Hennepin Healthcare

Governor's Task Force on Academic Health at the University of Minnesota

Meghan Walsh MD MPH
Chief Academic and Research Officer
Hennepin Healthcare

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What is Graduate Medical Education?

- Formal medical education pursued after receipt of the MD, DO, DDS/DMD, DPM degree in the United States
- **Hospital-sponsored** or **hospital-based** training
- Includes internship, residency, subspecialty and fellowship programs, and leads to state licensure and board certification.

Becoming a Physician

Medical School

18 months at UMN Medical School

30 months at a Hospital/Clinic

Residency

1-7 years

1st year is “internship”

Required for practice in MN- general specialties (internal medicine, surgery)

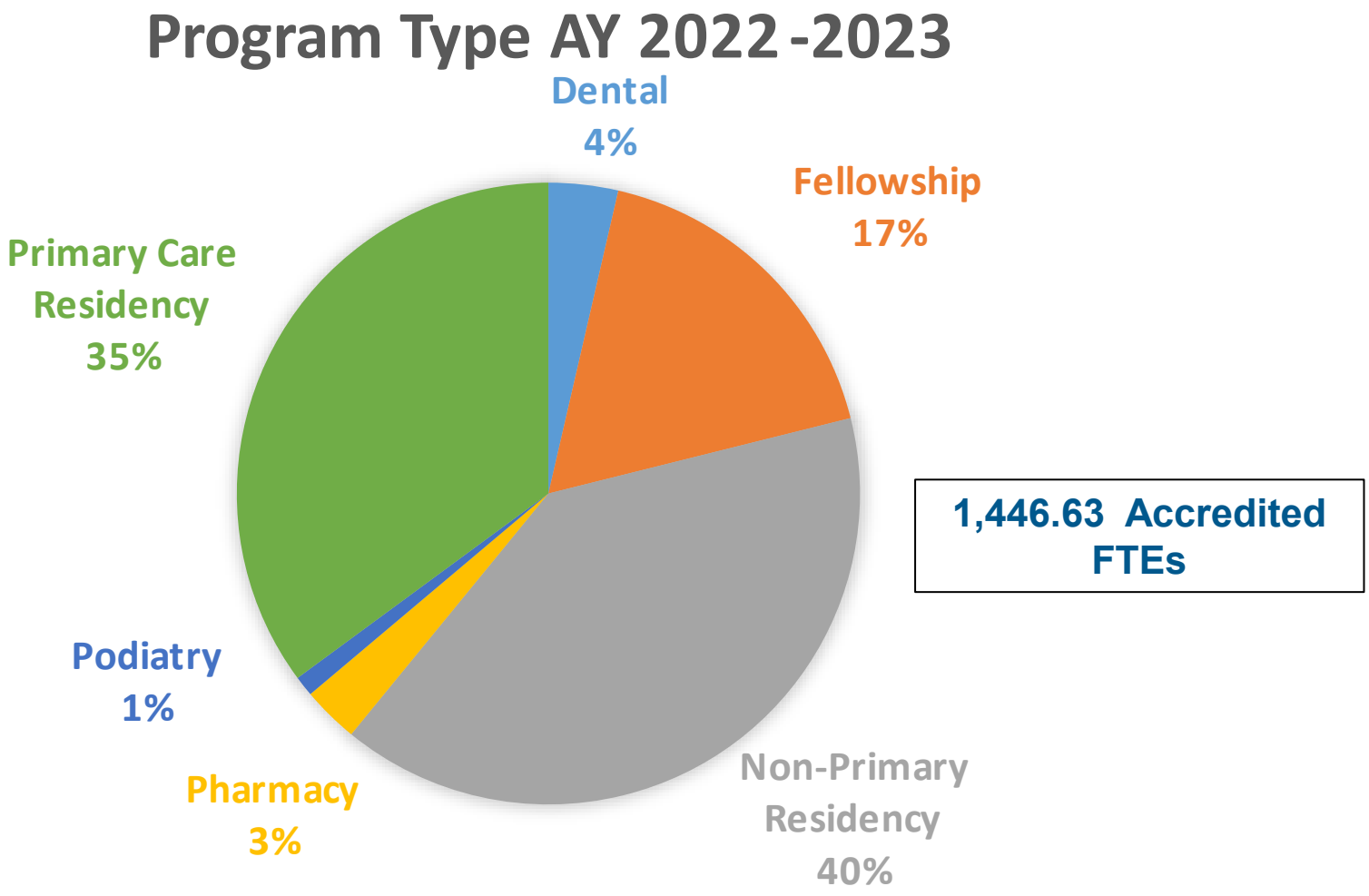
Fellowship

1-5 years

Required for subspecialty practice (cardiology, gastroenterology, etc)

Red = Training that must occur with patients, in a hospital or clinic

All Metro Trainees by Category



Primary Care:
Pediatrics
Family Medicine
Internal Medicine

1,446.63 Accredited FTEs

History of Graduate Medical Education Funding

President Lyndon B Johnson signed the Medicare and Medicaid Act (aka the Social Security Amendments of 1965)

