

Children's National Medical Center, a 283 bed not-for-profit academic medical center in Washington, DC, has provided hope to sick children and their families throughout the metropolitan region for more than 135 years. Children's National's mission is to improve health outcomes for children regionally, nationally and internationally, to be a leader in creating innovative solutions to pediatric healthcare problems, and to excel in care, advocacy, research and education to meet the unique needs of children, adolescents and their families. Children's National is consistently ranked among the best pediatric hospitals in America by *US News & World Report*.

The National Association of Children's Hospitals – N.A.C.H. – is the public policy affiliate of the National Association of Children's Hospitals and Related Institutions (NACHRI). N.A.C.H. is a trade organization of 141 children's hospitals and supports children's hospitals in addressing public policy issues that affect their ability to fulfill their missions to serve children and their families. N.A.C.H. fulfills its mission and vision through federal advocacy, collaboration and communication designed to strengthen the ability of children's hospitals and health systems to influence public policy makers, understand federal and state policy issues, advance access and quality of health care for all children, and sustain financially their missions of clinical care, education, research and advocacy.

CHGME Background

Congress established the Children's Hospitals Graduate Medical Education (CHGME) program in 1999 to address a disparity in federal graduate medical education support that existed between adult teaching hospitals and independent children's teaching hospitals. Because they treat children and not the elderly, independent children's teaching hospitals were effectively left out of the only remaining major source of federal GME support – Medicare.

In 1998, Medicare paid an adult teaching hospital, on average, more than \$60,000 per full time equivalent (FTE) resident through direct and indirect medical education payments. Despite fulfilling the same academic mission, Medicare paid independent children's teaching hospitals on average less than \$400 per resident (children with end-stage renal disease qualify for Medicare). Medicaid GME payments, which are left to the discretion of states to provide, were, and still are, well below costs.

The disparity in GME support put independent children's hospitals at a significant competitive disadvantage, placed their missions of clinical care, education and research at grave risk, and jeopardized an already precarious pipeline of pediatric specialists.

CHGME: Increasing the Pediatric Workforce, Benefiting All Children

Independent children's teaching hospitals, which represent less than 1 percent of all hospitals, train 35 percent of all pediatricians, half of all pediatric sub-specialists and the great majority of pediatric researchers. In addition, they provide half of all hospital care to seriously ill children and serve as the nation's premier pediatric research centers.

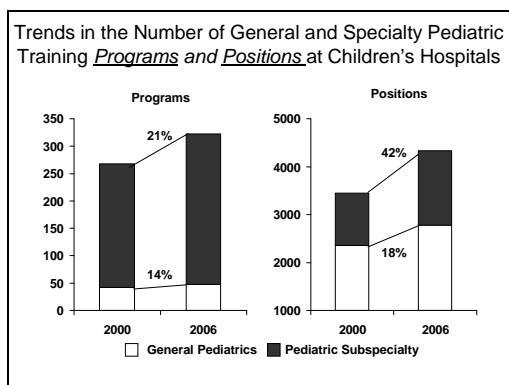
CHGME funding, which currently provides about 80% of the GME support that Medicare provides to adult teaching hospitals, has enabled children's hospitals to reverse the

decline in pediatric training seen in the 1990s, expand pediatric training programs and improve the quality and depth of their training. According to data provided by the American Medical Association, between 2000 and 2006, the first years during which hospitals received CHGME funding, children’s hospitals accounted for three quarters of the growth in pediatric residents trained nationally. Without this expanded training, there would have been a net decline in the number of pediatric residents.

CHGME has also played a critical role in addressing the nation’s serious shortage of pediatric sub-specialists. In 2003, the most recent year for which data is available, one third of health referral regions did not have a pediatric cardiologist; more than half did not have a pediatric nephrologist, and nearly three quarters did not have a pediatric neurologist. Thanks to CHGME, children’s hospitals accounted for two-thirds of the growth in new pediatric subspecialty residents trained between 2000 and 2006.

Since 2000, children’s hospitals increased both the number of their residency programs and the number of residents trained in response to local, regional and national needs (*See Figure 1*). They did so despite caps on CHGME funding and caps on the number of full time equivalent residents that may be counted in accordance with Medicare rules.

Figure 1



Note: Includes only American Board of Pediatrics Programs and excludes combined programs such as internal medicine/pediatrics. Data from the Graduate Medical Education Database, copyright 2006, American Medical Association, Chicago, Illinois.

CHGME has enabled children’s hospitals to improve the caliber of their training by introducing new training curricula in areas such as quality measurement, health information technology, and serving vulnerable children in underserved urban and rural areas. By strengthening the nation’s pediatric workforce, CHGME benefits all children, not just those treated at independent children’s teaching hospitals.

Children’s hospitals also train the majority of tomorrow’s pediatric researchers. Scientific discovery rests upon the strong academic programs of teaching hospitals. By advancing research and teaching in a single setting, teaching hospitals combine the two critical ingredients for successful scientific discovery in medicine: scientific breakthroughs and rapid translation to the bedside. Children’s teaching hospitals’ scientific discoveries have helped children survive once fatal diseases such as polio and cancer, to grow and thrive with once

crippling disabilities such as cerebral palsy and to become economically self-supporting adults managing such chronic conditions as juvenile diabetes and spina bifida.

The Children's National Medical Center Experience

Since Fiscal Year 2000, Children's National has experienced a nearly 30% increase in the number of residents and fellows it trains. The hospital has added specialties and now operates 17 ACGME accredited programs. Because Children's National now has dedicated CHGME funding for its training programs, it can target other resources to better meet the needs of all children in the Washington metropolitan region.

Through its seven regional outpatient centers in Maryland and Virginia, seven primary care health centers in the District of Columbia, mobile health and immunization units, school nurse program in the District's public schools and management of health care for the District's children in foster care, Children's National is committed to improving health care for all children throughout the Washington metropolitan region. As the largest non-governmental provider of pediatric health care in the District of Columbia, Children's National is the pediatric health care safety net for all children in the region. Nearly 50% of the hospital's inpatient population relies on Medicaid or SCHIP for health coverage, as do more than 95% of the children who visit its primary care health centers. CHGME funding allows Children's National to simultaneously fulfill its academic mission and its mission to serve all children in the region, regardless of ability to pay.

FY 2009 Funding Request: \$330 Million

In 2006, Congress reauthorized the CHGME program with nearly unanimous approval, providing \$330 million annually in authorized funding. Congress appropriated \$301.7 million for the program in FY 2008. In the reauthorization, Congress reinforced the fact that CHGME is a targeted, fiscally responsible and slow-growth program. In the last five years, CHGME funding has grown at an annual rate of 0.8 percent, from \$290 million in FY 2003 to less than \$302 million in FY 2008. It operates under rigorous data reporting requirements, which were further strengthened in the reauthorization.

With only one exception, in FY 2005, the president has consistently proposed to cut CHGME funding in his annual budget. This year, the president's budget proposed the elimination of CHGME. The nation's independent children's hospitals applaud members of the House Labor-HHS Appropriations Subcommittee for providing strong, consistent CHGME funding. In particular, children's hospitals appreciate the tireless leadership provided by Chairman Obey, Ranking Member Walsh, and former chairmen Ralph Regula and Bill Young.

CHGME is not only important to the nation's children's hospitals, it is absolutely critical to all children's health care and the future of pediatric medicine. Children's hospitals respectfully ask the Subcommittee to ensure continuation of the strong, successful CHGME program that exists today by appropriating the fully authorized level of \$330 million in FY 2009.