GME Funding:
Incentivizing the Creation of Residencies that Address Physician Workforce Shortages

John Dougherty, DO, FACOFP, FAOASM, FAODME
Health Policy Fellow
Medical Education Finance

- History and Background
  - Annually $20 Billion industry
    - $10 Billion in Student Loans
    - $10 Billion in Residency Funding

- Recommendations
- Legislative Efforts
- Stakeholders
  - Overview
  - Perspective
  - Support/Resistance
History and Background

SSA of 1965

1971 Health Manpower Training Act

AAMC: Physician Excess 1996

1997 BBA Residency Cap

AAMC: Physician Shortage 2006

2008 ACA: Campaign Proposal

Source: AAMC Center for Workforce Studies, June Analysis
Undergraduate Medical Education

- 4,861 Additional M.D. Enrollment by 2018
- 3,990 Additional D.O. Enrollment by 2018
Keys to success

- Meets Nations Workforce Needs
  - Address specialty areas of need
  - Geographic disparities
  - Demonstrates Quality

- Cost Effective
  - Budget neutral
  - Return on Investment
  - Decrease student loan burden

- Improves Patient Care Access
Recommendations

- **Funding Formula Adjustments**
  1. Geographic Redistribution
  2. Designated Area of Need
     1. “Differential” applied towards
        - DGME – PRA
        -IME – “c” factor
           
           *Allows these hospitals to pay higher salary or pay towards student loan debt*

     2. Reciprocal decrease PRA and “c” factor for hospitals training physicians not addressing need

- Allow “Cap” to be reset for Hospitals capped at < 10 FTE’s
State Medicare Graduate Education Payments Per Population, 2010

GME Payment Per Population

- $1.94 - $12.20
- $12.21 - $16.00
- $16.01 - $23.27
- $23.28 - $39.07
- $39.08 - $172.85
• May be eligible for both
  1. Geographic Redistribution
  2. Designated Area of Need
Current Legislation

- **The Resident Physician Shortage Reduction Act of 2015**
  - Add 15,000 slots over 5 years
  - H.R. 2124
    - Joseph Crowley (D-NY) Charles Boustany Jr, M.D. (R-LA)
    - S. 1148
      - Bill Nelson (D-FL) Chuck Shumer (D-NY) Harry Reid (D-NV)

- **Title VII Funding for Health Professionals for FY 2016**
  - Burgess (R-TX) DeGette (D-CO)
  - Jack Reed (D-RI)

- **National Health Care Workforce Commission**
  - Required report on physician shortages by 1/1/18

- **Government Accountability Office (GAO)**
  - Study on strategies for increase in health care workforce diversity
Stakeholder Support
## Stakeholder Support

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[Image of elephants and monks]
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Geographic Redistribution

Area of Need Differential

Government

Fed

State

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### Table:
- **AHC**: Association of American Colleges of Healthcare.
- **Other Teaching**: Hospitals not involved in teaching.
- **Non Teaching**: Hospitals involved in teaching.
- **CMS**: Centers for Medicare & Medicaid Services.
- **Medicaid**: Medicaid reimbursement.
- **Private**: Private insurance reimbursement.
- **AMA/AAMC**: American Medical Association/Association of American Medical Colleges.
- **AOA**: American Osteopathic Association.
- **IMGA**: Institute for Medical Group Arrangements.
- **Students**: Support for medical students.
- **Residents**: Support for residents.
- **Fed**: Federal government.
- **State**: State government.
Summary

- Adjust the GME funding formula to financially incentivize residency training in designated areas of need
  - Geographic
  - Specialty

- Anticipated results:
  - Stabilization of GME funding
  - Alleviation of physician workforce shortfalls
  - Environment that encourages innovation in residency education
Questions