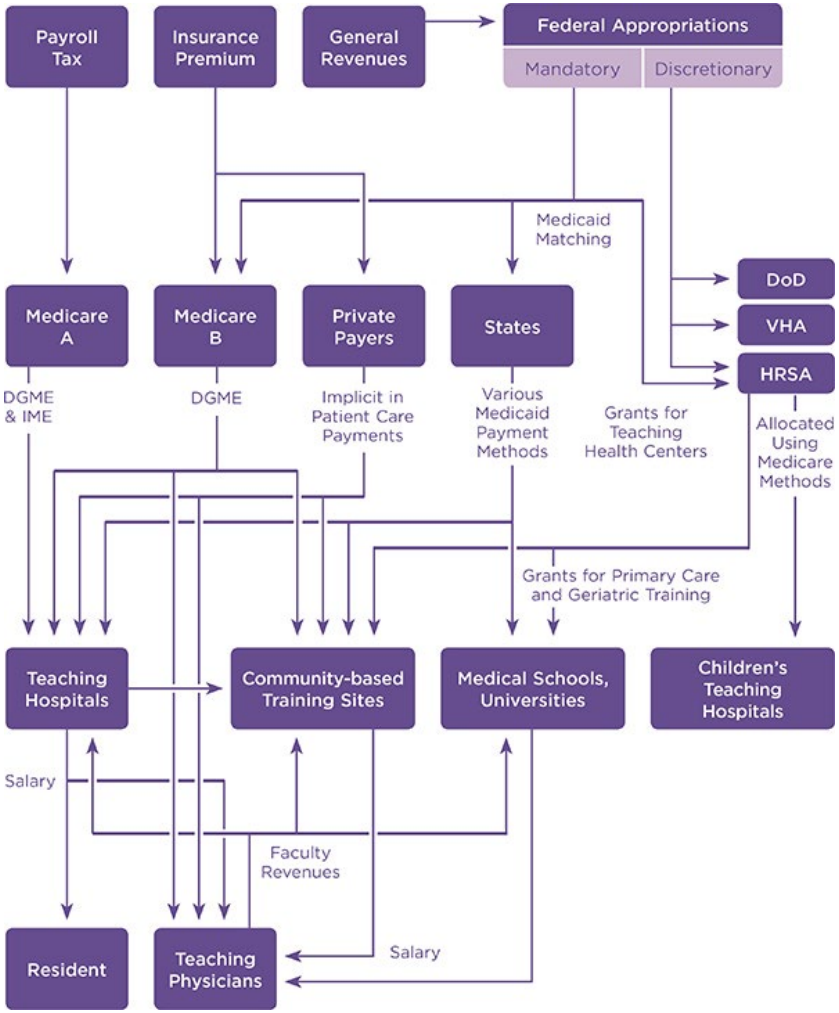
This included funding to **hospitals** for Graduate Medical Education costs related to physician training

July 30, 1965

"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 cost** of such activities (including **stipends of trainees**, as well as compensation of **teachers** and other costs) should be borne to an appropriate extent by the hospital insurance program."

1965 Social Security Act (Senate Report No. 404, Pt. 1, 89th Congress, 1st Sess. 36 [1965]; H.R. No. 213, 89th Cong., 1st Sess. 32 [1965]).

GME Financing



Graduate Medical Education That Meets the Nation's Health Needs. Committee on the Governance and Financing of Graduate Medical Education; Board on Health Care Services; Institute of Medicine; Eden J, Berwick D, Wilensky G, editors. Washington (DC): National Academies Press (US); 2014 Sep 30.

GME Financing Timeline

1965

- **Medicare GME payments** to teaching hospitals were calculated based solely on hospitals' costs

1983

- **Direct GME (DGME)** : resident salary + benefits, faculty salary, admin costs (30%)
- **Indirect Medical Education (IME):** meant to cover the cost of learners to the hospital—inefficiencies like extra lab testing (70%)

1985

- **Per Resident reimbursement (PRA) capped** - based on hospital's direct training costs in 1984 (that reimbursement is still the base amount even 40 years later)

1997

- **FTE Caps** - Froze the number of FTE's based on number the hospital was training in 1996!

2003

- Medicare-funded training slots are reduced at hospitals below their resident cap.
- Slots are repurposed to other institutions
- ACGME Duty hour restrictions start

SOURCES: Baumann et al., 2004; COGME, 2013; Congressional Research Service, 2010; HRSA, 2011b; HRSA Bureau of Health Professions, 2012; Johns, 2010; MedPAC, 2001; National Health Policy Forum, 2001; Nguyen and Sheingold, 2011; Rich et al., 2002; Roth and Yolin, 2011; Wynn and Kawata, 2002.

