AGENDA

COUNCIL OF TEACHING HOSPITALS
ADMINISTRATIVE BOARD MEETING

February 25, 1988
8:00 a.m.
Washington Hilton Hotel
Caucus Room
COTH ADMINISTRATIVE BOARD

Chairman: J. Robert Buchanan, MD
Massachusetts General Hospital

Chairman-Elect: Gary Gambuti
St. Luke's-Roosevelt Hospital Center

Immediate Past Chairman: Spencer Foreman, MD
Montefiore Medical Center

Secretary: John E. Ives
St. Luke's Episcopal Hospital

Jerome H. Grossman, MD
New England Medical Center, Inc.

Leo M. Henikoff, MD
Rush-Presbyterian-St. Luke's Medical Center

William H. Johnson, Jr.
University of New Mexico Hospital

Larry L. Mathis
The Methodist Hospital

James J. Mongan, MD
Truman Medical Center

Charles M. O'Brien, Jr.
Georgetown University Hospital

Max Poll
Barnes Hospital

Raymond G. Schultze, MD
UCLA Hospitals and Clinics

C. Edward Schwartz
Hospital of the University of Pennsylvania

Barbara A. Small
Veterans Administration Medical Center, Durham

Alexander H. Williams
AHA Representative

COTH MEETING DATES

COTH 1988 ADMINISTRATIVE BOARD MEETINGS

February 24-25
The Washington Hilton Hotel
Washington, DC

June 22-23
Same

September 7-8
Same

COTH SPRING MEETINGS

May 11-13, 1988
The New York Hilton Hotel
New York, NY

May 10-12, 1989
The Hotel del Coronado
San Diego, CA

May 9-11, 1990
The Lafayette Hotel
Boston, MA

AAMC ANNUAL MEETINGS

November 12-17, 1988
The Marriott Hotel
Chicago, IL

October 28-November 2, 1989
The Washington Hilton Hotel
Washington, DC

October 20-25, 1990
The San Francisco Hilton Hotel
San Francisco, CA
MEETING SCHEDULE
COUNCIL OF TEACHING HOSPITALS
ADMINISTRATIVE BOARD

February 24-25, 1988
Washington Hilton Hotel
Washington, DC

WEDNESDAY, February 24, 1988

Noon-2:00p  LUNCH AND ORIENTATION FOR NEW BOARD MEMBERS
            AAMC Conference Room

6:00p  JOINT ADMINISTRATIVE BOARDS SESSION
       Guest Speaker: Honorable David Obey
       House Appropriations Committee; Deputy Majority Whip
       Jefferson West Room

7:00p  JOINT ADMINISTRATIVE BOARDS RECEPTION
       Jefferson East Room

7:30p  COTH ADMINISTRATIVE BOARD DINNER
       Hemisphere Room

THURSDAY, February 25, 1988

8:00a  COTH ADMINISTRATIVE BOARD MEETING
       Caucus Room

12:30p JOINT AAMC ADMINISTRATIVE BOARDS LUNCHEON
       Military Room

1:30p  AAMC EXECUTIVE COUNCIL BUSINESS MEETING
       Hemisphere Room
AGENDA

COUNCIL OF TEACHING HOSPITALS
ADMINISTRATIVE BOARD MEETING

WASHINGTON HILTON HOTEL
Caucus Room
February 25, 1988
8:00am-12:30pm

I. CALL TO ORDER
II. CHAIRMAN'S REPORT     Dr. Buchanan
III. CONSIDERATION OF MINUTES, September 10, 1987  Page 1
IV. COTH AGENDA ITEMS

A. ACTION: Membership Applications
   All Children's Hospital
   St. Petersburg, Florida
   RECOMMENDATION: Full Membership
   Page 7
   The Children's Hospital of Philadelphia
   Philadelphia, Pennsylvania
   RECOMMENDATION: Full Membership
   Page 13
   Veterans Administration Medical Center
   Fort Howard, Maryland
   RECOMMENDATION: Corresponding Membership
   Page 18

B. Update on 1988 COTH Spring Meeting
   Handout

C. Staff Report

V. EXECUTIVE COUNCIL AGENDA ITEMS

A. ACTION: Resident Supervision and Hours  Executive Council
   Agenda - Page 35
B. ACTION: ACGME Task Force Report on Resident
   Hours and Supervision  Executive Council
   Agenda - Page 78
C. ACTION: Health Manpower Act  Executive Council
   Agenda - Page 82
D. ACTION: International Medical Scholars
   Program Bylaws  Executive Council
   Agenda - Page 10
E. ACTION: Statement on Professional
   Responsibility  Executive Council
   Agenda - Page 90
VI. INFORMATION ITEMS
   A. COTH Membership Committee Meeting Minutes
   B. AAMC Letters of Comment

VII. OLD BUSINESS

VIII. NEW BUSINESS

IX. ADJOURN
COTH ADMINISTRATIVE BOARD MEETING
MINUTES
September 10, 1987

Present

Spencer Foreman, M.D., Chairman
J. Robert Buchanan, M.D., Chairman-Elect
Gary Gambuti, M.D.
Jerome H. Grossman, M.D.
William H. Johnson, Jr.
Lawrence L. Mathis
James J. Mongan, M.D.
Charles O'Brien, Jr.
C. Edward Schwartz

Absent

Gordon M. Derzon
John E. Ives
Raymond G. Schultze, M.D.
Barbara A. Small
C. Thomas Smith
Alexander H. Williams, AHA Representative

Guests

John W. Colloton
Joanne Fruth, OSR Representative
Edward J. Stemmler, M.D.

Staff

James D. Bentley, Ph.D.
Catherine Cahill
Linda E. Fishman
Sonia M. Kohan
Dorothy Lehrman
Robert G. Petersdorf, M.D.
Nancy E. Seline
John F. Sherman, Ph.D.
Judith C. Teich
Kathleen S. Turner
Melissa H. Wubbold

I. Call to Order

Dr. Foreman called the meeting to order at 8:00 a.m. in the Map Room of the Washington Hilton Hotel.

II. Chairman's Report

Dr. Foreman began the meeting by noting that board members Gordon Derzon, John Ives, Ray Schultz, Barbara Small and Tom Smith were unable to attend. He introduced a new staff member in the Office of Governmental Relations, Catherine
Cahill, noting her masters in public administration from the University of Kentucky and experience in the Office of Reimbursement Policy and Office of Legislation and Policy. He outlined her current duties for the AAMC as monitoring Medicare and Medicaid legislation and coordinating with the staff of the AAMC Division of Clinical Services to develop policy positions on legislative and regulatory matters. He also introduced Joanne Fruth of the Organization of Student Representatives who would participate in the discussion of the housestaff hours paper prepared by Drs. Petersdorf and Bentley. Additionally, Dr. Foreman congratulated Dr. Mongan on his recent "double dose" appointment as dean of the University of Missouri, Kansas City School of Medicine in conjunction with his extant position as executive director of Truman Medical Center.

