



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

**AAMC Office of Governmental Relations 202-828-0526** (rev. 3/8/08)

**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.

### **Talking Points**

- 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.

**Action Taken:** Reps. Eliot Engel (D-NY) and Sue Myrick (R-NC) have introduced the AAMC-supported bipartisan “Public and Teaching Hospital Preservation Act” (H.R. 3533), which:

- Extends by one year (until May 25, 2009) the current moratorium prohibiting implementation of the proposed rule eliminating the federal “Medicaid match” for direct graduate medical education (DGME) payments
- Extends for one year (until May 25, 2009) the current moratorium prohibiting implementation of the final rule on Medicaid cost limits/units of government (IGT Final Rule).

Sens. Jeff Bingaman (D-NM) and Elizabeth Dole (R-NC) have introduced similar AAMC-supported bipartisan legislation (S. 2460), which:

- Extends by one year (until May 25, 2009) the current moratorium prohibiting implementation of the proposed rule eliminating the federal “Medicaid match” for direct graduate medical education (DGME) payments
- Extends for one year (until May 25, 2009) the current moratorium prohibiting implementation of the final rule on Medicaid cost limits/units of government (IGT Final Rule).
- Establishes a moratorium (until May 25, 2009) on finalizing the Medicaid proposed rule affecting payments for outpatient hospital services.

**The Legislative Ask:**

- Please ask your House and Senate members to cosponsor/contact leadership in support of the bipartisan H.R. 3533 and S. 2460.
- Ask your House members to contact their colleagues on the Energy and Commerce Committee in support of H.R. 3533.
- Ask your Senate members to contact their colleagues on the Finance Committee in support of S. 2460.
- Be sure to thank any House and Senate members that have cosponsored the bill.

**Some Helpful Suggestions:** When you talk to your Members of Congress about extending the moratorium, it may be useful to

- Quantify your institution’s volume of Medicaid services, in comparison to other providers in your community. Demonstrate how important Medicaid is to your institution’s financial position and mission;
- Quantify your institution’s Medicaid GME payment cut if the GME rule goes into effect. Explain how the reduced funding will affect your overall revenue stream, its impact on your residency programs, including the effect on your plans to address the looming physician shortage, as well as your ability to maintain unique community/regional services that benefit all patients, regardless of coverage status.

For more information, see the AAMC comment letter on the proposed GME rule:

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