Hospital FTE's After 2003 Freeze

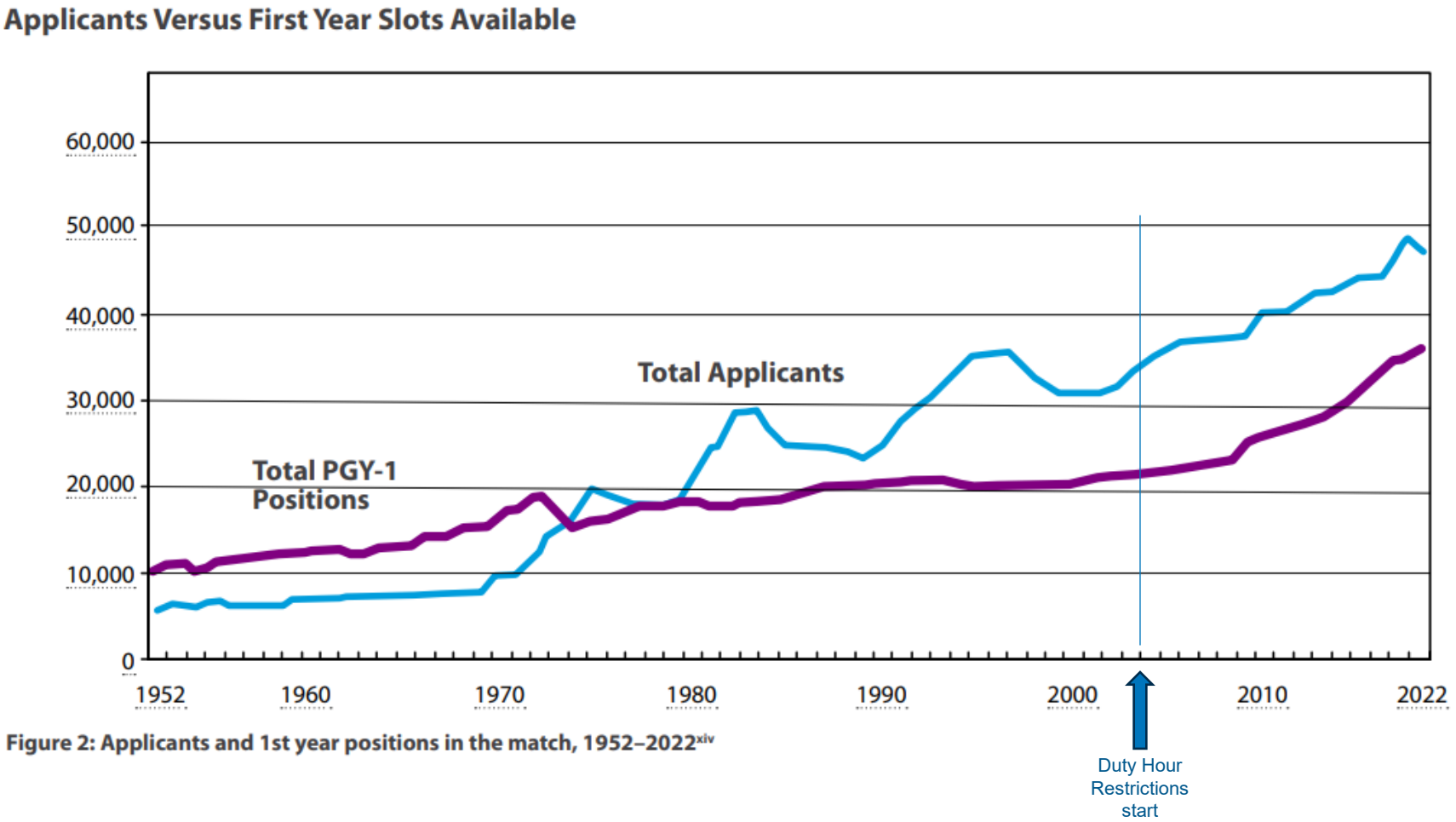


Figure 2: Applicants and 1st year positions in the match, 1952–2022[xiv]

Metro Minnesota Council on Graduate Medical Education (MMCGME) 2003

Members

- Hennepin County Medical Center
- Regions – HealthPartners
- University of MN Medical Center – Fairview
- University of MN Medical School
- VA Medical Center

Associate Members

- Allina Health Systems
- Children's Hospital

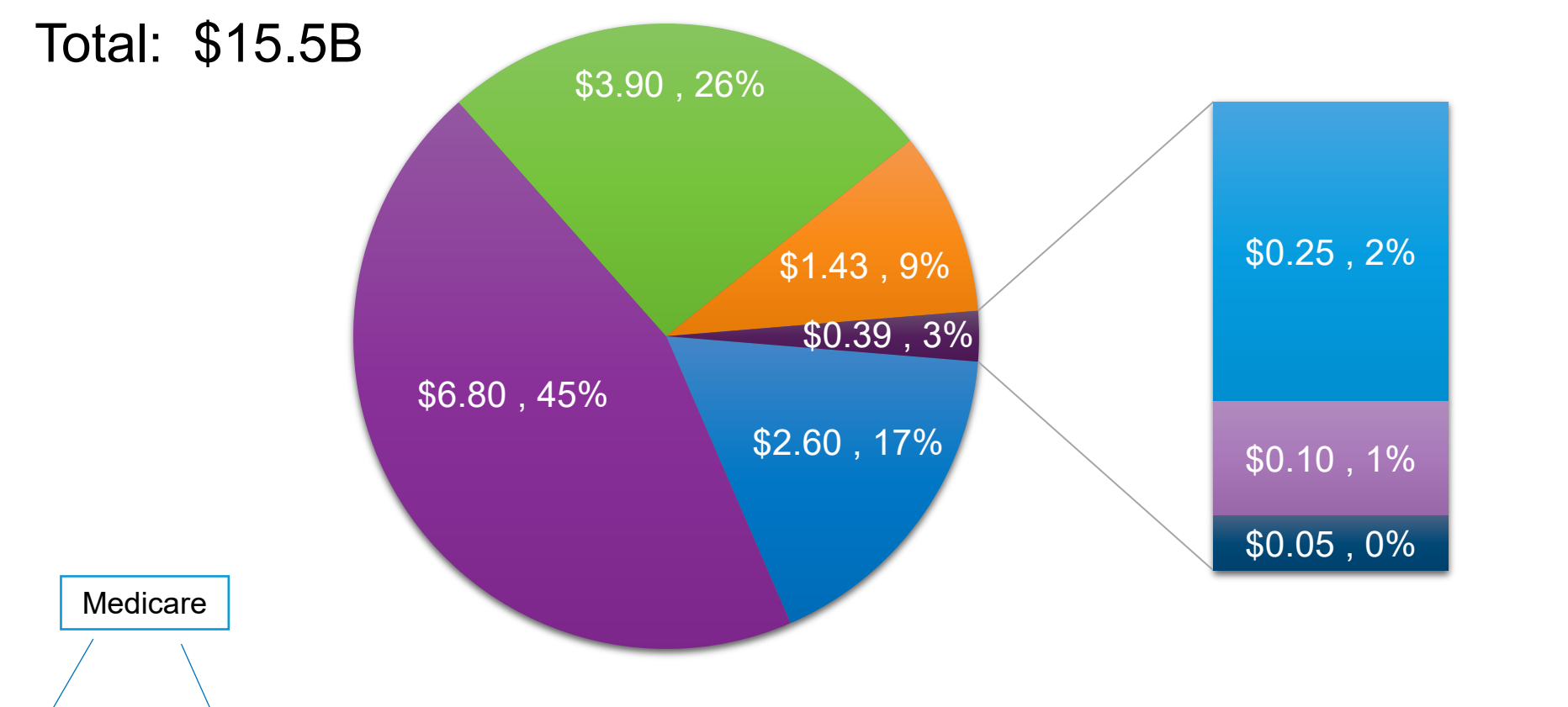
Other Affiliated Hospitals

- Gillette Specialty Children's Hospital
- (Legacy) HealthEast
  - St. John's
  - St. Joseph's
- Methodist Hospital
- North Memorial Medical Center
- St. Luke's Hospital - Duluth
- St. Mary's Duluth

