The Current State of GME Payment System: Why Change is Needed

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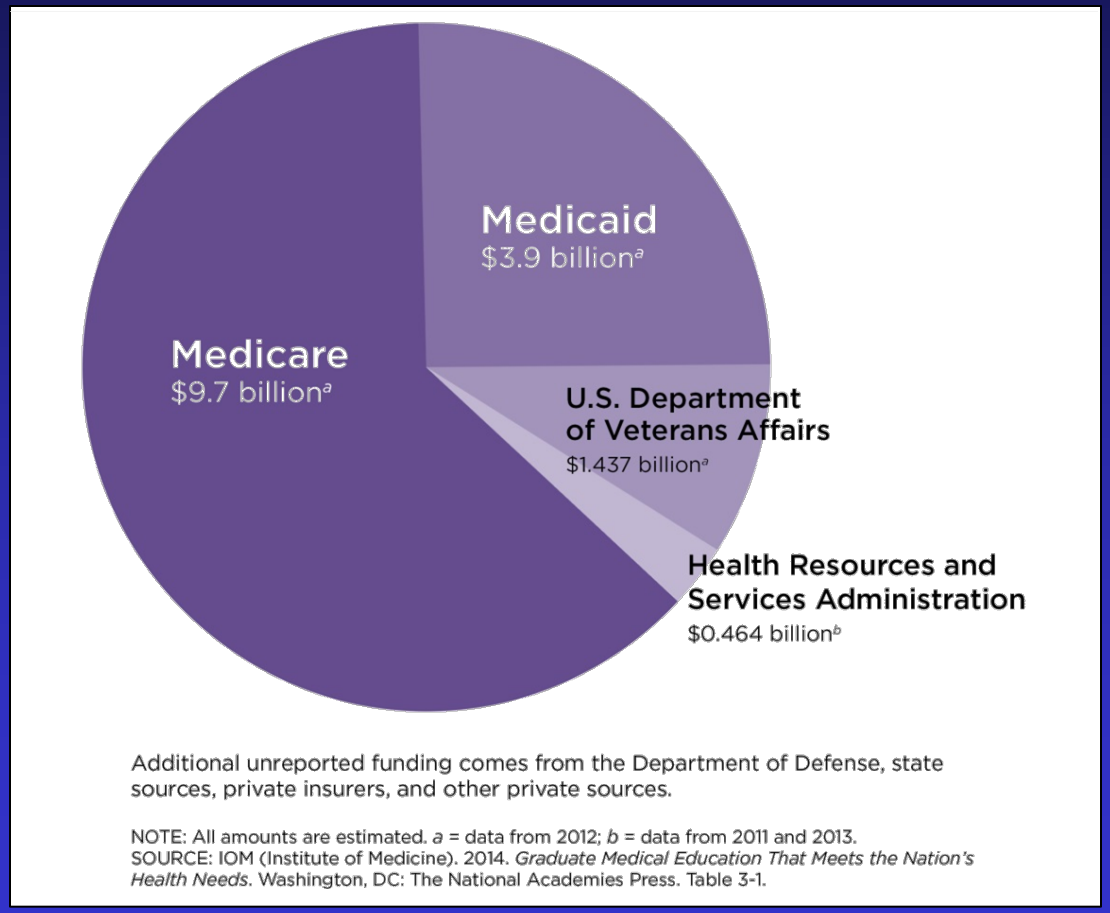
GME Financing — An Estimated $15B in Federal Funding



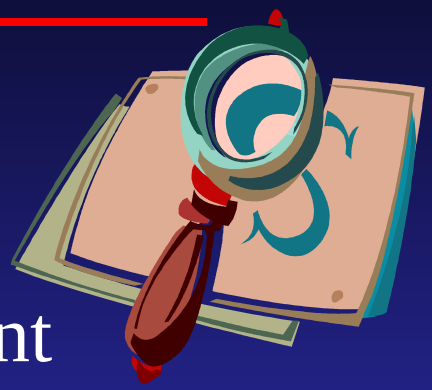
Additional unreported funding comes from the Department of Defense, state sources, private insurers, and other private sources.

