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Proposed Graduate Medical Education Legislation Looks to Increase Residency Slots

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Last week, new bi-partisan legislation was introduced to increase the number of graduate medical education (GME) slots over the next five years at teaching hospitals and academic medical centers. If passed, the Resident Physician Shortage Reduction Act of 2015 (S. 1148/H.R. 2124) will create 3,000 additional full time equivalent (FTE) residency slots each year from 2017 through 2021, for a total of 15,000 new residency slots. Half of the 3,000 slots must be used for a "shortage specialty residency program," as defined by the Health Resources and Services Administration (HRSA), until the National Health Care Workforce issues a new report on specialty shortages in 2018.

The purpose of the legislation is to guard against the precipitous shortfall of primary care physicians that at least one study is predicting will occur by 2025 – another says 2035 – if there is no increase in residency training slots. The shortfall is said to be due primarily to changing demographics and the expansion of health care insurance as a result of federal health care reform.

In determining whether a hospital should receive additional slots, the Secretary of the Department of Health and Human Services will consider the likelihood of the hospital filling the positions. Priority will be given to hospitals as follows:

- First to hospitals in states with new medical schools or that have established additional branches or locations for existing medical schools;
- Second to hospitals that have exceeded their resident cap;
- Third to hospitals affiliated with Veteran's Health Administration medical centers;
- Fourth to hospitals that emphasize training in community-based settings or in hospital outpatient departments;
- Fifth to hospitals that are eligible for incentive payments pursuant to meaningful electronic health record (EHR) use legislation; and
- Last, to all other hospitals.

A hospital that receives an increase in its residency slots must at all times ensure that (i) at least 50% of the slots are for a shortage specialty residency program, (ii) the total number of FTE residents (excluding additional positions attributable to the increase) is not less than the average number of FTE residents the hospital has trained during the three most recent cost reporting period, and (iii) the ratio of FTE residents in a shortage specialty residency program is not less than the average ratio of FTE residents in such program during the three most recent cost reporting periods

If a hospital fails to meet the foregoing criteria for maintaining its additional slots, the Secretary can reduce and redistribute the slots. A hospital may not receive more than 75 slots in the aggregate from 2017 through 2021, unless the Secretary determines there are extra slots available for distribution. Finally, if the number of FTE slots distributed in a particular year is less than the aggregate number of positions available for that year, those slots

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While the increase in residency slots is a step forward in addressing the needs of the nation's changing demographics, it will be interesting to see if additional changes are implemented to improve GME, such as removing the resident cap altogether, raising the actual amount of indirect and direct Medicare GME funding, and establishing a greater role for states and private payers to play in GME reimbursement.

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