

## The Issue

**The Balanced Budget Act of 1997 imposed caps on the number of residents for which each teaching hospital is eligible to receive Medicare direct graduate medical education (DGME) and indirect medical education (IME) payments.** These caps have remained in place and have generally only been adjusted as a result of certain limited and one-time programs.

## AHA Position

The AHA supports the Resident Physician Shortage Reduction Act of 2019 (H.R. 1763/S. 348), which would increase the number of residency positions eligible for Medicare DGME and IME support by 15,000 slots above the current caps.

## Distribution Methodology for Additional Slots

H.R. 1763, introduced by Reps. Terri Sewell (D-Ala.) and John Katko (R-N.Y.), would increase the number of Medicare-funded residency slots by 3,000 each fiscal year from 2021 through 2025.

- A hospital may not receive more than 75 slots in any fiscal year unless the Secretary of Health and Human Services (HHS) determines there are remaining slots for distribution.
- One-third of the new residency slots would be available only to hospitals that are already training at least 10 residents in excess of their cap and that train, and will continue to train for five years, at least 25 percent of their residents in primary care and general surgery.
- In determining which hospitals would receive slots, the HHS Secretary would have to consider the likelihood of a hospital filing the positions and would be required to prioritize hospitals in the following order:
  1. Hospitals in states with new medical schools;
  2. Hospitals in training partnerships with Veterans Affairs medical centers;
  3. Hospitals that emphasize training in community-based settings or hospital outpatient departments;
  4. Non-rural hospitals that operate a training program in a rural area or a program with an integrated rural track; and
  5. All other hospitals.

S. 348, introduced by Sens. Robert Menendez (D-N.J.), John Boozman (R-Ark.) and Charles Schumer (D-N.Y.), would increase the number of Medicare-funded residency slots nationally by 3,000 each FY from 2021 through 2025.

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  6. All other hospitals.

**Requirements for Additional Slots.** Both bills would require hospitals receiving additional slots to abide by specific conditions. At least 50 percent of the additional slots in each FY would have to be directed to a shortage specialty residency program, defined as any approved residency program in a specialty identified by the Health Resources and Services Administration.

**Reimbursement Level for Additional Slots.** Under both bills, new slots would be reimbursed at the hospital's otherwise applicable per resident amounts for DGME purposes and according to the usual adjustment factor for IME reimbursement purposes.

**Required Study and Report.** Both bills would require the Government Accountability Office to study and analyze strategies for increasing the number of health professionals from rural, lower income, and underrepresented minority communities in the workforce. Within two years of enactment, the Comptroller General would be required to submit a report to Congress that includes recommendations for legislative and administrative actions.