TMA Council on Medical Education

Summary of Health System Reform Legislation (H.R. 3590 and H.R. 4872)

Provisions Relating to Medical Education, Graduate Medical Education, and Physician Workforce

Graduate Medical Education			**Status of Provision as of Oct. 1, 2010**
Expands programs that support *primary care* GME programs established under Title VII of U.S. Public Health Service Act **Section 5301**	Expands existing grant program for *primary care* GME and physician assistant (PA) training programs. 1) financial assistance through traineeships and fellowships in primary care (family medicine, including geriatrics, internal medicine, and pediatrics) for medical students, resident physicians, practicing physicians, and other medical personnel is now "need-based;" 2) (NEW!) authority for grants to plan, develop, and operate a program for training physicians in community-based settings; 3) amends current program that provides financial assistance for traineeships and fellowships for physicians who plan to teach to also include funding for research in primary care; 4) (NEW!) authority for grants to demonstration projects for training in new primary care competencies (to be defined and may include training relevant to patient centered-medical homes or interdisciplinary graduate training in various public health fields); and 5) training for physician assistants.	Authorizes $125M for 2010 and funding as needed through 2014.	HHS awarded $320M to expand primary care workforce on Sep. 27, including: Primary Care Residency Expansion -- $167.3M to support training of 889 new primary care residents by 2015. Texas received total of $7.7M; awarded to Baylor, Baylor-Dallas, Texas Tech HSC, & UT Southwestern. Expansion of Physician Assistant Training -- $30.1M to fund stipends for 700 PAs by 2015. In addition, Texas received $355,000 for academic admin. units in primary care at UTMB & UTHSC-San Antonio.
Redistribution of Unused Medicare-GME Funded Training Positions Section 5503	Redistribution of 65% of **unused** GME slots at teaching hospitals that are eligible for Medicare GME payments through prioritization process that favors states like Texas (e.g., states with low resident/population ratios; and/or high population counts in HPSAs or rural areas); **Primary care** receives priority, with 75% of redistributed GME slots to be reserved for primary care or general surgery. Max. 75 redistributed slots per hospital.	Redistribution to be completed by July 1, 2011. Minimal impact anticipated; AAMC estimates only about 300 slots, nationally.	CMS released proposed rule process for redistribution of unused slots in June. Proposal includes methodology to identify states to receive redistributed slots; Texas is not on the list. Eligible programs must apply for slots by Dec. 1, 2010. Payments begin to hospitals awarded new slots on July 1, 2011.

Preservation of Medicare GME-Funded Positions Upon Closure of Teaching Hospitals for Redistribution Purposes **Section 5506**	Recoups Medicare GME funded positions at teaching hospitals that closed within the past two years for redistribution to other hospitals, with priority given to hospitals within certain geographic proximity (same metropolitan area, state, or region).	Minimal impact anticipated; few teaching hospitals closed in past 2 years.	CMS released proposed rule process for redistribution of slots in June. Proposal included definition of closed hospital, application process, process to evaluate applicants on their likelihood to fill slots w/in 3 yrs, and priority order and ranking system of hospitals to receive slots.
Rural Physician Training Grants **Section 10501(l) Section 749B**	Amends Title VII to require HHS to establish grant program to assist accredited allopathic and osteopathic medical schools in: 1) recruiting students most likely to practice medicine in underserved *rural* communities (at least 10 students per class yr.); 2) providing rural-focused training and experience; and 3) increasing number of recent medical school graduates practicing in underserved rural areas. Priority to students who lived in underserved rural communities at least 2 yrs. who express commitment to practice medicine in underserved rural community.	Authorizes $4M/yr for FYs 2010-2013.	Funds expected for FY 2010, but not yet appropriated.
Relaxing Medicare GME-Funding Requirements for Residents in Non-Hospital Settings **Section 5504** **Counting Resident Time in Nonprovider Settings** **Section 5505**	Relatively small change in Medicare GME funding policies that makes it easier for GME programs in non-hospital settings, including *primary care*, to qualify for such funding. Applicable for residents who have stipends and fringe benefits provided by a teaching hospital. Similarly, beginning July 1, 2010, an adjustment is made to Medicare GME funding policies to allow residents to be paid for some non-patient care activities, when they are a required element of their residency curriculum, by allowing teaching hospitals to include time in these activities in IME calculations.	TMA and AMA have longstanding policies in support of a process that allows Medicare GME funding to follow a resident during their training, including training in non-hospital settings.	Implemented July 1, 2010

