

Teaching Health Center Legislative Update

Candice Chen, MD MPH
The George Washington University

October 27, 2009

Current Medicare GME System

Direct Costs

- Resident Salaries & Fringe
- Faculty Salaries for teaching activities
- Administrative costs

Indirect Costs

- The higher costs of patient care associated with teaching
- Higher patient severity/uncompensated care
- Specialized/emerging technology services
- Research

PRA * FTE * % Medicare Days

In 2007, DME = \$2.9 billion

% Add-on to inpatient PPS,
based on resident-bed ratio

In 2007, IME = \$6 billion

THC Legislative Components

1. GME Payments

- Sufficient Payments – Direct and Indirect
- Medicare

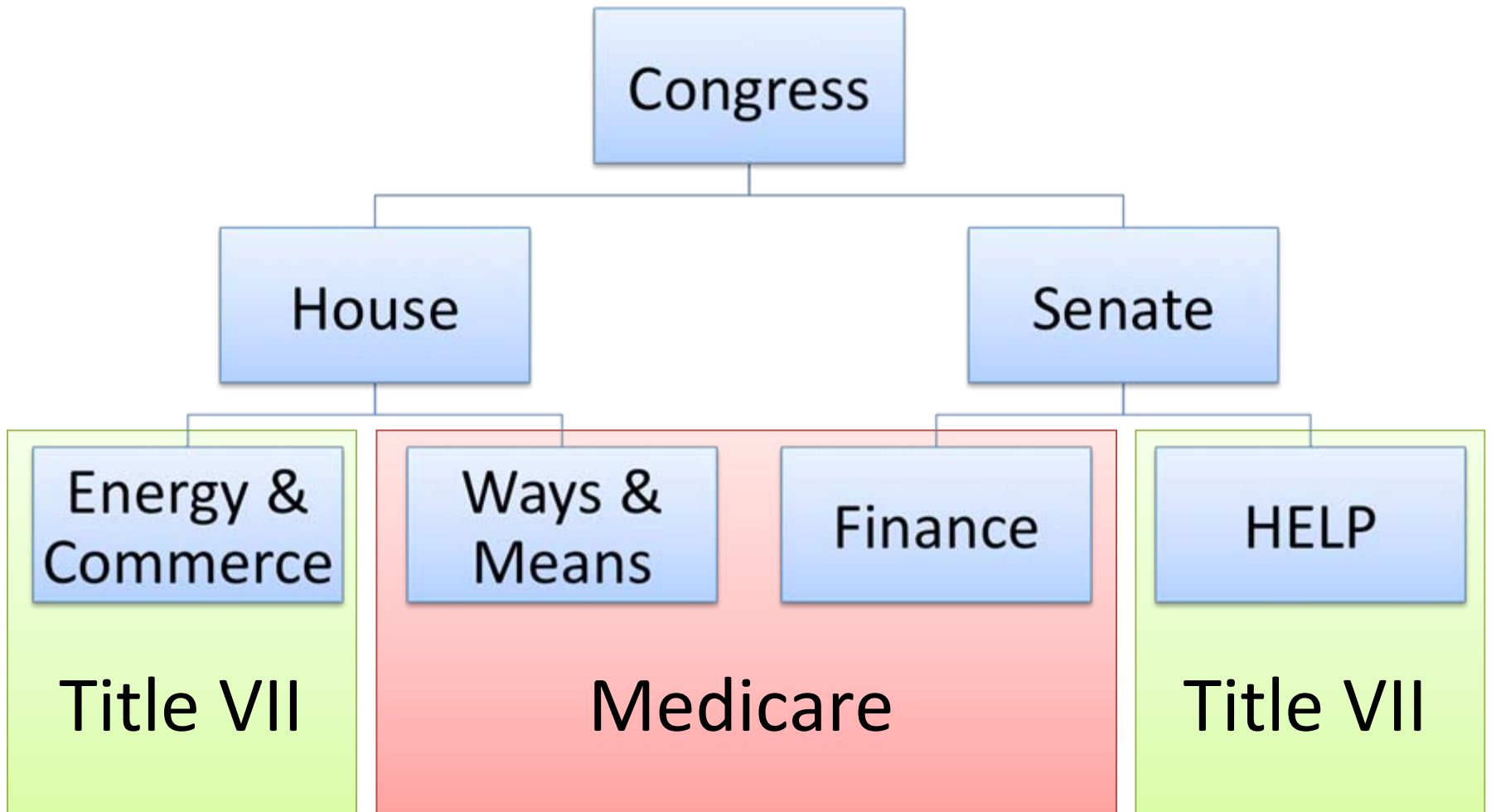
2. Start-Up Grants

- Support costs of establishing newly accredited programs or expand existing programs
- Title VII PHS