MMCGME Collaborative Model

2012 Federal GME Dollars (in Billions)

Total: $15.5B



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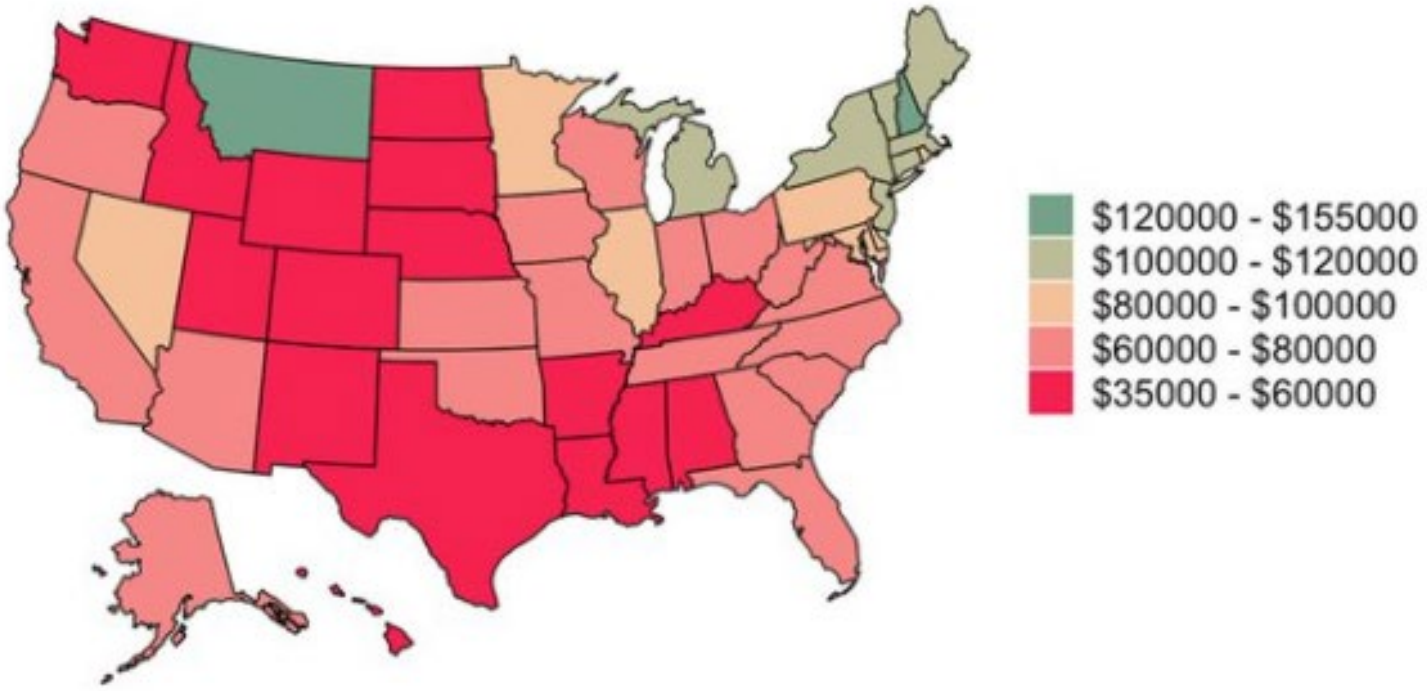
Per Resident Amount (PRA) by State

Figure 10: Medicare residency funding is highly concentrated in the Northeast.

Average Medicare GME payment per resident, FY 2018



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Distribution of Funded Training Positions

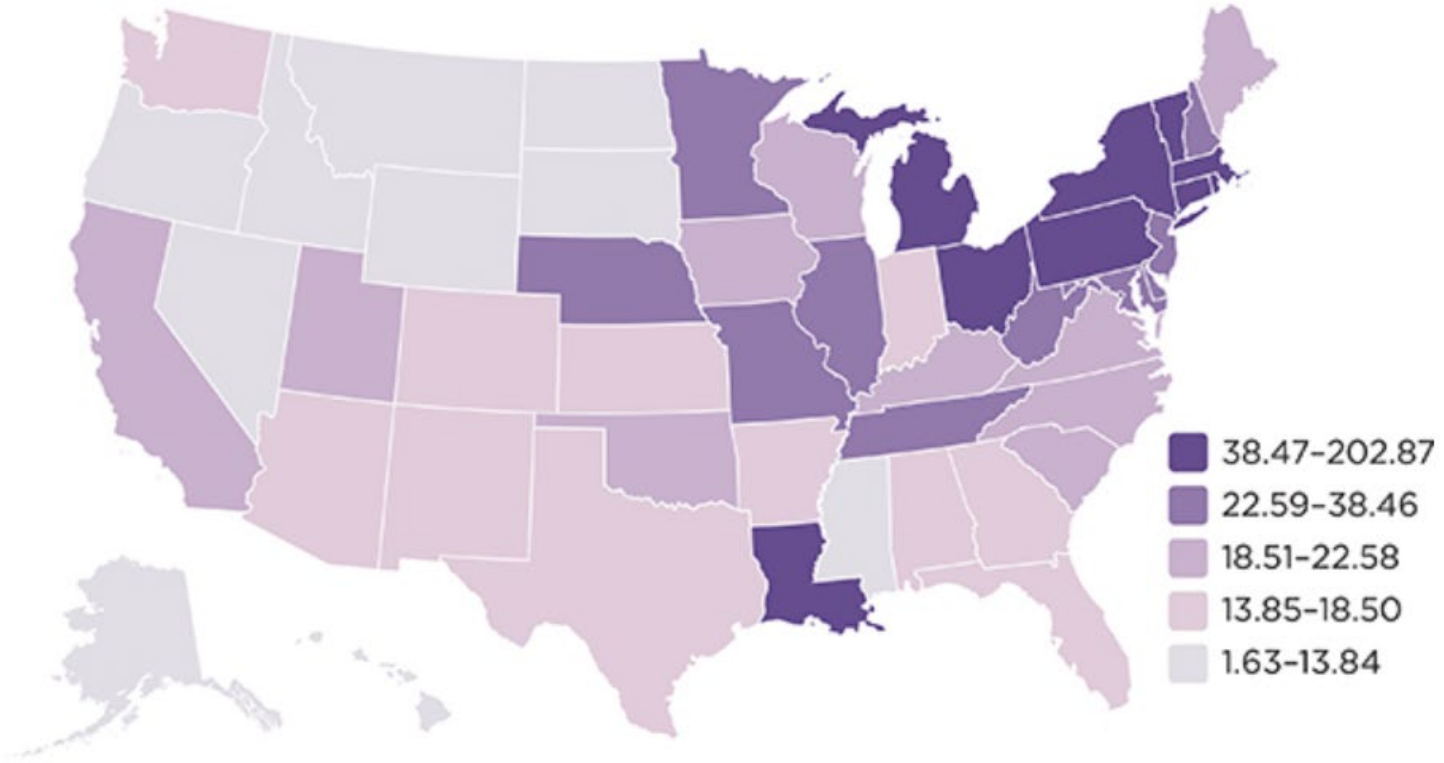


FIGURE 3-2 Number of Medicare-funded training positions per 100,000 population, 2010

