THE WHITE HOUSE
WASHINGTON

April 6, 1998

Dr. Betty A. Lowe
Medical Director
Arkansas Children's Hospital
800 Marshall Street
Little Rock, AR 72202-3591

Dear Betty:

Thank you for your letter about the importance of support for graduate medical education and about the serious problem our nation's children's hospitals are having keeping up with the costs of training health professionals. I am aware that direct and indirect private funding used in the past to support the training mission of children's hospitals is disappearing as a result of rapid changes in the health care delivery system. I also know that, unlike most teaching hospitals, children's hospitals do not receive payments from Medicare to help defray the costs of training.

Members of Congress are developing legislation to address the financing of training in children's hospitals. The Administration will be reviewing these bills as we search for ways to respond to your concerns. Recently, children's hospital representatives met with Secretary Shalala and her staff to discuss options in this area, and they will meet shortly with members of my staff. We are exploring proposals that assure a funding source to help offset the costs of training health professionals who treat our nation's children.

Thank you again for your letter. Children's hospitals play a critical role in the health of our children and of our nation, and we must do everything necessary to ensure their continued vitality.

With best regards, I am

Sincerely yours,

Hillary

Hillary Rodham Clinton

I trust you're doing well —

800 Marshall Street, Little Rock, Arkansas 72202-3591, (501) 320-1100 or TDD (501) 320-1184

January 8 1998

The First Lady Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear Hillary:

I know that you and the President have heard from the National Association of Children's Hospitals (N.A.C.H.), as well as hospital presidents such as Randall O'Donnell, about our need for federal graduate medical education (GME) support. As a medical educator, I want to emphasize how important this is to Arkansas Children's Hospital and other free-standing children's teaching hospitals around the country.

You understand so well the dramatic changes occurring in the health care. They are posing special challenges to all teaching hospitals, which increasingly find both private payers and Medicaid unwilling to cover the added costs of resident training. But only free-standing children's teaching hospitals, like ours, face these challenges without significant federal GME support to fall back upon.

In 1996, Medicare paid on average over $77,000 in GME support for each resident a teaching hospital trained. But it paid an average of only $230 per resident trained in free-standing children's hospitals, because they care for children, who rarely qualify for Medicare. Comprehensive GME reform is needed for all teaching hospitals, including children's hospitals. But until that happens - which many believe will be years away - the teaching mission of children's hospitals will be in jeopardy, without interim federal support.
This is a critical problem, which involves more than just the survival of the academic mission of approximately 60 free-standing children teaching hospitals across the country. It involves our future pediatric workforce, since these hospitals train so many of our nation's

This is a critical problem, which involves more than just the survival of the academic mission of approximately 60 free-standing children teaching hospitals across the country. It involves our future pediatric workforce, since these hospitals train so many of our nation's pediatricians and pediatric subspecialists. For example, in Arkansas approximately 90 percent of practicing pediatricians are trained at Arkansas Children's Hospital.

It also involves future progress in pediatric medicine. The free-standing children's teaching hospitals comprise a significant number of the leading pediatric research centers in the country. Without strong academic programs, they will be hard pressed to maintain their commitment to advancements in research and technology, upon which the nation relies for scientific breakthroughs in children's health.

It is my strong hope that the President will support interim federal GME funding for free-standing children's teaching hospitals. N.A.C.H. has had the opportunity to brief Chris Jennings and other on the White House staff. I know that N.A.C.H. and I also would welcome the opportunity to brief you and the President personally on this very important issue.

Thank you for your consideration. My best wishes to you and your family for 1998.

Sincerely,

Betty A. Lowe, M.D.
Medical Director
Arkansas Children's Hospital

cc: Melanne Verveer, Chief of Staff to the First Lady, The White House, Washington, D.C. 20500
Carol Rasco, Senior Advisor to the Secretary, Department of Education, 600 Independence Ave., S.W., Washington, D.C. 20202

THE WHITE HOUSE

WASHINGTON

March 19, 1998

David Weiner
President
Children's Hospital
300 Longwood Ave.
Boston, MA 02115

Dear Mr. Weiner:

Thank you for the letter from you and Dr. Pizzo. I understand and appreciate the gravity of the problem our nation's children's hospitals are experiencing with the costs of training health professionals. I am well aware that direct and indirect private funding sources used in the past to support the training mission of children's hospitals have been diminishing as a result of rapid changes in the health care delivery system. And, of course, unlike most teaching hospitals, children's hospitals do not receive payments from Medicare to help defray the costs of training.

I have been advised that there are a number of Members of Congress who are developing legislation to address the issue of financing the training of providers in children's hospitals. The Administration will be reviewing these bills as we search for ways to respond to your concerns. Recently, children's hospital representatives met with Secretary Shalala and her staff to discuss options in this area and they will shortly meet with members of my staff. We are exploring proposals such as yours that assure a funding source to help offset the costs of training health professionals who treat our nation's children. I look forward to working with you to solve this pressing problem together.

