

GRADUATE MEDICAL EDUCATION

AAFP Position

To increase the number of family medicine graduates in the United States, the American Academy of Family Physicians (AAFP) is committed to removing significant barriers stifling the growth in family medicine specialty choice among U.S. medical graduates. AAFP [policy](#) supports consistent funding for graduate medical education for family medicine to ensure new positions are allocated to address rural and urban imbalances, reduce physician shortages, and focus on medically underserved areas, including funding for programs like the federal [Teaching Health Center GME program](#).

What is Graduate Medical Education and How is it Financed?

Graduate medical education (GME) refers to the post-medical school graduation period of training, including internships, residencies, and fellowships, which allopathic and osteopathic physicians (MDs and DOs) pursue in accredited programs. The Accreditation Council for Graduate Medical Education (ACGME) accredits sponsoring institutions, such as teaching hospitals and teaching health centers and residency and fellowship programs, which meet certain standards for training leading to licensure and board certification. These programs vary in medical specialty and size, ranging from small outpatient clinics to large urban teaching hospitals.

The federal government spends nearly \$16 billion on GME annually through Medicare, Medicaid, the Departments of Defense and Veterans Affairs, and the Children's Hospital and Teaching Health Center GME programs. Medicare spending on GME dwarfs that of all other programs and uses a complex payment formula which includes both direct graduate medical education (DGME) payments and indirect medical education (IME) payments based in part on the number of Medicare patients and residents in training.

Primary Care Physician Shortage

The U.S. faces a critical family physician workforce shortage compounded by decades of neglect, misalignment of priorities and resources in medical education, and the inherent financial interest and competition within the health care industry. While the current system excels at educating skilled physicians and physician researchers, the primary care physician shortage prevents the U.S. from taking advantage of the better outcomes and lower per capita costs associated with robust primary care systems. The USC-Brookings Schaeffer Initiative for Health Policy recognized that Medicare GME was not addressing the primary care physician shortage and called for a significant overhaul of the system.¹

According to the Association of American Medical Colleges (AAMC), the U.S. will see a shortage of up to 55,200 primary care physicians by 2032 as demand continues to exceed supply.² The current primary care physician shortage is driven by several factors including an increase in the number of people who have health insurance, population growth, and aging.

Fortunately, interest in family medicine has been climbing since 2008, per the 2020 National Residency Matching Program (NRMP), or "Match," [results](#). In 2020, a record 4,335 medical students matched into

¹ Steinwald B, Ginsberg P, Brandt C, Lee S, Patel K. (2018). "Medicare Graduate Medical Education Funding is Not Addressing the Primary Care Shortage." *Brookings*. Web.

² Dall T. (2019). "The Complexities of Physician Supply and Demand: Projections from 2017-2032." AAMC. Web.

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family medicine, nearly 500 more than in 2019. Despite this improvement, neither the current production of family medicine residents nor the number of available residency positions are adequate to meet existing and future primary care workforce needs, which remain far short of a national goal of 25 percent of all medical school graduates pursuing family medicine by 2030. Further action is needed.

Teaching Health Center Graduate Medical Education

The Teaching Health Center Graduate Medical Education (THCGME) program is an important initiative that addresses the primary care physician shortage by providing federal funding to community-based health clinics. Sixty-five percent of residents choose the family medicine specialty.³ Grantees are often located in areas where recruiting medical professionals can be difficult. Individuals served by THCGME residents tend to be geographically isolated and economically and medically underserved. According to federal accountability data, THCGME graduates are more likely to continue practicing primary care medicine and serving in medically underserved communities than those in Medicare GME-supported programs. The federal THCGME programs were first authorized by the Affordable Care Act in 2010 and have supported more than 880 residents since then. During the 2018-2019 academic year, THCs were funded at \$126.5 million and supported 56 programs in 23 states. The THCGME program is funded through November 2020. Legislation to reauthorize THCGME, the [Training the Next Generation of Primary Care Doctors Act of 2019](#), would fund programs for five years, increase monies, and prioritize new grants in rural and underserved communities.

State Policy Options

Medicaid GME Funding

After Medicare, Medicaid is the second largest source of funding for GME. The role of state government in supporting GME through Medicaid is well-established as most states provide support through their Medicaid programs. Although this is not required, states supporting GME programs through Medicaid are eligible for federal matching funds. As of 2018, 43 states and the District of Columbia provided GME payments under their Medicaid programs.⁴ States that did not use Medicaid funds for GME cited budget shortfalls, cost controls, or no need as reasons for not contributing.

Establishment and Funding of Workforce Programs

In addition to slots funded by federal programs, states may fund additional GME slots as a strategy for workforce development and physician retention. In 2016, 47.5 percent of physicians were active in the state where they completed their most recent GME, indicating a significant return on investment for the state in maintaining adequate health care access.⁵

California is one of the few states that does not fund GME through its Medicaid program. In its place, initiatives established by the *Song-Brown Health Care Workforce Training Act* [program](#) encourages universities and primary care professionals to provide health care in medically underserved areas and provides financial support to family medicine and other primary care programs in California. In 2016, California's state budget included \$100 million over three years in new funding for the Song-Brown Program, the largest GME appropriation in California's history.

State Investment in THCGMEs

Realizing the importance of teaching health centers and trying to provide consistent funding, some states have begun to propose legislation to include funding for teaching health centers in their budgets. For example, Massachusetts has pending [legislation](#) which would establish a primary care and family medicine residency grant program to finance the training of primary care providers and family physicians in the THC setting.

Updated: October 2020

³ HRSA. (2019). "Teaching Health Center Graduate Medical Education (THCGME) Program." Web.

⁴ Association of American Medical Colleges. (2019). "Medicaid Graduate Medical Education Payments: Results from the 2018 50-State Survey." Web.

⁵ Association of American Medical Colleges. (2017). "2017 State Physician Workforce Data Report." Web.