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February 9, 2007

The Honorable Kent Conrad, Chair
Senate Budget Committee
624 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Conrad:

On behalf of the Association of Academic Health Centers (AAHC), I am writing to oppose the funding proposed for health and biomedical research programs in the President's budget for FY 2008, which, if passed, will threaten the resources needed for the nation's highest priority—the health of its people. We urge you to ensure that the budget for FY 2008 protects and enhances the nation's critical health, science, and higher education infrastructure upon which our national security depends.

The President's budget request includes a wholly inadequate level of funding for biomedical research, more than \$100 billion in spending reductions for Medicare and Medicaid, and deep cuts in vital health workforce training programs. These cuts are misplaced and undermine the essential work of the nation's academic health centers. The budget would: (1) reduce our ability to sustain cutting edge research focused on the most lethal and debilitating diseases; (2) limit access to care for elderly and vulnerable populations who depend on Medicare, Medicaid, and the State Children's Health Insurance Program (SCHIP), and; (3) limit opportunities for careers in the health professions that are so needed to sustain our economy.

The National Institutes of Health (NIH) drives critical research delivering breakthrough treatments for a multitude of diseases. Yet for the fifth year in a row, the National Institutes of Health (NIH) faces static or decreased funding levels. Without an increase in funding, NIH cannot sustain its mission or maintain America's preeminence in science in the global economy. **We strongly recommend that funding for the NIH in FY2008 be increased by at least five percent to prevent further erosion of the agency's work.**

Medicare and Medicaid cuts proposed by the President would total more than \$100 billion over five years. Substantial reductions in

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reimbursement to hospitals and other health care facilities undermine the ability of "safety net" institutions to care for the nation's most vulnerable populations. In addition, while the budget includes a modest increase in funding for SCHIP, this boost appears to put at risk federal support for SCHIP programs that have extended eligibility above 200% of the federal poverty level. It is also insufficient to support the costs of millions of currently eligible children who are not enrolled in SCHIP. **We oppose these recommendations and urge the Budget Committee to protect the vital funds in these programs from further reductions.**

Practically all of the health professions face serious and persistent shortages that will only worsen as the U.S. population ages. Yet the budget proposes to eliminate nearly all of the health professions education programs authorized in Title VII of the Public Health Service Act and sharply reduces funding for nursing programs in Title VIII as well. These cuts will exacerbate health workforce shortages in future years. **We recommend that the Budget Committee provide at least \$550 million for FY 2008 funding of programs authorized in Titles VII and VIII of the Public Health Service Act to educate and train a health care workforce that meets the public's needs.**

Moreover, we are especially concerned with the President's proposal to end federal support for Medicaid graduate medical education payments and the elimination of direct billing by teaching hospitals for indirect medical education payments for patients enrolled in Medicare Advantage plans. **We urge that the budget resolution should not assume savings from the proposed cuts in graduate medical education funding.**

The health and economy of our nation depend on a well-educated workforce, access to health care, and financially viable providers—all guided and supported by leading biomedical research. We believe these priorities must be supported by the congressional budget resolution for FY 2008.

The Association of Academic Health Centers, a national non-profit organization dedicated to improving the nation's health and well-being through the vigorous leadership of academic health centers, represents more than 100 institutions nationwide.

We request your support for the recommendations we have made and express our appreciation for your leadership in these matters.

Sincerely,



Steven A. Wartman, MD, PhD
President/CEO