



*Advising the Congress on Medicare issues*

# Aligning medical education with health system needs

Cristina Boccuti and Craig Lisk  
November 5, 2009

# Session overview

---

- Background: Department of Veterans Affairs
- Goals of medical education and training
- Current financing mechanisms
- Medical Education Trust Fund concept

# The VA and graduate medical education

---

- VA funds about 9,800 FTE residency positions
  - VA usually does not act as prime sponsor
- About 35,000 residents and fellows pass through the VA system every year
- Financial support for education
  - Resident salary and benefits ~ \$58,000 per FTE
  - VERA Educational Support Adjustment ~ \$71,000 per FTE

# VA's educational environment

---

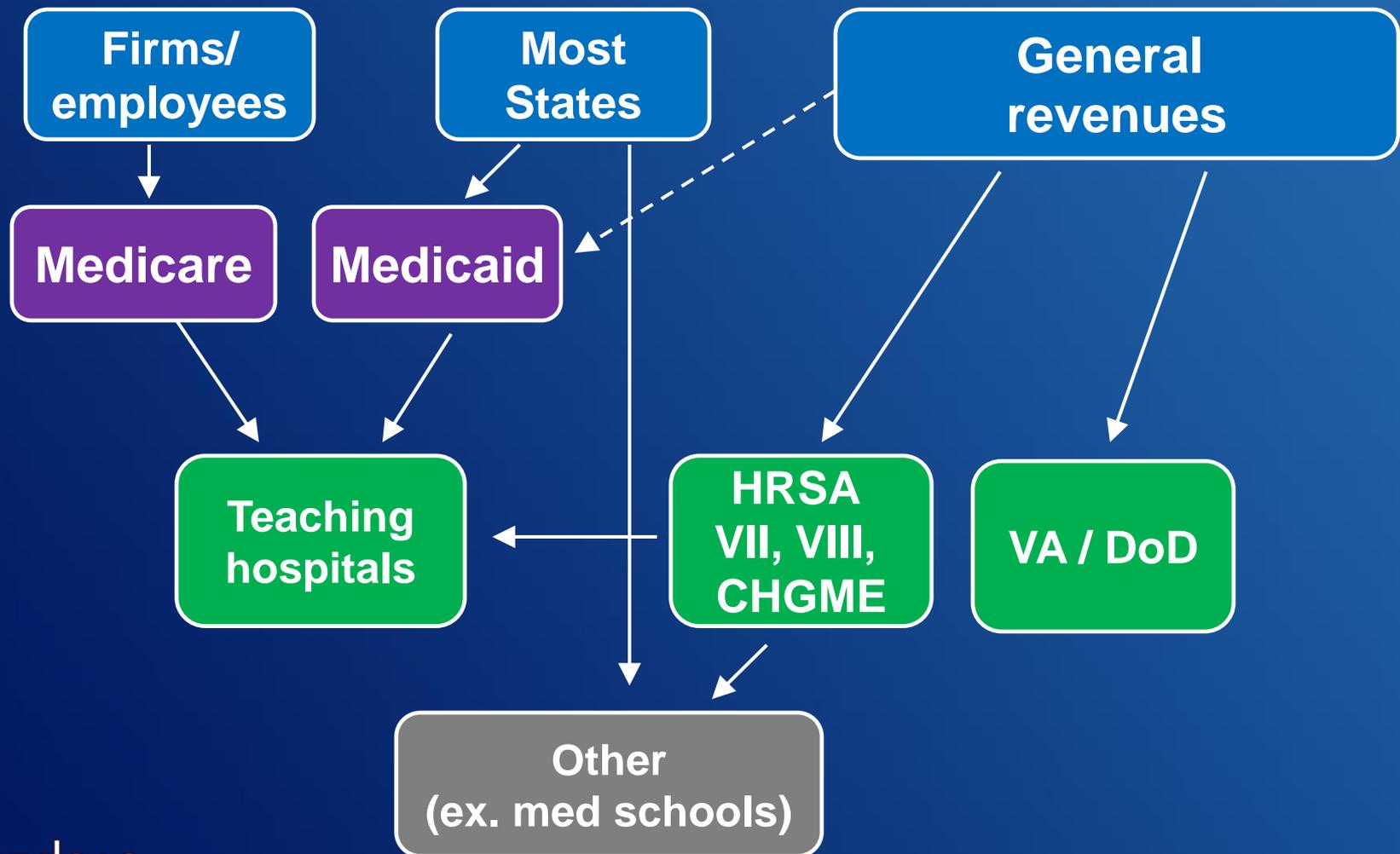
- Comprehensive electronic medical record
- Integrated system – launching major effort for patient centered medical home
- Pays for nonclinical time
- Pays for GME regardless of site
- GME enhancement projects
  - Critical needs and emerging specialties
  - New affiliations and new VA sites of care
  - Educational innovations
  - Rural health training initiative

