



TEXAS HOSPITAL ASSOCIATION

## **THA TAKEAWAYS**

### **State GME Investment is Crucial for a Sufficient Physician Workforce for Texas' Rapidly Growing Population**

#### **BACKGROUND**

The 83<sup>rd</sup> Legislature appropriated more than \$50 million for graduate medical education programs and physician loan repayment to increase health care access in rural areas. These funds will be used for supporting and maintaining current residency programs while generating up to 100 new first-year residency slots.

The funding includes:

- ~ \$9 million to increase the Health Related Institution GME formula;
- ~ \$13 million for the Family Practice Residency Program;
- ~ \$2 million to the Texas Higher Education Coordinating Board for planning grants to hospitals that have never had residency programs; and
- \$12.4 million to the THECB for GME expansion.

The Physician Loan Repayment Program was also restored with a \$28.2 million increase in General Revenue-dedicated funds for four years of loan repayments to two cohorts of 100 physicians.

This investment is a good start but needs to be sustained and built upon. According to THECB, **Texas needs an additional 220 residency positions beginning in 2014 and an increasing number thereafter.**

Without an increase in the number of first-year residency slots, beginning in 2014, 63 graduates of Texas medical schools will have to conduct their residency training out of state. By 2016, the number triples. This exodus of medical school graduates is a problem because the most effective way of increasing the supply of physicians in Texas is to increase the retention of medical school graduates and residents. Eighty percent of Texas medical school graduates who complete their residencies in Texas stay here to practice medicine.

#### **POPULATION GROWTH OUTPACING PHYSICIAN SUPPLY**

- Population growth in Texas far outpaces national population growth.
- 132 Texas counties are federally designated as having a shortage of primary care providers; 26 counties have no practicing primary care physicians.
- Texas has an active physician-to-population ratio far below the national average (205 per 100,000 vs. 259 per 100,000).
- Well-documented shortages in the supply of primary care physicians, psychiatrists, endocrinologists, palliative care specialists, pediatric subspecialists and geriatricians.

## HOSPITALS CONTRIBUTE SUBSTANTIAL FINANCIAL RESOURCES TO GME

- Cost of residency training is conservatively estimated at \$150,000 per year per resident.
- Texas is one of a handful of states in which Medicaid does not pay for GME.
- Texas provides limited GME funding through a formula allocation of \$4,400 per resident – about three percent of the cost.
- Medicare funding is available for about 4500 residency positions but funding covers just one-third of the costs.
- Hospitals and other health-care related institutions cover two-third of the costs of Medicare-funded positions and the full costs of about 2000 residency positions.



TEXAS HOSPITAL ASSOCIATION

### For more information, contact:

**John Hawkins**

Senior Vice President for Government Relations  
Texas Hospital Association  
512/465-1505  
jhawkins@tha.org

**Jennifer Banda**

Vice President for Advocacy,  
Public Policy, and HOSPAC  
Texas Hospital Association  
512/465-1046  
jbanda@tha.org