Mullan F, Chen C, Steinmetz E. The geography of graduate medical education: Imbalances signal need for new distribution policies. Health Affairs. 2013;32(11):1914–1921.

Children's Hospital GME (CHGME)

- Annual discretionary appropriations—very unstable!
- Freestanding children's hospitals receive little support– (because DME/IME **linked directly** to **Medicare patient volume**)
- Children's hospitals are safety net hospitals—serve Medicaid, uninsured patients, and charity care in our community
- Much of the pediatric education occurs here- pediatrics, family medicine, emergency medicine, etc.

Fiscal Year	Appropriation ($ in millions)
2000	$40.0
2001	235.0
2002	285.0
2003	290.1
2004	303.2
2005	300.7
2006	297.0
2007	297.0
2008	301.7
2009	310.0
2010	317.5
2011	268.4
2012	265.1
2013	251.2

SOURCES: HRSA, 2013b,c.

2022 Medicare Reimbursement by Hospital

Hospital	2022 FTEs	2022 DME $	2022 IME $	2022 DME per FTE	2022 IME per FTE
Abbott Northwestern Hospital	49.38	2,253,055	7,881,454	45,627	159,608
Mercy Hospital	1.12	46,223	133,013	41,271	118,762
United Hospital	19.37	1,254,076	3,365,986	64,743	173,773
Regions Hospital	152.98	8,689,944	26,362,778	56,804	172,328
U of M Fairview	387.52	10,333,499	33,910,280	26,666	87,506
HCMC	296.69	13,491,782	22,857,046	45,474	77,040
Children's Minneapolis	56.74	3,946,974		69,562	0
North Memorial	29.89	1,151,047	4,084,581	38,509	136,654
Park Nicollet Methodist Hospital	35.08	1,970,944	7,562,456	56,184	215,577
HealthEast St. John's	12.93	728,885	1,848,560	56,372	142,967
Gilette Children's Specialty	11.24	1,166,621		103,792	0
St. Luke's Hospital of Duluth	8.67	518,877	1,289,534	59,847	148,735
St. Mary's Medical Center of Duluth	16.27	577,121	2,915,052	35,471	179,167
Total MMCGME	**1077.88**	**46,129,048**	**112,210,740**	**42,796**	**104,103**
Mayo Clinic Health System Rochester	625.38	29,462,037	72,732,392	47,111	116,301

Time Study Data for Hennepin Healthcare Faculty 2022-2023

	2022 S1	2022 S2
Teaching	5194	5088.25
Administrative	3895.75	3574.25
Professional Services	21009.5	20284.15
PTO/LOA	2958	3885
TOTAL	33057.25	32831.65
Percentage of teaching time	15.71%	15.50%
	2022 S1	2022 S2
# of Participants	490	478
Time Studies Completed	461	433
Completion rate	0.940816327	0.905857741

MN Medicaid State GME

- Medical education and research costs (MERC) funded by the State since 1993
- About $59M/year in funding comes from multiple sources:
  - State General Fund
  - Health Care Access Fund
  - Medicaid reimbursement (via managed care plans)
  - Cigarette tax revenue

- Advanced practice nurse
- Chiropractic student
- Clinical Social Worker
- Community Health Worker
- Community Paramedic
- Dental resident
- Dental student
- Dental Therapist
- Advanced Dental Therapist
- Medical resident
- Medical student
- PharmD student
- Physician Assistant
- Psychologist

Medical Education and Research Cost (MERC)

Hospital	2022 FTEs	2023 MERC $
Abbott Northwestern Hospital	80.0	$2,835,747
Mercy Hospital	11.2	$1,027,492
United Hospital	25.9	$1,799,099
Regions Hospital	153.96	$3,486,435
U of M Fairview	443.86	$5,512,065
HCMC	365.52	$8,363,165
Children's Minneapolis	78.67	$4,877,705
North Memorial	31.31	$2,390,002
Park Nicollet Methodist Hospital	25.56	$1,416,411
HealthEast St. John's	18.65	$976,037
Gilette Children's Specialty	12.77	$1,193,148
St. Luke's Hospital of Duluth	13.57	$959,990
Mayo Clinic Health System Rochester	520.90	$3,440,360

Total MERC funds dispersed 2023: $59,127,000

Total # Trainees: 3,065.76

Medical Education and Research Cost (MERC) 2024 Funding Change

OLD: MDH grant allocated to each hospital & clinic annually

NEW: DHS Medicaid inpatient fee-for-service rate factor/increase for hospitals providing medical education and their affiliated clinics

MERC grows with inflation and is “associated” with a Medicaid enrollee (90% fed. funds)

2013 Medicaid GME Payments: National

New York	$1.80B
Michigan	$163.1M
Virginia	$142M
Pennsylvania	$124.2M
North Carolina **	$115.7M
Arizona	$113M
Washington **	$111M
South Carolina **	$110.7M

