be any substantial reduction in expenditures. A similar criticism could be made of the length of stay recertification requirements also contained in the proposed regulations. The Association suggests that research be undertaken (one such investigation is already being conducted by the American Hospital Association) to determine the cost-effectiveness and cost-efficiency of pre-admission certification and length of stay recertification before such procedures are implemented on a broad scale.

In addition to potentially high ratio of costs to benefits, the pre-certification mechanism, as proposed, would create serious problems in teaching hospitals. Teaching-tertiary care hospitals are characterized by the fact that they function as referral facilities, providing services to a geographically disperse catchment area. Patients are referred by a local practitioner to a physician faculty member for treatment or further diagnostic workup; often the teaching hospital's outpatient department serves as the inpatient entry point and inter-hospital transfers are commonplace. Pre-admission certification of patients transferred from other hospitals would be of marginal value. Patients referred to the teaching hospital for more sophisticated diagnostic workups would, by definition, not enter the facility with a diagnosis refined enough to serve as a basis for pre-certifying a specific length of stay. The supporting material (medical records, test results, etc.) of referred patients distant from the teaching hospital are generally forwarded immediately prior to admission or are brought by the patient to the hospital. Under such circumstances the pre-certification procedure specified in the proposed regulations is difficult, if not impossible, to execute properly. A time delay caused by the interaction of pre-certification requirements and distance would be particularly troublesome where the admission is medically expedient (much diagnostic work performed by teaching hospitals would fall into this category) although not necessarily emergency in character.

Section 250.20(a)(1) of the proposed regulations provides that required reviews cannot be conducted by persons who are employed by the hospital (among other stipulations). This provision is contrary to § 1122(e) of P.L. 92-603 (establishing PSRO's) as amended by § 18(v) P.L. 92-233 for hospitals. Many hospitals (especially teaching institutions) pay physicians to conduct utilization review under the Medicare and Medicaid program (or alternatively the review is conducted by salaried physicians on the hospital staff). The regulations, as currently written, would essentially prohibit payment for utilization review activity. If the regulations are finally adopted the work load associated with utilization review activity. If the regulations are finally adopted the work load associated with utilization review will increase astronomically -- it is unreasonable to assume that physicians would be willing (or should) engage in such activity
without compensation. Given the anticipated volume of such work in teaching hospitals, the review function may have to be assumed by several physicians and support personnel on a full-time basis. For example, assuming 35 percent Medicare/Medicaid admissions and 35,000 admissions per year would require approximately 30 pre-certifications per day — this excludes effort that would have to be expended in re-certifying length of stay. Based upon the aforementioned reasoning, the Association strongly urges that the clause prohibiting employee participation in utilization review be deleted from the regulations.

The Association is particularly concerned about language contained in §250.20(a)(1) that grants authority to the Secretary of Health, Education and Welfare to waive published utilization review procedures and substitute a program external to the utilization committee of the individual hospital. At a minimum, the regulations should detail the criteria upon which such authority could be exercised by the Secretary. The Association believes that utilization review is most effective when conducted by the staff of an institution itself. Local staff are most familiar with factors affecting the patient, feedback is facilitated, and acceptance and understanding are greater when corrective action is required.

As currently proposed the regulations would be implemented within four months of final publication. Inadequate lead time is provided to design and install the data management systems and organizational structures necessary to comply with the regulations. Congress has recognized the difficulty in implementing such complex systems under PSRO provisions of P.L. 92-603 — a 24-month lead time was provided in this instance. The Association strongly urges a re-evaluation of the time frame in which such requirements should be implemented.

While commenting upon certain operational difficulties inherent in the proposed regulations, the Association strongly urges that such regulations be withdrawn. There is every reason to believe that the objectives sought in the proposed regulations can be achieved through the development and activation of Professional Standards Review Organizations.

I stand ready to clarify and/or elaborate upon the comments presented here.

Sincerely,

John A. D. Cooper, M.D.
17 January 1974

Ronald W. Estabrook, Ph.D., Chairman
Department of Biochemistry
University of Texas
Health Science Center at Dallas
Dallas, Texas 71235

Dear Ron:

This letter is in reply to your letter of December 19, 1973. It certainly is not going to be possible to answer all of your questions in any great detail, however your letter does initiate thinking about the subjects which you wish to consider during the next year. My preliminary thoughts can be sent out now and hopefully can be expanded subsequently.

We probably need more accurate data concerning the number of specialists in the country and the number of specialists required per capita before your question can be answered. I am enclosing a statistic which just came to my attention the day before your letter arrived. If one looks at this clipping, one notes that there are 172 physicians per 100,000 population in the United States in contrast to 135 in Sweden. If one divides 100,000 by 172, one comes out with a rough figure that there is one physician per 650 people. In the past, we have stated that one physician per 1,000 population is a reasonable and adequate number to care for this population. I do not know whether in arriving at this presumed figure of one to 1,000 this included specialists plus primary care physicians. This sort of information we should be able to obtain. If, in fact, we have one primary care physician - general practitioner, family practice or internists functioning as primary care physician, the pediatrician functioning as primary care physician - then, I would suspect that we have to seek means other than increasing the physician population in order to deliver health care. My suggestion is that we obtain data - if not already available - concerning the number of physicians in each specialty and the number theoretically needed per 1,000
population. I also suggest that we call upon the AMA to assist in finding out the geographical distribution of such physicians, if these data are not already available.

I do not believe that capitation should be tied to increased enrollment but that Federal support should be granted on a capitation basis. This statement answers some of your questions in both paragraphs A and B of your letter. In studying the statement further in respect to the arguments that the Federal government must support medical education (paragraph b), there are only three ways that medical education can be supported: 1. Federal support, 2. State support, and 3. Individual support. In the past, much of the support has come from the individual. It is not going to be possible in the future to supply medical education in a democratic society by expecting the individual to support a majority of the cost of his medical education. The cost for such medical education is prohibitive except to those who are nearly independently wealthy or financially secure. This does not give opportunity for the individual of high intelligence but low income to develop his intelligence in the field of medicine. Such individuals are those who are most apt to serve in underdeveloped areas and areas of lower socio-economic means. Consequently, we defeat our purpose unless we rely on State and/or Federal support for medical education. The states should be expected to supply a significant proportion of the cost, however, as is true for construction of highways, the development of urban areas, etc. The Federal government must assume a responsible position and supply such support, also. This is particularly essential since states such as Louisiana, Mississippi, Alabama, etc. can in no way supply the dollars to support medical education for those individuals who are to attend medical schools in those states and, hopefully, practice medicine in those states. One of the purposes of the Federal government is to make equitable dispensation of funds throughout the country for various projects that come under the point of national interest. Health care certainly is of national interest as evidenced by the fact that we talk of national health plans. Therefore, the Federal government must be involved in supporting medical education, and the way this can best be done is on a per capitation basis.

I am opposed to the concept of financial support to build centers such as the oncology centers. I do not know how
realistic it is at this time to try to divert funds back from brick and mortar into general research programs. If such mechanism could be found, I would strongly support that. Otherwise, I plead ignorance on this issue.

Conflict between teaching hospitals and medical faculty arises because in most instances the medical faculty is responsible to administrators instead of administrators responsible to medical faculty. The concept that physicians should work for administrators is dangerous if one expects harmony to exist between the two. When the director of a hospital is a physician who is physician-oriented, but with administrative ability, and he in turn delegates the physicians as the directors of sub-units of the hospital, and administrators are responsible to the physician in each instance, the conflict between medical faculty and hospital can be diminished markedly. The situation at Hopkins very adequately demonstrates this statement. Such reorganization has done wonders to eliminate the conflict between the medical faculty and the hospital administration, by making the medical faculty administratively responsible and by having them involved (by establishing decentralization with the physicians in charge of the decentralized units). Alternatively, if administrators are to be primarily responsible for the hospital, then they must consider themselves as members of the team and carry out the decisions made by an administrative board made up of physicians.

Research manpower and biomedical research does need to be monitored for information and advisory purposes. The type of information that will be needed is difficult to obtain. One immediate thought is that we need individuals who work in research solely for the purpose of performing the research and not necessarily for teaching others in research techniques and philosophy. We also need a certain amount of biomedical research and manpower whose goal is to spend at least part of the time in teaching research techniques and philosophy. Such individuals are more apt to be in medical schools, and their time would be divided between doing research itself and teaching research methodology and concepts to medical students and house staff (the component of research discussed by the Sprague Committee). People doing primarily research for the sake of accumulating knowledge do not need to be in medical schools and can serve in Foundations. There are many branching aspects
related to these very over-simplified statements which need to be discussed and considered in determining the type of data to be collected.

I hope the time it took to read this letter was worthwhile. In a letter, it is most difficult to be explicit on general topics. Hopefully, the thoughts presented have stimulated other thoughts and approaches.

Best wishes for the New Year.

Sincerely,

Robert M. Blizzard, M.D.  
Professor & Chairman

RMB:mc  
Enclosure
# A Profile of Two Health Systems

<table>
<thead>
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<th></th>
<th><strong>SWEDEN</strong></th>
<th><strong>UNITED STATES</strong></th>
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<td>(Women)</td>
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I have your year-end request for comments regarding the several questions which you raise relevant to the affairs of the CAS and the AAMC.

a) As long as a significant proportion of the population does not have relatively easy access to the services of a physician, there is a physician shortage. It is equally true that simply increasing medical school enrollment will not ease this shortage. The problem is one of maldistribution of available medical manpower and its suboptimal utilization.

Since medical schools are not political instruments of the state, and hopefully will not become such, there is little they can (or should) do about the geographical, social and even specialty distribution of their graduates. For medical schools to accept funds intended to remedy the problem of physician maldistribution implies that they do indeed have substantive control over these matters. Such an action can only lead to a loss in our credibility and the further disappointment and frustration of the public and its representatives.

I believe that the most sensible solution to the maldistribution dilemma is a reward system to the physician which will "pull" him into underserved areas rather than a reward system to the schools intended to "push" him there. The latter scheme, although it may be favored by the AAMC because it promises additional funds, will not be dramatically effective in our presently constituted society and may ultimately do medical schools more harm than good.

b) What then is the argument, if any, for federal support of medical education? In the case of private schools it is a relatively simple and direct one: without such support they will have to close their doors at a time when we cannot afford a reduction in the production of physicians. Publicly supported schools pause somewhat more of a problem, and, frankly, I can't come up with
anything better than the traditional argument which, incidentally, is eminently valid and should be compelling. While it could be argued that if, in the light of revenue sharing and other programs favored by the current administration, a state wishes to spend its resources on things other than its university medical school(s), this is its own affair and its people must suffer the consequences since they elected their state government. Clearly, however, the public health is not solely a local problem which, like starvation, polio, cholera or cancer, cannot be moralized away.

c) I strongly endorse the recent position of the Senate-House Conference Committee that investigator initiated research must again become the principal funding device of the NIH with a reduced emphasis on the contract instrument. The members of the Committee singled out the cancer program as a case in point calling attention to the fact that the omniscient wisdom of NCI administrators in waging their war on cancer may not be infallible.

d) I have no comments or suggestions regarding topics for discussion of Faculty - Hospital interactions. This simply reflects my ignorance of the problem.

e) The matter of manpower surveys is a complex one if only because there are so many of them. I believe that the initial effort of the AAMC, if one is to be made at all, should be a feasibility study designed to determine whether existing data banks can be merged or coordinated, what new instruments, if any, need to be established and to formulate recommendations or a plan for a suitable, national, long range information gathering service. I would be very hesitant to request funds and make initial commitments for anything more than that.

With all good wishes for the New Year,

Yours most sincerely,

Ernst Knobil
The Richard Beatty Mellon
Professor of Physiology and
Chairman of the Department

EK/pk

cc: Dr. Swanson
January 7, 1974

Dr. Ronald W. Estabrook
Chairman, Biochemistry Department
Southwestern Medical School
5323 Harry Hines Boulevard
Dallas, Texas 75235

Dear Dr. Estabrook:

Thank you for your letter of December 24 related to the activities of the Administrative Board of the Council of Academic Societies of the AAMC.

Of greatest concern to me and to all other clinical faculty in "teaching hospitals" is what will be done in the coming six months concerning Section 227 of Public Law 92-603, the Social Security Amendments. The patients are given equivalent supervision of their care by an attending physician in a so-called teaching hospital to that which they would get if they were under the care of a private physician in a community hospital (this is where most of us also teach medical students and house staff). The same fee-for-service compensation should be available. Any other posture is clearly discriminatory and will be retrogressive in that it will force us to set up two classes of care. On the other hand, if the Social Security administration refuses to accept this position and hews to the line of cost reimbursement instead of fee for service, then in these costs there should be included not only the salaries of the attending physicians but the costs of departmental secretaries, business managers, and accountants and their secretaries; rent on office space and all the other costs that a physician in practice would have as well as the overhead that the University provides and which is recognized in the overhead allowances of NIH grants. If all of these costs are included, it is likely that, at least for Internal Medicine, the return to the Department would be the same as on a fee-for-service basis. However, I still think that whether a doctor is practicing in a teaching setting or in a community hospital his services should be recompensed in the same way as long as it is the same type of service and that this is the only fair way to go.

You asked about my opinion concerning categorical research programs such as diabetes, liver disease, gastrointestinal research, etc. My position is as follows: I do not believe that it should be in the purview of Congress to set these priorities. It is justified for one of the NIH councils to designate an area where more research is needed and more research should be stimulated and the Council might approach Congress for such support; but Congress cannot possibly have the scientific background to make these judgements accurately and intelligently. It is an invitation for pressure groups to ride their particular hobbies. I am against further fragmentation of the NIH to support these types of special efforts unless a council of the NIH, after due deliberation, indicates that there is a need.
Concerning the Cancer Act, unfortunately I do not know it in sufficient detail to comment very intelligently. I do feel that basic research in growth, reproduction, cell division, immunologic mechanisms, etc., must be supported adequately or the clinical programs will fail. We don't know enough about the basic mechanisms of cancer yet to warrant running a tremendous campaign at the clinical level. There should be a union of basic and clinical research programs. I am not at all sure that the centers as they are presently conceived will have the desired effect.

I feel that we should support the research training program that has passed Congress since I don't think it is likely that a better bill will be approved at present. I do not know enough about the companion Ethics Bill, particularly in regard to research in Pediatrics, to make any intelligent comment.

I think that the director of the NIH should have authority over all the institutes, including cancer, but that the budget for each of the institutes should be line items as submitted to, and finally passed by, Congress and that these line item amounts should be results of careful planning by the directors of the various institutes in consultation with the NIH director. I strongly favor continuing the present peer review system of study sections and councils. It has been by far the best system ever devised for the purpose of reviewing and approving all varieties of grants. The NIH executives and scientists could not possibly give as broad and unbiased review. The councils of the institutes should be the place where priorities are set and where long range planning for various programs is made. I am distressed by the substitution of contracts which are not subject to peer review for research projects which are subject to peer review. I haven't noticed that the contracts and the control of them which the NIH exercises have stamped out any specific disease yet. Obviously there are some areas where this kind of program is applicable. It is only through the mechanism of the lipoprotein research centers that the epidemiologic data on prevention of atherosclerosis by dietary and drug intervention can be obtained. So I cannot state dogmatic opposition to all such contract mechanisms. However, I think the NIH has gone too deeply into this field at the expense of the categorical research project.

With all good wishes for a very successful New Year.

Very sincerely yours,

Richard W. Vilter, M.D.
Director
Department of Internal Medicine

RWV:ahb
Thank you for the report on the retreat of the AAMC officers. It would appear that we have our work cut out for us if we only tackle a few of the many pressing issues. I will attempt to reply to the questions you posed in your December 19 letter where I may have something to contribute.

a) Is there really a physician shortage? If we use physician to population base and look at the rest of the developed world, we can only conclude that the ratio of physician to population in the United States currently is about average. I am enclosing part of a report from a committee I chaired at the University of Washington which gives figures but would ask you to keep the material in strict confidence and not quote from the report itself but the reference given. With the physicians already in the pipeline, we will rise quickly to the upper level of ratios, not counting the tremendous influx of the foreign medical graduate. Hence, my position and that of the Association of Orthopaedic Chairmen, and I believe most of the orthopaedic world, would be that there is not, in fact, a doctor shortage. An argument to legislators and social planners, who seem to think all the problems can be answered by an increased number of doctors, is to remind them that the more doctors the more health care delivered and the greater the expense. If health care, indeed, comes under a comprehensive health care program, the old checks and balances will not be there, and new ones will have to be instituted. For this reason, your second question on capitation is answered, for capitation should not be tied to increased enrollment. This was useful in the past but not necessary today.
Solving both the geographic and specialty distribution problems is complex. It is unlikely that an individual can obtain a satisfying career in deprived areas which include the inner city, the rural areas, and the geographically undesirable places to live, particularly if we select students who either are or have become urbanized and who are highly scientifically oriented. Such individuals are going to want to congregate where they have intellectual stimulation and all the technology that science can provide. The only solution I can see to this problem is to bring individuals from the more undesirable social and geographic areas into our medical schools and make a positive effort to see that they are not dislocated for any periods of time from their cultural or geographic areas. A more positive step, I believe, must come through making it financially attractive to practice in the undesirable areas and specialties. I believe a loan forgiveness program to be an excellent step in this direction.

Second, I believe that all students graduating from medical school should become a part of a medical corps and serve for a specified period of time in a type of public health service. Doctors are now used to the draft concept where all served for two years, and an extension of this would be to provide care for the underprivileged and would be relatively well received. While only a small percentage of individuals going to the underprivileged areas would remain there, a small percentage is better than none; and I believe the state of Alaska's experience with the public health doctors would indicate that a high percentage of the practicing physicians in the state did, in fact, get their first introduction to the area while assigned there by the public health service.

