Graduate Medical Education 101

Building and Financing Residencies in NM

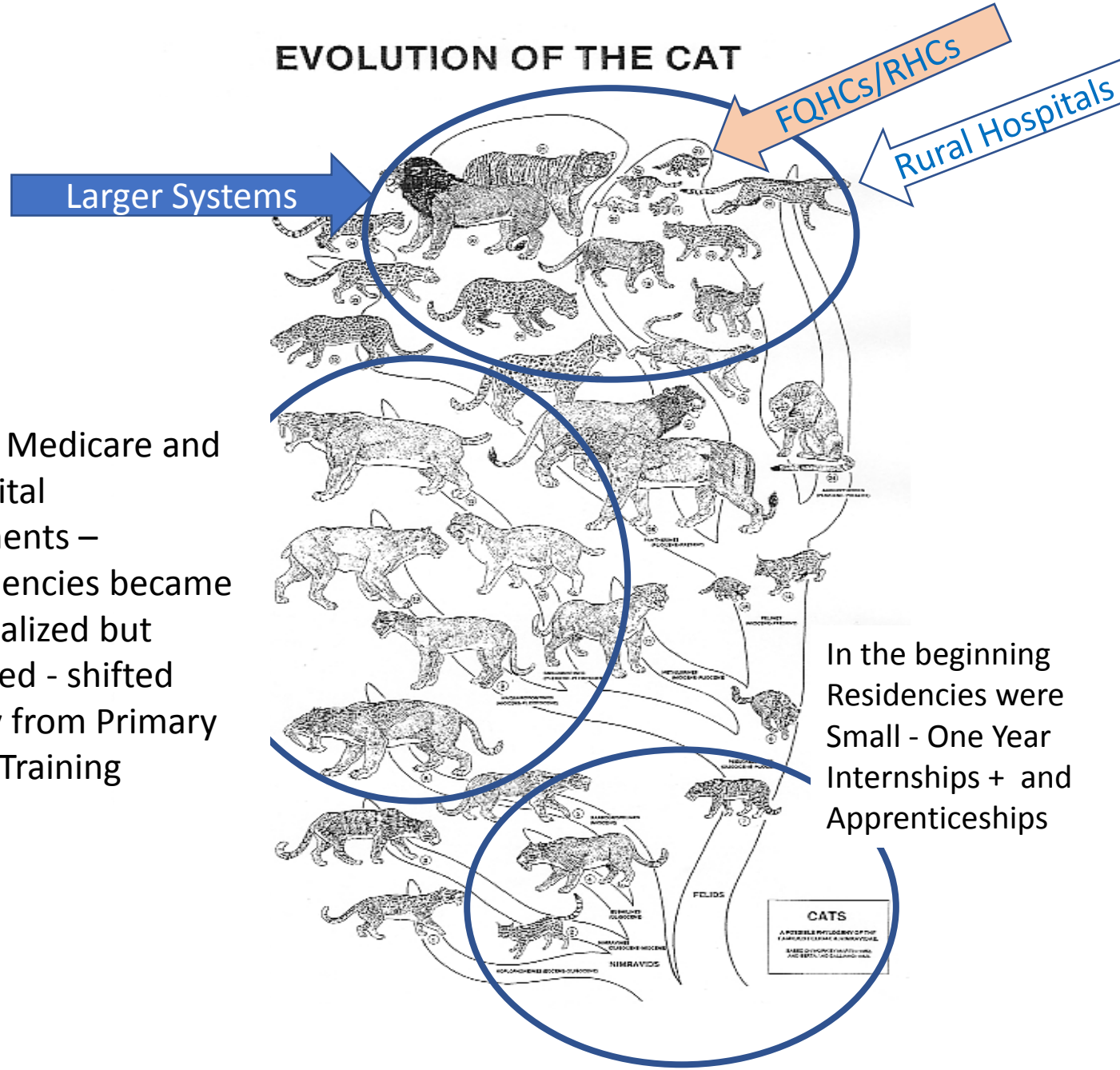
Policy Solutions: Like Herding Cats!

Graduate Medical Education (GME) It's a Post-Doctoral Training Program! It's Residency Financing Too!

