National Association of
Children's Hospitals
and Related Institutions

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Alexandria, VA 22314
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Heather—
FY11-GMEs
—Rus

NACHRI . . . . . **FAX**

DATE: December 8, 2000

 # PAGES: 1

TO: Melanne Verveer
Assistant to the President and
Chief of Staff to the First Lady

FAX: 202-456-6244

FROM: Lawrence A. McAndrews, President & CEO

SUBJECT: Follow up to our phone conversation

1. Melanne, we're very encouraged by the reports of the new negotiations on the Labor-HHS bill and the chances of passing it this year.

2. As you know, the full funding of $285 million for the children's hospitals' GME program is now in the Labor-HHS bill.

3. You have made such a difference in shepherding this program through the White House on its way to this point. We hope you can continue to keep watch over it and our full funding during the last round of negotiations.

4. Thanks very much for all of your efforts and safe travels over the coming holidays.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release December 6, 1999

STATEMENT BY THE PRESIDENT

Today I am pleased to sign S. 580, the "Healthcare Research and Quality Act of 1999," which authorizes appropriations for the Agency for Health Care Policy and Research (and renames it the "Agency for Healthcare Research and Quality") and authorizes a new grant program to support children's hospitals with graduate medical education programs.

This legislation combines two important health care priorities of my Administration: first, ensuring that our Nation's children, especially those who suffer from complex or unusual diseases, continue to receive the highest quality care that our health care system can provide; and second, developing the scientific evidence that we need to improve the quality and safety of our health care system.

The Act takes an important first step to ensure the delivery of high quality health care for America's children by investing Federal funds in graduate medical education at freestanding children's hospitals. This long overdue initiative was included in my Administration's FY 2000 budget and was strongly advocated by the First Lady. Her leadership in this area is longstanding, and it is with great pride that I sign this groundbreaking legislation.

In an increasingly competitive health care market dominated by managed care, teaching hospitals struggle to cover the significant costs associated with training and research as private reimbursements decline. Millions of American children each year are treated by physicians affiliated with or trained in one of 60 independent children's hospitals across the country. While other teaching hospitals receive support for these costs through Medicare, children's hospitals receive virtually no Federal funds, even though they train nearly 30 percent of the Nation's pediatricians and nearly 50 percent of all pediatric specialists. This inequity exacerbates an already difficult financial situation for children's hospitals, which often serve the poorest, sickest, and most vulnerable children. In many cases, they provide the regional safety net for children, regardless of medical or economic need, and they are the major centers of research on children's health problems.

This Act creates a new grant program to provide much-needed support for the training of these critical health providers. I am pleased that the Consolidated Appropriations Act that I recently approved included my full $40 million request to get this program started.

The Act also authorizes appropriations through 2005 for the Agency for Healthcare Research and Quality (AHRQ) and represents the culmination of a genuine bipartisan effort to make better information available to health care decisionmakers to use to improve health care. AHRQ will help close the numerous data gaps throughout the health care delivery system. It will also serve as a bridge between the best science in the world with the best health care in the world.

The AHRQ will build on the foundation of strong scientific approaches to health services research established by the Agency for Health Care Policy and Research. This legislation was passed on an overwhelmingly bipartisan basis by the Congress, which is a tribute to the many members of both chambers, from both sides of the aisle. I particularly want to single out Senators Frist and Kennedy and Congressmen Bliley, Dingell, Bilirakis, and Brown, who have championed

quality information for quality health care, for their commitment to this important reauthorization.

The AHRQ is now designated the lead Federal agency in health care quality to help meet the needs of decisionmakers and work in partnership with the private sector. AHRQ will develop a national report on quality, stimulate evidence-based medicine, sponsor primary care research, help eliminate medical errors, and apply the power of information systems and technology in a manner that assures adequate patient privacy protections. AHRQ will also be a principal source of research that will guide health plans, purchasers, health care systems, clinicians, and policymakers as they seek to improve access to health care and make it affordable for all Americans.

I am delighted to sign S. 580, which will support research needed to improve health care and help train new pediatricians and pediatric sub-specialists who will be able to put this knowledge to work for America's children.

WILLIAM J. CLINTON

THE WHITE HOUSE,
December 6, 1999.

# # #

FIRST LADY HILLARY CLINTON'S COMMITMENT TO CHILDREN'S HOSPITALS

Hillary Clinton has fought hard to make children's health a top Administration priority. For years, she served on the board of the Arkansas Children's Hospital, and as First Lady she has made more than 20 visits to children's hospitals around the country to underscore the vital role they play in our nation's health care delivery system. She also knows the essential role independent children's hospitals play in the education of future pediatricians. Independent children's hospitals educate nearly 30% of all pediatricians and nearly half of all pediatric specialists. Unlike other teaching hospitals, however, and despite the critical role they play in educating pediatricians, independent children's hospitals received virtually no Federal funds for physician training. (In 1999, teaching hospitals received an average of $76,000 in federal graduate medical education (GME) funding per resident, while children's hospitals received an average of $400 per resident. This inequity exacerbated an already difficult financial situation for children's hospitals, which often serve the poorest, sickest and most vulnerable children).

The First Lady recognized the inequity in the gap in GME funding for independent children's hospitals, and fought within the Administration to have it addressed. Working with White House staff and the Office of Management and Budget, she developed a much-needed proposal for federal support of GME at children's hospitals. Due to her strong leadership and efforts, the President's FY 2000 budget included $40 million for GME at independent children's hospitals.

In January 1999, the First lady convened a White House meeting with HHS Secretary Donna Shalala and senior executives from almost 30 children's hospitals, to discuss GME at children's hospitals and to announce the Administration's new commitment. Understanding that inclusion of this new program in the President's budget by no means ensured its enactment, the First Lady continued to work to underscore its importance and monitored the appropriations process. When the Senate Labor-Health and Human Services-Education bill did not include this critical funding, she made sure that the Administration's policy statement to Congress on the bill expressed the Administration's concern over the lack of funding and urged the Senate to fully fund the $40 million request. In the end, Congress fully funded the $40 million commitment.

In December 1999, along with representatives from children's hospitals, the First Lady participated in the Oval Office signing ceremony for the Healthcare Research and Quality Act of 1999, which authorized federal funding for graduate medical education at children's hospitals. At the signing, the President praised her for her leadership in championing GME at children's hospitals.

The First Lady has continued her work for graduate medical training at children's hospitals, working to increase the funding in this year's budget (FY 2001). She continues to monitor the appropriations process to see that the vital funding is enacted by Congress and that we continue to invest in our children's health.

August 2, 2000

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: HEATHER HOWARD

SUBJECT: GRADUATE MEDICAL EDUCATION AT CHILDREN'S HOSPITALS

Attached for your review are the following materials on your work to secure federal financing for graduate medical education (GME) at independent children's hospitals:

1) Memo describing your efforts.

2) Statement by the President on the signing of the Healthcare Research and Quality Act of 1999, which authorized funding for GME at children's hospitals. The statement credits you for advocating for the budget initiative. (12/6/99)

3) Two pages from the newsletter of the National Association of Children's Hospitals and Related Institutions. One is a picture of the bill signing in which you participated. The other shows your visit to Children's National Medical Center in Washington; the caption recognizes your support for GME at children's hospitals.

4) Your column on GME at children's hospitals. (12/1/99)

5) Speech by the President to the American Academy of Pediatrics. On page five, he credits you with "strongly push[ing]" for the GME proposal. (10/12/99)

6) Administration SAP on the Senate Labor-HHS-Education (FY 2000) bill. On page four, it expresses concern over the Senate's failure to fund GME at children's hospitals, and urges the Senate to fully fund the Administration's request. (9/29/99)

7) Letter from the National Association of Children's Hospitals to the President thanking him and you for support of GME at children's hospitals. (2/28/00)

8) Briefing for the meeting you convened with Secretary Shalala with senior executives of children's hospitals to announce the budget proposal.

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For Immediate Release December 6, 1999

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WILLIAM J. CLINTON

THE WHITE HOUSE
December 6, 1999

THE CHILDREN'S HOSPITAL OF PHILADELPHIA CONCERNS

1. The Children's Hospital of Philadelphia handles an enormous number of Medicaid patients. Will the essential provider designation affect this?

2. In the area of children with chronic health problems, they are concerned with what effect having a system of capitated care will have on the access to treatments for children with chronic illnesses such as Spina Bifida and Cystic Fibrosis. More than 75 per cent of the care provided by most children's hospitals is for children with one or more congenital or chronic problems. (At The Children's Hospital of Philadelphia, it is 80 per cent.)

3. They feel that pediatricians are considered "primary specialists;" however, Children's Hospital spends more than $15 million per year toward the training of pediatricians including subspecialists needed to care for children with congenital defects, cancers, etc. Because of this, they are concerned with the plan's extreme emphasis on primary care. Who will cover the subspecialists' training?

4. They feel that research and teaching enhance pediatric care and are therefore concerned about research funding in the Health Security Act.

The Children's Hospital of Philadelphia feels strongly that poison control centers are a major preventive service; theirs handled 35,000 calls last year. They are concerned that 28 poison control centers across the country closed in the past year and that many more are due to be closed because of lack of funding. They mentioned that Georgetown Hospital's poison control center that serves all of D.C. is closing due to lack of funding. These centers are funded by both state grants and private funding. The Children's Hospital of Philadelphia incorporated the poison control center into the Hospital's budget, therefore, it is not yet in jeopardy of closing. Additionally, it has received modest State and private funding.

Although the Hospital does not have a formal position on the Health Security Act, they are pleased that this President has taken the initiative to address the issue. They feel strongly that the plan needs more specifics and expanded coverage for children with special health needs.

2/4/94

Note: Lynn Margherio addresses these concerns in the Q & A's for the Provider Forum.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release October 12, 1999

REMARKS BY THE PRESIDENT
TO THE AMERICAN ACADEMY OF PEDIATRICS

Washington Convention Center
Washington. D.C.

11:37 A.M. EDT

THE PRESIDENT: Thank you very much, President Alpert -- (laughter) -- President-elect Cook. Seems like just yesterday I had that title for a while. (Laughter.) To the executive board and the members of the American Academy of Pediatrics, thank you for welcoming me here. I am told that I'm the first President ever to address your convention, but I know -- (applause) -- I know that Hillary spoke to you in 1993, and I was -- (applause) -- I was thinking of, given the difference in our respective political prospects for the future, we should have reversed the order. (Laughter.)

But we just got back this morning from Camp David where we celebrated our 24th anniversary and she asked me to give you her regards, so I do so today. (Applause.)

I'm delighted to be here. I think pediatricians have a special place in the hearts of every person who has ever been privileged to either be treated by one or have his or her children treated by one. Just a few weeks ago, the man who was my doctor in Hot Springs, Arkansas when I was a little boy, Dr. Joe Rosenzweig, came to see me with his wife and his grandchildren. I regularly stay in touch with Dr. Betty Lowe, who once headed this distinguished group and took care of Chelsea when she was a little girl. And so I feel a great personal bond to the work that you do.

And you should feel a great personal bond to the work that I do. I mean, Washington is the only place outside of a pediatrician's office where you can hear so much screaming and crying on a daily basis. (Laughter and applause.) And we all -- all the politicians here have a lot in common with doctors. We all want to prescribe medicine, and no one wants to take it. (Laughter.) But screaming and crying are part of the process of getting better, in medicine and in politics.

Let me echo some of the things that Dr. Alpert has said. I am profoundly grateful for the things that we have done together, and the leadership that you have taken to make America better. The gains that our administration has made for children have come with your organization fighting by our side: passing the Family and Medical Leave law, which now over 15 million people have taken advantage of; immunizing more than 90 percent of our children against major childhood diseases for the first time in our history; passing the Brady Bill and other measures to stem gun violence; making aggressive initiatives in the area of school safety, including zero tolerance for guns in schools; and -- (applause) -- thank you. The V-chip, the TV rating systems, and now similar systems for the Internet and for video games that we're working on. Increasing child support enforcement and collection; dramatically expanding opportunities for adoption and for moving foster care kids into permanent adoptive homes. I thank you for all those things. The First Lady's Prescription for Reading program, and many, many other issues I could mention.

One I want to talk about more later today in my remarks is your role in creating the $24-billion Children's Health Insurance Program, which is designed to address that problem of more than 10 million uninsured children.

Because of all these efforts, America is a better place for children; they're healthier and safer than they were seven years ago. Infant mortality is down, drug abuse is down, teen pregnancy is down, juvenile crime is down. America, itself, is stronger, more prosperous, more confident.

Today, we enjoy the longest peacetime expansion in our history, the lowest unemployment rate in 29 years, the lowest welfare rolls in 30 years, the lowest poverty rate in 20 years, the lowest crime rate in 26 years, the first back-to-back budget surpluses in 42 years. Thank you for your contribution to all of these things. (Applause.)

But like your work with children, our work here is always about tomorrow. So the question we face is, what are we going to do with this phenomenal burst of good fortune that we have had, by dint of effort and the grace of God? What are we going to do with it?

I have been arguing very strenuously now, for some time, that we have turned the country around and we are heading in the right direction. And now we have, as a people, the chance -- literally, the chance of a lifetime, that a nation gets maybe once every 30, 40, 50 years, to deal with its long-term challenges, to seize its long-term opportunities, to forge the future that our children and our grandchildren will have. And that is what I earnestly hope we will do. I believe that we have to use this moment to meet the great challenges we know, without a doubt, 21st century America will face. What are they?

First, the aging of America. The number of people over 65 will double by the year 2030. I hope I'll still be one of them. There will be two people working for every one person drawing Social Security.

Second, the health and education of the largest and most diverse group of children in our nation's history.

Third, sustaining our economic prosperity over the long term, and expanding its reach to people and places that have not been touched by this marvelous economic recovery.

Fourth, making America the safest big country in the world. Yes, the crime rate's at a 26-year-low, but no one believes it's low enough. The accidental death rates by guns of children is nine times higher than that of the next 25 big industrial countries combined. So, yes, we have a 26-year-low in crime rates. But if we're the strongest economy in the world, and we have a free society, why don't we say we're going to not stop until America is the safest big country in the entire world? (Applause.)

The fifth big challenge we have, which will bear directly on your efforts and those that succeed you in the years ahead is dealing with the environmental challenges we face, especially the challenge of climate change and global warming. (Applause.) I feel very, very strongly about that. One of the problems I have in dealing with it is that the applause is still scattered when I talk about it.

And, sixth, building one America out of all the diverse threads of our citizenship and doing it in a world that we help to make ever more inter-dependent, peaceful and prosperous.

The answers to those questions, whether we will do that, will be affected by the decisions we make here in Washington in the coming days and weeks. Ever since I gave my State of the Union address I have been working with Congress, or trying to, on a budget that will move us ahead in meeting all these challenges; that will leave this country in good shape for the new millennium, while maintaining our budget discipline that has been responsible for so much of the good things that have happened in this country in the last six and a half years.

To meet the challenge of the aging of America I have proposed to extend the life of Social Security to 2050, to get it out beyond the life of the baby boom generation, to lift the earnings limit, to give more help to older women who are disproportionately poor. I have also proposed to extend the life of Medicare to 2027, that's the longest existence of the Medicare trust fund in a long time; to add a voluntary prescription drug benefit; to allow uninsured Americans between the ages of 55 and 65 to buy into the Medicare program; and to provide a long-term care tax credit for families that are dealing with that challenge.

To meet the challenge of our children's education, I have proposed to continue with our program of putting 100,000 more teachers in the classroom, to lower class sizes in the early grades -- (applause) -- to build or modernize 6,000 schools; to complete our efforts to hook all of our classrooms up to the Internet by the year 2000; and to raise standards and accountability.