Dr. Foreman outlined the agenda for the Board meeting and reviewed a number of information items, including an overview of the upcoming AAMC Annual Meeting. He stressed the 4:30p start of the first plenary session on Sunday, November 8; the AAMC-sponsored open reception following that plenary session; and the COTH Luncheon and General Session beginning at 11:30a on Monday. He urged Board members to attend the meeting and participate in these sessions. A handout of Annual Meeting sessions of interest to COTH members was distributed.

Dr. Foreman noted that Drs. Petersdorf and Bentley would be addressing the housestaff issue paper early in the Board meeting. He indicated that the AAMC is the focal organization for this topic and its recommendations will more than likely be important to public policy. He urged Board members to make their views known to Drs. Petersdorf and Bentley during the planned discussion.

In addition, he noted a handout listing the composition of the Spring Meeting Planning Committee and indicated the committee would be meeting in Chicago on October 5 to discuss topics and speakers for the 1988 meeting in New York.

Minutes of the AAMC ad hoc Committee to Review the Academic Medical Center Survey were distributed and Board members were encouraged to read these minutes and make note of the important changes that have been made to the AAMC Survey of Academic Medical Center Hospitals' Financial and General Operating Data.

He also pointed out that the Board agendas will contain AAMC letters of comment to keep Board members acquainted with AAMC policy statements; they will be useful as reference pieces.

Lastly, Dr. Foreman noted an item not on the formal agenda. The AAMC has appointed a Committee on AIDS and the Academic Medical Center. This committee will be chaired by Jay Sanford, M.D., President and Dean of the Uniformed Services University of the Health Sciences School of Medicine and COTH members on the committee are James Farsetta, Director of the Brooklyn Veterans Administration Medical Center; Bill Johnson; and Robert Newman, M.D., President, Beth Israel Medical Center in New York. Dr. Petersdorf reviewed the charge of the Committee and discussed the need to set curricular recommendations in the medical school.

Dr. Petersdorf then reported that he was pleased with the cooperation and support he had received during his first year at the AAMC. He noted that the reorganization of staff had been completed, and that two vacant vice presidents' positions had been filled. Dr. Robert Levy was to assume the position of vice president for biomedical research and Mr. Ed Crocker would become vice president of administrative services. In addition, Dr. Louis Kettel had agreed to join the
staff as associate vice president for academic affairs. The AAMC was still searching for a head for the section for accreditation.

The Board was updated on the success of the AAMC's efforts to preclude distribution of the "dean's letters," which review students' qualifications for residency training positions. Ninety percent of the deans and program directors have abided by the November 1 date for release of the letters. The AAMC will attempt to elicit cooperation from an even higher percentage next year.

III. Consideration of Minutes

ACTION: It was moved, seconded, and carried to approve the minutes of the June 18, 1987 COTH Administrative Board Meeting.

IV. Membership

The Board reviewed the application of St. Luke's Episcopal Hospital in Houston, Texas for membership in the COTH.

ACTION: It was moved, seconded, and approved that St. Luke's Episcopal Hospital be accorded full membership in the COTH.

V. Housestaff Hours Paper

Dr. Petersdorf began by emphasizing the importance of the academic community confronting the issues of reasonable working hours and supervision of residents directly. He hoped that the two recommendations which will emerge from the debate are: 1) a maximum number of hours per week that housestaff may work, and 2) housestaff activities be left to the institutions, rather than a regulatory body.

Dr. Buchanan noted that there is increasing academic concern about the pressures on senior staff to be involved in research in their field and the increasing fiscal pressures for the faculty to support itself. The effect on housestaff is that time for instruction is diminishing. He suggested academic medicine should not just respond to New York State's efforts to control working hours, but be a policy leader on this issue.

Mr. Gambuti stated that while no one in New York believes that all of the recommendations of the Bell commission should be carried out, there is no argument that there is desperate need for greater supervision. He was concerned that the focus on hours had diverted attention from the real questions of: (1.) What would constitute adequate supervision? (2.) How can differences in shifts and specialties be recognized? and, (3.) How will the extra supervisory personnel be paid for? Mr. Colloton wondered if the AAMC should suggest guidelines for the development and enforcement of supervisory standards. He felt it important to keep the guidelines out of the regulatory arena.

Dr. Grossman emphasized the need for further examination of institutional responsibility for residency training. Dr. Petersdorf noted that residents need to be in situations where they can learn to exercise their own judgment and make decisions alone.
ACTION: The Board recommended that the paper be revised to reflect their concerns with supervision, specialty differences, and funding to support the change, and then brought to the Executive Council at the Annual Meeting in November. No other formal vote was taken.

VI. Report of the ad hoc Committee on Housestaff Participation

The AAMC had appointed an ad hoc Committee chaired by Dr. Joseph Johnson, III, to consider if housestaff should be incorporated into the AAMC as a newly created constituency section. If the Committee concluded that housestaff should be included, it was charged with making further recommendations on how and under which Council it should be organized.

Dr. Petersdorf reported that in a recently completed constituent survey, a majority favored housestaff participation in the AAMC, although support was lower among COTH members than among other constituent groups. He noted that since students are already involved in the Association through the OSR, the arguments for their inclusion support involving residents. However, there are technical questions of how to identify representatives and how to pay for their participation.

During the meeting of the ad hoc Committee, there was significant debate about the method by which residents should be selected. Some felt the schools should nominate a resident, and the affiliated teaching hospitals should provide the necessary support for their participation. However, it was not clear which affiliated hospital would provide the support or how a resident in a program based at one hospital would represent the residents in any of the other affiliated hospitals. Others on the Committee believed the leaders of the organizations in the Council of Academic Societies should appoint them, and the hospitals should support their participation. However, it was noted that this would result in an extremely uneven distribution of resident representatives. In the end, the Committee was persuaded that the hospitals, if they were to be expected to provide the support, would expect to make the appointments. The importance of good representation across specialties was stressed by the ad hoc Committee.

Dr. Buchanan expressed some concern that the inclusion of housestaff would encourage them to organize within each hospital. Dr. Buchanan further expressed some doubts about having the service chiefs or program directors choose the housestaff representatives. He pointed out that the OSR was the outgrowth of a "grassroots" movement because it was developed as a response to activism from medical students all over the country. The AAMC brought the students into the fold to keep them from aligning with another organization. The housestaff organization is not arising in a "grassroots" proposal. Mr. Gambuti stated that despite its origins, the issue of housestaff representation ought to be considered because of the need for discussion of problems of residency training.

The possibility of retaining OSR representatives as housestaff representatives when they graduate and begin their residencies was suggested because the OSR representatives would already have the requisite skills and knowledge about the AAMC; however, it was noted that these students may not be representative of the residents.
VII. Policy for Paying Capital Costs in COTH Hospitals

The COTH Administrative Board had voted at its June meeting to repeal the 1984 AAMC Policy statement supporting prospective payment for capital costs. No further action was taken.

