



SUPPORT HOUSE AND SENATE LEGISLATION TO CONTINUE THE MORATORIUM ON THE GME PROPOSED RULE

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Background: On May 23 CMS issued a proposed rule asserting that Medicaid lacks the “statutory authority” to match payments for graduate medical education (GME) activities. Specifically, if this proposed “GME Rule” were implemented, states would not receive federal Medicaid matching payments for direct graduate medical education (DGME).

CMS estimated that eliminating the federal Medicaid match for DGME would reduce federal outlays by an estimated \$1.78 billion *over 5 years*. Congress responded by imposing a one-year moratorium prohibiting (until May 25, 2008) implementation of the proposed GME rule, as well as implementation of the final rule on Medicaid cost limits/units of government (the “IGT Final Rule”). The proposed GME rule and the IGT final rule are among several regulatory changes issued by CMS in the past year. The other rules affect payments for outpatient care, school/community-based services, and rehabilitation.

Why the Association of American Medical Colleges (AAMC) Opposes the GME Rule

- The proposed GME rule represents a major and abrupt reversal of long-standing federal Medicaid policy. CMS (previously HCFA) has historically and consistently recognized, approved, and matched state Medicaid GME payments.
- State Medicaid programs have historically and consistently supported GME costs. According to a 2005 AAMC survey of state Medicaid programs, 47 states and the District of Columbia provided payments for DGME *and/or* indirect medical education (IME) costs, for a total of \$3.2 billion in federal *and* state support for teaching hospitals.
- Major teaching hospitals and faculty practice groups serve a disproportionately large volume of Medicaid beneficiaries. While representing just 6 percent of all hospitals, major teaching hospitals account for 25 percent of all Medicaid discharges. Any cuts to Medicaid will directly threaten their ability to maintain unique healthcare services that benefit all patients regardless of coverage status.
- GME support has never been more important, given the nation’s impending physician shortage and the aging of the nation’s population. Eliminating payments for physician training is short-sighted and ill-advised.

For More Information

The AAMC Comment Letter on the proposed GME rule is posted at:

<http://www.aamc.org/advocacy/library/teachhosp/corres/2007/062207.pdf>