

Preserve Medicare Support for Physician Training

Preserving graduate medical education (GME) is essential to ensuring timely access and quality health care services for Medicare beneficiaries

- The current physician shortage will exceed **130,000** doctors by 2025 (in all specialties).
- The Medicare population will grow by **36 percent** over the next 10 years.
- **One in three physicians is expected to retire** in the next 10 years.

Reducing Medicare GME will worsen the physician shortage and hurt local economies

- Proposed GME cuts (60 percent/\$60 billion by Simpson-Bowles Commission; 10 percent/\$9 billion by Obama Administration; and 20 percent/\$20 billion by others) will force teaching hospitals to
 - **Lay-off up to 73,000 staff;**
 - **Close training programs; and**
 - **Eliminate services that operate at a loss,** including those unavailable elsewhere in the community.
- These reductions will result in **fewer physicians, nurses, and other health professionals being trained**, which will directly impact our nation's access to health care, particularly in rural and underserved communities.

Proposed reductions unfairly impact America's teaching hospitals

- **GME cuts disproportionately target teaching hospitals, which comprise only 6 percent of all (5,800) hospitals.** This small group of hospitals provides unique, costly, and often poorly reimbursed health care that benefits all Americans, including
 - **75 percent** of all physician training (GME);
 - **80 percent** of all ACS-certified Level I trauma centers (adult and pediatric);
 - **28 percent** of all Medicaid inpatient care; and
 - **40 percent** of all inpatient charity care.

Other provider cuts under deficit reduction would further exacerbate losses for teaching hospitals

- As major safety net/Medicaid providers, teaching hospitals would bear a disproportionately large portion of any
 - Reductions in Medicare bad-debt reimbursement (up to **\$1 billion** in cuts).
 - Reductions in Medicaid reimbursement, **particularly as states reduce payments and community-based providers stop accepting Medicaid patients.** Already, Medicaid beneficiaries account for up to **38 percent** of the patients cared for by the 100,000 medical school faculty members who provide clinical care at teaching hospitals.

MedPAC no longer recommends cuts in teaching hospital support

- **In June 2010, it recommended preserving the 5.5 percent indirect medical education (IME) adjustment** to support the training of physicians that are able to lead a new, "high-performing" health system.

MedPAC's "empiric" level for IME does not account for

- The inability of Medicare reimbursement to **"account fully for factors such as severity of illness of patients requiring the specialized services and treatment programs provided by teaching institutions and the additional costs associated with the teaching of residents"** (House Ways & Means Committee Rept., No. 98-25, March 4, 1983 and Senate Finance Committee Rept., No. 98-23, March 11, 1983).
- **\$2 billion in underpayments** for direct graduate medical education (DGME) costs.
- **\$8.4 billion in charity care** (including poor seniors and dual-eligibles) provided by teaching hospitals.
- **10,000 training positions fully self-funded by teaching hospitals** (over their Medicare cap).

For more information, contact AAMC Government Relations, (202) 828-0526

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