Teaching Health Centers **Section 5508** **1) GME Development Grants,** **2) Payment for GME direct and indirect expenses**	HHS to award grants of $500,000/yr. (max. 3 years) to "teaching health centers" for establishing or expanding *primary care* GME programs at FQHCs. Requires HHS (*not CMS!*) to make payments for direct and indirect expenses (up to $230M for FYs 2011-2015) to teaching health centers for establishing or expanding GME programs. Teaching health centers are defined to include: FQHCs, community mental health centers, rural health clinics, health centers operated by the Indian Health Service, or entities receiving funds under Title X of the Public Health Service Act. In this case, primary care is defined as: family medicine, internal medicine, pediatrics, internal medicine-pediatrics, obstetrics/gynecology, psychiatry, general dentistry, pediatric dentistry, and geriatrics.	Authorizes $125M in funding for Teaching Health Center Development Grants, as follows: $25M for FY 2010, $50M for FY 2011, and $50M for FY 2012; with funding as needed thereafter. Also authorizes funding of $230M for payments to Teaching Health Centers for direct and indirect expenses for new or expanded GME programs. (Note: Does not help alleviate GME funding burden for teaching hospitals.)	Funds expected for FY 2010 not yet appropriated for development grants. Funds have been appropriated for GME direct and indirect expenses. Payments expected to begin by early 2011.
Reauthorization of Preventive Medicine and Public Health Training Grant Program in Title VII **Section 10501(m)** **Section 768**	Provides for continuation of the grant program at HHS for *preventive medicine* and *public health* GME programs.	Authorizes $43M for FY 2011 and sums as needed for FYs 2012-2015. Federal support for preventive medicine GME is particularly important because this specialty has little direct impact on inpatient care, therefore, teaching hospitals are less willing to sponsor or fund GME in this specialty. Therefore, stipends and fringe benefits are typically not available to residents.	HHS awarded $9M to train 56 residents in preventive medicine; none of the awards went to Texas programs.
Interdisciplinary Innovations **Section 5403(b)**	Establishes Title VII grant program to support interdisciplinary distance learning, continuing education, & collaborative conferences, with priority for *primary care*.		
Demonstration Projects for Integrating Quality Improvement and Patient Safety in Clinical Training **Section 3508**	Establishes grant program for demonstration projects that develop and implement academic curricula that integrate quality improvement and patient safety in clinical training for health professionals.	Requires 20% match.	No starting date specified, but anticipated later this year. Report to Congress due in 2012.

Workforce			
<u>Pediatric Subspecialty Loan Repayment Program</u> **Section 5203**	New loan repayment program for *pediatric subspecialists*, up to $35K/yr. (max. 3 yrs.) for minimum of two years service in underserved area (HPSA, MUA, or medically underserved population). Loan repayment also authorized for other health professionals (non-physicians) who provide behavioral and mental health care to children.	Authorizes $30M/yr. for FYs 2010-2014 for loan repayment for pediatric subspecialists; and $20M/yr. for non-physician health professionals for FYs 2010-2013.	Funds delayed – not yet appropriated.
<u>State Grants to Health Care Providers Serving High % MUPs or Other Special Populations</u> **Sections 5606 and 10501**	Authorizes grants to states for health care providers who treat a high percentage of medically underserved populations (MUPs) or other special populations.	No funding authorization given; prohibits use of Medicaid, Medicare or Tricare funding.	
<u>10% Medicare Bonus Payments to *Primary Care* Physicians and General Surgeons</u> **Sections 5501 & 10501**	Establishes two new 10% Medicare bonus payments for five years (from Jan. 1, 2011 through Jan. 1, 2016) for certain physicians for whom primary care services accounted for at least 60% of allowed charges. Eligibility extended to primary care practitioners defined as: 1) physicians in family medicine, internal medicine, geriatric medicine, or pediatric medicine; and 2) nurse practitioners, clinical nurse specialists, and physician assistants Also establishes a new 10% Medicare bonus payment for general surgeons practicing in HPSAs. Note: Pending final regulations, it is assumed that primary care physicians practicing in Health Professional Shortage Areas will actually receive 20% Medicare bonus payments. Currently, primary care physicians practicing in HPSAs receive 10% Medicare bonuses and with the additional 10% bonus, they are expected to receive a total bonus of 20%. <u>Other</u> A separate section of the legislation requires immediate implementation of a budget-neutral provision for higher Medicare pay to certain areas over two years through the	50% of funding requirements to be offset by across-the-board reductions to all other codes, excluding physicians in HPSAs)	Payments to begin Jan. 1, 2011.

