How Do We Get a Health Care Workforce for the 21st Century?

Challenges Facing the US Health Care System

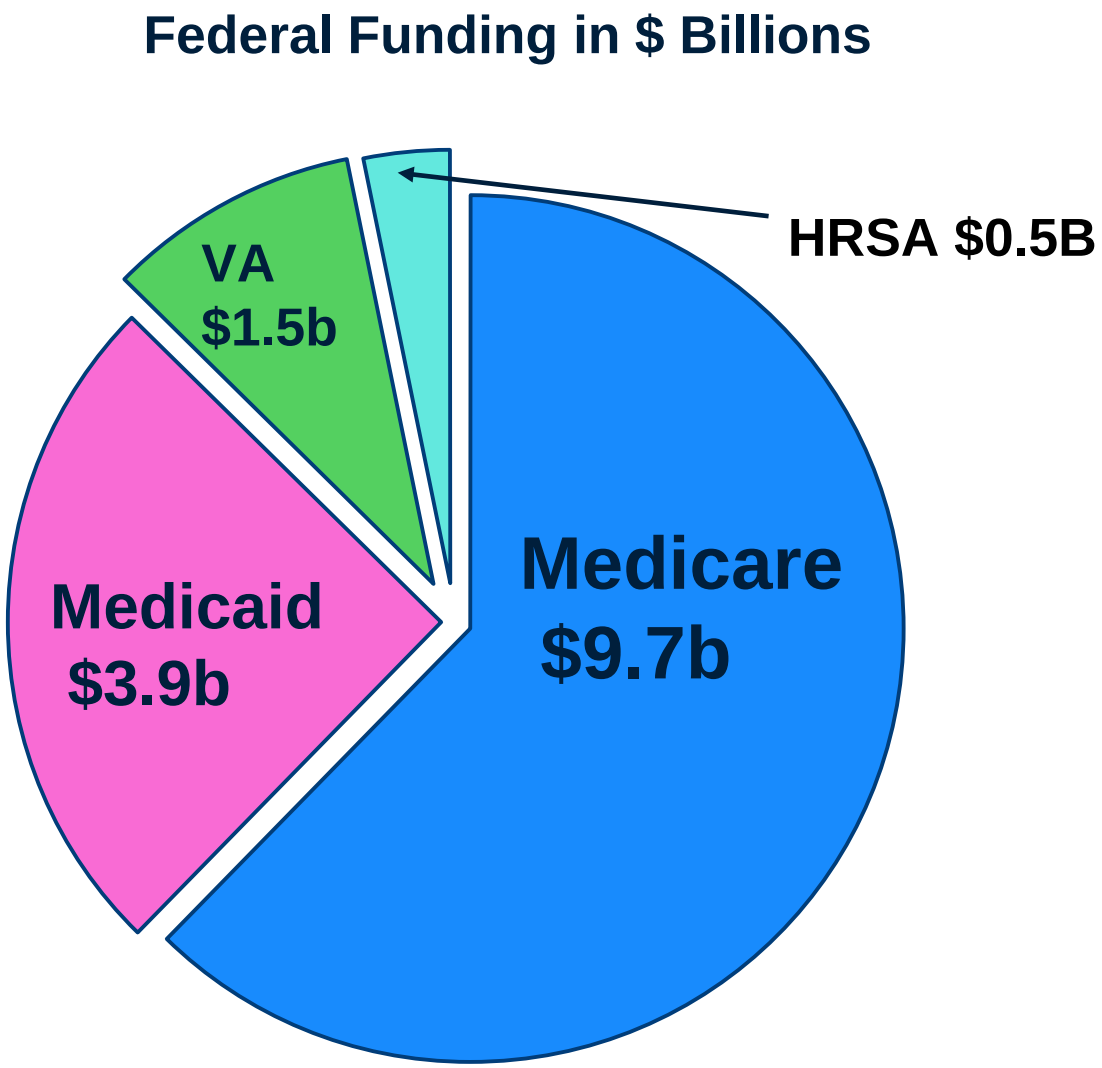
The 22nd Princeton Conference

Linda E. Fishman

May 13, 2015

American Hospital Association

Illustration of the Magnitude and Sources of Federal GME Funding: 2011-2013 data



Source: Table 3-1, 2014 Institute of Medicine Report of Committee on Governance and Financing of Graduate Medical Education

Medicare Support for Physician Training: A Long History

In 1965 Congress said:

"Many hospitals engage in substantial education activities, including the training of medical students [and] internship and residency programs… Educational activities enhance the quality of care in an institution, and it is intended, *until the community undertakes to bear such education costs in some other way,* that a part of the net costs of such activities (including stipends of trainees as well as compensation of teachers and other costs) should be considered as an element in the cost of patient care, to be borne to an appropriate extent by the hospital insurance program."

Senate and House Reports, 89th Congress (1965)

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IME: Patient Care Payment with an Education Label

At the beginning of the inpatient PPS, Congress…

Created (IME) because of concerns about the inability of the Medicare DRGs to "account fully for factors such as severity of illness of patients requiring *the specialized services and treatment programs provided by teaching institutions* and the additional costs associated with the teaching of residents... The adjustment for indirect medical education costs is *only a proxy* to account for a number of factors which may legitimately increase costs in teaching hospitals"

House Ways & Means Committee Rept., No. 98-25, March 4, 1983 and Senate Finance Committee Rept., No. 98-23, March 11, 1983 (emphasis added)

"…to compensate teaching hospitals for their relatively higher costs attributable to the involvement of residents in patient care and *the severity of illness of patients requiring specialized services available only in teaching hospitals."*

