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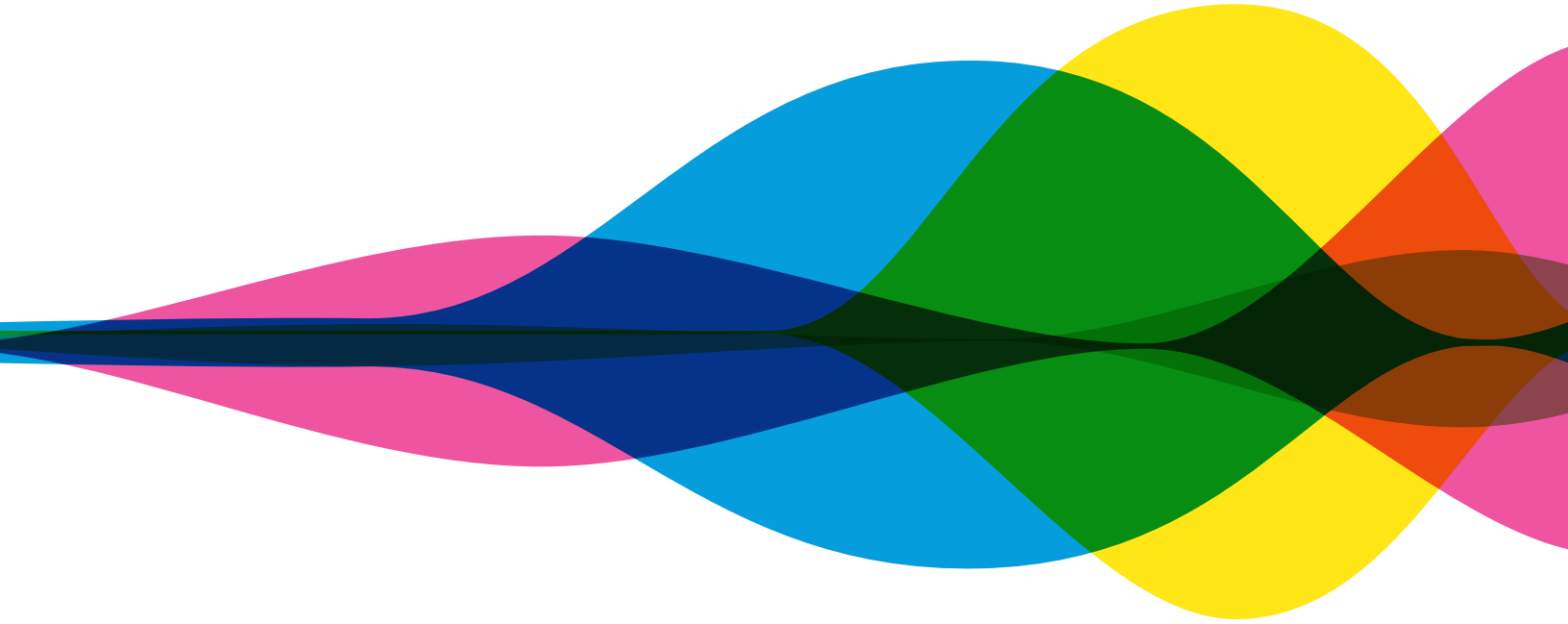
AMA
AMERICAN MEDICAL ASSOCIATION

SUPPORTING PHYSICIANS. STRENGTHENING THEIR VOICE.



ANNUAL **REPORT**

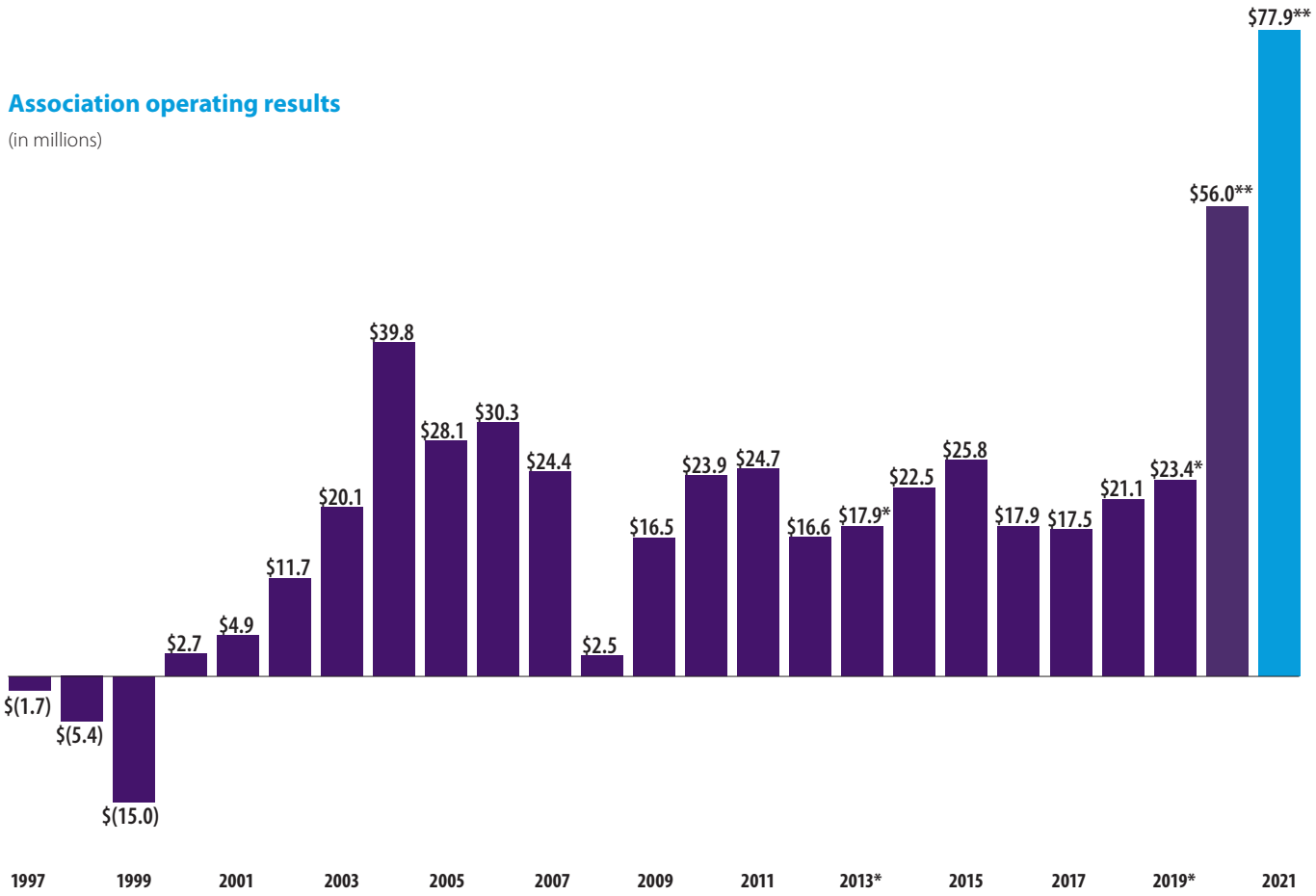
2021

FINANCIAL HIGHLIGHTS

(Dollars in millions)	2021	2020
Revenues	$ 459.7	$ 433.4
Cost of products sold and selling expense	25.9	29.3
General and administrative expenses	352.3	342.1
Operating results	77.9	56.0
Non-operating items	79.5	56.1
Changes in defined benefit postretirement plans, other than periodic expense, net of tax	5.6	(2.8)
Change in unrestricted equity	163.0	109.3
Change in donor restricted equity	(0.1)	(1.5)
Change in association equity	162.9	107.8
Association equity at year-end	$894.9	$732.0
Employees at year-end	1,206	1,215

Association operating results

(in millions)



* *Pro forma operating results: 1) 2013 excludes $33 million in nonrecurring charges relating to AMA's headquarters relocation and 2) 2019 excludes $36.2 million noncash pension termination expense reclassification from non-operating results.*

** *Both 2020 and 2021 results were impacted by a freeze in hiring and cancellation of all travel and meetings during the year due to the pandemic. These savings are temporary in nature.*

LETTER TO STAKEHOLDERS

As we entered year two of the COVID-19 pandemic, a health care crisis unlike anything we have experienced in decades, physicians and health care workers in 2021 continued going to extraordinary lengths to protect American lives. Whether battling the virus in hospitals or working to dispel misinformation and build trust in science and vaccines, physicians have been cornerstones of care, compassion and sheer determination.

Throughout these immense challenges physicians have been buoyed by the support of the American Medical Association, which delivered tools and resources and has been their advocate for change through the courts, in Congress and with a new administration.

By elevating the urgent concerns of physicians and patients, the AMA helped secure broad telehealth expansion, delivering potentially life-saving remote care to more people in more areas and a lifeline to independent practices struggling to weather the economic storm of COVID-19.

In addition, AMA advocacy netted critical funding through Congress to sustain physician practices and bolster the health care safety net in local communities.

As one of the nation's leading voices for science and vaccination, the AMA fought through the courts to uphold vaccine requirements for health care workers and others, and we joined forces with other top organizations and the Ad Council to promote a sweeping public education campaign to build confidence in the safety and efficacy of vaccines.

To keep physicians informed about the ever-changing landscape around COVID-19, to guide physician practices on safely reopening following lockdowns, and to give expert insights on managing mental health and coping with stress during the pandemic, the AMA created dozens of evidence-based resources and communicated in a consistent, professional manner in battling vaccine misinformation and falsehoods.

The AMA worked collaboratively to develop programs, resources and strategies to embed racial justice and advance health equity, improve outcomes for historically marginalized populations that suffered disproportionately during the pandemic, and educate physicians about longstanding health inequities and their impact on people and communities.

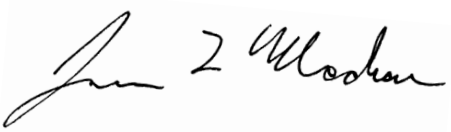
Despite the disruptions from the past year, the AMA continued its work in support of physicians and patients by strongly advocating on such issues as: critical prior authorization and step therapy reforms in Washington, D.C., and across many states; delivering tools to help those at risk better track their blood pressure results; and by pushing policymakers to remove barriers to evidence-based treatments for substance use disorders and for patients coping with pain.

As more physicians recognize the AMA as their powerful ally in patient care, the AMA reported its 11th consecutive year of membership growth. We also recorded another strong year of financial performance largely due to temporary pandemic-related savings resulting from less travel, fewer meetings and conferences, and unfilled staff positions. The AMA's history of solid financial performance will support our mission activities in the years to come.

For all that has changed in health care and in our world during this pandemic, the AMA remains more committed than ever to elevating the physician voice, advancing equity, and embracing our mission to promote the art and science of medicine and the betterment of public health.

Bobby Mukkamala, MD
Chair, Board of Trustees

Michael Suk, MD, JD, MPH, MBA
Finance Committee Chair, Board of Trustees



James L. Madara, MD
CEO and Executive Vice President

“I have a radical idea: When it comes to medicine [and] health care advice, I think doctors should be the loudest, most vocal in the room. Not politicians, not TV hosts, not celebrities and not the folks peddling conspiracy theories.”

Gerald Harmon, MD

Family medicine

President, American Medical Association

A practicing family medicine specialist in coastal South Carolina and retired major general who served the nation in the Air Force Reserve, Dr. Harmon believes “physicians have a responsibility to speak out on matters of public health. Far too many people are listening to the wrong experts on COVID-19 and vaccine science. The AMA is working to fix that.”

At the time of this writing, our nation has lost almost 965,000 lives to COVID-19 … and that number is growing. As shocking and heartbreaking as that figure is, we have made real progress since 2020. Our understanding of the virus and its variants has expanded significantly. We now have vaccines—as well as treatments and therapeutic options—to reduce the severity of the disease and death. No longer is a lack of understanding or evidence impeding our ability to get past this pandemic.

The voices we hear on television, radio and in town hall meetings are passionate and convincing. The misinformation permeating our daily lives can feel overwhelming. News programs from across the world, social media posts, protests, conversations around virtual water coolers—never has there been so much attention on matters of public health, on equity in medicine, and on science and technology. Americans today are bombarded with opinions rooted more deeply in ideologies and identities than in facts and concrete science.

For medicine and health care, the stakes have never been higher.

Despite these challenges, the AMA believes physicians have a unique opportunity—a responsibility—to be ambassadors for truth, science and sound health care policies in ways never seen before. Physicians are trusted by their patients. Years dedicated to patient care—treating diseases, delivering babies, healing injuries, developing relationships—is the foundation of trust that is essential in the patient-physician relationship. And it's this trust that allows us to cut through the noise to educate our patients and help them make informed decisions about their health.

When it comes to health care, vaccines, COVID treatments, gun violence, e-cigarettes and more, the AMA wants *physician* voices to be the loudest and most credible ones heard outside of the exam room … not politicians, not news personalities, not celebrities.

THIS IS OUR CHARGE. AND THIS IS YOUR CHANCE.

The AMA provides physicians with the tools and support to deliver what the public needs: accurate, evidence-based information. In a time of so much misinformation and anti-science rhetoric, the AMA will continue to support physicians and elevate their voices on issues that matter to patients and that advance public health. We celebrate all physicians who are leading by example, championing science and combating misinformation in their communities, including the physicians featured on the following pages of this report.

“… [A]t some point, to save lives, you have to be able to have a frank discussion.”

Peter Hotez, MD, PhD

Pediatrics

Dr. Hotez, one of the most visible and outspoken physicians on the side of science and evidence during the pandemic, said we need to call widespread and carefully orchestrated misinformation campaigns for what they are—“anti-science aggression” meant to undermine the advice of doctors and experts. For his far-reaching contributions to advance science and medicine, Dr. Hotez, who is dean of the National School of Tropical Medicine and professor of pediatrics and molecular virology and microbiology at Baylor College of Medicine, is a recipient of the AMA’s Scientific Achievement Award, one of the organization’s highest honors, and a nominee for the Nobel Peace Prize.

FOR PHYSICIANS

AMA-led grassroots efforts resulted in 250,000 emails and more than 8,000 phone calls to Congress, pushing lawmakers to take **urgent action in December 2021 to avert devastating Medicare physician payment cuts totaling nearly 10%**. AMA actions helped secure a Physician Fee Schedule increase and temporary sequester relief while blocking a significant Medicare PAYGO reduction in 2022.

The AMA worked together with more than 35 state medical associations across the country to defend the practice of medicine and defeat nonphysician providers’ attempts to inappropriately expand their scope of practice. Our involvement was **critical in defeating bills that would have expanded scope of practice** for nurse practitioners, physician assistants and optometrists—to name a few.

Responding to the urgent needs of physicians during COVID-19, the Current Procedural Terminology (CPT®) Panel team and the **CPT Editorial Panel worked closely with the CDC to issue 19 new CPT vaccine and vaccine administration codes,** along with guidance on their appropriate use.

AMA Insurance partnered with ArmadaCare, a leading insurance program manager, to offer a **new supplemental health insurance program for physician groups**. This move bolstered support for behavioral health and well-being in the face of pandemic-induced stress.

The AMA elevated the voice of leaders and experts who spoke on the importance of science and other critical issues of public health during the pandemic, **securing more than 94 billion media impressions** in the process. This impact underscores the AMA as the leader among U.S. health care organizations in media share of voice during COVID-19.

