



## Priority Initiatives in Health Care and Research Harmed by Budget Cuts

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The ability of academic medical centers across the country to advance health research and train future physicians is being compromised by the federal budget cuts triggered by sequestration and a lack of adequate support for the National Institutes of Health (NIH). The budget reductions that took effect March 1 disproportionately affect medical schools, teaching hospitals, and the patients we serve.

One of the many items affected by sequestration is the Medicare budget. Although all health care professionals who treat Medicare patients will be affected negatively by a 2% reduction in Medicare reimbursement, the cuts inordinately impact academic medical centers and the unique secondary, tertiary, and quaternary services they provide. Nationwide, academic medical centers will lose a resultant \$10.7 billion.

In addition to clinical impact, there will be an educational consequence of the Medicare cuts that primarily affects academic medical centers. Our country and our state are challenged by an inadequate supply of physicians. In Wisconsin, the Wisconsin Hospital Association estimates that we will need 100 new doctors per year for the next 20 years, particularly in primary care, and in rural and

underserved regions of our state.<sup>1</sup> The new cuts imperil the Medicare program's longstanding support for graduate medical education. Annually, the federal government contributes about \$9.5 billion Medicare dollars and \$2 billion Medicaid dollars to the training of physicians.<sup>2</sup> The Association of American Medical Colleges (AAMC) posits that reducing federal support for teaching hospitals could mean up

medical schools and other research institutions will find it increasingly difficult to make important discoveries that improve human health. The lack of resources inevitably will prevent quality investigators from continuing their work and maintaining their labs. Such wholesale cuts in research support likely will have a long-term impact on health care discovery. It will affect medical progress across all disciplines

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to 10,000 fewer physicians trained every year when the United States already faces a shortage of approximately 92,000 doctors over the next 10 years.<sup>3</sup>

Sequestration may further jeopardize the supply, diversity, and distribution of the health care workforce by significant reductions in the Health Resources and Services Administration's Title VII health professions programs, which are subject to an 8.2% cut,<sup>4</sup> and the National Health Service Corps, for which a 5.3% cut in funding is anticipated.<sup>5</sup> Weakening these programs puts our most vulnerable populations at risk.

With federal funding for biomedical research also eroding under sequestration,

of research, investigating the full spectrum of diseases and conditions. It is likely that every Wisconsinite will feel a negative impact from discoveries not being made as a result of the budget cuts.

This research funding also substantially supports the training of medical researchers. As funds are reduced, the talent pool for the next generation of scientific investigators will be diminished. At MCW, we anticipate grant reductions of \$5 million to \$9 million per year from existing grants and reduced awards in the future, impacting health discoveries made in the state of Wisconsin.

The overall consequences of sequestration are not entirely known, nor fully determined.

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The latest budget proposals fail to alleviate health professions cuts, and although the White House's recently proposed 1.5% increase in NIH research dollars is welcome, it will still mean that NIH funding will have failed to keep pace with inflation for the last 11 years, as the AAMC notes.<sup>3</sup>

Inadequate funding results in the awarding of fewer grants to promising projects. According to NIH reports, the overall success rate, defined as the percentage of reviewed NIH grant applications that receive funding, for 2012 was 17.6%, down from 32.1% in 2001.<sup>6</sup> In addition to impeding growth in established research programs, this environment is exceedingly adverse for young investigators working to establish their labs and careers, further deteriorating our ability to sustain a climate for discovery in the future.

MCW is committed to actions that slow the

growth of health care spending by developing new models of care, disseminating best practices, and ensuring that future physicians are educated in these new practices. Sequestration, by its effect on the training of the next generation of physicians and scientists, as well as its negative impact on research and knowledge creation, disproportionately affects academic medical centers. The approach of across-the-board budget cuts, unfortunately, is not a thoughtful one that allows us to place priorities on the important missions of education, discovery, and improving health care for people everywhere.

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