Governance and Financing of Graduate Medical Education

Graduate Medical Education That Meets the Nation’s Health Needs

Committee on the Governance and Financing of Graduate Medical Education

Rebekah E. Gee, MD MPH FACOG

Member of the IOM Board on Health Care Services, Medicaid Medical Director, Louisiana, Associate Professor Louisiana State University

IOM Committee on Governance and Financing of GME

Donald M. Berwick, M.D., M.P.P., FRCP (Co-Chair)
Institute for Healthcare Improvement

Gail R. Wilensky, Ph.D. (Co-Chair)
Project HOPE

Brian Alexander, M.D., M.P.H.
Brigham and Women’s Hospital and Dana-Farber Cancer Center

David A. Asch, M.D., M.B.A.
University of Pennsylvania & Philadelphia VA Medical Center

David Asprey, Ph.D., PA-C
University of Iowa Carver College of Medicine

Alfred Berg, M.D., M.P.H.
University of Washington School of Medicine

Peter Buerhaus, Ph.D., R.N., FAAN
Vanderbilt University Medical Center

Anishtha Chandra, Ph.D.
Kennedy School of Government, Harvard University

Denise Cora-Bramble, M.D., M.B.A., FAAP
Children’s National Medical Center

Michael J. Dowling, M.S.W.
North Shore-Long Island Jewish Health System

Kathleen A. Dracup, Ph.D., R.N., FNP, FAAN
University of California, San Francisco, School of Nursing

Anthony E. Keck, M.P.H.
South Carolina Department of Health and Human Services

Octavio N. Martinez, Jr., M.D., M.P.H., M.B.A.
Hogg Foundation for Mental Health

Fitzhugh Mullan, M.D.
The George Washington University

Roger Plummer, B.S.
Plummer Consulting

Deborah E. Powell, M.D.
University of Minnesota Medical School

Barbara Ross-Lee, D.O., M.A.T., FACOFP
New York Institute of Technology

Glenn D. Steele, Jr., M.D., Ph.D.
Geisinger Health System

Gail L. Wanden, M.A.
Henry Ford Health System

Debra F. Weinstein, M.D.
Partners HealthCare System

Barbara O. Wynn, M.A.
The RAND Corporation
Charge to the Committee

- Review the financing and governance of GME
- Make recommendations for improving GME
  - Special emphasis on increasing capacity of physician workforce to deliver efficient, high-quality care

Key Findings: **Physician Workforce**

- Forecasts of future physician shortages
  - Vary in magnitude; historically unreliable
- Increasing the number of physicians won’t resolve important workforce issues
  - Specialty and geography maldistribution
- Increasing the number of GME slots is not dependent on additional Medicare funds
  - Resident positions increased 17.5% (2003-2012) despite cap on Medicare funded spots
- Increased specialization of workforce being trained
- Newly trained physicians lack skills needed for current/future care delivery
Key Findings: **GME Financing**

— An estimated $15B in federal funding

- Medicare $9.7 billion
- Medicaid $3.9 billion
- U.S. Department of Veterans Affairs $2.5 billion
- Health Resources and Services Administration $2.5 billion

Additional unrestricted funding comes from the Department of Defense, state sources, private insurers, and other public funds.

*Note: All amounts are estimated as of June 1, 2015. Data on GME funding by program were collected from the National Health Expenditure Accounts, National Health Informational Expenditure Accounts, and Health and Services Administration, National Health Expenditure Accounts, National Health Informational Expenditure Accounts.

---

**Key Findings: GME Financing**

- Medicare GME payments are based on rigid, statutory formulas which don’t reflect the current context or serve current needs
- Cost-reimbursement model
- Historic inequities
- Tied to inpatient care and to a subset of patients
- No link to outcomes achieved
- The financial impact of sponsoring residency programs is poorly understood.

**INSTITUTE OF MEDICINE**

OF THE NATIONAL ACADEMIES

Advising the nation • Improving health
Key Findings: Governance

- Absence of transparency
- No group accountable/responsible for producing needed specialty mix
- Guaranteed financing as long as accredited

Recommendation 1: Invest Strategically

- Maintain Medicare GME (DME & IME) adjusted for inflation
- Gradually move to performance-based system
- Phase-out current payment system
Recommendation 2
Build a GME policy and financing infrastructure

- Create adequately resourced GME policy council in HHS OS
  - Develop a strategic plan for GME funding
  - Sponsor needed research re: physician workforce
  - Ensure coordination between federal agencies and accrediting/certifying organizations
- Establish GME center within CMS
  - Manage and distribute funds consistent with policy council decisions

Recommendation 3
Create one Medicare GME fund with two subsidiary funds

- A GME Operational Fund to distribute ongoing support for residency training positions that are currently approved and funded
- A GME Transformation Fund to finance initiatives to develop and evaluate innovative GME programs, to determine and validate appropriate GME performance measures, to pilot alternative GME payment methods, and to award new Medicare-funded GME training positions in priority disciplines and geographic areas
Recommendation 4  
Modernize Medicare GME payment methodology

- Replace the separate indirect medical education and direct GME funding streams with one payment to organizations sponsoring GME programs based on a national per-resident amount (PRA) (with a geographic adjustment)
- Set the PRA to equal the total value of the GME Operational Fund divided by the current number of Medicare-funded training slots
- Redirect the funding stream so that GME operational funds are distributed directly to GME sponsoring organizations
- Implement performance-based payments using information from Transformation Fund pilots

Recommendation 5  
Medicaid GME

- Medicaid funded GME
  - Should remain at state’s discretion
  - Adopt same accountability/transparency standards as Medicare
Questions?

Download the report for free at www.iom.edu/GME

For more information contact: Jill Eden (jeden@nas.edu)