In another top-priority state advocacy issue, the AMA **worked in collaboration with state medical associations and national medical specialties to reduce the burden of prior authorization** on patients and physicians. Prior authorization legislation based on the AMA’s model bill was introduced in several states and enacted in Illinois and Georgia.

Since its launch in May 2021, **two dozen state and specialty society partners have joined the AMA Telehealth Immersion Program**. This program—through its "Telehealth Quick Guide," "Telehealth Implementation," "Telehealth Educators" and "Remote Patient Monitoring Implementation" playbooks—has enabled thousands of physicians to improve their understanding of telehealth and streamline its implementation into their practices.

The AMA **worked with the CDC to provide innovative and highly effective infection control training for physicians** and other frontline health care workers through Project Firstline.

The AMA-convened Digital Medicine Payment Advisory Group **launched an augmented intelligence taxonomy** that provides needed structure and direction to this evolving area of organized medicine.

The AMA **created a broad range of research and resources dedicated to professional well-being and physician practice viability**, including authoring or co-authoring 21 peer-reviewed articles, and a whitepaper assessing the factors that create and sustain high-performing physician-owned practices. Additionally, more than 40 health systems were singled out during the first full year of the AMA Joy in Medicine™ Health System Recognition Program, which offers a roadmap to boosting physician satisfaction.

The AMA **expanded its Behavioral Health Integration (BHI) initiative to help physician practices better meet patients' mental and physical health needs** with 10 new webinars, six podcasts, four practice how-to guides, and an updated "BHI Compendium" outlining the initial steps of integrated behavioral care delivery. Additional resources to support private practice physicians included on-demand webinars and a live educational session during the AMA November Special Meeting.

The popular **AMA STEPS Forward® online training program expanded** with eight new toolkits, 17 updated toolkits, more than two dozen webinars and 14 podcasts.

"Remember how much of a trusted voice you are in people's lives. You may not be at their dinner table. You may not be going home with them, but they are seriously taking what you tell them and they are sharing that with their loved ones and using that information to make decisions about their own lives and the lives of the people they care about."

Jerry Abraham, MD

Family medicine

Member, AMA Council on Constitution and Bylaws

A family physician from Los Angeles, Dr. Abraham stresses the importance of physicians remembering the profound trust patients place in them. "When you decide step up and speak out, your patients will trust you and they'll do the right thing."

"When the pandemic started and it looked like it was going to be politicized, I wanted to make sure that I got information out in nonpartisan ways so people could trust me as a physician and think, 'Okay, this goes beyond the politics that we're seeing. This is somebody that we know, we trust her credentials, we trust what she has to say.'"

Megan Srinivas, MD, MPH

Infectious disease

Member, AMA Council on Medical Service

Dr. Srinivas is focused on addressing disparities in health resource allocation. She is a respected voice on reaching patients from diverse backgrounds, saying that physicians need to approach that work in a simple and straightforward way.

"We have to tailor our approach to them. Explain to them how exactly the mRNA virus works, but do it in a culturally competent way that touches the population that you are trying to [reach]," Dr. Srinivas said.

FOR PATIENTS

AMA advocacy and legal efforts **played key roles in informing decisions on federal vaccine and testing mandates, access to COVID-19 vaccines for young people, protection from eviction during the pandemic and provider liability for COVID-19-related care**. The AMA's friend-of-the court brief was cited favorably by the U.S. Supreme Court in its decision rejecting challenges to the CMS vaccine mandate.

The AMA became **an important voice nationally about advancing equity and racial justice in medicine** with the launch of its multiyear strategic plan to embed equity across the organization and in all its actions.

The AMA was a tireless advocate for physicians in federal and state legal issues, and **our legal arguments and medical expertise proved instrumental in dismissing attempts to undermine the Affordable Care Act** and laws that would harm transgender youth.

The AMA partnered with the Ad Council and outside organizations in four national public service **campaigns designed to build confidence for COVID-19 vaccines, promote flu vaccination, and encourage more people—particularly from historically marginalized communities**—to better understand their risks for prediabetes and to take control of their heart health through self-monitoring blood pressure and conversations with their doctors.

The AMA successfully lobbied for use of the Defense Production Act to boost production of personal protective equipment, vaccines and onshore production of rapid COVID-19 tests. **AMA advocacy also successfully called for expanded testing and increased FDA Emergency Use Authorizations**.

Through its role as a plaintiff in two separate lawsuits, **the AMA helped achieve favorable government action involving both the regulation of menthol cigarettes and the Title X program**.

The AMA contributed to the Robert Wood Johnson Foundation's National Commission to Transform Public Health Data Systems, which promises to modernize data collection in order to better target interventions and resources.

The AMA built on its industry-leading work to stem the rise in chronic disease, especially in historically marginalized communities, by **co-authoring 14 publications on inequities in blood pressure control and providing direct support to physicians, patients and health care teams nationwide**.

A pandemic-inspired shift to virtual coaching **helped more health care organizations implement AMA MAP BP™**, our evidence-based quality improvement program that helps health care organizations improve blood pressure control.

The AMA's national **"Release the Pressure" initiative, designed to provide Black communities with the knowledge and resources to achieve optimal heart health**, provided self-measured blood pressure training to more than 72,000 Black women.

"COVID-19 has reminded all of us just how important our voice is, as advocates for science, evidence and most of all, for our patients' good health."

Bobby Mukkamala, MD

Otolaryngology

Chair, Board of Trustees, American Medical Association

Dr. Mukkamala is an otolaryngologist from Flint, Mich., who has been clear-eyed in recognizing the layers of complexity associated with the pandemic, noting how it has placed "an uncomfortable spotlight on many longstanding problems within our health care system, but it has also brought out the very best in our physician community."

"No venue is too small, whether it's going to your child's elementary school and talking about vaccines or picking up the phone and calling an editor of an article. Don't let any misinformation go by without responding to it."

Paul Offit, MD

Pediatrics

An attending physician within Children's Hospital of Philadelphia Division of Infectious Diseases, Dr. Offit lives by his own words. One of the most knowledgeable and vocal champions for childhood vaccinations throughout the pandemic, Dr. Offit has said influence can happen wherever a physician is willing to speak out. It's critical not to let misinformation go unchallenged.

FOR THE PROFESSION

The AMA Ed Hub™, an industry-leading online education platform, **had more than 6.4 million views and kept physicians informed on COVID-19, physician wellness, telemedicine, diabetes prevention, health equity** and a host of other topics. AMA Ed Hub content now includes education from 24 organizations in addition to the AMA.

With nearly 4 million visits to its website in 2021—and a popular podcast—the *AMA Journal of Ethics*® **provided expert ethical guidance to help physicians and medical students navigate complex decisions across a broad range of subjects**. And a new series of videos and podcasts addressed ethical dilemmas triggered or exacerbated by the pandemic.

The AMA created a cross-sector Equity and Innovation Advisory Group, **launched a series of equity-focused educational modules for CME credit on the AMA EdHub, and partnered with the Association of American Medical Colleges** to launch a language guide to help physicians better understand the role dominant narratives play in medicine.

Seeking to harness the power of health data through a common framework, the AMA's Integrated Health Model Initiative was a critical contributor to the development of a national mandated standard for social determinants of health, positioning the AMA as a leader in this growing and increasingly important field.

The AMA's JAMA Network expanded its family of specialty journals with the launch of *JAMA Health Forum*, a peer-reviewed, open-access online journal focusing on health policy, health care systems, and global and public health. Meanwhile, **the JAMA Network® itself surpassed the 100-million mark of total sessions for the second straight year**, aided by its Coronavirus Resource Center, which has proven an essential and trusted source of information for physicians, researchers and patients.

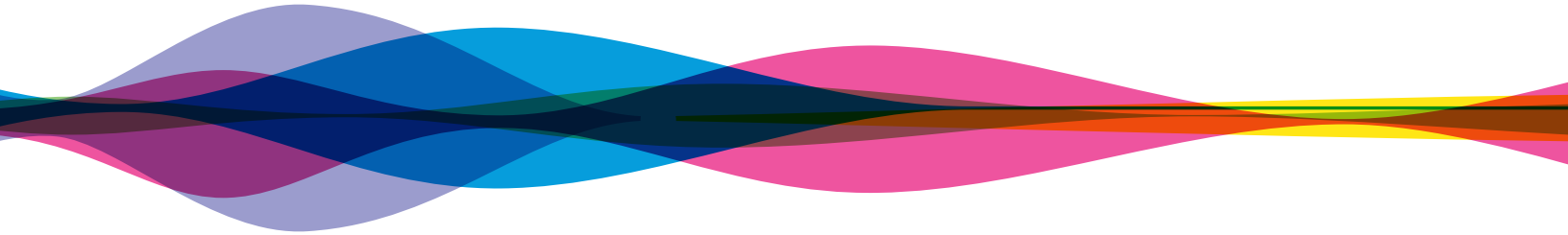
The AMA's yearslong effort to reinvent medical school education across the continuum supported student and resident training in health systems science, telehealth and improvements in the transition from medical school to residency. ChangeMedEd21 drew record attendance, highlighted by the "Bright Ideas Showcase" in which **the AMA funded three grants to boost diversity and dismantle systemic racism in medical education**. A webinar on the impact of structural racism in medicine garnered more than 2,000 views.

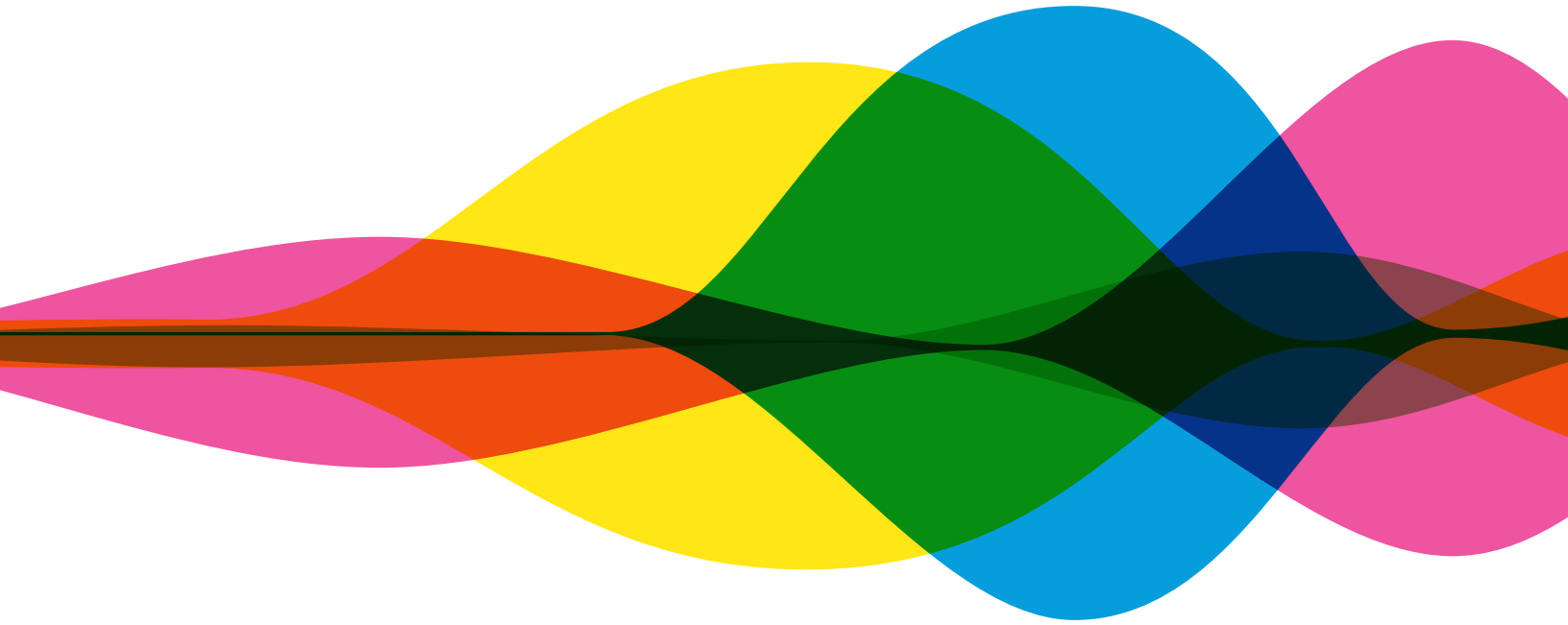
"We are the ones on the frontline and know firsthand the impact misinformation can [have]. Promote accurate and positive information … you never know whose life you may change."

Diana Ramos, MD, MPH

Obstetrics and gynecology

Dr. Ramos is a practicing physician in southern California and an adjunct associate professor of obstetrics and gynecology at the Keck USC School of Medicine in Los Angeles. Sharing personal stories and accurate information is what has helped her connect and make a real difference in the lives of her patients and community during the pandemic. "As physicians, we are the trusted voice. I feel responsible and grateful that I have the AMA as a partner for accurate information."





MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis

Introduction

The objective of this section is to help American Medical Association (AMA) members and other readers of our financial statements understand management's views on the AMA's financial condition and results of operations. This discussion should be read in conjunction with the audited consolidated financial statements and notes to the consolidated financial statements.

Improving the health of the nation is at the core of the AMA's work. In 2021, AMA continued to focus on the strategic arcs of addressing chronic disease, advancing professional development and removing obstacles in health care, through improving health outcomes, lifelong medical education and enhancing physician professional satisfaction and practice sustainability. Our advocacy, health equity and innovation initiatives act as accelerators across all arcs. AMA's foundation is built on science, membership, financial performance, talent and engagement, and marketing and communications.

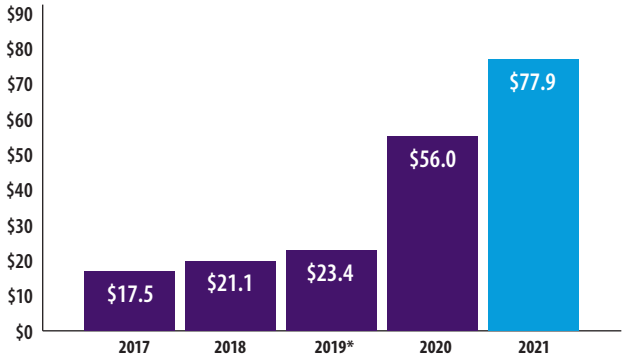
2021 saw great progress on many important activities, including the expansion of AMA's Center for Health Equity, with development of a three year enterprise equity action plan and an internal health equity training curriculum helping to embed health equity in all the work of AMA; continuation of AMA's and the JAMA Network's COVID-19 resource centers as trusted sources for clear, evidence-based COVID-19 guidance; leading a coalition of more than 120 state and specialty societies that resulted in Congress acting to address a combined 9.75 percent in Medicare physician payment cuts set to take effect in 2022 and achieving critical government interventions on issues from the COVID-19 Public Health Emergency; ongoing development of projects in the Integrated Health Model Initiative to enable interoperable technology solutions and care models; spinoffs of four new companies in AMA's business formation and commercialization enterprise in Silicon Valley, Health2047, Inc. (Health2047); and expansion of the AMA Ed Hub, providing trusted, high-quality education to physicians and other members of the health care team who seek to stay current and continuously improve the care they provide.