Another method of encouraging doctors to voluntarily go to the more undesirable areas is through a sliding fee schedule. If, in the overpopulated areas, the government carriers paid 80% on the relative value scale, 100% in a standard area, 120% in a deprived area, I believe a number of people could be encouraged to enter the more deprived areas. Finally, I believe there is little question that government sponsored programs to provide fellowships for trainees have proven to be effective in increasing the number of individuals being trained in any hospital or medical school. Some form of control must be instigated so that hospitals do not plan a residency education around their service requirements but around a larger, national need. I think the LCGME is going to have to take the leadership in advising on this point.

b) The arguments that support the need for a federal role in medical education are only that it is extremely expensive and in one way or another this expense will be passed on to the consumer as higher costs of medical care unless it is absorbed from the general tax. It might also be pointed out that despite high costs already, the doctors of this country
subsidize medical education to a tremendous degree by their voluntary efforts as clinical teachers; and if this support were ever withdrawn, the cost of medical education would be even higher. Quite frankly, I personally am not satisfied with just turning tax revenue, whether it is state or federal, over to medical schools because of rising costs and would prefer to see some type of program instituted that would allow the student to buy a quality education without the subterfuges that have been used in the past of obtaining money through research activities, capitation, etc.

c) I do not feel qualified to comment on the Cancer Bill at this time.

d) The COTH may wish to discuss a topic such as "the responsibility of the medical school faculty (or basic science faculty) in the continuum of the education of the M.D." Another topic could be "the clinical faculty's responsibility in the basic science teaching program." Third, "the reorganization of the medical school along categorical lines" should be very provocative.

After seeing the problems presented by our current organizational structure for medical schools, I am quite convinced that anything that can be done to abolish the schism between the private practitioner in the teaching hospital and the full-time faculty, and between the full-time faculty in the clinical and the basic science departments, is in the best interest of the entire educational process. The best thing that I have seen happen is a forced marriage as was done in our new curriculum where basic scientists, full-time faculty, and the part-time faculty were forced together to organize and teach the musculoskeletal core. The spinoff has been clinicians teaching more in the basic science areas and the basic scientists taking more responsibility in the clinical areas, particularly the resident teaching. This has had a salutary effect in that I believe now each group can see the advantages of their own situation and the disadvantages of the other. At present, the only major problem is an economic one with the basic science faculty getting paid less than the full-time faculty and the full-time faculty considerably less than the clinical faculty, which as long as it exists will create problems in working together.

I hope these ramblings will be of some assistance to you. I shall continue to think of the questions posed and discuss them with others, and if different viewpoints or new ideas come forth will send them on to you.

Most sincerely,

D. Kay Clawson, M.D.
Professor and Chairman

DKC:klm
Dear Ron:

I am replying to your letter of December 19, somewhat belatedly. I'm afraid because I was away for the holidays. The following are my feelings about some of your questions from a mind in many cases uncluttered with facts.

a) 1. Probably not within 5 years if F.M.G.'s are considered. I think they should be limited, however.

   2. Enrollment can be increased in further response to capitation only if F.M.G.'s are limited. Mr. Rogers should be pressed on this.

   3. Loan forgiveness (if large amounts accumulated) for service.

b) There are no better arguments. Personally, I think the federal role can be reduced and the student's responsibility increased—see my article to be published in NEJM, January 17.

c) Bring it back under NIH control and tone down the "moonshot" rhetoric.

d) 1. Quality of care--i.e. PSRO, etc.--the faculties will resist.

   2. Should some of house staff salaries come from faculty patient care incomes.

   3. Limitation of specialty and subspecialty training programs to national need or local need projections versus what the academic care system requires and political power of the departments can capture.
e) My feelings coincide with the Seattle report.

I'll see you again soon.

Kindest personal regards,

David R. Challoner

David R. Challoner, M.D.
Visiting Scholar
Dr. Ronald W. Estabrook  
Department of Biochemistry  
Southwestern Medical School  
5323 Harry Hines Boulevard  
Dallas, Texas 75235

Dear Ron:

January 8, 1974

I have your year-end request for comments regarding the several questions which you raise relevant to the affairs of the CAS and the AAMC.

a) As long as a significant proportion of the population does not have relatively easy access to the services of a physician, there is a physician shortage. It is equally true that simply increasing medical school enrollment will not ease this shortage. The problem is one of maldistribution of available medical manpower and its suboptimal utilization.

Since medical schools are not political instruments of the state, and hopefully will not become such, there is little they can (or should) do about the geographical, social and even specialty distribution of their graduates. For medical schools to accept funds intended to remedy the problem of physician maldistribution implies that they do indeed have substantive control over these matters. Such an action can only lead to a loss in our credibility and the further disappointment and frustration of the public and its representatives.

I believe that the most sensible solution to the maldistribution dilemma is a reward system to the physician which will "pull" him into underserved areas rather than a reward system to the schools intended to "push" him there. The latter scheme, although it may be favored by the AAMC because it promises additional funds, will not be dramatically effective in our presently constituted society and may ultimately do medical schools more harm than good.

b) What then is the argument, if any, for federal support of medical education? In the case of private schools it is a relatively simple and direct one: without such support they will have to close their doors at a time when we cannot afford a reduction in the production of physicians. Publicly supported schools pause somewhat more of a problem, and, frankly, I can't come up with
anything better than the traditional argument which, incidentally, is eminently valid and should be compelling. While it could be argued that if, in the light of revenue sharing and other programs favored by the current administration, a state wishes to spend its resources on things other than its university medical school(s), this is its own affair and its people must suffer the consequences since they elected their state government. Clearly, however, the public health is not solely a local problem which, like starvation, polio, cholera or cancer, cannot be moralized away.

c) I strongly endorse the recent position of the Senate-House Conference Committee that investigator initiated research must again become the principal funding device of the NIH with a reduced emphasis on the contract instrument. The members of the Committee singled out the cancer program as a case in point calling attention to the fact that the omniscient wisdom of NCI administrators in waging their war on cancer may not be infallible.

d) I have no comments or suggestions regarding topics for discussion of Faculty - Hospital interactions. This simply reflects my ignorance of the problem.

e) The matter of manpower surveys is a complex one if only because there are so many of them. I believe that the initial effort of the AAMC, if one is to be made at all, should be a feasibility study designed to determine whether existing data banks can be merged or coordinated, what new instruments, if any, need to be established and to formulate recommendations or a plan for a suitable, national, long range information gathering service. I would be very hesitant to request funds and make initial commitments for anything more than that.

With all good wishes for the New Year,

Yours most sincerely,

Ernst Knobil
The Richard Beatty Mellon
Professor of Physiology and
Chairman of the Department

EK/pk
cc: Dr. Swanson
Dear Ron:

I have given considerable thought to your letter of December 19th wherein you have asked me to respond to some of the major issues confronting medical schools in this country.

Obviously I cannot support some of my opinions with hard data but will react in a visceral way to some of your inquiries and you can take them for what they are worth.

The question as to whether or not there is a physician shortage is, of course, controversial. However, I feel quite strongly that we are pursuing a course which is going to overcorrect and that there will be a surfeit of physicians in the years ahead.

The growing number of schools, the increased enrollment, the abbreviated courses, the burgeoning of allied health professionals, the influx of foreign medical graduates, the development of nurse-practitioners and the large number of students enrolled in pre-medical education at the undergraduate level lead me to conclude that the market will be glutted within the next decade. Furthermore, unless we are able to develop a strong regulatory mechanism (which would be viewed by some as very un-American), this plethora will not correct the distribution problem but invite pernicious practices among the professionals.

I am increasingly supportive of the concept of a quasi-governmental agency being needed, such as the Interstate Commerce Commission, the Federal Communications Commission, etc. to cope with problems presented by the health care delivery system and the likelihood of the profession being able to deal effectively with the issue is extremely remote. Furthermore, any therapeutic efforts must, in my view, be linked to some plan for putting a lid on the "fee for service" approach to physician reimbursement.
The question of a federal role in the support of medical education is one on which I am really quite ambivalent. On the one hand, I feel strongly that students should go it alone, that they are better men and women for having made the effort and the old idea that the world owes me a living should be abandoned. However, this does not seem to be very significant particularly at a time when the country is anxious to have various minority groups enrolled in greater numbers and whom we know are financially disadvantaged. Hopefully, we can strike a middle of the road position where medical school support is derived from several different sources which would tend to insure the necessary freedom with respect to choice of student, curriculum content, and research goals. Perhaps in the months ahead as I have the opportunity to think about this a bit more intently, my ideas will be clarified. One thing I am sure is certain and that is the medical schools can't have it both ways - that is to say, they can't expect complete federal support on the one hand and do business as usual on the other. If there ever was a place for the old addage, "he who pays the piper calls the tune", it is in this particular question.

In regard to the Cancer Bill, which is up for renewal on June 30th, I don't have any substantive recommendations about changing the legislation. I am aware of the objections the biomedical community has concerning the implementation of current legislation. However, I feel certain that these criticisms are being answered at the present time. The initial imbalance between contracts and grants is being corrected and I, for one, think that a certain proportion of contract work is not only necessary but desirable.

The most fundamental problem is whether or not the "moonshot" approach to solving the cancer problem is feasible or not can be debated ad infinitum. In my view, if it was not cancer it would be something else and I do believe that in the course of time there will be sufficient spin-off and support of the most basic aspects of cell biology to put to rest the anxieties of the most basic scientific investigator. Whether this is creating meaningful inequities at NIH or not, depends on one's point of view. For my part, I take the position there will be no lasting harm done to the shifting emphasis since this kind of modus operandi has been in force at the NIH for the past many years.

Concerning topics dealing with a medical school faculty and teaching hospital relationship, I might make the following comments:

One of the considerations that I have never heard thoroughly discussed is the advantages and/or disadvantages of medical school ownership of teaching hospitals. This may have been thoroughly aired some time in the past, but I am not aware of it and have the idea that where medical schools do not own the hospital, greater problems may be expected to exist.
For years hospitals were viewed by universities as financial liabilities but this does not seem to be the case now. As a matter of fact, the situation as I know it, is quite the reverse. Many hospitals are doing very well financially and medical schools are in a sorry state.

Another area that might be appropriate for discussion calls for a certain amount of prognostication with respect to the relationship between these two entities. For instance, do the medical school faculties and the teaching hospitals intend to work in harmony when it comes to "regionalization" of health resources. It is my contention that tomorrow's university hospital should be highly specialized, tertiary care, perhaps organ oriented, with a dissolution of departmental barriers and that much of the secondary and primary care should be provided in the peripheral portion of the regional network. The implications of this for the medical school are profound and it is likely that a greater amount of undergraduate education, as well as graduate education, would be relegated to areas outside of the traditional medical school - hospital complex. Of course, some of this is already taking place but it might be of interest to hear from both sides of the issue, thoroughly and openly discussed by zealots from both camps.

Along this same line, I might strike a philosophical note and say that I don't think the inefficiencies and increased costs in most of the teaching hospitals can be excused by the presence of educational programs. Undoubtedly, educational and research endeavors carried out by medical school faculties in teaching hospital settings contribute somewhat to inefficient and costly operation, but I am more inclined to think that they are no longer the scapegoat for the pragmatist. I am of the opinion that both medical school faculties and teaching hospitals are going to have to put a stop to the "amateur hour" aura that has prevailed over the past many years and begin to instill a certain professionalism into this joint undertaking.

Lastly, I don't have any good thoughts about funding a major effort in monitoring biomedical research manpower. I suppose part of my problem is that I find it very difficult to quantify any kind of research activity but I am very comfortable in qualifying research activity. With further thought, I may have more ideas at a later date.

My apologies for the delay in replying to your letter. Hopefully, the above comments can be of help to you in your job as Chairman of the Council of Academic Societies.

My very best wishes for the new year and I really look forward to our association in the months ahead.

Sincerely yours,

J. W. Cole, M.D.
Dear Ron:

The questions you raise in your letter of December 19 unfortunately have no easy answers. Moreover, many of the answers to these questions must be based on opinions because facts are not available. However, let me give your questions an abbreviated try.

Question a: I don't believe there is any physician shortage but there is clearly maldistribution both geographically and in terms of specialties. For this reason, it makes little sense to tie capitation to increased enrollment. If anything, schools should receive bonuses if they turn out primary care physicians and have such physicians settle in areas of need. Unfortunately, I know of no way in which this can be enforced except by greater Government regulation. In the United Kingdom, for example, many fewer individuals opt for a specialty because the Government which allocates all consultants' jobs simply does not create any new positions unless there are shortage areas. By the same device, they control the site where individuals will settle. They have not yet controlled the location of G.P.'s and for this reason there is still a maldistribution of general practitioners in the United Kingdom. Incentives such as money, etc., have not worked. In summary, I don't think we will be able to solve this problem in a free society under the present guidelines.

Question b: While the argument that physicians are a national resource is probably still the best argument, I think the best way to approach this Administration is to point out simply that medical education is too expensive for either the universities or the individuals to assume the fiscal responsibility. In the very near future, the IOM study on the cost of educating health professionals, including medical students, will be available. The AAMC's own cost study has been published recently. If the country wants doctors and wants them to be well trained and competent, they are simply going to have to pay for it. And there is no agency other than the Federal Government which is rich enough to assume the burden. In a sense it is somewhat like the SST. Although the plane was likely to benefit private
enterprise, there was simply not enough money for private enterprise to finance it. Moreover, there is ample precedent that in many societies the State assumes the responsibility for medical education. If the Administration can look at the cost studies and come up with an alternative solution, we should certainly listen.

Question c: Put simply, I should like to see the NCI put back into the NIH. It should not enjoy the extraordinary status it does nor is there, in my view, reason for the Cancer Board. The separate status of the NCI has resulted in many abuses and in much wasted money. Moreover, despite protestations to the contrary, the growth of the cancer research effort has clearly been at the expense of research in other equally important areas. Finally, the NCI has abused the directed research mechanism more than any other granting agency. This does not mean that we should take the tack that the money for cancer research should be cut. I would simply suggest that there is nothing unique about cancer research and that some balance should be restored to the entire research enterprise.

Question d: There are many areas that plague the teaching hospital. Many suffer from a decreasing census; what can be done to improve this? How can the productivity of the faculty be increased? What subsidy should the teaching hospital receive from the medical school in order to fulfill its mission? What proportion of housestaff costs should be passed on to patients? Should the role of nursing services and other allied health professions be different in teaching hospitals as opposed to community hospitals? How much support should the hospital provide to the faculty as opposed to the medical school in areas in which the faculty renders important clinical service? Conversely, should the faculty who often derives a significant segment of its income from practicing in a hospital, pay a certain part of its income to the hospital? As you can see, these are only questions which need to be addressed. I wish I knew the answers.

Question e: Before we can monitor research manpower, we have to establish certain norms. In the case of medical schools, this means determining how much research is appropriate both in basic science and in clinical departments. We also need to determine the needs of industry and other agencies that use the products of our training programs. The IOM cost study attempted to establish such norms with respect to health professional schools. In other words, they did make some arbitrary decisions as to how much research was necessary for the teaching process. On the basis of budget estimates, one could make a guess as to what the needs are to maintain the research enterprise per se. Certainly, the monitoring of research manpower is a mammoth enterprise which will require much manpower and support in addition to a good deal of thought. Before embarking on this enterprise, it seems important to find out whether the Government feels that there is the need for a body to monitor research manpower. In other words, we must be sure that whatever we create has credibility.
I know these answers will only scratch the surface of your questions, but I hope they will be of some use. I know you will find your year as Chairman of the CAS challenging and enjoyable.

Best wishes for a Happy New Year,

Robert G. Petersdorf, M.D.
Professor and Chairman
February 6, 1974

Dear Ron:

I am responding to your letter concerning substantive issues faced by the Council of Academic Societies of the AAMC as discussed in your letter of December 24.

1. Further fragmentation of the NIH support structure to include categorical research programs in various disease areas will be unfortunate for the following reasons:

   a. Such categorical programs will probably come at the expense of existing programs as you point out.

   b. This continues the erosion of the study section system. The experience of those who have gone on site visits for such categorical programs is that the special study sections are too broad to give a good specific review of a particular proposal. Moreover, it is alleged that the programs in a number of areas are under the control of scientists in a particular area who then disperse the funds according to their own personal predilection.

      I firmly believe that the study section system should be retained as the basic mechanism for dispersal of grant monies and that we should work for an improvement in that system rather than replacing it haphazardly with others. I believe that there are a number of study sections which could take care of research programs in categorical areas such as diabetes, liver disease, gastrointestinal research, etc.

2. The present Cancer Act was a political compromise as well as a compromise between honestly different views. Attention should now be given to making it a workable document. In particular, the administrative chain of responsibility should be clarified.

   As I understand it, communication with the Office of the President is haphazard and nonrealistic.
Who is going to deal knowledgably with this program? It is time to develop a coherent long-term program. It should include:

a. A strong reliance on research grants. I believe that every effort should be made to contain attempts to "administer" or dictate research programs from Washington. Along these lines I believe that strong efforts to restrict awarding of contracts would be highly desirable. The subjective views held by individuals administering the programs are I think a danger to the independent tradition of science of the United States.

3. The present research training programs have problems but none of the alternatives solve those difficulties. Most of the argument centers around whether the government should pay for training. This is a legitimate issue especially when clinical training is involved. However in Basic Science areas, where the salaries commanded by the recipients of training programs are very low, that issue is not a strong one. What is more important is the orderly development of quality science. I would like to support the thesis that the research training programs have not always been administered under this principle in many departments that have weak training programs all too frequently have large training programs and just as serious, areas of Basic Science where there is little current vigorous research activity get training programs in the same way as areas which are highly competitive. For these reasons I support a national fellowship system administered by fellowship panels. The fellows can then select the best institution and laboratory for their training. Even though this mechanism is somewhat cumbersome in my opinion it is the best means for dealing with this problem. I would attempt to modify the applications and review procedures so as to eliminate categorization into narrow research areas.