I know Secretary Riley spoke here earlier, and perhaps he dealt with this at greater length, but we propose as we give out our federal money and reauthorize that law every five years -- this is the year we do it -- to say every state must have high standards, every state must have accountability -- accountability for teachers, for schools, for students. We shouldn't have social promotion, but we shouldn't blame kids for the failure of the system. So we proposed to triple the number of our children served by after-school and summer school programs. We proposed to give funds to schools that are failing, to turn them around or require them to be shut down. We proposed to expand the number of charter schools within our public school system so we'll get up to 3,000 by the end of next year.

These are very important things that I hope all Americans will support. Unless we can educate all our children -- and increasingly, they come from families whose first language is not English -- we will not have the country we want in 30 years.

To meet the challenge of expanding and continuing our economic prosperity and bringing it to people who haven't felt it yet, I have asked the Congress to adopt a new markets initiative to give Americans with funds to invest the same incentives to invest in poor areas in America we now give them to invest in poor areas in Latin America or Asia or Africa. (Applause.)

I have proposed to increase the immensely successful community empowerment program that the Vice President has run for us over the last six and a half years, to increase enterprise zones, empowerment communities, to increase our community development banks that make loans to people and places where capital is not available. And to keep this expansion going perhaps for another generation, through ups and downs in the global economy, I have asked the Congress to do this within a framework that would enable us to continue to pay down our national debt which we quadrupled in the 12 years before I took office, so that in 15 years, America could be debt-free for the first time since 1835 when Andrew Jackson was the President of the United States. (Applause.)

Let me say to all of you -- this is a pretty progressive

group, and you always want government to invest in money -- why should progressives want America to be out of debt? I want to make this argument just very briefly. All of us who are over 40, at least, who went to college and took an economics class were told that every country needs a certain amount of debt, that it's healthy. And that was true when every country controlled its own economic destiny independent of every other. And it was true when people were borrowing money to invest in things like roads and bridges and parks and universities and long-term capital investments.

But over the last 20 years, governments, the United States being the worst offender, got to borrowing money just to pay the bills every week. And in a global economy where money can move across national borders instantaneously, if a government is debt-free, it means the people in that country -- whether they're businesses, trying to start or expand; or families trying to pay for homes, cars, college loans and credit card bills -- can all borrow money more cheaply. It means that if rich countries like America get out of debt, and other countries get in trouble, like our Asian partners did over the last couple of years, they can get money to get help more quickly, rebound more quickly, and buy our products more rapidly.

So I feel very strongly that this is an important idea, that I hope the American people will insist upon. And I hope that they will say to the Congress, don't let tax cuts or spending increases get in the way of getting us out of debt. If you want to spend the money, raise it. Do whatever's necessary, but get America out of debt over the next 15 years so that we can continue to grow for the next 50 years. It's very, very important to our future. (Applause.)

Now, here's what's going on here. I know you see all this food fight in Washington and you wonder, what is really going on? Here's what's going on. We passed a balanced budget bill in 1997. It had very tough spending caps. The spending caps were too tough -- if you work in a teaching hospital, or at other hospitals that have been handicapped by the Medicare cutbacks, you know they're too tough. I'll say more about that in a minute. But what we said was, we're going to balance this budget, and then we're going to keep it balanced by staying within these caps -- which means we have to spend money according to a certain plan over the next five years; or, if we want to spend more money, we have to raise more money -- either by cutting some other spending, closing some tax loopholes, raising some fees, or raising some tax. So that's why we're having this fight.

Then it turns out we have a bigger surplus than we thought we would, thanks to the prosperity and the hard work and the productivity of the American people. Then the Congress said, we want to separate the Social Security fund from the other funds. That's something they never could have done before, because the only surplus we've had for the last 17 years was in Social Security. All the others -- the deficit -- every year, you saw those deficit numbers, it was always a lot bigger than that. It's just -- we're paying more in Social Security taxes than we were paying out in Social Security payments. And the difference under the government's unified accounting -- lowered the deficit.

So, they said, let's separate them; now that we have a non-Social Security surplus, let's separate them. And we really want to do this. So I said, fine by me, I'll do that. Because under my plan, we would keep the Social Security taxes separate, then use the interest savings we get on paying down the debt and put it back into Social Security, and run Social Security out to 2050 beyond the life of almost all but the most fortunate baby boomers, and get us through this big population problem we've got.

But when the Congress looks at the books -- and the majority

party, the Republican Party, which normally says they're more conservative than we are on spending -- it depends on what it is -- found out that they couldn't spend all the money they wanted to spend with just the non-Social Security surplus. And they didn't want to raise the cigarette tax, or raise fees on people that have to help us clean up the toxic waste dumps, or close any of the corporate loopholes that I tried to close. And so that's why you see all these problems up here.

They're having a very difficult time, even with this big surplus, because they promised they wouldn't touch the Social Security part of the surplus, crafting a budget that both protects that surplus, invests in important things like education and health care, does what both parties wanted to do in transportation, meets their defense targets and stays within the spending cap. So that's why you hear about all these gimmicks and why they wanted to start giving poor people their tax returns under the Earned Income Tax Credit every month, instead of in a lump sum, like the rest of us get ours -- and why they wanted to put a 13th month into the year and all that.

All that sort of hand-wringing -- it must strike you as crazy, since you know we've got a surplus. The reason is they committed -- both parties did, back at the first of the year -- to take the Social Security surplus and put it over here and only spend the non-Social Security surplus. It never existed before, the non-Social Security surplus. And it's going to get bigger and bigger. And this problem won't be here next year or the year after next, but right now it's real small, and what they want to spend is real big, and they don't want to raise the money to raise the difference. That's what's going on.

How many of you knew that before I explained it? (Laughter.) About 10 hands. That's what's going on. If we were under the old accounting system, this would be like falling off a log. It would have no, sort of, larger economic impact in the short run, but it could be a very bad habit to get into over the long run.

So if we can stop now, we ought to stop now. But in order to stop now, with no gimmicks, we have to work together. If we don't, you wind up with the problems that the House of Representatives is confronting now. Just let me give you some examples.

Already in health care, they want to cut $85 million from my request for childhood immunizations. That's 170,000 kids who won't get the vaccines they need to ward off major childhood diseases like measles and mumps. There's no money in this proposal, which was strongly pushed by the First Lady, to support graduate medical education at children's hospitals -- where many of our pediatricians receive their training, and over half of the specialists in many areas receive their training.

It doesn't offer even a modest down payment on my $1 billion effort to support our nation's health care safety net of public hospitals and clinics, which -- you remember back in '94, when we got whacked around on health care, and everybody accused Hillary and me of wanting to have the government take over the health care system, which was not true -- they said that if our proposal passed, it wouldn't work. We said, if something didn't pass, the number of uninsured would go up. And sure enough, we were right, and you see the numbers, now.

Well, one of the things we can do in the short run is to dramatically beef up the public health care network. In my home state, for example, over 85 percent of all the immunizations are now done in the public health clinic, the county health clinic. Even upper-class people get their kids immunized in the health clinic. Solves all those liability problems and other things, and it's just something we did when I was there. But we need to do this. But it can't be done with this

bind they're in.

And let me tell you this: If something is not done, they're going to go back and cut everything 3 percent across the board. If they exempt defense, they'll have to cut everything 6 percent across the board. And that is a huge amount of money.

So I'd like to respectfully suggest that Congress go back and look at the budget I sent them seven months ago. It makes all the investments that they want to make, and the investments that I believe in. It stays within the spending caps by providing offsets, including a 55-cent-a-pack excise tax on tobacco. (Applause.)

Now, I believe -- I think it's good fiscal policy and you know it's good health policy. You know more than 400,000 Americans die every year from smoking-related diseases; almost 90 percent of our people start smoking as teenagers, and one of the most effective ways to get the attention of teenagers is to raise the price. (Applause.)

So Congress now faces this, for them, biblical choice: Cut investments in areas like health care and education and the environment; spend from the Social Security trust fund at least one more year; or maintain our fiscal discipline and save children's lives by raising the price of smoking, closing some corporate loopholes and doing a few other things to raise some money here.

I know what I believe the right choice is. I think most Americans would agree with me. I will work with Congress to put politics aside and do the right thing. Congress is clearly capable of working with me. We did it in 1996, with the welfare reform bill, which has cut welfare rolls almost in half, and, after I vetoed two earlier attempts, provided billions of dollars in child care and kept the guarantee of Medicaid and food stamps for poor families and work. We did it in the 1997 Balanced Budget Act. And last week, the House of Representatives did it again when they finally passed a strong, enforceable patients' bill of rights, thanks to you and others. (Applause.)

We are one step closer to seeing all Americans, including those in HMOs, have the right to the nearest emergency room care, the right to a specialist, the right to know you can't be forced to switch doctors in the middle of a treatment; the right to hold a health care plan accountable if it causes grave harm. (Applause.) But let me remind you, this is not the law of the land yet. This is a bill which has passed the House of Representatives. A much, much weaker bill passed the Senate.

So if you look at the vote in the House -- thanks to the solid support of the members of our party and some very, very brave people in the Republican Party who stuck their necks out, took a lot of heat from their leadership and from the health insurance companies, led by Congressman Norwood and others -- we got a big victory in the House. It wasn't close; it was a big victory -- won it by over 100 votes.

Now, the Senate should listen to that, and see the will of the American people, and give us a bill that is not loaded down with special interest poison pills. That was their original strategy. We'll pass this bill really strong, but we'll have so much other stuff on it that the President will not be able to sign it, or if he does, he'll be sick for four days. (Laughter.)

And so I say to you, thank you for your efforts. I want to ask you to do two things. Number one, write every one of those members of Congress that voted right on that bill, and recognize that, especially for the Republicans, it was a tough vote, and give them a pat

on the back. And number two, don't stop until it comes to my desk in the right form. We are a long way from home, but we have a good chance to win.

Now, I want to say there are some other opportunities for victory. Congress can put progress ahead of partisanship by making it possible for the millions of Americans with disabilities who want to work but are afraid to because they would lose their Medicare or Medicaid, to do that -- to go to work and keep their government health care coverage.

The Senate has already passed, by a 99-0 vote, the Work Incentives Improvement Act, to ensure that Americans with disabilities can gain the dignity of a job without fear of losing their health insurance. A bipartisan majority in the House has co-sponsored the same measure. I will sign it.

There is a modest cost associated with this bill for the government. I have offered them offsets for that. And so far, they don't want to take that, either. But it would be a pity, when virtually everybody in the Congress knows this is the right thing to do, to nickel-and-dime this to death. We're talking about thousands and thousands and thousands of people's lives.

I don't know if you know anybody like this. I've had the privilege of meeting a substantial number of people who are disabled, who got to go into the work force because somebody made provisions for health insurance, or because they were in an income category where they could keep their Medicaid for a while. And I've met even more who would go in a New York minute if they knew they could keep their Medicaid or their Medicare. And I've met a lot of employers who would hire them, but who know they cannot afford their health insurance.

So I implore you, do what you can to help us pass this. This is a bill that everybody's for, and the process is still fooling around with it because of a modest cost that can easily be offset. That is very important.

The third thing I ask for your help on doesn't require any more legislation, and it's consistent with a commitment you have already made. And that is to get children enrolled in the Children's Health Insurance Program. (Applause.)

Since the CHIP program went into effect, it has provided health coverage to over a million children whose families can't afford health coverage, and who make too much to be eligible for Medicaid. I am grateful to you for helping us to create it, and for helping us put it into effect. But as your President said, somewhere between 10 million and 11 million children in America still lack health insurance. That's way over 15 percent. The majority could be covered under either CHIP or Medicaid.

We've still got 2 or 3 million kids out there who are Medicaid-eligible who aren't covered -- if we can get word out to their families and sign them up. We know that children who lack health insurance have higher rates of treatable conditions like asthma, ear infections, vision problems. We know when a child can't see a blackboard clearly or hear the teacher precisely or pay attention to anything other than his or her own pained breathing, the kids aren't going to be able to learn.

CHIP and Medicaid can change all that for millions of people. And when we passed the CHIP program we thought it would ensure 5 million people, if we could also get the Medicaid insurance rates up and solve at least half the problem. Now, two years later, we've only insured a

million. But it was only this year, to be fair, that all 50 states had their programs in place. So we're now at the take-off point; and we will be judged -- you and I and all of us -- on how well we do from here on out.

This year -- or last year, I established an inner-agency task force to come up with some innovative strategies to get the word out to parents about CHIP and Medicaid. Today, I'm releasing their first annual report, which details a lot of promising outreach efforts. Just for example, the Department of Agriculture, which administers the school lunch program, has added information on CHIP and Medicaid to applications it sends to every school district in America. Millions of parents who fill out their school lunch forms now will have a chance to learn about these health programs.

Other promising innovations are also in the works. Thousands of AmeriCorps and Vista volunteers who deal directly with low-income families every day will soon have information in their training manuals on how to enroll children in CHIP and Medicaid. Tens of millions of elderly Americans who may have grandchildren eligible for CHIP and Medicaid will soon be able to read about these programs in the annual letters they receive from Social Security and Medicare.

But as the Vice President has been saying for months and months and months, if we're going to bring health care coverage to poor children, we have to start with where the children are in the schools. That's why today, I am issuing an executive order to the Secretaries of Education, Agriculture and Health and Human Services, directing them to find the most innovative school-based strategies now being pursued at the state and local level, to report back to me in six months on how we can replicate them in every community in the country.

I'm also sending a letter to states clarifying that they can use the CHIP fund for school-based outreach efforts. (Applause.) And we're going to dedicate over $9 million in new research grants to find out what outreach methods in schools or elsewhere work best. I believe these things will go a long way toward bringing health coverage to our children. But we need help from the churches, from the YMCAs and the YWCAs, from all the community organizations. And we need help from all the physicians and the public health units throughout our country.

It is simply inexcusable that we're sitting here, and have been, with the money for two years to provide health insurance to 5 million kids and 80 percent of them are still uninsured. And it is conceivable that we could do better than 5 million children with the money appropriated if we had effective enough outreach.

And to those of you who see a lot of people whose parents' first language is not English, I know we have trouble there. But I would implore you, do what you can, when you go back home, with your local groups, and your local medical societies, and your local health clinics, and your local schools, to get them to do this. There is no stigma associated with this; most people will walk through a wall to get their kids decent health care coverage -- if they know it is available.

This is simply a question -- the average person who's not covered by this doesn't know CHIP from block. (Laughter.) Or Medicaid from Lego, or whatever. You know, we've got to deal with people that -- you know, most normal people worry about their lives, not government acronyms. And we're dealing with -- a lot of these folks don't know anything about this. And you can help to make sure, in your community, that the schools and the community groups, and the religious organizations, and everybody, is doing their outreach on this. It is profoundly important. (Applause.)

Now, let me just say this last point. If every child eligible for CHIP and Medicaid were enrolled, there would still be millions who lacked coverage. You know it, and I do, too. You know that I and Hillary and the Vice President, we have always believed it is wrong for any American, much less any child, not to have affordable, quality health care. I know that the American Academy of Pediatrics believes that. I will keep working to change that as long as I am President. I will keep looking for ways to end this unconscionable and growing gap of uninsured care. (Applause.)

Our hospitals will continue to have problems -- and again, I would say, this has nothing to do -- and you can help us with this -- this has nothing to do with the government taking over health care. The government's not taking over health care in the CHIP program, or Medicare, or Medicaid.