The COVID-19 pandemic has had an extraordinary impact on AMA's financial results over the last two years, with temporary savings and revenue increases driving operating results to levels materially above any prior years. In 2021, AMA again financially benefitted from cost savings resulting from actions taken to limit the impact of COVID-19 on AMA.

During the first year of the pandemic in 2020, AMA had taken steps to minimize the risk of potential adverse economic effects that might affect AMA's funding and financial condition. These included a freeze on all open positions and limited expansion of activities in the 2021 budget. In early 2021, AMA lifted the freeze on hiring, but like other organizations, experienced challenges in filling positions due to the current tight job market. Savings from personnel costs and reduced travel and in-person meetings, coupled with savings from deferring certain programmatic activities and reduced office-related costs in the remote work environment, kept expenses well below the level budgeted for 2021.

Pro forma net operating results

(in millions)



**Excluding the $36.2 million non-cash pension termination charge*

Looking forward, AMA's 2022 budget assumes that these temporary savings will not recur, and coupled with expansion of certain programmatic areas, expenses will increase to normal levels, resulting in operating income at the board approved policy level.

The AMA is committed to its responsibility to ensure that the organization focuses its finite resources on its core mission activities and strategic arcs while improving the quality and breadth of products and services for physicians and medical students. Our physicians' and medical students' presence and voice are central to the overall success of our AMA.

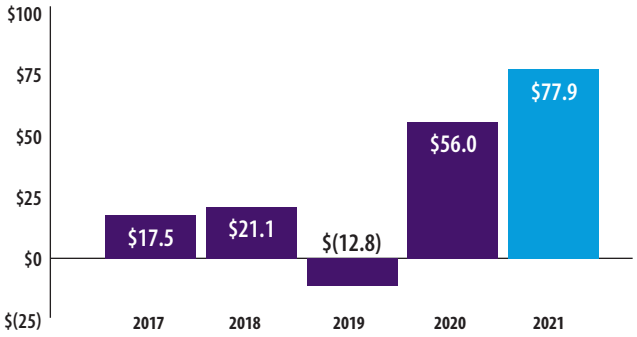
The following pages discuss the 2021 consolidated results from operations, financial position and cash flows, as compared to 2020. Additional detailed discussion of operating unit results is included in the section titled "Group Operating Results."

Consolidated financial results

Results from operations

Net operating results

(in millions)



As noted above, the freeze on hiring and lack of travel and meetings and closed offices again reduced spending in 2021, while at the same time, revenue rose by over six percent, driving AMA's net operating income to $77.9 million. AMA does not expect to continue the limitations on spending throughout 2022 and future results are expected to be more modest.

In 2019, the AMA finalized termination of its defined benefit pension plan, providing lump sum payments to individuals that elected that option and purchasing a group annuity plan for participants that chose to remain in the plan. AMA recorded a $38.2 million noncash reclassification of prior actuarial losses from non-operating expense to operating expense, titled pension termination expense, as well as reclassifying a $2 million noncash tax benefit to income tax expense that was previously reported as a non-operating credit.

Excluding the $36.2 million noncash pension termination expense (net of the $2 million tax credit), AMA would have reported $23.4 million in net operating income for 2019.

Results discussed below reflect AMA's actual results from operations in 2021 as compared to 2020. Any pro forma charts exclude the impact of the pension termination on 2019 results.

Revenues

In 2021, total revenue improved by $26.3 million over the prior year, due to continued growth in AMA's royalties, as well as journal advertising, site licensing and open access fees. Coding book sales declined slightly during 2021, as AMA exited the retail coding book business, with all future sales going through third party distributors.

Consolidated investment income, which is dividend and interest income, net of management fees, was largely unchanged with higher dividend income offset by higher management fees due to growth in the portfolio size. Market gains or losses are not included in investment income and are reported as non-operating results.

The number of AMA dues paying members increased in 2021 by 2.7 percent, achieving 11 years of consecutive growth in membership. Over that period, AMA dues paying members increased by over 75,000.

Although increases occurred in lower dues paying categories such as group memberships and sponsored memberships, dues revenue rose by over 1 percent in 2021.

Cost of products sold and selling expenses

All variable expenses related to the production, distribution and sale of periodicals, books, coding products and licensed products are included in the cost of products sold and selling expense categories. Examples include paper, sales commissions, promotional activities, distribution costs and third-party editorial costs.

In 2021, cost of products sold and selling expenses decreased $3.4 million from the prior year, with reductions in coding book production costs and promotional expenses, as well as the absence of $1.6 million in production costs on a large contract in Health2047 for custom applications completed in 2020.

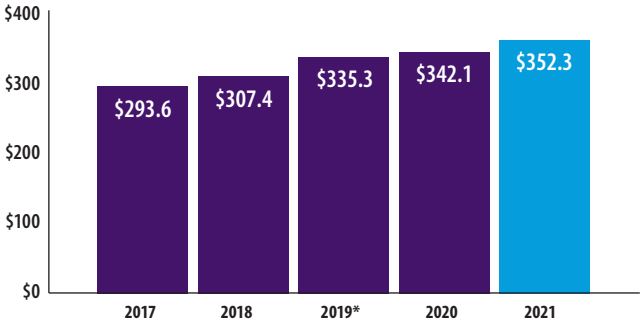
Contribution to general and administrative expenses

Cost of products sold and selling expenses are deducted from revenues to determine the amount of money available for the general and administrative expenses of the organization. Contribution to general and administrative expenses measures the gross margin derived from revenue-producing activities.

The contribution to general and administrative expenses increased $29.7 million to $433.8 million in 2021, with revenue improvements from royalties and journal publishing accounting for most of the change.

Pro forma general and administrative expenses

(in millions)



**Excluding the $36.2 million non-cash pension termination charge*

General and administrative expenses rose only $10.2 million in 2021, or 3 percent, when compared to 2020. This was substantially less than the $47 million budgeted increase for 2021, due to nonrecurring savings related to staffing, travel, office expenses and deferred programmatic activities. The last was largely due to work with health care systems, where capacity was severely strained by the pandemic.

Compensation and benefits increased $15.9 million, or approximately 7 percent. Compensation, including temporary help, was $8.6 million higher in 2021, a 4 percent increase. Fringe benefit costs increased $5.3 million in total, mainly due to higher medical costs, payroll taxes and employer 401k contributions. Limited utilization of healthcare during 2020 drove the prior year's costs down well below normal levels. Higher incentive compensation accounted for $1.1 million of the increase in compensation and benefits as the salary base increased and key performance indicators were achieved in 2021. Recruiting costs also increased after a large decline in 2020 due to the freeze on hiring during the initial pandemic year.

Occupancy costs were unchanged as AMA continued to experience reduced operating costs resulting from closing the office buildings in Chicago and Washington, D.C. during the pandemic.

Travel and meeting costs dropped by $0.5 million in 2021, after a $13.9 million decrease in 2020, again due to the pandemic restrictions.

Technology costs were up $2 million in 2021, largely related to continued development of the AMA Ed Hub and implementation of the Insurance Agency's new policy administration system.

Marketing and promotion costs rose $0.6 million in 2021, mainly focused on membership. Some of the increase is due to a reduced level of solicitation in 2020 during the initial months of the pandemic, as AMA chose to avoid marketing memberships to an overwhelmed healthcare system.

Outside professional services declined $1.4 million in 2021, with Health2047 reducing its use of outside management consultants.

A $6.4 million decrease in other operating expenses was driven by a decline in the Joy in Medicine Recognition programs as well as the cessation of a prior long-term grant program. The absence of a 2020 reserve for lease tax assessed by the City of Chicago on hosted solutions used by AMA was also a large factor in the overall decrease in this category.

Operating results before income taxes

The AMA reported $81.5 million in pre-tax operating income in 2021. That compares to $62 million in 2020, with substantially reduced expenses in both years due to pandemic restrictions on travel and meetings, staffing freezes and tight labor markets. A $26.3 million increase in revenue, coupled with lower product and selling costs, was only partially reduced by the general and administrative expense increases described above.

Income taxes

Taxes decreased $2.4 million in 2021 when compared to 2020, reflecting a reversal of reserves previously established for taxes and currently deemed unnecessary due to completion of tax audits, as well as lower taxable income in the taxable subsidiaries.

Net operating results

Net operating income was $77.9 million in 2021 compared to $56 million in 2020, driven mainly by improved revenues net of small expense increases.

Non-operating items

The AMA reported an $82.8 million gain in the fair value of its portfolio during 2021 after a $58.4 million gain in 2020.

As a result of an accounting standard adopted in 2019 for postretirement benefit plans, non-operating results include $3.9 million and $2.5 million in postretirement plan interest expense, recognized actuarial losses and prior service credits for 2021 and 2020, respectively.

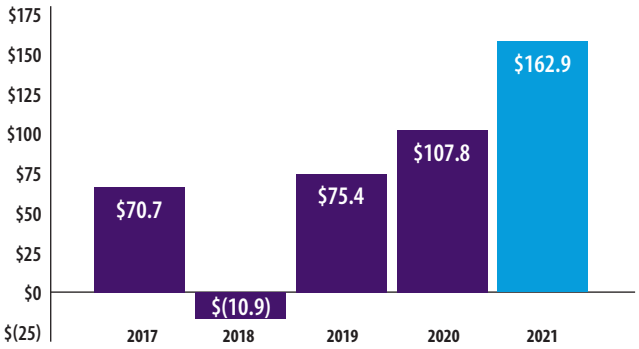
Revenue in excess of (less than) expenses

Revenues exceeded expenses by $157.4 million in 2021, a combination of $77.9 million in operating income, the $82.8 million gain in fair value in the portfolio and

$3.3 million in other non-operating expenses. Revenues exceeded expenses by $112.1 million in 2020, a combination of $56 million in operating income, the $58.4 million gain in fair value in the portfolio and $2.3 million in other non-operating expenses.

Change in total association equity

(in millions)



Accounting standards require organizations to recognize deferred actuarial losses and prior service credits or charges for defined benefit postretirement plans as a charge or credit to equity.

In 2021, AMA recorded a $5.6 million credit to equity reflecting an actuarial gain for the postretirement healthcare plan, net of a reclassification of actuarial losses and prior service credits for the plan to operating expense. The gain resulted from higher interest rates and changes in participants, offset by an increase in baseline claims costs.

In 2020, AMA recorded a $2.8 million charge to equity reflecting an increase in actuarial losses for the postretirement healthcare plan and a reclassification of prior service credits for the plan to operating expense.

The AMA reported a $162.9 million increase in association equity in 2021. This reflects the amount by which revenues exceeded expenses, plus the credit to equity for changes in defined benefit postretirement plans discussed above, as well as a small decrease in donor-restricted equity.

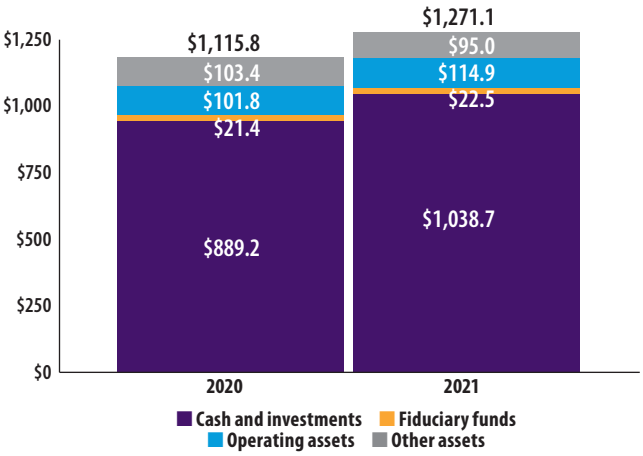
The AMA reported a $107.8 million increase in association equity in 2020. This reflects the amount by which revenues exceeded expenses, less the charge to equity for changes in defined benefit postretirement plans discussed above, as well as a $1.5 million decrease in donor-restricted equity due to release of previously restricted funds.

Financial position and cash flows

The AMA's assets include cash, cash equivalents and investments; operating assets such as accounts receivable, inventory and prepaid expenses; fixed capital such as equipment, computer hardware and software; and other assets. AMA assets are supported by association equity, operating liabilities and deferred revenue.

Assets

(in millions)



The AMA's total assets increased $155.3 million in 2021. This includes a $149.5 million increase in cash and investments resulting from $73 million in free cash flow and an $82.8 million gain in the fair value of investment securities, minus $6.3 million for investments in affiliates.

Fiduciary funds are premium payments from insurance customers not yet remitted to the carriers and funds held by the AMA for third parties for future use as approved by the third parties. This approximates the offsetting liability titled insurance premiums and other fiduciary funds payable.

Operating assets increased $13.1 million in 2021, primarily due to an increase in accounts receivable and prepaid expenses. Changes in operating assets from year to year are largely due to timing of cash flows.

Other assets includes operating lease right-of-use assets, property and equipment and investments in mutual funds maintained in separate accounts designated for various nonqualified benefit plans that are not available for operations. Operating lease right-of-use assets decreased due to amortization of the asset over the life of the lease. Property and equipment net book value also decreased as new capital spending was exceeded by annual depreciation and amortization of existing capital assets.

Operating liabilities decreased $6.2 million in 2021, as decreases in the postretirement health care plan liabilities, lease liability and income taxes payable were partially offset by increases in accounts payable, accrued expenses and other liabilities as well as accrued payroll and employee benefits.

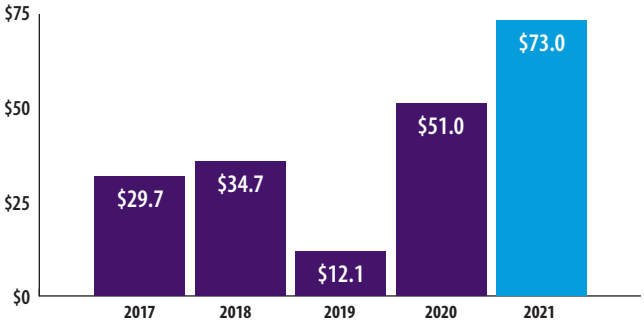
Deferred revenue represents funds received during the year that will not be recognized as income until the following year or thereafter. These amounts vary, as well as accounts payable and accrued expenses, depending on the timing of cash receipts and payments.

Cash flows

Cash, cash equivalents and donor-restricted cash decreased $2.9 million in 2021 and increased $4.1 million in 2020. This comparison may cause misleading conclusions, as the change in cash and cash equivalents includes reductions for amounts invested in marketable securities, as well as cash inflows from non-operating activities.

Free cash

(in millions)



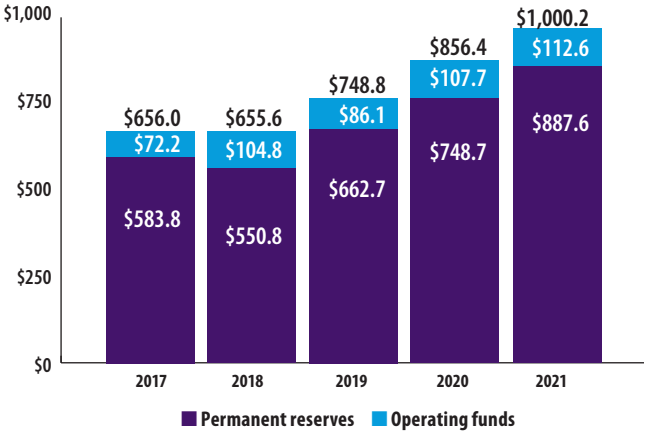
Free cash flow measures the AMA's ability to fund operations, capital expenses and major programmatic initiatives from funds generated from operations. This measure excludes non-operating gains and losses.

