

MEDICAL STUDENT ADVOCACY AND REGION CONFERENCE 2019

ISSUE BRIEF: GRADUATE MEDICAL EDUCATION

What is Graduate Medical Education (GME)?

Definition: "Clinical education in a medical specialty...which prepares physicians for the independent practice of medicine in that specialty, also referred to as residency education." Completion of residency training offered by GME programs is a fundamental component of medical education, critical for U.S. physicians to become board certified professionals. *Simply put, GME is the training of all medical residents and fellows.*

History of GME

Before 1940, hospitals paid for residency training. Following WWII, the GI bill was passed which provided federal support for GME. In 1965, Medicare began to cover part of GME based on a 'per-patient' hospital reimbursement. In 1997, the Balanced Budget Act limited the number of residents paid for by Medicare. This "cap" has resulted in a growing mismatch between the number of graduates from American medical schools, available residency positions, and the health needs of our aging population.

The Economics

Graduate Medical Education (GME) is publicly funded through the following federal departments:

- Medicare and Medicaid programs administered through the U.S. Department of Health and Human Services (HHS)
- Teaching Health Center Graduate Medical Education (THCGME) and Children's Hospital Graduate Medical Education (CHGME) programs administered through the U.S. Health Resources and Service Administration (HRSA)
- Department of Veterans Affairs (VA)

Medicare dollars cover approximately 86 percent of training costs through Medicare-administered GME positions and federal matching contributions within the Medicaid program. Additionally, this funding source supports the training of approximately 90,000 graduate medical education positions. It costs between \$112,000-\$129,000/year to train one resident. GME training programs receive two types of funding (see below):

- Direct GME funding: Money used to train a resident including salary, faculty supervision, and accreditation fees.
- Indirect GME funding: Payment intended to cover the higher patient care costs associated with teaching hospitals.

Altogether, physicians contribute \$2.3 trillion dollars in total economic impact per year, with 12.3 million total jobs supported by physicians in the United States. There are currently 736,873 physicians providing patient care with a per-physician average of \$126,129 dollars in state and federal tax revenue annually. Each physician supports an average of 17 jobs in a community, and accounts for 13% of gross state product.

GME Fast Facts

- There is a projected shortage of between 42,600 and 121,300 physicians by 2030 (primary care: 14,800-49,300 physicians, specialty care: 33,800-72,700 physicians)
- 40% of all charity care in the U.S is provided by teaching hospitals
- 61% of all Level 1 regional trauma centers, 40% of neonatal ICUs, 62% pediatric ICUs, and 75% of burn care units are in teaching hospitals
- 89% of AAMC-member teaching hospitals offer AIDS services as compared to 16% of nonteaching hospitals
- The average medical student has \$190,624 in loan debt upon graduating medical school, with a total of 75% of all medical students carrying some amount of loan debt
- During the 2018 "Match," the process by which medical school graduates apply for first-year post-graduate (PGY-1) positions in GME programs across the country, there existed a surplus of approximately 7,000 applicants compared to slots available.

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Bills in the 116th Congress – The Solutions

Responding to the Expected Physician Shortage

The “Resident Physician Shortage Reduction Act of 2019,” ([S. 348](#)) introduced by Senator Robert Menendez (D-NJ) seeks to address the growing physician shortage and strengthen the nation’s health care system by providing 15,000 additional Medicare-supported graduate medical education (GME) positions over five years. The bill would authorize the distribution of corresponding GME positions to hospitals in states with new medical schools, programs training over their current GME lot cap, and those that emphasize training in community-based or in hospital outpatient departments.

Additionally, participating hospitals must ensure that 50 percent of the new GME positions are used for a shortage specialty program, the total number of teaching positions in a given hospital and ratio of residents in a shortage specialty program is not reduced prior to increase. In an effort to increase workforce diversity, the bill also requires the Government Accountability Office to study and analyze strategies for increasing the number of health professionals from rural, lower income, and underrepresented minority communities. The bill has already received bipartisan support in the Senate.

This bill (S. 348) would expand the number of Medicare-supported GME positions by 15,000 over five years, allow further training of the next generation of doctors, and respond to the critical and mounting physician shortage in the United States.

Ensuring Access to Primary Care Service and Training Opportunities

The “Community and Public Health Programs Extension Act of 2019,” ([S. 192](#)) introduced by Senator Lamar Alexander (R-TN) provides five years of mandatory funding for the National Health Service Corps (NHSC), Teaching Health Center Graduate Medical Education (THCGME) program, Community Health Centers (CHC), Special Diabetes Program at the National Institutes of Health (NIH), and Special Diabetes Program for Indians.

The NHSC program provides funding for health workforce activities, such as scholarships and loan repayment to clinicians in exchange for their service in health professional shortage areas (HPSAs). Community Health Centers (CHCs) provide invaluable primary care services, largely in areas considered medically underserved. The THCGME program has helped increase the number of primary care medical and dental residents training in rural and underserved communities. In the current academic year alone, the THCGME program supports 771 residents in 59 primary care residency programs, across 24 states. These centers are located predominantly in Federally Qualified Health Centers (FQHCs) Rural Health Clinics (RHCs), and Tribal Health Centers, which prioritize care for underserved and vulnerable populations. Reports have shown that residents who train at teaching health centers are also more likely to practice primary care and remain in underserved or rural communities, improving patient access to care.

This bill (S. 192) would provide funding for some of our nation’s most critical health programs offering essential and affordable access to primary care and preventative care services for underserved and vulnerable patient populations across the U.S. as well as scholarships and clinical training for medical residents.

The ASK

1. Protect and expand GME funding through support of S. 348, the “*Resident Physician Shortage Reduction Act of 2019*” **OR** consider sponsorship in the House of Representatives.
2. Ensure access to primary care services and training through support of S. 192, the “*Community and Public Health Programs Extension Act of 2019*” **OR** consider sponsorship in the House of Representatives.