I think the current effort to pass an ethics bill will have a strong pejorative influence on medical research not only just in pediatrics but in the developing field of human biology. Perhaps the best entree to the study of various human genetics diseases is through the embryo and the fetus. Elimination of this source of experimental material will greatly impede the research. This is perhaps the most serious threat on the limitation of new horizons in clinical research. In my opinion there is little of a moralistic nature to support these arbitrary views. There are already extensive control on the use of human material. Protocols are seriously reviewed in all first rate institutions.

4. NIH hearings

A. I believe that the attempt to categorize basic science research under the categorical institutes is not successful. There are too many instances where the basic research is relevant to all or many of the institutes. This has led to unnecessary fragmentatio
and competition between programs. There should be a pool of funds which is not restricted to categorical research under the auspices of any categorical program. Alternatively, the various institutes should pool resources for such research.

Of course, I support the peer review system but I do believe that the current group set up for peer review according to the established disciplines do not reflect the current of future research interests. Thus, priorities among the various peer review groups do not necessarily reflect a scientific quality based on a constant standard. Thus, attempts to modify the peer review system could fruitfully base on establishing appropriate research areas. Long range planning of programs should in my opinion also employ distinguished and most original investigators. Means of establishing priorities should utilize specifically designated planning panels and also the constituted peer review groups. I believe that one of the faults of the current NIH structure is that the evaluation of programs is rarely performed seriously and furthermore, that the bureaucratic system makes it very difficult for changes to be made. In order for the former to be successful, this problem must be dealt with.

I hope that the above comments have been of some value. I look forward to seeing you at the CAS meetings in the spring. I wish you a happy 1974.

Sincerely,

William J. Rutter
Professor and Chairman

WJR/def
encl.
Regulation of Human Experimentation

The scientific community should view with caution the current drive to set up government regulation of the use of human subjects in research (Science, 19 October, p. 265). Too often, in too many countries, authorities, in the name of some worthy cause or another, have imposed restrictions on the freedom of inquiry.

Serious abuses of free inquiry have undeniably occurred. As one example, researchers studying syphilis among poor blacks in Tuskegee, Alabama, allowed the disease to run its course so they could complete their investigation of its long-term effects. Such abuses involve only a tiny minority of investigators. Nevertheless, the transgressors are researchers, and a lay person can hardly distinguish between them and the overwhelming majority of ethical scientists.

The abuses have not gone unnoticed. Hearings, held first by Senator Walter Mondale, and more recently by Senator Edward Kennedy, have focused the attention of Congress, the Department of Health, Education, and Welfare, the media, and the public on these problems. The World Health Organization and HEW have formulated a variety of regulations, including creation of ethical review boards that could withhold prior approval of research involving human experimentation and could sanction violators. A tough regulatory bill drafted by Kennedy's staff and approved by the Senate, but not yet by the House, hangs over us (Science, 19 October, p. 265).

The scientific community should not delay setting up its own ethical standards and regulatory mechanisms for dealing with possible abuse of human subjects. The reasons are compelling. First, subjects do need protection, and if scientists can agree together to provide it, it can be done in ways that will not unduly bureaucratize or hobble science. Second, government regulations are aimed chiefly at "federally funded programs"; persons serving as subjects in other research—especially that funded by drug manufacturers—need protection at least as badly. Third, concern with the humanitarian aspect of scientific work should not have to be imposed on researchers. Researchers should express their commitment to solving this problem by voluntarily providing effective mechanisms for dealing with it.

The first rung of such a voluntary review ladder should be local human-subject review committees composed of scientists; persons from other academic disciplines, such as humanities, law, theology; and some representatives of the subject populations. The next rung should be constituted of regional appeal boards. The highest should be a nationwide board, with the same composition as the local ones but involving persons of national stature, to evolve review standards and clarify generic questions.

A project passed upon would be issued a certificate of approval. One would expect that the various government agencies, as well as foundations, would be quick to agree not to support unapproved studies. Prisons, schools, mental hospitals, and other institutions that have captive or underage populations would not allow unapproved researchers access to their populations. Authorities of such institutions would thus be back up standards formulated by the scientific community, rather than set standards themselves. The few investigators who would continue to conduct unapproved research would soon find themselves cut off from the scientific community and from sources of reputation and legitimation and their work branded as unethical. If the scientific community does not act, government regulations will and should follow.—AMITAI ETZIONI, Professor of Sociology, Columbia University, and Director, Center for Policy Research, Inc., 475 Riverside Drive, New York 10027

Dear Ron:

I am writing to explain the apparent lapse in answering your letter with questions concerning the CAS and AAMC posture on current problems.

As one of the CAS representatives of the ACDP, I have been polling the membership via a questionnaire, concerning the questions you have raised; when a reasonable number of replies are in hand, I will summarize the opinions of the membership of ACDP, and forward the results to you. Some good opinions are coming in. I will try to have the summary in your hands by March 1.

Yours sincerely,

Ewald E. Selkurt
Professor and Chairman

EES:ah
Dr. Ronald W. Estabrook  
Chairman, Administrative Board  
Council of Academic Societies  
Department of Biochemistry  
Southwestern Medical School  
Dallas, Texas 75235

Dear Dr. Estabrook:

This is in response to your request for opinions on several questions which you listed in your letter. I have in turn distributed these questions to 23 local members of the American Physiological Society and have received 8 responses. The opinions set forth below represent an attempt to synthesize the replies which I received, perhaps slanted somewhat by my own bias.

A. The general opinion is that special programs should be limited. They should not be set up to fund projects that legislators think to be important, and that they be developed only after consultation with scientists.

B. Most physiologists seem surprisingly poorly informed about the Cancer Act. Perhaps this is because very few physiologists participate in cancer research. However, those who are informed feel that the Cancer Institute should not be in a special category, but should be on an equal basis with other institutes. Certainly no one is opposed to cancer research, but it is a question of how large an amount of funds can be efficiently and effectively directed towards cancer research at the present time.

C. Roger's bill appears to be basically sounder than the Kennedy's. National Research Service Awards are basically sound, but probably not ideal. Institutional support is preferable. Perhaps the case for such training grant support could be made stronger if it were limited to basic science departments rather than including clinical departments from which the trainees will tend to enter into lucrative private practices. It is felt that clinical departments have perhaps been responsible for giving the training grant program a black eye.

D. It seems that everyone with any opinion at all strongly supports peer review. There should be less political and more peer input in the planning of programs and in establishing priorities. The balance of programs should not be determined by panic related to special diseases. Perhaps Senator Ribicoff's committee could direct its
attention to long range planning policies, and to the possibility that health research by agencies such as the AEC, EPA, NIOSH, Food and Drug Administration, etc., should come under the NIH purview or at least that the programs of these various agencies be suitably coordinated.

I think the above is a fair summary of how at least some physiologists feel about the questions which you have raised. I could discuss each question in greater detail, but I really do not think it would be sufficiently helpful to you in synthesizing your own opinion.

Sincerely,

A. B. Otis
Professor and Chairman

ABO: jl
AAMC/AADS/NLM EDUCATIONAL MATERIALS PROJECT

This project was developed during 1973 under a contract with the National Library of Medicine which permitted the establishment of a Division of Educational Resources within the Department of Academic Affairs of the AAMC. It is directed by William G. Cooper, Ph.D. and a staff based in both Washington, D.C. and Atlanta, Georgia.

The Advisory Committee for this Project is comprised of representatives of the academic communities of medicine and dentistry along with staff members of the National Library of Medicine, Health Resources Administration, Veterans Administration and the Armed Services. This group meets on a quarterly basis and provides guidance to staff directed toward the achievement of the project objectives.

The five basic programs to which this effort is dedicated includes: the development of a system for the appraisal of educational materials in non-traditional formats (audiovisual, computer-based instruction, simulations, etc.); the development and implementation of a clearinghouse system for these materials (AVLINE); the establishment of a needs assessment plan and prioritization for the production of new materials; a review of the problems and potential solutions related to the distribution and retrieval of these materials by students and faculties; and
other areas of mutual concern regarding the use of educational technology in health science education.

One of the initial tasks undertaken was that of surveying the medical and dental school faculties in an attempt to ascertain what these individuals have identified as effective educational materials (either self-instructional or lecture support in format), whether they could be made available for peer review and whether they might be available for use by other institutions. The survey instrument was distributed by three pathways the latest one being as an insert for the February, 1974 issue of AAMC Education News which is currently mailed directly to 34,000 full-time members of medical school faculties.

The responses to these queries plus those obtained by the American Association of Dental Schools (AADS) and those already identified by professional groups and the National Medical Audiovisual Center (NMAC) provided a list of items that could be subjected to national peer review panels. The guidelines and check lists used to appraise these materials with regard to their information or content quality, instructional design and technical quality will be published separately in the near future.

Up to the present time six interdisciplinary panels have convened to review and assess educational materials (predominately audiovisuals) in anatomy, ophthalmology, neurosciences,
cardiovascular system, oral pathology and operative/restorative dentistry. The results of these reviews will be reported at a later date.

The items that are judged to be effective will be included in the National Medical Library's data base designated as "AVLINE" which will be available in a format similar to the MEDLINE system. It is anticipated that this data base will be available on a restricted test-mode basis by the summer of 1974 and on a wider systems basis by January, 1975.

It is important to note that members of the constituency (user population) have been involved in the development of the format for this clearinghouse system. The process of adding to and up-dating the AVLINE data base will be an ongoing process as we continue to seek to identify, evaluate and make available for use those educational materials that have been proven to be effective in medical and dental education.

The design, funding and production of new materials, the problems of distribution and retrieval of existing and new materials, the unique or similar characteristics of managing other formats of educational materials (test items, CAI, simulations, etc.) plus the important issues of need for faculty development in, and institutional support for, the utilization of these new forms of educational technology will continue to be major issues of concern for all of us.
THE SETTING OF AAMC PRIORITIES

At the December Executive Council and COD Administrative Board meetings, the process of setting priorities for Association activities was questioned. It was agreed that this would be an agenda item at the March meetings. Of particular concern was the fact that the Report of the Retreat was handed out at the December meetings, and that the Councils were asked to vote on the recommended priorities without any advance consideration.

In recent years, the setting of priorities, or more accurately, the establishment of objectives, has been accomplished by a two-day Officers' Retreat. This conference is attended by the Chairman and Chairman-Elect of the AAMC and each of its constituent Councils, the OSR Chairperson, and the Executive Staff. The agenda is developed by the AAMC Chairman, President and staff in the 2 - 3 weeks immediately following the Annual Meeting. Because the first meeting of the Executive Council is usually held within 4 - 6 weeks after the Annual Meeting, the Executive Council agenda is printed and mailed prior to the Retreat. In 1973, the Retreat was actually held only one week prior to the Executive Council meeting.

The AAMC Bylaws require that "the annual meeting of the Executive Council shall be held within eight (8) weeks after the annual meeting of the Assembly..." Since the Annual Meeting usually falls during the first two weeks of November, and since the Christmas holidays prevent meetings toward the end of December, this eight week time frame is condensed to 4 - 6 weeks.

The Retreat Mechanism

Meeting in a retreat setting for a two-day conference seems to foster closer communications among the participants, particularly during informal discussions. The retreats have generally been successful in providing a total orientation to the Association's activities and, more specifically, to the types of issues which the AAMC must face in meeting the demands of its membership.

RECOMMENDATION: That the AAMC continue the procedure of holding a retreat for the purpose of establishing goals and priorities.

Developing the Retreat Agenda

Historically, the agenda for the retreat has been developed by the staff in conjunction with the Chairman. This has been due, in part, to the severe time constraint of writing, printing and mailing the agenda within 2 - 3 weeks after the Annual Meeting. On one occasion (1971), the Executive Council directed the retreat to consider a specific issue and present a recommendation to the Council.
Increased Executive Council input into developing the retreat agenda is both possible and desirable. Executive Council members should be asked to recommend issues which retreat participants might consider during the discussion of goals and priorities. However, it remains vital to the mission of the retreat that the agenda be coordinated centrally, taking into account the time available for discussion and focusing the agenda to facilitate the efficient consideration of issues.

**RECOMMENDATION:** That the AAMC Executive Council and Administrative Boards, as part of their September meetings, discuss the agenda of the retreat and suggest items which they feel to be pressing concerns which the Association needs to address in the coming year. The full Councils will also be asked to contribute suggestions at their November meetings. The staff in conjunction with the AAMC Chairman should continue to organize and coordinate the agenda items.

**Timing of the Retreat**

It is advantageous to continue holding the retreat soon after the Annual Meeting, although the present timetable might be relaxed. This is important since the "governing" year begins at the Annual Meeting with the change of officers and Executive Council members. Since a major function of the retreat is to acquaint these new officers with the staff members, with each other, and with the ongoing programs of the Association, this retreat is most valuable if held before the first meeting of the new Executive Council.

**RECOMMENDATION:** That the retreat continue to be scheduled between the Annual Meeting and the first Executive Council meeting. The timing between these functions should be relaxed to allow more time for circulation of the retreat agenda and to allow more time for circulation to the Executive Council of the retreat recommendations.

**Executive Council Consideration of Priorities**

The Executive Council will continue to review and approve the priorities recommended by the Retreat. For this purpose, additional time should be provided between the Retreat and the first Executive Council meeting (3 - 4 weeks). The Executive Council might also be allowed more time to discuss the Retreat recommendations and Association priorities prior to its regular
business meeting.

RECOMMENDATION: That the first meeting of the Executive Council be held in January and be expanded to two days (Thursday and Friday). Administrative Board meetings would then be shifted back to Wednesday. Title VI, Section 4 of the AAMC Bylaws should be amended to read, "The annual meeting of the Executive Council shall be held within 120 days after the annual meeting of the Assembly."
January 23, 1974

Dr. Gus Swanson  
Association of American Medical Colleges  
Suite 200 One Dupont Circle  
N. W. Washington, D. C.

Dear Gus:

Enclosed you will find correspondence I have received from Dr. David Hawkins concerning difficulties of the matching program in Psychiatry. This should be included on the agenda for the CAS Administrative Board for discussion.

Sincerely yours,

RONALD W. ESTABROOK, Ph.D.
Virginia Lazenby O’Hara Professor  
Chairman of Biochemistry

RWE/mjt
encl.
January 23, 1974

Dr. David R. Hawkins  
Professor and Chairman  
Department of Psychiatry  
University of Virginia  
School of Medicine  
Charlottesville, Virginia 22901

Dear Dr. Hawkins:

Thank you very much for forwarding to me the statement by the American Association of Chairmen of Departments of Psychiatry concerning the matching program for graduating medical students wishing to obtain residency in Psychiatry. I will bring the resolution of your Association to the attention of the Administrative Board of the Council of Academic Society of the AAMC for their discussion and consideration. I will write you in the future indicating whether further action is required to resolve the inequities associated with the selection of residency positions in Psychiatry.

Sincerely yours,

RONALD W. ESTABROOK, Ph.D.  
Virginia Lazenby O'Hara Professor  
Chairman of Biochemistry

RWE/mjt
Dear Dr. Estabrook:

I am sending for your information a statement adopted by the American Association of Chairmen of Departments of Psychiatry at our November 1973 meeting. I thought you would be interested in this statement and apologize for not having provided it for you before now.

Sincerely,

David R. Hawkins, M.D.
Professor and Chairman

P.S. This should have been sent on to you several weeks ago, but was overlooked in the secretarial work.
STATEMENT ADOPTED BY THE AMERICAN ASSOCIATION OF CHAIRMEN OF DEPARTMENTS OF PSYCHIATRY

November 8, 1973, Washington, D.C.

The American Association of Chairmen of Departments of Psychiatry reaffirms the principle of matching for graduating medical students in obtaining internships and residencies.

At the present time it is not working effectively in psychiatry and a number of other specialties. Hence we are in the process of working with other specialty organizations, the AAMC and NIRMP to gather data in order to clarify difficult problems in implementing effective matching. Among the most serious problems are the fact that approximately 30% of residency positions in psychiatry are in free-standing specialty facilities which are not in the matching plan; the fact that the pool is a mixture of applicants coming directly from medical school and those with prior post-M.D. training; and the fact that there are continuing major uncertainties of funding.

Our goal is the prompt resolution of these problems in order to develop a realistic and workable plan to meet the needs of both trainees and programs.

We consider these problems serious and urgent because the present situation cannot continue indefinitely.
TO: The Assembly
FROM: John A. D. Cooper, M.D., President
SUBJECT: President Nixon's fiscal 1975 budget

February 21, 1974

This Memorandum reviews President Nixon's fiscal 1975 budget and analyzes the budgets of those federal health programs which particularly affect the interests of the Association. An index to the Memorandum is on page 5.

On February 4, President Nixon sent to Congress his fiscal 1975 budget which covers the 12 months beginning July 1, 1974. The budget proposes total federal spending of $304.4 billion against total federal revenue of $295 billion, resulting in a projected deficit of $9.4 billion. Comparable projections for fiscal 1974 in the President's fiscal 1974 budget were $268.7 billion in total federal spending, $256 billion in total federal revenue, and a $12.7-billion deficit. Revised fiscal 1974 projections (presented in the fiscal 1975 budget) show $274.4 billion in spending, $270 billion in revenue, and a $4.7-billion deficit.

In political terms, the fiscal 1975 budget is generally conciliatory. This is in sharp contrast with the harsh attacks in the fiscal 1974 budget directed at a Democrat-controlled Congress by a Republican President, fresh from a record-setting, landslide re-election victory. The difference is attributed to the rapid decline in Presidential popularity during a year of court and Congressional investigations into his re-election campaign practices and other matters. The budget proposes no major new initiatives. About 90 percent of the projected spending increase is the result of mandatory increases that are unavoidable under current laws.

