Graduate Medical Education in Arizona: Growing the Physician Pipeline

Suzanne Kinney
Executive Director, Arizona Chamber Foundation

January 10, 2013
Understanding GME

• What is Graduate Medical Education? And why should we care?

• What is our vision?
  › Assure access to care by having enough doctors to meet patient needs
  › Build a world-class center of excellence in medical research and innovation and patient care

• How do we pay for it?
  › Federal, state and private financing
  › Existing and new programs
Physician Shortage

Projected National Physician Shortage

Projected Demand

Projected Supply

130,600
Physician Shortage

Physicians per 100,000 of Population

Arizona: 220
National: 259
Arizona Physician Shortage

Physicians per 100,000 of Population

- Urban: 248
- Rural, large: 133
- Rural, small: 102
Focus on Primary Care

Specialization

Subspecialty Programs as Percentage of All Residencies

- 2002: 49%
- 2003: 50%
- 2004: 55%
- 2005: 55%
- 2006: 55%
- 2007: 55%
- 2008: 55%
- 2009: 55%
- 2010: 55%
- 2011: 55%
Population and Health Status Dynamics

*Rise of Chronic Disease*

Heart disease
Cancer
Pulmonary Disease
Stroke
Diabetes
Arthritis

- Almost half of all Americans have at least one chronic condition - *and growing*
- Chronic disease accounts for 75% of all health care spending - *and growing*
- 25% obesity rate in AZ – *projected at 59% by 2030*
- Aging population and longer lifespans mean greater demand for care
During a residency program, physicians acquire the knowledge and develop the skills required to practice independently in one of the 26 recognized medical specialties or 100 subspecialties.
Physician Pipeline: 1,972 Medical Students

Medical Students per 100,000 of Population

<table>
<thead>
<tr>
<th></th>
<th>Arizona</th>
<th>National</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL Medical Students per 100,000 of population</td>
<td>30</td>
<td>31</td>
</tr>
<tr>
<td>Osteopathic (DO) Students per 100,000 of population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allopathic (MD) Students per 100,000 of population</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Arizona Rank

- TOTAL Medical Students: #20
- Osteopathic (DO) Students: #4
- Allopathic (MD) Students: #45
Physician Pipeline: Medical Student Growth

Arizona Medical Students

<table>
<thead>
<tr>
<th>Year</th>
<th>Medical Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>909</td>
</tr>
<tr>
<td>2010</td>
<td>1,972</td>
</tr>
</tbody>
</table>

Growth Rate: 117%

National Rank: #2
Physician Pipeline: 1,430 Residents

Residents per 100,000 of Population

Arizona Rank

Residents per 100,000 of population

#38

Osteopathic Residents per 100,000 of population

#19

Allopathic Residents per 100,000 of population

#40
Residencies Help Retain Medical School Graduates

- **3,583** Practicing Arizona Medical School Graduates
  - **1,222** Completed Residency in Arizona
    - **75%** Currently Practicing in Arizona
  - **2,361** Completed Residency Outside of Arizona
    - **28%** Currently Practicing in Arizona
Closing the Gap

+ 850 Residency Positions

36 Residents per 100,000 of population

36 Residents per 100,000 of population
Economic Advancement Opportunities

• Continue excellent progress that is underway in biosciences, medical research and innovation. Private, philanthropic and public sector collaborations.

• Maximize potential of new College of Medicine

• Attract the best talent nationwide

• Foster economic development through private-sector job creation

• Advance emerging areas of research, i.e. personalized medicine
# Funding for Graduate Medical Education

<table>
<thead>
<tr>
<th>Public</th>
<th>Private</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Medicare ($9.5 billion)</strong> Direct and Indirect</td>
<td>Teaching Hospitals Hospitals with residency programs invest their own resources into the program.</td>
</tr>
<tr>
<td><strong>Medicaid ($3.8 billion)</strong> State and Federal</td>
<td>however, there are no reliable data on the total amount spent by hospitals or the average amount per resident.</td>
</tr>
<tr>
<td><strong>Other Federal Agencies</strong> VA, DOD, HRSA. Including $300 million for Children’s Hospitals</td>
<td></td>
</tr>
</tbody>
</table>

However, there are no reliable data on the total amount spent by hospitals or the average amount per resident.
Public Funding Portion

Medicare and Medicaid Payments to GME in Arizona, 2009

- **$136 M, Total Funding**
  - **Federal Medicaid**: $30 M
  - **AZ Medicaid**: $15 M
  - **Medicare**: $91 M

- **$105,000 Per Resident**
  - **Federal Medicaid**: $22,826
  - **AZ Medicaid**: $11,823
  - **Medicare**: $70,246
Funding Graduate Medical Education

AHCCCS Funding for GME in Arizona, 1999-2012
(millions)

- Federal
- State
Funding Graduate Medical Education

Support for 1,452 Current Residencies at 2009 Levels

$150 Million

- $17 Million Arizona Medicaid
- $33 Million Federal Medicaid
- $100 Million Medicare

$50 Million Shortfall

Note: Some hospitals have been able to utilize an intergovernmental transfer mechanism to receive some funding.
Medicare Funding for New Programs

Number of Residents

Year 0  Year 3

Planning, Accreditation  Cap Building Period  Established, Cap In Effect
New Residency Program
Establishment Loans

Arizona Hospital Loan Residency Program

- Interest free loan up to $500,000 per year to hospitals that:
  - Establish a new residency of at least 6 residents.
  - Add a new specialty to an existing program with at least 4 new residents.
- Limited to one hospital per county per year.
- Priority given to hospitals in rural counties.

UNFUNDED SINCE 2008
Recommendations

Immediate Term – 2013 legislative session

• Restore funds to maintain current residencies with updated, fairer allocation method ($10-15M state appropriation)

• Tweak and fund start-up loan program ($1M state appropriation)

Longer Term

• Seek additional funds to meet full need for residencies

• Make Arizona a center of excellence in medical research and innovation and world-class patient care

• Focus on primary care physicians and underserved communities
Potential Opportunities for Foundations

- Assist with start-up costs and resource needs for new programs, especially in under-served communities.

- Deepen linkages between physician training and the Bioscience Roadmap. Assist in building a research, innovation and treatment hub/center of excellence.

- Create a vision for the entire health care workforce in light of systemic transformations. Explore enhanced roles for non-physician healthcare workers.

- Explore new models of care that emphasize wellness, prevention, and culturally appropriate community care.