	geographic practice cost index. Directs MedPAC to study adequacy of Medicare payments for health care providers serving *rural* areas. (Section 3127)		
Raising Medicaid Provider Fee to Medicare Parity for Primary Care Physicians **Section 1202, Reconciliation Act**	Requires Medicaid to increase provider fees to equal Medicare rates for *primary care* physicians *in 2013 and 2014.*	Provides 100% federal funding to states for meeting this requirement.	To begin in 2013.
National Health Service Corps **Sections 5207, 5508, 10501, and 10503**	Authorizes increased funding for National Health Service Corps and increases maximum annual loan repayment award from $35,000 to $50,000 for physicians. Further increases could be made beginning in FY 2012, depending on inflationary increases.	Authorizes funding: FY 2010, $320.5M 2011, $414.1M 2012, $535.1M 2013, $691.4M 2014, $893.5M 2015, $1.2B… For comparison, FY 2009 funding was $435M.	For FY 2010, $142M was appropriated for 42 new scholarships and 1,099 new loan repayment awards for variety of health professionals. In addition, $300M was appropriated for FY 2009-2011 from “stimulus” funds.
Tax Exemption for Loan Repayment Benefits **Section 10908**	Provides federal income tax exemption for monies received by physicians from NHSC or state loan repayment and forgiveness programs, if program requires service obligation in underserved areas.	Applicable to monies received since Jan. 1, 2009.	This exclusion retroactive to the 2009 tax year. Some health care professionals may be eligible for a refund.
Geriatric Workforce Development **Section 5305**	Amends Title VII to award grants to Geriatric Education Centers to develop fellowships for faculty (salaried and adjunct) at medical schools and other health professions schools (authorization for $10.8M for FYs 2011-2014). Establishes Geriatric Career Incentive Awards for non-physician providers, e.g., advanced practice nurses, clinical social workers, etc., (authorization for $10M/yr. for FY 2011-2013).		Geriatric Education Centers -- $17.2M to support 45 awards to improve training, including $1.1M to Texas medical schools, including Baylor, UTHSC at Houston, UTMB, & UTHSC at San Anontio. Geriatric Training for Physicians, Dentists, and Behavioral and Mental Health Professionals -- $8.1M to support 13 grants for geriatric training projects, including an award of $639,000 to UTHSC at San Antonio.

			Comprehensive Geriatric Education Program -- $4.2M to support 27 grants, including $120,000 to UT at El Paso. Geriatric Academic Career Awards -- $5M to support 68 grants for career development, including total of $440,000 to Baylor, UTHSC at San Antonio, & UT Southwestern.
Other			
Study on Impact of Diabetes on Practice of Medicine Section 10407	Directs HHS to study with IOM within two years the impact of diabetes on practice of medicine and level of diabetes medical education that should be required for licensure, board certification and recertification.	Authorizes funding as needed.	Report due 2012.
Continuing Education Support for Health Professionals in Underserved Communities Section 752		Authorizes $5M for 2010 through 2014, and as needed thereafter.	
Decrease in Disproportionate Share Payments to Hospitals Sections 2551, 10201, and Section 1203, Reconciliation Act	Reduces Medicaid Disproportionate Share Hospital (DSH) payments, after certain thresholds are met for reductions in number of uninsured, by $18B between 2014 to 2020, with majority of cuts between 2018 and 2020, as follows: 2014: $500M; 2015 and 2016: $600M/yr; 2017: $1.9B; 2018: $5B; 2019: $5.6B; and 2020: $4B. Will have greatest impact on states with lowest % of uninsured and in states where DSH payments are not targeted at hospitals with a high Medicaid inpatient volume, and/or high levels of uncompensated care. Also, Section 3133 calls for improvements in Medicare DSH payments to hospitals, based on specified criteria, beginning in 2015.		To begin 2014.

<u>Nondiscrimination of Persons in Clinical Trials</u> **Sections 2709 and 10103**	Insurers may not refuse to cover costs for routine patient care, consistent with coverages provided in the insurance plan, for persons in clinical trials.		
	<u>Other provisions:</u> *Decreases number of uninsured in U.S. by 32 million by 2019 and provides for many other significant changes in health insurance coverage. *Establishes National Health Care Workforce Commission, to be appointed by Sept. 30, 2010, to study health professions needs, with annual reporting to Congress by Oct. 1. Provides for grants to states for workforce planning activities. (Sections 5101, 10501, 5102, and 5103) *Revision of HPSA designation methodology (Section 5602) *Reauthorizes and increases funding for FQHCs *Reauthorizes Area Health Education Centers (AHECs) with grants to maintain and improve existing programs. (Section 5403) *Establishes dozens of programs targeted at the health professions, including loan repayment and other incentive programs for: 1) increased diversity and cultural competency; and 2) promoting careers in primary care, mental health, dentistry, nursing, advanced practice nursing, allied health, public health, epidemiology, and public health laboratory science and informatics.	Commission is expected to receive pressure to expand the federal government's support for GME. Texas likely to retain large # of shortage area designations with revised methodology. Increase to $11B over 5 yrs.	Appointments to commission were announced Sept. 30. 26 states to receive state health workforce development grants from $5.6M fund. Texas was NOT funded. HRSA awarded $10M on Sept. 30 to AHECs. Texas received $1.9M in federal funding for 3 AHEC systems. $31M awarded Sept. 27 for distribution as stipends to students in nurse practitioner and nurse midwife programs.
Prepared by: Texas Medical Association, Medical Education Dept., Updated 10/2010.	*Sources: Patient Protection and Affordable Care Act (H.R. 3590), as amended by P.L. 111-152 (H.R. 4872); TMA Summary; and summary by Association of American Medical Colleges dated April 9, 2010.*		