



**Association of
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Darrell G. Kirch, M.D.
President

July 26, 2007

Honorable Charles Rangel
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

Honorable John D. Dingell
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Honorable Pete Stark
Chairman, Health Subcommittee
Committee on Ways and Means
Washington, DC 20515

Honorable Frank Pallone, Jr.
Chairman, Health Subcommittee
Committee on Energy and Commerce
Washington, DC 20515

Dear Mr. Chairmen:

On behalf of the Association of American Medical Colleges (AAMC), I write to express our support for the Children's Health and Medicare Protection Act (CHAMP Act) of 2007 (HR 3162). The AAMC represents all 125 accredited U.S. allopathic medical schools; nearly 300 general acute nonfederal major teaching hospitals and health systems that receive payments under Medicare's Inpatient Prospective Payment System; 94 professional and academic societies; 90,000 full-time clinical faculty who represent nearly one-sixth of all physicians in the Medicare program; and the nation's medical students and residents.

By assuring continued and expanded funding for the State Children's Health Insurance Program (SCHIP), the CHAMP Act will preserve and enhance healthcare access for millions of low-income children. The CHAMP Act also attempts to avert future funding shortfalls by reconfiguring the allotment methodology and establishing a system for redistributing unused funds. HR 3162 simplifies and expedites beneficiary enrollment, provides states with incentives to further expand health care coverage to children, and permits states to cover additional populations. Timely reauthorization of SCHIP is particularly critical, given the current expiration date of September 30. We support the use of increased tobacco taxes to help finance this reauthorization.

Additionally, the bill preserves Medicare beneficiary access to health care by funding positive physician payment updates in Calendar Years (CYs) 2008 and 2009 instead of allowing devastating cuts to go into effect. Physician payment relief is of particular significance to clinical faculty group practices at medical schools, given their large volume of Medicare

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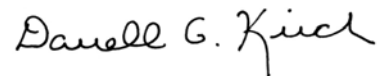
patients. The CHAMP Act also seeks to improve physician spending targets by eliminating drugs from the targets and ensuring that new coverage decisions are incorporated. We note that further legislation will be needed to avert the significant payment cuts scheduled to begin in CY 2010 and subsequent years and to develop an effective methodology for future updates.

The bill includes other policies of import to our teaching hospital members, including HR 3162's specialty hospital and inpatient rehabilitation facility provisions. We also appreciate that your bill rejects the Administration's proposal to eliminate teaching hospitals' Medicare indirect medical education payments associated with Medicare Advantage enrollees. We do wish to express our concern that the bill would reduce hospitals' inpatient and outpatient market basket updates by 0.25 percentage points in FY 2008. The AAMC hopes you will reconsider this provision.

Finally, the AAMC wishes to reiterate our sincere appreciation for your efforts and support for enacting in the FY 2007 supplemental spending bill a one-year moratorium on Medicaid regulations pertaining to cost limits, intergovernmental transfers and graduate medical education. We would like to continue to work with you to extend the current moratorium before the end of this year.

The AAMC commends you for your leadership and commitment in crafting the Children's Health and Medicare Protection Act, and we will work for its enactment.

Sincerely,

A handwritten signature in cursive script that reads "Darrell G. Kirch". The signature is written in black ink and is positioned above the printed name.

Darrell G. Kirch, M.D.