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## **The Resident Physician Shortage Reduction Act of 2019 (S. 348) Section-by-Section Summary**

On February 5, 2019, Senators Menendez (D-NJ), Boozman (R-AR), and Schumer (D-NY) introduced the “Resident Physician Shortage Reduction Act of 2019.” This legislation would take critical steps to address the growing physician shortage and strengthen the nation’s health care system.

According to the most recent projections, the United States will face a physician shortage of between 42,600 and 121,300 physicians by 2030<sup>1</sup>. This shortfall is driven by many factors, including the need for more doctors as the population grows and becomes more aged, as well as vacancies that will occur as physicians reach retirement age.

Another key factor that impacts physician training is an artificial cap that was placed on Medicare graduate medical education (GME) more than two decades ago – a cap that remains in place today. The Balanced Budget Act of 1997 (P.L.105-33) limited the number of medical residents that could be counted for purposes of calculating direct graduate medical education (DGME) and indirect medical education (IME) payments to the number of trainees as of 1996. This limitation effectively prohibits existing teaching hospitals from receiving Medicare-support for any new medical residency positions added after 1996. As medical school enrollment continues to grow (up 30% since 2002<sup>2</sup>), the Medicare GME cap has made it difficult for medical resident training to keep pace, resulting in a severe bottleneck in physician training.

To address this critical issue, the *Resident Physician Shortage Reduction Act of 2019* would increase the number of Medicare-supported direct graduate medical education (DGME) and indirect medical education (IME) medical resident training positions by 15,000 over five years. The legislation also requires the Comptroller General to conduct a study on strategies for increasing health professional workforce diversity.

Please find more information on the bill below.

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<sup>1</sup> [https://news.aamc.org/press-releases/article/workforce\\_report\\_shortage\\_04112018/](https://news.aamc.org/press-releases/article/workforce_report_shortage_04112018/)

<sup>2</sup> <https://news.aamc.org/press-releases/article/applicant-data-2018/>

## **Section 1. Short Title**

## **Section 2. Distribution of Additional Residency Positions**

This section would amend the Social Security Act (*42 U.S.C. 1395ww(h)*) to allow for increased payments for Direct Graduate Medical Education (DGME) costs. Specifically, the section would authorize 15,000 new Medicare-supported medical residency positions over five years (from 2021-2025, with 3,000 allotted per year).

**Allocation of new GME training positions:** The legislation sets forth criteria for how new GME training positions will be allotted to qualifying teaching hospitals. These criteria require the Secretary to distribute new GME positions to hospitals based on the following priority order, including to: 1.) hospitals in states with new medical schools or new branch campuses; 2.) hospitals training over their current GME slot cap; 3.) hospitals affiliated with Veterans Affairs medical centers; 4.) hospitals that emphasize training in community-based settings or in hospital outpatient departments; 5.) hospitals that are not located in a rural area and operate an approved “rural track” program; and 6.) all other hospitals.

**Requirements for Use of Additional Positions:** The bill would also require that participating hospitals must ensure: that at least 50 percent of the new GME positions are used for a shortage specialty residency program; the total number of teaching positions in a given hospital is not reduced prior to the increase; and the ratio of residents in a shortage specialty program is not decreased prior to the increase.

**Number of residency positions per hospital:** The bill allows qualifying hospitals to receive up to 75 new GME training positions per year over the five-year period.

**GME funding:** The bill would require that new GME training positions be funded in line with current Medicare reimbursement levels, specifically at the otherwise applicable per resident amounts for DGME purposes and using the usual adjustment factor for IME reimbursement purposes.

## **Section 3. Study and Report on Strategies for Increasing Diversity**

The legislation also requires the GAO to conduct a study on strategies for increasing health professional workforce diversity. The study shall include an analysis of strategies for increasing the number of health professionals from rural, lower income and underrepresented minority communities.

Such study shall be completed within two years of date of enactment and shall include recommendations for legislative and administrative actions.

For more information on this legislation, please contact:

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