

**EQUITABLE FEDERAL GRADUATE MEDICAL EDUCATION  
SUPPORT FOR INDEPENDENT CHILDREN'S HOSPITALS  
IS CRITICAL TO THE HEALTH OF ALL CHILDREN**

**Pediatric Leaders Recommend**

- **CHGME Reauthorization** We urge Congress to reauthorize the Children's Hospitals Graduate Medical Education (CHGME) program this year, extending its authority for another five years, from FY2006 – 2010.

The Senate HELP Committee has unanimously passed S. 285, the "Children's Hospitals Education and Equity Act" by Sen. Kit Bond (R-MO), which provides for this reauthorization. The House bill, H.R.1246, introduced by Reps. Nancy Johnson (R-CT) and Deborah Pryce (R-OH), currently has more than 43 cosponsors.

- **CHGME Appropriations** We ask that Congress continue full funding for the CHGME program as part of the FY 2006 Labor-HHS appropriations bill. The FY2005 appropriation for the program was \$301 million.

Congress should also continue to provide an increase to recognize increased graduate medical education costs. Current funding plus inflation would provide \$309 million. Forty-seven Senators and 200 Representatives have joined in letters to the Senate and House Labor-HHS Appropriations Subcommittees recommending full funding for CHGME in FY2006.

**CHGME Background** Prior to the enactment of the CHGME program in late 1999, independent children's hospitals were essentially left out of a GME financing system that had grown dependent on Medicare.

As the health care market place became increasingly price competitive in the 1990s, other payers were no longer willing to recognize teaching costs. Medicare, the one major reliable source of GME support, provided children's hospitals with only 1/200<sup>th</sup> of the Medicare GME support that other teaching hospitals received because they care for children, not the elderly.

The lack of significant Medicare GME support put children's hospitals at a competitive disadvantage, which in turn put at risk the disproportionately large role they play in the nation's health care infrastructure for all children.

For example, although they comprise only one percent of all hospitals, children's hospitals train nearly 30% of all pediatricians, nearly half of all pediatric subspecialists, and the majority of the nation's pediatric researchers. They house the nation's centers of excellence for the treatment of children with serious conditions, serve as the safety net for low-income children in their communities, and are home to the nation's leading pediatric research centers.

In late 1999, Congress enacted the CHGME program with overwhelming bipartisan support. Its purpose was to provide independent children's hospitals with federal GME support similar to the Medicare support provided to other teaching hospitals, until such time as broader GME financing was addressed.

Congress reauthorized the program in 2000 at \$285 million in FY 2001 and such sums as necessary through FY 2006. Congress appropriated \$303 million for CHGME in FY 2005, reduced by an across the board cut in all domestic programs to \$301 million. Current funding plus inflation would total \$309 million.

**Impact of CHGME Funding** Prior to the enactment of CHGME funding, independent children's hospitals faced increasing financial challenges, with a number reducing their physician training programs or preparing to do so.

Since the establishment of the CHGME payment program, children's hospitals have been able to sustain and grow their teaching programs without having to pull resources from other critically needed services. CHGME funding is one of the major reasons for children's hospitals' financial stability, according to Wall Street bond rating firms.

Because the independent children's hospitals have such a disproportionately large impact on the future of the nation's pediatric work force, CHGME funds benefit not only the patients of these hospitals today but literally all of the nation's children tomorrow.