VIII. Proposed Policies for Jointly Sponsored AAHC/AAMC Group of Government Relations Representatives

Richard Knapp, Ph.D., described the development of a group of university and medical government relations representatives loosely organized under the AAHC. The group, formed in 1986, was initially organized to assist the AAHC staff in identifying legislative issues of primary importance to its members and provide institutions' government relations representatives with an opportunity to meet and discuss issues with their counterparts in other academic health centers.

In September 1986, the AAMC began to establish a similar group within its membership. The AAMC asked each medical school dean and COTH chief executive officer to identify a person in their organization with government relations responsibilities. These individuals would receive AAMC memoranda pertinent to government relations activities and presumably facilitate communication and lobbying efforts between the Association and member organizations. Questions arose regarding the relationship between the AAMC government liaison group and the AAHC group. It was feared that policies advocated by the two groups might be construed as contradictory. As a result, the AAHC and AAMC leadership recommended the creation of the jointly sponsored group of government relations representatives. Dr. Knapp reviewed the group's proposed operational guidelines. After a brief discussion, the Administrative Board suggested adding a statement that specifies that the new group of government relations representatives (GRR) does not develop policy for the AAMC or participate in the governance of the organization. The Board suggested that the group be described as implementers of the parent organizations' policies. Dr. Knapp announced that the next meeting of the GRR was to be in December.

ACTION: It was moved, seconded, and carried to approve the amended proposed policies for the establishment of a jointly sponsored AAHC/AAMC group of government relations representatives.

In a related matter, Dr. Knapp questioned the Board as to whether his office should send GRR-related information directly to the CEO designated representatives. He explained that it would reduce the amount of mail the CEO receives and result in the timely dissemination of information. The Board suggested that the CEO continue to receive the information but a copy be sent to the GRR representative as well.

Finally, Dr. Knapp encouraged Board members to visit their congressmen when in Washington. He also explained in response to a question the AAMC's lack of participation in congressional fundraisers. Since the Association is a 501(C)(3) organization, any contributions must come from an individual's personal funds. Therefore, the AAMC does not contribute to any such activity.
IX. Full Funding of Research Project Grants

Drs. Short and Sherman requested input from Board members on whether the AAMC should continue to advocate for full funding of research project grants (RPGs). Dr. Short presented the results of a trend analysis of the rising cost of grants, including the direct and indirect components of the RPGs. Dr. Sherman noted that this matter was being discussed because the annual battle over the NIH and ADAMHA appropriations was about to begin in addition to renewing the expiring authorities of NIH agencies.

Drs. Foreman and Buchanan observed that the data on indirect costs were very revealing and potentially harmful to the extramural research community. These data show that indirect costs have risen disproportionately to direct costs and have even outpaced the rise in the Biomedical R & D Price Index (BDRDPI).

Board members encouraged the AAMC to continue its policy of full funding of NIH RPGs, but cautioned the Association to avoid any analysis that publicly reveals the rapid growth of indirect costs. The Board took no further action.

X. ACGME Guidelines for Accrediting Enduring Educational Materials

Board members were asked to review the ACGME guidelines for accrediting sponsors of enduring educational materials. The deliberations of the ACME resulted in a guideline for interpreting the seven Essentials as they apply to enduring materials. In addition, an appendix to the accreditation application will be completed by sponsors of enduring materials. Among the guidelines is the requirement of sponsors to furnish evidence of strong physician involvement in the assessment and periodic reassessment of content and need in the production of the materials.

ACTION: It was moved, seconded and unanimously carried to approve the change in eligibility requirements for accreditation.

XI. Adjournment

ACTION: There being no further businesses, it was moved, seconded, and carried that the meeting adjourn at 11:55p.
Membership in the Council of Teaching Hospitals is limited to organizations having a documented affiliation agreement with a medical school accredited by the Liaison Committee on Medical Education.

INSTRUCTIONS: Complete all Sections (I-V) of this application.

Return the completed application, supplementary information (Section IV), and the supporting documents (Section V) to the:

Association of American Medical Colleges
Council of Teaching Hospitals
One Dupont Circle, N.W.
Suite 200
Washington, D.C. 20036

I. HOSPITAL IDENTIFICATION

Hospital Name: All Children's Hospital

Hospital Address: (Street) 801 Sixth Street South

(City) St. Petersburg (State) Florida (Zip) 33701

(Area Code)/Telephone Number: (813) 898-7451

Name of Hospital's Chief Executive Officer: J. Dennis Sexton

Title of Hospital's Chief Executive Officer: President

II. HOSPITAL OPERATING DATA (for the most recently completed fiscal year)

Patient Service Data

Licensed Bed Capacity (Adult & Pediatric excluding newborn): 113

Admissions: 4,613

Visits: Emergency Room: -0-

Average Daily Census: 95

Visits: Outpatient or Clinic 37,296

Total Live Births: -0-
B. **Financial Data**

- **Total Operating Expenses:** $38,259,847
- **Total Payroll Expenses:** $18,992,455

**Hospital Expenses for:**

- **House Staff Stipends & Fringe Benefits:** $476,625
- **Supervising Faculty:** $204,356

C. **Staffing Data**

- **Number of Personnel:**
  - Full-Time: 717
  - Part-Time: 204

- **Number of Physicians:**
  - Appointed to the Hospital's Active Medical Staff: 124
  - With Medical School Faculty Appointments: 39

Clinical Services with Full-Time Salaried Chiefs of Service (list services):

- Pediatrics
- Pediatric Radiology
- Pediatric Pathology
- Pediatric Surgery
- Neonatology
- Pediatric Intensive Care
- Pediatric Ambulatory Medicine
- Medicine

Does the hospital have a full-time salaried Director of Medical Education?: Yes

III. **MEDICAL EDUCATION DATA**

A. **Undergraduate Medical Education**

Please complete the following information on your hospital's participation in undergraduate medical education during the most recently completed academic year:

<table>
<thead>
<tr>
<th>Clinical Services Providing Clerkships</th>
<th>Number of Clerkships Offered</th>
<th>Number of Students Taking Clerkships</th>
<th>Are Clerkships Elective or Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medicine</td>
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<td>Surgery</td>
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<tr>
<td>Ob-Gyn</td>
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<td></td>
</tr>
<tr>
<td>Pediatrics</td>
<td>1 eight week session 8 per session</td>
<td>48 per year</td>
<td>Required</td>
</tr>
<tr>
<td>6 sessions per year</td>
<td>48 per year</td>
<td>Required</td>
<td></td>
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<tr>
<td>Family Practice</td>
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<tr>
<td>Psychiatry</td>
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<td></td>
</tr>
<tr>
<td>Other: Ped._Subspecialities</td>
<td>10</td>
<td>8</td>
<td>Elective</td>
</tr>
</tbody>
</table>

...
Please complete the following information on your hospital's participation in graduate medical education reporting only full-time equivalent positions offered and filled. If the hospital participates in combined programs, indicate only FTE positions and individuals assigned to applicant hospital.

