Medicare overpayments for graduate medical education could total $1.28 billion annually

October 7 2019

Credit: CC0 Public Domain

If Medicare capped funds for Graduate Medical Education (GME) at the rate of $150,000 per resident, the move would free up more than $1 billion a year, according to a study published today in *JAMA Internal*

Medicine. Medicare could use the savings to address the doctor shortages by specialty and in certain parts of the country, the authors say.

"Our study suggests Medicare GME may be overpaying some hospitals up to $1.28 billion annually," said lead author Candice Chen, MD, MPH, an associate professor of health policy and management at the George Washington University Milken Institute School of Public Health (Milken Institute SPH). "Those funds could be redirected and used to strengthen the physician workforce, especially in underserved areas."

Chen and her colleagues examined cost reports to calculate GME payments to hospitals from 2000 through 2015. They also calculated the potential savings to Medicare if GME payments were capped at the rate of $150,000 per resident—the GME rate used for the Teaching Health Center Graduate Medical Education (THC) program.

The study found that:

- GME payment rates to hospitals in 2015 varied significantly, with 25 percent of hospitals receiving less than $105,761 while 25 percent received more than $182,233 per resident;
- Nearly half of teaching hospitals received more than the $150,000 per resident rate;
- In 2015, Medicare paid out an estimated $1.28 billion in payments that exceeded the THC GME rate.

The THC program was established to help ease shortages in primary care doctors and dentists in underserved areas. This program trains residents in community-based settings, like community health centers. Residents trained using this model are more likely to remain in primary care and practice in rural and underserved regions of the United States, Chen said.

A previous study by Chen and her colleagues found that Medicare GME

policies have led to imbalances—with many urban teaching hospitals in certain parts of the country receiving a disproportionate share of GME funding. Many residents that train in these big city teaching hospitals remain in urban settings—but that has left rural and underserved areas struggling with physician shortages.

"Our study suggests that the savings produced by capping all hospitals at the THC GME rate would add up enough to expand the THC program by tenfold," Chen said.

Chen noted that unless Congress acts soon, the THC program will run out of funding on Nov. 21.

Chen and her coauthors acknowledge the limitations in the study, which did not look at how much it actually costs to train residents or hospital characteristics that might make it more expensive to provide GME.

"Capping the Medicare GME payment rate would be a limited reform," Chen said. "More comprehensive approaches to GME reform would involve restructuring payment and increasing accountability for these publicly funded training programs."

The study, "Changes and Variation in Medicare Graduate Medical Education Payments" was published as a research letter in the Oct. 7 issue of *JAMA Internal Medicine*.

More information: *JAMA Internal Medicine* (2019). jamanetwork.com/journals/jamai … ainternmed.2019.4429

Provided by George Washington University