

Revising Medicare's indirect medical education payments to better reflect teaching hospitals' costs

ISSUE: Medicare compensates teaching hospitals for the indirect costs that teaching activities add to the cost of treating Medicare beneficiaries. These indirect medical education (IME) payments are calculated as a percentage add-on to teaching hospitals' inpatient Medicare payments. Historically, IME payments have been well above the additional indirect inpatient care costs associated with training residents. Additionally, some have questioned whether it is appropriate to pay IME only as an inpatient add-on, especially as patient care has shifted toward outpatient settings.

KEY POINTS: In March 2021, the Commission discussed current IME policy and options for moving to an inpatient and outpatient IME policy that maintained Medicare's current level of support to teaching hospitals.

ACTION: Commissioners will review the materials and vote on the draft recommendation.