



## **Graduate Medical Education (GME)**

**Request:** The Associated Medical Schools of New York (AMSNY) urges New York's Congressional representatives to continue to support funding for graduate medical education (both direct and indirect) and to oppose any recommended cuts in FY 2013.

Providers are already absorbing \$155 billion in Medicare reductions as part of the Affordable Care Act. Any further cuts would only result in a more handicapped health care system.

**Background:** The Association of American Medical Colleges (AAMC), as well as many other authorities, have recognized that there will be a shortage of over 90,000 specialists and primary care physicians by the year 2020. In order to address this problem, medical schools across the nation are increasing their class sizes. However, without adequate support to provide graduate medical education, there will be a major bottleneck issue that will forestall any chances of alleviating the physician workforce issue. Through its vast system of academic medical centers and teaching hospitals, New York trains more than one in every seven medical residents in the United States and annually produces thousands of fully trained physicians for the entire nation. These institutions rely on adequate Medicare GME support to continue to train these large groups of physicians.

In recent months, a number of proposals aimed at reducing the federal deficit and modifying entitlements have been offered and may be under consideration as Congress and the Administration work to address the federal deficit and reach an agreement on a budget for FY 2013. Provisions that would reduce GME funding have been part of several proposals and are of great concern to New York's medical schools and teaching hospitals. These provisions include the President's FY 2013 budget proposal to reduce payments on indirect medical education (IME) by \$9 billion over the next 10 years, and the congressional Simpson-Bowles budget proposal, which would reduce IME payments by \$60 billion over the next 10 years. The Simpson-Bowles proposal fails to recognize several significant costs, including the salaries of supervising physicians and institutional overhead costs. It is vital that teaching hospitals receive the support necessary to maintain training programs and to protect residency slots, allowing medical schools to preserve or increase class sizes and grow the physician workforce.

The Medicare program has historically helped cover a portion of the costs associated with training physicians. GME is a payment to teaching hospitals for the costs of medical education. Direct medical education (DME) pays for the direct costs related to teaching programs including salaries, space for teaching, etc. Indirect medical education (IME) refers to the extra costs associated with having a teaching program and recognizes that teaching hospitals generally treat larger numbers of Medicare patients with often more complex cases and treatment plans than those at non-teaching hospitals. Expanded Medicare support is more important than ever as the number of participants that enter the



Medicare system is expected to grow by 36% over the next ten years and an estimated 32 million Americans will soon gain health coverage under the ACA. Reducing Medicare GME will worsen the physician shortage problem and damage local economies. In the midst of health care reform, AMSNY stresses the importance of having adequate funding for GME.