- AAMC GME Def:
  - Resident physicians that have graduated from (Allopathic or Osteopathic) medical schools and typically spend three to seven years in training at Teaching Hospitals (and Teaching Health Centers) and their associated ambulatory settings.
  - The American College of Grad. Med. Ed. – ACGME – Accredits residency programs of all specialties (formerly also the AOA) within Sponsoring Institutions (SI)
  - SI's can be a Hospital, Clinic, Consortium or other structure (AHEC or Foundation)
  - Financing of Residencies Typically Happens through
    - Teaching Hospitals and Academic Medical Centers - affiliated clinics
    - Teaching Health Centers – Since ACA 2010

The Evolution of Residency Training

Where we've Been - Opportunities for PC Growth



HSD GME Development Review Board

Focus on Family Medicine, General Pediatric, General Internal Medicine, and Psychiatry

- Growth
- Developmental Costs through State General Fund and/or Medicaid Support
- Medicaid GME Eligibility
- Medicaid GME Financing
- Support ACGME application development and accreditation – Technical Assistance -- PCTC

Other areas of Interest

- Medicare Improvements
- Support other Financing Strategies - THC

Medicare

- Payment Policies for GME are driven by Medicare which accounts for 90% of total GME payments
- Two methods
  - Indirect Medical Education Payments – Hospitals Only 
    - Formula
    - IME adjustment factor = c * [(1 + r)0.405 - 1]
      https://www.cms.gov/MMRR/Downloads/MMRR2011_001_04_A01.pdf
    - Compensates hospital for the added cost of training in the Inpatient Setting
  - Direct Medical Education Payment – aka DME, GME or DGME 
    - The Amount of $ received for DME is Called "PER RESIDENT AMOUNT" or "**PRA**" 
    - Different Organizations can Receive DME
    - Covers Resident Salaries, Faculty, other specific costs associated with training
    - Typically what the Program Receives as a BUDGET from hospital
  - Combined Equal Totals GME-related Payments IME:DME Ratio = 2:1 National

Key Concepts in Medicare and CMS Financing of GME

- GME is primarily a:
  - Financing System or **Payment System** paid by primarily by public INSURANCE
  - It is a Cost Report Based-Assessment
- GME is not a:
  - Grant or a “Program” although an Accredited Training Program will receive funding from the recipient of the Medicare DME PAYMENT
- Typically the Hospital keeps the IME payment as part of the hospital’s operating budget. Aside: Major dispute area.
- Differentiate between financing and funding
  - The Teaching Health Center Program in HRSA, not CMS, provides Grants to Community-based organizations to operate accredited programs

Inhibitors to Using Medicare to Grow Residencies!!

$0 PRA

If a hospital ever supported a resident rotation and did not claim costs for that rotation because the PROGRAM paid the resident salary during that time, the rotation hospital will have a $0 PRA meaning it is not eligible for DME or IME from Medicare.

The Issue of CAPS

In 1997, CAPS were set on the total number of residents that Medicare would pay for nationally, with some exceptions.

Urban Hospitals have a set overall CAP and those hospitals make decisions / determine what kind and how many residents are training within the CAP.

Rural Hospital CAPS are set by Specialty, not in total. The have 5 years to establish a CAP within each program starting from the first official day of PGY-1

Exceptions to CAP

New Hospital

New Program that never had GME training

Obtaining “Slots” from existing Programs That are closing or shrinking

Primary Care Providers

Teaching Health Centers

Created in ACA as part of access to primary care initiatives

- National Health Service Corps
- Community Health Center growth
- Community Health Workers

Development Support – Unfunded until 2019

- Alamogordo
- Gallup

PRA funding as a grant

- **HMS** funded in first round – only one in the State
- LCDF/MMC application last week
- Currently, $150,000 per resident per year

Medicaid

- It’s complicated but Not Governed with Specific Language from CMS
  - Certain Rules Apply
- Financing will be a Major Focus of Committee Deliberations
- A Fundamental Source of Resources to Expand GME in NM
- Other States Do it
  - 43 States had some GME payments in 2018

Medicaid GME in NM Currently

- IME – uses Medicare formula
  - Before 1/1/19
    - Limited to UNM
    - Needed >125 Residents to Qualify
  - After 1/1/19
    - All hospitals eligible if
      - licensed by the state of New Mexico; and
      - **reimbursed on a DRG** basis under the plan; and
      - have 125 or more full-time equivalent (FTE) residents enrolled in approved teaching programs[.] **or operate a nationally-accredited primary care residency program**.

