Graduate Medical Education: Medicare Funding is Vital to Train a Robust Physician Workforce

Summa Health System – one of the most comprehensive graduate medical education institutions in Ohio – urges Congress to preserve current sources of Medicare Graduate Medical Education (GME) funding to address physician shortages.

Physician Shortages:
At current graduate medical training rates, the Association of American Medical Colleges estimates that the U.S. will experience a shortage of 91,500 physicians by 2020, and 130,000 by 2025.

Special note: The Akron market is currently experiencing shortages within the gastroenterology, neurology, urology, ear/nose and throat fields.

Graduate Medical Education (GME): Teaching hospitals serve a critical role in training future physicians by providing medical school graduates with hands-on residency education in clinical settings. The completion of a GME training program is a requirement for securing a license to practice medicine in the U.S., and all specialty training occurs through GME programs.

Teaching hospitals educate over 110,000 resident physicians each year, but training at this rate will not reduce the current and projected physician shortages. Unfortunately, the considerable expense of GME programs prevents hospitals from training greater numbers of physicians, especially as the costs of such training have continued to rise while hospital reimbursement has declined.

Medicare GME Payments: Recognizing that training our nation’s physicians is a public good deserving of federal support, Congress has provided assistance to teaching hospitals through the Medicare program since 1965 to help defray the costs teaching hospitals incur for such training. Medicare reimburses teaching hospitals for a portion of physician training costs through direct GME payments (covering a portion of stipends, salaries and other costs directly related to residency training) and indirect GME payments (helping to cover the higher patient care costs incurred by teaching hospitals). In 2010, Summa received nearly $32.8 million in GME revenue. Sixty five percent or $21.4 million dollars were dedicated to IME support while the remaining thirty five percent or $11.4 million were devoted to DME expenses.

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Projected Supply and Demand, Physicians, 2010-2025

Source: Association of American Medical Colleges

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Cuts to Medicare GME Funding Jeopardize the Ability of Hospitals to Train the Next Generation of Physicians

Recently, efforts to reduce the federal deficit – including approaches considered by the Simpson-Bowles Commission and the Super Committee – have focused on cutting Medicare GME payments to teaching hospitals by $14 billion over 10 years.

- These proposed cuts would have reduced GME payments to Summa Health System by an estimated $166 million over ten years, significantly impacting Summa’s ability to train quality physicians to serve patient need in Northeast Ohio.
- Proposals to make deep cuts to Medicare GME come at a time when state Medicaid contributions for GME are dropping, yet hospitals are facing greater pressure to expand GME programs to meet physician shortages.

The Council on Graduate Medical Education (COGME), which advises HHS and Congress on physician supply issues, has recommended that Congress preserve current levels of Medicare GME funding. COGME also recommends that Medicare fund 30,000 new resident training positions, with particular focus on addressing shortages in primary care.

Summa Health System is passionately committed to hands-on training of medical school graduates to become highly competent and compassionate physicians. Medicare GME funding support is critically important for Summa to maintain its 15 accredited residency training programs and to maintain Summa’s commitment to quality patient care. Cuts to Medicare GME funding are a direct hit to a teaching hospital's bottom line, and may cause hospitals to scale back physician training programs. Sustained funding for GME is vital if hospitals are to continue training a robust healthcare workforce.