

# Graduate Medical Education: Training Tomorrow's Physician Workforce

Graduate medical education (GME) is the supervised hands-on training after medical school that all physicians must complete to be licensed and practice independently. The length of this training varies but generally lasts at least three to five years for initial specialty training; subspecialty training may last up to 11 years after graduation from medical school. Training is coordinated and funded by teaching hospitals, though the clinical experiences occur in a variety of settings.

## The Unique Role of Teaching Hospitals

- Their education and research missions enable teaching hospitals to offer patients the most advanced expertise, services, and technology.
- The physicians who staff teaching hospitals provide a diverse range of around-the-clock specialty care—such as in trauma centers and neonatal intensive care units—and are prepared to care for the nation's most critically ill or injured patients.
- Teaching hospitals provide **\$7.9 billion in charity care (including care for poor seniors)**.

## Federal Support for GME

### Medicare Direct Graduate Medical Education (DGME) Payments

- DGME payments offset a portion of the direct costs associated with training physicians (for example, resident stipends and benefits, supervising physician stipends and benefits, and GME office overhead costs).
- Medicare **supports only a portion** (the “Medicare share”) of the costs associated with training a resident. This share is a hospital-specific amount that reflects each hospital's Medicare volume.
- Teaching hospitals incur **\$17.4 billion** in direct training costs each year, with **Medicare supporting only \$3.5 billion of that total**.
- Medicare support for training residents has been frozen since 1997 despite an aging, growing population. Teaching hospitals themselves must offset the balance of each resident's training costs. (The number of states providing support through the Medicaid program has declined since then.)

### Medicare Indirect Medical Education (IME) Payments

- Teaching hospitals depend on IME payments to maintain the state-of-the-art facilities and equipment (such as Level 1 trauma centers) and specialized services (for example, advanced cancer care) that are critical for the environment in which health professionals are trained and for the health of the community.
- Since the creation of IME payments, Congress has consistently clarified that these are patient care payments that recognize the **unique expertise, resources, and other costs associated with caring for the disproportionately high level of complex and vulnerable patients treated at teaching hospitals**.
- Medicare supports only \$8.08 billion of the unique patient care costs incurred by teaching hospitals.

## The Physician Shortage

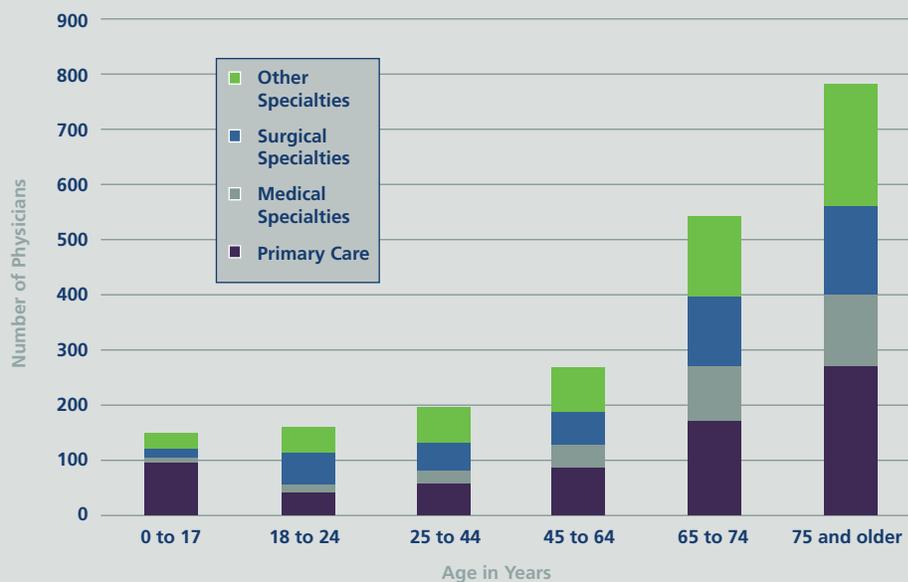
### The United States Is Facing a Shortage of Between 40,800 and 104,900 Physicians by 2030

- Between 7,300 and 43,100 primary care physicians
- Between 33,500 and 61,800 surgeons and other specialists

### What Is Driving the Physician Shortage

- By 2025, the number of Americans over age 65 will grow by 41 percent. Seniors today are living longer and have more active lifestyles.
- Medical advances have increased the number of people living with multiple chronic illnesses.
- More than 25 percent of doctors are over age 60 and likely to retire in the next decade.
- By 2017, 25 million uninsured individuals will have obtained coverage under the Affordable Care Act.
- Though demand is increasing, supply is not increasing at the same pace because of a cap Congress imposed on Medicare GME support.

### Physician Utilization per 100,000 People by Age



Source: HHS/HRSA, *The Physician Workforce: Projections and Research into Current Issues Affecting Supply and Demand*, December 2008.

### GME Is NOT a Major Driver of Physician Specialty Choice—Payment Rate IS

**MedPAC June 2010 Report to Congress:** *“The single most important way Medicare can influence the mix of physicians ... is to reform how it pays for services. [Medical school graduates] reasonably look at future earnings prospects when choosing a specialty ... payment rates can influence that choice.”*

### Lifting the Cap on Medicare GME Funding Will Help Alleviate the Doctor Shortage

Currently, two bills in Congress would help address the doctor shortage by increasing residency slots by 15,000 over five years. This increase would account for one-quarter of the doctors necessary to meet the country’s workforce needs.

- Resident Physician Shortage Reduction Act of 2015 (H.R. 2124)
- Resident Physician Shortage Reduction Act of 2015 (S. 1148)

For more information, visit [www.aamc.org/advocacy/gme](http://www.aamc.org/advocacy/gme).