Free cash in 2021 totaled $73 million, substantially higher than the 2020 results, driven by a $19.6 million increase in cash from operations and lower capital spending. The increase in cash from operations was mainly due to improved operating results.

Reserve portfolios

Reserves

(in millions)



The reserves and operating funds above do not include cash and investments in the for-profit subsidiaries and reflect only the not-for-profit entity's cash and investment portfolio values.

As of year-end 2021, the reserve portfolio's value was $887.6 million compared to $748.7 million in 2020, a $138.9 million increase. That increase was mainly the result of an $84.3 million gain in the fair value of the reserve portfolios plus a $54.2 million transfer of 2020 excess operating funds to reserves. Operating funds totaled $112.6 million in 2021, up $4.9 million from 2020.

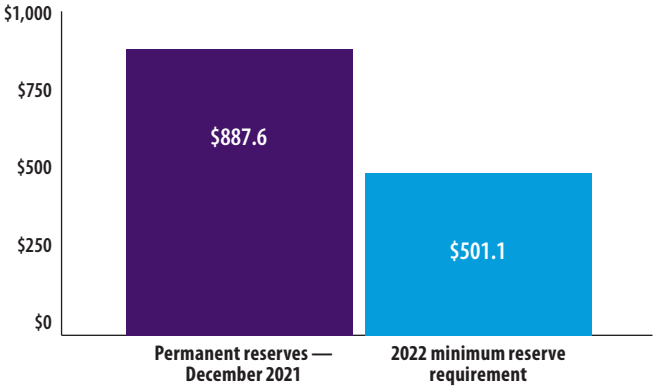
The AMA has established a required minimum reserve investment portfolio level that is adequate to cover 100 percent of annual general and administrative expenses (excluding grant expenses) plus an amount sufficient to pay long-term postretirement and lease liabilities (net of the right-of-use asset value). Operating funds, coupled with operating assets, are to be maintained at a level that allows payment of all operating liabilities.

The minimum reserve portfolio level is designed to ensure that the AMA can always meet its long-term obligation for postretirement health care, as well as provide that the AMA could continue operations for at least one year in the case of a catastrophic occurrence.

Reserve portfolio funds also provide the AMA with the ability to fund major strategic spending initiatives not within the operating budget. Spending from the reserve funds is limited to the amount by which reserves exceed the minimum requirement. The Board of Trustees must authorize any use of reserves.

Permanent reserves and minimum reserve requirement

(in millions)



Group operating results

The AMA is organized into various operating groups: Membership, Publishing, Health Solutions & Insurance, Strategic Arcs & Core Mission Activities, Administration and Operations, Affiliated Organizations, Unallocated Overhead and Health2047 (including subsidiaries). Revenues and expenses directly attributed to those units are included in the group operating results. A financial summary of group operating results is presented at the end of this section. Prior year financial results have been restated to be consistent with the current year reported results for each group.

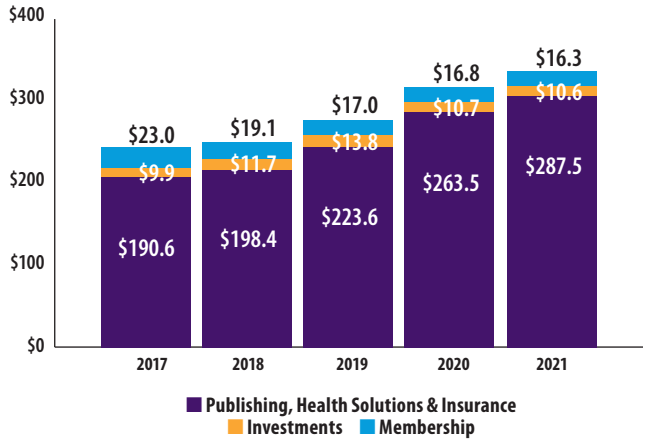
Contribution margin (net expenses)

Contribution margin equals individual group revenues minus cost of products sold, selling expenses, and direct general and administrative expenses such as compensation, occupancy, travel and meetings, technology costs and professional services.

Net expenses equals total spending, net of any revenue produced by the group, such as grants or other fee income. Total contribution margin and net expenses equals consolidated operating results before income taxes. The charts below separate groups with contribution margin from groups with net expenses.

Contribution margin

(in millions)



The contribution margin generated by Membership, Publishing, Health Solutions & Insurance, as well as Investments, provides the funding for all mission-related activities of the AMA as well as funding for all administration and support operations required to run the organization.

Membership

The Membership group's total revenue includes both net membership dues and interest expense on lifetime memberships. Net membership dues include the gross dues revenue collected, reduced by any commissions paid to state societies, and equal the membership dues revenue reported on the statement of activities.

The AMA achieved its eleventh consecutive year of increases in the number of dues-paying members, with dues revenue also increasing. The number of dues paying members increased 2.7 percent and total membership increased 2.3 percent in 2021. Membership growth in 2021 was favorably impacted by expanding use of digital tools to more effectively engage physicians and retain them as lifelong members; group membership marketing; and expanding AMA's reach to physicians through programmatic activities.

Dues revenue was $34.8 million, a $0.4 million increase from 2020. Interest expense on lifetime memberships was zero in 2021 and $0.1 million in 2020.

Membership's contribution margin decreased $0.5 million in 2021 with higher costs resulting from a return to normal marketing efforts, partially offset by the dues revenue improvement. In 2020, AMA had ceased soliciting physician memberships during the first few months of the pandemic.

Publishing, Health Solutions & Insurance

Publications in the JAMA Network include the *Journal of the American Medical Association (JAMA)* and the JAMA Network specialty journals. In recent years, the JAMA Network has launched four new journals: *JAMA Oncology* in 2015 and *JAMA Cardiology* in 2016, which are hybrid journals offering open access options for research articles; *JAMA Network Open* in 2018, a fully open access journal; and *JAMA Health Forum* in 2021, a peer-reviewed, open-access, online journal focused on health policy, health care systems, and global and public health.

Publishing revenues are derived from advertising, subscriptions, site licensing, reprints, electronic licensing, open access fees and royalties. Publishing revenues increased $2.8 million in 2021, with growth in print advertising, journal site licensing and open access fees. Expenses rose $3.6 million during 2021, primarily in compensation and benefits, with two-thirds of that increase in editorial operations. The contribution margin thus declined by $0.8 million to $9.1 million.

Health Solutions includes two major lines: Database Products, and Books and Digital Content.

Database Products includes royalties from licensed data sales and credentialing products revenue. Revenues increased in 2021, up $3.7 million when compared to 2020, driven in large part by new customer contracts. Expenses were down $0.6 million due to the absence of costs for the new technology platform incurred in early 2020. The resulting contribution margin rose by $4.3 million in 2021.

AMA-published books and coding products, such as CPT books, workshops and licensed data files, make up the Books and Digital Content unit. Revenues in this unit increased by $21.8 million. Royalties and digital content sales drove this increase, as the market for electronic use of digital coding products continues to expand. A change in the pricing models and phasing in previous pricing models' changes were also key factors. Coding book sales declined slightly in 2021 as the move from print products to digital continues to adversely impact print product sales. AMA exited the retail print book business in mid-2021, with a limited impact on revenue. Expenses were down slightly in 2021, driven by reduced production and promotional costs. The contribution margin increased by $22.5 million to $209.2 million.

The AMA has two active for-profit subsidiaries, the AMA Insurance Agency (Insurance Agency) and Health2047. The latter is discussed separately at the end of this discussion and analysis.

The Insurance Agency revenues declined by $1.8 million in 2021, mainly due to a second decrease in commission rates to protect the viability of the plan, which allowed the Agency to avoid charging higher premiums to physician customers. The Insurance Agency, as broker, receives a commission on insurance policies sold. Expenses were largely unchanged from 2020 and the contribution margin declined to $20 million from $21.9 million in the prior year.

Other business operations net expenses were up slightly in 2021.

In total, Publishing, Health Solutions & Insurance contribution margin was $287.5 million, up $24 million in 2021.

Investments (AMA-only)

AMA-only investment income includes dividend and interest earnings on the AMA's portfolio. Investment income in AMA's active subsidiaries is included as part of the group results for Publishing, Health Solutions & Insurance and Health2047.

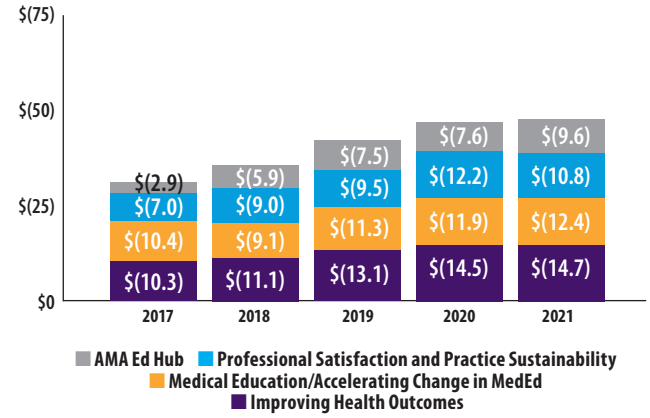
Investments' revenue was $11.3 million in 2021, a $0.1 million decrease over the prior year. Dividend and interest income improved in 2021 but was offset by higher management fees due to the growth in the portfolio value. The contribution margin declined by $0.1 million as well.

The net gain or loss on the market value of investments is not included in operating results but reported as a non-operating item. This amount is in addition to the investment income discussed above. In 2021, AMA reported a net gain of $82.8 million, compared to a $58.4 million gain in 2020. The total investment return, including investment income, on the reserve portfolios was 12.3 percent. That compares to a composite benchmark index of 11.7 percent.

Net expenses

Strategic Arcs

(in millions)



The Strategic Arcs include direct costs associated with the groups for Improving Health Outcomes (IHO), Medical Education including Accelerating Change in Medical Education (ACE), the AMA Ed Hub and Professional Satisfaction and Practice Sustainability (PS2).

IHO focuses on confronting two of the nation's most prevalent issues: Cardiovascular disease and type-2 diabetes, setting a course of innovation and action aimed at reducing the disease and cost burden associated with these selected conditions.

To help prevent type-2 diabetes, the AMA and the Centers for Disease Control and Prevention (CDC) developed a toolkit to help health care teams screen, test and refer at risk patients to in-person or online diabetes prevention programs (DPPs).

The AMA has developed online tools and resources created using the latest evidence-based information to support physicians to help manage their patients' high blood pressure (BP). These resources are available to all physicians and health systems as part of Target: BP™, a national initiative co-led by the AMA and the American Heart Association which has positioned the initiative for national scaling and impact.

In 2021, the focus remained on hypertension and prediabetes outcome goals with groundwork for moving toward cardiovascular disease risk reduction pilots of cloud-based, M.A.P. BP (a three-step program that works to diagnose and manage patients with hypertension) dashboards for healthcare organizations, providing a visual representation of their performance on five key blood pressure metrics, including stratification by ethnicity, race, and gender. Progress continues on implementation of the M.A.P. BP program with healthcare organizations, touching over a hundred thousand patients in 2021: IHO emphasized self-measured blood pressure (SMBP) in light of COVID-19, with a focus on physician tools for effective SMBP. Net expenses increased slightly in 2021.

Advancing Professional Development includes Medical Education/ACE and the AMA Ed Hub.

While the undergraduate medical school consortium grants successfully concluded in 2018, all 32 consortium schools have continued collaboration and new schools have been added to the ACE Consortium each year through focused innovation grants. The consortium of schools has been substantially expanded and now acts as a learning collaborative so that best practices can be developed, shared and implemented in medical schools across the country.

In 2019, the methods and learning from the undergraduate consortium initiative were extended to a new multi-year grant program on graduate medical education, designed to improve the transition from undergraduate to graduate medical education and to maintain and reinforce the positive changes initiated by the undergraduate consortium work. The COVID-19 pandemic reduced the ability to ramp up the residency program as quickly as had been planned and slowed some collaborative efforts, but progress continued on engaging with the ACE community of innovation.

One of the key outcomes of the ACE consortium was the development of Health Systems Science, a foundational platform and framework for the study and understanding of how care is delivered, how health professionals work together to deliver that care, and how the health system can improve patient care and health care delivery. The AMA has created the Health Systems Science Scholars program to cultivate a national community of medical educators and health care leaders who will drive the necessary transformation to achieve improved patient experience, improved health populations and reduced cost of care. Medical Education is also responsible for defining or influencing standards for undergraduate, graduate and continuing medical education and providing support for the Council on Medical Education. There was only a small increase in net expenses during 2021, as travel and meeting costs were again limited.

The AMA Ed Hub, formally launched in 2018, is a platform providing physicians and other health care providers content and educational services that support lifelong professional development. The AMA Ed Hub has unified the AMA education portfolio and has piloted integration of external content providers, launched new content sets

and established internal development plans enterprise wide, including the Health Equity Education Center and the UME Curricular Enrichment Program. The Ed Hub also gives doctors and other health professionals a streamlined way to earn, track and report continuing medical education activities spanning clinical, practice transformation and professionalism topics. Net expenses were up $2 million in 2021 due largely to growth in staffing and enhancements to the technology platform.

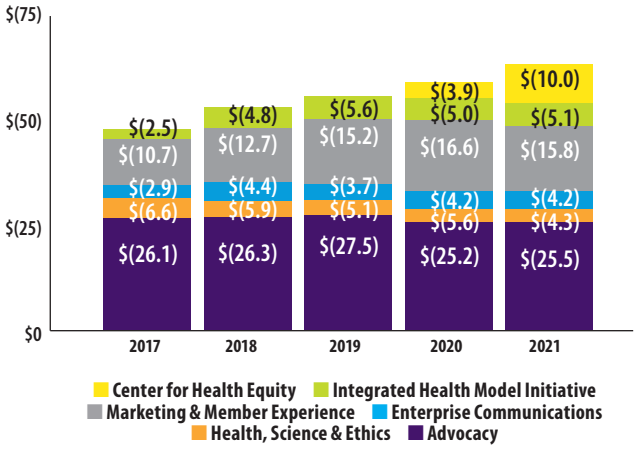
PS2 includes three major streams of work: professional satisfaction/practice transformation, practice sustainability, and digital health, all designed to improve the day-to-day practice and professional experience of physicians and remove obstacles to care.

The goals of this group are to promote successful models in both the public and private sectors. This includes expanding research of credible practice science, creating tools and other solutions to help guide physicians, care teams and health system leaders on developing and implementing strategies to optimize practice efficiencies, reduce burnout and improve professional well-being; ensuring the physician perspective is represented in the design, implementation and evaluation of new health care technologies; and shaping the evolution of payment models for sustainability and satisfaction.

In 2021, over 350,000 physicians and residents were impacted by PS2 efforts as measured by the number of physicians impacted by AMA organizational and COVID assessments in practices/departments/units participating in collaborative training efforts across topics; attendees at workshops, boot camps, webinars, or other training sessions; physicians in the Joy in Medicine Health System Recognition Program organizations; number of STEPS Forward users; and physician connections with tech companies via the Physician Innovation Network. In 2021, net expenses declined by $1.4 million. This is driven almost entirely by decreases in Practice Transformation Initiative grants, as the program will be redirected toward research in future years.