If we'd let these people -- next to the kids, the fastest-growing group of uninsured people are 55 to 65 years old, who retire and can't get employment-based health insurance anymore. We ought to let them buy into Medicare. You know, I get into all these fights with the insurance companies -- and I hate to fight with them all the time -- but the truth is, America has a system of financing health care that dictates high levels of uninsured, which dictates enormous burdens on the health care system of the country, and burdens on everybody that buys insurance. (Applause.)

And they can deny otherwise as long as they want to, but all you have to do is look around at other examples, and you know it's simply not true. There is no other conceivable explanation. It is the system by which we finance our care, which has got us in the fix we're in now. (Applause.)

And so we are trying to do this, and we are trying to do the bill for the disabled, and there are lots of other things we can do. But if you look at everything we do that's going to make a difference, it's because we have changed the financing. And those are facts and you can get them out there.

For the last six and a half years, I have had the great honor to serve as President of this country. I have about a year and four months left, maybe a little more. I've worked hard to turn this country around and then to keep the American people always thinking about tomorrow, about the challenges and the opportunities of the new century and the new millennium.

Well, now we have turned America around. And the great test is whether we are going to take this moment and shape our tomorrows. That's what you do every day, every time you take some preventive measure, every

time you do something to help a child -- there may be some screaming and crying, but you know they're all going to be better off tomorrow.

I just would like to see all of us here in Washington take the same attitude toward the future of all our children's tomorrows that you take toward each child's tomorrow. If we do, America's best days lie in the new millennium.

Thank you very much. (Applause.)

END 12:13 P.M. EDT

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

September 29, 1999
(Senate)

S. 1650 - DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, EDUCATION, AND RELATED AGENCIES APPROPRIATIONS BILL, FY 2000

(Sponsors: Stevens (R), Alaska; Specter (R), Pennsylvania)

This Statement of Administration Policy provides the Administration's views on S. 1650, the Labor, Health and Human Services, Education, and Related Agencies Appropriations Bill, FY 2000, as reported by the Senate Appropriations Committee. Your consideration of the Administration's views would be appreciated.

As the President indicated in his statement yesterday, while the funding levels in the Senate Committee bill are better than those in the House bill, he would veto the bill in its current form for the reasons discussed below.

The President's FY 2000 Budget provides levels of discretionary spending for FY 2000 that conform to the Bipartisan Budget Agreement by making savings through user fees and certain mandatory programs to help finance this spending. The Administration wants to work with the Congress on mutually-agreeable mandatory and other offsets that could be used to increase funding for high-priority discretionary programs, including those funded by this bill.

Department of Education

The Administration strongly opposes the Senate Committee bill's undermining of our national commitment to improve our schools by not guaranteeing funds specifically for Class Size Reduction. The President's Budget includes the second installment of his goal to hire 100,000 new teachers in order to reduce class size in the early years. Unfortunately, the Senate bill reneges on the bipartisan commitment last year to reduce class sizes to an average of 18 in the primary grades by providing no funds specifically for Class Size Reduction. As a result, it does not guarantee funding for the 29,000 teachers hired last year or the additional 8,000 teachers that would be hired under the President's proposal. This program has been extremely popular -- every State applied for and received funding in FY 1999, and preliminary State reports show that 1.7 million children will benefit from last year's funds alone. We would support efforts to restore funding to this critical initiative as the bill moves through the legislative process.

The Senate Committee-reported bill also provides unacceptably low funding for the following education priorities:

- GEAR UP. The President's budget requests $240 million for GEAR UP, which helps students in high poverty areas stay in school, succeed in their classes, and prepare for college. The Committee bill provides $180 million, denying college preparation services to more than 130,000 fewer low-income middle school students.

- After School. The President's budget request focuses on raising student achievement and improving accountability in our Nation's schools. A cornerstone of this effort is the President's $600 million request for After School programs, which would support State efforts to end social promotion by providing extra learning time for 1.8 million students to help them master academic material. The Senate bill provides only $400 million for After School, denying services to nearly 600,000 students. The Administration strongly opposes the reduction in a top Presidential priority.

- Hispanic Education Agenda. The President's budget requested over a $400 million increase to support programs targeted to improve the educational outcomes of Hispanic Americans. Unfortunately, the Senate bill cuts $236 million from the request which will deny many of these indispensable services to this underserved population, seriously hampering the progress of Hispanic Americans in reaching the high academic standards expected of all students.

- Adult Education ESL/Civics Initiative. The Senate bill provides no funding for the President's Adult Education ESL/Civics Initiative (part of the Hispanic Education Agenda), which would provide $70 million to help adult English language learners acquire the skills necessary to become successful participants in American society.

- Reading Excellence. The Committee bill reduces the President's $286 million request for Reading Excellence to help over one million children learn to read by the end of the third grade. The bill provides $260 million for this program, denying 100,000 students the help they need to read independently, the cornerstone for all learning.

- Education Technology. The Committee's $94 million reduction from the request would make it increasingly difficult for States to meet school children's education technology needs, especially in training teachers to integrate educational technology into their curriculum effectively. These technological investments are critical in order to prepare the next generation for the 21st Century.

- Community Based Technology Centers. The Committee's $55 million reduction from the Budget would prevent low-income communities from gaining access to the technology that they need to prepare for the 21st Century. Recent studies have shown that not only do children and adults in low-income communities have much less access to computers than in high-income communities, this "digital divide" is also growing. The President's request would have helped to shrink this gap by funding nearly 300 additional community-based technology centers.

- Charter Schools. The Committee bill cuts $30 million from the request, which would leave over 500 charter schools without funds to assist in the planning and development of innovative programs that enhance public school choice.

- Research. The Committee has cut by over $50 million the President's request for

research and dissemination, eliminating funding for large-scale, joint research with the National Science Foundation and the National Institutes of Health on early learning in reading and mathematics, teacher preparation, and technology applications. These cuts would occur at a time when teachers and policy-makers are demanding reforms proven by sound research.

In addition to the funding issues identified above, the Administration strongly urges the Senate to include a key language provision that would support stronger accountability under the Title I program by requiring States to reserve 2.5 percent of their LEA Grant allocations to help turn around the lowest-performing schools.

Furthermore, the Administration objects to the language limitation that would bring a halt to the President's efforts to help States and parents raise academic standards through a voluntary national test. The Committee bill's language would prohibit the pilot testing, field testing, implementation, administration, and distribution of the tests unless explicitly authorized. The language prohibition should be deleted. Congress should be promoting high standards for all students, not undermining them.

Department of Health and Human Services

The Senate Committee bill underfunds public health priorities, including preventive health, mental health services, and health care access for the poor. The Administration is very concerned about the following cuts to key health and social service programs:

- Social Services Block Grant (SSBG). The Administration is strongly opposed to the $1.3 billion reduction in the Social Services Block Grant. The Committee funding level is less than half the level requested and 45 percent below the FY1999 level. This cut would have a direct and severe impact on States, local governments and nonprofits that provide such critical programs as child care, child welfare, and services for individuals with disabilities.

- National Family Caregiver Support Program. The Administration urges the Senate to provide the $125 million requested to establish a new program to assist approximately 250,000 families caring for an older relative. The need for this program is indicated by the fact that there are seven million informal caregivers providing primary assistance to the 95 percent of older persons who need help with their daily activities.

- Head Start. The Administration commends the Committee for fully funding the President's request for Head Start. The $507 million increase above the House mark will enable this important program to deliver comprehensive education and developmental services to 44,000 additional low-income children. This increase also supports critical investments in quality improvement activities included in the President's budget and agreed upon in the bipartisan reauthorization of the Head Start Act last year. The Administration raises concern, however, over the possible impact of an advance appropriation at the level included in the Committee's mark.

- Mental Health Block Grant. The Administration objects to the $49 million reduction to the request for the Mental Health Block Grant. This funding is important for assisting States in supporting comprehensive community systems of care for adults with a serious mental illness and children with severe emotional disturbances, given that

approximately 10.2 million people, or over five percent of the population, suffer from a serious mental illness over the course of any given year.

- Centers for Disease Control and Prevention (CDC). The Administration is concerned that the Senate bill would reduce requested funding for the Centers for Disease Control and Prevention by $53 million, impairing CDC's ability to carry out key public health activities such as childhood immunizations, chronic and environmental disease prevention, domestic HIV/AIDS prevention, and surveillance and investigations of outbreaks. Research done in CDC laboratories is used by community disease prevention programs around the country to address illnesses such as AIDS, cancer, diabetes, and influenza. The Administration urges the Senate to fund the requested increases for CDC, including funding for research, laboratory work, and technical assistance.

- Health Care Access. The Administration strongly opposes the Senate bill's failure to fund adequately programs that will improve health care access for many Americans, including a portion of the 43 million uninsured. No funding is provided for the Health Care Access for the Uninsured initiative, which would provide funds to enable the development of integrated systems of care and to address service gaps within these systems. In addition, the bill does not include the full $25 million increase requested for Family Planning services. The President's full request would provide family planning services to an additional 500,000 clients who are neither Medicaid eligible nor have insurance.

- Children's Hospitals Graduate Medical Education The Administration is concerned about the Senate bill's lack of funding for Children's Hospitals Graduate Medical Education (GME). Teaching hospitals that do not treat many Medicare patients, such as the Nation's free-standing children's hospitals, receive a very small share of Medicare GME dollars. The Administration urges the Senate to fully fund this request.

- Bioterrorism. The Senate bill does not include in the Public Health and Social Services Emergency Fund the requested $13 million for critical FDA expedited regulatory review and approval of new vaccines and drugs to combat biological and chemical agents used for terrorist purposes.

- Minority AIDS Initiative. The Senate Committee reduces funding by $15 million (-30 percent) for minority AIDS prevention and treatment from the FY 1999 enacted and FY 2000 requested level. These important resources allow HHS to direct the necessary funds to the most critical areas of need to address this epidemic in minority communities and should be restored.

- HCFA Program Management. The Administration appreciates the Senate Committee's action to fund the request for HCFA Program Management. However, we encourage the Senate to enact the full amount of already-authorized Medicare+Choice user fees, as well as the President's requested increase in Medicare+Choice user fees. We also encourage the Senate to enact the President's proposed program management user fees totaling $194.5 million, which could free up resources under the discretionary caps for education and other priorities.

- Medicare+Choice Competitive Pricing Demonstrations. The Senate bill includes language that would prevent funds from being used to administer the Medicare+Choice

Competitive Pricing Demonstration Project. These demonstrations were passed by the Congress as part of the Balanced Budget Act in order to provide valuable information regarding the use of competitive pricing methodologies in Medicare. The information that we could learn from these demonstrations is particularly relevant as we consider the important task of reforming Medicare. The Administration urges the Senate to remove this provision and to allow HCFA to implement the demonstrations.

- Abortion. The Administration urges the Senate to strike sections 508 and 509 of the Committee bill, which would prohibit the use of funds for abortion. The President believes that abortion should be safe, legal, and rare. These provisions would continue to limit the range of conditions under which a woman's health would permit access to abortion services. Furthermore, section 509 requires a physician to make a legal determination that these conditions have been met. The Administration proposes to work with the Congress to address the issue of abortion funding.

- Delayed Obligations for NIH. In providing the National Institutes of Health an increase of $2 billion, the Senate bill would delay the obligation of $3 billion to the end of the fiscal year. The Administration is concerned that the size of this restriction could hamper the efficient management of NIH's grant portfolio and potentially delay the funding of high-quality research on cancer, diabetes, Parkinson's, and other diseases.

Department of Labor

The Administration appreciates the Senate Committee's mark for the Department of Labor's employment and training programs and programs protecting working Americans at their jobs. This supports our initiatives to help dislocated workers, youth, and others in need of skills or skill upgrading to prepare for, find, and retain jobs in today's workplace. In addition, the Committee's mark will help ensure that worker safety and health and other rights are protected on the job at home as well as help developing economies establish core labor standards. However, the Administration urges the Senate to provide the full request for the Department to work with other agencies to address youth violence among out-of-school youth and the request for the Bureau of Labor Statistics to ensure that our statistical programs are maintained and improved.

National Labor Relations Board

The Administration appreciates the Senate Committee's full funding of the request for the National Labor Relations Board (NLRB). Among other things, this will enable the NLRB to work down its case backlog and improve its information technology so it can better serve labor and employers in resolving the charges brought before it for resolution.

$100 reduced CHIP $

Children's Hospitals

grateful for $80 — but hoping for full $285

met w/ Steve Ricchetti yesterday

Senate — Bond, Gorton + Bennett have leaned on Specter
Specter promised he'd do better than Pres. budget — $100

House — Young signalled he wanted $ bump up — $125
Porter has said he wanted to increase
Kasich — says he has commitment from Hastert for $285

Labor-H — now they're saying they have more $ — $106

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authorizing exp. only through '01
reauthorization through '05 (?) Adop in Children's Health
Bill that passed House — Frist + Kennedy

Democratic investments in HC: just introduced in Senate

coverage extension
long term
provide rx for
prescr. drug
solving extenders

much of budget surplus $ are HC savings
re-invest in HC

Appropriators think they should be a mandatory program

N • A • C • H

National Association of
Children's Hospitals

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release December 6, 1999

STATEMENT BY THE PRESIDENT

Today I am pleased to sign S. 580, the "Healthcare Research and Quality Act of 1999," which authorizes appropriations for the Agency for Health Care Policy and Research (and renames it the "Agency for Healthcare Research and Quality") and authorizes a new grant program to support children's hospitals with graduate medical education programs.

This legislation combines two important health care priorities of my Administration: first, ensuring that our nation's children, especially those who suffer from complex or unusual diseases, continue to receive the highest quality care that our health care system can provide; and second, developing the scientific evidence that we need to improve the quality and safety of our health care system.

The Act takes an important first step to ensure the delivery of high quality health care for America's children by investing Federal funds in graduate medical education at freestanding children's hospitals. This long overdue initiative was included in my Administration's FY 2000 budget and was strongly advocated by the First Lady. Her leadership in this area is longstanding, and it is with great pride that I sign this groundbreaking legislation.

In an increasingly competitive health care market dominated by managed care, teaching hospitals struggle to cover the significant costs associated with training and research as private reimbursements decline. Millions of American children each year are treated by physicians affiliated with or training in one of the 60 independent children's hospitals across the country. While other teaching hospitals receive support for these costs through Medicare, children's hospitals receive virtually no Federal funds, even though they train nearly 30 percent of the Nation's pediatricians and nearly 50 percent of all pediatric specialists. This inequity exacerbates an already difficult financial situation for children's hospitals, which often serve the poorest, sickest, and most vulnerable children. In many cases, they provide the regional safety net for children, regardless of medical or economic need, and they are the major centers of research on children's health problems.

This Act creates a new grant program to provide much-needed support for training of these critical health providers. I am pleased that the Consolidated Appropriations Act that I recently approved included my full $40 million request to get this program started.

The Act also authorizes appropriations through 2005 for the Agency for Healthcare Research and Quality (AHRQ) and represents the culmination of a genuine bipartisan effort to make better information available to health care decisionmakers to use to improve health care. AHRQ will help close the numerous data gaps throughout the health care delivery system. It will also serve as a bridge between the best science in the world with the best health care in the world.

The AHRQ will build on the foundation of strong scientific approaches to health services research established by the Agency for Health Care Policy and Research. This legislation was passed on an overwhelmingly bipartisan basis by the Congress, which is a tribute to the many members of both chambers, from both sides of the aisle. I particularly want to single out Senators Frist and Kennedy and Congressmen Bliley, Dingell, Bilirakis, and Brown, who have championed quality information for quality health care, for their commitment to this important reauthorization.

