**Support Graduate Medical Education (GME)**

Issue: Medicare Graduate Medical Education (GME) payments are designed, primarily, to reimburse teaching hospitals for the costs of physician training. Policymakers are considering ways to redesign the GME system to change its financing, merge the GME system with the Indirect Medical Education (IME) system, and extend the funding beyond the teaching hospital-based system to community-based settings, all of which would result in a redistribution of residency slots across the country.

In July 2014, the IOM released their [report](http://www.iom.edu/Activities/Workforce/GMEGovFinance.aspx) calling for “broad reform of the [GME] system to achieve a greater alignment of financing with the public’s health care workforce needs.” The IOM’s five main recommendations are:

1. To maintain current GME support, adjusted for inflation over time, but to phase out the current Medicare GME payment system.
2. To create a GME policy and financing infrastructure, including a GME Policy Council housed in the Office of the Secretary of Health and Human Services (HHS), and a GME Center within the Centers for Medicare & Medicaid Services (CMS).
3. To divide GME funding into an operational fund, including funding for residency programs, and a transformational fund, including piloting initiatives and funding for GME in medical specialties that are in short supply.
4. To implement a gradual transition from the current payment methodology, divided into direct and indirect GME funding payments, to one with a single payment that over time will become performance based.
5. To maintain Medicaid GME funding at the state’s discretion, but with some level of increased transparency and accountability.

Legislative Status: After release of the IOM report, the House Ways and Means committee sent an [open letter](http://energycommerce.house.gov/sites/republicans.energycommerce.house.gov/files/letters/20141208GMELetter.pdf) asking for input on GME in December 2014. The committee’s approach was to focus on tying GME payments to performance to reallocate slots based upon community needs rather than historic allocations to mainly large, urban teaching centers. Since that time, legislators have been stalled on advancing GME reform legislation in the current Congress. There are several introduced bills to change GME, but none have been acted upon. The re-allocation of slots present significant political problems as there will be “winners and losers” in that battle.

**AAPM&R Focus/Request: Support efforts to reform the GME system to ensure that residencies are hospital and community-based, have sustainable funding, therefore result in residents being exposed to the practice of primary care in community-based settings where most patients often receive their care. Special emphasis should be placed on funding GME in rural areas, post-acute care, and physician offices.**

**For more information, contact:**

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