

Graduate Medical Education Reform

Moving Towards Transparency & Accountability

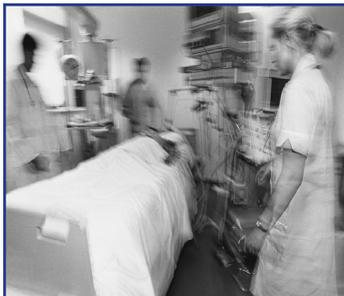
Graduate Medical Education in New York

Graduate medical education (GME) is funding to train medical residents and fellows in New York. While some of these payments are linked directly to teaching costs, others are embedded in unaccountable payment formulas, that cannot be traced to a specific purpose. 16,000 medical residents are trained annually in New York; but the majority leave after finishing their residencies.

How GME is Funded?

GME payments are typically distributed through rate add-ons to patient discharges and are funded through three primary mechanisms: Medicare, Medicaid, and a statewide Professional Education Fund (the fund) which includes a Professional Education Pool (PEP) and a Reform Incentive Pool. The annual cost of GME in New York amounts to \$3.4 billion per year.

Medicare GME payments (\$1.7 billion) are provided solely through federal funds, while Medicaid GME payments (\$1.4 billion) are split evenly by the State and federal governments. In 1996, the Health Care Reform Act (HCRA) established the PEP, \$470 million per year funded by surcharges and a covered lives assessment on private insurers.



Current GME Accounting Practices Make it Hard to see How State Money is Being Spent.

New York's GME Funding Needs To Be More Transparent and Accountable

Both the NYS Health Commissioner and the NY Council on Graduate Medical Education (COGME) say that that GME payments are often used as a source of general revenues by hospitals, for advancing other work beyond medical education. Citing this practice as detrimental to the quality of resident training programs, the COGME recommends that all facilities receiving GME payments submit an annual institutional GME budget listing GME-related expenses and payments.



GME Reform Will Help More New Yorkers Get the Care that They Need.

GME in the 2009-2010 Budget

This year's Executive Budget seeks to reallocate \$282 million in state-only funds from the HCRA PEP to the Indigent Care Pool, which qualifies for a federal match. This will allow New York to substitute \$141 million of state funds with federal funds and help the increasing number of New Yorkers who have no health coverage.

The state would save money and would re-distribute funds transparently through the new reimbursement process for charity care adopted last year. Teaching hospitals would get money based on the numbers of uninsured they serve, a sorely needed measure as more New Yorkers become uninsured during these difficult economic times. But, distribution among individual hospitals would change significantly. [See box below]

HCFANY Recommends

HCFANY urges the Legislature to adopt the Executive Budget proposal to reform the GME payment system by:

- eliminating the state-only GME funding;
- getting \$141 million in federal funds to pay for indigent care; and
- providing \$283 million to the transparent portion of the indigent care pool for uninsured New Yorkers in need.

Impact of GME 2009-2010 Payment Reform on Area Hospitals [Based on DRAFT data from SDOH]

Hospital	Current PEP Payments to Teaching Hospitals	Proposed New Distributions based on # of Uninsured	Change in Distributions
New York Presbyterian	\$28,261,194	\$4,915,650	-\$23,345,544
Beth Israel Hospital	\$12,416,276	\$3,179,204	-\$9,237,072
Kaleida Women & Children's	-	\$627,644	\$627,644
Lutheran Medical Center	\$175,147	\$2,799,719	\$2,624,572
Woodhull Medical/Mental Hlth.	\$795,055	\$12,972,027	\$12,176,972
Nassau University Medical Center	\$1,642,501	\$15,483,050	\$13,840,549