

Graduate Medical Education: A Boon to New York's Health and Economy

New York is the international center for physician training. No other place in the world trains more doctors in more specialties, providing the people of New York, the United States, and the world with caregivers of the highest caliber. New York's biomedical infrastructure and commitment to graduate medical education make it a dynamic center of learning, research, and medical breakthroughs. Moreover, investments in graduate medical education ultimately provide tremendous economic dividends for the State while enhancing the quality of life for everyone. This issue of *Health Care News In-Depth* looks at the essential contributions of New York's graduate medical education system to the State and the nation.

No single state has a greater commitment to or benefits more from training physicians than New York, whose medical and medical education infrastructure includes 56 major teaching hospitals, 65 other teaching hospitals, 13 medical schools, and 216 other institutions receiving grants from the National Institutes of Health (NIH). New York's commitment to the academic and biomedical environment is particularly evident in comparison with other states that have made significant commitments to support these activities.

New York's teaching hospitals train 16,000 medical and surgical physician residents each year, or 17% of all physician residents trained in the United States. California, the state with the next highest number, trains only 8,000 residents. New Jersey teaching hospitals, which sponsor a large number of physician residency programs of their own and have developed affiliations with New York's teaching institutions, place that state among the top 10 for physician resident training.

In addition, medical research and training are huge sectors in New York, whose institutions received \$2 billion from the NIH in 2005, ranking it second among all states in the country for both medical schools and independent hospitals receiving funding. Overall, New York's funding from the NIH placed it third among the 50 states, behind California and Massachusetts. New Jersey pulled in considerable funding also, ranking 22 among the 50 states.

Graduate Medical Education: An Economic Engine for New York

GME is helping to finance other industries through its sheer impact on jobs and the economy in general. A study by the Association of American Medical Colleges (AAMC) found that the organization's 125 accredited U.S. medical schools and more than 400 major teaching hospitals and health systems together employ nearly 1,670,000 individuals and generate more than 3 million full-time jobs, or one out of every 48 wage earners in the country. In NYS, medical schools and teaching hospitals directly contributed \$29 billion and 250,000 jobs to the State's economy in 2005,

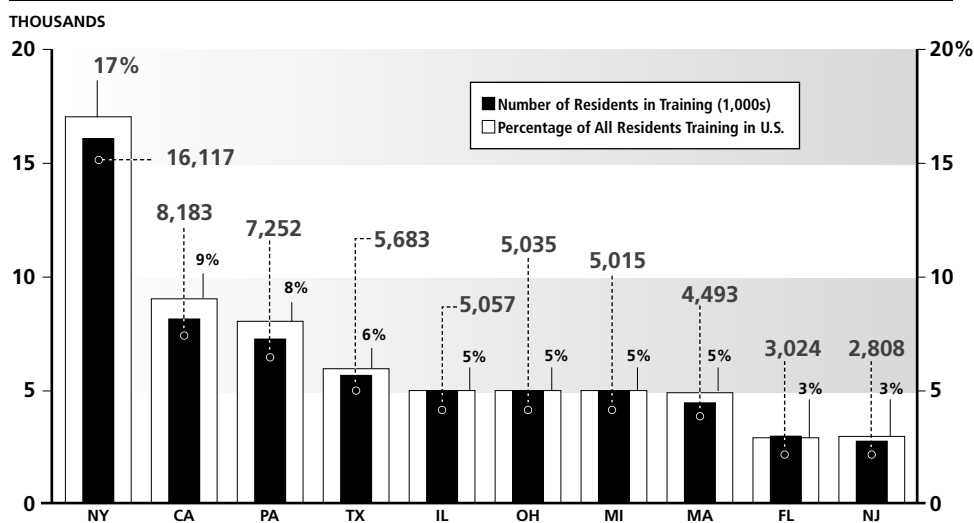
totaling \$66 billion and 450,000 jobs after figuring the "multiplier effect" of that investment. Moreover, investments in GME created a tax benefit of \$3.2 billion to NYS—nearly double that of California, where half as many physicians are trained.¹

Looking at it another way, the economic impact of medical education in NYS alone is greater than the total economic output (all industries) of each of 14 other states.

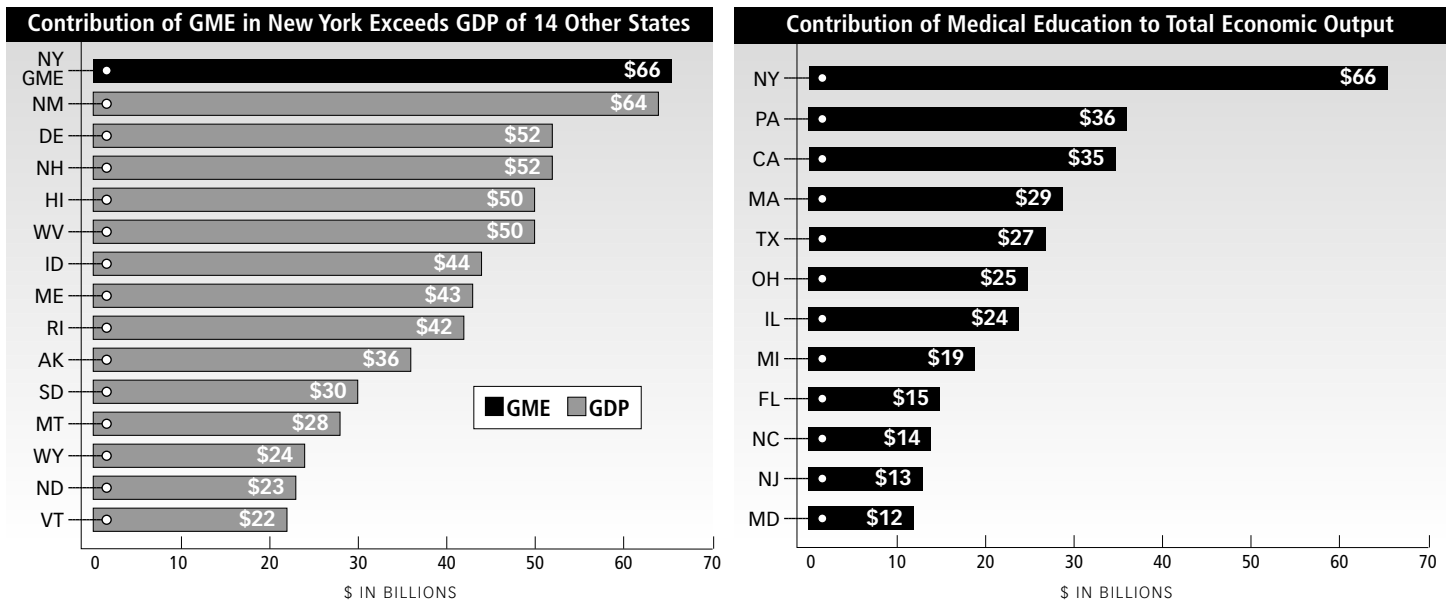
Finally, for each dollar that is spent on medical education in NYS—looking at State spending alone—the State sees a five-fold, or \$5, benefit. The impact is even

