



## Key Points

### **How Sequestration Will Hurt America's Health**

The AAMC (Association of American Medical Colleges) is deeply concerned about the impact of the pending sequestration mandated by the Budget Control Act (BCA) on programs that are vital to the health of the American people, including medical research supported by the National Institutes of Health (NIH), Medicare hospital and physician payments, and health professions training programs administered by the Health Resources and Services Administration (HRSA),

The Senate Budget Committee has estimated that sequestration will reduce non-security discretionary spending in FY 2013 by 5.1 percent. These cuts will come on top of an additional \$900 billion in discretionary spending cuts mandated by the BCA over the next decade.

**Sequestration will have a serious effect on medical schools and teaching hospitals and the patients they serve.**

- NIH funding decreases will mean devastating cuts that will delay medical progress that could help millions of patients and their families.
- Cuts to Medicare reimbursements – “provider” cuts – are actually cuts to patients.
- Sequestration will have a significant impact on Medicare’s long-standing support for graduate medical education (GME) and ultimately will limit teaching hospitals’ and physicians’ ability to care for all patients and train the next generation of physicians.
- Medical schools and teaching hospitals are doing their part to slow the growth of health care spending by developing new models of care that reward results, more cost-effective reimbursement models, and developing and disseminating best practices to make care better, safer, and more cost-effective. Budget cuts could slow this progress.

**To address the health challenges of an aging and increasingly diverse population, and remain a vibrant force in the global economy, America needs more investment in medical research and the health professions workforce, not less.**

**Congress and the Administration must work together on a solution that avoids sequestration – and the devastating impact of continued cuts – on programs that benefit all Americans.**

## Sequestration Facts

### **For NIH, sequestration will represent a \$1.5 billion cut.**

- The impact of this cut on NIH-funded research will be both immediate and long-term, putting hope on hold for millions of patients and their families by delaying medical progress for years to come.
- NIH Director Francis Collins, M.D., Ph.D., has described the impact of sequestration as a “profound and devastating” blow at a time of unprecedented scientific opportunity.
- Even more troubling is that this cut will come at the end of a decade that has seen the NIH budget fall by nearly 20 percent after inflation.

### **Sequestration threatens Medicare hospital and physician payments at a time when Medicare already fails to cover the cost of care.**

- Sequestration’s 2 percent cut in Medicare reimbursements will mean that the average major teaching hospital has nearly \$14 million less to support critical patient care services they provide in their communities.
- A 2012 analysis by Tripp Umbach indicates that these cuts to provider payments will result in the loss of more than 496,000 jobs in 2013. This includes those workers directly employed by the health care sector, as well as other jobs supported by the purchases of health care organizations and their employees.
- Despite the 2 percent limit on Medicare cuts for “individual payments for services furnished” under Medicare Parts A and B, sequestration will have a significant impact on Medicare’s long-standing support for graduate medical education (GME) and ultimately will limit teaching hospitals’ and physicians’ ability to care for all patients and train the next generation of physicians.

### **Sequestration also will undermine ongoing efforts of HRSA’s Title VII health professions programs to improve the supply, diversity, and distribution of the health care workforce.**

For example, in FY 2013 alone, sequestration could result in:

- fewer underserved and uninsured seniors receiving care in acute, ambulatory, or long-term care settings as a result of fewer junior faculty awardees of the Title VII *Geriatric Academic Career Awards*;
- fewer health care providers receiving continuing education on women’s health, diabetes, obesity, and other topics and fewer providers receiving continuing education on post-traumatic stress disorders, traumatic brain injury, and other mental and behavioral health issues affecting veterans and their families through Title VII *Area Health Education Centers*;
- reduced funding for primary care physician- and physician assistant-trainees under the Title VII *Primary Care Training and Enhancement programs*;

- fewer academic enrichment opportunities for underrepresented minority health professions students and fewer underrepresented minority faculty conducting research to mitigate health disparities through Title VII *Centers of Excellence*; and
- fewer disadvantaged K-16 students benefitting from academic preparation and career guidance through Title VII *Health Careers Opportunity Programs*.

**A 5.3 percent cut in funding for the National Health Service Corps (NHSC) could result in as many as 272 fewer scholarships and loan repayment awards in FY 2013.**

- The immediate decrease in the NHSC field strength will result in 272,000 fewer individual patients served by NHSC primary care clinicians in FY 2013.
- With NHSC retention topping 80 percent, these deficits are compounded in future years by failing to recruit these practitioners to health professions shortage areas.