



TEACHING HOSPITALS *of* TEXAS

THOT MEMBERS

AUSTIN

Central Health
Ascension Texas Ministry Seton

CORPUS CHRISTI

CHRISTUS Spohn Health System
Nueces County Hospital District

DALLAS

Children's Health System of
Texas
Parkland Health & Hospital
System
The University of Texas
Southwestern Medical Center

EL PASO

University Medical Center
of El Paso

FORT WORTH

JPS Health Network

GALVESTON

The University of Texas
Medical Branch

HOUSTON

Harris Health System
The University of Texas MD
Anderson Cancer Center

LUBBOCK

UMC Health System of Lubbock

MIDLAND

Midland Memorial Hospital

ODESSA

Medical Center Health System

SAN ANTONIO

University Health System

TYLER

UT Health Northeast

GME Affiliate

RIO GRANDE VALLEY - EDINBURG
Doctors Hospital at Renaissance

Written Comments to Senate Higher Education Committee March 15, 2017

RE: Senate Bill 1066

Good morning, Chair Seliger and Members of the Committee.

I am writing on behalf of the Teaching Hospitals of Texas in support of SB 1066, which recognizes the importance of Graduate Medical Education (GME) residency programs as an integral part of medical education, and requires a plan to support residency positions for new medical school graduates.

The Teaching Hospitals of Texas, as you can tell from our name, has a special focus on supporting healthcare education in Texas. Our members provide about two-thirds of the hospital based residency programs in Texas.

There is a reason there are insufficient residency positions in Texas: these positions and programs are underfunded. THOT members and other teaching hospitals, however, have stepped into the breach to support Texas' physician supply and our medical school investments by supporting residency programs.

Because Medicare underfunds GME, in particular in Texas, and since Medicaid no longer supports the direct costs of GME, residency programs in Texas face significant shortfalls. An analysis of 2015 Medicare cost reports showed that on average 85% of direct GME costs for Teaching Hospitals of Texas members were unfunded. That's on average over \$78,000 in unfunded direct GME residency costs per resident per year.

Globally, over \$400 million in Texas GME costs are unfunded. For THOT hospitals, unfunded GME costs are estimated to be over \$125 million just for the unfunded Medicaid share of Graduate Medical Education costs.¹ These unfunded costs put additional pressure on our healthcare system and our local property taxes.

Recognizing that medical schools and residencies are two integral parts of producing a Texas physician is an important policy approach. We appreciate your work in support of Texas healthcare, workforce and residencies.

Thank you for your work, and please let me know if we can provide any additional information.

Sincerely,



Maureen Milligan
President and CEO
Teaching Hospitals of Texas
512.476.1497

¹ Estimated GME costs are \$528.5 million using Medicare cost methodologies (which under-trend actual costs). About 21% of this amount is funded by Medicare. (THOT members' Medicare funding is about 15% of GME costs.) Medicaid's share for all teaching hospitals would be \$173 million for all Texas teaching hospitals in 2018; and about \$126 million in 2018 just for THOT members.