AMERICAN ACADEMY OF FAMILY PHYSICIANS

Graduate Medical Education

RECOMMENDATION
The American Academy of Family Physicians (AAFP) recommends that Congress reform Medicare Graduate Medical Education financing to address inequities, improve accountability and train more family physicians. The AAFP urges legislators to cosponsor the Advancing Medical Resident Training in Community Hospitals Act (HR 1358) and the Rural Physician Workforce Production Act (S 289).

Background

The federal government annually spends billions, according to the Government Accountability Office, to fund graduate medical education (GME) residency training for physicians to ensure physician supply and access to care. Medicare GME funding is an entitlement program that is blind to the actual specialty mix of trained physicians. However, research has shown the need for a greater investment in primary care physicians. A 2019 JAMA Internal Medicine study found that every 10 additional primary care physicians per 100,000 population was associated with a 51.5-day increase in life expectancy – an increase that was more than 2.5 times that associated with a similar increase in non-primary care physicians. The inverse is also true and starker: as the density of primary care physicians decreases (11% decline across 10 years), there is a predictable increase in the number of deaths due to preventable causes. The cost of inaction will be an increase in morbidity and higher premature mortality.

The Council on Graduate Medical Education's Twentieth Report noted that effective health care systems have a physician workforce comprised of roughly 50% primary care and 50% subspecialty. The current U.S. physician workforce falls far short of that ideal at 33% primary care. The Institute of Medicine reported that the current Medicare GME program does not produce adequate numbers of physicians prepared to work in needed specialties, geographic areas, or in the community-based settings where most Americans seek care.

Over time, rigid federal GME rules have created barriers to training in rural areas and some community hospitals. The AAFP has identified two bills before the 116th Congress that would help address the problems identified above.

Rural Physician Workforce Production Act (S. 289)

The AAFP urges Senators to cosponsor the bipartisan *Rural Physician Workforce Production Act* (S. 289) sponsored by Sens. Cory Gardner (R-CO), Jon Tester (D-MT) and Cindy Hyde-Smith (R-MS). The bill would provide invaluable new federal support for rural residency training, which will help alleviate physician shortages in those communities. The bill enhances hospitals' ability to pay for rural residency training by establishing an optional National Per Resident Payment in Medicare, to replace existing Medicare GME payment to finance rural training in primary care or any other medical specialty.

The *Rural Physician Workforce Production Act* would provide new financial incentives for rural hospitals (including critical access hospitals) to provide training opportunities needed in the communities they serve. These financial incentives would extend to urban hospitals as well for the specific purpose of growing the number of residents they train in rural areas. The bill is also backed by the Council of Academic Family Medicine, the National Rural Health Association, the American College of

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Osteopathic Family Physicians, the American Osteopathic Association, the American Association of Colleges of Osteopathic Medicine, and the GME-Initiative.

Advancing Medical Resident Training in Community Hospitals Act (HR 1358)
The AAFP urges Members of Congress to cosponsor the bipartisan *Advancing Medical Resident Training in Community Hospitals Act* (HR 1358) introduced by Reps. Ron Kind (D-WI) and Mike Gallagher (R-WI) which would fund critical new residency programs in communities facing physician shortages, resulting in improved access for patients and increased training opportunities for residents.

Currently, Medicare Direct GME payments are limited based on a formula related to a set per resident amount (PRA) and the capped number of residents (established for most hospitals based on 1996 training levels). Hospitals also have a cap related to Indirect GME payments. Once established, both the Medicare resident cap and PRA are permanent. New teaching hospitals have a one-time opportunity to build a PRA and resident cap. The PRA is set during the first year of training, and the resident cap is built over a five-year period.

The legislation would change CMS GME rules to allow hospitals that trained less than 1 FTE resident in 1996, the base year establishing the resident caps, to establish a new resident cap and PRA. Hospitals that accepted rotations of 3 or fewer FTE residents after October 1, 1997 also would be allowed to establish a new GME cap and PRA. Under this bill, hospitals could accept less than 1 FTE resident rotator without triggering a GME cap and PRA, thereby preserving the opportunity to become a teaching hospital later.

The CMS policy that a GME cap is triggered by any level of training has harmed some hospitals that have accepted casual rotations from other institutions' teaching programs. Hospitals which allowed residents to rotate through inadvertently established a very low FTE cap and a nearly non-existent PRA – even when many impacted hospitals never claimed Medicare payment for the rotators. With low FTE caps and PRAs, those institutions have inadvertently foreclosed their ability to establish the robust residency programs that are now needed in their communities unless Congress acts to address this.

The *Advancing Medical Resident Training in Community Hospitals Act* is also supported by the American Medical Association, the American Association of Colleges of Osteopathic Medicine, the Wisconsin Hospital Association, the Wisconsin Rural Health Cooperative, the Medical College of Wisconsin, and the East Alabama Medical Center.

For an interview about AAFP's graduate medical education policies, contact Leslie Champlin at lchampli@aafp.org or 913-906-6252.