

*Understanding and Developing New  
Residency Programs  
Graduate Medical Education*

Oliver W. Hayes, DO, MPH



# Introduction

- GME has become a financial and political issue in many states.
- GME-period of training, lasting from 3 to 9 years, follows medical school; prepares physicians for licensure and independent practice.
- Central determinant of physician numbers/types available in a state
- Major source of funding for teaching hospitals; and in many states has an impact on Medicaid costs.
- Expansion of managed care, growing competition in health care, and other developments brought GME issues to state capitals.

# What is Graduate Medical Education?

- “GME” is a commonly used acronym.
- Formal hospital-sponsored education and training that follows graduation from medical school.
- Training occurs in a teaching hospital or other settings (FQHC) which has overall responsibility for GME programs.
- Responsibility is delegated to an administrative team and residency faculty.

# Graduate Medical Education in US

- > 10,000 Residency and Fellowship Programs
- Approximately 130,000 residents and fellows in training programs
- Approximately 750 sponsoring institutions (majority are teaching hospitals)
- 136 specialty and subspecialty areas

# Graduate Medical Education in US

The call for change and accountability in GME is getting louder with many entities suggesting or recommending that current system be changed.

## IOM

One payment with incentives for primary care, specific placement of graduates, quality and safety.

## MACY Foundation

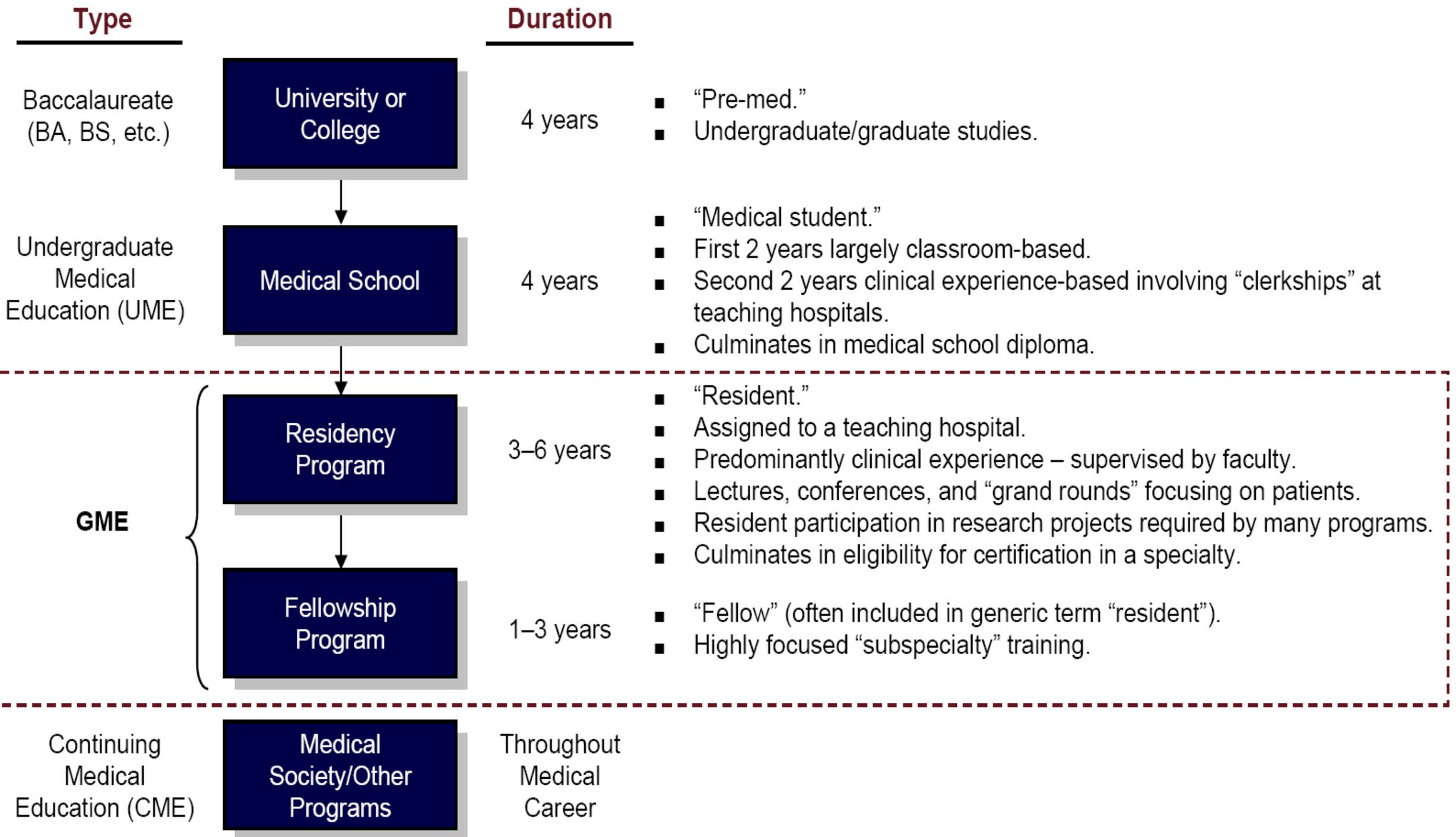
Because GME is funded with public dollars, there should be greater public accountability.