continued on reverse

NUMBER AND PERCENT OF PHYSICIAN RESIDENTS TRAINED IN TOP STATES



Source: Centers for Medicare & Medicaid Services, *Medicare Hospital Cost Reporting Information System* (www.cms.hhs.gov/CostReports).



Source: Tripp Umbach, *The Economic Impact of AAMC-Member Medical Schools and Teaching Hospitals, 2005* (Washington, DC: Association of American Medical Colleges, 2007).

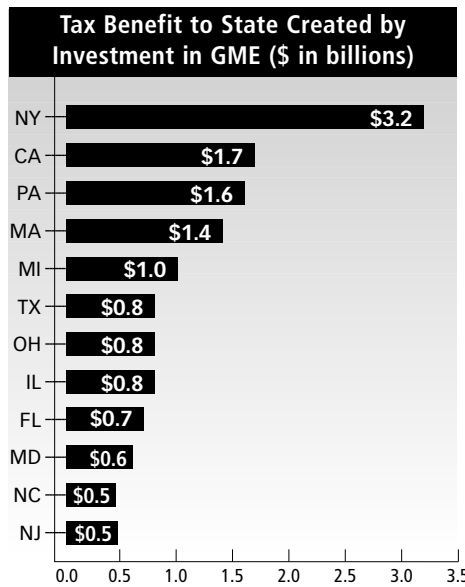
more pronounced in areas where the economy lags the most, like upstate New York, which sees an eightfold benefit for every dollar of GME investment.²

Who Pays for GME?

The Federal government reimburses direct GME costs through the Medicare program, determining its “fair share” of those costs based on a hospital-specific “per resident” amount, the number of physician residents in training at the hospital, and the percentage of inpatient days attributable to Medicare beneficiaries. The Medicare program also reimburses teaching hospitals for indirect medical education (IME) costs. All told, the Federal government contributes 70% of NYS’s total GME payments.

Medicaid also contributes to GME financing, with NYS Medicaid following Medicare principles to identify a direct and indirect component of GME costs, but reimbursing teaching hospitals as part of an overall hospital case payment rate that is based on 1981 costs and that considers Medicaid’s share of the costs.

Additionally, NYS is the only state in the country that requires private payers to support a portion of their fair share of GME costs. Since rate deregulation in 1997, private payers in NYS have been required to contribute approximately half of the identified GME costs that they had been paying previously to a statewide private payer GME pool.



Source: Tripp Umbach, *The Economic Impact of AAMC-Member Medical Schools and Teaching Hospitals, 2005* (Washington, DC: Association of American Medical Colleges, 2007).

The Increased Need for Physicians

According to the U.S. Bureau of the Census, the elderly population in this country is expected to double between 2000 and 2030. This increase is, in turn, expected to increase the demand for physician visits by 53% between 2000 and 2020, according to an AAMC analysis. Clearly, we are facing a pending physician workforce shortage.

In fact, the Federal Council on Graduate Medical Education (COGME) issued a report in 2005 showing that while the supply of physicians is expected to increase over the next two

decades, demand for services is likely to grow even more rapidly. Based on overall trends, the COGME report recommended an increase in U.S. medical school production by 15%.³ In a separate recommendation, the AAMC has called for a 30% increase in medical school enrollment among its member medical schools to address the pending physician shortage.

Despite the growing body of evidence that a physician shortage is imminent, policymakers have done little to address the issue. Congress, for example, has been unwilling to lift the cap on physician resident training slots that can be supported by Medicare.

Investments in graduate medical education and teaching hospitals are not only beneficial to NYS and the nation—they are necessary. The future health of all residents and the vitality of New York’s economy depend on the continued funding of the State’s graduate medical education system. ■

REFERENCES

1. Tripp Umbach, *The Economic Impact of AAMC-Member Medical Schools and Teaching Hospitals, 2005* (Washington, DC: Association of American Medical Colleges, 2007).
2. *The Economic Impact of the Academic Medical Infrastructure on New York State and the New York City Metropolitan Region* (Amos Ilan and Associates, 1999).
3. *Physician Workforce Policy Guidelines for the United States, 2000–2020* (Rockville, Md.: Council on Graduate Medical Education, 2005).

This issue of Health Care News In-Depth is adapted from GNYHA’s forthcoming publication, “Training America’s Doctors.”