

# Focusing graduate medical education financing on educational priorities

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# Medicare's payments to teaching hospitals for graduate medical education

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**IME  
payments**

**Higher  
inpatient costs**  
(empirically-  
justified)  
(\$3.0 b)

**Extra**

(\$3.5 b)

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**DGME  
payments**

**Resident,  
faculty, and  
admin costs**

(\$3.0 b)

GME (Graduate medical education)  
IME (Indirect graduate medical education)  
DGME (Direct graduate medical education)

# Increasing accountability for Medicare's graduate medical education payments

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- Medicare's payments to teaching hospitals do not vary based on quality of affiliated residency programs or institutional support
- Incentive-based payments should:
  - Evolve through consultations with representatives from educational, insurer, and provider communities
  - Include ambitious targets to meet the needs of high-value health care delivery systems
  - Be scaled to reflect performance levels
  - Be funded through a reduction in IME payments above the empirically justified level

# Increasing transparency of Medicare's medical education subsidies

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- Medicare's DGME and IME payments are made to hospitals to help support residency programs
- Residency programs report that hospitals' budgeting decisions for supporting GME activities are often obscured from educators
- Better communication between hospitals and residency programs on GME financing could improve overall educational quality
- Publicly publishing data on Medicare's financial support for GME could help facilitate these discussions

# Resident subsidies should support workforce needs of high-value delivery systems

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Before considering changes in the numbers of residents Medicare subsidizes:

- Analysis must be conducted to determine workforce needs of improved—high quality, affordable—delivery systems
- The number of residents subsidized (in total and by specialty) should not exceed reformed delivery system needs
- Analysis should incorporate optimal contribution from other health professionals, including nurse practitioners and physician assistants

# Residency training programs and financial performance

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- Medicare payments for GME do not consider how costs of training may differ by specialty
  - Payment based on historical hospital specific costs
  - DGME less for subspecialist but IME does not differ
- Net cost of training may differ across specialties
  - Supervisory and infrastructure costs
  - Residents impact on hospitals and physician productivity (plus and minus)
  - Residency program contribution to hospital revenue

# Increasing the diversity of health professionals

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- Multiple studies find access and quality improvements associated with greater diversity in physician workforce
- Current underrepresentation of physicians who come from minority, lower income, and rural communities
- The impacts of current federal programs to improve healthcare workforce diversity are not rigorously studied