

Graduate Medical Education: Training Tomorrow's Physician Workforce

Graduate medical education (GME) is the supervised hands-on training after medical school that all physicians must complete in order to be licensed and practice independently. The length of this training varies but generally lasts at least three to five years for initial specialty training; those in subspecialties may train for up to 11 years after they graduate from medical school. Training is coordinated and funded by teaching hospitals, though the clinical experiences occur in a variety of settings.

The Unique Role of Teaching Hospitals

- Their education and research missions enable teaching hospitals to offer patients the most advanced expertise, services, and technology.
- The physicians who staff teaching hospitals provide a diverse range of specialty care—trauma centers, neonatal intensive care units, etc.—around the clock and are prepared to care for the nation's most critically ill or injured patients.
- Teaching hospitals provide **\$9.9 billion in charity care (including care for poor seniors)**.

Federal Support for GME

Medicare Direct Graduate Medical Education (DGME) Payments

- DGME payments offset a portion of the direct costs associated with training physicians (resident stipends and benefits, supervising physician stipends and benefits, GME office overhead costs, for example).
- Medicare **supports only a portion** (the “Medicare share”) of the costs associated with training a resident. This share is a hospital-specific amount that reflects each hospital's Medicare volume.
- Teaching hospitals incur **\$16.2 billion** in direct training costs each year, while **Medicare supports \$3.3 billion of that total**.
- Medicare support for training residents has been frozen since 1997 despite an aging, growing population. Teaching hospitals themselves must offset the balance of each resident's training costs. (A declining number of states provide a declining level of support through the Medicaid program.)

Medicare Indirect Medical Education (IME) Payments

- Teaching hospitals depend on IME payments to maintain the state-of-the-art facilities and equipment (such as Level 1 trauma centers), and specialized services (e.g., advanced cancer care) that are critical for the environment in which health professionals must be trained and the health of the community.
- Since the creation of IME payments, Congress has consistently clarified they are patient care payments that recognize the **unique expertise, resources, and other costs associated with caring for the disproportionately high level of complex and acute patients treated at teaching hospitals**.
- The mission-related costs of teaching hospitals **exceed \$27 billion a year**, and they have only increased over time (**Koenig et al., *Health Affairs* 2003**).
- Medicare supports only \$7.7 billion of the unique patient care costs incurred by teaching hospitals; the level has been effectively capped since 1997.

The Physician Shortage

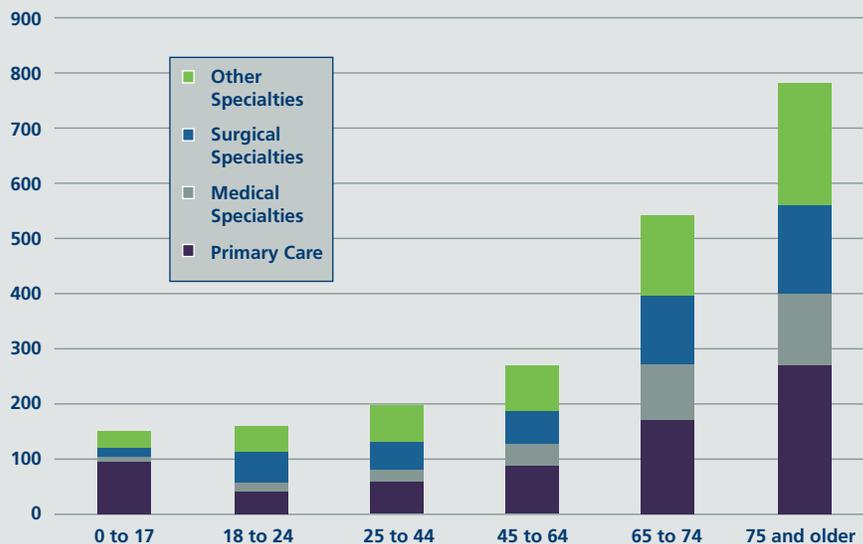
The United States is facing a shortage of between 46,000 and 90,000 physicians by 2025.

- Between 12,500–31,100 primary care physicians
- Between 28,200–63,700 surgeons and other specialists

What is driving the physician shortage?

- By 2025, there will be a 49 percent growth in number of Medicare beneficiaries, and seniors are living longer and more active lifestyles.
- Medical advances have increased the number of people living with multiple chronic illnesses.
- More than 25 percent of doctors are over age 60 and likely to retire in the next decade.
- By 2017, 25 million uninsured individuals will have obtained coverage under the Affordable Care Act.
- Though demand is increasing, supply is not increasing at the same pace because of a cap Congress imposed on Medicare GME support.

Physician Utilization per 100,000 People by Age



Source: HHS/HRSA *The Physician Workforce: Projections and Research into Current Issues Affecting Supply and Demand*, December 2008.

GME is NOT a major driver of physician specialty choice.

- **MedPAC June 2010 Report to Congress:** *“The single most important way Medicare can influence the mix of physicians ... is to reform how it pays for services. [Medical school graduates] reasonably look at future earnings prospects when choosing a specialty ... payment rates can influence that choice.”*

Lifting the cap on Medicare GME funding will help alleviate the doctor shortage.

- Currently, three bills in Congress would help address the doctor shortage by increasing residency slots by 15,000 over five years. This increase would account for one-third of the doctors necessary to meet the country's workforce needs.
 - The Resident Physician Shortage Reduction Act of 2013 (H.R. 1180)
 - Training Tomorrow's Doctors Today Act (H.R. 1201)
 - The Resident Physician Shortage Reduction Act of 2013 (S. 577)

For more information, visit www.aamc.org/advocacy/gme.