NAUH
NATIONAL ASSOCIATION OF URBAN HOSPITALS

January 16, 2015

The Honorable Joseph R. Pitts
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Dear Chairman Pitts, Ranking Member Pallone, and Members of the Energy and Commerce Committee:

I am writing in response to the Committee on Energy and Commerce's December 6, 2014 "Open Letter Requesting Information on Graduate Medical Education" to convey the views of the National Association of Urban Hospitals (NAUH). Below we address selected aspects of the request for information.

2. There have been numerous proposals put forward to reform the funding of the GME system in the United States. Are there any proposals or provisions of proposals you support and why?

The U.S. has a shortage of physicians and is actively seeking to train more through new medical schools and larger medical school classes, yet at the same time these efforts are under way, the number of residency slots has been frozen since 1997. This freeze has proven to be an obstacle to addressing that physician shortage. We need to put more resources into physician training: working to put more people through medical school to meet the growing demand for doctors and then not creating enough residency slots to enable those newly trained doctors to complete their medical education is counter-productive.

For this reason, NAUH supports legislation to increase GME slots and increase funding for the GME program. Several such bills were proposed during the 113th Congress, including S. 577 and H.R. 1180,

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the Resident Physician Shortage Reduction Act, and H.R. 1201, the Training Tomorrow's Doctors Today Act, and NAUH hopes the Energy and Commerce Committee will consider similar measures during the 114th Congress. These bills would enable teaching hospitals to train more doctors and help alleviate at least some of the continuing and projected physician shortage.

3. Should federal funding for GME programs ensure training opportunities are available in both rural and urban areas? If so, what sorts of reforms are needed?

NAUH believes it is more important to train an adequate supply of doctors than it is to train them in any particular geographic area. Currently, fewer than one hospital in five in the U.S. has a medical residency program, so clearly, this is not something to which all hospitals aspire. Many of those that do train doctors are doing an excellent job, and at a time when the country faces a serious physician shortage, they should be encouraged and empowered to do more, especially when they are training physicians in specialties where the needs are greatest. Many, in fact, are doing more than their current funding covers, shouldering the financial burden of training more doctors than their allocation of funding and residency slots actually support. In NAUH's view, more should be done to fund these efforts more appropriately and enable these proven programs to train more doctors.

NAUH questions the value of making a special effort to locate more training programs in rural areas. Unlike urban and suburban hospitals, which are bound by the 1997 freeze on residency slots, rural hospitals have numerous ways of circumventing that freeze and gaining Medicare support for medical education programs, so the opportunities are already there for virtually any rural hospital that would like to launch such a program; no further special efforts are needed. Their ability to do so faces three daunting challenges: their ability to attract medical residents to their programs; raising the considerable amount of money needed to launch such a program; and their capacity to bridge the annual financial gap between what Medicare provides for such training and what such training actually costs. It is probably more difficult for smaller hospitals to find the resources to launch and sustain such programs and in general, rural hospitals tend to be fairly small.

This does not, moreover, prevent medical residents from spending at least part of their training in rural areas. Through efforts like the Medicare Rural Training Track program, urban and suburban residency programs can and should be encouraged to enter into agreements with rural providers to work cooperatively and provide extensive training in rural areas for young doctors training in urban and suburban residency programs. NAUH encourages the Energy and Commerce to consider proposing some such incentives to foster more of these relationships.

The challenge of finding ways to encourage more physicians to practice in medically underserved rural areas is a legitimate concern – but so, too, is finding ways to encourage more physicians to practice in medically underserved urban areas. NAUH does not believe that trying to force more residency programs into rural areas is the way to do this. Instead, there are more appropriate ways, such as student loan forgiveness programs, to offer incentives to new doctors to launch their careers in underserved rural (and urban) areas.

4. Is the current financing structure for GME appropriate to meet current and future healthcare workforce needs?

As noted, the U.S. needs more residency slots and more doctors to meet the needs of an aging population that will need more medical care in the coming years as well as a population with more insured people who also will be seeking more care in the coming years at the same time that many currently practicing physicians approach and enter into retirement. NAUH strongly encourages the Energy and Commerce

Committee to do everything it can to increase the number of residency slots in the GME program.

At the same time, however, NAUH encourages the Energy and Commerce Committee to work to improve the adequacy of GME funding for both existing and any new residency slots. Today, funding of the GME program is insufficient even for the current number of residency slots: it does not cover all of the costs associated with finishing the training of our next generation of doctors. Instead, teaching hospitals must subsidize that difference, often with potentially serious consequences for their institutions' overall financial health. They continue to do so, moreover, in the face of constant threats from policy-makers and others calling for reducing even the current GME funding: to make already inadequate funding even less adequate than it currently is. NAUH encourages the Energy and Commerce Committee to become the champion of adequate funding of GME.

More adequate funding, moreover, does not preclude modifying or even reforming the current GME program. NAUH is certainly receptive to proposals to make a good program like this one even better than it already is.

Another, often overlooked aspect of GME funding is the work medical residents do while training. In urban areas throughout the country, medical residents are at the heart of hospitals' efforts to improve access to care for the low-income and medically vulnerable residents of the communities in which they are training. These residents staff emergency rooms and clinics and are absolutely essential to access to care. The lack of resources in the GME program in recent years has hampered the effort to improve access to care, so improving that funding is essential if we are to address access problems in urban areas (and elsewhere) throughout the country.

About the National Association of Urban Hospitals

The National Association of Urban Hospitals advocates for adequate recognition and financing of private, non- profit, urban safety-net hospitals that serve America's needy urban communities. Many of these urban safety-net hospitals are teaching hospitals as well. These urban safety-net hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are much older and poorer; they are far more reliant on Medicare and Medicaid for revenue; they provide far more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. NAUH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive urban safety-net hospitals. NAUH pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership with a clear stake in the outcome of public policy debates.

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NAUH appreciates the opportunity to present these comments and invites any questions you may have about the views we have expressed.

Sincerely,

Ellen J. Kugler, Esq.
Executive Director