# Desired goals for medical education and training

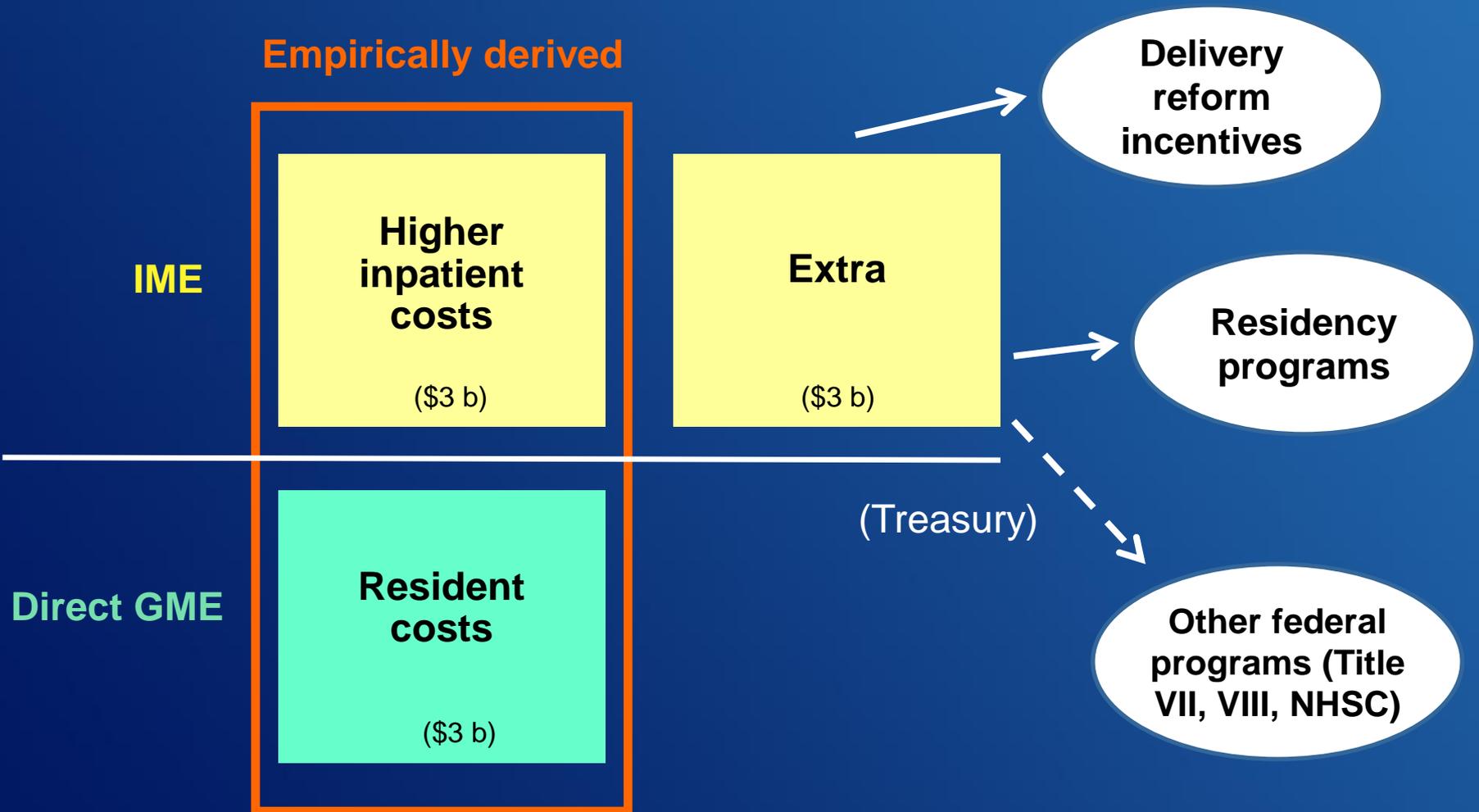
---

- To ensure that students possess the knowledge, skills, and values necessary to provide high-quality healthcare
- To produce the workforce that best serves the needs of our society
- To train and educate health professionals to become leaders in forming high-value health systems

# Current medical education financing (simplified)



# Options discussed for payment adjustments



# Issue 1: Teaching hospitals are the predominant recipients of Medicare's GME/IME

---

## Concerns

- Creates financial disincentives for residency experience outside the hospital
- Fosters a specialty workforce that may be influenced by hospital staffing needs
- Does not direct payment to entity that is accountable for the quality of the educational experience (via program accreditation)

## Advantages

- Hospitals have stable infrastructure and can supply overhead support across all affiliated residency programs
- Hospitals could take on greater accountability for quality across all affiliated residency programs

# Issue 2: Medicare's GME/IME payments are linked to inpatient admissions

---

## Concerns

- Concentrates support to hospitals with high Medicare utilization
- Mismatched with overall goals to prevent avoidable hospital admissions through improved ambulatory care

## Advantages

- IME payments for higher patient-care costs are streamlined to coincide with the provision of key clinical care in training environments

