

June 22, 2007

Leslie Norwalk, Esq.
Acting Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
Room 445-G
200 Independence Ave, SW
Washington, DC 20201

Attention: **CMS-2279—P (Medicaid Program; Graduate Medical Education)**

Dear Administrator Norwalk:

On behalf of the undersigned organizations, we are writing to urge the Centers for Medicare & Medicaid Services (CMS) to rescind the May 23, 2007, proposed rule that seeks to eliminate federal financial participation (FFP) matching funds associated with Medicaid graduate medical education (GME) payments (72 Fed. Reg. 28930). Finalizing this rule would erode the financial condition of teaching hospitals and jeopardize their abilities to continue to fulfill important teaching, patient care, and other missions.

Although characterized by CMS as a “clarification,” the reality is that the proposed rule represents a major reversal of long-standing Medicaid policy. For decades, most state Medicaid programs have supported the higher costs of teaching hospitals. CMS and its predecessor, the Health Care Financing Administration, have approved and matched these payments. According to a study commissioned by the Association of American Medical Colleges (AAMC), in 2005, 47 states and the District of Columbia provided direct GME and/or indirect medical education payments under their Medicaid programs. Teaching hospitals rely on these and other Medicaid payments to support their critical functions.

Medicaid GME payments help teaching hospitals sustain one of their core responsibilities: providing the clinical education of future physicians. Within a supervised patient care team of health care professionals, medical residents provide needed care to Medicaid and other patients as part of their training programs. Educating future physicians and other health care professionals has never been more important given the numerous studies predicting a physician shortage in the near future. Eliminating FFP for state Medicaid agency payments for GME could cripple graduate medical education programs at a time when more physicians are needed throughout the country.

The nation’s nearly 1100 teaching hospitals provide more than half of the nation’s hospital charity care and are responsible for treating half of all discharged Medicaid patients. Clearly, elimination of the federal GME match could have a ripple effect on other services offered to all patients by reducing teaching hospitals’ total financial resources.

Teaching hospitals provide an environment in which clinical research can flourish and where highly specialized tertiary patient care such as burn care, trauma and cardiac care, and transplant services take place. Because of their education and research missions, teaching hospitals offer the most advanced, state-of-the-art services and equipment; and with residents and supervising physicians available around-the-clock, teaching hospitals care for the nation’s sickest patients.

Given their important roles and the current and future financial uncertainty for America’s teaching hospitals, it is important that state Medicaid programs receive federal matching assistance for GME. **We urge the Agency to rescind this proposed rule.**

Sincerely,

American Academy of Dermatology Association
American Academy of Facial Plastic and Reconstructive Surgery
American Academy of Family Physicians
American Academy of Hospice and Palliative Medicine
American Academy of Neurology
American Academy of Ophthalmology
American Academy of Osteopathy

American Academy of Otolaryngology – Head and Neck Surgery
 American Academy of Pediatrics
 American Academy of Physical Medicine and Rehabilitation
 American Association of Clinical Endocrinologists
 American Association of Colleges of Osteopathic Medicine
 American Association of Neurological Surgeons
 American Association of Orthopaedic Surgeons
 American College of Cardiology
 American College of Emergency Physicians
 American College of Obstetricians and Gynecologists
 American College of Osteopathic Emergency Physicians
 American College of Osteopathic Family Physicians
 American College of Osteopathic Obstetricians and Gynecologists
 American College of Osteopathic Pediatricians
 American College of Osteopathic Internists
 American College of Osteopathic Surgeons
 American College of Physicians
 American College of Preventive Medicine
 American College of Radiology
 American College of Rheumatology
 American College of Surgeons
 American Gastroenterological Association
 American Geriatrics Society
 American Medical Association
 American Medical Directors Association
 American Osteopathic Academy of Addiction Medicine
 American Osteopathic Academy of Orthopedics
 American Osteopathic Association
 American Osteopathic College of Dermatology
 American Osteopathic College of Pathologists
 American Osteopathic College of Proctology
 American Osteopathic College of Radiology
 American Osteopathic College of Rheumatology, Inc.
 American Psychiatric Association
 American Society for Clinical Pathology
 American Society for Reproductive Medicine
 American Society for Therapeutic Radiology and Oncology
 American Society of Addiction Medicine
 American Society of Anesthesiologists
 American Society of Clinical Oncology
 American Society of General Surgeons
 American Society of Hematology
 American Society of Pediatric Nephrology
 American Thoracic Society
 Association of Departments of Family Medicine
 Association of Family Medicine Residency Directors
 Association of Osteopathic Directors and Medical Educators
 Child Neurology Society
 Congress of Neurological Surgeons
 Infectious Diseases Society of America
 Medical Group Management Association
 North American Primary Care Research Group
 Orthopaedic Trauma Association
 Pediatric Orthopaedic Society of North America
 Renal Physicians Association
 Society for Cardiovascular Angiography and Interventions
 Society for Vascular Surgery
 Society of Interventional Radiology
 Society of Teachers of Family Medicine
 The Endocrine Society
 The Joint Council of Allergy, Asthma and Immunology