Core mission activities

(in millions)



Core Mission Activities includes six groups: Advocacy; Health, Science & Ethics; Center for Health Equity; Integrated Health Model Initiative (IHMI); Enterprise Communications; and Marketing & Member Experience (MMX).

Advocacy includes federal and state level advocacy to enact laws and advance regulations on issues important to patients and physicians; economic, statistical and market research to support advocacy efforts; political education for physicians; grassroots advocacy; and maintaining relations with the federation of medicine. Advocacy led the AMA's public sector response to the COVID-19 public health emergency, lobbying to hold physicians harmless from Merit-based Incentive Payment System (MIPS) penalties, doubling Medicare payments for the vaccine, pressing states to allocate vaccines to physician offices and promoting the use of the Defense Production Act to provide personal protective equipment. AMA successfully lobbied to avoid Medicare physician payment cuts, continued work on scope of practice with state medical societies, enacting legislation in several states to reduce the impact of prior authorization, while pressing for federal bicameral prior authorization legislation. In 2021, Advocacy net spending was largely unchanged with similar declines in travel and meetings and occupancy costs in the D.C. offices as had been experienced in 2020.

Health, Science & Ethics, is involved in developing AMA policies on scientific, public health and ethical issues for the House of Delegates (HOD); providing leadership, subject matter expertise and scientifically sound content and evidence that underpins and informs both current and future AMA initiatives in areas such as infectious disease, drug policy and opioid prescribing; overseeing maintenance of the AMA Code of Medical Ethics and publication of the *AMA Journal of Ethics*, AMA's online ethics journal;

and managing the United States Adopted Names (USAN) program, responsible for selecting generic names for drugs by establishing logical nomenclature classifications based on pharmacological or chemical relationships (reported separately in Group Operating Results). In 2020 and 2021, this group led the AMA's COVID-19 efforts by providing subject matter expertise and content, increased grant funding for public health-related work through a multi-million-dollar CDC grant, and developed and launched a strategic plan for precision medicine. Net expenses declined $1.3 million in 2021, due to the absence of a contribution made in 2020 for participating in a national campaign to provide science-based information on vaccines and cessation of multi-year grants to the Physician Consortium for Performance Improvement.

AMA recognized that a key to long-term success in our strategic arcs is increasing our efforts to reduce health and health care disparities. As a result of a 2018 task force report, the AMA sought leadership to embed health equity initiatives as relevant into all strategic priorities and areas of the organization, creating a new group, the Center for Health Equity (CHE). The focus of this newly created group is to elevate AMA's public role and responsibilities to improve health equity. In 2021, CHE released AMA's Strategic Plan to embed racial justice and advance health equity, developed the Principles for Equity Health Innovation, created a Medical Justice in Advocacy fellowship, and implemented CDC's grant to strengthen public health systems and services. During its second full year of operations, efforts focused on establishing an AMA presence in the health equity research literature that reflects our alliances with other organizations and external thought leaders; strengthening AMA assets into place-based community-driven efforts such as the collaborative on Chicago's west side called West Side United; building staff capacity to understand concepts surrounding health equity and to operationalize equity in goal and metric setting; and developing structural competency learning tools. The continued planned growth of CHE in 2021 resulted in a $6.1 million increase in net expenses.

IHMI brings together experts from patient care, medical terminology, and informatics around a common framework for defining and expressing health data. IHMI has been recognized as a leading authority on clinical content standards and is contributing to the development and use of clinical content through collaboration with Health Level 7 (HL7) Fast Healthcare Interoperability Resources (FHIR) , the Gravity Project and others. IHMI also provides technical and strategic capability to facilitate innovation within AMA via a repeatable and efficient path from ideation to market launch. In 2021, IHMI developed and matured social determinants of health (SDOH) and SMBP standards within HL7 and Standards Development Organizations (SDOs) and developed an SMBP software and services solution to pilot in 2022. IHMI net expenses were largely unchanged in 2021.

MMX extends the reach and impact of AMA's mission and advocacy initiatives and strengthens the AMA brand. MMX continues to take on increased oversight for managing the quality, timing and relevance of the experience physicians have at each point of interaction through AMA's digital publishing, health system engagement and member programs. MMX creates or packages AMA's content into digital formats and distributes AMA resources and thought leadership to intended audiences through owned and paid channels, raising awareness of AMA initiatives, resources and accomplishments and elevating the voice of AMA and physicians. In 2021, over 25 million unique individuals accessed AMA's website, a 10 percent increase over the record number of users in the prior year, which were driven by AMA's COVID-19 Resource Center and other compelling editorial, video, and social content developed during 2020 and enhanced in 2021. Net expenses declined $0.8 million in 2021, as media costs were lower than the initial response to the pandemic in 2020.

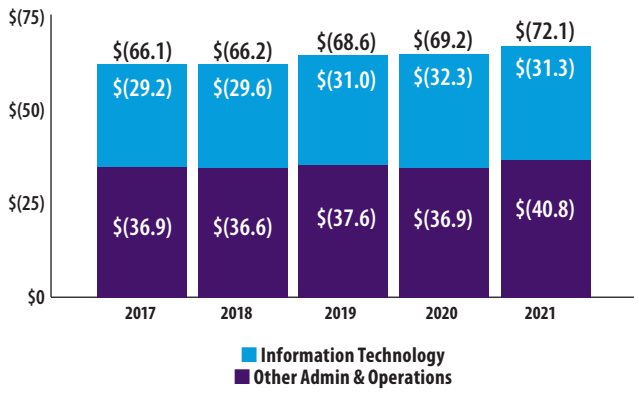
Ongoing responsibilities of the Enterprise Communications area include amplifying the work of individual operating units among their core audiences while providing consistency and alignment with the AMA narrative. Enterprise Communications distinctly communicates AMA's leading voice in science and evidence to embed equity, innovation, and advocacy across the AMA's strategic work throughout health care. Net expenses were unchanged in 2021.

Governance

Governance includes the Board of Trustees and Officer Services, the HOD, Sections and Special Constituencies & International units. The Board of Trustees unit includes costs related to governance activities as well as expenses associated with support of the Strategic Arcs and Core Mission Activities. The HOD, Sections and Special Constituencies & International unit includes costs associated with annual and interim meetings, groups and sections and other HOD activities, as well as costs associated with AMA's involvement in the World Medical Association. In 2021, Governance net spending was up $0.8 million, mainly for virtual meeting costs.

Administration and operations

(in millions)



These units provide administrative and operational support for Publishing & Health Solutions, Membership, Strategic Arcs and Core Activities, as well as other operating groups. Net expenses were up slightly in 2021, an increase of $2.9 million, including a substantial increase in outside legal fees in 2021. Information Technology costs declined, and the remaining units reported mainly inflationary cost increases.

Affiliated organizations

Affiliated Organizations represent either grant or in-kind service support provided by the AMA to other foundations and societies. In some cases, the AMA is reimbursed for services provided. No net expenses were reported in 2021.

Unallocated overhead

The net expenses in this area include costs not allocated back to operating units such as corporate insurance and actuarial services, employee incentive compensation, valuation allowances or other reserves. In 2021, these expenses totaled $29.5 million, down from $32.7 million in 2020. Higher incentive compensation reduced by the absence of a 2020 reserve for the Chicago lease tax on hosted solutions used by AMA were the main factors in the decrease.

Health2047 and subsidiaries

AMA has established a business formation and commercialization enterprise, designed to enhance AMA's ability to define, create, develop and launch, with partners, a portfolio of products and technologies that will have a profound impact on many aspects of the U.S. health care system and population health, with a central goal of helping physicians in practice. The Board approved the use of reserves to establish this subsidiary with plans to use third party resources to assist in funding spinoffs with commercial potential in future years.

Health2047 funds initial projects and moves those that demonstrate commercial appeal into separate companies, along with necessary seed funding for the new companies. After the initial stage, it is expected that these companies should command additional investment from third parties to begin commercialization of the product, either through debt or equity financing. At some point in the future, the spinoffs will be sold or liquidated, at which time, AMA would expect to receive a financial return.

Since 2017, Health2047 has spun off or invested in ten companies, Akiri, Inc. (Akiri), First Mile Care, Inc. (FMC), HXSquare, Inc. (HXS), Zing Health Enterprises, LP (Zing), Medcurio, Inc. (Medcurio), Phenomix Sciences Inc. (Phenomix), Sitebridge Research, Inc. (Sitebridge), Emergence Healthcare Group, Inc. (Emergence), Heal Security, Inc. (Heal) and Recovery Exploration Technologies, Inc. (RecoverX). Akiri and FMC are subsidiaries of Health2047 while the remaining eight entities are not wholly owned or controlled by Health2047 and therefore not consolidated.

Health2047 operating costs, as well as the two subsidiaries, Akiri and FMC, are included in the consolidated financial results reported herein. Health2047's proportionate share of net earnings or loss from four affiliated companies (HXSquare, Emergence, Heal and RecoverX) are reported as one line on AMA's financial statements and included in Health2047's operating results.

Health2047 has less than 20 percent interest in the four remaining companies (Zing, Medcurio, Phenomix and Sitebridge) and investments in these companies are carried at cost.

Third-party financing is expected to cover most long-term future costs for many of these companies.

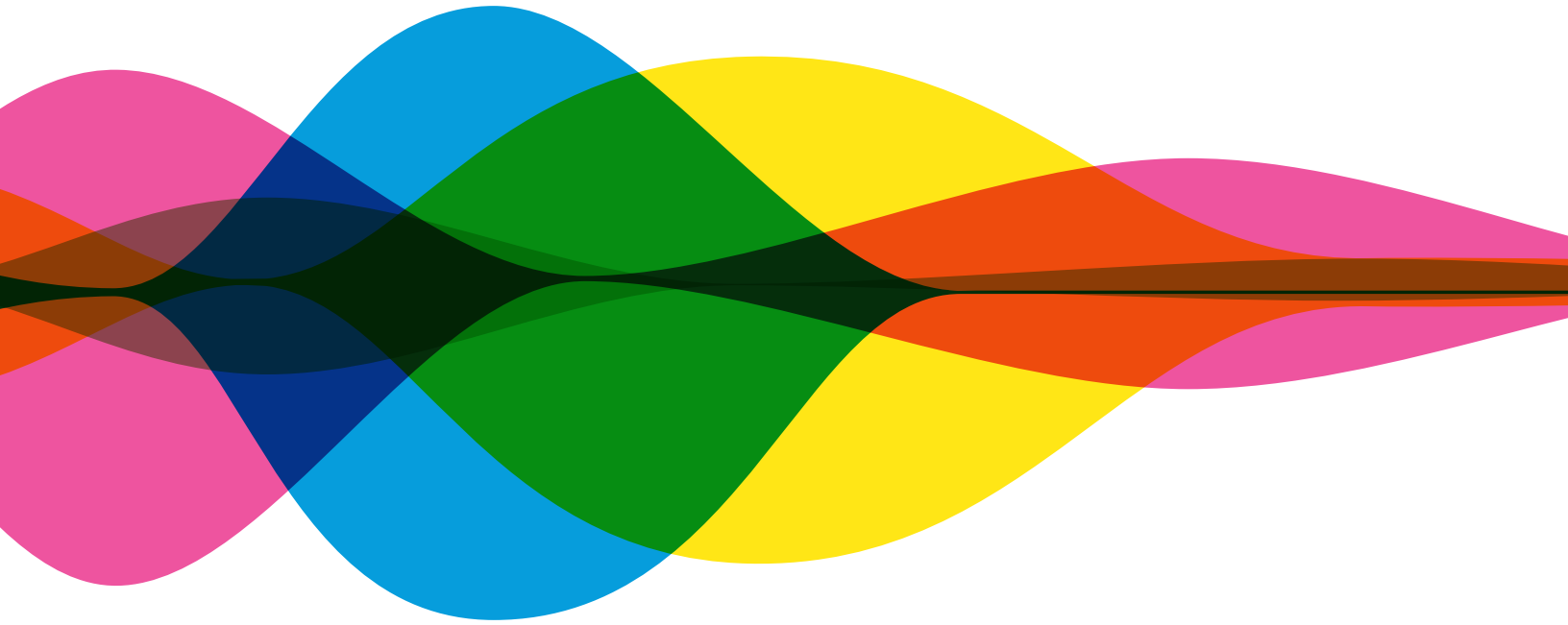
Health2047 revenue in 2021 was $1 million, compared to $2.3 million in 2020. In 2020, Health2047 recognized revenue and associated costs for creating custom applications for a customer, with revenue of $2.6 million. Health2047 reflects its proportionate loss in earnings of affiliates as a contra revenue, totaling $0.6 million in both 2021 and 2020. Health2047 also has investment income in both years.

Expenses declined in 2021 by $2.7 million, of which $1.6 million related to the absence of 2020 costs for the custom applications and $1 million reflected reduced operating costs in Akiri. The cost reductions were partially offset by the revenue decline, with net expenses dropping by $1.4 million in 2021 to $11.3 million.

The summary of group operating results is included on the following page.

