



Advising the Congress on Medicare issues

Graduate Medical Education (GME) : Focusing on Educational Priorities

Medicare Payment Advisory Commission

About MedPAC

- Independent, nonpartisan Commission of 17 national experts
 - Appointed by Comptroller General for 3-year terms (can be reappointed)
- Conduct policy analysis and make recommendations to the Congress and the Secretary of HHS on issues affecting Medicare
- Vote on recommendations in public
- Submit reports to the Congress

Selected issues in MedPAC reports

- June 2008 – Primary care and medical home focus
- June 2009 – Challenges and opportunities in GME
- June 2010 – Improving GME to support a reformed delivery system

Background: Medicare payments for GME

- Medicare GME = \$9.5 billion in 2009
 - \$3 billion for direct GME
 - \$6.5 billion for indirect GME
 - MedPAC analysis:
 - \$3.0 billion: costs empirically validated
 - \$3.5 billion: costs not empirically validated
- Virtually all of these payments are made to teaching hospitals
- Payments are linked to Medicare hospital admissions and inpatient volume

Commission assessment

- Our GME system produces superbly skilled clinicians and contributes to stunning advances in medical science.
- But, it is not aligned with delivery system reforms needed to increase the quality and value of U.S. health care.
- We cannot accomplish delivery system reform without ensuring the providers we need have certain skills (e.g., integrate care across settings, improve quality, work in teams, use resources efficiently).
- FFS payment signals affect physician career choices, among other factors.

Key principles and areas of concern

- **Key principles**
 - Decouple GME payment from hospital admissions and inpatient volume
 - Ensure that GME subsidies are focused on achieving medical education goals
- **Areas of concern**
 - Workforce mix (e.g., trends in specialization, limited socioeconomic diversity)
 - Education and training in skills needed for improving the value of our healthcare delivery system (e.g., evidence-based medicine)

Recommendation #1: Establish performance-based payments for GME

- The Congress should authorize the Secretary to establish a performance-based incentive program with payments to institutions contingent on reaching desired educational outcomes and standards
 - The Secretary should establish an advisory board of individuals with the necessary expertise and perspectives
 - Eligible institutions to include teaching hospitals, medical schools, and other entities sponsoring residency programs
 - Funding should come from reducing IME payments to eliminate the amount paid above empirical IME costs
- Goal: Foster greater accountability for Medicare's GME dollars and reward education and training that will improve the value of our health care delivery system

Recommendation #2: Increase the transparency of Medicare's GME subsidies

- The Secretary should annually publish a report that shows, by hospital, the amount of dollars received in Medicare GME payments and associated costs
 - Interpreting cost data will require some caveats
- Goal: Encourage collaboration between educators and institutions on residency program funding decisions and recognize Medicare's significant investment in residency (and some nursing) training and education.

Recommendations for 3 studies

- Identify workforce needs for a high-value, affordable health care delivery system
- Analyze how residency programs affect the financial performance of their affiliated institutions and whether Medicare should support programs in all specialties equally
- Determine a strategy for increasing the diversity of our health professional workforce; report on what programs are most effective to achieve this pipeline goal