The AHRQ is now designated the lead Federal agency in health care quality to help meet the needs of decisionmakers and work in partnership with the private sector. AHRQ will develop a national report on quality, stimulate evidence-based medicine, sponsor primary care research, help eliminate medical errors, and apply the power of information systems and technology in a manner that assures adequate patient privacy protections. AHRQ will also be a principal source of research that will guide health plans, purchasers, health care systems, clinicians, and policymakers as they seek to improve access to health care and make it affordable for all Americans.

I am delighted to sign S. 580, which will support research needed to improve health care and help train new pediatricians and pediatric sub-specialists who will be able to put this knowledge to work for America's children.

WILLIAM J. CLINTON

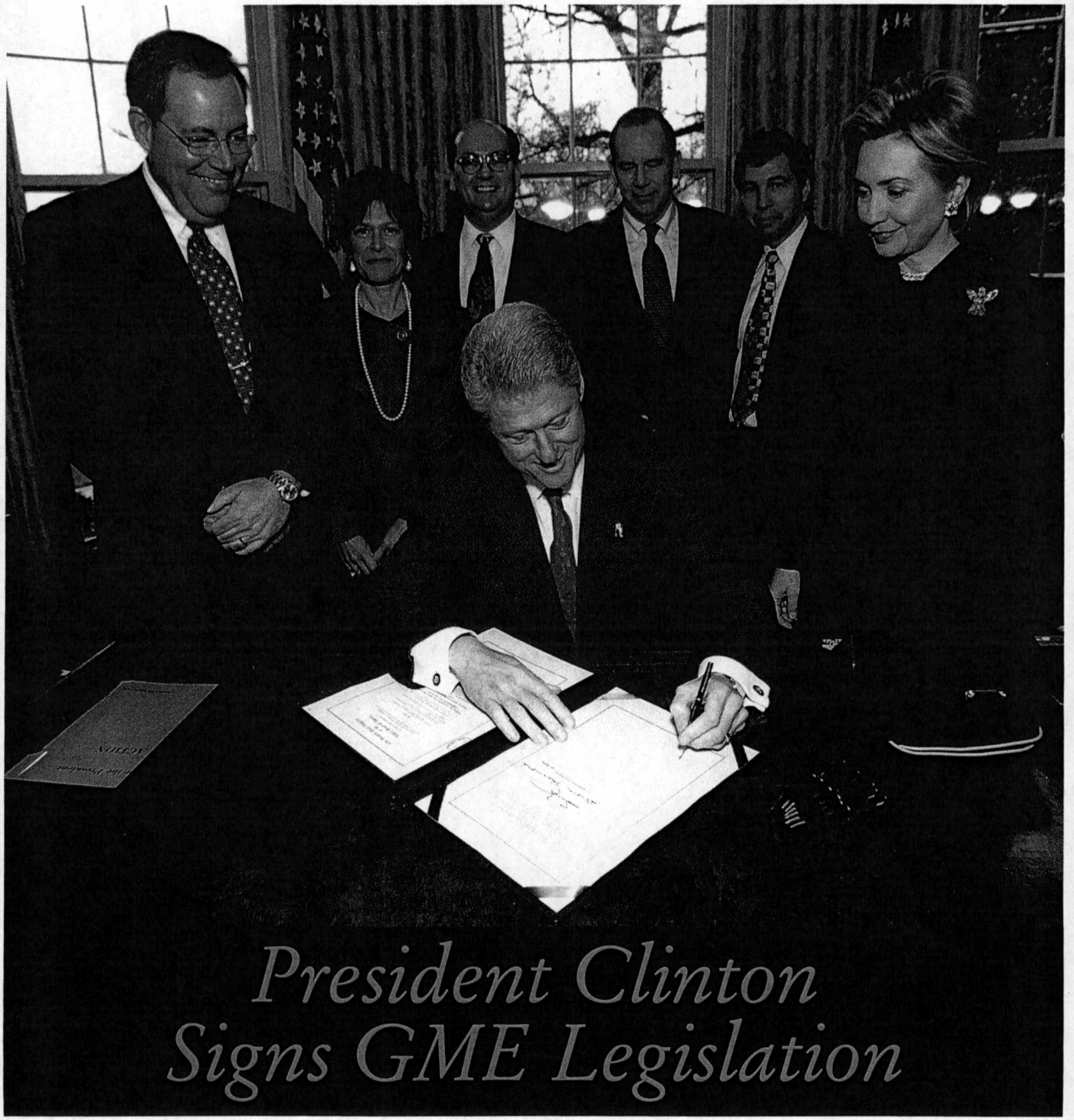
THE WHITE HOUSE
December 6, 1999

It's Time To Take The Next Step.

Full GME Funding for Children's Hospitals!

The future of pediatric health care rests in our hands. Last year Congress heard the cry for equitable graduate medical education (GME) support for children's hospitals. We appropriated $40 million to get started in FY2000 and then unanimously authorized $285 million for FY2001. This year we should appropriate full, equitable GME support for our independent children's hospitals in FY2001. It's for all of our kids.

Children's Hospitals
TODAY



President Clinton Signs GME Legislation

NACHRI

A Publication of the National Association of Children's Hospitals and Related Institutions

Volume 8 | SPRING 2000

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BY PETERS D. WILLSON Vice President, Public Policy, N.A.C.H.

FY 2001 Budget

Congress will have to run fast this year if it's to finish all of its budget work in time to adjourn in early October for the final campaign weeks before election day. It will require adjourning seven weeks earlier than last year, and this year there will be more recesses until then. That adds up to very little time for resolving budget politics.

In recognition of the time constraints, congressional leaders have set an unusually fast timeline for their work on discretionary appropriations, entitlements and taxes, which together with interest on the national debt are the cornerstones of the federal budget. But keeping on schedule is not proving easy.

On the one hand, talk of bigger than projected budget surpluses for FY 2001, ranging from less than $1 billion to more than $2 billion, should theoretically ease budget problems. On the other hand, the demands for increased funding already exceed even the largest surplus projections. And many believe any surplus should be reserved for shoring up Social Security and Medicare, not new or extra spending.

In addition, election years usually intensify partisanship. This year, at least at the outset, there has been disagreement even within the Republican leadership, much less between the parties. Conservatives want to hold spending to last year's levels; moderates want modest increases. And neither wants as much increase as the president and Democratic leadership seek.

If past behavior, not current schedules, is a better predictor of how Congress will perform on its budget, then the likely outcome is another hard year of budget fighting, culminating in congressional/White House negotiations over the thorniest budget issues right up to the last minutes of the session. Under this scenario, health spending — for children and for adults — is a good bet to be in the final mix.

Kids' Coverage

Expanding health coverage for uninsured Americans, particularly for kids, has been a prominent theme in the Democratic primaries and at least a minor theme, while Sen. John McCain, R-AZ, was a candidate, in the Republican primaries.

And a number of health insurance, consumer and provider groups, such as the Health Insurance Association of America, Families USA and American Hospital Association, are sometimes touting conceptually similar approaches to the problem.

But few in Congress expect legislative action on major health coverage expansions this year. From the children's hospital vantage point, three more narrowly defined, but nonetheless important issues will affect children's coverage and access to care.

Medicaid DSH

The first is whether Congress will enact bipartisan bills to block a part of the $10 billion in cuts in federal funds for Medicaid disproportionate share hospital (DSH) payments to safety net hospitals, which Congress enacted in the 1997 "Balanced Budget Act." Those funds are critical to most children's hospitals.

Initially, Rep. Diana DeGette, D-CO, and now Reps. Brian Bilbray, R-CA, and Ed Whitfield, R-KY, have sponsored bills to block the last two years of Medicaid DSH cuts. Sens. Lincoln Chafee, R-RI, and Daniel Patrick Moynihan, D-NY, have followed suit with their own bills. Children's hospitals strongly support these legislative initiatives.

Rep. Brian Bilbray, R-CA

Medicaid/SCHIP Enrollment

The second issue is whether Congress will move on similar bills by Reps. DeGette and Connie Morella, R-MD, as well as Sens. Blanche Lincoln, D-AR, Mary Landrieu, D-LA, and Gordon Smith, R-OR, to strengthen states' enrollment of eligible, uninsured children in Medicaid and the State Children's Health Insurance Program (SCHIP). This is another top priority for children's hospitals.

Managed Care

Third is whether Congress will successfully bridge the considerable divide between the House-passed, bipartisan patients' rights legislation, including its strong provisions for children's access to pediatric care, and the Senate-passed Republican bill, with its weaker provisions. The joint House-Senate conference committee has been progressing slowly, agreeing initially on less controversial issues with a few exceptions, such as ensuring parents' ability to choose pediatricians for their children. Children's hospitals support the House provisions for children.

Doris J. Biester, R.N., Ph.D., president and CEO, Denver Children's Hospital, and Rep. Diana L. DeGette, D-CO

GME for Kids' Hospitals

In 1999, Congress took its first two steps to address the virtual absence of federal graduate medical education (GME) support for independent children's teaching hospitals, due to the fact they qualify for almost no

Medicare GME support. The question now is how big a third step Congress will take in 2000. At least at the start, there's good bipartisan support for a step that's a stretch.

Last year, Congress recognized the need to address the inequity, first by enacting a FY 2000 appropriation of $40 million to begin to provide financial support for children's hospitals' training programs. Second, in the final minutes before it recessed in November, Congress also enacted a bill to *authorize* $285 million for a FY 2001 appropriation. That's the amount of funding required to give children's hospitals the same level of GME support, which other teaching hospitals receive under Medicare.

Sens. Kit Bond, R-MO, and Bob Kerrey, D-NE, were joined by 41 other senators — 18 Republicans and 23 Democrats — in writing a Republican and a Democratic letter to the Senate Labor-HHS Appropriations Subcommittee, asking for significantly increased appropriations for children's hospitals GME.

Fifty-three Republican representatives joined Rep. Nancy Johnson, R-CT, and 86 Democratic representatives joined Rep. Sherrod Brown, D-OH, co-authors of the $285 million authorization, in co-signing letters of their own to the House Labor-HHS Appropriations Subcommittee. Rep. Deborah Pryce, R-OH, led a united Ohio House delegation in a letter of support, and Rep. Michael Capuano, D-MA, also achieved unanimous support in his own delegation.

A letter from Rep. Charles Gonzalez, D-TX, garnered the signatures of many of the Texas delegation. Meanwhile, a number of congressional members, such as Rep. John Kasich, R-OH, chairman of the House Budget Committee, are championing full funding if possible. The White House has requested $80 million, a 100 percent increase.

Despite the broad support, appropriators say that it will be hard for them to achieve increases of the magnitude that children's hospitals are seeking in GME. As House Labor-HHS Appropriations Subcommittee Chairman John Porter, R-IL, told N.A.C.H. witness Russell Chesney, M.D., vice president for academic affairs with **Le Bonheur Children's Medical Center**, Memphis, TN, in a hearing in March, the issue is not whether he supports an increase. The issue is whether he will have any funding for an increase. Children's hospitals have their work cut out for them.

Kids' Public Health

It's been on the congressional agenda for years, but federal support for poison control centers, disproportionately housed at children's hospitals, is now law.

Rep. Michael Bilirakis, R-FL

In February, the House passed the "Poison Control Center Enhancement and Awareness Act" by Sen. Mike DeWine, R-OH, which passed the Senate last August on unanimous consent. The House version of the bill by Rep. Fred Upton, R-MI, had been bottled up in committee for months; it proved easier simply to bring the Senate's bill directly to the House floor without committee action. President Clinton signed the Senate bill into law Feb. 25.

The legislation will authorize up to $27 million annually in federal funding for poison control centers, which have been rapidly disappearing around the country as much of the support hospitals have traditionally given them has been eaten away in the increasingly price-competitive health care marketplace.

Although no guarantee of an increased appropriation, the authorization's enactment will be a boost. Last year, Congress appropriated $3 million for poison control centers. This is good news for all children and their parents.

President's Report
Investment

By Lawrence A. McAndrews, FACHE

The extraordinary performance of the U.S. economy provides new evidence every day of the rewards of solid investments wisely made. Many an education and a retirement will be secured by the fruits of a healthy economy in recent years.

The federal government, too, is benefiting, with budget surpluses unimaginable just a few years ago. Our nation is positioned to make essential investments in public goods that the market alone cannot make. While many rightly talk about securing the surplus for Medicare, Social Security or the National Institutes of Health, it's important not to forget the tremendous return on investment in children's health — it's a critical ingredient not only to educational achievement, but also to lifelong economic productivity of any child.

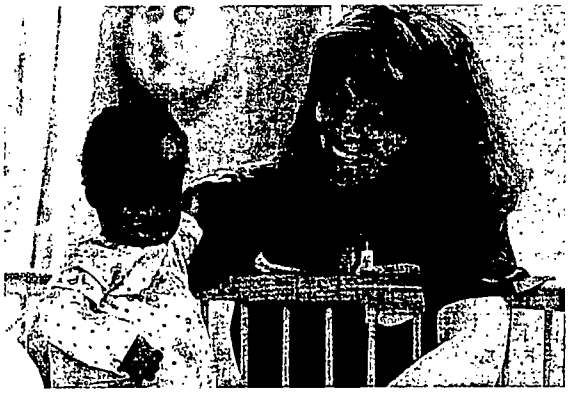
The "Children's Health Research and Prevention Amendments Act" by Reps. Michael Bilirakis, R-FL, and Sherrod Brown, D-OH, is a very worthwhile portfolio of potential new federal investments in pediatric research, asthma treatment and prevention, birth defects prevention and more.

Children's hospitals that know the enormous potential return on pediatric research and that treat the growing numbers of children with asthma and other conditions every day, understand just how effective such investments can be. We strongly support the leadership of Reps. Bilirakis and Brown.

Cook Children's Medical Center, Fort Worth, TX. "Out of some 20 million people, Texas has six million children under the age of 18. If we as pediatric caregivers and advocates for children do, indeed, believe that these youngest citizens are our future, then it should be incumbent upon us that they not fall through the cracks in receiving necessary health care."

INCREASED APPROPRIATIONS FOR GRADUATE MEDICAL EDUCATION (GME)

BACKGROUND All teaching hospitals face the same increasingly price-competitive health care marketplace, where payers are no longer willing to pay patient care reimbursement rates that cover the added costs of graduate medical education. Unfortunately, children's independent teaching hospitals are largely ineligible for the one remaining, reliable source of payment for GME — Medicare — because they care for children rather than the elderly. These hospitals have been receiving less than one-half of one percent of the Medicare GME support that adult teaching hospitals receive.



KELLY PETERSEN

Pediatric residents at Valley Children's Hospital, Madera, CA, learn that a gentle touch is integral in delivering quality health care to the whole child. 1994 NACHRI Capitol Hill Photo Exhibit.

Last year, N.A.C.H. efforts paid off when the president signed into law two bipartisan bills: a two-year authorization for $285 million in annual discretionary appropriations for new federal GME funding for children's teaching hospitals, and a FY 2000 discretionary appropriation of $40 million to begin implementation of the two-year authorization.

GOAL This year, the Association seeks enactment of a FY 2001 appropriation as close as possible to the full authorization of equitable funding of $285 million.

HOSPITAL VIEWPOINT "GME is equally as important to us this year as last," says Genny Nicholas, director of government relations, **The Children's Mercy Hospital**, Kansas City, MO. "With the competitive health care market today, it's imperative that we establish a level playing field for the future of pediatric GME."