NOTE: All amounts are estimated. *a* = data from 2012; *b* = data from 2011 and 2013.
SOURCE: IOM (Institute of Medicine). 2014. *Graduate Medical Education That Meets the Nation's Health Needs*. Washington, DC: The National Academies Press. Table 3-1.

And What Results …

- Mismatch between the health needs of the population and specialty make-up of the physician workforce
- Persistent geographic maldistribution of physicians
- Insufficient diversity in the physician population
- Gap between new physicians' knowledge and skills and competencies required for current medical practice
- Lack of fiscal transparency

IOM Findings: Physician Workforce

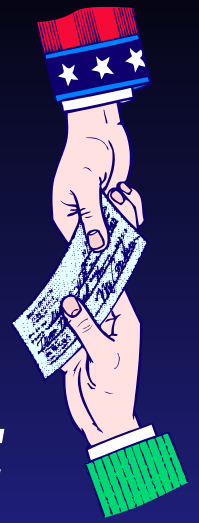


- Forecasts of future physician shortages
  - -- Vary in magnitude; historically unreliable
- ⇧ number of physicians won't resolve important workforce issues
  - -- Particularly with respect to specialty and geography
- ⇧ number of trained physicians GME slots ***not*** related to ⇧ing Medicare funds
  - -- Resident positions ⇧17.5% (2003-2012) despite cap
- ⇧ingly specialized workforce being trained
- Newly trained physicians lack office-based skills

IOM Findings: GME Financing

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

IOM Report Recommendations



-- Keep Medicare GME at current levels (indexed)

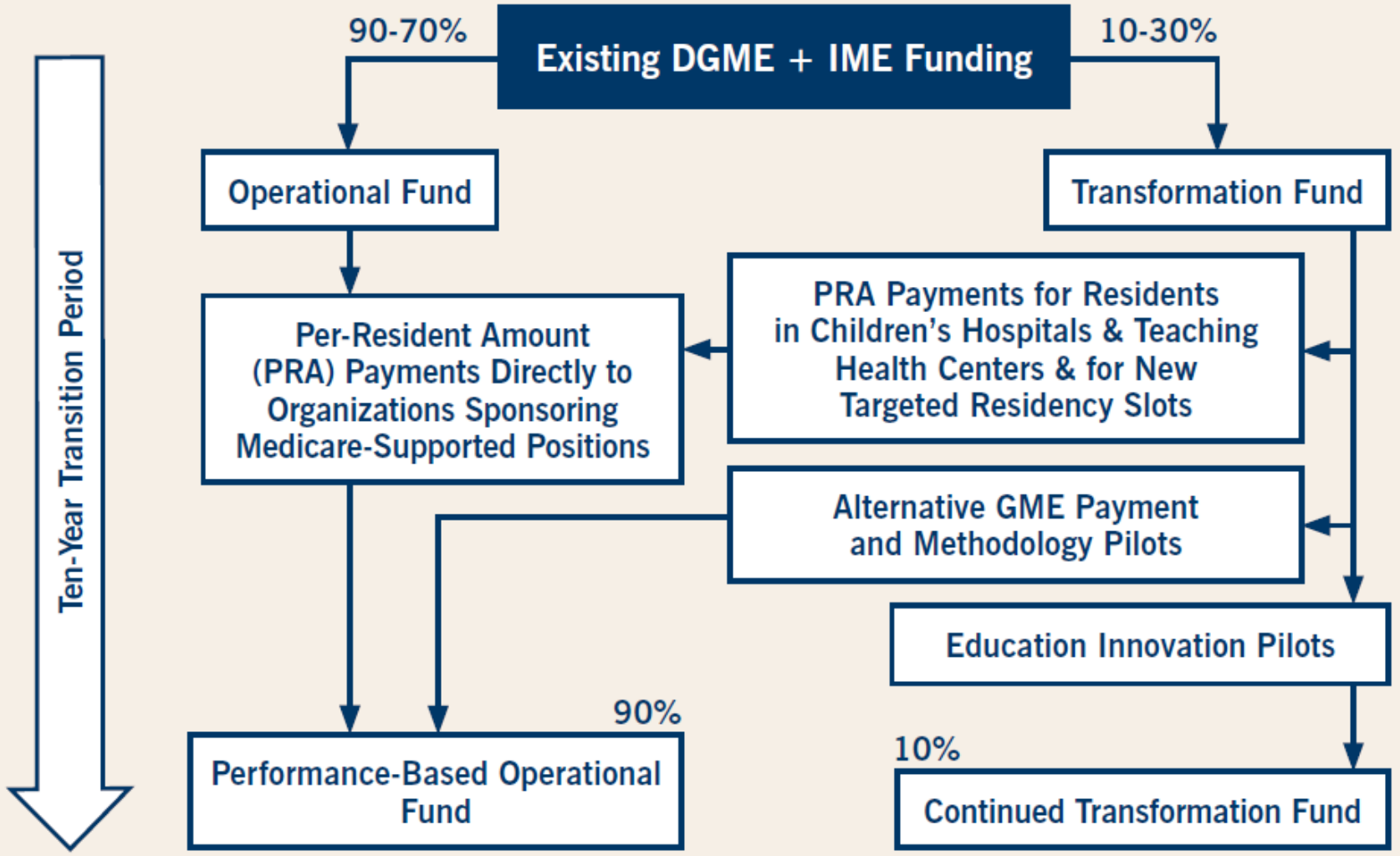
-- Create ***GME policy council*** in HHS OS And ***GME Center*** within CMS