Of the projected $304.4 billion in fiscal 1975 spending, $35.5 billion is for federal health programs, the vast majority of which ($26.6 billion) are accounted for by the Department of Health, Education and Welfare. Health-related programs of the Veterans' Administration account for an additional $3.4 billion; health-related programs in the Defense Department account for another $3 billion; and health-related programs in all other federal agencies account for the final $2.4 billion. Within the $26.6 billion of DHEW health spending, $20.9 billion is for Medicare and Medicaid, $2 billion is for the National Institutes of Health, $1.2 billion is for the Health Services Administration, $1.1 billion for the Health Resources Administration, and $823 million for the Alcoholism, Drug Abuse, and Mental Health Administration.

In highlight, the health budget proposes little new money for most programs, cutbacks in some continuing programs, and abandonment of other programs. Impounded
fiscal 1973 funds, which the President ordered released in December, are
Generally to be obligated in fiscal 1974, and to be spent in fiscal 1974 and
1975. The availability of fiscal 1973 funds is being used to maintain program
levels while holding down requests for new funds. Some forward funding is
likely to be used to reduce the impact of released fiscal 1973 funds. In most
cases, the President has taken full advantage of the Congressionally provided
authority to impound up to five percent of fiscal 1974 appropriations. NIH
research activities are relatively unchanged; general research support grants
are again proposed for elimination, and research training is to be supported
largely through the fellowship program proposed by HEW Secretary Weinberger.
Health manpower support is to be reduced and revised, stressing geographic
distribution and equal access to the health professions for women and minorities.
Separate support for allied health and public health personnel education is
to be dropped. The Hill-Burton hospital construction program is again proposed
for elimination. Community mental health center support is proposed again for
phasing out. Regional medical programs and comprehensive health planning are to
be consolidated in a new health resources planning program. Funding is
proposed for the new health maintenance organization support program and for
VA assistance to health manpower schools. No funds are included in the budget
for the President's national health insurance program, sent to Congress on
February 6.

Following are summary tables of the DHEW and VA health budgets:

DHEW HEALTH PROGRAMS

(Budget authority in millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
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<tbody>
<tr>
<td>Food and Drug Administration</td>
<td>$149</td>
<td>$165</td>
<td>$200</td>
</tr>
<tr>
<td>Health Services Administration</td>
<td>1,082</td>
<td>1,176</td>
<td>1,177</td>
</tr>
<tr>
<td>Center for Disease Control</td>
<td>160</td>
<td>136</td>
<td>138</td>
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<tr>
<td>National Institutes of Health</td>
<td>1,758</td>
<td>1,781</td>
<td>1,835</td>
</tr>
<tr>
<td>Alcohol Drug Abuse and Mental Health</td>
<td>881</td>
<td>833</td>
<td>735</td>
</tr>
<tr>
<td>Health Administration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Resources Administration</td>
<td>1,249</td>
<td>1,137</td>
<td>574</td>
</tr>
<tr>
<td>Assistant Secretary Health</td>
<td>76</td>
<td>74</td>
<td>97</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,355</strong></td>
<td><strong>$5,302</strong></td>
<td><strong>$4,756</strong></td>
</tr>
</tbody>
</table>

1. Includes agencies formerly in the Health Services and Mental Health Administration
2. Health manpower shifted to Health Resources Administration.
VA HEALTH PROGRAMS

(Budget authority in millions)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical care</td>
<td>$2,606.1</td>
<td>$2,859.1</td>
<td>$3,175.0</td>
</tr>
<tr>
<td>Medical and prosthetic research</td>
<td>78.0</td>
<td>75.5</td>
<td>89.0</td>
</tr>
<tr>
<td>Assistance to health manpower training institutions</td>
<td>20.0</td>
<td>25.0</td>
<td>---</td>
</tr>
<tr>
<td>Medical administration and miscellaneous operating expenses</td>
<td>28.7</td>
<td>33.9</td>
<td>37.5</td>
</tr>
<tr>
<td>Total</td>
<td>$2,732.8</td>
<td>$2,993.5</td>
<td>$3,303.6</td>
</tr>
</tbody>
</table>

Assessing the fiscal 1975 budget for DHEW health programs is complicated by two factors: the injection into the budget process of the released fiscal 1973 funds and the July 1, 1974, expiration of most federal health authorities. None of the expiring authorities has been extended yet, and as a result there are no fiscal 1975 authorization levels against which to measure the President's budget request. Furthermore, some expiring programs are likely to be extended virtually without change while others are to be revised substantially. Thus straight-line extrapolation from fiscal 1974 authorization levels is not always possible. Nevertheless, some legislation is pending to extend and modify some of the expiring programs, and that legislation includes proposed authorization levels for fiscal 1975. These levels are almost certain to change as the legislative process continues, but at the moment they offer the only insight into possible fiscal 1975 levels of authorization. A table listing the expiring health programs, the status of pending legislation, and pending authorization levels compared to the President's budget requests is on pages 32-33.

The complex effect on the budget process of the released fiscal 1973 funds is demonstrated in the NIH research totals for budget authority, obligations and outlays. The effect is similar for other DHEW programs. The NIH data follow:

NIH Research Totals

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
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<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>PL 93-192</td>
<td></td>
<td>OMB</td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>$1,713,715</td>
<td>$1,813,900</td>
<td>$1,734,150</td>
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<tr>
<td>Obligations</td>
<td>1,484,043</td>
<td>1,964,612</td>
<td>1,786,814</td>
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<tr>
<td>Outlays</td>
<td>1,446,587</td>
<td>1,837,451</td>
<td>1,980,641</td>
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Approximately $230 million in fiscal 1973 NIH budget authority for research, appropriated by Congress, was impounded by the Office of Management and Budget and was not released for obligation until the President's announcement in December. The funds are to be obligated in fiscal 1974. In the fiscal 1975 budget's totals
for NIH research, the released funds appear as budget authority in the 1973 column, as obligations in the 1974 OMB column, and as outlays in both the 1974 and 1975 columns. The result is a set of conflicting pictures of NIH research activity for fiscal 1975. Comparisons of budget authority show a decrease of $28 million between funds appropriated by Congress for fiscal 1974 in the Labor-HEW bill (PL 93-192) and the President's fiscal 1975 request, at the same time there is a $51.7-million increase from the fiscal 1974 OMB apportionment of funds (under Congressionally approved authority to impound up to 5 percent of the appropriation) to the President's fiscal 1975 request. Comparison of obligations shows a $178-million drop from fiscal 1974 to fiscal 1975. Comparison of outlays shows a $143-million increase from fiscal 1974 to fiscal 1975. Each comparison is important, and none is "right" or "wrong," for they indicate different things. Budget authority represents new funds, sets a ceiling on obligations that may be incurred and thus is viewed as the best measure of federal commitment to a program. Obligations are the best indication of levels at which programs are to be operated. Outlays (the writing of checks to pay off an obligation) also closely measure program level but are more important in fiscal affairs as a measure of government impact on the economy. The Congressional appropriation process deals in budget authority, and on that basis the fiscal 1975 DHEW health budget is cut 10 percent below the fiscal 1974 level, which in turn was cut by the OMB 5 percent below the level of Congressional appropriations.

The following material presents information on DHEW and VA health-related programs of special interest to the Association. The information is compiled from the President's budget, from agency briefings and from personal contacts with agency officials. The information is believed to be currently accurate, but the situation is fluid in many agencies, and changes may occur. Updated supplemental information will be provided as necessary through appropriate Association publications.
## INDEX

<table>
<thead>
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<th>Page</th>
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<td>Alcoholism</td>
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<td>Budget Tables</td>
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<tr>
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<td>Comprehensive Health Planning</td>
<td>10</td>
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<td>Drug Abuse</td>
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<td>Health Manpower Education Initiative Awards</td>
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<td>Health Professions Assistance</td>
<td>13</td>
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<td>Health Resources Administration</td>
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<tr>
<td>Health Services Administration</td>
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<td>Health Services Research and Evaluation</td>
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<td>Mental Health</td>
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<td>National Health Service Corps</td>
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<tr>
<td>National Institutes of Health</td>
<td>21</td>
</tr>
<tr>
<td>National Library of Medicine</td>
<td>24</td>
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<tr>
<td>Patient Care and Special Health Services</td>
<td>19</td>
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<td>Regional Medical Programs</td>
<td>10</td>
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<tr>
<td>Research Activities (NIH)</td>
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<tr>
<td>Contracts</td>
<td>22</td>
</tr>
<tr>
<td>Grants</td>
<td>22</td>
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<td>General Research Support</td>
<td>23</td>
</tr>
<tr>
<td>Training</td>
<td>24</td>
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<tr>
<td>Social and Rehabilitation Service</td>
<td>27</td>
</tr>
<tr>
<td>Veterans' Administration</td>
<td>28</td>
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</table>
DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
Alcohol, Drug Abuse and Mental Health Administration

<table>
<thead>
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<th>(Budget authority in millions)</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>General mental health:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and training</td>
<td>$200</td>
<td>$190</td>
<td>$150</td>
</tr>
<tr>
<td>Community programs</td>
<td>205</td>
<td>189</td>
<td>199</td>
</tr>
<tr>
<td>Total</td>
<td>$405</td>
<td>$379</td>
<td>$349</td>
</tr>
<tr>
<td>Drug abuse:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and training</td>
<td>$48</td>
<td>$52</td>
<td>$44</td>
</tr>
<tr>
<td>Community programs</td>
<td>167</td>
<td>176</td>
<td>157</td>
</tr>
<tr>
<td>Total</td>
<td>$215</td>
<td>$228</td>
<td>$191</td>
</tr>
<tr>
<td>Alcoholism:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and training</td>
<td>$20</td>
<td>$15</td>
<td>$12</td>
</tr>
<tr>
<td>Community programs</td>
<td>140</td>
<td>113</td>
<td>78</td>
</tr>
<tr>
<td>Total</td>
<td>$160</td>
<td>$128</td>
<td>$90</td>
</tr>
</tbody>
</table>

The legislation under which the programs of the ADAMHA are authorized will expire on June 30. Permanent provisions of this legislation contain authority for forward funding of these programs through fiscal year 1981.

Research and training: Most research and training programs of ADAMHA will be reduced in fiscal 1975. All categories of training programs are scheduled for phasing out, with some funding available for continuations in fiscal 1975, but not for new starts.

New awards for mental health research will be decreased across the board. The ADAMHA estimates that in fiscal 1974, $71.3 million will be available for obligation to support approximately 1,179 research projects. This amount would include approximately 300 new awards; $10.1 million of the total funding represents impounded fiscal 1973 funds. For fiscal 1975, $56.8 million are estimated to be obligated for approximately 866 projects, including continuations and competing renewals; no new starts are expected in fiscal 1975. For mental health training, $119.4 million are estimated to be available for obligation in fiscal 1974. Approximately $25.2 million of this total represents impounded fiscal 1973 funds. The obligations would support 1,763 training projects, approximately 112 of which would represent new starts. Approximately $3.2 million will be available for research training initiatives under the Weinberger training plan in fiscal 1974; details are not yet available on the distribution of these funds. With the exception of $1.3 million to be made available under the Weinberger plan, no new training awards would be made in fiscal 1975; however, approximately $59.5 million would be available to continue 1,045 projects.
For drug abuse programs, final figures are not yet complete. The total budget authority requested for fiscal 1975 drug research is $34 million, a decrease of $3 million from fiscal 1974. Estimated obligations of $10.6 million would be available in fiscal 1974 to fund approximately 117 competing projects, with approximately $6.6 million available in fiscal 1975 to fund 76 projects. An estimated $721,000 would be available to fund seven training projects in fiscal 1974. Training funds of $10 million for fiscal 1975 are requested to provide continuing support for short term training centers and other related projects. ADAMHA officials indicated that there will be no new training starts in fiscal 1975.

The Administration's budget request of $12 million for alcohol research and training programs is a $3 million decrease from fiscal 1974. Detailed figures on alcoholism programs are not yet available, but all indications are that alcohol programs will follow the general trend of the mental health and drug abuse programs. Continuation funds for training programs will be available in fiscal 1975, but no new awards will be made.

Community programs: The Administration proposes that the expiring legislative authorities for community mental health center programs not be extended. In line with this proposal, the Administration intends to terminate new staffing programs for community mental health centers. According to ADAMHA, over $155.5 million will be available for obligation in fiscal 1974 to fund continuation requirements plus approximately 55 new staffing awards. In fiscal 1975, this level would be increased to almost $172.1 million, for continuations only. The agency indicated that, although no new staffing grants would be made after fiscal 1974, the fiscal 1975 continuation funds would be sufficient to honor all previous commitments. Funding requests for children's mental health programs follow the same pattern as staffing grants. Approximately $19 million will be available for obligation in fiscal 1974 to continue previous commitments and to fund 37 new awards. In fiscal 1975, this level will be raised to $26.8 million for continuations only, with no new grants. Obligations for fiscal 1974 community mental health center construction grants will be $34.2 million. This figure, which includes $20 million of impounded fiscal 1973 funds, is intended to bring the total number of centers to 626. For fiscal 1975, the Administration intends for the centers program to be absorbed by the regular health service delivery system, with greater reliance on operational funding from third-party reimbursements or state governments, and therefore no funding is requested for construction in fiscal 1975.

For community programs in drug abuse, the Administration intends to reach a treatment capacity of 95,000 individuals throughout the country and to shift operational responsibility for treatment services to the states. The fiscal 1975 budget request of $157 million represents a drop of $19 million from the estimated fiscal 1974 level of $176 million. Treatment project grants and contracts will be funded at $122 million, a decrease of $38.8 million from the 1974 appropriation level, while the request for formula grants to states for fiscal 1975 is $35 million, an increase of $20 million over the fiscal 1974 level.
Data on alcoholism community programs indicate that current alcoholism staffing grants will be continued in fiscal 1975, with no new awards. The Administration has requested funds for project grants and contracts at a level of $32 million for fiscal 1975, a decrease of $39 million from fiscal 1974. It has also requested $45.6 million for formula grants to states for alcoholism programs in fiscal 1975, an amount equal to the fiscal 1974 appropriations. The Administration also plans to initiate incentive contracts with business organizations to deal with problems of alcoholic employees, and intends to assist states in implementing the Uniform Alcoholism and Intoxication Treatment Act.

On February 7, 1974 a U.S. District Court ordered the DHEW to award approximately $95 million in impounded fiscal 1973 funds plus $28 million in fiscal 1974 funds for mental health training grants and alcoholism training, project, and state formula grants. Approximately five weeks before this decision was handed down, HEW Secretary Weinberger had decided to release these funds voluntarily. The conditions under which these funds were to be released by DHEW were almost identical to those set by the District Court. Since the Department correctly anticipated the outcome of this litigation, spending plans for the current fiscal year will not be affected.
AAMC Memorandum 74-6

Center for Disease Control

(Budget authority in millions)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disease control:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research grants</td>
<td>$ 2</td>
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</tr>
<tr>
<td>Project grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Venereal disease</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Immunization</td>
<td>14</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Lead-based paint poisoning</td>
<td>11</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Rat control</td>
<td>15</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Disease investigations, surveillance and control</td>
<td>43</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Laboratory improvement</td>
<td>9</td>
<td>8</td>
<td>8</td>
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<tr>
<td>Health education</td>
<td>6</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Occupational health</td>
<td>28</td>
<td>29</td>
<td>26</td>
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</table>

These activities were formerly budgeted under Preventive Health Services. The presentation has been changed in the fiscal 1975 budget. The Administration's budget request for fiscal 1975 for these activities is $138 million, an increase of $2 million over the budget authority for fiscal 1974.

Funding of project grants for venereal disease, immunization, rat control, and lead-based paint poisoning will remain at fiscal 1974 levels, with no major new initiatives in these areas. Although no new funds are requested, increased emphasis will be placed on: strengthening syphilis screening programs; coordinating immunization services with those provided through Medicare; and reducing rat infestations and developing local capabilities to maintain rat control. According to the CDC, few, if any, new project grants will be funded in fiscal 1975. The budget request represents continuing awards, most of which go to state and local health departments.

For health education programs, the Administration has requested $3 million for fiscal 1975, an increase of $1 million over the fiscal 1974 level. Of the fiscal 1975 funds, $2 million have been targeted towards a new program to improve public awareness of individual health and utilization of the health care system.

Funding for occupational safety and health programs will be cut back by approximately $3 million in fiscal 1975, due to the withdrawal of federal support to clinical facilities, which the Administration expects to become self-sufficient through third-party reimbursements. In fiscal 1974, approximately $600,000 is available for 18 training projects. No funds are expected to be available for this purpose in fiscal 1975.
Health Resources Administration

Health services research and evaluation

Some uncertainty still surrounds the budget activity for health services research and evaluation, centering largely on the disposition of some $26 million in released fiscal 1973 funds. The budget data follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget authority</td>
<td>$67</td>
<td>$78</td>
<td>$69</td>
</tr>
<tr>
<td>Obligations</td>
<td>57.5</td>
<td>111.0</td>
<td>68.9</td>
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</table>

This budget item includes funding for the Bureau of Health Services Research and for the newly enacted program of federal assistance in the development of emergency medical services systems, which is operated through the Health Services Administration. Program levels for both activities are to remain essentially unchanged in fiscal 1974 and 1975. The research budget is $45 million in fiscal 1974 and $42 million in fiscal 1975; the EMS budget is $27 million in each year. The Bureau's research activities are to stress such areas as physician productivity, continued analysis of the effects of national health insurance on consumer demands for health services, and reimbursement methods for services provided by paraprofessionals. In research grants, present ratios of new and competing awards to continuations (45 percent new and competing; 55 percent continuations) are to be maintained. Training grants are still being phased out, and are not eligible at this time for modified support under the Weinberger fellowship program available for research training to the NIH. Of the EMS funds available, approximately $17 million will be used in the development of EMS systems, $6.7 million to support training, and $3.3 million to support research activities in the area of emergency medical services. Uncertainty surrounds allocation of the released fiscal 1973 funds because programs for which they were originally provided are being phased out. No decision has been made yet on reallocation of the funds.