# Issue 3: Medicare is largest payer of graduate medical education

---

## Concerns

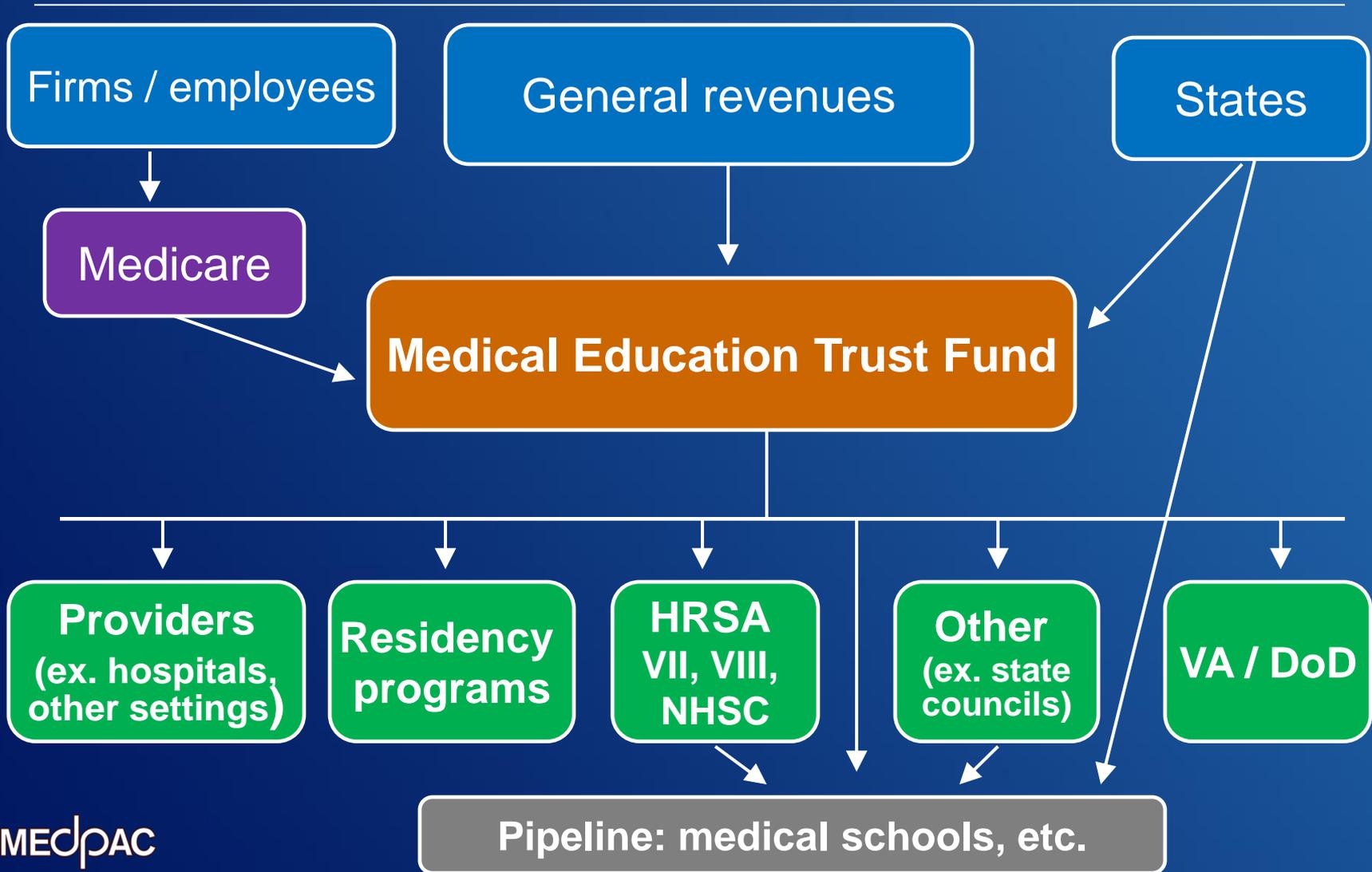
- Entire society benefits from medical education, but contributions from non-Medicare sources are uneven
- Originating legislation called for Medicare to support its share, “until the community determined other means”
- We have no organized system for medical education and workforce planning in the U.S.
- Medicare’s fiscal sustainability must be considered
- Medicare does not have the tools to affect pipeline and career choice prior to the graduate level

# Medical Education Trust Fund

---

- Aggregates medical education resources into an entity that can assess U.S. needs and allocate funds accordingly
- Objectives for fund distribution:
  - Support high-quality education and training in variety of health care settings
  - Produce health professionals in regions where needed
  - Encourage innovation in medical education and training
  - Establish accountability for these objectives among entities receiving funds

# Medical Education Trust Fund



# Other Trust Fund issues

---

- Stability of allocation from General Revenues into Trust Fund
- Ability to keep unspent amounts in Trust Fund
- Mechanism(s) for distribution of funds from Trust Fund:
  - Formulaic (e.g., per-resident amounts)  
and/or
  - Reflective of evolving national needs and priorities, such as
    - Disparities in patient access
    - Pipeline needs by specialty
    - Efficient use of mid-level professionals
    - Training in high-value environments

# Issues/questions for discussion

---

- Further work on Medical Education Trust Fund
- Adjustments to current GME/IME payment policies
  - As stand-alone modifications to existing structure
  - As part of a transition to Trust Fund concept
- To shift education and training towards high-value environments, what specific delivery system reforms or outcomes should be rewarded?