Again, thank you for your letter. Children's hospitals play a critical role in the health of our children and the health of our nation, and we must ensure their continued vitality into the future. I have always appreciated your advice and counsel and I look forward to continuing our productive working relationship on behalf of children.

With best regards, I am

Sincerely yours,

Hillary Rodham Clinton

Hillary Rodham Clinton

300 Longwood Avenue
Boston, MA 02115
Phone: 617-355-8555
Fax: 617-739-3515

David S. Weiner
President

Children's Hospital

February 11, 1998

Mrs. Hillary Rodham Clinton
The White House
Washington, D.C. 20500

Dear Mrs. Clinton:

We are writing to ask your help and the Administration's leadership on an issue that is critically important to the future of our nation's children's hospitals. Increasingly, we have little to no funding sources for Graduate Medical Education (GME). This presents a substantial problem not only for our hospital, but also for pediatric medical education.

About 60 children's hospitals nationwide are freestanding. Because we see few Medicare patients, we receive virtually no Medicare GME--the only significant source of GME funding in today's market. Yet children's hospitals train 25 percent of all pediatricians and the great majority of pediatric specialists, although they make up less than one percent of all U.S. hospitals.

The rapid growth of market competition is making it increasingly difficult for teaching hospitals to fulfill their teaching missions while maintaining their competitive financial viability. This problem is especially severe for children's hospitals such as ours because of our payor mix. As a pediatric hospital with few Medicare patients, we receive virtually no Medicare GME payments. As the market moves to managed care, private payers are refusing to pay for the costs of GME, leaving Medicare as the only reliable GME payor. Teaching hospitals, on average, receive $77,000 per resident per year through Medicare. Children's Hospital, Boston receives approximately $600. If we were to receive the national reimbursement for each of our 250 full-time equivalent resident positions, the support for GME would be approximately $19 million. Without that support, the hospital would experience a severe financial strain. This issue, therefore, has enormous implications for our continued financial viability, even in the near term.

We are facing a considerable dilemma. Our academic mission is interrelated with our level of excellence in patient care and research. Our financial health is essential to our ability to care for low-income children and often to serve as the only resource for certain critical and specialized services. To solve this dilemma, we must find a solution for funding GME.

For the past few years, we hoped that a solution for funding GME would be possible through some broader-based financing mechanism. Now, with the Bipartisan Commission on the Future of Medicare and MedPAC tasked with reviewing such reform, a children's hospital solution under overall GME reform appears unlikely in the near future. That is why Children's Hospital of Boston is joining with the National Association of Children's Hospitals (NACH) in asking that the Administration include some short-term, capped source of federal funds for GME for freestanding children's hospitals in its fiscal 1999 budget.

We have supported the Clinton Administration in its efforts to advance the health of children. In addition, we know that you, in particular, understand and appreciate the contribution that children's hospitals make to the health of all of our children. As both the center of excellence and safety net provider for the children we serve, we train health professionals and provide breakthroughs in science, treatment, and technology for all children.

The Administration's leadership on children's hospital GME can make a substantial difference to our future.

Very truly yours,

David S. Weiner
President

Philip A. Pizzo, M.D.
Physician-in-Chief
Chair, Department of Medicine

Some additional background from HHS

Graduate Medical Education in Freestanding Children's Hospitals

Issue. Medicare makes payments to hospitals for graduate medical education (GME) based on the hospital's Medicare utilization. Since freestanding children's hospitals treat few Medicare patients, they do not receive significant support from Medicare for physician training.

Commission. The Balanced Budget Act of 1997 (BBA) directed the National Bipartisan Commission on the Future of Medicare to make recommendations related to financing graduate medical education including consideration of hospitals, such as children's hospitals, that are not currently eligible for GME support.

National Association of Children's Hospitals (NACH) Proposal. NACH seeks an interim solution, until Congress responds to the Bipartisan Commission's recommendations, of a capped, time-limited fund, financed out of general revenues, to provide support for GME in children's hospitals.

Meeting with Secretary Shalala. CEO's of four children's hospitals met with Secretary Shalala on March 4th. Secretary Shalala expressed great concern for the financing dilemma faced by children's hospitals with regard to how to finance physician training. She recounted efforts of this Administration to secure legislation to provide such funding. The President's health care reform legislation of 1994 sought such funding, and last year, the Secretary appointed a Departmental workgroup to address the issue. Despite these efforts, we have not found a solution. The Secretary expressed the Administration's determination to continue to seek a solution and noted that the Department would provide technical assistance to Congress should legislative proposals be developed.

300 Longwood Avenue
Boston, MA 02115
Phone: (617) 355-8555
Fax: (617) 730-0545

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President

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