<table>
<thead>
<tr>
<th>Type of Residency</th>
<th>Positions Offered</th>
<th>Positions Filled by U.S. &amp; Canadian Grads</th>
<th>Positions Filled by Foreign Medical Graduates</th>
<th>Date of Initial Accreditation of the Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year Flexible</td>
<td>1</td>
<td>9</td>
<td>6</td>
<td>July 1, 1983</td>
</tr>
<tr>
<td>Medicine</td>
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<tr>
<td>Surgery</td>
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<td>Ob-Gyn</td>
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<tr>
<td>Pediatrics</td>
<td>15</td>
<td>9</td>
<td>6</td>
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<tr>
<td>Family Practice *</td>
<td>2</td>
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<tr>
<td>Psychiatry</td>
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<td>Other:</td>
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<tr>
<td>Radiology*</td>
<td>1</td>
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<tr>
<td>Pathology*</td>
<td>1</td>
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<td>Anesthesiology*</td>
<td>1</td>
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<tr>
<td>Ophthalmology*</td>
<td>1</td>
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</tbody>
</table>

*Combined programs; FTE assigned to hospital

1As defined by the LCGME Directory of Approved Residencies. **First Year Flexible** = graduate program acceptable to two or more hospital program directors. First year residents in **Categorical** and **Categorical** programs should be reported under the clinical service of the supervising program director.

2As accredited by the Council on Medical Education of the American Medical Association and/or the Liaison Committee on Graduate Medical Education.
IV. SUPPLEMENTARY INFORMATION

To assist the COTH Administrative Board in its evaluation of whether the hospital fulfills present membership criteria, you are invited to submit a brief statement which supplements the data provided in Section I-III of this application. When combined, the supplementary statement and required data should provide a comprehensive summary of the hospital's organized medical education and research programs. Specific reference should be given to unique hospital characteristics and educational program features.

V. SUPPORTING DOCUMENTS

A. When returning the completed application, please enclose a copy of the hospital's current medical school affiliation agreement.

B. A letter of recommendation from the dean of the affiliated medical school must accompany the completed membership application. The letter should clearly outline the role and importance of the applicant hospital in the school's educational programs.

Name of Affiliated Medical School: University of South Florida

Dean of Affiliated Medical School: Ronald P. Kaufman, M.D.

Information Submitted by: (Name) Beth A. Houghton

(Title) Vice President - Finance/General Counsel

Signature of Hospital's Chief Executive Officer:

(Date) 11/24/87
IV. Supplementary Information

In order to demonstrate that this Hospital is clearly a teaching hospital for the University of South Florida College of Medicine, the following information is provided in addition to that contained in sections I through III.

The Hospital serves as the site for a University Department of Pediatrics/St. Petersburg which was created in 1985 by the Florida Board of Regents. The Chairman of this department serves in the governance of the medical school and attends all meetings of the College of Medicine department chairmen. There are faculty of the College of Medicine assigned to the Hospital, as the Hospital serves as one site for the third year medical student clerkship. In addition, the Hospital provides student electives in the fourth year in multiple Pediatric subspecialties. The Hospital has an approved Pediatric residency training program and in addition, residents rotate to the hospital from the College of Medicine's programs in General Surgery, Ophthalmology, Radiology, Pathology, Anesthesiology.

An Associate Dean has been assigned to the Hospital by the College of Medicine. Therefore, clearly the Hospital is a teaching hospital for the University of South Florida College of Medicine.
October 30, 1987

Mr. J. Dennis Sexton
President
All Children's Hospital
801 6th Street South
St. Petersburg, FL 33701

Dear Dennis:

This letter is in response to your request dated October 22, 1987, relative to the desire of All Children's Hospital to join the Council of Teaching Hospitals of the Association of American Medical Colleges. I have consulted with Dr. Bentley of that Council and this letter will follow the guidance that he offered.

The University of South Florida Medical Center and the College of Medicine have had an affiliation agreement with All Children's Hospital since July 11, 1985. A copy of that agreement (labeled Attachment A) is attached. As can be determined from a review of the agreement, it involves undergraduate medical education and graduate medical education (primarily in the discipline of pediatrics and other non-pediatric disciplines requiring pediatric experiences). At the present time medical students have the opportunity for a clerkship experience at All Children's Hospital on an elective basis.

I believe that the affiliation agreement, along with this brief narrative clearly describes the relationship between the University of South Florida and All Children's Hospital. I trust this fulfills the requirements of the C.O.T.H.

Sincerely,

Ronald P. Kaufman, M.D.
Vice President for Health Sciences

cc: Dr. James Bentley

Enclosure (Attachment A)
Membership in the Council of Teaching Hospitals is limited to organizations having a documented affiliation agreement with a medical school accredited by the Liaison Committee on Medical Education.

INSTRUCTIONS: Complete all Sections (I-V) of this application.

Return the completed application, supplementary information (Section IV), and the supporting documents (Section V) to the:

Association of American Medical Colleges
Council of Teaching Hospitals
One Dupont Circle, N.W.
Suite 200
Washington, D.C. 20036

I. HOSPITAL IDENTIFICATION

Hospital Name: The Children's Hospital of Philadelphia

Hospital Address: (Street) 34th and Civic Center Blvd.

(City) Philadelphia (State) PA (Zip) 19104

(Area Code)/Telephone Number: (215) 596-9100

Name of Hospital's Chief Executive Officer: Edmond F. Notebaert

Title of Hospital's Chief Executive Officer: President Chief Executive Officer

II. HOSPITAL OPERATING DATA (for the most recently completed fiscal year)

Patient Service Data

Licensed Bed Capacity (Adult & Pediatric excluding newborn): 256

Admissions: 12,491

Visits: Emergency Room: 

Average Daily Census: 235

Visits: Outpatient or Clinic

Total Live Births: None - no maternity
B. Financial Data

Total Operating Expenses: $97,358,000

Total Payroll Expenses: $45,000,000+

Hospital Expenses for:

House Staff Stipends & Fringe Benefits: $[

Supervising Faculty: $[

C. Staffing Data

Number of Personnel: Full-Time: 675

Part-Time: 

Number of Physicians:

Appointed to the Hospital's Active Medical Staff: 

With Medical School Faculty Appointments: 

Clinical Services with Full-Time Salaried Chiefs of Service (list services): 

Does the hospital have a full-time salaried Director of Medical Education?: Yes, Richard Polin, M.D.