American Medical Association group operating results

(in millions)	Revenues 2021	Revenues 2020	Margin (expenses) 2021	Margin (expenses) 2020
Membership	**$ 34.8**	$ 34.3	**$ 16.3**	$ 16.8
Publishing, Health Solutions & Insurance				
Publishing	**67.7**	64.9	**9.1**	9.9
Database Products	**63.4**	59.7	**51.9**	47.6
Books and Digital Content	**233.5**	211.7	**209.2**	186.7
Insurance Agency/Affinity Products	**38.0**	39.8	**20.0**	21.9
Other business operations	**-**	-	**(2.7)**	(2.6)
	402.6	376.1	**287.5**	263.5
Investments (AMA-only)	**11.3**	11.4	**10.6**	10.7
Strategic Arcs & Core Mission Activities				
Improving Health Outcomes	**0.1**	0.1	**(14.7)**	(14.5)
Medical Education/Accelerating Change in Medical Education	**0.3**	0.2	**(12.4)**	(11.9)
Professional Satisfaction and Practice Sustainability	**0.4**	-	**(10.8)**	(12.2)
Integrated Health Model Initiative	**-**	-	**(5.1)**	(5.0)
Advocacy	**0.5**	2.1	**(25.5)**	(25.2)
Health, Science & Ethics	**2.5**	1.0	**(4.3)**	(5.6)
Center for Health Equity	**-**	0.2	**(10.0)**	(3.9)
AMA Ed Hub	**0.3**	0.2	**(9.6)**	(7.6)
Enterprise Communications	**-**	-	**(4.2)**	(4.2)
Marketing and Member Experience	**-**	-	**(15.8)**	(16.6)
United States Adopted Names Program	**4.0**	3.1	**3.3**	2.4
	8.1	6.9	**(109.1)**	(104.3)
Governance				
Board of Trustees and Officer Services	**-**	-	**(5.2)**	(4.9)
House of Delegates, Sections, Special Constituencies & International	**-**	-	**(5.7)**	(5.2)
	-	-	**(10.9)**	(10.1)
Administration and operations				
Information Technology	**-**	-	**(31.3)**	(32.3)
Senior Executive Management	**-**	-	**(4.7)**	(4.5)
General Counsel	**-**	-	**(8.3)**	(6.7)
Finance & Risk Management	**-**	-	**(7.8)**	(7.0)
Human Resources	**-**	-	**(7.1)**	(6.3)
Corporate Services	**-**	-	**(5.4)**	(5.5)
Customer Service	**-**	-	**(3.4)**	(3.2)
Strategic Insights and Planning	**-**	-	**(4.1)**	(3.7)
	-	-	**(72.1)**	(69.2)
Affiliated Organizations	**0.1**	0.1	**-**	**-**
Unallocated Overhead	**1.8**	2.3	**(29.5)**	(32.7)
Health2047 & Subsidiaries	**1.0**	2.3	**(11.3)**	(12.7)
Consolidated revenue and income before tax	**$ 459.7**	$ 433.4	**81.5**	62.0
Income taxes			**(3.6)**	(6.0)
Consolidated net operating income			**$ 77.9**	$ 56.0



CONSOLIDATED FINANCIAL STATEMENTS

American Medical Association and subsidiaries

Consolidated statements of activities

Years ended December 31

(in millions)	2021	2020
Revenues		
Membership dues	$ 34.8	$ 34.4
Advertising	14.4	13.6
Journal print subscription revenues	3.3	3.7
Journal online revenues	31.2	29.8
Other publishing revenue	18.0	16.9
Books, newsletters and online product sales	25.5	25.7
Royalties and credentialing products	270.5	245.1
Insurance commissions	35.0	36.7
Investment income (Note 4)	11.6	11.6
Equity in losses of affiliates (Note 2)	(0.6)	(0.6)
Grants and other income	16.0	16.5
Total revenues	**459.7**	**433.4**
Expenses		
Cost of products sold and selling expenses	25.9	29.3
Contribution to general and administrative expenses	**433.8**	**404.1**
General and administrative expenses		
Compensation and benefits	233.3	217.4
Occupancy	21.1	21.1
Travel and meetings	3.6	4.1
Technology costs	28.0	26.0
Marketing and promotion	18.1	17.5
Professional services	28.7	30.1
Other operating expenses	19.5	25.9
Total general and administrative expenses	**352.3**	**342.1**
Operating results before income taxes	81.5	62.0
Income taxes (Note 9)	3.6	6.0
Net operating results	**77.9**	**56.0**
Non-operating items		
Net gain on investments (Note 4)	82.8	58.4
Defined benefit postretirement plan non-service periodic expense (Note 8)	(3.9)	(2.5)
Other	0.6	0.2
Total non-operating items	**79.5**	**56.1**
Revenues in excess of expenses	**157.4**	**112.1**
Changes in defined benefit postretirement plans, other than periodic expense, net of tax (Notes 8 and 9)	5.6	(2.8)
Change in association equity	**163.0**	**109.3**
Change in donor restricted association equity		
Restricted contributions	0.3	0.3
Net assets released from restriction	(0.4)	(1.8)
Change in association equity – donor restricted	**(0.1)**	**(1.5)**
Change in total association equity	**162.9**	**107.8**
Total association equity at beginning of year	732.0	624.2
Total association equity at end of year	**$ 894.9**	**$ 732.0**

See accompanying notes to the consolidated financial statements.

American Medical Association and subsidiaries

Consolidated statements of financial position

As of December 31

(in millions)	2021	2020
Assets		
Cash, cash equivalents and donor-restricted cash	$ 32.1	$ 35.0
Fiduciary funds (Note 2)	22.5	21.4
Investments in affiliates (Note 2)	7.0	1.0
Accounts receivable and other receivables, net of an allowance for doubtful accounts of $0.2 in 2021 and $0.4 in 2020	88.5	82.8
Inventories	1.7	2.3
Prepaid expenses and deposits	13.0	10.8
Deferred income taxes (Note 9)	4.7	4.9
Investments (Note 4)	1,006.6	854.2
Property and equipment, net (Note 6)	39.6	43.3
Operating lease right-of-use assets (Note 10)	46.0	52.0
Other assets (Note 5)	9.4	8.1
	$1,271.1	**$1,115.8**
Liabilities, deferred revenue and association equity		
Liabilities		
Accounts payable, accrued expenses and other liabilities	$ 18.6	$ 17.4
Accrued payroll and employee benefits (Note 7)	54.6	48.8
Accrued postretirement healthcare benefits (Note 8)	117.5	120.5
Insurance premiums and other fiduciary funds payable	22.4	21.5
Income taxes payable (Note 9)	-	2.1
Operating lease liability (Note 10)	76.7	85.7
	289.8	296.0
Deferred revenue		
Membership dues	14.6	16.4
Subscriptions, licensing, insurance commissions and royalties	69.4	68.4
Grants and other	2.4	3.0
	86.4	87.8
Association equity	894.9	731.9
Donor-restricted association equity	-	0.1
Total association equity	894.9	732.0
	$1,271.1	**$1,115.8**

See accompanying notes to the consolidated financial statements.

American Medical Association and subsidiaries

Consolidated statements of cash flows

Years ended December 31

(in millions)	2021	2020
Cash flows from operating activities		
Change in total association equity	$ 162.9	$ 107.8
Adjustments to reconcile change in association equity to net cash provided by operating activities		
Depreciation and amortization	12.3	12.6
Postretirement health care expense	5.3	4.0
Noncash operating lease expense	10.1	10.0
Net gain on investments	(82.8)	(58.4)
Equity in losses of affiliates	0.6	0.6
Noncash (credit) charge for changes in defined benefit plans other than periodic expense net of tax	(5.6)	2.8
Bad debt expense	(0.2)	0.1
Other	(1.1)	(0.1)
Changes in assets and liabilities		
Accounts receivable and other receivables	(5.5)	(15.2)
Inventories	0.6	0.4
Prepaid expenses and deposits	(1.8)	(1.9)
Other assets	-	1.6
Accounts payable, accrued liabilities and income taxes payable	(9.4)	(4.7)
Accrued postretirement benefit costs	(2.4)	(1.7)
Deferred revenue	(1.4)	4.1
Net cash provided by operating activities	81.6	62.0
Cash flows from investing activities		
Purchase of property and equipment	(8.6)	(11.0)
Investment in affiliates	(6.3)	(1.5)
Purchase of investments	(662.6)	(636.9)
Proceeds from sale of investments	593.0	591.5
Net cash used in investing activities	(84.5)	(57.9)
Net change in cash, cash equivalents and donor restricted cash	**(2.9)**	**4.1**
Cash, cash equivalents and donor restricted cash at beginning of year	35.0	30.9
Cash, cash equivalents and donor restricted cash at end of year	**$ 32.1**	**$ 35.0**
Noncash investing activities		
Noncash exchange of convertible debt for investment in affiliate (Note 2)	$ -	$ 1.7
Accounts payable for property and equipment additions	$ 0.9	$ 0.9

See accompanying notes to the consolidated financial statements.

Notes to financial statements

For the years ended December 31, 2021 and 2020
(Columnar amounts in millions)

1. Nature of operations

The American Medical Association (AMA) is a national professional association of physicians with approximately 278 thousand members. The AMA serves the medical community and the public through standard setting and implementation in the areas of science, medical education, improving health outcomes, health equity, delivery and payment systems, ethics, representation and advocacy, policy development, and image and identity building. The AMA provides information and services to hundreds of thousands of physicians and includes journal and book publishing, physician credentialing, database licensing, insurance and other professional services for physicians.

The AMA classifies all operating results as revenues and expenses in the consolidated statements of activities. Non-operating items include net realized and unrealized gains and losses on investments, defined benefit postretirement plan non-service expense and other non-recurring income or expense.

Donor-restricted association equity includes contributions restricted for use for scope of practice which are not available for general use by AMA.

2. Significant accounting policies

Consolidation policy

The accompanying consolidated financial statements include the accounts of the AMA and its subsidiaries, AMA Services, Inc., American Medical Assurance Company and Health2047 Inc. (collectively, the AMA).

AMA, through its wholly owned subsidiary, Health2047 has investments in eight companies or limited partnerships. The equity method of accounting is used to account for investments in companies in which the AMA has significant influence but not overall control. The investments are initially recorded at the original amounts paid for common and convertible preferred stock, and subsequently adjusted for the AMA's share of undistributed earnings and losses from the underlying entities from the dates of formation. The investment will be increased or reduced by any future additional contributions and distributions received, respectively. The cost method of accounting is used to account for investments in companies in which the AMA has neither significant influence nor overall control and where the fair value is not readily determinable.

The companies accounted for under the equity method of accounting in 2021 are: HXSquare, Inc., formed in January 2019, Phenomix Sciences Inc. (previously named Health2047 Spinout Corporation), formed August 2020, Emergence Healthcare Group, Inc. (Emergence), formed January 2021, Heal Security, Inc. formed in February 2021, and Recovery Exploration Technologies, Inc., formed August 2021. During 2021, the AMA ceased application of the equity method to account for the investment in Phenomix Sciences Inc. as additional third-party investment resulted in AMA no longer exercising significant influence over this entity.

At December 31, 2021 AMA ownership interest is 20% in HXSquare, Inc., 21.9% in Emergence Healthcare Group, Inc., 33.3% in Heal Security, Inc. and 22.6% in Recovery Exploration Technologies, Inc. At the end of 2021, the book value of the four investments accounted for under the equity method, net of convertible debt, is $2.4 million.

In addition, at December 31, 2021, AMA has an ownership interest of 5.5% in Zing Health Enterprises, LP, 11.8% in Medcurio Inc. (formed February 2020), 14.4% in Phenomix Sciences, Inc. and 18.8% in Sitebridge Research, Inc. (formed January 2021). The investments in these entities are accounted for using the cost method, as AMA holds less than a 20% ownership and does not exercise significant influence over the entities. The book value of the four investments carried at cost at December 31, 2021 is $4.6 million.

Health2047 had investments in four companies or limited partnerships as of December 31, 2020. The companies accounted for under the equity method of accounting in 2020 are: HXSquare, Inc., Zing Health Holdings, Inc. and Health2047 Spinout Corporation. During 2020, the AMA ceased application of the equity method to account for investments in Zing Health Holdings, Inc. and Medcurio Inc. as additional third-party investment in these entities reduced AMA's ownership and holding in convertible debt of Zing Health Holdings, Inc. was converted to Class B shares in the limited partnership. This resulted in AMA no longer exercising significant influence over this entity.

At December 31, 2020, AMA ownership interest was 35.1% in HXSquare, Inc., and 28.9% in Health2047 Spinout Corporation. At the end of 2020, the book value of the two investments accounted for under the equity method, net of convertible debt, was approximately zero.

In addition, at December 31, 2020, AMA had an ownership interest of 14.1% in Zing and 11.8% in Medcurio. The investments in these entities were accounted for using the cost method, as AMA held less than a 20% ownership and did not exercise significant influence over the entities. The book value of the two investments carried at cost at December 31, 2020 was approximately zero.

Use of estimates

Preparation of consolidated financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues and expenses as reflected in the consolidated financial statements. Actual results could differ from estimates.

Cash equivalents

Cash equivalents consist of liquid investments with original maturities of three months or less and are recorded at cost, which approximates fair value.

Fiduciary funds

One of the AMA's subsidiaries, the AMA Insurance Agency, Inc. (Agency), in its capacity as an insurance broker, collects premiums from the insured and, after deducting its commission, remits the premiums to the underwriter of the insurance coverage. Unremitted insurance premiums are invested on a short-term basis and are held in a fiduciary capacity. The AMA also collects and holds contributions on behalf of a separate unincorporated entity with $2.8 million and $2.7 million held at December 31, 2021 and 2020, respectively.

Inventories

Inventories, consisting primarily of books and paper for publications, are valued at the lower of cost or net realizable value.

Property and equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Equipment and software are depreciated or amortized over three to 10 years. Leasehold improvements are depreciated over the shorter of the estimated useful lives or the remaining lease term.

Revenue recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that AMA expects to receive in exchange for those products or services. AMA enters into contracts that generally include only one product or service and as such, are distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Nature of products and services

Membership dues are deferred and recognized as revenue in equal monthly amounts during the applicable membership year, which is a calendar year. Dues from lifetime memberships are recognized as revenue over the approximate life of the member.

Licensing and subscriptions to scientific journals, site licenses, newsletters or other online products are recognized as revenue ratably over the terms of the subscriptions or service period. Advertising revenue and direct publication costs are recognized in the period the related journal is issued. Book and product sales are recognized at the time the book or product is shipped or otherwise delivered to the customer. Royalties are recognized as revenue over the royalty term. Insurance brokerage commissions on individual policies are recognized as revenue on the date they become effective or are renewed, to the extent services under the policies are complete. Brokerage commissions or plan rebates on the group products are recognized as revenue ratably over the term of the contract as services are rendered.

Contract balances

AMA records a receivable when the performance obligation is satisfied and revenue is recognized. For agreements covering subscription or service periods, AMA generally records a receivable related to revenue recognized for the subscription, license or royalty period. For sales of books and products, AMA records a receivable at the time the product is shipped or made available. These amounts are included in accounts receivable on the consolidated statements of financial position and the balance, net of allowance for doubtful accounts, was $85.1 million and $77.7 million as of December 31, 2021 and 2020, respectively.

The allowance for doubtful accounts reflects AMA's best estimate of probable losses inherent in the accounts receivable balance. The allowance is based on historical experience and other currently available evidence.

Payment terms and conditions vary by contract type, although terms generally include a requirement of payment within 30 to 60 days. Some annual licensing agreements carry longer payment terms. In instances where the timing of revenue recognition differs from the timing of invoicing, AMA has determined that these contracts generally do not include a significant financing component.

Prepaid dues are included as deferred membership dues revenue in the consolidated statements of financial position. Prepayments by customers in advance of the subscription, royalty or insurance coverage period are recorded as deferred subscriptions, licensing, insurance commissions and royalty revenue in the consolidated statements of financial position.

Income taxes

The AMA is an exempt organization as defined by Section 501(c)(6) of the Internal Revenue Code and is subject to income taxes only on income determined to be unrelated business taxable income. The AMA's subsidiaries are taxable entities and are subject to income taxes.

3. New accounting standards update

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-14, *Compensation-Retirement Benefits-Defined Benefit Plans-General*. This requires sponsors of postretirement benefit plans to provide additional disclosures, including a narrative description of reasons for any significant gains or losses impacting the benefit obligation for the period, and eliminates certain previous disclosure requirements. The new guidance is effective for the AMA for the year ended December 31, 2022. AMA chose to early adopt this guidance effective December 31, 2021. The early adoption of this standard did not have a material impact on the AMA's consolidated financial statements.

In August 2020, FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)—Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. The amendments in this update are expected to improve, simplify, and enhance the financial reporting requirements for convertible instruments and contracts in an entity's own equity for all entities, including private companies. The new guidance is effective for the AMA for the year ending December 31, 2024. We do not expect there to be a material impact on AMA's consolidated financial statements upon adoption.

4. Investments

Investments include marketable securities and venture capital private equity investments that are carried at fair value.

