

Leadership Day, May 14-15, 2019

Medical Education Training and Debt

This document was developed jointly with the Alliance for Academic Internal Medicine (AAIM)

Congress should pass legislation to ensure an adequate supply of physicians with the skills needed to treat an aging population with multiple chronic diseases, including internal medicine specialists trained in comprehensive primary care. Reforms should include: improving Graduate Medical Education (GME) to prioritize funding toward physician specialties where millions of patients lack access, and broadening GME's financing structure to include all payers; taking steps to address the growing problem of medical education debt; and supporting funding for the VA's role in medical training, as described below in the "What is ACP Asking of Congress" section.

What's it all about?

The training and costs associated with becoming a medical doctor (M.D.) are significant. A student who chooses medicine as a career can expect to spend four years in medical school, followed by three to nine years of graduate medical education (GME), depending on the choice of specialty. GME is the process by which graduated medical students progress to become competent practitioners in a particular field of medicine. These programs, referred to as residencies and fellowships, allow trainees to develop the knowledge and skills needed for independent practice. GME plays a major role in addressing the nation's workforce needs, as GME is the ultimate determinant of the output of physicians. The federal government is the largest explicit provider of GME funding (over \$15 billion annually), with the majority of support coming from Medicare. The costs of GME are recognized by Medicare under two mechanisms: direct graduate medical education payments (DGME) to hospitals for residents' stipends, faculty salaries, administrative costs, and institutional overhead; and an indirect medical education (IME) adjustment developed to compensate teaching hospitals for the higher costs associated with teaching. The number of Medicare-funded GME positions at institutions is capped at 1996 levels, which many have criticized as not allowing GME training positions to increase by the numbers needed to slow the shortages of physicians in primary care and other specialties. A 2019 [report](#) from the Association of American Medical Colleges (AAMC) estimates there will be a shortage of 21,100 to 55,200 primary care physicians by 2032. With an aging population with higher incidences of chronic diseases, it is especially important that patients have access to physicians trained in comprehensive primary and team-based care for adults—a hallmark of internal medicine GME training.

For most medical students, debt continues to be a significant concern. According to a recent [analysis](#), 76 percent of students graduate with debt. And, while that percentage has decreased in the last few years, those who do borrow for medical school face big loans, with the [median debt](#) at \$200,000 in 2018. That debt and the anticipation of that debt can influence a student's decision to pursue a career in medicine and even in deciding what specialty to pursue.

The Veterans Administration (VA) also plays a significant role in training physicians, and that has been part of its mission dating back to 1946. The Veterans Health Administration (VHA) is the second largest federal payer for medical training, after Medicare. In the academic year 2016-17 alone, the VA trained a combined 68,711 medical students, residents, and fellows and approximately 70 percent of all physicians in this nation train in the VA at some point in their careers. Many wind up practicing medicine within the VA, or otherwise providing care to veterans as permitted under federal law.

What's the current status?

In FY 2020, the President's budget request proposes consolidating federal graduate medical education spending from Medicare, Medicaid, and the Children's Hospitals GME program into a single grant program for teaching hospitals, which would amount to cuts across-the-board to GME of roughly \$48 billion over ten years. Previous budgets from the Office of the President have also proposed cuts of more than \$17 billion over 10 years by reducing IME payments by 10

percent. In 2014, the Institute of Medicine (IOM) released a [report](#) recommending that Congress overhaul the federal financing and governance of GME, including the creation of new infrastructure for fund distribution and research into improved payment models. The report sparked criticism from various teaching programs, medical colleges, and physician membership organizations including [ACP](#) because it called for no increase in overall GME funding for the next decade, other than annual inflation updates, and also would redistribute payments for existing GME positions in order to fund a performance-based innovation pool. That provoked a “call to action” from the House Energy and Commerce Committee inviting stakeholders to provide input on comprehensive reforms to GME, but the Committee has not followed up with any further action.

Why and how should Congress address this issue?

Congress should continue to adequately fund GME/IME going forward, and work in a bipartisan fashion to advance legislation that takes positive steps to reform GME while also addressing the growing problem of medical education debt. The following bills have been introduced in the 116th Congress:

- **The Resident Physician Shortage Reduction Act of 2019 (S. 348, H.R. 1763):** This legislation increases the number of GME slots by at least 3,000 per year over five years (approximately 15,000 slots) for specialties facing shortages, including internal medicine. View ACP’s [joint letter](#) of support for this bill.
- **The Resident Education Deferred Interest Act (H.R. 1554):** This legislation allows borrowers to qualify for interest-free deferment on their student loans while serving in a medical or dental internship or residency program. View ACP’s [joint letter](#) of support for this bill.

What is ACP asking of Congress?

In 2016, ACP and AAIM developed a comprehensive [proposal](#) for GME innovation and reform. We urge Congress to pass legislation, inclusive of the policies outlined below:

Representatives and senators should cosponsor and pass the Resident Physician Shortage Reduction Act of 2019 (S. 348, H.R. 1763), which would lift the GME caps as needed to permit training an adequate number of primary care physicians, including internal medicine specialists, and physicians in other specialties facing shortages.

Representatives should cosponsor and pass in the House the Resident Education Deferred Interest Act (H.R. 1554), which would save physicians in residency programs thousands of dollars in interest on their loans and help incentivize the opening of practices in underserved areas or otherwise make research more attractive and affordable to residents. Senators should introduce companion legislation in the U.S. Senate.

Representatives and senators should develop and introduce legislation in both chambers that would combine DGME and IME into a single, more functional payment program, and broaden the GME financing structure to include all payers. Consolidating DGME and IME into one payment by using a single per resident amount with a geographic adjustment would increase functionality and improve transparency. Have all payers—both public and private—contribute to a financing pool to support residencies that meet the nation’s policy goals related to supply, specialty mix, and site of training.

Representatives and senators should support adequate funding for GME/IME as well as for programs within the VHA that provide graduate medical education. Such funding is vital to ensuring that physicians are adequately trained with the skills needed to treat an aging population with more chronic diseases. See issue brief on [Funding for Workforce, Medical and Health Services Research, Public Health Initiatives](#) for more detail.

Who can I contact to learn more?

advocacy@acponline.org; Digital version of this issue brief can be found at: <https://www.acpservices.org/leadership-day/policy-priority-issues>