Regional medical programs; comprehensive health planning: The legislative authorities for Comprehensive Health Planning and Regional Medical Programs expire June 30, 1974, and both Congress and the Administration are preparing proposals to integrate these programs into a single health planning system. Only the Congressional proposals have been introduced so far. The Administration is to propose legislation for a new program, Health Resources Planning, which will replace a number of existing federally supported approaches to health planning, including RMP and CHP. The Administration requests $75 million in budget authority in fiscal 1975 for its new Health Resources Planning program. The budget data follow:
AAMC Memorandum 74-6

(Amounts in millions)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional medical programs</td>
<td>$144</td>
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<td>Budget authority</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Obligations</td>
<td>102.1</td>
<td>150.7</td>
<td>---</td>
</tr>
<tr>
<td>Comprehensive health planning</td>
<td>$38</td>
<td>$42</td>
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<td>Budget authority</td>
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<td></td>
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<tr>
<td>Obligations</td>
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<td>Health resources planning</td>
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<tr>
<td>Obligations</td>
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<td>---</td>
<td>65</td>
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</tbody>
</table>

The Administration plans to use $55 million of the $75 million to establish approximately 200 Regional Health Systems Boards to replace the existing CHP area-wide agencies. The Regional Boards, which will be developed along the lines of the existing CHP area-wide agencies, will be responsible for developing and stimulating the implementation of a comprehensive health plan for health care systems, including facilities, services, and manpower. The Administration anticipates that some of the existing CHP agencies, which will be supported through the first half of fiscal 1975, will form the nucleus of the new Regional Boards.

Approximately $10 million of the $75 million in budget authority requested for Health Resources Planning in fiscal 1975 will be provided to states to assist them in their regulatory efforts at cost control stimulated by the Economic Stabilization Program. The remaining $10 million of the $75-million total will be provided to states to support their capital expenditure review activities as encouraged by Section 1122 of the Social Security Act. The funds for both cost control and capital expenditure review activities will be allotted to the states on the basis of population and the costs of performing those functions necessary to carry out the requirements of federal law.

Included in the obligation levels for fiscal 1974 are $6.4 million for Comprehensive Health Planning and $89.9 million for Regional Medical Programs of released fiscal 1973 funds. On February 7, 1974, a U.S. District Court ordered the DHEW to obligate and permit expenditure of all available RMP funds. DHEW plans for complying are not completed.

Health manpower

The Administration's budget for health personnel education assistance is down nearly 35 percent from the fiscal 1974 level. The cut of $198 million is accounted for largely by the elimination of health professions and nursing construction grants, of separate assistance for allied health and public health education institutions, and of nursing capitation. Reduced health professions capitation and modification of the student assistance programs to include loan guarantees and service-commitment scholarships account for other large segments of the cutback. The budget data follow:
<table>
<thead>
<tr>
<th>Health professions:</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional assistance</td>
<td>$256</td>
<td>$257</td>
<td>$197</td>
</tr>
<tr>
<td>Student assistance</td>
<td>54</td>
<td>61</td>
<td>60</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nursing:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional assistance</td>
<td>$72</td>
<td>$58</td>
<td>$20</td>
</tr>
<tr>
<td>Student assistance</td>
<td>61</td>
<td>57</td>
<td>25</td>
</tr>
</tbody>
</table>

| Public health | 21 | 21 | --- |
| Allied health  | 36 | 35 | --- |
| Special educational programs | 88 | 73 | 63 |
| Sales insufficiencies | 4  | 4  | 4   |

Total: $592 $567 $369

The budget reflects the Administration's health manpower legislative proposal which is to modify and extend expiring legislative authorities for federal assistance in the education of health professionals and nursing, allied health and public health personnel. The legislation, which is to cover the three-year period from fiscal 1975 through fiscal 1977, has yet to be introduced. The thrust of the Administration's proposal, according to descriptive material accompanying the budget, is toward maintaining the country's present training capacity while placing increasing emphasis of areas where there is a need for health personnel. Special attention is to be paid to problems of specialty and geographic maldistribution, utilization of paraprofessionals and the under-representation of women and minorities among the health professions.

Compiling budget data for health professions education assistance programs is complicated by the fiscal 1975 budget's redistribution of some HPEA budget information. Construction assistance for health professions teaching facilities, for example, has been shifted to a general line item for health facilities construction assistance, which also includes the Hill-Burton hospital construction program. Because of these changes, detail in the health professions budget below (displayed in the traditional format) will not add to the totals in the preceding table.
Health Professions Support

(Budget authority in millions)

<table>
<thead>
<tr>
<th>Institutional support</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MOD</td>
<td>$138.5</td>
<td>$152.5</td>
<td>$132.5</td>
</tr>
<tr>
<td>VOPP</td>
<td>27.4</td>
<td>33.0</td>
<td>17.5</td>
</tr>
<tr>
<td></td>
<td>$165.9</td>
<td>$185.5</td>
<td>$150.0</td>
</tr>
<tr>
<td>Start-up and conversion</td>
<td>11.7</td>
<td>6.0</td>
<td>4.7</td>
</tr>
<tr>
<td>Financial distress</td>
<td>15.0</td>
<td>10.0</td>
<td>5.0</td>
</tr>
<tr>
<td>Special projects</td>
<td>63.0</td>
<td>50.8</td>
<td>37.5</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$255.6</td>
<td>$252.3</td>
<td>$197.3</td>
</tr>
<tr>
<td>Student assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans</td>
<td>$36.0</td>
<td>$36.0</td>
<td>$30.0</td>
</tr>
<tr>
<td>Scholarships</td>
<td>15.5</td>
<td>14.6</td>
<td>6.9</td>
</tr>
<tr>
<td>Loan repayments</td>
<td>--</td>
<td>0.4</td>
<td>0.6</td>
</tr>
<tr>
<td>Physician shortage</td>
<td>2.0</td>
<td>2.0</td>
<td>--</td>
</tr>
<tr>
<td>National health service</td>
<td></td>
<td>3.0</td>
<td>22.5</td>
</tr>
<tr>
<td>scholarships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$53.5</td>
<td>$56.0</td>
<td>$60.0</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>$100</td>
<td>$95.0</td>
<td>--</td>
</tr>
<tr>
<td>Interest</td>
<td>1.0</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>Education assistance</td>
<td>20.0</td>
<td>9.5</td>
<td>10.0</td>
</tr>
<tr>
<td>Dental health</td>
<td>15.0</td>
<td>14.2</td>
<td>7.8</td>
</tr>
<tr>
<td>Direct operations</td>
<td>3.3</td>
<td>3.3</td>
<td>--</td>
</tr>
<tr>
<td>Total, health professions</td>
<td>$448.4</td>
<td>$431.3</td>
<td>$276.1</td>
</tr>
</tbody>
</table>

Capitation: Under the Administration's legislative proposal, capitation is to drop 40 percent by fiscal 1977. Specific capitation rates for fiscal 1974 have not yet been set, and the fiscal 1975 level authorized in the Administration's proposal has not yet been announced. Under the proposal, capitation no longer would be conditioned on enrollment increases; new conditions of changes in the present training process are to be required. Fiscal 1974 capitation applications are still coming into DHEW regional offices and must be processed there before aggregate national data can be compiled and a payment rate established. The average fiscal 1973 capitation rate for basic enrollment,
enrollment bonus students and physician assistants was approximately $2,000. The fiscal 1974 rate is expected to drop somewhat below the fiscal 1973 level. The exact fiscal 1974 rate will depend on the number of students graduating in three-year programs, on the number of enrollment bonus students and on the number of physicians assistants qualifying for support.

Start-up, conversion: Fiscal 1974 funds and the fiscal 1975 request are considered adequate by the DHEW to meet current commitments under the start-up assistance program. No funds are included in either year for new commitments of start-up assistance. The fiscal 1974 funds include amounts estimated by the DHEW as adequate to provide one-time-only conversion assistance to two basic-science schools developing degree-granting programs. Funds available for obligation in fiscal 1974 include $5.4 million in released fiscal 1973 funds. Thus the fiscal 1974 obligation level is $11.4 million.

Financial distress: Fiscal 1974 funds represent the full amount currently authorized under the Comprehensive Health Manpower Training Act. Based on fiscal 1973 financial distress awards totaling $9.2 million, the $10 million available in fiscal 1974 would appear to be adequate. An additional $5 million in fiscal 1974 financial distress funds was appropriated in the omnibus, end-of-session supplemental (PL 93-245), contingent on enactment of legislation raising the fiscal 1974 authorization level. No such legislation is pending at this time. The fiscal 1975 request appears almost certain to be inadequate since significantly lower capitation rates (as planned by the Administration) would exert increased financial pressure on many institutions.

Special projects: A combination of factors will make available in fiscal 1974 and 1975 some funds for new special project support. Released fiscal 1973 funds will add about $28.6 million to the funds available for obligation in fiscal 1974, bringing the fiscal 1974 special projects obligation level to approximately $79.5 million. Fiscal 1974 continuations will require about $50 million. Thus nearly $30 million will be available for new starts. Some forward funding is to be used to reduce the impact on future budgets of released fiscal 1973 funds. Despite the drop in budget authority from fiscal 1974 to fiscal 1975, it is estimated now that some $17.6 million may be available for new starts in fiscal 1975. In part, this is a result of concluding DHEW commitments of support under the physician augmentation programs. Present fiscal 1975 continuations account for about $20 million in support, leaving about $17.6 million available for new projects. The fiscal 1975 figures are the best information available now; but they are likely to change as new multi-year projects are undertaken in fiscal 1974 and as Congressional action proceeds on the Administration's legislative proposal and subsequent appropriations.

Student assistance: Fiscal 1975 funds for direct student loans and for health professions scholarships are only for continuations. Direct loans are to be replaced with loan guarantees and health professions scholarships are to be replaced with national health service scholarships, which require year-for-year service in the National Health Service Corps, the Indian Health Service or the Federal Health Programs Service. Both moves require legislation. The Administration proposes to recommend changes in the loan guarantee program.
to increase the total loan ceiling from $10,000 to $25,000, to raise the annual ceiling, and to modify other provisions to make the program more suitable for health professions students. The Administration already has submitted legislation (on which no action has occurred) to make permanent the national health service scholarship program (which expires June 30, 1974) and to provide an open-ended authorization level. It is estimated by the Administration that the requested $22.5 million in national health service scholarships could support an additional 2,000 students in fiscal 1975.

Construction: Program levels for fiscal 1974 grants-in-aid for construction of health professions teaching facilities remain unclear. Approximately $189 million is available for obligation, and construction grant applications have been mailed from the DHEW to the regional offices. Awards are planned during the summer, and it is expected now that the awards will total at least $94 million, the amount of released fiscal 1973 funds. It is not yet clear whether $95 million in fiscal 1974 funds will be released for obligation in fiscal 1974 by the DHEW Comptroller.

Educational assistance: Continuation of prior-year family medicine grants to hospitals will require about $5 million in fiscal 1974. The availability of $10 million in released fiscal 1973 funds means that approximately $14.5 million is available for obligation in fiscal 1974 for new family medicine grants. The full effect of these funds is to be reduced through forward funding of some fiscal 1974 awards. The availability of fiscal 1975 funds for new starts depends on the number of multi-year awards in fiscal 1974 and on Congressional action on the Administration's legislative proposal and subsequent appropriations. Family medicine grants are to be funded, beginning in fiscal 1975, through the Health Manpower Education Initiative Awards program.

Health Manpower Education Initiative Awards, another program in which the Association is interested, are included in the health manpower budget under special educational programs. HMEIAs are used to support area health education centers, recruitment of disadvantaged students, and new forms of education, training and health services delivery. They are available to any public or private nonprofit entity, not only to health professions schools. The budget data follow:

Health Manpower Education Initiative Awards

<table>
<thead>
<tr>
<th>(Budget authority in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
</tr>
<tr>
<td>Area health education centers</td>
</tr>
<tr>
<td>Physician assistants</td>
</tr>
<tr>
<td>Manpower initiatives</td>
</tr>
<tr>
<td>Disadvantaged recruitment</td>
</tr>
<tr>
<td>OEO grants</td>
</tr>
<tr>
<td>Primary care residencies</td>
</tr>
<tr>
<td>Family medicine</td>
</tr>
<tr>
<td>Computer technology</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
Little expansion, if any, is planned for ongoing programs funded through HMEIs. No new starts are provided for area health education centers or for physician-assistant programs, for example. The Administration is proposing a new program of support for primary care residencies, to be included in its health manpower legislative proposal. The fiscal 1974 funding level for AHECs still is uncertain, because of the availability of $28.7 million in released fiscal 1973 funds. Some forward funding of AHEC support may occur in order to reduce the impact on future year's budgets of the released funds. Two new programs are to be funded through the HMEIA program, beginning in fiscal 1975, that previously were funded elsewhere. Family medicine grants to hospitals previously were funded through the health professions portion of the health manpower budget. The line item for OEO grants reflects Administration phasing-out of the Office of Economic Opportunity and future funding of some OEO health activities under the broad authorities of the HMEIA program.

Health facilities construction

This line item is a new presentation in the fiscal 1975 budget, combining health manpower construction assistance and medical facilities construction (Hill-Burton) assistance. Details of the health manpower construction program, as it relates to health professions teaching facilities, are included in the discussion of Health Manpower (above).

In fiscal 1975, the only request for new budget authority is for the health manpower interest subsidy program. No new funds are requested for the Hill-Burton program, whose legislative authority expires June 30 and for which the Administration is not requesting an extension. The budget data follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical facilities construction</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>$214.0</td>
<td>$197.0</td>
<td>---</td>
</tr>
<tr>
<td>Obligations</td>
<td>158.9</td>
<td>250.8</td>
<td>$188.6</td>
</tr>
<tr>
<td>Health teaching facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>$120</td>
<td>$114</td>
<td>---</td>
</tr>
<tr>
<td>Obligations</td>
<td>143.1</td>
<td>221.7</td>
<td>114.0</td>
</tr>
<tr>
<td>Interest subsidies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget authority</td>
<td>$ 2.0</td>
<td>$ 2.0</td>
<td>$ 2.0</td>
</tr>
<tr>
<td>Obligations</td>
<td>0.5</td>
<td>2.2</td>
<td>4.8</td>
</tr>
</tbody>
</table>

In explaining its decision not to seek extension of the Hill-Burton program, the Administration made two assertions: (1) on a national basis, there is a general oversupply of hospital beds; and (2) institutional providers, as a result of federal and private third-party reimbursements, now have access to a
reasonably predictable cash flow in order to obtain loans for capital expenditures. In the grant program, $197.2 million in released fiscal 1973 funds have been distributed to DHEW regional offices for allocation to state agencies. Fiscal 1974 appropriations also are to be distributed for obligation. Activities to be supported by the Medical Facilities Guarantee and Loan Fund are still uncertain. The fund is used as a protection against defaulted guarantees, for interest payments on guaranteed loans to nonprofit sponsors, for direct loans to public agencies, for interest payments on direct loans which have been sold and guaranteed, and to repurchase direct loans that have been sold and guaranteed. The fund currently is capitalized at $107.3 million, including $50 million which is restricted against defaulted guarantees; a revolving fund of $30 million for direct loans to public agencies, and $27.3 million for interest payments. The limit on the outstanding principal of direct loans and loan guarantees is based on allocations to states, and based on 1971 and 1972 allocations the current limit is $999 million. It is expected by the Administration that the limit will be totally committed by June 30, 1974. The principal amount of guaranteed loans in fiscal 1973 was $145 million. In reaching the projected level, the DHEW is to decide how to treat fiscal 1973 allocations of some $500 million affected by impoundments, and that decision has yet to be made. The delayed effect of phasing out the program is the result of three-year availability of Hill-Burton funds. Thus fiscal 1974 dollars are available through June 30, 1976.
Health Services Administration

Community health centers

The Administration is requesting $200 million in budget authority for fiscal 1975 for community health centers. Although this amount is $5 million less than the fiscal 1974 authority for community health center projects, the DHEW believes that the lower funding level will not have a negative effect on the number of persons served, because improved management techniques and increased third-party reimbursement will be emphasized. The budget data follow:

<table>
<thead>
<tr>
<th>(Amounts in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
</tr>
<tr>
<td>Community health centers</td>
</tr>
<tr>
<td>Budget authority</td>
</tr>
<tr>
<td>Obligations</td>
</tr>
</tbody>
</table>

The fiscal 1973 budget authority figure includes $97 million for the transfer of the Office of Economic Opportunity neighborhood health centers project. This transfer did not occur until fiscal 1974. The fiscal 1974 obligations level includes $6 million in recently released fiscal 1973 funds impounded from the family health centers program. DHEW does not want to use these funds to finance new starts, but plans instead to enrich the family health center benefit package which does not now include hospitalization, dental services, or prescription drugs. The Administration plans to seek an extension of the program's legislative authority which expires June 30, 1974.

Health maintenance organizations

The Administration has requested a supplemental appropriation of $65 million for fiscal 1974 and budget authority of $60 million for fiscal 1975 for the development of health maintenance organizations (HMOs). The budget data follow:

<table>
<thead>
<tr>
<th>(Budget authority in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of projects</td>
</tr>
<tr>
<td>1974</td>
</tr>
<tr>
<td>Feasibility studies</td>
</tr>
<tr>
<td>Planning</td>
</tr>
<tr>
<td>Initial development</td>
</tr>
<tr>
<td>Loans and loan guarantees</td>
</tr>
<tr>
<td>Program support</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>
AAMC Memorandum 74-6

Funds will be provided for grant support for an estimated 60 feasibility studies each year and 48 planning projects each year. In addition, HMOs in the initial development stage (20 in 1974 and 39 in 1975) will receive grant support. DHEW anticipates that activities for each of these stages of HMO development will take no longer than one year. In fiscal 1974 $35 million will be used to capitalize a fund for loans and loan guarantees for HMOs in the initial operational stage. The fiscal 1975 budget provides another $15 million to be added to this revolving fund. Loan funds would be available to an HMO during its first 36 months of operation or in the first 36 months following a significant expansion either in its membership or in the target area it serves. DHEW estimates that 20 operational HMOs will receive loans or loan guarantees in fiscal 1974, and that an additional 18 operational HMOs will receive loan assistance from the revolving fund in fiscal 1975. These 38 HMOs expected to be operational by the end of fiscal 1975 will eventually serve an enrolled membership of about one million people, according to DHEW estimates.