U.S. Congress, 1999

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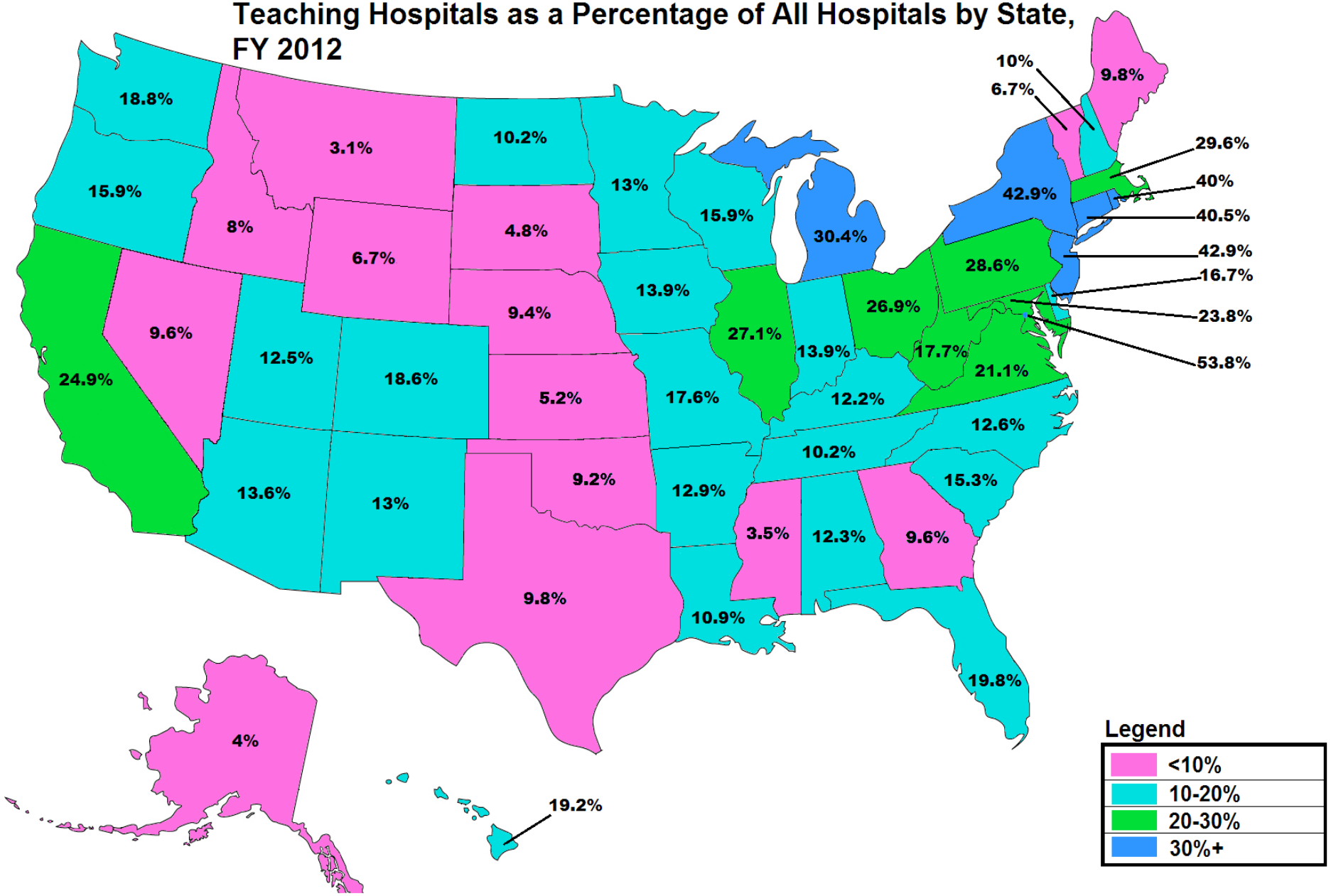
Teaching Hospitals as a Percentage of All Hospitals by State, FY 2012



What Specialties are Attractive to U.S. Seniors?

% Positions Filled by U.S. Seniors in the 2015 National Resident Match (NRMP)

	US Seniors	Total Filled
Otolaryngology	94.6%	99.7%
Orthopedic Surgery	94.3%	100.0%
Plastic Surgery	91.9%	97.3%
Dermatology	90.1%	100.0%
Neurological Surgery	89.5%	99.0%
Psychiatry	57.2%	99.0%
Neurology	55.0%	98.0%
Diagnostic Radiology	50.4%	90.2%
Pathology	46.6%	93.9%
Internal Medicine	49.0%	98.9%
Family Medicine	44.0%	95.1%

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Influencing the Specialty Mix of Physicians

- **"Health care reimbursement and the organization of health care services…are far more important than GME in determining the makeup and productivity of the physician supply."**

  Institute of Medicine, Graduate Medical Education That Meets the Nation's Health Needs, July 2014

- **"…federal policies intended to affect the number, mix and distribution of the health care workforce should be implemented through specific targeted programs rather than through Medicare."**

  Medicare Payment Advisory Commission, November 2003

- **The "single most important way Medicare can influence the mix of physicians…is to reform how it pays for services."**

  Medicare Payment Advisory Commission, June 2010

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IOM: Big Cuts, Major Changes

- **Focuses *only* on Medicare GME financing**
- **Questions physician shortage projections (more federal money *not needed*)**
- **Uncouples Medicare GME funding from seniors' patient care and Medicare providers;**
- **Makes payments to program sponsors—not entity that incurs the cost**
- **Carves out up to 30% of GME funding ($3B) for new demos, any provider setting, additional bureaucracies**
- **Effectively cuts a hospital's GME by 35% (IOM's own projections)**
- **Assess need for Medicare support after 10 years; potentially no funding source**

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