## AAFP

Advocates for GME payment changes, with emphasis on primary care

## Washington

- MedPAC
- President's budget
- COGME
- Congressional Bills



# Multiple Products of GME

- Physicians training by residency programs sponsored by teaching hospitals have multiple products:
  - Training of physicians;
  - Educate medical students;
  - Care for poor and uninsured;
  - Conduct research and scholarly activity
  - Provide specialized services; and,
  - Provide economic stability to their communities through jobs and retention of practicing physician.



ACADEMIC MEDICAL CENTER  
 University  
 Medical School  
 Multiple Hospitals  
 Multiple Institutes  
 VA Medical Center

Analogous to University  
 of New Mexico Medical  
 Center

# Detroit Medical Center

# Southern New Mexico Family Medicine Residency

- Community-based Residency Program in Las Cruces, NM
- At Memorial Medical Center
- Active Family Medicine Clinic with dedicated Faculty
- Training Full Service Family Physicians
- Pediatric Hospitalist Service
- Pharmacy Residency Program

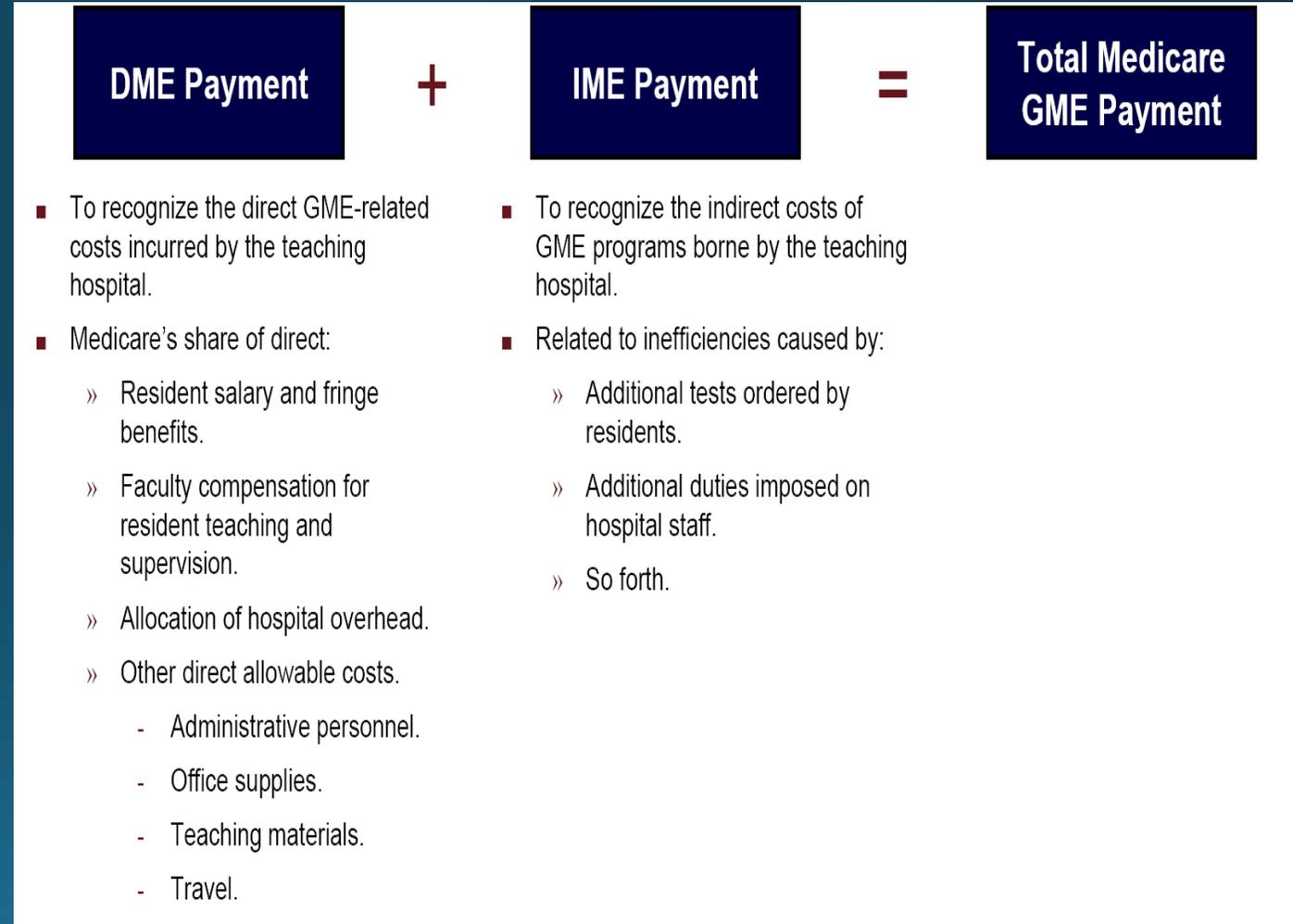


# Sample Residency Lengths

- Family medicine – 3 years
- Emergency medicine – 3 years
- Internal Medicine – 3 years
  - IM subspecialties – 3 years
- Pediatrics – 3 years
  - Ped. subspecialties – 3 years
- OB/GYN – 4 years
- Pathology – 4 years
- Anesthesiology – 4 years
- Dermatology – 4 years
- Neurology – 4 years
- Ophthalmology – 4 years
- Psychiatry – 4 years
- Radiology – 4 years
- Orthopedic surgery – 5 years
- Otolaryngology – 5 years
- Surgery – 5 years
  - Surg. subspecialties – 3 years

# GME Funding

- Majority of funding is from Medicare
- Other sources
  - Medicaid FFS
  - VA and DoD
  - Teaching Health Centers
  - Philanthropy