III. MEDICAL EDUCATION DATA

A. Undergraduate Medical Education

Please complete the following information on your hospital's participation in undergraduate medical education during the most recently completed academic year:

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<tr>
<td>Pediatrics</td>
<td>36</td>
<td>350</td>
<td>Both</td>
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2As accredited by the Council on Medical Education of the American Medical Association and/or the Liaison Committee on Graduate Medical Education.
IV. SUPPLEMENTARY INFORMATION

To assist the COTH Administrative Board in its evaluation of whether the hospital fulfills present membership criteria, you are invited to submit a brief statement which supplements the data provided in Section I-III of this application. When combined, the supplementary statement and required data should provide a comprehensive summary of the hospital's organized medical education and research programs. Specific reference should be given to unique hospital characteristics and educational program features.

V. SUPPORTING DOCUMENTS

A. When returning the completed application, please enclose a copy of the hospital's current medical school affiliation agreement.

B. A letter of recommendation from the dean of the affiliated medical school must accompany the completed membership application. The letter should clearly outline the role and importance of the applicant hospital in the school's educational programs.

Name of Affiliated Medical School: University of Pennsylvania

Dean of Affiliated Medical School: Search underway; Dean Edward Stemmler has resigned.

Information Submitted by: (Name) Edmond F. Notebaert
(Title) President and Chief Executive Officer

Signature of Hospital's Chief Executive Officer: [Signature] (Date) 31 January 1984
February 1, 1988

Edmond F. Notebaert, President
The Children's Hospital of Philadelphia
34th and Civic Center Boulevard
Philadelphia, PA 19104

Dear Ed:

I am delighted to lend my support to your application for membership in the Council of Teaching Hospitals of the Association of American Medical Colleges. The Children's Hospital of Philadelphia is now and has always been one of the world's great hospitals for the care of children. Membership by your distinguished institution in the Council of Teaching Hospitals will add distinction to that organization. Also, I am delighted that through your membership you personally will be able to provide your great leadership skills to the teaching hospital community.

Warm regards.

Sincerely yours,

Edward J. Stemmler, M.D.
Executive Vice President
and Dean

EJS:sd

c: Robert Petersdorf, M.D.
President, Association of American Medical Colleges
COUNCIL OF TEACHING HOSPITALS • ASSOCIATION OF AMERICAN MEDICAL COLLEGES

APPLICATION FOR MEMBERSHIP

Membership in the Council of Teaching Hospitals is limited to organizations having a documented affiliation agreement with a medical school accredited by the Liaison Committee on Medical Education.

INSTRUCTIONS: Complete all Sections (I-V) of this application.

Return the completed application, supplementary information (Section IV), and the supporting documents (Section V) to the:

Association of American Medical Colleges
Council of Teaching Hospitals
One Dupont Circle, N.W.
Suite 200
Washington, D.C. 20036

I. HOSPITAL IDENTIFICATION

Hospital Name: Fort Howard Veterans Administration Medical Center

Hospital Address: (Street)

(City) Fort Howard (State) Maryland (Zip) 21052

(Area Code)/Telephone Number: (301) 477-1800

Name of Hospital's Chief Executive Officer: Philip S. Elkins

Title of Hospital's Chief Executive Officer: Hospital Director

II. HOSPITAL OPERATING DATA (for the most recently completed fiscal year)

Patient Service Data

Licensed Bed Capacity (Adult & Pediatric excluding newborn): 226

Average Daily Census: 173

Total Live Births: N/A

Admissions: 2,112

Visits: Emergency Room: 2,360

Visits: Outpatient or Clinic: 24,482
B. Financial Data

Total Operating Expenses: $18,293,703
Total Payroll Expenses: $13,917,762

Hospital Expenses for:

House Staff Stipends & Fringe Benefits: $79,711
Supervising Faculty: $65,642

C. Staffing Data

Number of Personnel: Full-Time: 445
Part-Time: 21.7

Number of Physicians:

Appointed to the Hospital's Active Medical Staff: 18
With Medical School Faculty Appointments: 6

Clinical Services with Full-Time Salaried Chiefs of Service (list services):

- Medical
- Psychology
- Audiology & Speech
- Nursing
- Pathology
- Laboratory
- Radiology
- Rehab. Medicine
- Dental
- Social Work
- Dietetic

Does the hospital have a full-time salaried Director of Medical Education: No

III. MEDICAL EDUCATION DATA

A. Undergraduate Medical Education

Please complete the following information on your hospital's participation in undergraduate medical education during the most recently completed academic year:

<table>
<thead>
<tr>
<th>Clinical Services Providing Clerkships</th>
<th>Number of Clerkships Offered</th>
<th>Number of Students Taking Clerkships</th>
<th>Are Clerkships Elective or Required</th>
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<tr>
<td>Medicine</td>
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B. Graduate Medical Education

Please complete the following information on your hospital's participation in graduate medical education reporting only full-time equivalent positions offered and filled. If the hospital participates in combined programs, indicate only FTE positions and individuals assigned to applicant hospital.

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IV. SUPPLEMENTARY INFORMATION

To assist the COTH Administrative Board in its evaluation of whether the hospital fulfills present membership criteria, you are invited to submit a brief statement which supplements the data provided in Section I-III of this application. When combined, the supplementary statement and required data should provide a comprehensive summary of the hospital's organized medical education and research programs. Specific reference should be given to unique hospital characteristics and educational program features.

V. SUPPORTING DOCUMENTS

A. When returning the completed application, please enclose a copy of the hospital's current medical school affiliation agreement.

B. A letter of recommendation from the dean of the affiliated medical school must accompany the completed membership application. The letter should clearly outline the role and importance of the applicant hospital in the school's educational programs.

Name of Affiliated Medical School: University of Maryland

Dean of Affiliated Medical School: John M. Dennis, M.D.

Information Submitted by: (Name) Bill Rowland

(Title) HSRO Coordinator

Signature of Hospital's Chief Executive Officer:

(Date) 10/19/87

PHILIP S. ELKINS, Director
IV. SUPPLEMENTARY INFORMATION

Medical Education and Research Programs

The Medical Center is unique in this Medical District in its emphasis on Rehabilitation and Long-term Care. It has a well-established reputation in these areas as a "Center of Excellence." There are daily and weekly clinics which are offered in areas such as Optometry; Podiatry; Orthopedics; Ear, Nose, and Throat; Gastrointestinal; Rheumatology; Diabetes; Ophthalmology; Respiratory Disease; Hypertension; Cardiology; Geriatrics; and Dermatology. The facility also offers weekly formal medical education conferences. Examples include the Rehabilitation Medicine Service Rounds, Gastroenterology, Mortality, Urology, Radiology, and Rehabilitation Medicine Service Multidisciplinary Conferences.

Fort Howard VA Medical Center is affiliated with the University of Maryland, the Johns Hopkins Medical Institutions, and the Pennsylvania College of Optometry. In addition to Residents in Rehabilitation rotating to the Medical Center each academic year, Residents in Optometry, Surgery, and Ophthalmology routinely staff selected clinics.