INCREASED FUNDING AUTHORITY FOR CHILD HEALTH RESEARCH AND PREVENTION

BACKGROUND During the past year, N.A.C.H. sought action on bills to authorize new pediatric research funding for National Institutes of Health. Responding to N.A.C.H. and AAP advocacy in both houses of Congress, bipartisan teams of legislators introduced the "Pediatric Research Initiative Act" to provide a multi-year authorization of $50 million annually for the NIH pediatric research initiative.

The committees of jurisdiction failed to act on the legislation, but the chairman of the House subcommittee of jurisdiction has incorporated it into a new "child health initiative" bill he introduced last session. In FY 2000, both the House and Senate Appropriations committees urged NIH to give higher priority to NIH funding for pediatric research overall and for the pediatric research initiative in particular.

The president also signed into law a 15 percent increase in the overall NIH budget as part of the FY 2000 Labor-HHS Appropriations Bill. Although urging increased NIH support for pediatric research overall, Congress failed to direct NIH to spend a specific amount of funding for the NIH pediatric research initiative, as the Senate committee and joint House/Senate conference committee had for the last three years.

GOAL This year, the Association seeks action on a larger child health initiative bill to provide new discretionary funding authorities focused on specific child health issues, including pediatric research.

HOSPITAL VIEWPOINT "The NIH funds a significant portion of the research that generates the innovations that allow our clinical staff to continue improving treatments and finding cures for many childhood diseases," says Deann Marshall, executive director, public and government affairs, **Children's Hospital of Pittsburgh**. "Continued support is critical because managed care and other funding reductions have eroded our traditional base of research support and continue to threaten our overall financial viability."

What will it take to be successful with these issues and to support children's hospitals' missions? Peters D. Willson, N.A.C.H., vice president of public policy, says, "While the strategies and politics may differ from issue to issue, a fundamental commitment of individual hospitals to grassroots and grasstops advocacy becomes more important with each succeeding year."

Successful children's hospitals require a strong partnership between the private and public sectors, Willson notes, adding, "The active involvement of the broad community of hospital supporters, both grassroots and grasstops, is essential to that kind of partnership."

Madilee C. Wnek is a freelance writer in Manassas, VA. She has frequently contributed her skills in both writing and editing to Children's Hospitals Today.

ASSOCIATION OF MEDICAL SCHOOL PEDIATRIC DEPARTMENT CHAIRS, INC.

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March 12, 2000

The Honorable Arlen Specter
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The Honorable David Obey
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Tom Harkin
United States Senate
Washington, D.C. 20510

The Honorable John Edward Porter
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairmen/Ranking Members:

As the chairs of pediatric departments in medical schools across this country, we are writing to urge your support in making equitable graduate medical education (GME) funding for children's hospitals a priority in the FY2001 Labor-HHS Appropriations bill.

With your leadership, and strong bipartisan support, Congress appropriated $40 million for FY2000 children's hospitals GME in 1999. Shortly after the appropriations bill passed, Congress then enacted an authorization of $285 million annually for the program with strong bipartisan support. The level of funding in the authorization would provide independent children's hospitals with federal funding comparable to the Medicare GME support provided to other teaching hospitals.

Congress has taken a critically needed first step in recognizing the contributions of these institutions in training our children's doctors. We respectfully ask that you build on this important beginning and provide a funding level as close as possible to the full authorization so that independent children's hospitals' GME contributions may be treated equitably with other institutions.

This funding is essential not only to these pediatric academic medical centers but also to pediatrics overall. Because they care only for children, not the elderly, children's hospitals' are unable to qualify for significant support from the one reliable source of GME funding - Medicare. In an increasingly price-driven market place, that puts at risk their ability to sustain their core missions of caring for all children, teaching and research. It is a risk we cannot afford for the future of our pediatric workforce and advancements in children's care.

Although they represent less than one percent of all hospitals, these children's teaching hospitals train almost 30 percent of all pediatricians, almost half of pediatric specialists and two-thirds of pediatric critical care physicians. They are the major pipeline for future pediatric researchers, and they and their affiliated pediatric departments are among our nation's leading centers of pediatric research.

Equitable GME funding for children's hospitals is a sound investment in the future of pediatric medicine and children's health. Please provide a FY 2001 Labor-HHS-Appropriation for children's hospitals GME that moves as close as possible to the full authorization of $285 million.

Sincerely,

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National Association of
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N · A · C · H

Testimony

on behalf of the
National Association of Children's Hospitals
Alexandria, VA

to the
Labor, Health and Human Services, Education,
and Related Agencies Subcommittee
Committee on Appropriations
U.S. House of Representatives
Washington, DC

on
10:00 a.m., Tuesday, March 7, 2000

Russell W. Chesney, M.D.
Vice President for Academic Affairs
LeBonheur Children's Medical Center
Chairman, Department of Pediatrics
University of Tennessee
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Mr. Chairman, my name is Russell Chesney, M.D.

Thank you for the opportunity to testify on behalf of the National Association of Children's Hospitals (N.A.C.H.) in Alexandria, VA, in support of equitable federal investment in the future of the graduate medical education (GME) programs of the nation's independent children's teaching hospitals. This investment is authorized under P.L. 106-129 and administered by the Bureau of Health Professions (BHPr) in the Health Resources and Services Administration (HRSA).

Background

I am Vice President for Academic Affairs of Le Bonheur Children's Medical Center in Memphis, TN. I am also Le Bonheur Professor and Chair of the Department of Pediatrics and Professor of Biochemistry at The University of Tennessee in Memphis.

My entire career has been devoted not only to clinical care of children but also to academic pediatric medicine, including training and research. I have served the larger pediatric academic community in a number of capacities. Currently, I am President-elect of the Association of Medical School Pediatric Department Chairs (AMPSDC), which represents the pediatric leadership of the nation's medical schools. I also am Secretary-Treasurer of the American Board of Pediatrics (ABP), which is responsible for the board certification of most of the nation's pediatric workforce.

In addition, I recently completed three years of service as Vice Chairman of the Future of Pediatric Education Task Force II (FOPE II), a project of the entire pediatric community. It was sponsored by the American Academy of Pediatrics, AMPSDC, ABP, and others with financial support of the David and Lucile Packard Foundation and the federal Maternal and Child Health Bureau to address the future supply and education of pediatricians and the provision of care to children into the next millennium.

N.A.C.H. is a non-profit trade association, representing more than 100 children's hospitals across the country. They include independent acute care children's hospitals, such as Children's Memorial Hospital in Chicago; acute care children's hospitals organized within larger medical centers, such as Le Bonheur Children's Medical Center in Memphis; and children's specialty and rehabilitation hospitals, such as Hospital for Sick Children in Washington, DC.

N.A.C.H. seeks to serve its member hospitals' ability to fulfill their four-fold missions of clinical care, education, research, and advocacy devoted to the health and wellbeing of the children of their communities. Children's hospitals are regional and national centers of excellence for children with serious and complex conditions. They are centers of biomedical and health services research for children and the major pipeline for future pediatric researchers. They train a significant number of our children's doctors. These institutions are advocates for the public health of children, and they are often the health care safety net for children of low-income families.

N.A.C.H. Recommendation for FY 2001

N.A.C.H. deeply appreciates the Subcommittee's recognition of the need for new federal GME support for independent children's hospitals by including $40 million for this program in last year's appropriation bill.

Congress has authorized GME funding for children's hospitals at $285 million for FY 2001 – an amount that would provide these institutions with federal funding equitable to the level of GME support provided to other teaching hospitals under Medicare. **On behalf of N.A.C.H., I urge you to build on the initial funding provided in FY 2000 and move toward full funding for this program by appropriating a minimum of $125 million for independent children's hospitals in FY 2001.** This would represent a significant step toward achievement of the full authorization level.

This investment is important to the future of our independent children's hospitals. It also is essential to the future of the nation's entire pediatric workforce, including our pediatric research enterprise.

Importance of GME Support for Children's Hospitals to the Future of Pediatric Medicine

Independent children's teaching hospitals provide a disproportionately large source of training for the nation's workforce of pediatricians and pediatric subspecialists. They represent less than 1% of all hospitals in the country, comprising approximately 48 acute care children's hospitals and 11 specialty or rehabilitation facilities – children's hospitals that operate under their own Medicare provider number for purposes of patient care billing.

But they train nearly 30% of the nation's pediatricians, nearly half of the nation's pediatric subspecialists, and the majority of selected subspecialists, such as pediatric emergency care physicians. In addition, they are the pipeline of training for many of the nation's pediatric research scientists.

As a consequence, they are essential to the training of the pediatric workforce overall. They are essential to the training of the pediatric subspecialty workforce. And they are essential to the training of our pediatric research scientist workforce. The future of pediatric clinical care and pediatric science depends considerably upon them.

That is why among its 34 recommendations, the Future of Pediatric Education II Task Force specifically recommended:

> *"Pediatric residents and fellows at freestanding children's hospitals should receive the same level of federal support as those trained elsewhere."*

The recommendations of the FOPE II Task Force culminated three years of work by pediatric leaders in consultation with the entire pediatric community and the many professional organizations within it.

The academic community, including N.A.C.H., strongly endorses the goal of achieving broad-based financing of GME with the support of all payers. But the achievement of that goal is not on the political horizon. Until it can be achieved, it is critical that equitable federal support for independent children's teaching hospitals, which would amount to about $285 million annually, be invested.

Absence of GME Support for Independent Children's Hospitals

In today's increasingly price competitive health care market place, all teaching hospitals, including independent children's hospitals, face mounting challenges to their ability to cover the added costs that result from their teaching missions.

However, independent children's teaching hospitals face an additional financial challenge, which other teaching hospitals do not face. Because they care for children, not the elderly, independent children's teaching hospitals qualify for virtually no GME support from the one remaining, significant source of funding for physician training – the federal Medicare program.

On average per resident full time equivalent (FTE), in FY 1997 independent children's hospitals received Medicare GME support that amounted to less than 0.5% of the Medicare GME support that other teaching hospitals received. Were independent children's teaching hospitals to receive federal GME support comparable in amount to the Medicare GME support that other teaching hospitals receive, it would total approximately $285 million for 59 institutions, according to estimates of The Lewin Group, an independent health policy analysis firm.

The combination of price competition and inability to qualify for significant Medicare GME support places children's hospitals at a serious competitive disadvantage. According to data from the National Association of Children's Hospitals and Related Institutions (NACHRI), while the financial performance of children's hospitals has been positive on average, it is due largely to two factors. The first is state Medicaid disproportionate share payments, and the seconds is investment of endowment income in the financial markets. However, federal Medicaid disproportionate share funding is scheduled to decline by 17% between 1997 and 2002, with the largest reductions coming in FY 2001 and 2002. And financial market performance is by no means guaranteed, as market changes in recent weeks demonstrate.

Indeed, in hospitals' fiscal year 1998,

- more than 69% of the independent acute care children's teaching hospitals experienced patient care operating losses,
- more than 20% experienced financial losses on total operations, and
- more than 15% had total losses; that is, total expenses exceeded total revenues.

In every region of the country – north, south, east, and west -- there are independent children's teaching hospitals today, which already are experiencing very serious financial challenges to their ability to sustain their missions. In addition to the challenges of covering the costs of their academic programs, they also include challenges in covering the higher costs of sicker patients in a price competitive marketplace, meeting the costs of uncovered services such as child protection services and poison control centers, and assuming the costs of devoting a large portion of their patient care to children of low-income families.

On average, independent acute care children's hospitals devote nearly half of their patient care to children who are assisted by Medicaid or are uninsured. They devote more than 75% of their care for children with one or more chronic or congenital conditions. For children with rare and complex conditions, independent children's hospitals often provide the majority of care in their region or even nationwide.

Left unresolved, children's hospitals' financial challenges will seriously affect not only their academic programs of education and research but also their clinical care missions as safety net providers and centers of excellence. In fact, their roles as safety net providers and centers of excellence are made possible in part by their having strong academic programs.

Congress' Recognition of the Need for GME Support for Independent Children's Teaching Hospitals

In 1999, the 106th Congress took two important steps to recognize the need for equitable GME support for independent children's teaching hospitals.

First – with an authorization bill pending -- Congress appropriated initial funding of $40 million to begin to address the need for GME support for these institutions. Second, in the final hours of its first session, the 106th Congress enacted legislation authorizing $285 million for FY 2001.

This legislation had broad, bipartisan support in Congress. The pediatric community – including the American Academy of Pediatrics, American Pediatric Society,

Association of Medical School Pediatric Chairs, and Society for Pediatric Research, as well as N.A.C.H. – agrees on the need to address this issue.

Conclusion

Mr. Chairman, we know that the Subcommittee faces many challenges of its own as it seeks to craft its annual funding bill that balances fairly competing priorities for limited resources.

Support for a strong investment in graduate medical education at independent children's teaching hospitals is consistent with the repeated concern the Subcommittee has expressed for the health and well-being of our nation's children --- through education, health, and social welfare programs.

It also is consistent with the Subcommittee's repeated emphasis on the importance of enhanced investment in the National Institutes of Health (NIH) overall, and in NIH support for pediatric research in particular, for which we are very grateful. **Without strong GME programs, children's hospitals cannot maintain their pediatric research programs or compete effectively for new research support.**

Again, I urge you to include a minimum funding level of $125 million in FY 2001 for independent children's hospitals' GME. Thank you for this opportunity to appear before your subcommittee.

WITNESS BIOGRAPHY

Russell W. Chesney, Jr., is Le Bonheur Professor and Chair of the Department of Pediatrics and Professor of Biochemistry at The University of Tennessee in Memphis, TN. He also is Vice President of Academic Affairs at Le Bonheur Children's Medical Center and Adjunct Faculty Member at St. Jude Children's Research Hospital, both in Memphis. And he serves as Co-director of the Crippled Children's Foundation Research Center at Le Bonheur Children's Medical Center.

Honors and Societies Dr. Chesney has served in numerous professional societies and been honored for his contributions to the field of pediatric medicine. Currently, he is President-Elect of the Association of Medical School Pediatric Department Chairs, Secretary-Treasurer of the American Board of Pediatrics, and Editor-in-Chief of the journal *Pediatric Nephrology*. He is the recipient of the Nutrition Award of the American Academy of Pediatrics in 1996 and The Founders Award of the Southern Society for Pediatric Research in 1993.

Education, Research, and Publications Dr. Chesney received his A.B. in Biology from Harvard College, Cambridge, MA, in 1963 and his M.D. from the University of Rochester, Rochester, NY, in 1968. He received his internship and residency training in pediatrics at Johns Hopkins Hospital in Baltimore, MD. He has participated in numerous research projects and is the author of more than 400 articles and chapters in professional publications.

Faculty Appointments The following summarizes Dr. Chesney's faculty appointments:

1970 – 1972	Clinical Associate in Renal Biochemistry, National Institute of Child Health and Human Development, Lab of Molecular Aging, National Institutes of Health, Bethesda, MD
1973 – 1974	Pediatric Nephrology Fellowship, Montreal Children's Hospital, McGill University, Quebec, Canada
1974 – 1975	Biochemical Genetics Fellowship in Renal Transport Physiology, DeBelle Labs, Montreal Children's Hospital, McGill University, Quebec, Canada
1975 – 1979	Assistant Professor of Pediatrics, University of Wisconsin, Madison, WI
1979 – 1981	Associate Professor of Pediatrics, University of Wisconsin, Madison, WI
1980 – 1985	Professor of Pediatrics, University of Wisconsin, Madison, WI
1985 – 1987	Professor and Vice-Chair, Department of Pediatrics, University of California, Davis, CA
1988 – Pres.	Le Bonheur Professor and Chair, Department of Pediatrics and Professor of Biochemistry, the University of Tennessee, Memphis, TN
1994 – Pres.	Co-Director, Crippled Children's Foundation Research Center, Le Bonheur Children's Medical Center, Memphis, TN
1997 – Pres.	Adjunct Member, St. Jude Children's Research Hospital, Memphis, TN

FINANCIAL DISCLOSURE
OF RECEIPT OF FEDERAL GRANTS
FOR FY 1998, 1999, 2000

1. The National Association of Children's Hospitals (N.A.C.H.) in Alexandria, VA, has not received any federal grants, contracts, subcontracts, or other federal funding in the current or previous two fiscal years.