***DME reimbursement is determined via the following formula. Critical factors include number of residents and the hospital's cost structure and percentage of Medicare inpatient days.***

**DME Payments**

**=**

**Number of  
Residents<sup>1</sup>**

**X**

**Hospital-  
Specific,  
Base-Year Cost  
per Resident**

**X**

**Inflation Factor**

**X**

**Medicare  
Percentage of  
Inpatient Days**

***The actual number of residents is claimed on a hospital's Medicare cost report and payments are made periodically by CMS.***

*IME reimbursement is largely determined by a coefficient set by CMS, reflecting the percentage by which teaching hospitals' costs of care increased in the presence of GME programs.*

$$\text{IME Payments} = \text{IME Coefficient} \times \left[ 1 + \frac{\text{Number of Residents}}{\text{Number of Available Beds}} \right]^{0.405} - 1 \times \text{Medicare DRG-Based Payments, Including Outliers}$$

*IME payments are built into hospitals' DRG rates.*

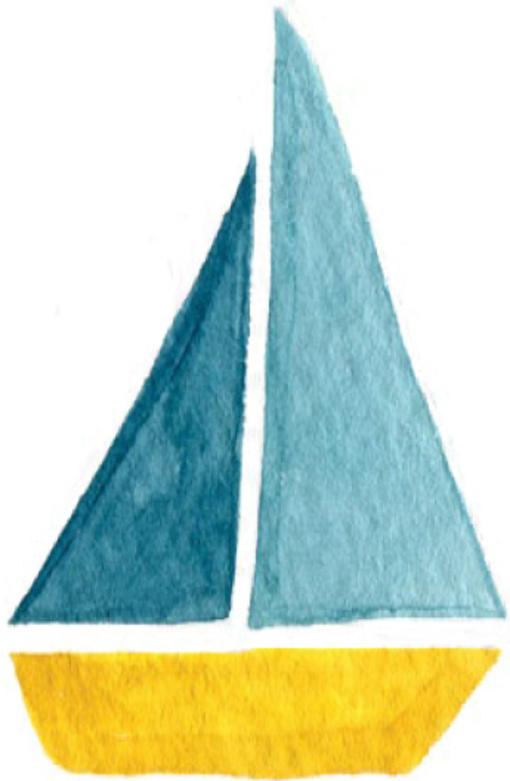
# Value of GME

- Quality Patient Care on Teaching Service
- 24 Hour In-house Patient Care
- Care for the Medically Indigent
- Succession planning for future physicians
- Future physicians to practice in the community
  - Bonding to the community hospitals
  - Community awareness

# Policy at State Level

- Strategic
  - Texas creates a permanent fund to sustain and expand GME (S.B. No. 18) which also set priorities
  - Amendments to State Medicaid Plan
  - Inventory of programs
- Economic
  - Intergovernmental Fund Transfers
  - Encouraging communities and foundations to participate in funding
- Programmatic
  - Building a panel of experts
- Operational
  - Creating educational consortiums
  - Grant applications
  - Philanthropy support

Rising Tide Floats All Boats



# A Rising Tide

Building an economy that lifts all boats

# Questions