3. NHSC

- Allowing teaching to count towards obligated service

THC in Congress



GME Payments

Finance

Direct & Indirect
Payments

Medicare Part A
Trust Fund

\$230 million
FY11-FY15

Ways & Means

Medicare
Demonstration
Project

Direct Payments
Only *Current
formulas

Energy & Commerce

Training in
Community-
Based Settings

Title VII PHS

5 Yr Grants to
operate primary
care residency

Start-Up Grants

Finance

THC
Development
Grants

Title VII PHS

2 Yr Grants -
\$500K max

\$25m FY10
\$50m FY11&12

HELP

No Provisions

Energy & Commerce

Training in
Community-
Based Settings

Title VII PHS

2 Yr Grants

NHSC

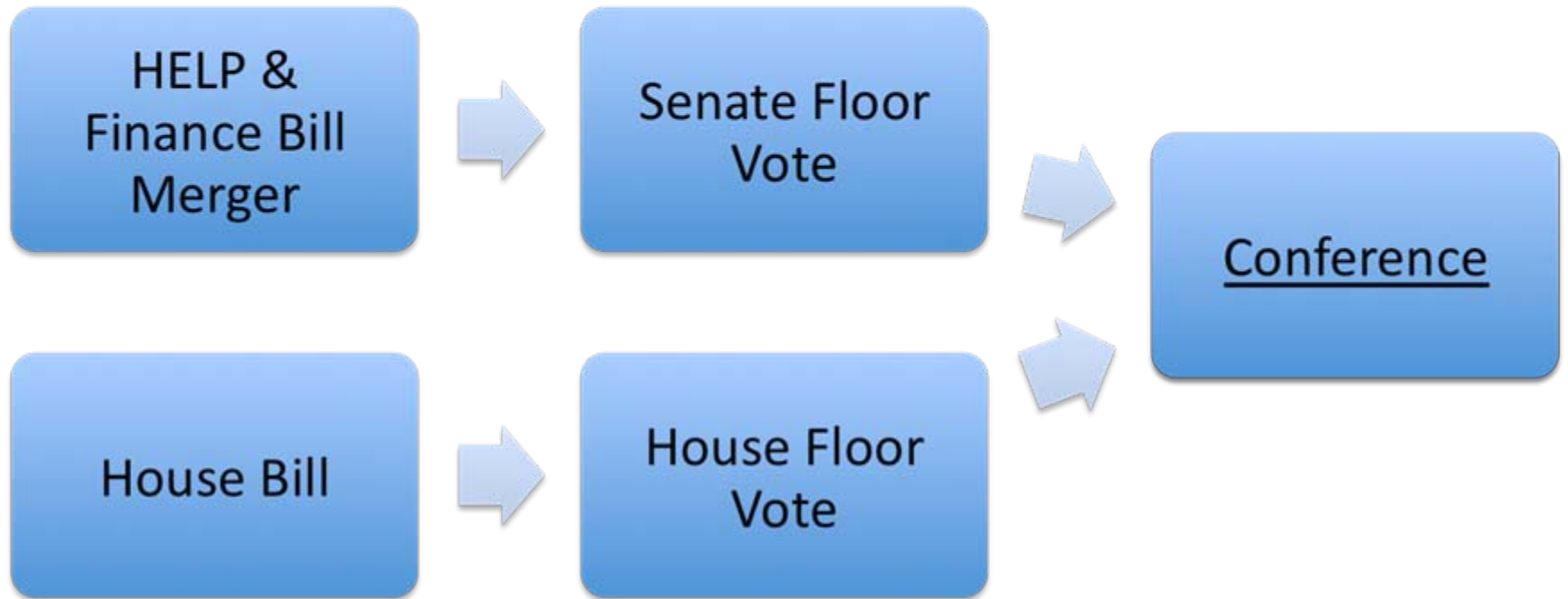
HELP

No Provisions

Energy &
Commerce

Allows teaching to count
towards 20% of obligated
service

Next Steps



The Challenge

Medicare should only pay for its share

- THC's will produce primary care doctors needed by Medicare beneficiaries
- Removing THC funding from Medicare would further marginalize primary care