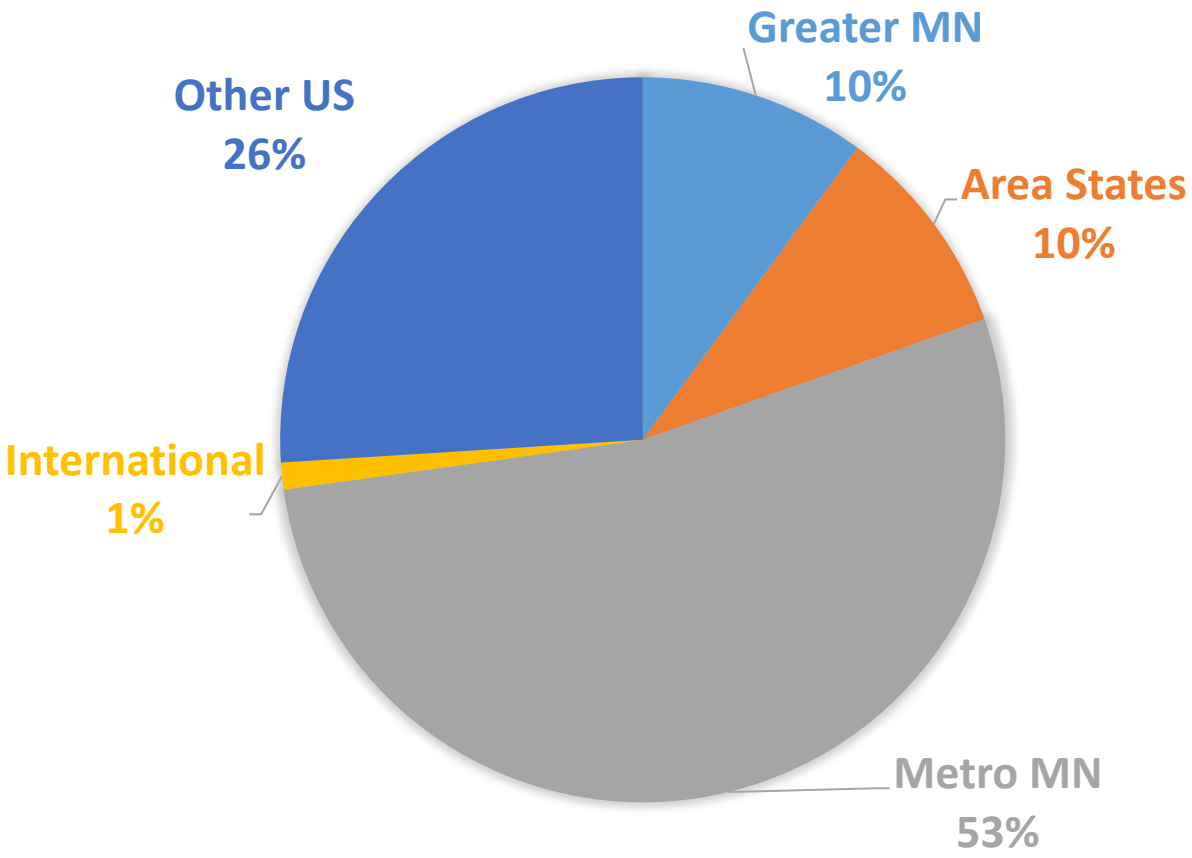
**Medicaid GME funding exceeded Medicare GME funding

In 2012, New York accounted for nearly half of the nation's total Medicaid GME spending (47%)

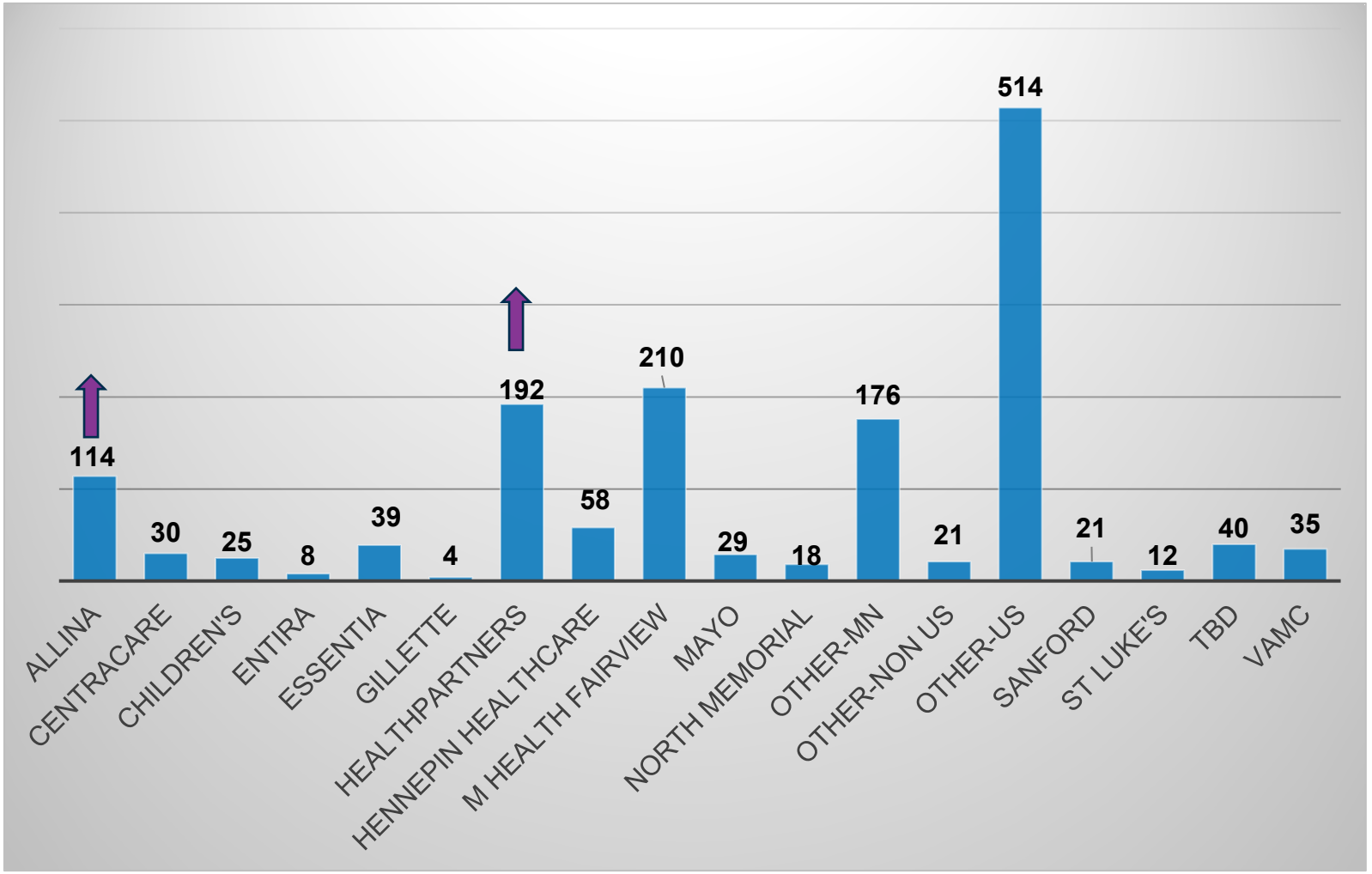
New York also directs more Medicaid dollars per teaching hospital ($20.9 million) and per resident ($115,500) than other states.