In determining fair value, the AMA uses various valuation approaches. The FASB's Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset based on market data obtained from sources independent of the organization. Unobservable inputs are inputs that would reflect an organization's assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—Valuations based on quoted prices in active markets for identical assets that the organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from instrument to instrument and is affected by a wide variety of factors, including, for example, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

The AMA uses prices and inputs that are current as of the measurement date, obtained through a third-party custodian from independent pricing services.

A description of the valuation techniques applied to the major categories of investments measured at fair value is outlined below.

Exchange-traded equity securities are valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy.

Mutual funds are open-ended Securities and Exchange Commission (SEC) registered investment funds with a daily net asset value (NAV). The mutual funds allow investors to sell their interests to the fund at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy.

The fair value of corporate debt securities is estimated using recently executed transactions, market price quotations (where observable) or bond spreads. If the spread data does not reference the issuer, then data that reference a comparable issuer are used. Corporate debt securities are generally categorized in Level 2 of the fair value hierarchy.

U.S. government agency securities consist of two categories of agency issued debt. Non-callable agency issued debt securities are generally valued using dealer quotes. Callable agency issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. Agency issued debt securities are categorized in Level 2 of the fair value hierarchy.

U.S. government securities are valued using quoted prices provided by a vendor or broker-dealer. These securities are categorized in Level 2 of the fair value hierarchy, as it is difficult for the custodian to accurately assess at a security level whether a quoted trade on a bond represents an active market.

Foreign and U.S. state government securities are valued using quoted prices in active markets when available. To the extent quoted prices are not available, fair value is determined based on interest rate yield curves, cross-currency basis index spreads, and country credit spreads for structures similar to the bond in terms of issuer, maturity, and seniority. These investments are generally categorized in Level 2 of the fair value hierarchy.

Investments also include investments in a diversified closed end private equity fund with a focus on buyout and secondary market opportunities in the United States and the European Union, as well as investments in a venture capital fund focused on companies developing promising health care technologies that can be commercialized into revolutionary products and services that improve the practice of medicine and the delivery and management of health care. The investments are not redeemable and distributions are received through liquidation of the underlying assets of the funds. It is estimated that the underlying assets will be liquidated over the next four to ten years. The fair value estimates of these investments are based on NAV as provided by the investment manager. Unfunded commitments as of December 31, 2021, and 2020 totaled $76.4 million and $48 million, respectively.

The AMA manages its investments in accordance with Board-approved investment policies that establish investment objectives of real inflation-adjusted growth over the investment time horizon, with diversification to provide a balance between long-term growth objectives and potential liquidity needs.

The following table presents information about the AMA's investments measured at fair value as of December 31. In accordance with ASC Subtopic 820-10, investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

	2021	2020
Level 1 – Quoted prices in active market for identical securities		
Equity securities	$ 474.6	$ 415.2
Fixed-income mutual funds	48.9	19.5
	523.5	434.7
Level 2 – Significant other observable inputs		
Debt securities		
Corporate	116.0	105.7
U.S. government and federal agency	269.1	247.5
Foreign government	28.7	26.3
U.S. state government	0.2	0.2
	414.0	379.7
Level 3 – Significant unobservable inputs	-	-
Other investments measured at NAV – Private equity and venture capital funds	69.1	39.8
Investments	$ 1,006.6	$ 854.2

Interest and dividends are included in investment income as operating revenue while realized and unrealized gains and losses are included as a component of non-operating items.

Investment income consists of:

	2021	2020
Investment dividend and interest income	$ 15.1	$ 14.3
Management fees	(3.5)	(2.7)
	$ 11.6	$ 11.6

Non-operating items include:

	2021	2020
Realized gains (losses) on investments, net	$ 74.8	$ (1.9)
Unrealized gains on investments, net	8.0	60.3
	$ 82.8	$ 58.4

5. Other assets

Other assets include investments in mutual funds maintained in separate accounts designated for various nonqualified benefit plans that are not available for operations. Mutual funds are open-ended SEC registered investment funds with a daily NAV. The mutual funds allow investors to sell their interests to the fund at the published daily NAV, with no restrictions on redemptions. These mutual funds are categorized in Level 1 of the fair value hierarchy. The investments totaled $9.4 million and $8.1 million as of December 31, 2021 and 2020, respectively.

6. Property and equipment

Property and equipment at December 31 consists of:

	2021	2020
Leasehold improvements	$ 38.7	$ 38.7
Furniture and office equipment	19.7	19.5
Information technology		
Hardware	13.5	12.6
Software	97.6	96.4
	169.5	167.2
Accumulated depreciation and amortization	(129.9)	(123.9)
	$ 39.6	$ 43.3

7. Retirement savings plans

The AMA has a 401(k) retirement and savings plan, which allows eligible employees to contribute up to 75 percent of their compensation annually, subject to Internal Revenue Service (IRS) limits. The AMA matches 100 percent of the first three percent and 50 percent of the next two percent of employee contributions. The AMA may, at its discretion, make additional contributions for any year in an amount up to two percent of the compensation for each eligible employee. Compensation is subject to IRS limits and excludes bonuses and severance pay. AMA matching and discretionary contribution expense totaled $7.9 million and $7.4 million in 2021 and 2020, respectively.

8. Postretirement health care benefits

The AMA provides health care benefits to retired employees who were employed on or prior to December 31, 2010. After that date, no individual can become a participant in the plan. Generally, qualified employees become eligible for these benefits if they retire in accordance with the plan provisions and are participating in the AMA medical plan at the time of their retirement. The AMA shares the cost of the retiree health care payments with retirees, paying approximately 60 to 80 percent of the expected benefit payments. The AMA has the right to modify or terminate the postretirement benefit plan at any time. Other employers participate in this plan and liabilities are allocated between the AMA and the other employers.

The AMA has applied for and received the federal subsidy to sponsors of retiree health care benefit plans that provides a prescription drug benefit that is actuarially equivalent to Medicare Part D under the *Medicare Prescription Drug, Improvement and Modernization Act of 2003*. In accordance with ASC Topic 958-715, *Compensation-Retirement Benefits*, the AMA initially accounted for the subsidy as an actuarial experience gain to the accumulated postretirement benefit obligation.

The postretirement health care plan is unfunded. In accordance with ASC Topic 958-715, the AMA recognizes this liability in its consolidated statements of financial position.

The following reconciles the change in accumulated benefit obligation and the amounts included in the consolidated statements of financial position at December 31:

	2021	2020
Benefit obligation at beginning of year	$ 120.5	$ 115.4
Service cost	1.5	1.5
Interest cost	2.8	3.2
Benefits paid	(3.8)	(2.9)
Participant contributions	1.2	1.3
Federal subsidy	0.2	0.1
Actuarial (gain) loss	(4.9)	1.9
Accrued postretirement benefit costs	$ 117.5	$ 120.5

The postretirement health care plan accumulated losses and prior service credits not yet recognized as a component of periodic postretirement health care expense, but included as an accumulated charge or credit to equity as of December 31 are:

	2021	2020
Actuarial losses	$ 21.6	$ 27.8
Prior service credits	-	(0.3)
	$ 21.6	$ 27.5

Actuarial assumptions used in determining the accumulated benefit obligation at December 31 are:

	2021	2020
Discount rate	2.8%	2.5%
Initial health care cost trend	6.1%	5.64%
Ultimate health care cost trend	4.0%	4.5%
Year that the rate reaches the ultimate trend rate	2045	2038

AMA recognizes postretirement health care expense in its consolidated statements of activities. The service cost component is included as part of compensation and benefits expense and the other components of expense are recognized as a non-operating item:

	2021	2020
Service cost	$ 1.4	$ 1.5
Interest cost	2.8	3.2
Amortization of prior service credit	(0.3)	(0.7)
Amortization of actuarial loss	1.4	-
	$ 5.3	$ 4.0

Postretirement health care-related changes, other than periodic expense, that have been included as a charge or credit to unrestricted equity consist of:

	2021	2020
Actuarial gains (losses) arising during period	$ 4.8	$ (1.9)
Reclassification adjustment for recognition of actuarial losses	1.4	-
Reclassification adjustment for recognition of prior service credit	(0.3)	(0.7)
Change in unrestricted equity	$ 5.9	$ (2.6)

Actuarial assumptions used in determining postretirement health care expense are the same assumptions noted in the table above for determining the accumulated benefit obligation, except as follows:

	2021	2020
Discount rate	2.5%	3.3%
Initial health care cost trend	5.64%	5.84%

The following postretirement health care benefit payments are expected to be paid by the AMA, net of contributions by retirees and federal subsidies:

2022	$ 3.1
2023	3.4
2024	3.6
2025	3.9
2026	4.1
2027 – 2031	23.5

9. Income taxes

The provision for income taxes includes:

	2021	2020
Operating		
Current	$ 3.7	$ 6.2
Deferred	0.1	-
Valuation allowance	(0.2)	(0.2)
	3.6	6.0
Tax expense related to credits or charges to equity		
Deferred	0.3	0.2
	$ 3.9	$ 6.2

As prescribed under ASC Topic 740, *Income Taxes*, the AMA determines its provision for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for future tax effects of temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax basis.

The deferred tax benefit or charge from credits or charges to equity represents the estimated tax benefit from recording unrecognized actuarial losses and prior service credits for the postretirement health care plan, pursuant to ASC Topic 958-715.

Valuation allowances are provided to reduce deferred tax assets to an amount that is more likely than not to be realized. The AMA evaluates the likelihood of realizing its deferred tax assets by estimating sources of future taxable income and assessing whether or not it is likely that future taxable income will be adequate for the AMA to realize the deferred tax asset. The AMA established an initial valuation allowance in 2009 to reflect the fact that deferred tax assets include future expected benefits, largely related to retiree health care payments, that may not be deductible due to a projected lack of taxable advertising income in future years. Increases or decreases in deferred tax assets, where future benefits are considered unlikely, will result in an equal and offsetting change in the valuation reserve. If the AMA were to make a determination in future years that these deferred tax assets would be realized, the related valuation allowance would be reduced and a benefit to earnings recorded.

Deferred tax assets recognized in the consolidated statements of financial position at December 31 are:

	2021	2020
Benefit plans and compensation	$ 7.3	$ 7.7
Other	(0.1)	(0.1)
	7.2	7.6
Valuation allowance	(2.5)	(2.7)
	$ 4.7	$ 4.9

Cash payments for income taxes were $6.2 million and $4.9 million in 2021 and 2020, respectively, net of refunds.

10. Leases

AMA leases office space at a number of locations and the initial terms of the office leases range from five years to 15 years. Most leases have options to renew at then prevailing market rates. As any extension or renewal is at the sole discretion of AMA and at this date is not certain, the renewal options are not included in the calculation of the right-of-use (ROU) asset or lease liability. AMA also leases copiers and printers in several locations. All office and equipment leases are classified as operating leases.

Operating lease costs totaled $10.1 million in 2021 and $10 million in 2020. Cash paid for amounts included in the measurement of lease liabilities totaled $13.1 million in 2021 and $12.8 million in 2020.

The remaining weighted-average lease term is 7.1 years and 8 years as of December 31, 2021 and 2020, respectively. The weighted-average discount rate used for operating leases is 5% for both 2021 and 2020.

The maturity of lease liabilities as of December 31, 2021:

2022	$ 13.1
2023	12.8
2024	12.4
2025	12.5
2026	12.7
2027 and beyond	28.3
Total lease payments	91.8
Less imputed interest	(15.1)
Present value of lease obligations	$ 76.7

11. Financial asset availability and liquidity

AMA has a formal reserve policy that defines the reserve investment portfolios as pools of liquid net assets that can be accessed to mitigate the impact of undesirable financial events or to pursue opportunities of strategic importance that may arise, as well as provide a source of capital appreciation. The policy establishes minimum required dollar levels required to be held in the portfolios (defined as an amount equal to one-year's general and administrative operating expenses plus long-term liabilities). The policy also covers the use of dividend and interest income, establishes criteria for use of the funds and outlines the handling of excess operating funds on an annual basis.

Dividend and interest income generated from the reserve portfolios are transferred to operating funds monthly and used to fund operations. The formal reserve policy contemplates use of reserve portfolio funds for board approved time- or dollar-limited strategic outlays, to the extent that the reserve portfolio balances exceed the minimum amount established by policy. All surplus funds generated from operations annually (defined as operating cash plus other current assets minus current liabilities and deferred revenue at year end) are transferred to the reserve portfolios after year-end. The reserve policy does not cover the for-profit subsidiaries' activities.

AMA invests cash in excess of projected weekly requirements in short-term investments and money market funds. AMA does not maintain any credit facilities as the reserve portfolios provide ample protection against any liquidity needs.

The following reflects AMA's financial assets as of December 31 reduced by amounts not available for general use that have been set aside for long-term investing in the reserve investment portfolios or funds subject to donor restrictions. AMA's financial assets include cash, cash equivalents and donor restricted cash, short-term investments and long-term investments in the reserve portfolios.

	2021	2020
Financial assets	$ 1,038.7	$ 889.2
Less assets unavailable for general expenditures:		
Restricted by donor with purpose restrictions	-	(0.1)
Restricted by governing body primarily for long term investing or for governing body approved outlays	(887.6)	(748.7)
Financial assets available to meet cash needs for general expenditures within one year	$ 151.1	$ 140.4

In addition to financial assets available to meet general expenditures over the next 12 months, the AMA operates under a policy that requires an annual budget surplus, excluding time- or dollar-limited strategic expenditures approved by the board, and anticipates generating sufficient revenue to cover general ongoing expenditures on an annual basis.

12. Contingencies

In the opinion of management, there are no pending legal actions for which the ultimate liability will have a material effect on the equity of the AMA.

13. Subsequent events

ASC Topic 855, *Subsequent Events*, establishes general standards of accounting for and disclosure of events that occur after the consolidated balance sheet date but before consolidated financial statements are issued or are available to be issued.

For the year ended December 31, 2021, the AMA has evaluated all subsequent events through February 11, 2022, which is the date the consolidated financial statements were available to be issued, and concluded no additional subsequent events have occurred that would require recognition or disclosure in these consolidated financial statements that have not already been accounted for.

14. Functional expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Certain costs have been allocated among the Strategic Arcs and Core Mission Activities, Publishing, Health Solutions and Insurance, Membership and other supporting services.

The expenses that are allocated and the method of allocation include the following: fringe benefits based on percentage of compensation and occupancy based on square footage. All other expenses are direct expenses of each functional area.