2. Russell W. Chesney, M.D., Chair of the Department of Pediatrics, The University of Tennessee, Memphis, TN, is a principal in two federally funded grant projects:

   - **National Institute of Child Health and Human Development, National Institutes of Health, U.S. Department of Health and Human Services**

     "Network of Pediatric Pharmacology Research Investigators"
     Principal Investigator: Russell W. Chesney
     Agency NIH – U01 HD31326-05
     Funding Period: 1994 – 2000
     Total Direct -- $154,175
     Year Direct -- $1,872,126

   - **Maternal and Child Health Bureau, Health Resources and Services Administration, U.S. Department of Health and Human Services**

     "The Future of Pediatric Education II: Organizing Pediatric Education to Meet the Needs of Infants, Children, Adolescents, and Young Adults in the 21st Century"
     Principal Investigator: American Academy of Pediatrics
     Agency: Maternal and Child Health Bureau, Project #MCJ379381
     Funding Period: 1998 – 2000
     Total Direct -- $80,000
     Year Direct -- $250,000

American Academy of Pediatrics
141 Northwest Point Blvd., Elk Grove Village, IL 60007

National Association of Children's Hospitals
401 Wythe St., Alexandria, VA 22314

July 2000

Dear Senator:

On behalf of the American Academy of Pediatrics (AAP) and the National Association of Children's Hospitals (N.A.C.H.), we urge Congress to make a critically important investment in the future of pediatric medicine and the nation's pediatric workforce.

Please pass a FY 2001 appropriation for graduate medical education (GME) funding for independent children's hospitals as close as possible to the full authorization of $285 million, which the House and Senate both approved by unanimous consent just last November.

The AAP is an organization of 55,000 primary care pediatricians, pediatric medical specialists, and pediatric surgical specialists dedicated to the health, safety, and well being of infants, children, adolescents, and young adults. N.A.C.H. represents more than 100 independent children's hospitals, children's hospitals organized within larger medical systems, and children's specialty and rehabilitation hospitals across the country.

The AAP and N.A.C.H. are very invested in the education of the future pediatricians. We recognize that independent children's hospitals play an essential role. They represent less than 1% of all hospitals but educate nearly 30% of all pediatricians and nearly half of all pediatric specialists. Yet, they qualify for virtually no GME support from Medicare, the nation's one, remaining significant source of financial support for physician training, only because they care for children, not the elderly. Funding of $285 million represents equitable GME support – the amount of federal GME funding children's hospitals would receive if they qualified for the same level of GME support other teaching hospitals now receive through Medicare.

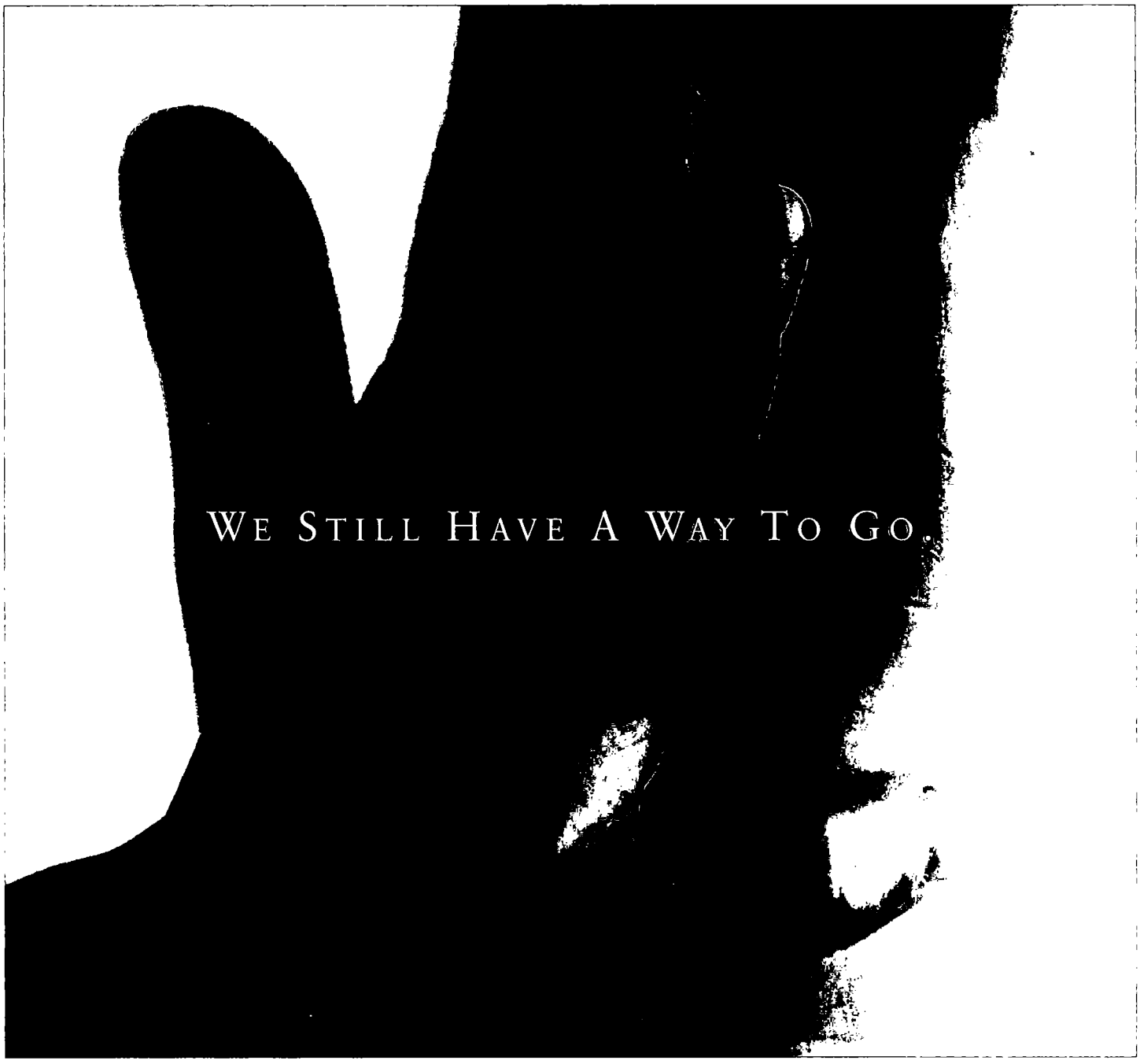
Both of our organizations and their respective members advocate comprehensive GME financing reform for all hospitals, but its achievement may well be years away. In the interim, the inability of independent children's teaching hospitals to continue their substantial contribution to training the next generation of pediatricians will be increasingly disadvantaged, without equitable federal GME support.

Please include equitable GME funding -- the full authorization – for children's hospitals in the FY 2001 Labor-HHS Appropriations Bill. For more information, call Karen M. Hendricks, AAP, at 202/347-8600, or Peters Willson, N.A.C.H., 703/684-1355. Thank you for your consideration.

Sincerely,

Joe M. Sanders, Jr., M.D.
Executive Director
American Academy of Pediatrics

Lawrence A. McAndrews
President and CEO
National Association of Children's Hospitals



Congress' unanimous consent to pass the bipartisan Children's Hospitals GME Bill was a critical first step in achieving equitable federal funding for graduate medical education at independent children's teaching hospitals. At a time when pediatric experts are concerned about a looming shortage of pediatric specialists and pediatric researchers, full funding for GME is absolutely essential.

FULL GME FUNDING
FOR CHILDREN'S HOSPITALS
IT'S TIME TO TAKE THE NEXT STEP

N·A·C·H
National Association of
Children's Hospitals
www.childrenshospitals.net

House Republican Cosigners of Rep. Johnson's Letter (3/31/00)

ALABAMA
The Honorable Robert Aderholt (R-AL)
The Honorable Spencer Bachus (R-AL)
The Honorable Terry Everett (R-AL)
The Honorable Bob Riley (R-AL)

CALIFORNIA
The Honorable Brian Bilbray (R-CA)
The Honorable David Dreier (R-CA)
The Honorable Elton Gallegly (R-CA)
The Honorable Steve Horn (R-CA)
The Honorable Duncan Hunter (R-CA)
The Honorable Steven Kuykendall (R-CA)
The Honorable Jerry Lewis (R-CA)
The Honorable Howard "Buck" McKeon (R-CA)
The Honorable Gary Miller (R-CA)
The Honorable George Radanovich (R-CA)
The Honorable Jim Rogan (R-CA)

COLORADO
The Honorable Scott McInnis (R-CO)
The Honorable Bob Schaffer (R-CO)
The Honorable Thomas Tancredo (R-CO)

CONNECTICUT
The Honorable Nancy Johnson (R-CT)
The Honorable Christopher Shays (R-CT)

FLORIDA
The Honorable Michael Bilirakis (R-FL)
The Honorable Lincoln Diaz-Balart (R-FL)
The Honorable Mark Foley (R-FL)
The Honorable Ileana Ros-Lehtinen (R-FL)
The Honorable Clay Shaw (R-FL)

GEORGIA
The Honorable Johnny Isakson (R-GA)

ILLINOIS
The Honorable Thomas Ewing (R-IL)
The Honorable Henry Hyde (R-IL)
The Honorable Ray LaHood (R-IL)
The Honorable Donald Manzullo (R-IL)
The Honorable Jerry Weller (R-IL)

MICHIGAN
The Honorable Dave Camp (R-MI)
The Honorable Vernon Ehlers (R-MI)

MINNESOTA
The Honorable Jim Ramstad (R-MN)

MISSOURI
The Honorable Kenny Hulshof (R-MO)
The Honorable Jim Talent (R-MO)

NEW YORK
The Honorable Sue Kelly (R-NY)

OHIO
The Honorable John Boehner (R-OH)
The Honorable Steve LaTourette (R-OH)
The Honorable Bob Ney (R-OH)
The Honorable Michael Oxley (R-OH)
The Honorable Rob Portman (R-OH)
The Honorable Deborah Pryce (R-OH)
The Honorable Ralph Regula (R-OH)
* In addition to the above, all 19 House members from this state have signed a state delegation

PENNSYLVANIA
The Honorable Jim Greenwood (R-PA)
The Honorable Phil English (R-PA)

TEXAS
The Honorable Pete Sessions (R-TX)
The Honorable Lamar Smith (R-TX)
* Three Republicans from Texas also signed a state delegation letter in support of GME.

UTAH
The Honorable Chris Cannon (R-UT)
The Honorable Merrill Cook (R-UT)

VIRGINIA
The Honorable Herbert Bateman (R-VA)

WASHINGTON
The Honorable Jennifer Dunn (R-WA)
The Honorable Jack Metcalf (R-WA)

WISCONSIN
The Honorable Mark Green (R-WI)

Congress of the United States

Washington, DC 20515

House Republican Supporters

March 31, 2000

The Honorable John Edward Porter
Chairman
Labor, Health and Human Services, and Education Subcommittee
House Appropriations Committee
U.S. House of Representatives
Washington, D.C. 20515

Dear John:

Thanks to your efforts, Congress provided initial funding last year for graduate medical education (GME) in our nation's independent children's hospitals. For the first time, the federal government recognized the contributions provided by these essential institutions in training the pediatric physician workforce.

For fiscal year 2001, we urge you to continue this commitment to GME funding for children's hospitals at a level as close as possible to the program's full authorization of $285 million. This would be a significant step forward in critically needed support for our children's hospitals. The $40 million provided in the FY2000 budget provides the down payment to start the program for the 2000 academic year.

Last year Congress passed legislation authorizing GME for independent children's hospitals at $285 million for each of fiscal years 2000 and 2001, recognizing that these pediatric academic medical centers are basically left out of our current GME financing system. Because current GME funding is based on the number of Medicare patients a hospital treats, independent children's hospitals are severely disadvantaged. The authorization of $285 million is equal to the amount these independent children's hospitals would receive under Medicare. This funding is meant to provide interim support for these children's hospitals until Congress acts to provide broader-based GME financing to include these institutions.

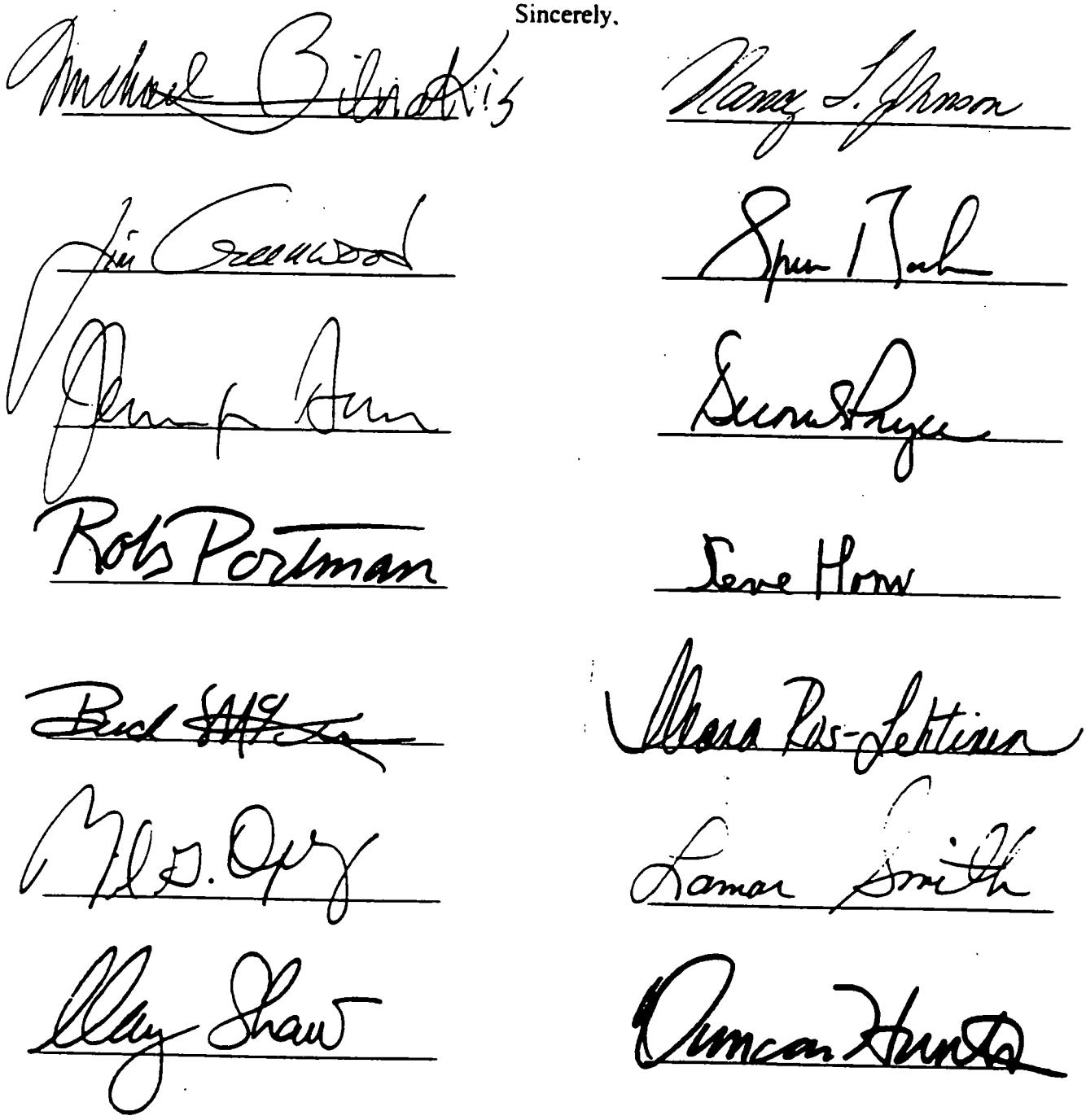
These funds are necessary to ensure not only the future strength of these institutions, but also the future of the pediatric workforce, including pediatric researchers. Equitable GME funding will allow independent children's hospitals to sustain their core missions of caring for all children, training tomorrow's workforce and advancing pediatric treatments through research. We know that you understand the essential contributions of these children's hospitals. They serve as the health care safety net for low-income children in their respective communities and are often the sole regional providers of many critical pediatric services, serving as centers of excellence for very sick children across the nation.