DHEW does not plan to award any HMO grants until regulations to implement the HMO program become final around June 1, 1974. The Department is not planning to operate the program under temporary regulations. In its request for a supplemental appropriation for 1974, the Administration will also request that the funds remain available until expended. In awarding the grants, DHEW plans to give some priority to eligible HMO projects currently receiving federal assistance, especially those in the operational stage now eligible for loans and loan guarantees.

National health service corps

For fiscal 1975, the Administration intends to enlarge the activities of the National Health Service Corps despite a drop in the budget request. The budget request of $9 million is $1 million below the fiscal 1974 budget authority. This apparent drop in fiscal 1975 funding is due to the termination of several one-time contracts which were supported by fiscal 1974 funds and which will not recur in fiscal 1975. Approximately 156 new positions and 45 new communities will be added to the NHSC program in fiscal 1975. The Administration estimates that the program will support over 530 health professionals in 245 communities designated as health manpower shortage areas.

Patient care and special health services

For fiscal 1975, the Administration has requested budget authority of $109 million for patient care and special health services, to operate eight general hospitals and 26 outpatient clinics for legal beneficiaries of the Public Health Service. The Administration's request also includes funds to provide health care and burial expenses for the untreated participants in the 1932 PHS study of syphilis in Tuskegee, Alabama.

The fiscal 1975 request is approximately $4 million over the fiscal 1974 budget authority. The HSA has indicated that almost all of this increase
will be absorbed by mandatory pay increases and increased costs of drugs and supplies.

In response to the Administration's attempts to close down PHS hospitals last year, the Congress passed legislation (PL 93-155) mandating that PHS hospitals remain open, but allowing DHEW to propose changes in PHS hospital operations and services. The Department is in the process of establishing a task force to consider possible options for the future use of these facilities, such as transferring them to local communities. The HRA indicated that no changes are planned in the current residency training programs at PHS hospitals.
National Institutes of Health

Research institutes

The Administration has requested approximately $1.8 billion for NIH research institutes and divisions, an increase of $52 million over budget authority for fiscal 1974. This increase is composed of a $73-million increase for the National Cancer Institute, a $23-million increase for the National Heart and Lung Institute, a $44-million decrease for the Division of Research Resources, and an increase of $1 million for all other research institutes combined. Obligations for fiscal 1974 will exceed budget authority because of the influx of previously impounded but now released fiscal 1973 funds. The following table provides the budget authority, obligation, and outlay figures for: fiscal 1973; the fiscal 1974 Labor-HEW appropriations bill (PL 93-192); the fiscal 1974 budget after discretionary withholding of 5 percent of funds, which was authorized in PL 93-192; and the President's fiscal 1975 budget:

<table>
<thead>
<tr>
<th>National Institutes of Health</th>
<th>amounts in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cancer (budget authority)</td>
<td>$492,250</td>
</tr>
<tr>
<td>(obligations)</td>
<td>431,271</td>
</tr>
<tr>
<td>(outlays)</td>
<td>384,310</td>
</tr>
<tr>
<td>Heart (budget authority)</td>
<td>300,042</td>
</tr>
<tr>
<td>(obligations)</td>
<td>255,728</td>
</tr>
<tr>
<td>(outlays)</td>
<td>232,921</td>
</tr>
<tr>
<td>Dental (budget authority)</td>
<td>46,998</td>
</tr>
<tr>
<td>(obligations)</td>
<td>40,865</td>
</tr>
<tr>
<td>(outlays)</td>
<td>39,413</td>
</tr>
<tr>
<td>Arthritis (budget authority)</td>
<td>167,348</td>
</tr>
<tr>
<td>(obligations)</td>
<td>142,838</td>
</tr>
<tr>
<td>(outlays)</td>
<td>149,528</td>
</tr>
<tr>
<td>Neurology (budget authority)</td>
<td>130,694</td>
</tr>
<tr>
<td>(obligations)</td>
<td>107,478</td>
</tr>
<tr>
<td>(outlays)</td>
<td>110,755</td>
</tr>
<tr>
<td>Allergy (budget authority)</td>
<td>113,434</td>
</tr>
<tr>
<td>(obligations)</td>
<td>103,347</td>
</tr>
<tr>
<td>(outlays)</td>
<td>106,394</td>
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<tr>
<td>NIGMS (budget authority)</td>
<td>183,212</td>
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<tr>
<td>(obligations)</td>
<td>154,035</td>
</tr>
<tr>
<td>(outlays)</td>
<td>170,841</td>
</tr>
<tr>
<td>Child Hlth (budget authority)</td>
<td>130,450</td>
</tr>
<tr>
<td>(obligations)</td>
<td>111,208</td>
</tr>
<tr>
<td>(outlays)</td>
<td>114,718</td>
</tr>
<tr>
<td>Eye (budget authority)</td>
<td>38,570</td>
</tr>
<tr>
<td>(obligations)</td>
<td>34,391</td>
</tr>
<tr>
<td>(outlays)</td>
<td>34,325</td>
</tr>
<tr>
<td>Envir. Hlth (budget authority)</td>
<td>30,960</td>
</tr>
<tr>
<td>(obligations)</td>
<td>26,137</td>
</tr>
<tr>
<td>(outlays)</td>
<td>25,849</td>
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<tr>
<td>Research Resources (budget authority)</td>
<td>75,091</td>
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<tr>
<td>(obligations)</td>
<td>72,846</td>
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<tr>
<td>(outlays)</td>
<td>73,280</td>
</tr>
<tr>
<td>Fogarty (budget authority)</td>
<td>666</td>
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<tr>
<td>(obligations)</td>
<td>3,899</td>
</tr>
<tr>
<td>(outlays)</td>
<td>4,253</td>
</tr>
<tr>
<td>TOTAL - Research (budget authority)</td>
<td>$1,713,715</td>
</tr>
<tr>
<td>(obligations)</td>
<td>1,494,043</td>
</tr>
<tr>
<td>(outlays)</td>
<td>1,446,587</td>
</tr>
</tbody>
</table>
Research activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>regular research grants</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>noncompeting</td>
<td>$435</td>
<td>$452</td>
<td>$514</td>
</tr>
<tr>
<td>competing</td>
<td>176</td>
<td>291</td>
<td>195</td>
</tr>
<tr>
<td></td>
<td>$611</td>
<td>$743</td>
<td>$709</td>
</tr>
<tr>
<td>research contracts</td>
<td>$261</td>
<td>$335</td>
<td>$362</td>
</tr>
<tr>
<td>research training grants</td>
<td>$105</td>
<td>$128</td>
<td>$57</td>
</tr>
<tr>
<td>training grants</td>
<td>11</td>
<td>46</td>
<td>61</td>
</tr>
<tr>
<td>fellowships</td>
<td>--</td>
<td>(27.5)</td>
<td>(55.5)</td>
</tr>
<tr>
<td>Weinberger plan</td>
<td>$116</td>
<td>$174</td>
<td>$118</td>
</tr>
<tr>
<td>general research support</td>
<td>$21.1</td>
<td>$45.3</td>
<td>$--</td>
</tr>
<tr>
<td>minority biomedical support</td>
<td>$5.0</td>
<td>$7.0</td>
<td>$7.3</td>
</tr>
<tr>
<td>other research activities</td>
<td>$469.4</td>
<td>$661.0</td>
<td>$562.6</td>
</tr>
<tr>
<td>Total</td>
<td>$1,483.5</td>
<td>$1,963.3</td>
<td>$1,785.9</td>
</tr>
</tbody>
</table>

**Research grants:** For fiscal 1974, the NIH estimates that $743 million will be available to fund over 10,000 research projects. The fiscal 1974 obligations for research grants will include fiscal 1973 funds which were impounded by the Administration and released in December 1973. For fiscal 1975, $709 million will be available to fund approximately the same number of research projects as in 1974. For both years, the number and funding of noncompeting research grants will increase, while the number and funding of competing grants will decrease. In terms of dollars obligated, research grants account for 37 percent of the fiscal 1974 research budget, and 39 percent of the fiscal 1975 research budget. Research contracts represent 17 percent of the NIH research budget in fiscal 1974, and 20 percent in fiscal 1975. (An itemized breakdown of competing and noncompeting research grants, distributed by NIH institutes, is on page 25.) There remains some uncertainty as to whether the fiscal 1974 and 1975 obligations will be sufficient to fund noncompeting continuations. Information available to the Association indicates that the NIH intends to fully fund all moral commitments. Officials at the NIH were unable to specify at this time whether all years of multi-year grants would be obligated in the first year or over a period of years. There are indications that new projects funded out of fiscal 73 money are to be at least partially forward-funded. This is designed to reduce the impact on future years' budgets of released fiscal 1973 funds.

**Research contracts:** Obligations for NIH research contracts will increase in fiscal 1974 and 1975. Virtually all of the $27 million increase in 1975 will be obligated for cancer- and heart-related research contracts.
Research training: Traditional research training grant and fellowship programs will continue to be phased out as the "Weinberger plan" of post-doctoral fellowships for priority research areas is phased in. The NIH may use part of the fiscal 1974 funds (which include the released fiscal 1973 funds), to support continuing training grant and fellowship obligations incurred in fiscal 1973 and previous years, and to support applications for these programs which had been submitted and were awaiting action by the January 29, 1973, cut-off date. After that date, no new starts under the traditional training or fellowship programs are to be made except for training grants in fields not attracting adequate numbers of Weinberger plan fellows. New obligations for fiscal 1974 and 1975 will be used to fund the Weinberger plan and to honor previous commitments. For fiscal 1974, approximately $27.5 million is available for new fellowship obligations under the Weinberger plan, while $55.5 million will be available for this purpose in fiscal 1975. The remaining funds will be used to phase out previous training commitments. DHEW estimates that the new fiscal 1974 fellowship awards will be made in late May or June 1974, and will support at least 1,825 researchers. The fiscal 1975 funding is estimated to support the continuation of earlier awards as well as approximately 1,825 new fellows. Legislation (HR 7724) proposing different versions of NIH research training authority is still pending in Congress. It is therefore not clear what type of training program or levels of funding would result if HR 7724 were enacted.

General research support grants: The Administration has proposed total termination of the general research support program in fiscal 1975. Support will continue for the Minority Biomedical Support Program and for the other programs sponsored by the Division of Research Resources. Released fiscal 1973 GRS funds will be obligated in fiscal 1974. Following is a summary of GRS grant obligations:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical schools</td>
<td>$23.5</td>
<td>$24.3</td>
<td>$17.8</td>
</tr>
<tr>
<td>Other institutions</td>
<td>$29.4</td>
<td>$30.6</td>
<td>$22.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52.9</strong></td>
<td><strong>$54.9</strong></td>
<td><strong>$39.8</strong></td>
</tr>
</tbody>
</table>

The NIH is in the process of completing its grant review, and hopes to send all notices out by April. For medical schools, approximately $9 million of fiscal 1973 GRS funds already have been distributed. The release of an additional $15.5 million in fiscal 1973 funds will bring the total fiscal 1973 obligations for GRS formula grants to 104 medical schools to $24.3 million. Initially in fiscal 1974, $17.8 million will be obligated to 104 medical schools. A later award cycle is to distribute an additional $5 million in fiscal 1974 funds among medical schools and other institutions after the formula grants have been recalculated.

Minority biomedical support: The Administration will continue this program in fiscal 1975, as part of the regular program of the Division of Research Resources. The minority program will not be affected by the decision to terminate GRS support.
Other research activities

Approximately $661 million are to be obligated in fiscal 1974, and $562.6 million in fiscal 1975 for other NIH research activities. Included in these totals are $34 million and $45.1 million for cancer control programs in fiscal 1974 and 1975, respectively; $51 million and $22 million are to be obligated for cancer construction programs in those same fiscal years. Additional components supported by these research funds are multidisciplinary research centers and other special programs.

National Library of Medicine

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget authority</td>
<td>$28,568</td>
<td>$26,309</td>
<td>$27,738</td>
</tr>
<tr>
<td>Obligations</td>
<td>$25,933</td>
<td>$31,030</td>
<td>$29,238</td>
</tr>
</tbody>
</table>

For fiscal 1975, the Administration estimates total obligations for the NLM to be $29.2 million, which is approximately $2 million less than estimated fiscal 1974 obligations. Included in this decrease is a proposed $1.4 million cutback in extramural assistance to medical libraries, from $7.7 million in fiscal 1974 to $6.3 million in fiscal 1975. Legislation currently pending in Congress (HR 11385) would authorize $17.5 million for fiscal 1975 for medical library assistance programs, whose authorizations will expire on June 30. No funding has been requested to construct facilities for the Lister Hill Biomedical Communications Center. NLM research grant obligations are estimated at $900,000 to fund 28 grants in fiscal 1974, and a similar amount to fund 32 grants in fiscal 1975.

The Administration's fiscal 1975 budget presented funding information in a new format, listing obligations by program activity, rather than by funding mechanism (see page 26). The NIH is in the process of developing a "cross-walk" to translate the new budget request into functional areas. When this information is developed, it will provide figures on the distribution of research grants, contracts, training, and other funds through the NIH institutes and divisions.
## Obligations for Regular Research Grants

<table>
<thead>
<tr>
<th>Institute:</th>
<th>(includes impounded FY 1973 funds)</th>
<th>FY 1975</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Funds (millions)</td>
<td>number of projects</td>
</tr>
<tr>
<td>NCI</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$65</td>
<td>1,030</td>
</tr>
<tr>
<td>competing</td>
<td>$51</td>
<td>710</td>
</tr>
<tr>
<td>NHLI</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$112</td>
<td>996</td>
</tr>
<tr>
<td>competing</td>
<td>$66</td>
<td>914</td>
</tr>
<tr>
<td>NIDR</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$10</td>
<td>170</td>
</tr>
<tr>
<td>competing</td>
<td>$6</td>
<td>73</td>
</tr>
<tr>
<td>NIAID</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$68</td>
<td>1,135</td>
</tr>
<tr>
<td>competing</td>
<td>$45</td>
<td>69</td>
</tr>
<tr>
<td>NICHD</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$36</td>
<td>622</td>
</tr>
<tr>
<td>competing</td>
<td>$32</td>
<td>609</td>
</tr>
<tr>
<td>NIGMS</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$55</td>
<td>918</td>
</tr>
<tr>
<td>competing</td>
<td>$28</td>
<td>344</td>
</tr>
<tr>
<td>NIEHS</td>
<td>FY 1974</td>
<td>FY 1975</td>
</tr>
<tr>
<td>noncompeting</td>
<td>$6</td>
<td>92</td>
</tr>
<tr>
<td>competing</td>
<td>$7</td>
<td>98</td>
</tr>
</tbody>
</table>

**NIH TOTAL:**

| noncompeting | $452 | 6,638 | $515 | 7,510 |
| competing    | $291 | 3,627 | $194 | 2,851 |

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## AAMC Memorandum 74-6

**DHHS - NATIONAL INSTITUTES OF HEALTH: Obligations by Budget Activities**

(amounts in millions)

<table>
<thead>
<tr>
<th>1973 Obligations</th>
<th>1974 Obligations</th>
<th>1975 Budget Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>(amounts in millions)</td>
<td>(amounts in millions)</td>
<td>(amounts in millions)</td>
</tr>
</tbody>
</table>

### Cancer
- Cancer cause and prevention research
- Treatment research
- Other cancer biology
- Research resources development
- Cancer control - demonstration

### Heart
- Vascular and cardiovascular diseases
- Lung diseases
- Blood diseases and resources
- Intramural laboratory and clinical research
- Research management and program services

### Dental
- Oral diseases
- Periodontal and soft tissue diseases
- Craniofacial anomalies
- Restorative materials
- Pain control and behavioral studies
- Dental research institutes
- Intramural laboratory and clinical research
- Research management and program services

### Arthritis
- Arthritis, orthopedics & skin disease research
- Digestive diseases and nutrition research
- Kidney disease
- Blood diseases
- Intramural laboratory and clinical research
- Research management and program services

### Neurology
- Cerebrovascular disorders
- Neurological disorders
- Stroke, nervous system trauma
- Fundamental neuroscience
- Intramural laboratory and clinical research
- Research management and program services

### Allergy
- Allergic and immunologic diseases
- Vascular and cardiovascular diseases
- Pulmonary
- Intramural laboratory and clinical research
- Research management and program services

### General Medical Sciences
- Pharmacology-toxicology
- Biomedical engineering
- Clinical and physiological sciences
- Genetics
- Cellular and molecular basis of disease
- Research management and program services
- General research support

### Child Health
- Population research
- Child health
- Aging
- Intramural laboratory and clinical research
- Research management and program services

### Eye
- Retinal and choroidal diseases
- Cataract
- Glaucoma
- Sensory motor disorders and rehabilitation
- Intramural laboratory and clinical research
- Research management and program services

### Environmental Health
- Environmental health sciences centers
- Ecology of envir. diseases and disorders
- Environmental pharmacology and toxicology
- Environmental pathogenesis
- Intramural laboratory and clinical research
- Research management and program services

### Research Resources
- Clinical research
- Biotechnology research
- Laboratory animal sciences and public research
- General research support
- Minority biomedical support
- Chemical/biological information handling research
- Research management and program services

### Fiscal Intersessional Center
- Georgia regional laboratory
- Scholarships
- Research management and program services

| TOTAL, Institutes and Research Divisions | 1,483.5 | 1,963.3 | 1,785.9 |

1/ Comparable for GSSG and Scientific Evaluation

NOTE: May not add due to rounding
Social and Rehabilitation Service

The key activities of the Social and Rehabilitation Service that affect the medical schools, other than the SRS role in the Medicaid program which this Memorandum is not including, are certain rehabilitation research and training programs and university affiliated centers for the developmentally disabled. No major changes in these programs from previously announced policies are expected in either fiscal 1974 or fiscal 1975. The budget data follow.