	Membership	Publishing, Health Solutions and Insurance	Investments (AMA only)	Strategic Arcs and Core Mission Activities	Governance, Administration and Operations	Health2047 and Subsidiaries	Total
Cost of products sold and selling expense	$ -	$ 25.9	$ -	$ -	$ -	$ -	$ 25.9
Compensation and benefits	5.8	62.4	-	70.1	88.5	6.5	233.3
Occupancy	0.5	5.6	-	6.7	6.8	1.5	21.1
Travel and meetings	-	0.6	-	1.1	1.8	0.1	3.6
Technology costs	1.6	10.4	-	6.3	9.7	-	28.0
Marketing and promotion	9.6	0.4	-	7.5	0.1	0.5	18.1
Professional services	0.1	4.5	0.3	16.6	4.7	2.5	28.7
Other operating expense	0.9	5.3	0.4	8.9	2.8	1.2	19.5
2021 total expense	**$ 18.5**	**$ 115.1**	**$ 0.7**	**$ 117.2**	**$ 114.4**	**$ 12.3**	**$ 378.2**
Cost of products sold and selling expense	$ -	$ 27.7	$ -	$ -	$ -	$ 1.6	$ 29.3
Compensation and benefits	5.5	58.1	-	63.5	84.2	6.1	217.4
Occupancy	0.5	5.7	-	6.7	6.7	1.5	21.1
Travel and meetings	0.1	0.8	-	1.8	1.3	0.1	4.1
Technology costs	1.8	9.6	-	4.4	10.1	0.1	26.0
Marketing and promotion	8.4	0.5	-	7.8	0.2	0.6	17.5
Professional services	0.4	4.9	0.2	16.1	4.3	4.2	30.1
Other operating expense	0.8	5.3	0.5	10.9	7.6	0.8	25.9
2020 total expense	**$ 17.5**	**$ 112.6**	**$ 0.7**	**$ 111.2**	**$ 114.4**	**$ 15.0**	**$ 371.4**

INDEPENDENT AUDITORS' REPORT

The Board of Trustees of American Medical Association

Opinion

We have audited the accompanying consolidated financial statements of the American Medical Association (the "AMA") and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the AMA as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the AMA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the AMA's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the AMA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the AMA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Deloitte & Touche LLP
Chicago, Illinois
February 11, 2022

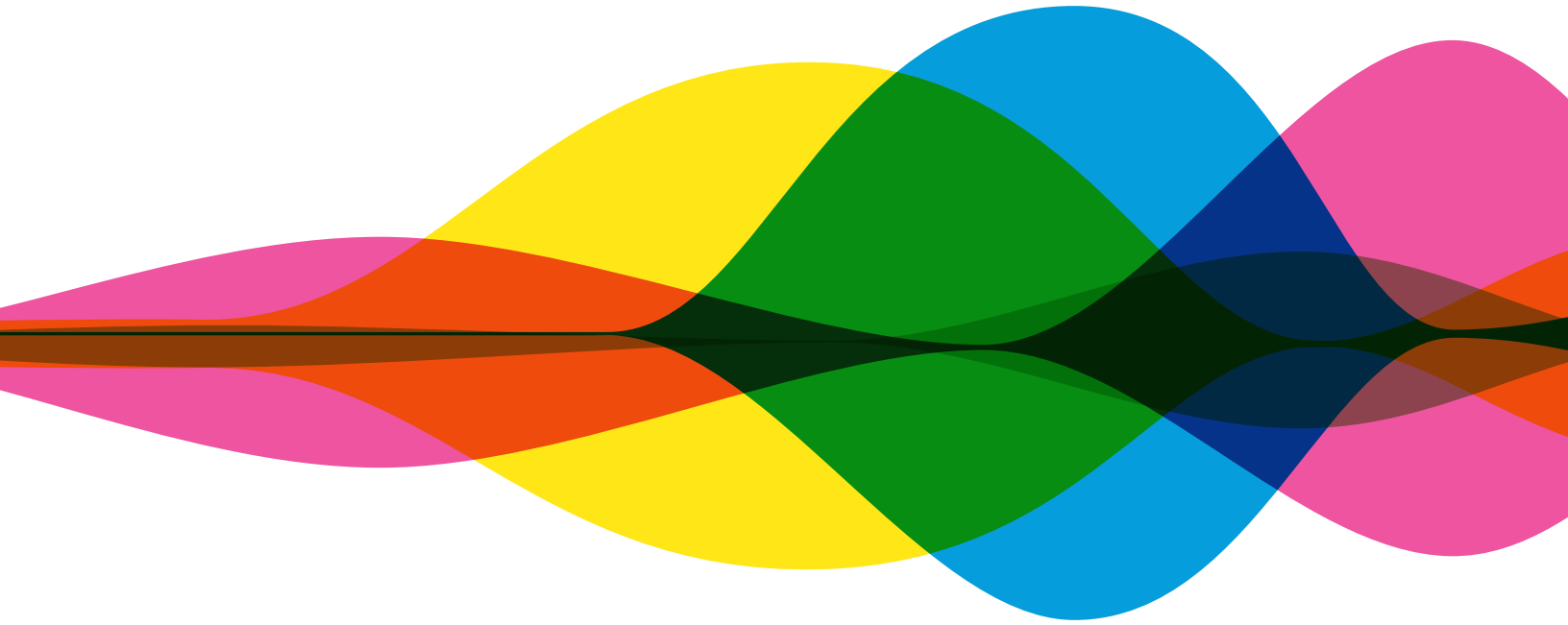
Written statement of certification of chief executive officer and chief financial officer

The undersigned hereby certify that the information contained in the consolidated financial statements of the American Medical Association for the years ended December 31, 2021 and 2020 fairly present, in all material respects, the financial condition and the results of operations of the American Medical Association.

James L. Madara, MD
Executive Vice President and Chief Executive Officer

Denise M. Hagerty
Senior Vice President and Chief Financial Officer

February 11, 2022



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2021–2022 AMA BOARD OF TRUSTEES AND EXECUTIVE LEADERSHIP

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Mario E. Motta, MD

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James L. Madara, MD
CEO and Executive Vice President

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Dr. Fryhofer
Dr. Harmon
Dr. Resneck
Dr. Bailey
Dr. Ferguson
Dr. Scott
Dr. Kridel

Audit Committee

Dr. Scott, *chair*
Dr. Butler
Dr. Edwards
Dr. Motta
Dr. Pastides
Dr. Suk
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Dr. Koirala
Dr. Levin
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Dr. Ehrenfeld
Dr. Ferguson
Dr. Fryhofer *(ex-officio w/vote)*
Dr. Kridel *(ex-officio w/vote)*
Dr. Mukkamala *(ex-officio w/vote)*
Dr. Suk

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Dr. Aizuss
Dr. Bailey
Dr. Edwards
Dr. Ferguson
Dr. Motta
Dr. Resneck

Governance and Self-Assessment Committee

Dr. Scott, *chair*
Dr. Madejski
Dr. Mukkamala
Dr. Resneck
Dr. Suk

Note: Bobby Mukkamala, Chair, Sandra Adamson Fryhofer, Chair-Elect, and, Russ Kridel, Immediate Past Chair, serve on all committees, except where otherwise noted, as *ex-officio* members without vote. Gerald E. Harmon, President, serves on all committees as an *ex-officio* member with vote. President-Elect and Immediate Past President are invited to all committee meetings as a courtesy.

Gerald E. Harmon, MD

Jack Resneck Jr., MD

Susan R. Bailey, MD

Bruce A. Scott, MD

Lisa Bohman Egbert, MD

Bobby Mukkamala, MD

Sandra Adamson Fryhofer, MD

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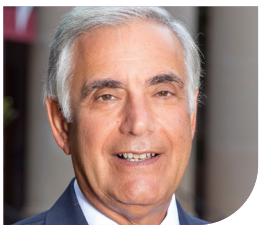

Harris Pastides, PhD, MPH

Michael Suk, MD, JD, MPH, MBA

Willie Underwood III, MD, MSc, MPH

James L. Madara, MD

HB507 Delegate Lewis Sponsor Testimony.pdf
Uploaded by: Delegate Robbyn Lewis
Position: FAV

ROBBYN LEWIS
Legislative District 46
Baltimore City

Health and Government Operations Committee

Subcommittees

Health Occupations and Long Term Care

Public Health and Minority Health Disparities

House Chair

Joint Committee on Program Open Space and Agricultural Land Preservation

THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

The Maryland House of Delegates
6 Bladen Street, Room 424
Annapolis, Maryland 21401
410-841-3772 · 301-858-3772
800-492-7122 *Ext.* 3772
Robbyn.Lewis@house.state.md.us

Sponsor Testimony in Support of HB507 - State Board of Physicians - Supervised Medical Graduates

February 20, 2023

Thank you Chair Griffith, Vice Chair Klausmeier, and members of the Finance Committee. I am Delegate Robbyn Lewis testifying on behalf of HB507. This bill offers a novel yet sensible approach to tackling one component of the healthcare workforce shortage in Maryland and I hope you will support it.

The bill before you focuses on the physician shortage. It will construct a bridge to residency for individuals who have received the Medical Doctor or Doctor of Osteopathy degree and also passed parts 1 and 2 of the US Medical Licensing Exam, but failed to "match" or secure a residency training position. Without this bridge to residency, many of these talented, hard-working, capable individuals deserve a chance to complete their medical training. Our state should invest in them. HB507 will retain this talented cadre and help reduce our state's physician shortage.

The physician shortage is a national problem. In 2021, the Association of American Medical Colleges (AAMC) projects that by 2033 there will be a national shortage of about 100,000 fewer doctors than we need. In Maryland, the shortage has persisted for decades. We have about 26,000 actively practicing physicians, most of whom practice in central Maryland, the most populous region of our state. Meanwhile, Western, southern Maryland and the Eastern Shore have long suffered critical physician shortages; according to a 2007 MedChi report entitled the "Maryland Physician Workforce Study" these three regions have had physician staffing levels far below the national level.

Demand- and supply-side forces contribute to the physician shortage. Our country's population is growing older, intensifying the demand for the expertise of physicians. At the same time, the supply of practicing physicians is shrinking, as doctors are retiring faster than they can be replaced. Moreover, these days newly trained physicians prefer to pursue careers in medical specialities, rather than primary care.

The scale of the problem is modest, but it matters. Each year, around 430 brilliant people graduate from Maryland's allopathic medical schools. (There are no osteopathic medical schools in our state.) Some of these graduates apply for and "match" into residency training programs right here; others secure training elsewhere. Newly minted medical school graduates from other states often seek opportunities to train here, at one of our many great medical institutions.

Most medical school graduates "match" into a residency training program. But some do not. HB507 focuses on this important group.

Last year, there were about 700 residency slots in Maryland, of which 696 were filled.

Nationally about 5% of allopathic medical school graduates do not receive a residency match offer anywhere, each year. There are many reasons for a failure to match. Funding can sometimes be an obstacle, as can the familiar insidious forces of bias, racism, sexism that also plague other hiring decisions. Those forces are beyond the scope of this bill, however. But because the cost to society of producing a single medical school graduate is so great, it behooves us to ensure a meaningful return. This bill offers a simple, strategic way to do so.

HB507 establishes the supervised medical graduate as new cadre on the health care team. These professionals will perform delegated duties in a health care setting under direct supervision of a licensed physician. The Maryland Board of Physicians will define and adopt regulations for this new cadre of health care providers.

This is an emergency bill, because the annual residency matching process is happening right now. Passage of this bill will enable medical school graduates who do not match this year to continue their training, under direct supervision, and then apply for a residency in the next round.

With that I respectfully request a favorable report on HB507.

Sincerely,

Delegate Robbyn Lewis

District 46, Baltimore City

Maryland House of Delegates

6 Bladen St. Room 424

Annapolis, MD 21401

(o) 410-841-3772

HB 507 - State Board of Physicians – Graduate Regi

Uploaded by: Jake Whitaker

Position: FAV

Maryland
Hospital Association

March 22, 2023

To: The Honorable Melony G. Griffith, Chair, Senate Finance Committee

Re: Letter of Support as Amended - House Bill 507 - State Board of Physicians - Supervised Medical Graduates

Dear Chair Griffith:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment in support of House Bill 507 as amended.

In light of the growing health care workforce shortages, in the fall of 2021, MHA's governing body launched a Workforce Task Force. Hospital leaders, human resources experts, and clinicians from across Maryland joined together to determine how to grow and diversify Maryland's hospital workforce pipeline.

Last year, the Task Force released MHA's 2022 State of Maryland's Health Care Workforce report, which outlines a roadmap to ensure Maryland has the health care workforce it needs now and into the future. One recommendation is for Maryland to create additional pathways for community members to join the health care workforce.

HB 507 would support this goal by creating opportunities for medical school graduates through a regulatory framework developed by the Maryland Board of Physicians. Medical school graduates who are not placed in a medical residency would qualify. This would allow them to work under the supervision of a licensed physician..

Maryland hospitals are at a critical juncture—facing the most significant staffing shortage in recent memory. As such, we need to leverage every available resource, including medical school graduates, to support our health care workforce.

For these reasons, we respectfully request a ***favorable*** report on HB 507 as amended.

For more information, please contact:
Jake Whitaker, Director, Government Affairs
Jwhitaker@mhaonline.org

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Uploaded by: State of Maryland (MD)
Position: FAV

Maryland
DEPARTMENT OF HEALTH

Board of Physicians

Wes Moore, Governor · Aruna Miller, Lt. Governor · Damean W.E. Freas, D.O., Chair

2023 SESSION
POSITION PAPER

BILL NO.:	**HB 507**
TITLE:	**State Board of Physicians – Supervised Medical Graduates**
COMMITTEE:	**Finance Committee**
POSITION:	**Letter of Support**

TITLE: State Board of Physicians – Supervised Medical Graduates

BILL ANALYSIS:
House Bill HB 507 proposes that the Maryland Board of Physicians (the Board) authorize supervised medical graduates to provide delegated duties under direct supervision in accordance with regulations adopted by the State Board of Physicians and generally relating to supervised medical graduates.

POSITION AND RATIONALE:
The Board is submitting this Letter of Support for House Bill HB 507 State Board of Physicians – Supervised Medical Graduates. The Board supports initiatives that aim to integrate qualified individuals into the struggling healthcare workforce in a scope that befits their education and training.

House Bill 507 has similar aims to the current regulation (HO 14-306 and COMAR 10.32.12), where licensed physicians are permitted to delegate specific medical acts to unlicensed individuals. These unlicensed individuals include Assistants and Registered Cardiovascular Invasive Specialists (RCIS), who are currently able to perform technical acts that align with national medical standards and site-specific policies and procedures in specific categories. The Board supports implementing similar regulations for Supervised Medical Graduates to align with this practice.

Legislation similar to House Bill 507 has been passed in other states, but the number of individuals practicing under these laws has been minimal. For example, in Arizona, only 26 permittees have been practicing under the supervision of a physician, according to data from the Arizona Medical Board. The Board has been unable to determine the population of potential Supervised Medical Graduates in Maryland that would be affected by this legislation. However, data exist that nationally, there were a total of 37,425 Residency positions available in 2023, with 7% (2,603) of those positions remaining unfilled. In Maryland, there were a total of 711 residency positions available in 2022, with 2.1% (15) of those positions remaining unfilled. Given the low population and the fact that many of these individuals are already covered by existing regulations (HO 14-306/COMAR 10.32.12), the Board believes that addressing the practice of these Supervised Medical Graduates in regulations rather than the creation of a new licensure category is best.

The Board would like to note that in its current form, HB 507 is listed as an emergency bill set to take effect on the date of its enactment. HB 507 will require the Board to develop and promulgate regulations, a process that requires stakeholder input and substantial time and resources. Therefore, if HB 507 passes as emergency legislation, the Board would appreciate guidance with regard to an appropriate timeline for the development of these regulations.

Thank you for your consideration. For more information, please contact:

Matthew Dudzic
Health Policy Manager
Maryland Board of Physicians
(410) 764-5042

Michael Tran
Health Policy Analyst
Maryland Board of Physicians
(410) 764-3786

Sincerely,

Damean W. E. Freas, D.O.
Chair, Maryland Board of Physicians

The opinions of the Board expressed in this document do not necessarily reflect that of the Maryland Department of Health or the Administration.