

# Top 5 Benefits to Building a Graduate Medical Education (GME) Program

## TALKING POINTS FOR EXECUTIVE LEADERSHIP

### + **QUALITY: Enhances the organization's quality of care.**

- “Residents and physicians must be current on all standards of care, and hospitals with residency programs report a quicker time to see patients, have lower risk-adjusted patient mortality, and, according to a recent study, have higher patient satisfaction.”<sup>1</sup>
  - A recent 2021 research article investigated the effect of starting a residency program at a GME naïve hospital and found that:<sup>2</sup>
    - For the hospitalist group that became the teaching group, the mortality rate decreased significantly from 10 months pre- and the two post-residency periods, while the mortality rate among the non-teaching hospitalist group patients at the same hospital remained unchanged over the same period.
    - No other significant differences between the groups in terms of 30-day readmission rate, complications in care or average cost per care.
  - A 2019 research article found that academic hospitals have higher levels of patient satisfaction on 7 of 11 Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) measures and are equivalent to non-academic hospitals on the remaining 4 measures.<sup>3</sup>

### + **HUMAN RESOURCES: Strengthens physician recruitment, retention, and patient care coverage**

- **Recruitment:** “After establishing GME programs, hospitals report that physician recruitment is easier, produces higher-quality candidates, and can save the hospital substantial amounts in recruitment costs for every resident they hire.”<sup>1</sup>
  - Recruitment costs include not just the estimated \$100,000 to “get someone in the door” but also onboarding costs i.e., “the cost to train, credential, market and onboard a physician” and can range from \$200,000 to \$300,000.<sup>4</sup>

- **Retention:** “Faculty physicians might feel more prestige, might avoid burnout, and might experience greater overall wellness as teaching provides additional career satisfaction. In addition, residents might cover less-desirable call and work schedules and assist with billing documentation.”<sup>1</sup>
  - **Turnover Impact Mitigation:** Significant potential lost revenue is associated with a provider leaving as remaining providers attempt to cover the vacancy. One study showed a 75% decrease in revenue during a general internal medicine physician vacancy. The same study found that organizations can lose \$435,000 in revenue [for one physician] before they can get back to the baseline.<sup>4</sup>
- **Patient Care Coverage:** Resident physicians provide broad institutional patient care coverage, including inpatient and outpatient care, and emergencies.<sup>5</sup>

**+ GME REIMBURSEMENT & FUNDING: Most programs become cost-neutral within 5 – 10 years and can expand the referral base, increase market share, and generate indirect revenue**

- **Significant up-front costs** (with one estimate of about \$2 million for up to 2 years) are necessary to conduct feasibility studies and support startup infrastructure, such as accreditation preparedness and the establishment of a GME leadership team. However, most GME programs become cost-neutral within 5 – 10 years. <sup>1</sup>
- **Eligible for Federal, State, and Grant Funds:** Once established, graduated medical education (GME) programs become eligible for federal, state and grant funds, such as Medicare direct and indirect GME reimbursement, Medicaid GME reimbursement (state-dependent), and Title VII grant funding that can significantly subsidize GME program costs.
  - **For example, the scenario below could generate \$486, 540 in just net Direct GME payments:** <sup>6</sup>
    - Hospital A is a 6/30 fiscal year-end provider with a new Family Medicine program. They have six residents rotating at their hospital in the first year of the program, and all rotations were at their hospital.
    - Cost per resident is \$150,000, but the average Per Resident Amount for Core Based Statistical Area (CBSA) 05 is \$102,000

- Total Medicare Days = 18,500; Total Medicare Advantage Days = 5,000; Total Days = 30,000

- **Expand Referral Base & Market Share:** Direct patient care services provided by residents, such as in ambulatory teaching clinics, can expand the referral base, and for clinics located outside the organization's primary catchment area, can increase market share by bringing in patients that would have otherwise gone elsewhere.<sup>1</sup>
- **Generate Indirect Revenue:** The "multiplier effect" of a family medicine teaching clinic on one academic medical center showed that for every \$1 billed by the family physician faculty and residents, \$6.40 was billed by the consultants and hospital diagnostics and therapeutic services.<sup>1</sup>

### + **CULTURE: Supports the culture of continuous learning.**

- **"Physicians learn when they teach.** Students ask provocative questions. Physicians who teach engage in self-evaluations, self-assessment, critical reflection and self-improvement, all of which are key principles of total quality management."<sup>4</sup> This culture of continuous learning is also essential for patient safety<sup>7</sup> and high reliability organizations.<sup>8</sup>
- **Residents support educational functions beyond GME,** such as the continuing medical education program for medical staff, educational support for nursing and allied health trainees, and the teaching of medical students.<sup>4</sup>

### + **COMMUNITY-Community Benefit and Community Health.**

- Surrounding communities benefit from the medical support for complex care services, such as trauma, and providing accessible care for medically uninsured populations.
  - In 2002, one state policy research center indicated that a single primary care physician in a community results in a direct economic benefit of approximately 1 million per year of practice.<sup>9</sup>
- "Graduates settle near their former training institutions or in adjacent areas and being practice already facile in the knowledge and pragmatic use of local and regional health care resources to the ultimate benefit of the community they serve."<sup>1</sup>

## References

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### Physicians for Healthy California's (PHC) GME Startup Solutions

GME Startup Solutions was launched in December 2020 to provide resources, events and programs that help California communities grow medical residency and GME in underserved areas and for the most needed specialties.

As a part of this work, PHC sponsored the American Medical Association's (AMA) "GME Innovations Summit" and hosted a webinar to share best practices and funding opportunities for developing residency programs. PHC also partnered with the Butte-Glenn Medical Society to deliver an [eight-part webinar series](#) providing technical assistance and solutions to GME-naïve health systems.

Those interested in starting a physician residency program should visit [phcdocs.org/gme-startup-solutions](https://phcdocs.org/gme-startup-solutions) for planning, expansion, innovation, health equity and residency resources, as well as recent media coverage and upcoming events.