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**Darrell G. Kirch, M.D.**  
President and Chief Executive Officer

November 12, 2009

The Honorable Max Baucus  
Chairman, Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Chairman Baucus:

You recently received a letter from our esteemed colleague, Dr. John Wennberg, concerning variation in Medicare spending in the United States. He asserts, and the Association of American Medical Colleges (AAMC) enthusiastically agrees, that academic medical centers have a responsibility to help understand the causes of this variation and also improve the care of the chronically ill. That is why, in ongoing scholarly work, a number of academic medical centers have built upon the work of the Dartmouth Atlas and have demonstrated the effects of key variables such as poverty and prices. Equally as important are recently published works demonstrating the importance of the outcomes of care, not simply using patients who die as a metric of efficiency.

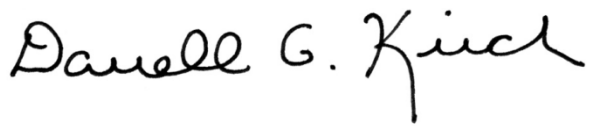
The AAMC has serious reservations about some of the conclusions in Dr. Wennberg's letter; most notably his lack of attention to studies demonstrating the impact of urban poverty on geographic variation. This is why the AAMC supports further study as an important step toward better understanding these variations, including the Institute of Medicine (IOM) study that was passed by the House of Representatives as part of its health care reform legislation. We note that it will be important for the IOM study committee to risk-adjust for health status; to identify the right geographic unit of study; to properly consider socioeconomic status; to adjust appropriately for prices and costs; and to adequately consider outcomes. In addition, an attempt should be made to consider all health spending, not just that of Medicare beneficiaries. There is not a strong correlation between the two, which is a perplexing finding. If the cause of spending variation is attributable to practice patterns of doctors and hospitals, it should not segregate solely to Medicare patients.

Given the numerous questions that have arisen regarding variation data, before enactment of any proposals to drastically change Medicare spending, Congress should have the opportunity to thoroughly consider a wide range of public and scientific comments. However, Section 1160 of the House-passed bill does not allow for the careful analysis and thoughtful consideration of such proposals. The House approach increases the risk of unintended consequences, particularly for those urban and rural patients who are already underserved.

Medical schools and teaching hospitals have always responded to the public need. Whatever debate there is about value in the U.S. health system, advances made possible by biomedical research and clinical training over the past 30 years are unparalleled. That scientific strength should be applied to the question of variation in health care spending. It is clear that understanding systematically how to deliver care to the millions of Americans with chronic diseases is an emerging priority, and we are moving forward with the studies to lead that effort.

The AAMC greatly appreciates your continued commitment to achieving comprehensive health care reform that benefits all Americans. We look forward to continued collaboration with you and your staff as we all work to assure enactment of policies that improve the health and security of our nation.

Sincerely,

A handwritten signature in black ink that reads "Darrell G. Kirch". The signature is written in a cursive, flowing style.

Darrell G. Kirch, M.D.

cc: Senator Harry Reid  
Senator Thomas Harkin  
Senator Christopher Dodd  
Senator Richard Durbin