GRADUATE MEDICAL EDUCATION (GME)

The Medicare program provides financial support to medical training slots (residencies) in two ways: direct graduate medical education (DGME) payments to hospitals to cover costs directly related to educating residents and indirect medical education (IME) payments to cover the higher costs of teaching hospitals. The number of residency slots that are counted towards DGME and IME payments were capped in 1997, even though medical schools have increased the number of doctors they are training to meet the demand of caring for a growing elderly population. In fact, over the past decade, undergraduate medical education has expanded nationwide by more than 30 percent, greatly outpacing the growth in residency slots. **We are now facing a tipping point where some US-trained medical school graduates may not have a first-year residency position available to them in the United States**.

Why Graduate Medical Education Matters:

The health and welfare of patients is linked to the knowledge and skills physicians develop during their medical residencies. During this intense learning period, which generally lasts three to seven years, young physicians ("residents") participate in the care of patients and study in supervised educational programs based in teaching hospitals. Without residency training, medical school graduates cannot obtain licenses to practice medicine. Therefore, if adequate numbers of residency slots are not available after graduation some new physicians will be unable to practice their profession in the U.S. Young physicians have, on average, more than $170,000 of debt. This scenario truly leads to a "worst-case" for the graduate, his/her potential patients, and society at large, and must be avoided.

GME Legislation Should:

- **At a minimum, keep GME level-funded**: Continuing calls to cut health care costs have made GME funding a prime target. Since 1997, the number of federally funded GME spots has been capped to control costs, forcing hospitals and states to find creative ways to fund their needed compliment of residents. As a result of these trends, it is becoming more difficult for teaching hospitals to cover their costs.
- **Ensure that primary care and specialty care slots are distributed evenly**: Financing of graduate medical education should not be used as a means to implement national physician workforce policies. Physician workforce policies should be developed through a careful and deliberative process that takes into account all of the factors that influence how physicians choose their specialties.
- **Provide greater transparency of funds**: It is critical to show that funds paid toward indirect costs of graduate medical education are appropriately disbursed and any GME legislation should require greater transparency of these funds.

What Congress Should Do:

Congress should work to pass legislation that reforms the current GME system by including, at a minimum, the three issues stated above. Any legislation passed should address potential shortages in both specialty and primary care residency slots and should ensure that current levels of funding are not reduced.

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