

# Medicaid GME 101

Basics of Medicaid GME

## Introduction

- Graduate Medical Education (GME), also known as residency training, prepares physicians for the independent practice of medicine
- Medical students, during their fourth year, submit applications and interview to be accepted into a residency program
  - Residency training is separate from medical school
- Residency training is required of all medical specialties for board certification
- The length of residency depends on the medical specialty
  - For primary care specialties (family medicine, general pediatrics, general internal medicine) residency training is 3 years

## The Cost of Graduate Medical Education

- The clinical productivity of hospitals and clinics that host residency programs is decreased because protected time is needed for:
  - Supervision
  - Teaching
  - Inefficiency of learners
- Salaries and benefits are paid to the residents and the faculty who teach them
- Administrative costs are required to operate a residency program
- While the overall cost of GME is difficult to measure accurately the New England Journal of Medicine determined that: “...findings suggest that **\$150,000** per resident per year is reasonably reflective of the true current cost of a resident to a community-based sponsor.” (2016)

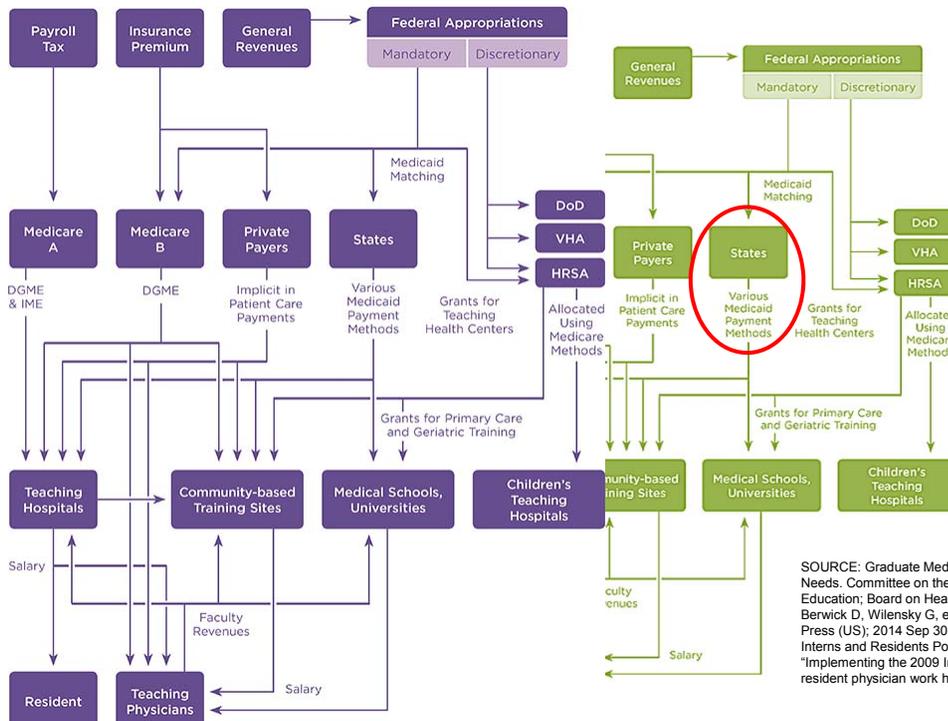
## Payment for Graduate Medical Education

- Payment for GME comes from three main sources



- Additionally, residencies in some states receive Medicaid GME and some individual programs receive grant funding

**Medicaid GME and other state-based sources of funding will be the focus of this summit**



## Medicare GME and Medicaid GME

- Medicare is the largest explicit contributor to GME, followed by Medicaid
- Medicare – DGME & IME, linked to hospitals' volume of Medicare inpatients, caps
- Medicaid – offers more flexibility in how they use Medicaid funds for GME purposes; federal statute does not require states to make Medicaid GME payments
  - Unlike for Medicare, there is no real federal guidance for Medicaid GME
  - States' Medicaid GME payments vary substantially
  - If a state Medicaid program opts to cover GME costs, federal government provides matching funds

## Matching of state funds

- Formula: varies
- Justification
  - Residencies care for large numbers of Medicaid patients
  - Teaching hospitals have additional expenses due to inefficiencies of trainees (same rationale for Medicare IME payments)
- Typical distributions
  - GME payment under FFS: States may include GME payments as part of their Medicaid managed care rates if such payments are authorized under the FFS Medicaid state plan
  - GME payment under capitated managed care
- Upper payment limits

## Waivers and State Plan Amendments

- State plan amendments:
  - Proposed change to Medicaid plan
  - No cost/budget requirement
  - Permanent change
- Waivers
  - States can seek new Medicaid GME funds under section 1115 waivers (funds pilot and demonstration projects that differ from federal program rules)
  - Requires comprehensive evaluation
  - Must be cost neutral
  - Time limited



## Sustainability

- Sustainability is a concern
  - Year to year uncertainty
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## For more information...

- Experts in the audience
  - Resources that will be shared during the summit
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