<table>
<thead>
<tr>
<th>(Obligations in thousands)</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation services and facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$21,810</td>
<td>$20,096</td>
<td>$20,000</td>
</tr>
<tr>
<td>Training</td>
<td>$32,016</td>
<td>15,572</td>
<td>11,500</td>
</tr>
<tr>
<td>Grants for the developmentally disabled</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University affiliated facilities</td>
<td>4,464</td>
<td>4,335</td>
<td>4,250</td>
</tr>
</tbody>
</table>

In research, a major area for emphasis in fiscal 1975 is the rehabilitation of the spinal cord injured and the severely disabled. The training program continues in the process of being phased out. The developmental disabilities centers program is to support 33 centers, providing specialized services to more than 50,000 trainees from more than 60 disciplines.
The health-related budget of the Veterans' Administration is to increase about 10 percent in fiscal 1975 over the fiscal 1974 level. Some increase is spread among nearly all programs. Of special interest to the Association, the VA's new program of assistance to health personnel education institution is to operate at a $10-million level in fiscal 1974 and a $20-million level in fiscal 1975. More detailed comments are provided under the budget headings of medical care, medical and prosthetic research, assistance to health manpower training institutions, medical administration and miscellaneous operating expenses, and construction.

Medical care

The $3.2 billion in budget authority requested for the VA's medical care activities is $315.9 million over fiscal 1974. Budget data on selected items follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital care</td>
<td>$1,743,618</td>
<td>$1,954,360</td>
<td>$2,091,312</td>
</tr>
<tr>
<td>Outpatient services</td>
<td>437,134</td>
<td>494,215</td>
<td>587,135</td>
</tr>
<tr>
<td>Education and training</td>
<td>138,130</td>
<td>154,159</td>
<td>180,861</td>
</tr>
</tbody>
</table>

The average daily patient census in VA hospitals is to increase from 81,500 in fiscal 1974 to 82,000 in fiscal 1975, and average employment is to grow from 124,695 in fiscal 1974 to 129,766 in fiscal 1975. The result is that staffing ratios are to improve from 1.5 in fiscal 1974 to 1.6 in fiscal 1975. Fiscal 1975 staffing ratios are to be 1.70 in medical bed sections, 2.07 in surgical bed sections, and 1.10 in psychiatric bed sections. The number of outpatient visits is to increase from 11.9 million in fiscal 1974 to 13.8 million in fiscal 1975. Based on new VA-medical school affiliations, the number of physicians and dentists in the VA medical education and training program is to increase from 29,800 in fiscal 1974 to 30,900 in fiscal 1975. Included in the budget are funds for the initiation or expansion of emergency care programs at eight hospitals, geriatric research and clinical centers at six hospitals, sickle cell screening and counselling at 12 hospitals, hypertension screening and treatment, and patient health education. The budget also provides funds for activation expenses of relocation and replacement general hospitals and new hospital bed buildings at Columbia, Mo.; San Antonio, Texas; San Francisco; Tampa, Fla.; and White River Junction, Vt.
Medical and prosthetic research

The VA research budget is to increase about 8.5 percent in fiscal 1975 over fiscal 1974. The budget data follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical research</td>
<td>$75,399</td>
<td>$81,756</td>
<td>$88,675</td>
</tr>
<tr>
<td>Prosthetic research</td>
<td>3,186</td>
<td>3,344</td>
<td>3,675</td>
</tr>
</tbody>
</table>

The additional funds are for initiation and growth of research programs in new and replacement hospitals and expanded laboratory facilities; initiation of research programs in hospitals newly affiliated with medical schools; and development and expansion of special VA research programs in aging, sickle cell disease, hypertension, and alcohol and drug dependence.

Assistance to health manpower training institutions

This program was authorized in the Veterans' Administration Medical School Assistance and Health Manpower Training Act of 1972. Because of difficulties encountered establishing the program, initial implementation has been delayed until fiscal 1974. The budget data follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants for new state medical schools</td>
<td>---</td>
<td>$5,000</td>
<td>$8,500</td>
</tr>
<tr>
<td>Grants to affiliated medical schools</td>
<td>---</td>
<td>3,000</td>
<td>6,500</td>
</tr>
<tr>
<td>Grants to other health manpower institutions</td>
<td>---</td>
<td>1,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Expansion of VA hospital education and training capacity</td>
<td>---</td>
<td>500</td>
<td>1,500</td>
</tr>
<tr>
<td>Total</td>
<td>---</td>
<td>$10,000</td>
<td>$20,000</td>
</tr>
</tbody>
</table>

Congress has appropriated budget authority of $45 million for this VA-supported,
OMB-opposed program. Funds appropriated for the program are available for obligation and expenditure up to six years after the fiscal year in which they were appropriated. This fact is cited by the Administration in explaining why there is no request for new funds in fiscal 1975. The program provides grants to assist in the establishment of up to eight new state medical schools to be operated in conjunction with VA hospitals; for grants to existing medical schools affiliated with the VA to expand and improve their training capacities; for grants to other health manpower institutions affiliated with the VA to coordinate, improve and expand the training of professionals, allied health and paramedical personnel; and for expansion of the VA hospital education and training capacity, including the development or initiation of improved methods of educating and training health personnel. The first deadline for receipt of grant applications is March 1; a later grant application cycle is expected about mid-summer. Only about two or three applications for new-school assistance are expected to qualify in fiscal 1974. Another one or two additional schools may qualify in fiscal 1975. About 15-20 applications for assistance to existing affiliated schools are expected, with academic medical centers accounting for an additional 10-12 applications.

Medical administration and miscellaneous operating expenses

Activities in this budget which interest the Association are VA postgraduate and inservice training, research and development in health services, and exchange of medical information. The budget data follow:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postgraduate and inservice training</td>
<td>$5,166</td>
<td>$8,000</td>
<td>$10,130</td>
</tr>
<tr>
<td>Research and development in health services</td>
<td>963</td>
<td>3,006</td>
<td>4,828</td>
</tr>
<tr>
<td>Exchange of medical information</td>
<td>2,033</td>
<td>3,000</td>
<td>3,000</td>
</tr>
</tbody>
</table>

The VA research and education associates program is to expand and new applications are being accepted. The clinical associate and medical investigator programs are being phased out; no new applications are being accepted, but persons holding appointments are to serve out the term of the appointment. No new applications are being accepted for senior medical investigator, the senior position in the VA career development program. A portion of the budget increase for research and development in health services reflects the higher costs of a VA staff reorganization, but the bulk of the increase is to fund ongoing projects and new projects aimed at improvement in the delivery of health care.
Construction

The VA's construction budget is up sharply in fiscal 1975 compared to fiscal 1974. Comparable budget authority figures are $181 million in fiscal 1973; $110.6 million in fiscal 1974; and $276 million in fiscal 1975. Budget data follow on segments of the construction program of most interest to the Association:

(Amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital replacement</td>
<td>$75.1</td>
<td>$37.0</td>
<td>$201.9</td>
</tr>
<tr>
<td>and modernization</td>
<td>5.9</td>
<td>26.6</td>
<td>65.9</td>
</tr>
<tr>
<td>Research and education</td>
<td>12.4</td>
<td>5.7</td>
<td>---</td>
</tr>
<tr>
<td>(budget authority)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(obligations)</td>
<td>0.5</td>
<td>7.4</td>
<td>7.6</td>
</tr>
</tbody>
</table>

Major fiscal 1975 projects include replacement hospitals at Loma Linda, Calif.; Los Angeles; and Bronx; and a new bed building at Columbia, S.C. The major research and education project continues to be in connection with the Louisiana State University School of Medicine in Shreveport.
Budget Action on Expiring Health Programs

A large number of legislative authorities for federal health programs are to expire June 30, 1974. As a result there are no fiscal 1975 authorization levels for such programs, and thus it is difficult to measure the President's fiscal 1975 budget request against a Congressionally determined level of need. The following chart lists health programs whose authority is to expire, legislation (if any) to modify and extend the programs, the fiscal 1975 authorization level in the pending legislation, and the President's fiscal 1975 request. Because of differences in proposals supported by the Congress and the Administration, some pending authorization and budget request figures are not precisely comparable. Nevertheless, they provide the best basis for comparison at the present time. Also, some bills are to extend more than one program.

<table>
<thead>
<tr>
<th>Expiring program and pending legislation to extend and modify</th>
<th>Pending fiscal 1975 authorization level (in millions)</th>
<th>Fiscal 1975 budget request (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Cancer Act</td>
<td>$800</td>
<td>$600</td>
</tr>
<tr>
<td>S 2893 (hearings concluded 1/30)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HR 12314 (hearings concluded 2/6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health services research</td>
<td>$65.2</td>
<td>$69</td>
</tr>
<tr>
<td>Health statistics</td>
<td>30.0</td>
<td>24</td>
</tr>
<tr>
<td>Medical library assistance</td>
<td>17.5</td>
<td>6.3</td>
</tr>
<tr>
<td>HR 11385 (passed 1/21)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S 2996 (introduced 2/8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regional medical programs</td>
<td>--- a</td>
<td>--- a</td>
</tr>
<tr>
<td>Comprehensive health planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical facilities construction (Hill-Burton)</td>
<td>--- a</td>
<td>2</td>
</tr>
<tr>
<td>HR 12053 (introduced 12/20)</td>
<td>$232</td>
<td></td>
</tr>
<tr>
<td>S 2994 (introduced 2/8)</td>
<td>198b</td>
<td></td>
</tr>
<tr>
<td>Community mental health centers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental health of children</td>
<td>116.5</td>
<td>630c</td>
</tr>
<tr>
<td>Alcohol, drug abuse control</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family planning</td>
<td>15.5</td>
<td>101c</td>
</tr>
<tr>
<td>Developmental disabilities</td>
<td>77</td>
<td>53</td>
</tr>
<tr>
<td>Migrant health</td>
<td>50</td>
<td>24</td>
</tr>
<tr>
<td>Comprehensive health services</td>
<td>100</td>
<td>90</td>
</tr>
<tr>
<td>HR 11511 (hearings underway)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Expiring program and pending legislation to extend and modify

| National Health Service Corps | --- | $9 |
| (no bill introduced to date) | | |

### Health manpower

| Health professions | --- | $257 |
| Nursing | --- | 45 |
| Allied health | --- | --- |
| Public health | --- | --- |
| (no bill introduced to date) | | |

| National health service scholarships | Such sums as may be necessary | $22.5 |
| HR 11539 (introduced 11/15) | | |

---

a. The Administration proposes a $75-million health resources planning program to combine the present RMP and CHP programs.

b. The Senate bill does not include the Hill-Burton program, which the Senate will consider in separate legislation not yet introduced.

c. Program appropriations are authorized by more than one legislative authority.
The figures below were released at a Press Conference by HEW on Saturday, February 2, 1974.

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
NATIONAL INSTITUTES OF HEALTH

1975 President's Budget
(Budget authority in thousands)

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Cancer Institute</td>
<td>$492,250</td>
<td>$527,306</td>
<td>$600,000</td>
<td>$72,694</td>
</tr>
<tr>
<td>National Heart and Lung Institute</td>
<td>300,042</td>
<td>286,465</td>
<td>309,299</td>
<td>22,834</td>
</tr>
<tr>
<td>National Institute of Dental Research</td>
<td>46,998</td>
<td>43,949</td>
<td>43,959</td>
<td>10</td>
</tr>
<tr>
<td>National Institute of Arthritis, Metabolism, and Digestive Diseases</td>
<td>167,348</td>
<td>152,941</td>
<td>152,961</td>
<td>20</td>
</tr>
<tr>
<td>National Institute of Neurological Diseases and Stroke</td>
<td>130,694</td>
<td>119,903</td>
<td>119,958</td>
<td>55</td>
</tr>
<tr>
<td>National Institute of Allergy and Infectious Diseases</td>
<td>113,434</td>
<td>110,369</td>
<td>110,404</td>
<td>35</td>
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<tr>
<td>National Institute of General Medical Sciences</td>
<td>153,212</td>
<td>168,329</td>
<td>168,329</td>
<td>-</td>
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<tr>
<td>National Institute of Child Health and Human Development</td>
<td>130,450</td>
<td>124,867</td>
<td>124,897</td>
<td>30</td>
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<tr>
<td>National Eye Institute</td>
<td>38,570</td>
<td>39,938</td>
<td>39,947</td>
<td>9</td>
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<tr>
<td>National Institute of Environmental Health Sciences</td>
<td>30,960</td>
<td>28,386</td>
<td>28,684</td>
<td>298</td>
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<tr>
<td>Research Resources</td>
<td>75,091</td>
<td>126,935</td>
<td>82,700</td>
<td>-44,235</td>
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<tr>
<td>John E. Fogarty International Center for Advanced Study in Health Sciences</td>
<td>4,666</td>
<td>4,762</td>
<td>4,784</td>
<td>22</td>
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<tr>
<td>Total, Research</td>
<td>$1,713,715</td>
<td>$1,734,150</td>
<td>$1,785,922</td>
<td>$51,772</td>
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<td>National Library of Medicine</td>
<td>28,568</td>
<td>26,309</td>
<td>27,738</td>
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<td>Buildings and Facilities</td>
<td>8,500</td>
<td>8,000</td>
<td>3,000</td>
<td>-5,000</td>
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<td>Office of the Director</td>
<td>11,755</td>
<td>12,875</td>
<td>18,124</td>
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<tr>
<td>Total, National Institutes of Health</td>
<td>$1,762,538</td>
<td>$1,781,334</td>
<td>$1,834,784</td>
<td>$53,450</td>
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HEALTH PROGRAMS
(Dollars In Millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Drug Administration</td>
<td>$149</td>
<td>$165</td>
<td>$200</td>
<td>$ +35</td>
</tr>
<tr>
<td>Health Services Administration</td>
<td>1,082</td>
<td>1,176</td>
<td>1,177</td>
<td>+ 1</td>
</tr>
<tr>
<td>Center for Disease Control</td>
<td>160</td>
<td>136</td>
<td>138</td>
<td>+ 2</td>
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<tr>
<td>National Institutes of Health</td>
<td>1,758</td>
<td>1,781</td>
<td>1,835</td>
<td>+54</td>
</tr>
<tr>
<td>Alcohol, Drug Abuse and Mental Health Administration</td>
<td>881</td>
<td>833</td>
<td>735</td>
<td>-98</td>
</tr>
<tr>
<td>Health Resources Administration</td>
<td>1,249</td>
<td>1,137</td>
<td>574</td>
<td>-563</td>
</tr>
<tr>
<td>Assistant Secretary for Health (PSRO's)</td>
<td>76</td>
<td>74</td>
<td>97</td>
<td>+23</td>
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<td>Subtotal, Health Agencies (Budget authority)</td>
<td>5,355</td>
<td>5,302</td>
<td>4,756</td>
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<tr>
<td>Outlays</td>
<td>(4,341)</td>
<td>(5,270)</td>
<td>(5,592)</td>
<td>(+322)</td>
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<tr>
<td>Medicare and Medicaid Benefits</td>
<td>(14,072)</td>
<td>(18,007)</td>
<td>(20,699)</td>
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<tr>
<td>Total, '74 Outlays</td>
<td>(18,420)</td>
<td>(23,277)</td>
<td>(26,291)</td>
<td>(+3,014)</td>
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### HEALTH SERVICES ADMINISTRATION
(Budget Author in Millions)

<table>
<thead>
<tr>
<th>Service</th>
<th>1974</th>
<th>1975</th>
<th>1976</th>
<th>Change</th>
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</thead>
<tbody>
<tr>
<td>Comprehensive Health Services</td>
<td>$299</td>
<td>$295</td>
<td>$290</td>
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<td>Health Maintenance Organizations</td>
<td>-----</td>
<td>65</td>
<td>60</td>
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<tr>
<td>Maternal and Child Health</td>
<td>267</td>
<td>266</td>
<td>266</td>
<td>-----</td>
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<tr>
<td>Family Planning</td>
<td>131</td>
<td>101</td>
<td>101</td>
<td>-----</td>
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<tr>
<td>Migrant Health</td>
<td>24</td>
<td>24</td>
<td>24</td>
<td>-----</td>
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<tr>
<td>Indian Health</td>
<td>220</td>
<td>250</td>
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<td>National Health Service Corps</td>
<td>8</td>
<td>10</td>
<td>9</td>
<td>-1</td>
</tr>
<tr>
<td>PHS Hospitals</td>
<td>96</td>
<td>105</td>
<td>109</td>
<td>+4</td>
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<td>Program Administration and Other</td>
<td>37</td>
<td>60</td>
<td>37</td>
<td>-23</td>
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<td>Total, Health Services Administration</td>
<td>$1,082</td>
<td>$1,176</td>
<td>$1,177</td>
<td>$ +1</td>
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### ALCOHOLISM, DRUG ABUSE, AND MENTAL HEALTH ADMINISTRATION
(Budget Authority in Millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>1974</th>
<th>1975</th>
<th>1976</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Mental Health:</td>
<td></td>
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<tr>
<td>Research and Training</td>
<td>$200</td>
<td>$190</td>
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<tr>
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<td>+10</td>
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<tr>
<td>Drug Abuse:</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and Training</td>
<td>48</td>
<td>52</td>
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<tr>
<td>Community Programs</td>
<td>167</td>
<td>176</td>
<td>157</td>
<td>-19</td>
</tr>
<tr>
<td>Alcoholism:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Research and Training</td>
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<td>15</td>
<td>12</td>
<td>-3</td>
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<tr>
<td>Community Programs</td>
<td>140</td>
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<td>78</td>
<td>-35</td>
</tr>
<tr>
<td>Saint Elizabeths Hospital</td>
<td>36</td>
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<td>+2</td>
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<tr>
<td>Administration and Information</td>
<td>64</td>
<td>58</td>
<td>53</td>
<td>-5</td>
</tr>
<tr>
<td>Total</td>
<td>$881</td>
<td>$833</td>
<td>$735</td>
<td>$ -98</td>
</tr>
</tbody>
</table>