Henderson TM. Medicaid graduate medical education payments: A 50-state survey. 2013. [June 22, 2013]
. https://members.aamc.org/eweb/upload/Medicaid%20Graduate%20Medical%20Education%20Payments%20A%2050-State%20Survey.pdf

Practice by Location 2022-2023



Trainees into Practice by Health System 2018-2023



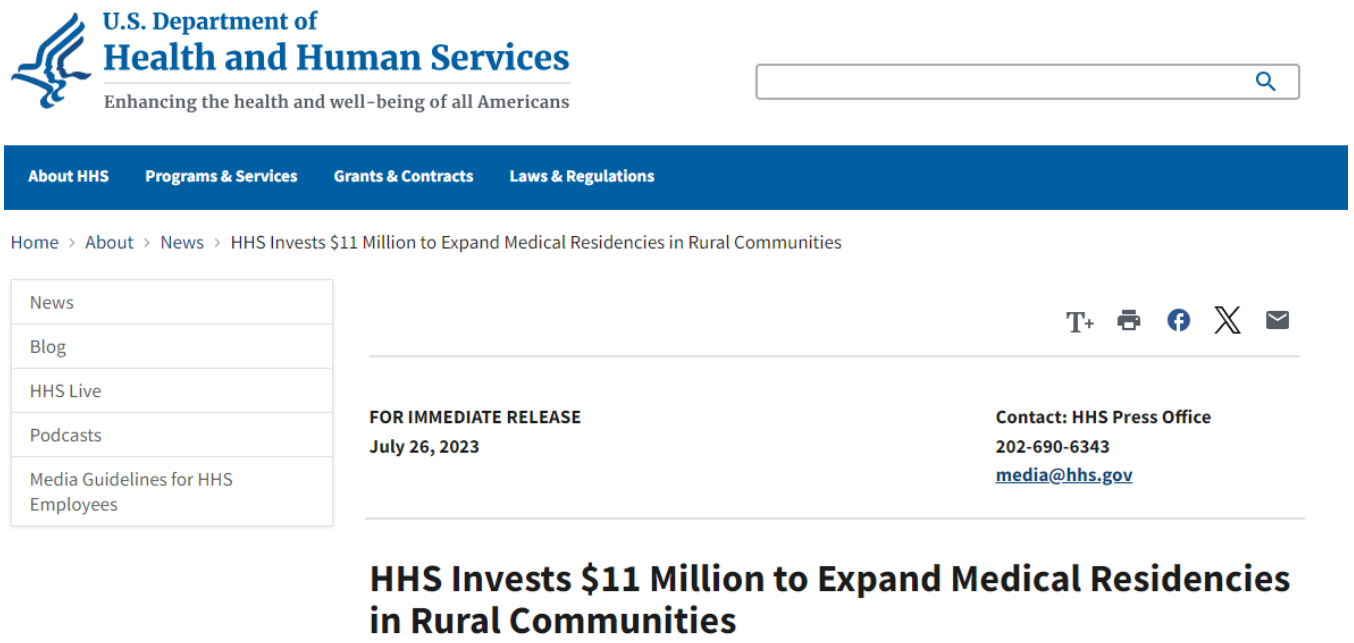
GME Expansion

Added 1,000 Graduate Medical Education (GME) full-time equivalent (FTE) resident cap slots, phased in at a rate of no more than 200 slots per year, beginning in fiscal year 2023.

(1) hospitals in rural areas (or treated as being located in a rural area under the law);
(2) hospitals training a number of residents in excess of their GME cap;
(3) hospitals in states with new medical schools or branch campuses;
(4) hospitals that serve areas designated as health professional shortage areas (HPSAs).

10% of cap slots to hospitals in each category

GME Expansion



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Home › About › News › HHS Invests $11 Million to Expand Medical Residencies in Rural Communities

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media@hhs.gov

HHS Invests $11 Million to Expand Medical Residencies in Rural Communities

Award recipients will each receive up to $750,000 to establish **new rural residency** programs.

- Accreditation costs,
- curriculum development,
- faculty recruitment and retention,
- resident recruitment activities
- consultation services to support program development (e.g., financing)

MN GME Expansion

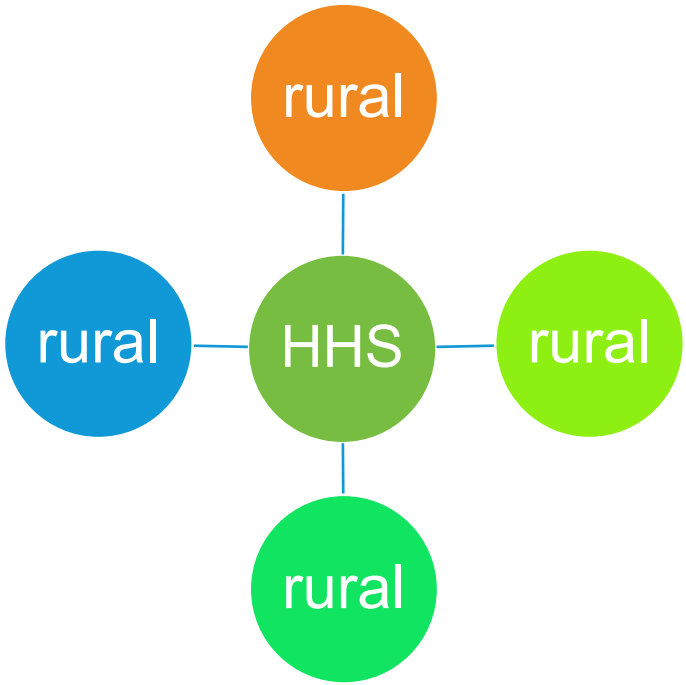
Promoting Rural Hospital GME Funding Opportunity

