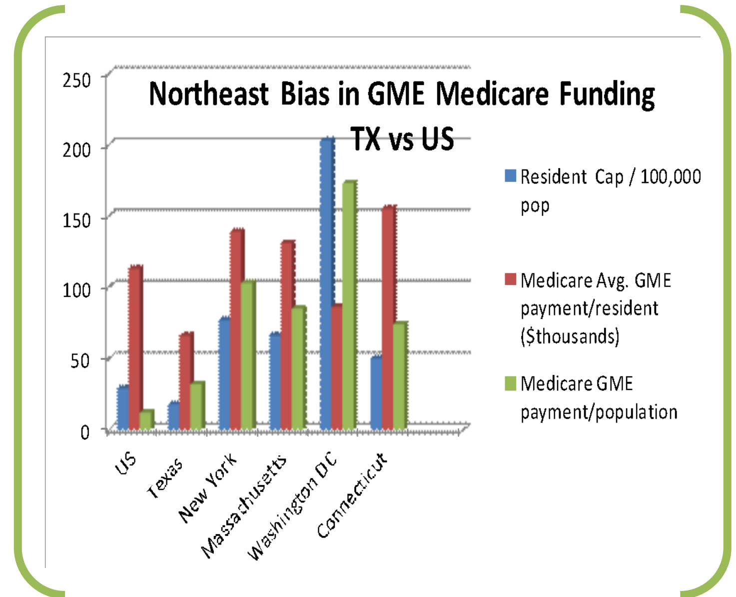
Medicaid GME Proposal

TEACHING HOSPITALS of TEXAS

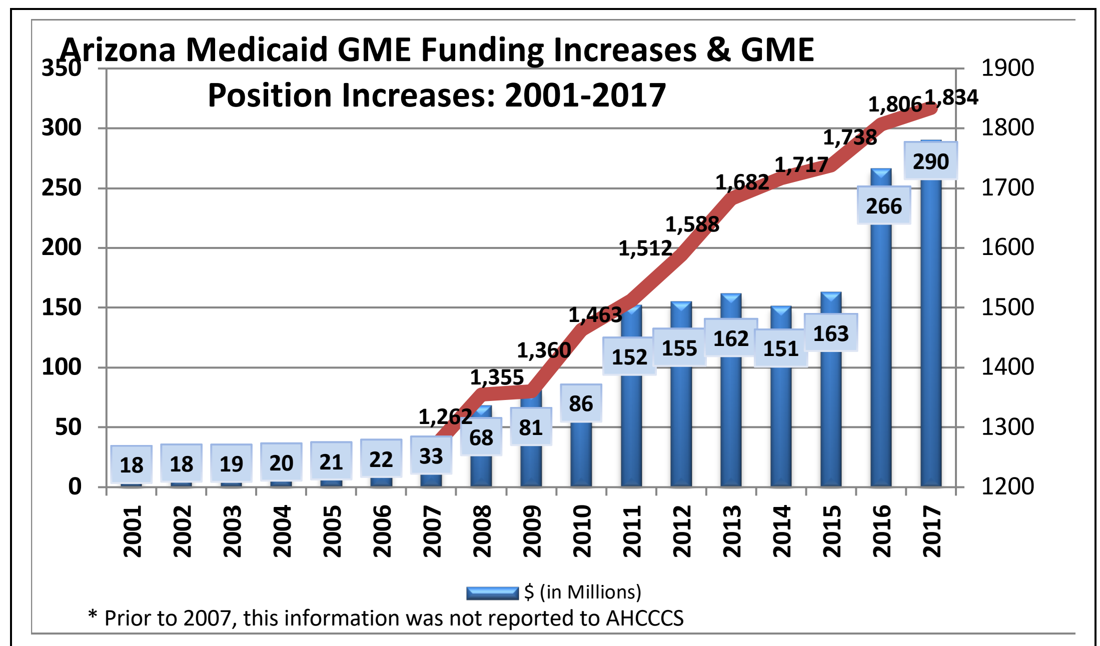
GME in Texas is underfunded while our need for physicians grows.

- Medicare, the primary funder of GME nationally, underfunds Texas compared to many other states, e.g., northeastern states. It funds fewer positions and pays less per positions.[i]
- Texas Medicaid support for direct GME ceased in 2003; data show TX teaching hospitals lose money in their GME programs.
  - Over $475 million estimated annual GME losses/year to Texas' teaching hospitals.[ii]
  - Average Texas per resident/per year losses: $78,000 for direct GME costs.
  - The state of Arizona increased Medicaid GME payments to providers over the past 10 years; and saw a 45% increase in the number of residents.[iii]



Medicaid can help offset unfunded GME costs

- Medicaid GME funding is available, but not currently requested by HHSC for private or public teaching hospitals.
- Before 2003, state GR matched Medicaid GME funds for all Texas teaching hospitals.
- Most states use Medicaid match to support GME.[iv] Florida, New York, California all receive GME Medicaid funds. ($1.6 billion in New York.) Significant federal and state flexibility exists; many different approaches are used to support GME.
- Arizona increased Medicaid GME payments to providers over the past 10 years (see blue bars showing millions); and saw a 45% increase in the number of residents as shown with the increasing red line.[v]



- Medicaid GME payments can be made directly to Medicaid teaching hospitals rather than through complicated HMO funding.
- GME funding is outside of Texas' 1115 waiver's budget neutrality. GME Medicaid payments are not limited by budget neutrality limits in the waiver; & outside Article II and III appropriations.

GME Proposal: Self-funded Medicaid GME with no additional state General Revenue

- Public and private teaching hospitals with LPPFs or other IGT will self- fund state match to access net new federal funding for GME. Common feedback on this proposal: Why aren't we already doing this?

Benefits

- Supports Texas' teaching hospitals to keep GME programs and infrastructure open; keep residents and our medical school graduates in Texas and keep producing Texas physicians.
- Helps offset Medicare's low Texas GME allocation and keep our programs viable.
- Helps shore up existing residency positions not eligible for current Texas Higher Education Coordinating Board GME grant program.
- By reducing unfunded GME costs in Texas, allows waiver funding and DSH funding to go further, and cover a larger share of all hospitals' unmet costs.

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[i] "The Geography of Graduate Medical Education: Imbalances Signal Need for New Distribution Policies," F. Mullan, C Chen, E. Steinmetz, Health Aff (Millwood). 2013 Nov; 32(11): 1914–1921. http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3951373/

[ii] THOT consultant CDockal's summary analysis of 2015 Medicare cost reports 79% unfunded of total $528.5M = $477.95M.

[iii] AHCCCS 2018 GME report.