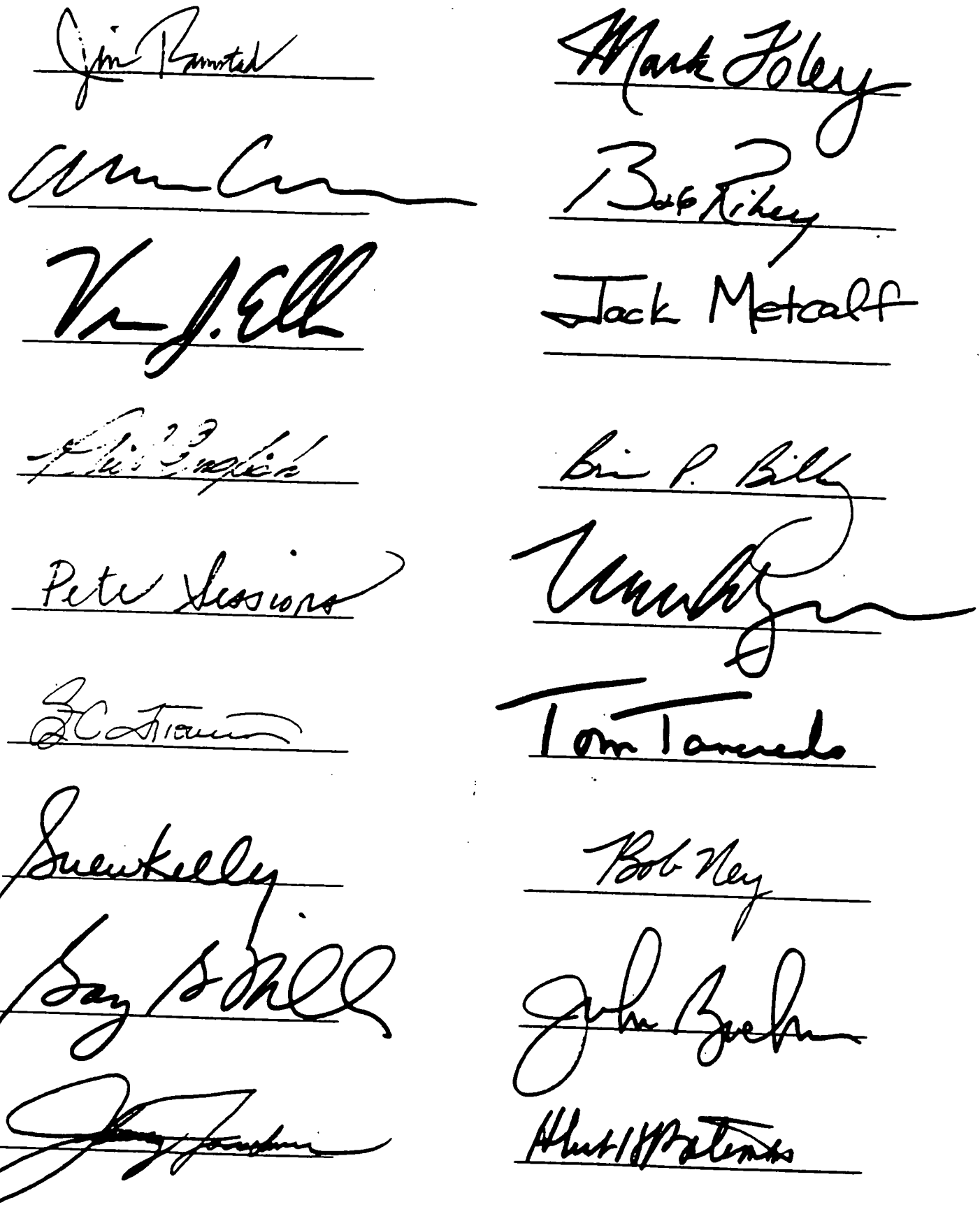
The independent children's hospitals play an influential role in children's health, far beyond the children they directly serve. Although only one percent of all hospitals, they train almost 30 percent of the pediatric workforce, almost half of pediatric specialists, and two-thirds of our children's critical care physicians. They are the major pipeline for future pediatric

researchers. and these institutions and their affiliated pediatric departments conduct at least 20 percent of all NIH-sponsored pediatric research.

Federal support for GME for children's hospitals is a sound investment in children's health. and provides stability for the future of children's hospitals. The pediatric and hospital communities join us in the support of this important program. Your continuing leadership on behalf of these institutions is much appreciated.

Sincerely,





Jim Talent

Henry Hyde

Robert B Aderholt

Jerry Lewis

Republican Members who Signed 3/31/00 Letter to Chairman Porter Re: GME Funding for Children's Hospitals

Page 2
Michael Bilirakis
Jim Greenwood
Jennifer Dunn
Rob Portman
Buck McKeon
Michael Oxley
Clay Shaw

Page 3
Thomas Ewing
Terry Everett
Christopher Shays
Steve Kuykendall
Kenny Hulshof
Lincoln Diaz-Balart
David Dreier
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Page 4
Jim Ramstad
Chris Cannon
Vernon Ehlers
Phil English
Pete Sessions
Steve LaTourette
Sue Kelly
Gary Miller
Johnny Isakson

Page 5
Jim Talent
Robert Aderholt

Page 2
Nancy L. Johnson
Spencer Bachus
Deborah Pryce
Steve Horn
Ileana Ros-Lehtinen
Lamar Smith
Duncan Hunter

Page 3
Elton Gallegly
Ralph Regula
Merrill Cook
Jerry Weller
Donald Manzullo
Scott McInnis
Ray LaHood
James Rogan
Dave Camp

Page 4
Mark Foley
Bob Riley
Jack Metcalf
Brian Bilbray
Mark Green
Tom Tancredo
Bob Ney
John Boehner
Herbert Bateman

Page 5
Henry Hyde
Jerry Lewis

House Democratic Cosigners of Rep. Sherrod Brown's Letter (3/31/00)

ALABAMA
The Honorable Robert "Bud" Cramer (D-AL)

ARKANSAS
The Honorable Marion Berry (D-AR)

CALIFORNIA
The Honorable Xavier Becerra (D-CA)
The Honorable Howard Berman (D-CA)
The Honorable Lois Capps (D-CA)
The Honorable Julian Dixon (D-CA)
The Honorable Calvin Dooley (D-CA)
The Honorable Anna Eshoo (D-CA)
The Honorable Bob Filner (D-CA)
The Honorable Tom Lantos (D-CA)
The Honorable Barbara Lee (D-CA)
The Honorable Zoe.Lofgren (D-CA)
The Honorable Matthew Martinez (D-CA)
The Honorable Ellen Tauscher (D-CA)
The Honorable George Miller (D-CA)
The Honorable J. Millender-McDonald (D-CA)
The Honorable Grace Napolitano (D-CA)
The Honorable Lucille Roybal-Allard (D-CA)
The Honorable Loretta Sanchez (D-CA)
The Honorable Brad Sherman (D-CA)
The Honorable Fortney "Pete" Stark (D-CA)
The Honorable Mike Thompson (D-CA)
The Honorable Henry Waxman(D-CA)

COLORADO
The Honorable Diana DeGette (D-CO)
The Honorable Mark Udall (D-CO)

CONNECTICUT
The Honorable Sam Gejdenson (D-CT)
The Honorable John Larson (D-CT)
The Honorable James Maloney (D-CT)

FLORIDA
The Honorable Jim Davis (D-FL)
The Honorable Peter Deutsch (D-FL)
The Honorable Alcee Hastings (D-FL)
The Honorable Robert Wexler (D-FL)
The Honorable Karen Thurman (D-FL)

GEORGIA
The Honorable John Lewis (D-GA)

ILLINOIS
The Honorable Rod Blagojevich (D-IL)
The Honorable Jerry Costello (D-IL)
The Honorable Danny Davis (D-IL)
The Honorable Lane Evans (D-IL)
The Honorable Luis Gutierrez (D-IL)
The Honorable William Lipinski (D-IL)
The Honorable David Phelps (D-IL)
The Honorable Bobby Rush (D-IL)
The Honorable Janice Schakowsky (D-IL)

KANSAS
The Honorable Dennis Moore (D-KS)

MAINE
The Honorable Tom Allen (D-ME)

MASSACHUSSETTS
The Honorable Richard Neal (D-MA)
The Honorable John Tierney (D-MA)
* In addition to the above, all 10 House members from this state have signed a state delegation letter in support of GME.

MICHIGAN
The Honorable John Conyers (D-MI)
The Honorable John Dingell (D-MI)
The Honorable Dale Kildee (D-MI)
The Honorable Debbie Stabenow (D-MI)

MINNESOTA
The Honorable James Oberstar (D-MN)
The Honorable Bruce Vento (D-MN)

MISSISSIPPI
The Honorable Bennie Thompson (D-MS)

MISSOURI
The Honorable Pat Danner (D-MO)
The Honorable Karen McCarthy (D-MO)
The Honorable Ike Skelton (D-MO)

NEVADA
The Honorable Shelley Berkley (D-NV)

NEW YORK
The Honorable Carolyn Maloney (D-NY)

OHIO
The Honorable Sherrod Brown (D-OH)
The Honorable Tony Hall (D-OH)
The Honorable Marcy Kaptur (D-OH)
The Honorable Dennis Kucinich (D-OH)
The Honorable Tom Sawyer (D-OH)
The Honorable Ted Strickland (D-OH)
The Honorable Stephanie Tubbs-Jones (D-OH)
* In addition to the above, all 19 House

members from Ohio have signed a state delegation letter in support of GME.

PENNSYLVANIA
The Honorable William Coyne (D-PA)
The Honorable Ron Klink (D-PA)
The Honorable John Murtha (D-PA)

RHODE ISLAND
The Honorable Patrick Kennedy (D-RI)

TEXAS
The Honorable Ken Bentsen (D-TX)
The Honorable Eddie Bernice Johnson (D-TX)
The Honorable Charles Gonzalez (D-TX)
The Honorable Gene Green (D-TX)
The Honorable Solomon Ortiz (D-TX)
The Honorable Ciro Rodriguez (D-TX)
*12 Democrats from Texas signed a state delegation letter in support of GME.

VIRGINIA
The Honorable James Moran (D-VA)
The Honorable Robert Scott (D-VA)
The Honorable Norman Sisisky (D-VA)

WASHINGTON
The Honorable Norm Dicks (D-WA)
The Honorable Jay Inslee (D-WA)
The Honorable Jim McDermott (D-WA)
The Honorable Adam Smith (D-WA)

WISCONSIN
The Honorable Tammy Baldwin (D-WI)
The Honorable Tom Barrett (D-WI)
The Honorable Ron Kind (D-WI)
The Honorable Gerald Kleczka (D-WI)

Congress of the United States

Washington, DC 20515

House Democratic Supporters

March 22, 2000

The Honorable David Obey
Ranking Member
Labor, Health and Human Services, and Education Subcommittee
House Appropriations Committee
U. S. House of Representatives
Washington, D.C. 20515

Dear Congressman Obey:

With your support, Congress provided initial funding of $40 million in fiscal year 2000 to support graduate medical education (GME) in our nation's independent children's hospitals. In so doing, the federal government recognized the essential role these institutions play and the value inherent in addressing their GME funding needs.

Now is the time to build on our initial progress and fund the program's full authorization of $285 million. If the challenge of balancing priorities necessitates incremental progress, we respectfully request FY 2001 funding of at least $125 million. This level of investment would mark solid progress toward equitable GME funding.

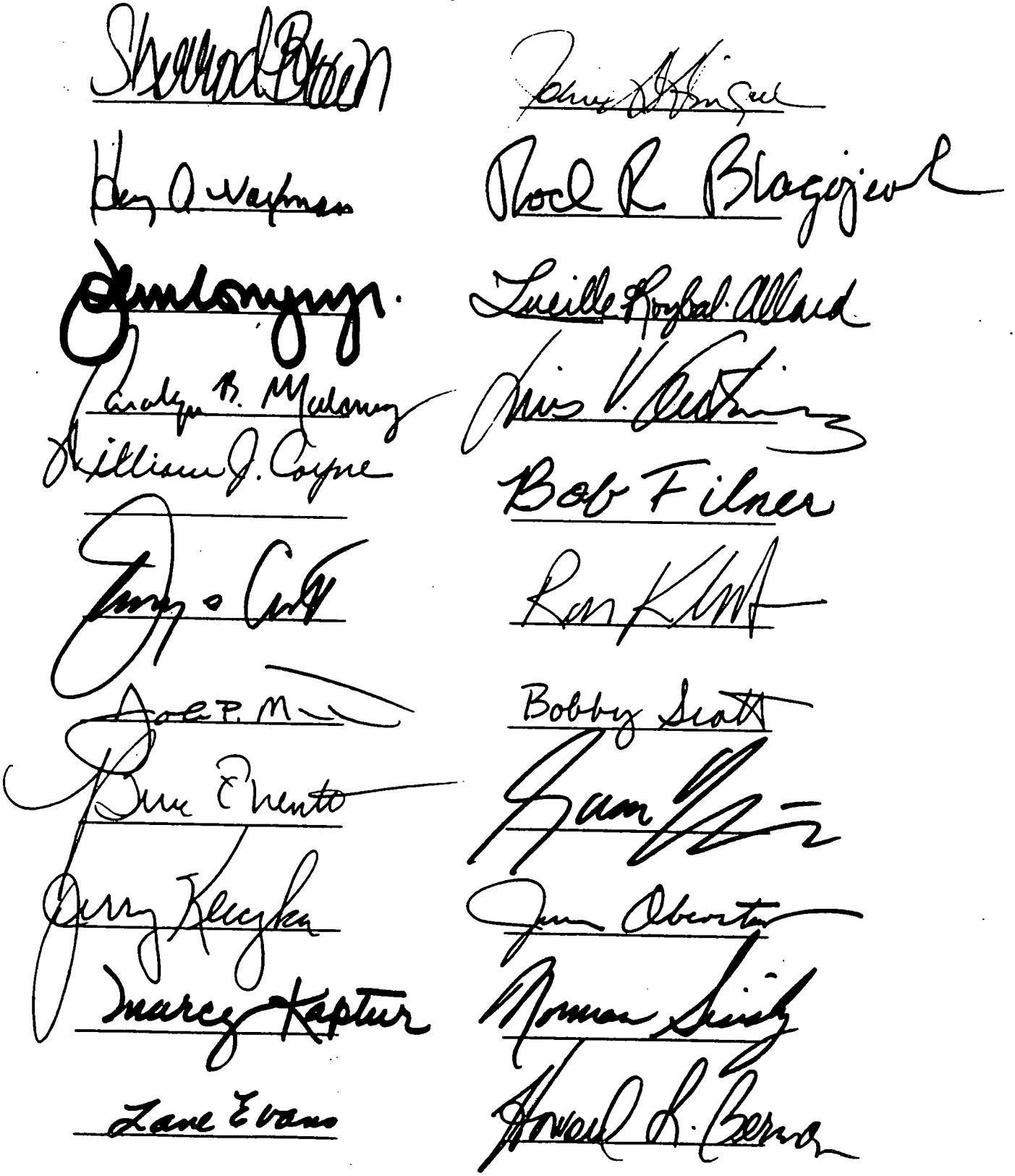
When Congress passed legislation authorizing GME for independent children's hospitals, it recognized that pediatric academic medical centers were virtually left out of the financing system for GME. The purpose of the legislation was to remedy this situation and to provide children's hospitals equitable federal GME funding, comparable to what other teaching hospitals receive, until broader GME financing is achieved.