"Rural track program" (RTP) = program where residents spend time in both urban and rural settings

Time spent training in a rural place is greater than 50% of the total training time for residents in the program (or track) as a whole

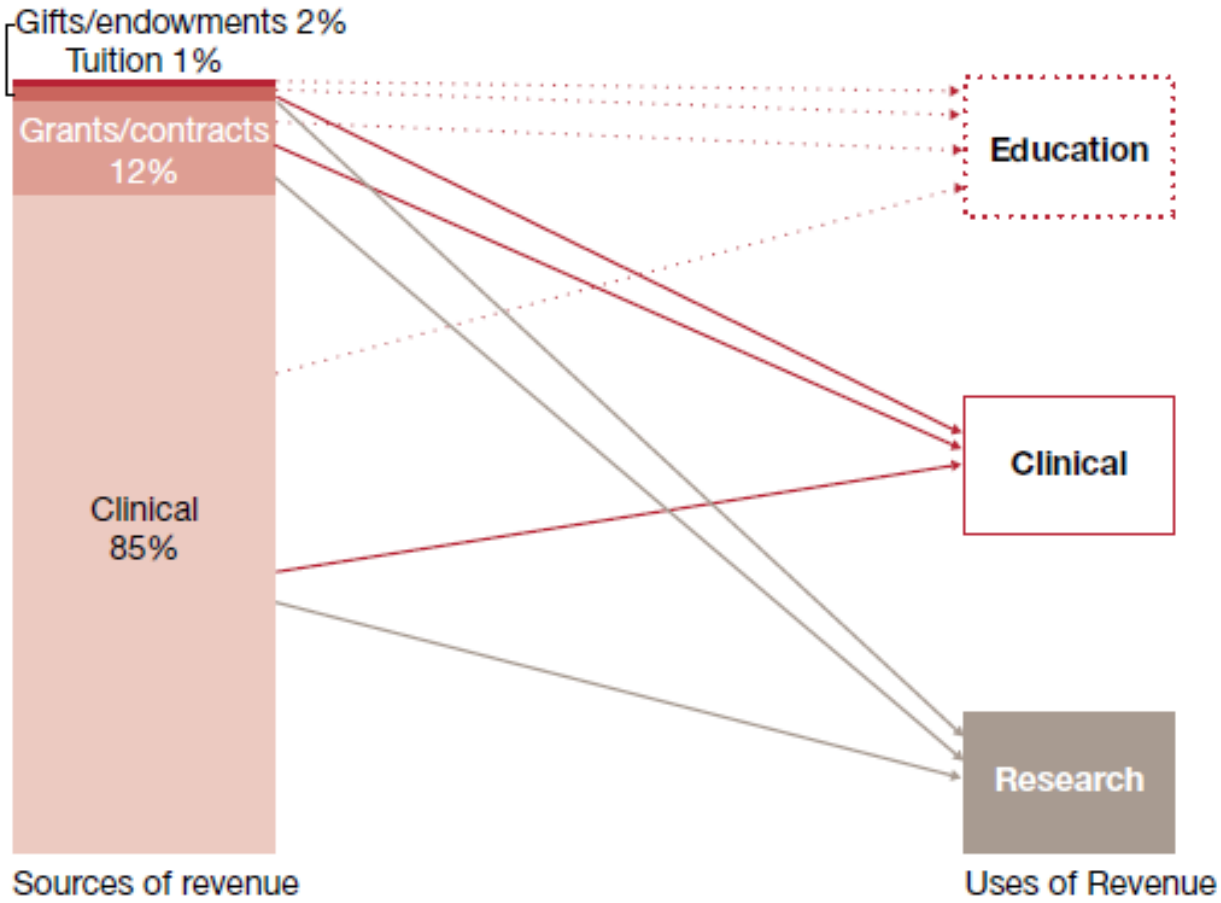
Critical Access Hospitals

CAH's may add on IME costs from training to the DRG payment (starting now!)



Clinical Revenue is essential for longevity

Figure 3: Revenue cross-subsidy at an illustrative major AMC[9]



Source: PwC Health Research Institute Analysis

Conclusions

- Safety Net Health systems (and Children's Hospitals) who teach are at greater financial risk due to suboptimal clinical revenue and the cost of the education mission compared to non-teaching institutions.
- >80% of medical school and residency training occurs in hospitals and clinics, and GME financing is linked directly to care delivered in these locations
- Our metro community is training fewer primary care residents, and more specialists annually— there is no aligned workforce strategy toward future workforce needs for the state
- 100% of current GME training is underfunded; growing FTE's will increase the gap (the more you train the more you lose)
- **The Graduate Medical Education ecosystem (education & research) must integrate with a robust clinical infrastructure to survive**

Next Steps

- Encourage DHS and MDH to explore additional federal funding available through CMS Medicaid streams
- Ensure that Federal Medicaid match allocations are reconciled and disbursements visible to all health systems annually under new 2024 MERC payments
- Consider best strategy to expand primary care—perhaps the current primary care expansion grant vs a stipend to primary care trainees monthly with commitment to underserved/rural area service for a period of time (current: $300,000/year for 1 additional primary care MD)
- Partner with MHA/rural hospitals to expand hub and spoke partnerships, optimization of rural track programs
- Explore Maryland's all payer system to fund GME, the only one in the nation, which is managed through the Health Services Cost Review Commission (HSCRC). Possible opportunity for novel funding strategy?

Hennepin Healthcare

Thank you

Meghan Walsh MD MPH

Meghan.Walsh@hcmed.org