-- Create ***Operational Fund*** to support residency positions and a ***Transformation Fund*** to finance innovations

-- Move to a ***national*** per resident amount (geographically adj.) Distribute $ to GME sponsoring organization; move to a performance-based system

-- Reassess effects of reformed GME spending in 10 years

Figure 1. Flow of GME Funding under IOM Recommendations



Adapted from IOM, "Graduate Medical Education That Meets the Nation's Health Needs."

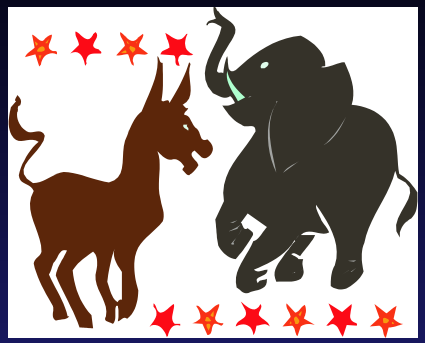
Since the Release

- Briefed relevant Congressional committees and HHS
- Meetings with committees and members of Congress
- Individual committee members have spoken at numerous meetings
- Energy and Commerce requested comments on issues raised by the report
- No hearings currently scheduled

"Stakeholders" Response to E&C …

- Increase accountability and transparency (18 of 27)
- Reform GME funding to diversify clinical training (16 of 27)
- Less than 25% response rate
- "Stakeholders" represent only one part of the affected public

Political Challenges are Formidable



- Redistributing a fixed sum is always challenging
  -- Winners and losers are inevitable
- No obvious congressional inclination to reform GME
  -- Previous congressional/WH attempts to GME
- “Doc fix“ is no longer available as a legislative vehicle
- Congress already focused on the 2016 election

?? Bottom-Line Questions ??

- Will ***"have-not"*** states and institutions ***fight*** the current distribution?
  - -- for sure, ***"have"*** states (and institutions) will ***fight*** to ***keep*** their "GME" dollars
- Will this or next Congress ***seriously consider*** reforming GME funding?
  - -- not without a lot of encouragement!
- Can GME help train physicians able to provide ***efficient, high quality, team-based*** care?