Formal research is generally ongoing at the hospital. Presently, our Chief of Laboratory Service is the lead investigator in a project partially conducted at our location in collaboration with the National Institute of Cancer. Other formal research is being conducted in the areas of patient mortality, patient injury, and drug abuse.
September 3, 1987

Mr. Philip S. Elkins
Director
Veterans Administration Medical Center
Fort Howard, Maryland 21052

Dear Mr. Elkins:

I am pleased to support Fort Howard VA Medical Center for membership in the Council of Teaching Hospitals (COTH) of the Association of American Medical Colleges (AAMC).

All Veterans Administration Medical Centers in Maryland (Baltimore, Fort Howard and Perry Point) are affiliates of the University of Maryland School of Medicine and all play an important role in educational and training programs of the School, each in a different area. Fort Howard VA Medical Center, mainly a chronic and rehabilitation hospital, plays a prominent role as an educational site for both our undergraduate and graduate programs in neurology and rehabilitation medicine. Fort Howard is a component of the approved residency in physical and rehabilitation medicine of this Institution and it also serves as an elective site for several other medical student educational programs.

As an intricate part of our Veterans Administration I strongly support Fort Howard for membership in COTH as I believe that it will further strengthen the relationship between our two institutions.

With best regards,

Sincerely,

John M. Dennis, M.D.
Vice Chancellor for Academic Affairs
Dean, School of Medicine

JMD/cmy
Background

On February 1, 1988 the COTH Membership Committee met to consider whether, in light of the changes in the health care world since the last COTH Membership Committee met in the 1970's, changes should be made in the COTH membership structure. The Committee members, all of whom were present, were:

- David L. Everhart, President, Northwestern Memorial Group (Committee Chair);
- W. Daniel Barker, Director of Hospitals, Emory University;
- Robert Dickler, Hospital Director, The University of Minnesota Hospitals and Clinics;
- David W. Gitch, Administrator, University of Washington Hospitals, Harborview Medical Center;
- Charles M. O'Brien, Jr., Administrator, Georgetown University Hospital;
- C. Thomas Smith, President, Yale-New Haven Hospital; and
- David S. Weiner, President, Boston's Children's Hospital.

The Committee was charged with making a recommendation about whether to expand COTH membership to include the CEO of a health system which includes COTH members. To provide a framework for the Committee's discussion, staff recommended the following changes in COTH purpose, membership eligibility, dues, structure, and voting:

1. COTH PURPOSE

At present the purpose of COTH is "to provide representation and services related to the special needs, concerns, and opportunities facing major teaching hospitals in the United States." It is recommended that the purpose of COTH be revised as follows:

"to provide representation and services to major teaching hospitals and their parent entities concerning the special needs, concerns and opportunities facing institutions committed to the clinical education of physicians in LCME and ACGME accredited programs."

2. FULL COTH MEMBERSHIP

It is recommended that the full COTH membership be revised to include:
-- Parent entities of COTH full member hospitals. (Please note: If no hospital within a parent entity is eligible for COTH full membership, the parent will only be eligible to participate in COTH as a corresponding member.)

3. COTH DUES

It is further recommended that the COTH dues structure be revised as follows:

-- Individual COTH member hospitals: full dues at the current rate as revised annually.

-- Parent entities of COTH member hospitals:

(1) if all subsidiary hospitals that are eligible for COTH membership are individual members, the parent entity will pay one-half the full dues rate annually.

(2) if some subsidiary hospitals that are eligible for COTH membership are not individual members, the parent entity will pay the full dues rate annually.

4. COTH VOTING PRIVILEGES

It is further recommended that voting privileges for COTH full members be revised as follows:

-- All full members will have privileges of membership on COTH boards and committees, AAMC committees and the AAMC Assembly; however, if a parent entity is a member in addition to its individual hospital(s), only one vote or seat shall be accorded the institution as a whole.

5. COTH PARTICIPATION

It is recommended that the present COTH policy limiting attendance at the Spring Meeting to the hospital CEO and one guest be revised to include the CEO of all full members and one guest per attending member.

6. COTH SUBSCRIBERS

As the structure of COTH members hospitals has become more complex, the activities off the AAMC are of interest to a larger number of individuals within the institution. For example, when two hospitals merge under a single CEO, the CEOs of the two hospitals may both be interested in the activities and programs of AAMC/COTH. To date, this situation has been addressed by maintaining an ever-growing free mailing list. This mailing list has become quite lengthy and access to it is not generally made known. To provide more executives of COTH full members with access to COTH/AAMC mailings and publications, it is recommended that the COTH Membership Committee propose establishing a COTH subscription service with the following benefits:
Committee Consensus

After considering the above proposals, the Committee agreed that the hospital CEO represents the heart of COTH. Therefore, it was recommended that major changes not be made in the COTH by-laws. The Committee's consensus was as follows:

- In the case of a freestanding hospital, only the hospital CEO will be entitled to COTH participation.

- In case of hospitals which are part of a system and also COTH members, the hospital CEOs may invite the system CEO to become a COTH member. The system CEO will have all rights of any other full member except he/she will not be accorded a vote.

- Positions other than CEO should have an opportunity for participation in COTH. For instance, there are institutions where the system head is the CEO and the hospital administrator is the COO.

- Each CEO who joins COTH should be entitled to have COTH mailings, except those which are confidential, sent to at least one other position within the hospital. Mailings above the specified number can be purchased.
The Honorable William S. Cohen  
United States Senate  
Washington, D.C. 20510

Dear Senator Cohen:

As President of the Association of American Medical Colleges (AAMC), which represents the nation's 127 accredited medical schools, 85 academic and professional societies, and 475 teaching hospitals, I am writing concerning the upcoming mark up of FY 1988 Appropriations for HUD and Independent Agencies.

The AAMC is particularly concerned that you support adequate funding in two areas.

- Veterans Administration Health Care and Research: The AAMC supports FY 1988 funding of $10.338 billion for VA medical health care, $245 million for education and training, and $226 for research. The research total includes investigator initiated and VA intramural cooperative research, and excludes all transfers, new initiatives, and directed research.

- National Science Foundation: The NSF should be funded at the level requested by the President, $1.893 billion. This amount was included in the FY 1988 Budget Resolution, the House NSF authorization bill, and in the Senate Labor and Human Resources Committee reported authorization bill. The research and education programs of this agency are crucial to this nation's long term prosperity and competitiveness.

The AAMC recognizes the conditions of fiscal constraint that currently exist, but urges you to do everything possible to support these programs.

Thank you for your consideration of these views. If you have any questions concerning them, please contact me or members of my staff.

