

SUBJECT: FUNDING FOR OSTEOPATHIC GRADUATE MEDICAL EDUCATION

SUBMITTED BY: Medical Education Summit Progress Task Force

REFERRED TO: Reference Committee 4

1 WHEREAS, the American Osteopathic Association (AOA), the American Association of
2 Colleges of Osteopathic Medicine (AACOM), and the Osteopathic Heritage
3 Foundations have sponsored two Summits to discuss key issues confronting
4 osteopathic medical education.; and

5 WHEREAS, the 2005 Summit focused on educational quality, funding, recruitment and
6 workforce issues and the 2007 Summit focused on graduate medical education
7 issues.; and

8 WHEREAS, the funding of osteopathic graduate medical education (OGME) was one of
9 the major issues discussed at both Summits; and

10 WHEREAS, the American Osteopathic Association (AOA) has been working on GME
11 funding for more than a decade; The AOA Bureau of Federal Health Programs has
12 worked on graduate medical education funding issues by developing white papers on
13 alternative graduate medical education funding, participating on coalitions to address
14 GME funding issues, and assisted in the development of federal bills to address the
15 funding issues. A clear benefit to all parties would be an annual status report on the
16 activities of the Bureau of Federal Health Programs on GME funding; now,
17 therefore be it

18 RESOLVED, that the Medical Education Summit Progress Task Force recommends to the
19 AOA Board of Trustees that the Bureau of Federal Health Programs be directed to
20 write a one-page report each year regarding GME funding.

Explanatory Statement: The report should include a brief description of the importance of the issue, discuss the current GME funding environment, and describe current activities to enhance GME funding. The report should be distributed to the AOA Board of Trustees at its mid-year meeting, to the AACOM leadership at its annual meeting, to the SOMA leadership, and COSGP leadership. This directive should sunset after five years unless reaffirmed by the AOA Board of Trustees.

ACTION TAKEN _____

DATE _____

**Medical Education Summits:
Funding for Osteopathic Graduate Medical Education**

The American Osteopathic Association (AOA), the American Association of Colleges of Osteopathic Medicine (AACOM), and the Osteopathic Heritage Foundations have sponsored two Summits to discuss key issues confronting osteopathic medical education. The 2005 Summit focused on educational quality, funding, recruitment and workforce issues and the 2007 Summit focused on graduate medical education issues.

By invitation only, approximately 100 leading osteopathic medical educators participated in each Summit. Participants included the deans of the colleges of osteopathic medicine, undergraduate and graduate faculty, certification and accreditation authorities, graduate training approval representatives, practicing physicians, students, interns, residents, and members of the American Osteopathic Association (AOA) Board of Trustees.

The funding of osteopathic graduate medical education (OGME) was one of the major issues discussed at both Summits. This report examines the positions articulated at the two Summits regarding funding for OGME and makes a recommendation regarding the ongoing efforts to address OGME funding issues.

Funding of Graduate Medical Education

Volumes have been written on the problems with graduate medical education funding. Summit participants approved 14 statements directly related to the funding of OGME (see attachment 1). These statements had three overarching concerns to be addressed:

1. The unequal allocation of federal funds between residency training programs;
2. The artificial cap on the number of residency training funded by Medicare; and
3. The declining financial support for residency training programs must be reversed through higher program remuneration, forbearance of loans while in training, expanded loan forgiveness and scholarship opportunities.

There is considerable evidence that the remuneration between similar training programs is unequal. The disparity of payment per resident across the country is rooted in the methodology for developing the cost basis for each hospital.¹ “The Balanced-Budget Refinement Act of 1999 made a modest change to reduce disparities in the Medicare per resident amounts. The provision raises the minimum payment to 70% of a national wage adjusted per resident amount. The annual inflation updates for per resident amounts that are above 140% of the wage adjusted national average are reduced for FY 2001-FY 2005.”² The Summit participants concluded that much more needs to be done to reduce the continuing inequity in payment between training programs.

The Balanced Budget Act of 1997 froze the number of residents the Medicare program would reimburse per hospital. This cap was put into place at a time when the general consensus was that there was an adequate supply of physicians. Since 2000, however, the general consensus has shifted to concern over a shortage of physicians, particularly with the aging of the baby-boom generation

¹ Council On Graduate Medical Education: Proceedings of the GME financing stakeholders meeting, April 11, 2001.

² Council on graduate medical education: financing graduate medical education in a changing health-care environment, December 2000.

and their need for chronic care. This Summit participants believe that the cap will have unintended consequences for the Nation and should be eliminated.

