Georgia Department of Community Health

Georgia Medicaid GME Payment Pool: Options for Allocating Funds – Stakeholder Discussion

Date: July 28, 2015

Purpose

- During the April 2015 Inpatient Prospective Payment System (IPPS) Meeting with the Hospital Advisory Committee**, DCH proposed a new Medicaid Graduate Medical Education (GME) funding approach**.
- DCH also committed to meet with Georgia hospitals, the Georgia Board for the Physician Workforce, Regents, and other stakeholders regarding Medicaid GME funding.
- **Specifically, DCH seeks input on:**
  - ***Criteria for future Medicaid GME hospital participation***
  - ***Options/Considerations for future GME payment methodology and allocation approach***

Inpatient Hospital Reimbursement Policy Objectives

DCH is changing the Medicaid IPPS Methodology based on the following agency policy objectives:

1. Promote **efficiency in the delivery of services** by:
   - Creating appropriate incentives to **reduce/control costs**; and
   - Better **match reimbursement with the services provided**.
2. Promote and support Governor's policy objective to **enhance the physician workforce through graduate medical education programs**.
3. Focus payment methodology on **service delivery for Medicaid members.**

Medicaid and Graduate Medical Education Overview

- Funding Graduate Medical Education (GME) through Medicaid is optional under Federal and state law.
  - Enables states to draw down federal funds for approved medical education expenditures.
- 42 states and the District of Columbia provide payment for graduate medical education costs through their Medicaid programs.
- 22 states and the District of Columbia make graduate medical education Medicaid payments through the hospital's per-case or per-diem rate.
- 20 states reimburse hospitals for graduate medical education through a separate Medicaid payment.
- **In 2012, Georgia ranked 10th nationally for Total GME payments through Medicaid.**

Source: "Medicaid Direct and Indirect Graduate Medical Education Payments: A 50-State Survey," Tim M. Henderson, Health Workforce Consultant for the Association of American Medical Colleges, April 2013.

Direct GME vs. Indirect GME

- **Direct GME Funding:**
  - Direct GME funding pays the salaries and benefits of the residents, a portion of the salaries and benefits of the supervising physicians, and other costs directly attributable to educating residents.
- **Indirect GME Funding:**
  - Indirect GME funding subsidizes increased patient care costs associated with running resident training programs, such as longer inpatient stays and more use of tests.

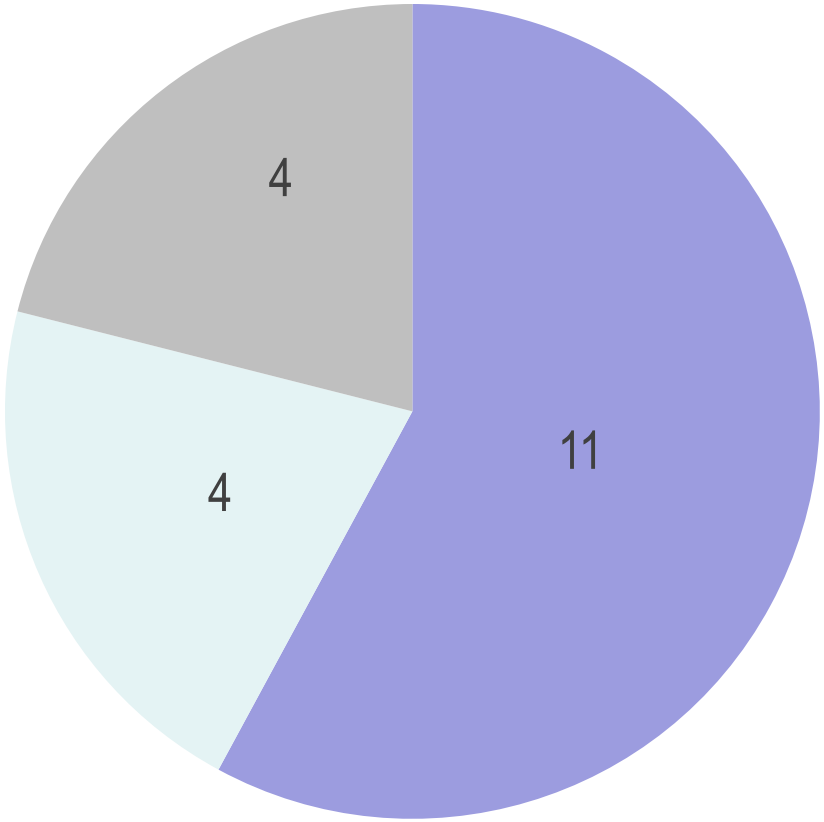
Georgia GME Methodology Prior to July 1, 2015