Very sincerely yours,

Robert G. Petersdorf, M.D.
September 29, 1987

William L. Roper, M.D.
Administrator
Health Care Financing Administration
Department of Health and Human Services
Attention: BERC-451-P
P.O. Box 26676
Baltimore, Maryland 21207

Dear Dr. Roper:

The Association of American Medical Colleges, which represents the nation's 127 medical schools, 85 academic societies, and over 450 teaching hospitals, commends HCFA's efforts to develop an efficient and effective system for procuring and distributing transplantable human organs. The proposed rules for designating organ procurement organizations (OPOs) are intended to improve the nation's capability to meet these needs. While these rules indicate progress towards improving the current delivery system, the AAMC suggests some additional changes in three areas of the proposal:

- minimum qualifications for application,
- multiple applicant differentiation criteria, and
- other topics requiring attention.

Comments on Specific Qualifications

The proposed regulations set forth minimum qualifications for agencies applying for designation. One requirement is that organizations "have a working relationship with at least 75 percent of the hospitals within its service area." While this requirement was intended to improve the system's efficiency, it may not be the best measure of an applicant's ability to provide services. Hospitals vary in size and scope of services offered. Such characteristics directly affect their ability to harvest organs and therefore the applicant OPO's potential effectiveness. For example, an OPO applicant that has agreements with 75% of the hospitals may have affiliated with only small hospitals that collectively account for only 30% of the locale's hospital admissions, or only 20% of the previously donated organs. This organization may not be the most qualified applicant. Since the goal is to improve the procurement and distribution of organs, factors related to an applicant's capability of procuring organs would be better application criteria. Two better ways to measure an applicant OPO's ability to acquire organs are: (1) the total number of admissions to the hospitals affiliated with the OPO, or (2) the proportion of the organs procured by an applicant's affiliated hospitals in the past year.

One Dupont Circle, N.W., Washington, D.C. 20036
Since all Medicare participating hospitals are now required to have protocols for soliciting organ donations and must work with the designated OPO to ensure proper use of donated organs, HCFA may want to include a criterion requiring applicant OPO's to have protocols describing the process by which hospitals, unaffiliated with the OPO at the time of application, may affiliate. This would ensure adequate opportunities for hospitals to affiliate with the designee regardless of whether or not they had a prior working relationship with the organization.

The other specific qualification which the AAMC wishes to comment on is the "service area" provision. It permits applicants to define their own area according to specified guidelines. The rule states that a service area must include all or none of an SMSA, serve at least 2.5 million people or provide at least fifty potential organ donors per year, or cover an entire state. In considering applicants, the AAMC urges HCFA to consider the existing transportation networks. The ability of the applicant to ensure timely distribution of perishable organs throughout an OPO service area should have priority over state lines, or other artificial boundaries. For example, it is possible that an applicant located in Sioux Falls, South Dakota could most effectively serve areas in eastern South Dakota, southwestern Minnesota, northwestern Iowa, and northeastern Nebraska, but would not cover 2.5 million people or be able to provide evidence of 50 potential donors per year. HCFA should not exclude this applicant or necessarily favor another applicant offering service to all of South Dakota and none of the other states.

Comments on Applicant Differentiation Criteria

The proposed rules state that in the case of multiple qualified applicants per service area such factors as bed capacity and past performance will be considered. The AAMC suggests the addition of another criterion - affiliation with an academic medical center hospital. The academic medical center hospital is both the site for developing new, more effective hospitalization techniques and the training site for most physicians entering the practice of medicine. Providing the opportunity for these young physicians to learn the process of organ transplantation, from acquisition to transplantation, and to acquire the skills needed to perform such services is critical to the continued growth and success of the OPO network of services. The AAMC strongly recommends that affiliation with an academic medical center hospital be a differentiation criterion.

The final differentiation criterion mentioned in the proposed rules is size of the geographical area served. The fact that one OPO serves a larger area than an otherwise equal competitor should not play a significant part in the designation decision for it is not square mileage that influences the ability to secure organs but the number of potential organ donors. Therefore, special consideration should be given to those applicants capable of securing a greater number of organs.
Other Comments

HCFA anticipates that some areas of the country will not be covered by designated OPOs. In these situations, HCFA is considering assigning already designated OPOs to cover the uncovered areas. The AAMC points out that if HCFA expands an OPO's service area, the OPO will most likely experience additional costs. The final regulations should recognize this fact and adequately compensate these organizations for their higher operating costs.

One of the other potential problems identified in the proposal is the contract with the Network operator. The AAMC commends HCFA for anticipating needed changes in the contract to guarantee only germane conditions of membership. The AAMC also encourages HCFA to include language which will ensure that Network information reporting requirements do not become excessive and overly burdensome for designated OPOs and transplant centers.

Conclusion

The AAMC appreciates the opportunity to comment on the proposed rules for designating organ procurement organizations. In summary, the AAMC recommends:

- Excluding the requirement that an OPO have a working relationship with at least 75% of the Medicare participating hospitals in a service area.
- Including as a qualifying criterion, the total number of admissions or proportion of organs procured by applicant OPO's affiliated hospitals.
- Requiring applicant OPO's to have protocols by which unaffiliated hospitals may affiliate.
- Relaxing the requirement that OPOs be restricted to state lines and give priority to applications whose proposed service areas model existing transportation networks.
- Including academic medical center hospital affiliation as a differentiation criterion when more than one agency applies for OPO designation in a given service area.
- Giving priority to competing applicants that serve the larger population.
- Recognizing the higher operating costs of those OPOs serving extended or otherwise uncovered areas.
- Incorporating language into the Network contract that prohibits overburdensome information reporting requirements for OPOs and transplant centers.
If additional information on these comments would be helpful, please contact Nancy Seline at (202) 828-0490.

Very truly yours,

Robert G. Petersdorf, M.D.
October 22, 1987

Honorable William H. Natcher
Chairman
Subcommittee on Labor-HHS
Education and Related Agencies
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515-1702

Dear Mr. Chairman:

As President of the Association of American Medical Colleges (AAMC), which represents all 127 U.S. accredited medical schools and their students, 85 academic and professional societies, and 435 major teaching hospitals, I am writing with respect to the upcoming conference on H.R. 3058, the FY 1988 Labor-HHS-Education and Related Agencies Appropriation Bill.

The Association is grateful for the continued support demonstrated by the Congress for the Public Health Service -- particularly the National Institutes of Health and the Alcohol, Drug Abuse, and Mental Health Administration -- and the Title VII health manpower and student assistance programs. In this period of increasing fiscal constraint, we are heartened that the Congress has reaffirmed the importance of the contributions these programs make to the Nation, and we are confident that the trust you have placed in the institutions and activities supported by this investment will be rewarded by continued improvement in the health and well-being of the American people.