The Balanced Budget Act of 1997 reduced the Medicare formula for the indirect cost of graduate medical education from 7.7% in 1997 to 5.5% in 2001. While later laws slowed the decline in indirect reimbursements, the direction has clearly been to reduce payments to hospitals. These Summit participants believe that more financial resources should go into graduate medical education to lessen the future anticipated shortage of physicians.

The Need for a Communications Strategy

An analysis of the 14 statements adopted by the Summit participants suggests that Summit participants are not familiar with the impressive number of efforts undertaken by the Bureau of Federal Health Programs to address GME funding over the years. The American Osteopathic Association (AOA) has been working on GME funding for more than a decade. The AOA Bureau of Federal Health Programs has worked on graduate medical education funding issues by developing white papers on alternative graduate medical education funding, participating on coalitions to address GME funding issues, and assisted in the development of federal bills to address the funding issues. In addition, the Bureau's staff has met with Veteran Affairs officials to encourage the establishment of osteopathic programs in VA hospitals. Bureau's staff is currently working on placing a bill on student-loan forbearance into the Senate or House of Representatives. Despite the Bureau's best efforts; advancing issues at the federal level is very difficult and dependent on the current environment in Congress.

A clear benefit to all parties would be an annual status report on the activities of the Bureau of Federal Health Programs on GME funding. Audiences for this report would include the AOA Board of Trustees, AACOM leadership, Student Osteopathic Medical Association (SOMA) leadership, and the Council of Osteopathic Student Government Presidents (COSGP). The annual report should be available for the Mid-year meeting of the AOA Board of Trustees and the AACOM Annual meeting shortly thereafter. The report should reiterate the importance of the issue, discuss the current GME funding environment at the federal level, and inform the reader of the activities to address the issue. Joint AOA and AACOM activities on this issue should be highlighted in the report.

Recommendation: The Medical Education Summit Progress Task Force recommends to the AOA Board of Trustees that the Bureau of Federal Health Programs be directed to write a one-page report each year regarding GME funding. The report should include a brief description of the importance of the issue, discuss the current GME funding environment, and describe current activities to enhance GME funding. The report should be distributed to the AOA Board of Trustees at its mid-year meeting, to the AACOM leadership at its annual meeting, to the SOMA leadership, and COSGP leadership. This directive should sunset after five years unless reaffirmed by the AOA Board of Trustees.

Position Statements adopted at the Medical Education Summit

Statement Number 24

The AOA shall promote legislation and regulatory changes necessary to ensure equitable financing of osteopathic GME programs.

Statement Number 26

Association of Osteopathic State Executive Directors and State Associations should lobby state legislatures to support OGME. This should be an effort that is supported (financially and staff resources) by the AOA and AACOM by 2008.

Statement Number 45

AOA, AACOM and State Societies should lobby the Federal Government for the following:

- To raise the ceiling deduction
- Maintain, and or increase Federal outlays for loan repayment and scholarship programs
- Extend the number of years for deferment of Federal subsidized loans
- Improve relationships with Bureau of Indian Affairs and Nations

Statement Number 46

AOA/AACOM should gather information on existing loan forgiveness and scholarship programs on the Federal, State and local level.

Statement Number 49

AOA/AACOM should develop a public relations strategy for policy that makes the case for increasing the Medicare funding for GME.

Statement Number 50

AOA should place on their legislative agenda for the 111th Congress the urgency of the need to increase Federal funding for GME funding.

Statement Number 52

AOA/AACOM should conduct meetings with organizations such as:

- The Association of Rural Health Centers and National Rural Health Association
- Other relevant community based organizations to identify funding opportunities for OGME positions in return for service obligations to these relevant communities.

Statement Number 53

AOA/AACOM is recommended to meet with the National Association of Osteopathic Foundations to discuss options for OGME funding through existing OPTIs.

Statement Number 54

AOA/AACOM should meet with representatives of Military and VA GME leadership to discuss possibilities to support OGME spots that cannot be accommodated in the Military.

Statement Number 55

Recommend Foundations AOA and State Associations to develop loan funds to support Hospitals wanting to start OGME.

Statement Number 59

AOA/AACOM and the OPTIs should work together to identify unique funding streams for new OGME programs.

Statement Number II. F. 1

Preserve, protect and expand GME funding

- Explore new federal funding sources
- VA, DOD, CMS, HRSA

Statement Number II. F. 2

Preserve, protect and expand GME funding

- Increase non federal funded residencies
- States – dedicated tax revenues, community initiatives
- Private - payor funding, specialty practice groups

Statement Number II. F. 3

Preserve, protect and expand GME funding

- Increase GME programs in “virgin” hospitals