

July 25, 2019

The Honorable Seema Verma
Administrator
Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 445-G
200 Independence Avenue, SW
Washington, DC 20201

Dear Administrator Verma:

On behalf of the physician and medical student members of the American Medical Association (AMA), I am writing to urge the Centers for Medicare & Medicaid Services (CMS) to offer an increased level of support, technical assistance/guidance and, where possible, waivers for any rules or regulations which may seem on their face innocuous but create substantial barriers for the residents and fellows impacted by the abrupt bankruptcy filing and imminent closure of Hahnemann University Hospital.

As you know, on June 30, 2019, Hahnemann University Hospital, the primary teaching hospital affiliated with Drexel University College of Medicine in Philadelphia, Pennsylvania, filed for Chapter 11 bankruptcy and announced it would be permanently closing by September 2019. Hahnemann is a 496-bed teaching hospital in Center City Philadelphia where 571 medical residents and fellows, as well as about a third of Drexel medical students, received training. The Hahnemann closure marks what may be the largest displacement of medical residents in a single event ever, even more than the number of residents displaced from Charity Hospital in New Orleans, Louisiana, after Hurricane Katrina.

Physical Presence Requirement

It is our understanding that the residents who leave Hahnemann with a federally funded GME slot must be physically present at the closing of the “home” hospital on the day the home hospital closes in order for funds to be transferable to the “receiving” hospital.¹ Residents displaced by a program or hospital closure may go to any hospital that is willing to take them in; there are no geographic restrictions.² The AMA believes this CMS requirement is causing an unnecessary burden on Hahnemann and an excessive burden on the 571 residents/fellows that will need to be physically present on the day Hahnemann closes. **The AMA urges CMS to waive the return home or physical presence requirement in an effort to ensure that there is minimal disruption to the training of the 571 residents/fellows impacted by the Hahnemann closure.**

¹ Home hospital is defined by CMS as the hospital that is closing and its programs are closing; and receiving hospital is defined as the hospital that is taking in displaced resident(s). See <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/Fact-sheet-displaced-residents.pdf>

² <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/Fact-sheet-displaced-residents.pdf>

Transitional Residents

It is also our understanding that those residents who are completing a transitional year at an institution other than Hahnemann and who matched with Hahnemann for residency starting July 1, 2020, do not have federal funding that will transfer with them. These include residents in ophthalmology, anesthesiology, diagnostic radiology, and neurology who are not currently employed by Hahnemann or in a program at the time of closure. The National Resident Matching Program[®] is granting an immediate waiver to these applicants to allow them to start looking for a residency slot outside The Match.^{® 3} **The AMA is requesting clarification from CMS on whether the transitional residents may be re-categorized as displaced and whether federal funding may be made immediately available to them considering they have been matched with Hahnemann for residency next year.**

Full CMS Funding for Residents/Fellows

It is our understanding that, if there are more displaced residents than available GME cap slots, the slots may be apportioned, according to Hahnemann's discretion. We understand that Hahnemann is currently assessing the portion of time each displaced resident was expected to be training at Hahnemann versus time spent away at "out rotations" at other hospitals in the nearby area, which could lead to a situation similar to the one many of these residents/fellows currently find themselves in, where Hahnemann has indicated that the FTE amount per resident will be less than the amount for a full resident slot.⁴

What exacerbates this already stressful situation for the residents/fellows impacted by the Hahnemann closure is that the receiving institutions are sending letters to Hahnemann residents/fellows admitting them to their GME programs "contingent upon full funding from CMS" (which we assume is 1.0 FTE funding level for residents and 0.5 FTE funding level for fellows). It is our understanding that this means that the receiving hospital that takes over that training component may receive a temporary cap increase that is less than a full resident/fellow slot. Given this is such a unique circumstance and the lives of these 571 residents/fellows and their immediate families are being upended in numerous ways, we urge CMS to allow the receiving hospitals to provide actual "full funding" as it is currently unclear if the hospitals that offered "out rotations" will give the slots back to Hahnemann or require the residents to continue to fulfill that portion of the training. Medicare direct GME does not pay for a teaching hospital's actual costs incurred by the residency program; rather, it pays for only Medicare's share of direct GME costs. In fiscal year (FY) 2016, Medicare paid for approximately 20 percent of the total GME costs of all teaching hospitals. It is estimated that approximately \$14 billion direct GME costs went unpaid by Medicare in FY 2016. The receiving hospitals have opened their hearts, their doors, and their GME programs to the residents/fellows impacted by the abrupt bankruptcy filing and pending closure of Hahnemann. **We urge CMS to afford these residents/fellows, and the receiving hospitals, flexibility in this unusual situation and waive any strict funding requirements which may unintentionally hinder a resident or fellow's ability to find an appropriate position with another GME training program and continue their education.**

We strongly urge CMS to ensure priority is given to supporting the 571 residents seeking an alternative training program as well as the receiving institutions offering to increase their number of GME slots to

³ The National Resident Matching Program[®] (NRMP[®]), or The Match[®], is a private, non-profit organization established in 1952 to provide an orderly mechanism for matching the preferences of applicants for U.S. residency positions with the preferences of residency program directors. The NRMP also conducts Fellowship Matches for more than 60 subspecialties through its Specialties Matching Service[®] (SMS[®]).

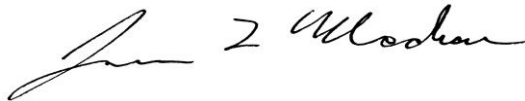
⁴ See 42 Code of Federal Regulations (CFR) §§ 413.79(h)(2)(ii), (h)(3)(i)(B), and (h)(3)(ii).

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accommodate residents/fellows impacted by Hahnemann's closure. We stand ready to work with CMS to avoid any further interruption or delay in the medical training for these residents/fellows.

The AMA appreciates the consideration of our urgent request. If you have any questions please contact Margaret Garikes, Vice President for Federal Affairs, at margaret.garikes@ama-assn.org, or by calling 202-789-7409.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Madara". The signature is fluid and cursive, with a large initial "J" and "M".

James L. Madara, MD