

March 27, 2025

The Honorable Thomas Engels
Administrator
Health Resources and Services Administration
5600 Fishers Lane
Rockville, MD 20857

Dear Administrator Engels:

Congratulations on your reappointment as Administrator. As you begin to determine how to utilize the funding HRSA is receiving from the FY2025 Full-Year Continuing Appropriations and Extensions Act, we want to share our thoughts on how to use the \$88 million allocated as an extension of the very successful Teaching Health Centers Graduate Medical Education (THCGME) program.

As you know, the THCGME program has over a decade of bipartisan support and is the only federal program investing in the training of future primary care physicians in rural and urban community settings, rather than hospitals. Our organizations have worked for more than a decade in support of the THCGME program, collaborating to solve gaps in access to high-quality primary, mental, and dental health care by supporting the development of the next generation of physicians and dentists to serve in both urban and rural underserved communities.

HRSA used funds from the prior CR to prepay 7.5 months of the upcoming 2025-26 academic year, leaving a gap of 4.5 months. At the current per resident allocation (PRA) of \$160,000 per resident per year, HRSA needs roughly \$69 million of the newly appropriated \$88 million to cover the estimated 1,275 medical residents training in 92 Teaching Health Centers. That means approximately \$19 million of the new CR funds will remain available to HRSA.

Given the inadequate PRA level of \$160,000 when compared to the true cost of training medical residents at a Teaching Health Center, we strongly urge you to authorize a PRA increase of \$10,000 per resident, to \$170,000. This would use around \$13 million of the \$19 million but would help the 92 nonprofit Teaching Health Centers withstand the higher costs of training they've been absorbing for years and thus avoid reducing their recruitment or terminating their residency programs entirely as has occurred in some locations previously.

The THCGME program started with a \$150,000 PRA in 2013 and only once, when Congress mandated it, did the PRA increase to \$160,000. Studies funded by HRSA have shown that the true cost, of training these 1,275 residents, is estimated to be more than \$227,000. Closing this ever-growing gap is essential to preserving this unique medical residency program.

We believe that allocating the \$19 million to extend funding for existing programs by 34 days into the 2026-27 academic year would not be the most effective approach. This would generate limited positive impact for the Teaching Health Centers and wouldn't help them for

more than a year, whereas the immediate PRA increase on July 1 would help them reduce their operating losses and remain viable.

In closing, we note that the 92 existing Teaching Health Centers (THCs) are a vital response to the primary care physician shortage, placing doctors in rural and medically underserved communities where they are needed most. We also understand that there are conditionally approved THCs that participated in this year's Match that require long-term funding solutions. Moreover, history has shown that most of these new doctors are staying either near where they trained or are serving in another medically underserved rural or urban area. For example, a 2022 published study suggested that THC residency graduates are 50 percent more likely to practice in rural areas than other residency program graduates.

Our associations will continue to work hard for enactment of multi-year THCGME reauthorization legislation that would permit existing THCs and conditionally approved THCs to thrive for years to come. In the meantime, we hope that you will prioritize any unallocated CR resources, after ensuring continued support for existing residents to complete the academic year, to keep Teaching Health Centers financially solvent.

Sincerely,

American Association of Teaching Health Centers
National Rural Health Association
American College of Obstetricians and Gynecologists
American Association of Colleges of Osteopathic Medicine
American Osteopathic Association
Association of Clinicians for the Underserved
Advocates for Community Health
Council of Academic Family Medicine
Society of General Internal Medicine
American Academy of Family Physicians
American College of Physicians