DME or GME in NM Regs

- D(G)ME - Hospitals Eligible
  - To qualify for MAD GME payments
    - Hospital must be licensed by the state of New Mexico,
    - Enrolled as a MAD provider, and
    - Must have achieved a MAD inpatient utilization rate of five percent or greater during its most recently concluded hospital fiscal year
  - The annual MAD payment amount per resident FTE with state fiscal year 2017 is as follows:
    - Primary care/obstetrics resident: $41,000
    - Rural health resident: $52,000
    - Other resident: $50,000

DME Continued

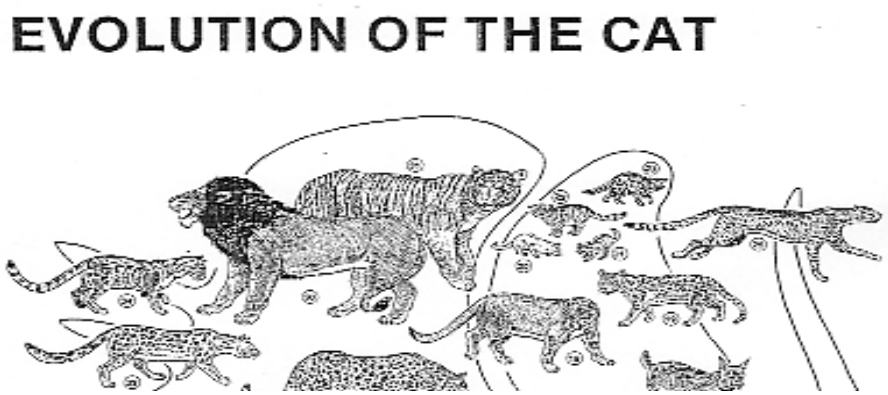
- Total annual GME payments for residents in Category B.3, "**Other**," will be limited to the following percentages of the $18,500,000 total annual limit (as updated for inflation….):
  - state fiscal year 1999 58.3 percent
  - state fiscal year 2000 56.8 percent
  - state fiscal year 2001 53.3 percent
  - state fiscal year 2002 50.7 percent
  - state fiscal year 2003 48.0 percent
  - state fiscal year 2004 45.5 percent
  - state fiscal year 2005 43.0 percent
  - state fiscal year 2006 40.4 percent
  - state fiscal year **2017** and thereafter **no limit (IGT Issue?)**
- **(f) Allocation Methodology:** The result of the GME payment calculation will be allocated between regular medicaid and group VIII (the other adult group who are newly eligible for medicaid under the affordable care act) based on the medicaid enrollment ratio from the most recent available quarter.

Medicaid - 1115 Waiver Language

- “Benefit and Delivery System Proposal #14:
  - Establish an alternative payment methodology to support workforce development HSD proposes an **alternative payment methodology for graduate medical education** to enhance current payment rates, with the goal of improving access to care in rural and frontier regions of New Mexico by **increasing the number of primary care, family medicine, and psychiatric residents in community-based clinic settings**. Under the proposed methodology, **HSD will fund the total cost of up to ten residencies statewide** in community-based provider settings with high numbers of attributed Medicaid patients. The community-based clinic will be required to **meet HSD-established criteria to be eligible** for the alternative payment. The criteria may include the type of residency program offered, numbers and types of Medicaid clients served, and other categories of residency programs. HSD will work with the New Mexico Primary Care Association and the New Mexico Primary Care Training Consortium to develop the specific criteria for funding these residencies and the terms of agreement among the community-based clinics, hospitals and HSD.”

HSD GME Development Review Board

How to Incent PC Financing



- Financing Issues to Be Addressed
  - Limiting “Other” growth / Runaway Costs / Bending the Curve
  - Significant PC Investment Goals
  - Financing in Different Settings
    - Other Urban Systems
    - Rural Hospitals / including OB
    - Specialty Hospitals (Psychiatry)
    - FQHC/RHC