- DCH reimbursed GME through a hospital specific add-on based on GME program costs. GME reimbursement was set at 100% of cost.
- The GME add-on was only adjusted during rebasing periods.

DCH Concerns:

- GME **reimbursement utilization driven** and may not reflect costs appropriately across participating hospitals.
- Due to budget neutrality requirement, to **maintain the 100% GME reimbursement, any increase in cost must come out of the hospital base rate**.
- Indirect Medical Education costs were reimbursed through **the hospital base rate, rather than directed to hospitals with GME programs**.
- **Timeliness of GME payments tied to CMO claims.** Currently, DCH makes these payments but there is a lag in reimbursement due to timing of DCH receiving and processing CMO encounter data.
- **High variability** in the cost per resident among hospitals.

Count of Hospitals by Cost Per Resident



The average reported cost per resident statewide in FY 2013 was $137,384.

- Below $137,384
- $137,384 - $200,000
- Above $200,000

Source: FY 2013 Medicare Cost Reports

New Medicaid GME Approach

- **In order to control overall program costs while promoting the Governor's policy objective, DCH has proposed to:**
  - Effective July 1, 2015 (pending CMS approval), reimburse GME through a new stand alone pool of funds instead of as an add-on payment to the claim.
  - **Payments would be made monthly from a pool amount of $46.5 million (includes the Hospital Provider Payment of 11.88%).**
  - Initially, the GME Pool will reimburse hospitals based on their share of total Medicaid GME costs as determined by the current inpatient hospital model. Each hospital receives its percent share of the pool based on its reported GME costs. Amounts were shared in May 2015.

- **DCH's intent would be to request the necessary funds to support the Pool through the annual Appropriations Process**, so that the Pool increases as GME residency slots grow.

- **Hospitals will also receive a per claim Indirect GME rate adjustment.**

- **Going forward, especially as GME programs grow, DCH needs to consider a new approach for distributing GME Pool funds.**

Future Growth in Georgia GME Slots

FY 2017+ GME Funding Methodology (IPPS Phase 2 Update):

- To support Governor Deal's policy goal of adding 400 new primary care GME residency slots by FY 2020, DCH will be further updating the GME funding methodology.
- Startup grant funding has been appropriated to the Board of Regents to support the creation of new programs.
  - The grant funds may be used to cover the cost of accreditation, equipment, and education of faculty. The grant funds stop as soon as residents enter the programs.

Projected Start Dates of New GME Residency Slots

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Residency Slots	5	26	115	259	358	405	419	422

Discussion

DCH is considering moving to a per FTE resident funding amount to generate the total need for the Direct GME pool and to allocate the funds to the hospitals. The goal of this shift is to promote equity, transparency, and predictability in the funding.

- Eligibility: Are there any eligibility criteria that DCH should consider in deciding which residencies receive state Medicaid funding? Should any residency programs be excluded?
- Funding Amount: Should all residencies be funded at the same per resident amount or should some be funded at a higher amount? Which residencies should be funded at a higher amount and by how much?
- Data/Reporting: DCH would like to use more recent information than it currently uses. Do hospitals already report on the number of FTE residents other than through Medicare Cost Reports? If there is not an available data source, what data should DCH collect? Should reporting be done annually, semi-annually, quarterly, or monthly?

Next Steps

DCH will consider hospital input and meet internally to develop a GME funding model.

DCH will address questions and comments during the current meeting.

Hospitals may also send comments in writing to DCH at:

- mbetzel@dch.ga.gov
- Comments must be received by close of business Tuesday, August 11, 2015.