PAYING FOR GME

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RESIDENCY REVENUES

- Patient care reimbursements
  - FMC
  - Inpatient, nursing home, other
- Other service reimbursements
- Federal funding (Medicare GME)
- Medicaid GME
- Other federal sources
- State funding
- Grants, foundation support, other sources
Federal funding (Medicare GME)
Medicaid GME
Other federal sources
  – AHECs
  – HRSA / FQHC
    – Teaching Health Center grants
    – PTCE grants
  – Veterans Administration
RESIDENCY REVENUES

- State funding
- Other sources:
  - Community Support
  - Foundation
  - Individual – e.g. naming rights
  - Direct Grants
  - Research
  - Other

- Institutional direct support
Key Findings: **GME Financing**
— An estimated $15B in federal funding

- **Medicaid**: $3.9 billion\(^a\)
- **Medicare**: $9.7 billion\(^a\)
- **U.S. Department of Veterans Affairs**: $1.437 billion\(^b\)
- **Health Resources and Services Administration**: $0.464 billion\(^a\)

Additional unreported funding comes from the Department of Defense, state sources, private insurers, and other private sources.

**NOTE:** All amounts are estimated. \(a\) = data from 2012; \(b\) = data from 2011 and 2013.

**SOURCE:** IOM (Institute of Medicine), 2014. *Graduate Medical Education That Meets the Nation’s Health Needs*. Washington, DC: The National Academies Press. Table 3-1.
Since 1965, Medicare supports residency costs

- $9.7 billion supporting 111,000 residents
- Family medicine - 10,660 residents
- Money goes directly to hospitals, not residency programs
Direct GME = pays for resident salaries, benefits, direct costs

Indirect GME = add-on to offset additional costs of training

Dependent on PRA, geography, # slots available, Medicare %

Slots capped with BBA 1997
- WA $12m - family medicine only
- AK $2m
- MT $2m - with Medicaid match
- ID – $5.5m – including FM, IM, psych
WA STATE SUPPORT

- Per Resident payments
- Distributed through Network
- Programs agree to equal payments per resident
- New funding to expand training programs
- Even with Medicare, Medicaid funding, still do not cover costs
Where are we in the VA GME Expansion?

To meet the ambitious goal of 1,500 new VA GME physician resident positions by August 2019, we must work aggressively and efficiently. We have made progress, but there's still work to be done.

**Choice VA GME expansion timeline**

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We are here

**Year 1 & 2 Milestones**

- During Year 1, OAA allocated over 200 new physician residency positions.
- Over three-quarters of the filled positions were in either primary care or mental health.
- Year 2 allocation adds 168 additional permanent positions to start in July 2016.
- **Years 1 + 2 total = 372 new positions**

With 372 new positions we are almost here:

- Choice deadline

This is where we need to be by 2019

= 100 new allocated VA GME positions
WHAT IS A TEACHING HEALTH CENTER?

- Sec. 5508 of Patient Protection and Affordable Care Act, “Increasing Teaching Capacity”
- “Community based, ambulatory patient care center that operates a primary care residency program”
- Specifically Includes
  - FQHC
  - Community mental health clinics
  - Rural health clinics
  - IHS or tribal health centers
  - Title X clinics
WHY THIS LEGISLATION MATTERS

What does it do?

- GME funds given directly to outpatient site focused on urban and rural underserved primary care with significantly increased accountability measures

Why do we care?

- Prove that residents can be trained in a more cost effective way
- Help pilot new curricula that meet the changing primary care needs of our country
CONTINUED FUNDING FOR THC?

- MACRA temporary fix
- Extends THC funding through 2017
- Reduces per resident to $90000

- Push for Permanent, mandatory funding stream under Medicare for primary care, community-based training
Medicare GME payments based on rigid, statutory formulas which don’t reflect current needs

- Cost-reimbursement model
- Historic inequities
- Tied to inpatient care and subset of patients
- No link to outcomes

Financial impact of sponsoring residency programs is poorly understood
IOM RECOMMENDATIONS

- Keep GME at current levels
- Create GME policy council in HHS and CMS
- Create Operational Fund to support residency positions
- Create Transformation Fund to finance innovations
- Move to a national per resident amount (geographically adjusted)
- Distribute money to a GME sponsoring organization
- Move to performance-based system
- Reassess in 10 years
Figure 1. Flow of GME Funding under IOM Recommendations

Adapted from IOM, “Graduate Medical Education That Meets the Nation’s Health Needs.”
HOW MUCH DOES IT COST TO TRAIN A RESIDENT?

- Roughly $150k per resident per year
- Resident salaries, benefits
- Program Faculty salaries
- Accreditation costs
- Staff and infrastructure
- Recruitment