



GRADUATE MEDICAL EDUCATION (GME)

Request: Enact legislation granting Arizona the ability to seek a waiver to expand its GME enterprises, avoiding a major physician shortage.

Community Value:

Arizona has far fewer physicians and residents per capita than the national average.¹ When major provisions of the Patient Protection and Affordable Care Act go into effect in 2014, demand for physicians is likely to increase. Access to health care affects every Arizonan. Ensuring Arizona has an adequate number of physicians will be essential in meeting the healthcare needs of Arizona's growing population.



Background:

After completing medical school, new doctors are required to complete a GME program, commonly referred to as a residency. Frequently, doctors stay and build a career where they performed their residency.

In the 1997 Balanced Budget Act, the U.S. Congress included a provision that placed a cap on the number of GME positions that the Medicare program would support. The cap was set at the number of GME positions that Medicare supported in 1996 on a hospital-specific basis. As a result, a hospital wishing to increase its number of GME positions above the cap must cover the entire cost of the new positions from other sources. The result has been that the number of new GME positions established in the country as a whole during the past 15 years has been substantially lower than the number established in the 15 years before the cap was established and are disproportionately distributed throughout the country.

At the time the cap was adopted, there was substantial variation among the size of states' GME enterprises and physician workforces. States that had a large GME enterprise when the cap was adopted have been able to maintain an adequately sized physician workforce.

However, states that had a relatively small GME enterprise when the cap was adopted were placed at risk of being unable to maintain a physician workforce of adequate size. Within that group of states, those experiencing substantial population growth were placed at greatest risk of being unable to develop an adequately sized physician workforce. Arizona has been one of the states most disadvantaged by the GME cap.

- Nationally, Arizona GME enterprises rank 37th in size.
- Arizona's physician workforce ranks 33rd in size among all state physician workforces.
- Arizona, the 16th most populous state, saw its population grow by 26.4 percent from 2000 to 2011.

It is clear that Arizona will have a limited ability to generate a physician workforce adequate for its growing population, primarily due to the fact that the state has a small GME enterprise. Arizona needs 850 new residency positions just to meet the national average. As a result, Arizona faces the prospect of experiencing a major physician shortage in the coming years.

Given projections that indicate a major national physician shortage in the coming decade, growing states such as Arizona must expand their GME enterprises to meet future physician supply needs. Simply removing the GME cap has the potential to create a significant rise in Medicare expenditures for GME; however, allowing individual states to seek a waiver from the cap, based on physician workforce considerations and significant growth, would have a reduced impact on total Medicare expenditures for GME and, at the same time, greatly assist Arizona in meeting its physician workforce needs.

¹ Graduate Medical Education in Arizona: Growing the Physician Pipeline

Contact: John Chan, Community and Economic Development Department Director
602-261-8709, john.chan@phoenix.gov

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