



LEGISLATIVE BUDGET BOARD

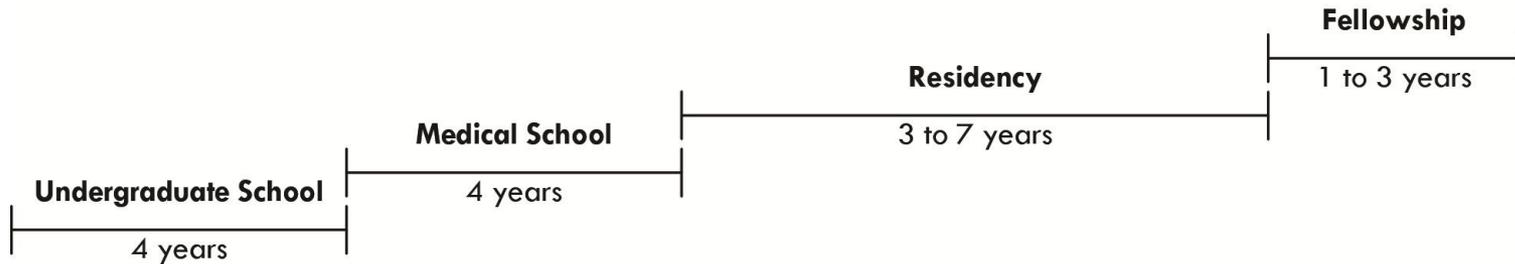
Overview of Higher Education Graduate Medical Education Funding

PRESENTED TO HOUSE APPROPRIATIONS COMMITTEE

LEGISLATIVE BUDGET BOARD STAFF

February 2015

Overview of Graduate Medical Education



- Graduate Medical Education (GME), also known as residency, is the supervised training medical school graduates enter to gain clinical and practical experience in a specific field of medicine before becoming licensed doctors.
- The length of residency varies by medical specialty and ranges from 3 to 7 years.
- To be licensed, doctors must complete a minimum one year of residency training.
- Most doctors complete the full residency program to become board certified in their specialty.

Graduate Medical Education

GME training occurs mostly in hospitals but may occur in out-patient sites such as community health clinics, hospital clinics, and federally qualified health centers.

- Residency programs are accredited through the Accreditation Council for Graduate Medical Education (ACGME) and/or the American Osteopath Association (AOA).

GME funding included in Article III of Recommendations for 2016-17 in House Bill 1.

- General Revenue Funds trusted to Higher Education Coordinating Board (THECB)
- General Revenue Funds allocated to Health-Related Institutions through GME Formula

Article III GME General Revenue Funding

	2004-05 Appropriations	2006-07 Appropriations	2008-09 Appropriations	2010-11 Appropriations ⁶	2012-13 Appropriations	2014-15 Appropriations	2016-17 House Bill 1 as Introduced
Higher Education Coordinating Board							
Family Practice Residency Program ¹	\$18.4	\$17.5	\$17.5	\$21.2	\$5.6	\$12.8	\$12.8
Primary Care Residency	\$5.3	\$5.0	\$5.0	\$5.0	\$0.0	\$0.0	\$0.0
Graduate Medical Education ²	\$3.8	\$3.6	\$0.6	\$0.6	\$0.0	\$0.0	\$0.0
Preceptorship Program	\$1.0	\$0.9	\$0.9	\$0.9	\$0.0	\$0.0	\$0.0
Trauma Care Program ³	NA	NA	NA	NA	\$4.5	\$4.5	\$4.5
Graduate Medical Education Expansion ⁴	NA	NA	NA	NA	NA	\$14.3	\$28.6
Primary Care Innovation Grants	NA	NA	NA	NA	NA	\$2.1	\$2.1
Health Related Institutions							
GME Formula Funding ⁵	NA	\$25.0	\$62.8	\$79.1	\$56.9	\$65.7	\$70.2
Total:	\$28.5	\$52.0	\$86.8	\$106.8	\$67.0	\$99.4	\$118.2

¹The 2014-15 appropriations for the Family Practice Residency Program includes an additional \$7.8 million in General Revenue appropriations included in House Bill 1025, 83rd Legislative Session, 2013.

²The 80th Legislature, 2007, transferred \$3 million to the Health Related Institutions' Graduate Medical Education Formula from the Texas Higher Education Coordinating Board's Graduate Medical Education strategy. The strategy's remaining funding was intended for independent primary care residency programs that are not affiliated with a Texas medical school.

³In 2012-13, the Department of State Health Services transferred \$4.5 million in Trauma and Medical Services Account 5111 to the Higher Education Coordinating Board through an inter-agency contract. A portion of the funding is used to support partnerships between hospitals and graduate medical education programs to increase the number of emergency medicine and trauma care residents and fellows. These amounts have been included above.