### HEALTH RESOURCES ADMINISTRATION
(Budget Authority in Millions)

<table>
<thead>
<tr>
<th>Program</th>
<th>1974</th>
<th>1975</th>
<th>1976</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Resources Planning</td>
<td>----</td>
<td>----</td>
<td>$75</td>
<td>$ +75</td>
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<tr>
<td>Comprehensive Health Planning</td>
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<td>-42</td>
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<tr>
<td>Regional Medical Programs</td>
<td>144</td>
<td>75</td>
<td>-----</td>
<td>-75</td>
</tr>
<tr>
<td>Research and Evaluation</td>
<td>67</td>
<td>78</td>
<td>69</td>
<td>-9</td>
</tr>
<tr>
<td>Health Manpower:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Assistance</td>
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<td>267</td>
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<tr>
<td>Student Assistance</td>
<td>132</td>
<td>134</td>
<td>90</td>
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<td>Special Projects</td>
<td>196</td>
<td>166</td>
<td>120</td>
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<td>Subtotal, Health Manpower</td>
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<td>$567</td>
<td>$369</td>
<td>$ -198</td>
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<tr>
<td>Construction:</td>
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<td></td>
</tr>
<tr>
<td>Medical Facilities</td>
<td>$214</td>
<td>$197</td>
<td>-----</td>
<td>$ -197</td>
</tr>
<tr>
<td>Teaching Facilities</td>
<td>120</td>
<td>114</td>
<td>-----</td>
<td>-114</td>
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<tr>
<td>Interest Subsidies</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Subtotal, Construction</td>
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<td>$313</td>
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<td>$ -311</td>
</tr>
<tr>
<td>National Health Statistics</td>
<td>20</td>
<td>21</td>
<td>24</td>
<td>+3</td>
</tr>
<tr>
<td>Administration and Other</td>
<td>55</td>
<td>42</td>
<td>35</td>
<td>-7</td>
</tr>
<tr>
<td>Total</td>
<td>$1,249</td>
<td>$1,137</td>
<td>$574</td>
<td>$ -563</td>
</tr>
</tbody>
</table>

* * * * * * *
January 31, 1974

Dear Doctor Swanson:

You wrote in October that the Board of the Council of Academic Societies would be meeting on March 21, 1974 to review the application of the Association for Academic Psychiatry for membership.

I would like to briefly review the status of our Association. I enclose a copy of the revised By-Laws and the minutes from our last meeting.

1. We are incorporated. Papers have been filed with IRS for non-profit status.

2. Our current membership is 225 full-time faculty of Departments of Psychiatry of Medical Schools. We project a membership of 500 by the end of this year.

3. We have established an "Institutional" membership, allowing Departments of Psychiatry in Medical Schools to join. This membership allows the Department to send faculty to our workshops.

4. We are working closely with other organizations toward the goal of coordinating efforts in academic psychiatry. (Chairmen of Psychiatry group, Society of Professors of Child Psychiatry, ...)

We feel that we are actively involved in work relating to our established goals. We have become the largest, most representative organization identified with academic psychiatry.

Members of our Executive Council would be happy to be present at the March 21 meeting if it would be helpful. We feel that membership in the C.A.S. is critical for our Association if it is to accomplish its goals and hope that the Board reacts favorably.

Sincerely,

Larry B. Silver, M. D.
President

"Dedicated to Teaching in Psychiatry"
ARTICLE I: MEMBERSHIP

Section 1. Individual Memberships.

a) National Institute of Mental Health Career Teachers completing the program during the years 1968-1973 and the first president of the Association, Layton McCurdy, M.D., are charter members.

b) All National Institute of Mental Health Career Teachers completing the program from its inception in 1955 to 1967 and all participants in the 1972 or 1973 National Institute of Mental Health Psychiatrists as a Teacher Conference may become members through application alone.

c) Other teachers who are recommended by two or more members of the Association on the basis of their making a major commitment to psychiatric education may be elected to membership by a simple majority.

Section 2. Institutional Memberships.

Departments of Psychiatry of Medical Schools shall be eligible for Institutional Membership.

Section 3.

Any member who is two years delinquent in dues shall be dropped from membership. He or she must then reapply for membership and will be assessed for past unpaid dues.

ARTICLE II: OFFICERS

Section 1.

The officers of the Association shall be a President, President-Elect, Secretary and Treasurer.

Section 2.

Election of officers shall be by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the president or by someone designated by him from the Executive Council.
Section 3.
The term of office shall be two years. No officer
 can succeed himself or herself. The President-Elect
 shall succeed to the presidency at the expiration of
 the President’s term.

* Section 4.

The President-Elect, Secretary and Treasurer shall be
elected in November of odd-numbered years.

ARTICLE III: EXECUTIVE COUNCIL

Section 1.

There shall be an Executive Council composed of the
officers of the Association, the immediate Past
President, and the chairpersons of the following
committees:

- Membership
- Program
- Communication
- Parliamentary

Section 2.

These chairpersons shall be elected in November of
even-numbered years by a simple majority of members
voting in a formal meeting. A formal meeting requires
a minimum of 25 members and must be chaired by the
President or by someone designated by him from the
Executive Council.

Section 3.

The Executive Council may establish any ad hoc
committees deemed necessary.

ARTICLE IV: STANDING COMMITTEES

Section 1. Nominating Committee.

The nominating committee shall consist of two members
elected by a simple majority of members voting in a
formal meeting (a formal meeting requires a minimum
of 25 members and must be chaired by the President or
by someone designated by him from the Executive Council)
and two members appointed by the Executive Council; the
President shall vote in the case of a tie. This
committee is charged with presenting a slate to the
membership for consideration prior to each election.
Section 2. Membership Committee.

The chairperson shall be elected by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the President or by someone designated by him from the Executive Council. This chairperson shall appoint his or her committee. This committee shall be charged with regulating the admission and the status of members in the Organization.

Section 3. Program Committee.

The Chairperson shall be elected by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the President or by someone designated by him from the Executive Council. This chairperson shall appoint his or her committee. This committee shall be charged with developing and carrying out any and all meetings of the Organization.

Section 4. Communications Committee.

The Chairperson shall be elected by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the President or by someone designated by him from the Executive Council. This chairperson shall appoint his or her committee. This committee shall be charged with facilitating communication amongst members.

ARTICLE V: DUES

Section 1.

The membership shall be assessed such dues as is necessary for conducting the affairs of the Association.

Section 2.

Recommendations for annual dues shall be submitted by the Executive Council for approval by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the President or by someone designated by him from the Executive Council.

Ratified: February 22, 1973

* Ratified: November 20, 1973
The By-Laws shall be amended to include the following:

**ARTICLE VI: AMENDMENTS TO THE BY-LAWS**

**Section 1.**

Amendments may be proposed in writing by any five members of the Association.

**Section 2.**

These By-Laws may be amended by a simple majority of members voting in a formal meeting. A formal meeting requires a minimum of 25 members and must be chaired by the President or by someone designated by him from the Executive Council.

Ratified: November 21, 1973
The Association met in General Session and in Executive Council Session on several occasions during the Airlie-II workshop. Following are the minutes, presented chronologically.

**General Meeting**

November 20, 1973

Present: 65 members

Dr. Larry Silver called the meeting to order at 1:00 p.m. He reviewed the history of the Association and discussed the recent dialog with the Chairman's of Psychiatry Organization. He then listed the items of agenda: (1) future relationship of AAP with the Chairman's group and other organizations; (2) the status of AAP's membership in RAMC; (3) financial status; (4) membership expansion; and (5) the need to restructure the administrative organization.

After a long discussion a motion was moved, seconded and passed stating that AAP should remain an autonomous organization while continuing toward a communication system with other organizations. A motion was made, seconded and passed to have the President contact the Chairman's organization, the Society of Professors of Child Psychiatry, and other appropriate organizations toward establishing an Assembly with representatives from each organization.

A motion was made, seconded and passed to continue the process of applying for membership in the Council of Academic Societies of AAMC.

A motion to hold elections in November every other year, beginning in November of 1974 was made, seconded and passed. A motion to meet once a year, preferably in conjunction with the AAMC meeting and in the same location was made, seconded and passed.

A discussion of membership followed. A motion to elect as members all participants in Airlie-II who were not yet members was made, seconded, and carried. A motion was presented and approved which would limit individual membership to 200 and would establish an institutional membership for Departments of Psychiatry of medical schools. For an annual dues, each Department would be able to send two Junior Faculty members to the workshops and/or meetings.

A discussion followed reflecting on the need to reorganize the officers and Council structure to reflect the increase in membership and scope. To facilitate this reorganization Drs. Gabriel and Langee offered their resignation as Vice-President and Treasurer respectively. A meeting of the then existing Executive Committee was scheduled for that evening to explore the reorganization and to report back to the membership on the next day. This meeting was announced as an open meeting and all interested members were encouraged to participate.

Dr. Silver adjourned the meeting at 3:30 p.m.
Executive Committee Meeting

November 20, 1973
9:30 p.m.

Present: Executive Committee plus 20 others

Dr. Silver called the meeting to order. He and Dr. Brownie Hoffman had worked on the By-Laws during the break and they presented the changes necessary to expand the existing Executive Committee into an Executive Council. These recommendations were approved and scheduled for presentation at the next meeting.

A recommendation was approved to set the dues for Institutional membership at $150; this would entitle Departments to send two faculty members to the annual workshop with free registration.

The following recommendations were approved: (1) to change the title of Vice-President to President-Elect; (2) to move the next election to November of 1975; (3) to establish a separate Secretary and Treasurer; (4) to establish a Communications Secretary; and (5) to establish a Parliamentarian Secretary. Each of the above would be a member of the Executive Council.

The decision was made to meet in November of 1974.

Dr. Rittelmeyer agreed to redo the membership forms. The procedure will be to deposit the check, place the individual on a mailing list, and vote on his or her approval at the next meeting.

The meeting was adjourned at 11 p.m.

General Meeting

November 21, 1973
9:00 a.m.

Present: 28 members

Dr. Silver called the meeting to order. It was agreed that enough members were present to conduct business.

The By-Laws revisions were individually presented and approved (copy of revised By-Laws attached).

The Institutional membership of $150 with two faculty members coming to the Annual meeting was approved. A motion was made, seconded, and passed to rescind the limit to individual membership passed the previous day. There will be no limit.

A motion to change the office of Vice-President to President-Elect was made, seconded, and passed. A motion to change the decision of the previous day and establish the next election as November 1975 was made, seconded, and passed.

Individual motions to establish new offices, thus enlarging the existing Executive Committee to an Executive Council was made, seconded and passed. Drs. Gabriel and Langee's resignations were accepted. The results of the elections were:
President-Elect: Dr. Tom Webster
Secretary: Dr. Jim Eaton
Treasurer: Dr. Paul Gabriel
Membership Secretary: Dr. Louis Rittelmeyer
Program Secretary: Dr. Harvey Langee
Communication Secretary: Dr. Martin Harris
Parliamentary Secretary: Dr. Browning Hoffman

The above seven plus the immediate past President, Dr. Layton McCurdy, and the current President, Dr. Larry Silver will be the Executive Council. This Council was given the power to make necessary decisions when a general meeting was not possible.

A motion was made, seconded, and passed to change the By-Laws to show that all voting would require a majority of those voting. A minimum for a vote would be 25 members. The meeting would have to be chaired by the President or his designate from the Executive Council.

A motion to have elections for President-Elect, Secretary, and Treasurer in November of odd number years, starting in November of 1975, and of other Executive Council members in November of even numbered years, starting in November of 1974 was made, seconded and passed.

Dr. Silver offered the Association's thanks to the Program Committee for this workshop and to Ms. JoAnn Hoffman for her major contributions. The membership unanimously approved.

The meeting was adjourned at 11:30 a.m.

H. Paul Gabriel, M.D.
Larry B. Silver, M.D.

Addendum

The Executive Council, based on volunteers from the membership selected the following Committee Structure:

Membership Committee -- Chairman: Lou Rittelmeyer
Midwest: Coordinator: Duane Hagen
Daniel Creson
James Hancock
Philip Woolcott
Washington, D.C.: Coordinator: Marty Harris
Alan Arnson
Carolyn Robinowitz
Belinda Straight
New York: Coordinator: David Preven
          Marshall Swartzburg

Far West: Coordinator: Ira Glick

Southeast: Coordinator: Layton McCurdy, John Griffin
          Charles Ham
          Patrick Linton
          Bill Powell
          Miles Crowder
          James Larson

Northeast: Coordinator: Andy Morrison
          Carol Nadelson

Program Committee -- Chairman: Harvey Langee
          Brian Doyle
          John Gerber
          Jim Hancock
          Chase Kimberly
          R.E. Froelich
          Paul Fink

Financial Planning Committee -- Chairmen: Larry Silver, Paul Gabriel

Newsletter Committee -- Chairman: Marty Harris
          Dan Cowell
          Domeena Renshaw
A SECOND NATIONAL CONFERENCE
SPONSORED BY
THE GEORGE WASHINGTON UNIVERSITY
DEPARTMENT OF PSYCHIATRY
AND
THE ASSOCIATION FOR ACADEMIC
PSYCHIATRY

The Psychiatrist

as a Teacher - II

NOVEMBER 18 – 21, 1973

Supported by a Grant from:
The National Institute of Mental Health
**PURPOSE:**
To improve the capabilities of the psychiatrist as a teacher.

**OBJECTIVES:**
- Participants will be provided opportunities to improve their specific instructional skills in one or more of the following areas:
  - Small Group Instruction
  - Lecture
  - Clinical Teaching
  - Design and Use of Simulation Techniques
- A "free university" format will enable participants to share various teaching strategies and materials they have developed or to dialogue with colleagues on issues of common interest.
- Various mechanisms will be developed for ongoing post-workshop communications among colleagues with mutual interests in improving psychiatric teaching.

**PROGRAM:**
The program emphasis is on participant involvement. Consultants will guide individuals in analyzing their strengths and weaknesses in particular types of instruction through simulated teaching encounters, videotape recall and colleague feedback. Workshop staff will be prepared to facilitate through scheduling communication, and provision of audio-visual equipment, participants' "free university" offerings.

**SCHEDULE:**

**Sunday, November 18, 1973**
- 3:00-4:00 pm: Registration Regional Meetings
  - An opportunity to meet with colleagues.
- 5:00 pm: Social Hour
- 6:00 pm: Dinner
- 7:30 pm: General Session Overview of workshop activities.

**Monday, November 19, 1973**
- 8:00-9:00 am: Breakfast
- 9:00-12:00: Small Group Activities
  - Lecture
  - Small Groups
  - Clinical Teaching
  - Design and Use of Simulation
- 12:00: Lunch
- 1:30-4:00 pm: Small Group Activities continued
- 5:00 pm: Social Hour
- 6:00 pm: Dinner
- 7:30 pm: General Session
  - Open discussion and planning of Free University
- 8:30-9:30 pm: Regional Group Meetings

**Tuesday, November 20, 1973**
- 8:00-9:00 am: Breakfast
- 9:00-12:00: Small Group Activities
- 12:00: Lunch
- 1:00-2:30 pm: General Session
  - Directions for the Association for Academic Psychiatry
  - Free University
- 3:00-5:00 pm: Free University
- 5:00 pm: Social Hour
- 6:00 pm: Dinner
- 7:30-9:30 pm: Free University

**Wednesday, November 21, 1973**
- 8:00-9:00 am: Breakfast
- 9:00-9:45 am: Regional Meetings
- 10:00-12:00: General Session
  - "The Psychiatrist as a Teacher"

**JOINT STEERING COMMITTEE:**
- Alan N. Aronson, M.D., Washington, D.C.
- Ayres D’Costa, Ph.D., Chairman, Conference Planning Committee, Association of American Medical Colleges
- George Washington Univ.
- James Eaton, M.D., University of Vermont
- S. Patrick McKegney, M.D., University of Vermont
- Ronald Richards, Ph.D., Michigan State University
- Ayres D’Costa, Ph.D., President, Association for Academic Psychiatry
- Rutgers Medical School
- H. Foul Gable, M.D., New York University Medical Center
- Thomas G. Webster, M.D., George Washington Univ. Medical Center

**PARTICIPANTS:**
This year’s conference will be open to all members of the Association of Academic Psychiatry. A registration form may be sent in by any member, or by those who are joining the Association.

**EXPENSES:**
All personal expenses must be borne by the individual or their supporting institutions. Reservations for all participants will be made at the A'Aba Hotel. Meals and lodging are approximately $25 per day. Program costs are supported by E.I. du

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Ronald Richards, Ph.D., Workshop Director, Director, Office of Medical Education Research and Development, Michigan State University.

Hilliard Jason, M.D., Ed.D., Professor, Office of Medical Education Research and Development and Department of Psychiatry, Michigan State University; Educational Consultant, National Library of Medicine, Lister Hill Center.

Norman Kagan, Ph.D., Professor, Office of Medical Education Research and Development, Michigan State University.

Jack Maatsch, Ph.D., Professor, Office of Medical Education Research and Development, Michigan State University.

John Schneider, Ph.D., Associate Professor, Office of Medical Education Research and Development and Department of Psychiatry, Michigan State University.