In general, the Association supports the House-passed version of H.R. 3058; however, we would urge the conferees to support the following provisions from the Senate bill:

- an additional $20 million for the NIH buildings and facilities account to expand the capacity of the NIH AIDS Programs for drug screening and preclinical research;

- $207.6 million for the research programs at the National Institute for Drug Abuse and National Institute for Alcohol Abuse and Alcoholism;

- $20.2 million for the National Center for Health Services and Health Care Technology Assessment and $51.1 million for the National Center for Health Statistics;

- $60 million for the National Health Service Corps and $2.3 million for the National Health Service Scholarships;

ROBERT G. PETERSDORF, M.D.
PRESIDENT

One Dupont Circle, N.W., Washington, D.C. 20036
$31.3 million for resources development within the Health Resources and Services Administration, including an additional $2.3 million for activities authorized under the National Organ Transplant Act (P.L. 98-507), $4 million for renovation and construction of outpatient AIDS clinics, $5 million for pediatric AIDS health care demonstrations, and $20 million for AIDS service demonstrations;

$8 million for the Excellence in Minority Health Education and Care Program authorized by the recent passage of P.L. 100-97; and

an additional $2 million for geriatric training projects.

We thank you for your continued support of the programs included in this bill, and we greatly appreciate your attention to the provisions we have highlighted. Please contact me or members of my staff if you have questions.

Very sincerely yours,

Robert G. Petersdorf, M.D.
The Honorable Spark M. Matsunaga  
United States Senate  
Washington, D.C. 20510

Dear Senator Matsunaga:

The Association of American Medical Colleges (AAMC), represents all 127 U.S. accredited medical schools and their students, 85 academic and professional societies and 435 major teaching hospitals. As President of the AAMC, I am writing to clarify testimony presented before the Senate Committee on Finance last July 8 regarding the indirect medical education adjustment for teaching hospitals under the Medicare Prospective Payment System (PPS).

When COBRA was being developed, the AAMC worked closely with Senate Finance Committee staff and analysts from the Congressional Budget Office to re-estimate a statistically appropriate percentage for the indirect medical education adjustment. The Association reviewed the CBO analysis and concluded that the study was conducted properly. Therefore, the AAMC did not challenge the CBO analysis which showed:

- that a curvilinear adjustment should replace the then linear adjustment, and
- that an 8.1 percent adjustment should be used in place of the 11.59 percent adjustment when disproportionate share payments are made.

Recent data have shown that teaching hospitals fared well during the first two years of PPS when hospitals (1) were paid primarily on the basis of their own historical costs and (2) when the original indirect adjustment of 11.59 percent was used. Given the implementation of fully national rates, the small PPS rate increases of the last two years, and the substantial cut to the indirect medical education adjustment in COBRA, the operating margins of teaching hospitals are dropping significantly. This being the case, the AAMC recommended that the indirect medical education adjustment be retained at its current level. However, the Finance Committee proposed an indirect medical education adjustment of 6.3 percent.

At the time of our July 8 testimony, and throughout the current budget debate, we have been aware that some have challenged the size of the indirect medical education adjustment. This being the case, we called to the Committee’s attention the HHS-funded “Study of the Financing of Graduate Medical Education” conducted last year by Arthur Young and Company. The study points out that even after adjustments for severity of illness, disproportionate share, and city size, the indirect medical education adjustment should not fall below 6.94 percent. While an adjustment for disproportionate share has been included in the system, PPS does not include factors that would account for the greater...
severity of illness of patients treated in teaching hospitals and the fact that the vast majority of teaching hospitals are located in large cities. Thus, the study clearly demonstrates the need for an adjustment substantially above the 7 percent level.

The AAMC strongly favors the provision in the House passed budget reconciliation bill which sets the adjustment at the 7.95 percent level.

We have had excellent working relationships with Committee staff in the past, and would be pleased to review this matter in more detail should additional information be needed.

Very sincerely yours,

Robert C. Petersdorf, M.D.
Dear Conferees:

The Association of American Medical Colleges (AAMC), represents all 127 U.S. accredited medical schools and their students, 85 academic and professional societies, and 435 major teaching hospitals. The Association is writing with respect to the provisions of the FY 1988 Budget Reconciliation proposal which address payments to hospitals and physicians under the Medicare and Medicaid programs.

The Association has reviewed the budgetary proposals as submitted by the Senate and the House. As the Senate and House Committees meet in conference during the next few days, we urge you to consider a number of factors of critical relevance to teaching hospitals and physicians in your discussion of the Medicare proposals.

- **Indirect Medical Education Adjustment** -- The AAMC strongly supports the proposal by the House Ways and Means Committee to set the indirect medical education adjustment at 7.95 percent rather than the much deeper cut to 6.3 percent proposed by the Senate Finance Committee. Teaching hospitals withstood a substantial reduction in payments when the indirect medical education adjustment was reduced under COBRA from 11.59 to 8.1 percent, and we believe another significant decrease cannot be justified.

- **Hospital Payment Update** -- The House Committee on Ways and Means would update the payment rates for hospitals under the prospective payment system by 1 percent, and would provide an additional 1 percent for hospitals in urban areas with populations of 1 million or more. The AAMC supports the House proposal because studies have shown that hospital costs are related to city size with larger cities having higher costs than smaller cities.

- **Capital** -- Both House Ways and Means and Senate Finance propose to increase capital payment reductions under the existing cost pass-through system. The AAMC supports the House proposal which would reduce payments for capital related costs by 8.5 percent for FY 1988, and 10 percent for FY 1989.

- **PIP for Disproportionate Share Hospitals** -- The AAMC opposes the Senate proposal to eliminate periodic interim payments (PIP) for disproportionate share hospitals.

- **Burn Outliers** -- Both the House Committee on Ways and Means, and the Senate Committee on Finance have proposed to pay for burn outliers at the rate of 90 percent of the marginal cost of providing care for both day and cost outliers. The AAMC supports this proposal.

- **Physician Payments** -- The AAMC supports the 2 percent increase in prevailing charge levels for physicians as proposed by the House Committee on Energy and Commerce, including the 6 percent update offered for primary care services.

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Outpatient Radiology -- The AAMC opposes the provision offered by Senate Finance to limit the payments to hospitals for outpatient radiology services to 62 percent of 80 percent of the aggregate prevailing charges for the same procedures performed in a physician's office or freestanding facility.

Medicaid -- The AAMC believes that the expansion of optional coverage under the Medicaid program offers cost-effective services whose benefits become even more apparent over time. As low-income pregnant women gain improved access to prenatal services, the incidence of low birth-weight babies and the high cost of the neonatal care they often require will be greatly reduced. While both Senate Finance and House Energy and Commerce have offered similar proposals, the AAMC supports the House Energy and Commerce version as the proposal that would offer the greatest level of services to the program's recipients.

The AAMC urges you to favorably consider the provisions we have highlighted so that teaching hospitals and faculty physicians can continue to provide Medicare beneficiaries adequate access to high quality medical care.

Very sincerely yours,

Robert G. Petersdorf, M.D.