⁴The 2014-15 appropriations for Graduate Medical Education Expansion includes an additional \$9.3 million in General Revenue appropriations included in House Bill 1025, 83rd Legislative Session, 2013.

⁵The Graduate Medical Education Formula was first appropriated in 2006-07. Amounts include funds appropriated for graduate medical education at Baylor College of Medicine through the Higher Education Coordinating Board's bill pattern. Amounts also include funds appropriated in House Bill 4, 82nd Legislative Session, 2011 for the Graduate Medical Education formula in 2012-13.

⁶The 2010-11 appropriations include formula ARRA funds and funds that were reduced during the 2010-11 biennium for the 5 percent and 2.5 percent reduction.

SOURCE: Legislative Budget Board.

Graduate Medical Education Expansion

House Bill 2550, enacted by the 83rd Legislature, Regular Session, created several new programs to support GME. Funding for these programs was appropriated to THECB in House Bill 1025 and the 2014-15 General Appropriations Act, 83rd Legislature. On page 7 is information on how this funding was allocated to these programs in 2014-15. These programs include:

- **Planning Grants.** Planning grants are intended to promote an increase in available first-year residency positions by providing support to entities that do not operate a GME program to investigate the feasibility of establishing such a program. The 2016-17 Recommendations in House Bill 1 do not include funding for planning grants.
- **Unfilled Position Grants.** The program provides support for existing, accredited GME programs that have currently approved, but unfilled first-year positions. The grants are intended to provide funding for direct resident costs, including stipends and benefits. The 2016-17 Recommendations in House Bill 1 include \$12.7 million for unfilled position grants.

GME Expansion-Continued

- **New and Expanded Grants.** The program provides support for expansion of the number of accreditor-approved first-year residency positions in existing GME programs, and the establishment of new GME programs with first-year residency positions. The grants are intended to provide funding for direct resident costs, including stipends and benefits. The 2016-17 Recommendations in House Bill 1 include \$15.9 million for these grants.
- **Grants for Additional Years of Residency.** House Bill 2550 restricts the award of these grants to the fiscal year beginning September 1, 2016 or subsequent years, contingent on the appropriation of funds. The intent of the program is to support residents who have completed at least three years of residency and whose residency program is in a field which the state has less than 80 percent of the national average of physicians per 100,000 population. Awards must be used to support the direct resident costs to the program, including resident stipends and benefits. The 2016-17 Recommendations in House Bill 1 do not include funding for grants for additional years of residency.

GME Expansion-Continued

- **Resident Physician Expansion Program.** The program will provide awards, on a competitive basis, to encourage the creation of new GME positions through community collaboration. The awards will be provided to physician residency programs at teaching hospitals and other health care entities according to program criteria developed by the agency in cooperation with various stakeholders, including the Health and Human Services Commission, physicians, teaching hospitals and medical schools. In November 2014, the agency released the Request for Applications for the Program and grant awards will be announced soon. The 2016-17 Recommendations in House Bill 1 do not include funding for the resident physician expansion program.
- **Primary Care Innovation Program.** The program will provide awards, on a competitive basis to medical schools that administer innovative programs designed to increase the number of primary care physicians in the state. In September 2014, the agency released the Request for Application for the program and grant awards will be announced soon. The 2016-17 Recommendations in House Bill 1 include \$2.1 million for the program.