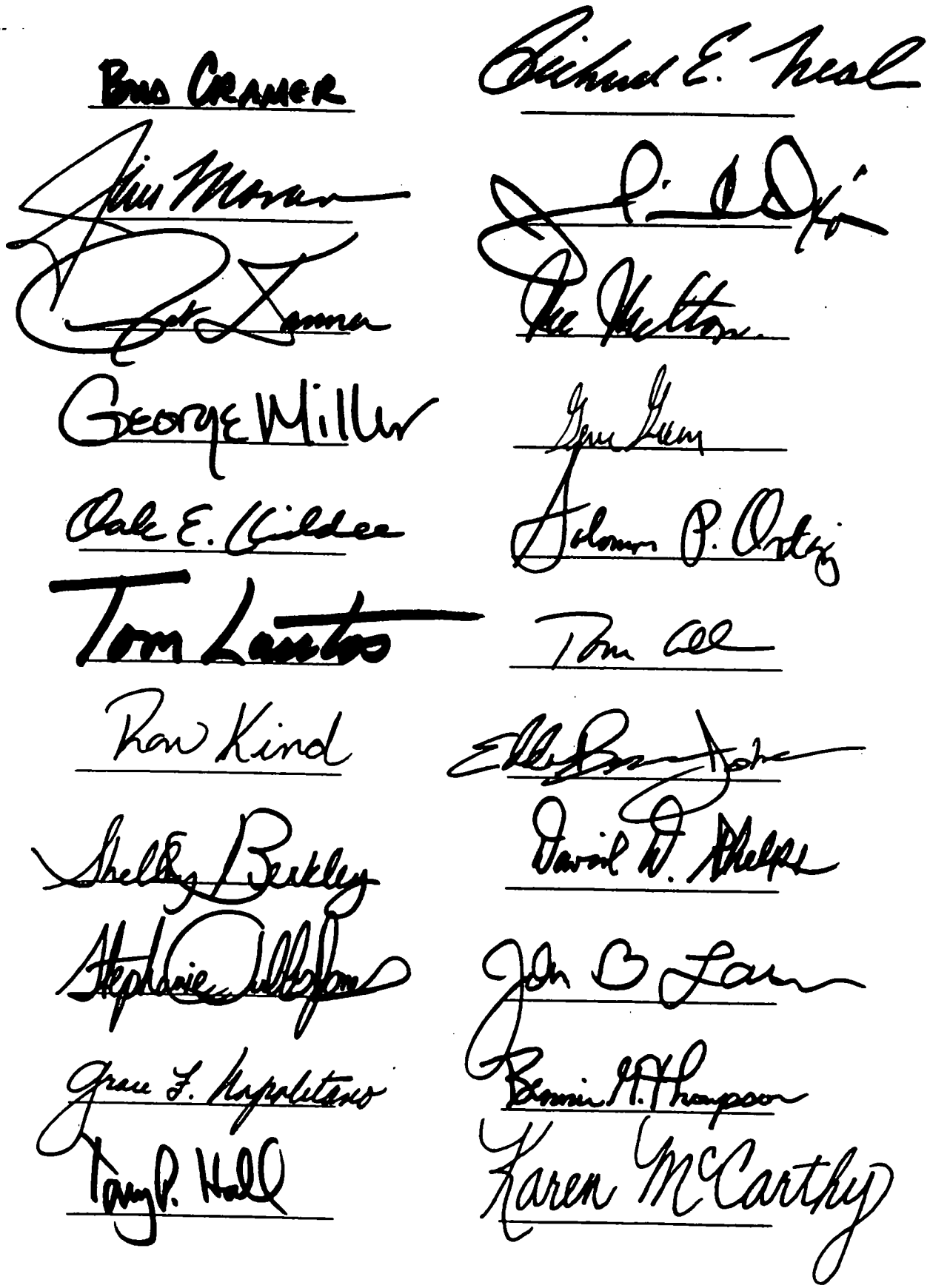
We know you appreciate and understand the essential contributions of these institutions. Children's hospitals are the health care safety net for low-income children in their communities. They are often the sole regional provider of many critical pediatric services. They serve as centers of excellence for very sick children across the nation.

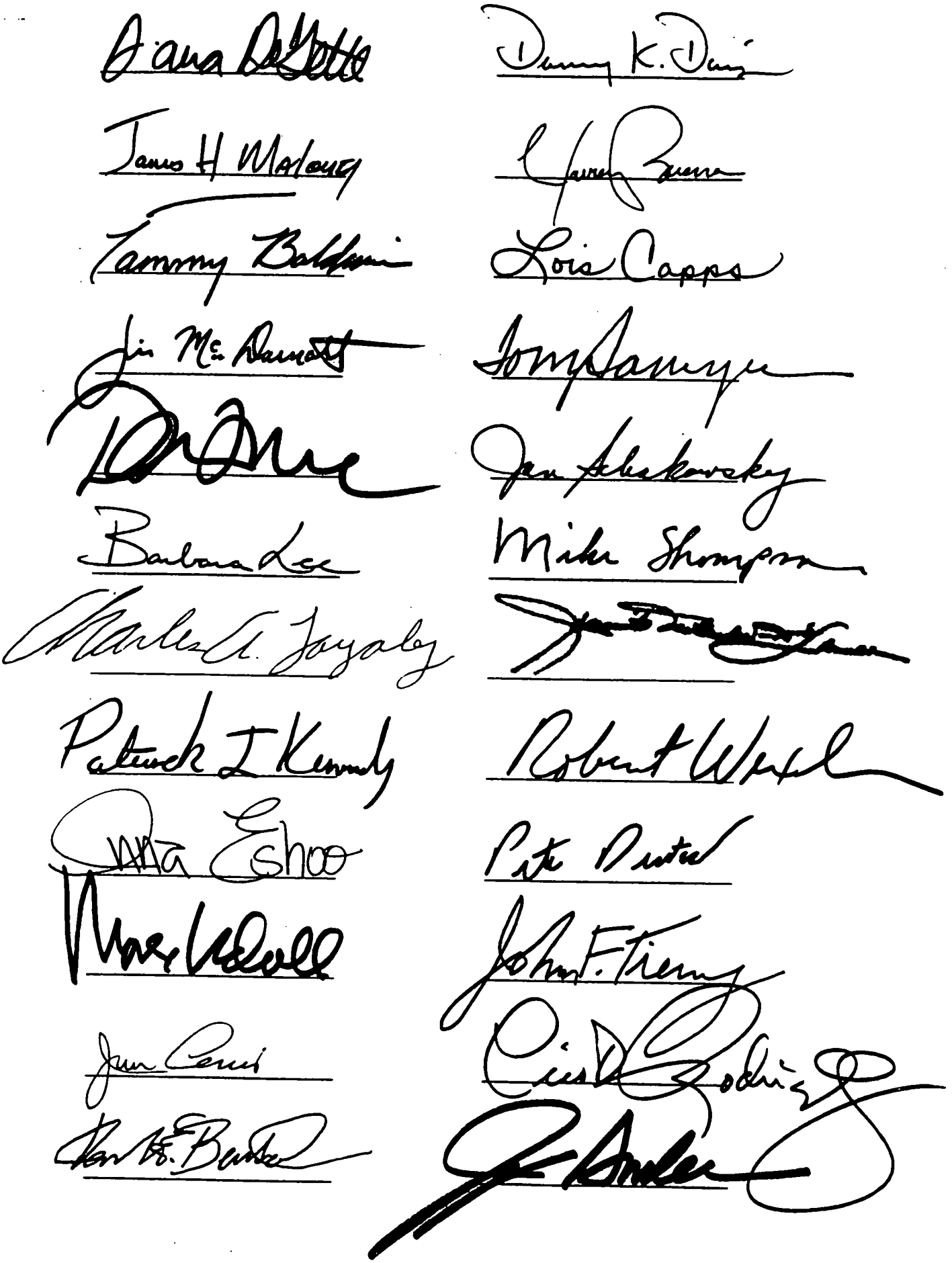
Although they comprise only one percent of all hospitals, independent children's hospitals train almost 30 percent of the pediatric workforce, almost half of pediatric specialists, and two-thirds of our children's critical care physicians. They are the major source of future pediatric researchers. Indeed, they and their affiliated pediatric departments conduct at least 20 percent of all NIH-sponsored pediatric research.

An investment in children's hospitals GME is a sound investment in children's health, as well as children's hospitals. Your continuing leadership on behalf of these institutions is much appreciated.

Sincerely,




Bud Cramer
Richard E. Neal
George Miller
Tom Lantos
Ron Kind
Shelley Berkley
David D. Phelps
John B Larson
Grace F. Napolitano
Bennie G. Thompson
Karen McCarthy



SENATORS SUPPORTING REQUEST FOR INCREASED APPROPRIATIONS FOR CHILDREN'S HOSPITALS GME, Co-Signers of March 10, 2000, Letter to Labor-HHS Leadership

ALABAMA
The Honorable Jeff Sessions (R-AL)

ALASKA
The Honorable Frank Murkowski (R-AK)

ARKANSAS
The Honorable Blanche Lincoln (D-AR)
The Honorable Tim Hutchinson (R-AR)

CALIFORNIA
The Honorable Barbara Boxer (D-CA)
The Honorable Dianne Feinstein (D-CA)

COLORADO
The Honorable Wayne Allard (R-CO)

CONNECTICUT
The Honorable Christopher Dodd (D-CT)
The Honorable Joseph Lieberman (D-CT)

DELAWARE
The Honorable Joseph Biden (D-DE)

FLORIDA
The Honorable Bob Graham (D-FL)
The Honorable Connie Mack (R-FL)

GEORGIA
The Honorable Max Cleland (D-GA)

HAWAII
The Honorable Daniel Inouye (D-HI)

ILLINOIS
The Honorable Richard Durbin (D-IL)
The Honorable Peter Fitzgerald (R-IL)

IOWA
The Honorable Tom Harkin (D-IA)

KANSAS
The Honorable Pat Roberts (R-KS)

LOUISIANA
The Honorable John Breaux (D-LA)

MARYLAND
The Honorable Paul Sarbanes (D-MD)

MASSACHUSSETTES
The Honorable Edward Kennedy (D-MA)
The Honorable John Kerry (D-MA)

MICHIGAN
The Honorable Spencer Abraham (R-MI)
The Honorable Carl Levin (D-MI)

MINNESOTA
The Honorable Rod Grams (R-MN)
The Honorable Paul David Wellstone (D-MN)

MISSOURI
The Honorable John Ashcroft (R-MO)
The Honorable Christopher "Kit" Bond (R-MO)

NEBRASKA
The Honorable Robert Kerrey (D-NE)

NEW YORK
The Honorable Daniel P. Moynihan (D-NY)
The Honorable Charles Schumer (D-NY)

OHIO
The Honorable Mike DeWine (R-OH)

OREGON
The Honorable Gordon Smith (R-OR)

PENNSYLVANIA
The Honorable Rick Santorum (R-PA)

RHODE ISLAND
The Honorable Lincoln Chafee (R-RI)

SOUTH DAKOTA
The Honorable Thomas Daschle (D-SD)

UTAH
The Honorable Orrin Hatch (R-UT)

VIRGINIA
The Honorable Charles Robb (D-VA)
The Honorable John Warner (R-VA)

WASHINGTON
The Honorable Slade Gorton (R-WA)
The Honorable Patty Murray (D-WA)

WISCONSIN
The Honorable Herbert Kohl (D-WI)

WYOMING
The Honorable Michael Enzi (R-WY)
The Honorable Craig Thomas (R-WY)

Senate Supporters

United States Senate

WASHINGTON, DC 20510

March 10, 2000

The Honorable Arlen Specter
Chairman
Subcommittee on Labor, HHS, & Education
Senate Appropriations Committee
186 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Tom Harkin
Ranking Member
Subcommittee on Labor, HHS, & Education
Senate Appropriations Committee
123 Hart Senate Office Building
Washington, DC 20510

Dear Senators Specter and Harkin,

With your leadership last year, Congress provided initial funding for graduate medical education (GME) in our nation's independent children's hospitals. For the first time, the federal government recognized the essential contributions these hospitals provide in training the physicians who care for our children. This year, we hope that we can take an important step towards full funding for this important program.

With strong bipartisan support, Congress authorized up to $285 million for this program for each of fiscal years 2000 and 2001. We understand the difficulties you will face in setting priorities during this year's appropriations cycle and understand that full funding may not be possible this year. However, we respectfully request funding for the children's hospitals GME program of $125 million. This would be a significant step forward in providing the critical support we began last year for children and children's hospitals' efforts to train the doctors who treat them.

The ever-changing world of health care simply does not compensate children's hospitals for their teaching and academic missions. Hospitals that do not receive medical education support from outside sources will simply not be able to maintain their teaching programs. Yet children's hospitals are essentially left out of the current GME financing system, which relies substantially on Medicare. Fully funded, this program would provide children's hospitals with GME funding equitable to that provided to other teaching hospitals, allowing them to sustain their core missions – medical care, teaching and research – which benefit all children.

We know that you appreciate the essential contributions of our children's hospitals. They serve as the health care safety net for low-income children in their respective communities and are often the sole regional providers of many critical pediatric services. These institutions also serve as centers of excellence for very sick children across the nation. Their teaching mission is also essential – comprising less than one percent of all hospitals, children's hospitals train five percent of all physicians, nearly 30 percent of all pediatricians, and almost 50 percent of all pediatric specialists.

Federal funding for GME in children's hospitals is a sound investment in children's health and provides stability for the future of the pediatric workforce. The pediatric and hospital communities join us in the support of this important program. Your continuing leadership on behalf of these institutions is much appreciated.

Sincerely,

Herb Kohl

John Ashcroft

Charles Schumer

Frank H. Murkowski

Connie Mack

Wayne Allard

Tom Daschle

John Breaux

Ted Stevens

Mike DeWine

Mitch McConnell

Jeff Sessions

Paul Sarbanes

Paul Wellstone

Craig Thomas

Tim Hutchinson

Lincoln Chafee

Christopher Bond

Orrin Hatch

Carl Levin

Dick Durbin

John Warner

Chris Dodd

Max Cleland

Dianne Feinstein

Barbara Boxer

N • A • C • H
National Association of
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