New GME Programs Appropriations, 2014-15

\$16.35 million - Total Appropriation for FY 2014 - FY 2015						
	D.1.7 GME Expansion 1. Planning Grants	2. Unfilled Position Grants	3. New & Expanded Program Grants	4. Grants for Additional Residency Yrs	5. Resident Physician Expansion	D.1.8 Primary Care Innovation Grants
Total Program Appropriation	\$1.875 million	\$7.375 million		No appropriation in FY 2014 - 2015	\$5.0 million	\$2.1 million
Funding Awarded as of 1/1/2015	\$1.776 million	\$7.455 million		\$0	\$0	\$0
Maximum Grant Award	\$150,000		-	-	-	-
Maximum/Residency Position	-	\$65,000/position/yr		-	\$65,000/position/yr	-
Maximum/Actual Number of Awards	12	50 awards made in FY 2014 ¹ 25 awards made in FY 2015	No awards made in FY 2014 ¹ 48 awards made in FY 2015	Dependent upon available appropriation	Dependent upon available appropriation	Dependent upon available appropriation
Length of Award	2 years (one-time award)	1 or 2 years	1 year	TBD	2 years	2 years
Competitive	YES	NO	NO	NO	YES	YES
Eligibility	Entities 1) not currently nor previously operating a GME program and 2) eligible for Medicare GME funding	GME programs that: 1) are nationally accredited, 2) are in operation for at least 12 months, 3) have 1st-year residency positions, and 4) have approved Unfilled Positions	Expansion: Accredited GME Programs with 1st- year Positions New Programs: Sponsoring Institutions Creating New Accredited GME Programs with 1st- year Positions	GME programs in under- served medical specialties and that have residents who have completed at least 3 years of residency	Residency programs 1) accredited on or after 1/1/2014 or 2) accredited and having approved, unfilled positions as of 1/1/2013	Texas medical schools that administer innovative programs to increase number of primary care physicians
Status	3 additional awards totaling \$450,000 announced fall 2014. For FY 2014 - 2015, total of 12 awards funded at \$1.76 million.	Additional 25 position awards totaling \$1.625 million announced in Dec 2014. Total awards for FY 2014 - 2015 of 75 positions and \$4.875 million.	Awards to 9 applicants, for 48 residency positions totaling \$2.580 million announced in Dec 2014.	Future awards dependent on appropriation for FY 2016 -2017.	RFA released fall 2014. 8 applications submitted. Expect to announce awards 1st quarter 2015.	RFA released fall 2014. 5 applications submitted. Expect to announce awards 1st quarter 2015.

¹By statute, a maximum of 25 grants of \$65,000 each could be awarded for FY 2014 for Unfilled Position Grants and New and Expanded Program Grants combined. Statute requires that FY 2014 awardees receive an equivalent award for FY 2015. Statute mandates that each awarded residency position be funded at \$65,000 per year, with the exception of Planning Grant-supported new positions, which must be funded at \$35,000 per year.

Family Practice Residency Program

The THECB is appropriated funding for the Family Medicine Residency Program (FMRP). This program was established in 1977 by the Texas Legislature to increase the numbers of physicians selecting family medicine as their medical specialty and to encourage those physicians to establish their practices in rural and underserved communities in Texas. Since its inception, the program has provided funding support for 8,940 family practice residents.

The FMRP provides grants to Texas's 26 nationally accredited family medicine residency programs. Funds are allocated based on the certified number of residents training in approved family practice residency programs. The strategy also supports rural and public health rotations.

The 2016-17 Recommendations in House Bill 1 include \$12.8 million for this program.

Emergency and Trauma Care Education Program

This program was established by Senate Bill 7, 82nd Legislature, First Called Session, and directs the THECB to administer the program and make grants to emergency and trauma care education partnerships. The program provides funding to support partnerships between hospitals and graduate medical education programs that increase the number of emergency medicine and trauma care physician residents and fellows. The program provides similar support for partnerships between hospitals and graduate nursing programs to increase the educational experiences in emergency and trauma care for registered nurses pursuing a graduate degree or certificate.

In 2012-13, \$4.5 million from the General Revenue – Dedicated Account No. 5111, Designated Trauma Facility and Emergency Medical Services Account was appropriated to the Department of State Health Services and transferred to the THECB through an interagency contract. House Bill 7, 83rd Legislature, Regular Session, permitted funds in Account No. 5111 to be directly appropriated to THECB.

The 2016-17 Recommendations in House Bill1 include \$4.5 million for this program.

Graduate Medical Education Formula

The Graduate Medical Education Formula provides funding to the Health Related Institutions and Baylor College of Medicine.

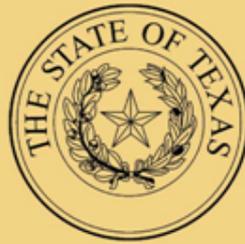
- This formula allocates funding on a per medical resident basis in an accredited program.
- Upon establishing this formula, the 79th Legislature, 2005, directed institutions to use these funds to increase the total number of residency slots in Texas and support faculty costs relating to graduate medical education.
- The 2016-17 recommendations in House Bill 1 include \$70.2 million for the GME formula.

GEER Report Recommendations

The report, *Align New GME Funding to Meet the Healthcare Needs of the State*, in the Government Effectiveness and Efficiency Report (GEER), includes 10 recommendations that, together, would do the following:

- Improve the mix and geographic distribution of doctors by identifying the types of doctors that are in critical supply and fund residency programs in these disciplines;
- Add more residency slots, with a focus on rural and underserved areas;
- Bring together established residency programs with new and developing residency programs so the established programs can mentor the new programs during the accreditation process which can be difficult to navigate; and
- Ensure well-trained faculty are available to teach residents.

Biennial fiscal impact to implement the report's recommendations is a cost of \$59.3 million and would require statutory changes.



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