FP graduate medical education at risk under the Obama budget ax

The administration says indirect education payments exceed costs.

BY MARY ELLEN SCHNEIDER

Reductions to Medicare funding for graduate medical education account for some of the $370 billion that President Obama's 2014 budget proposes to cut from the Medicare program over the next decade.

The president's fiscal year 2014 budget proposal, sent to Congress April 10, includes cuts for physicians, drug companies, hospitals, and long-term facilities, as well as increased cost-sharing for some Medicare beneficiaries in a move intended to reduce the federal deficit and put the program on firmer financial footing.

The president's proposed cuts to Medicare funding of graduate medical education (GME) would decrease the indirect medical education payments made to teaching hospitals by 10%. In budget documents, administration officials said the indirect medical education payments significantly exceed the actual added patient care costs that hospitals incur through their residency programs. Overall, the administration estimates the cuts will save

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10% cut will hit hard

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the Medicare program $11 billion over 10 years.

But the proposed cuts have raised concerns in the primary care community.

Dr. Alma B. Littles, a family physician and the senior associate dean for medical education and academic affairs at Florida State University College of Medicine in Tallahassee, said these cuts are being proposed at the worst possible time for primary care. Not only are more residency training positions needed to meet growing patient demand, but hospitals are already facing other cuts from Medicaid and other payers. All of this puts pressure on the training programs, especially those in primary care.

"This additional 10% decrease will be a huge hit and I think will jeopardize the survival of many of those programs, which will only add to the shortage of physicians and to many patients' inability to have access to that care," Dr. Littles said.

At Florida State, the residency training programs are run through area community hospitals. Dr. Littles said they've been working hard to get more family medicine residencies set up but the proposed cuts make that task even more challenging.

Officials at the American Academy of Family Physicians (AAFP) are concerned that the indirect medical education payment cuts could cause some teaching hospitals to close their primary care training programs and add subspecialty programs. Between 2000 and 2013, 71 family medicine programs were closed across the country, according to the AAFP. That trend began to turn around last year, AAFP said, when no family medicine programs were closed and seven new programs were accredited.

"A blanket cut to GME could reverse that progress," Dr. Glen Stream, AAFP board chair, said in a statement. "If GME funding must be reduced, we call on Congress to preserve explicit support for primary care residency programs to make sure we continue to reverse the downward spiral."

Another part of the budget with the potential to have a major impact on doctors is the increased authority for the Independent Payment Advisory Board (IPAB). The 15-member board was created under the Affordable Care Act (ACA) and is charged with recommending to Congress how to reduce spending growth in Medicare. Under current law, IPAB would make recommendations only if the projected Medicare per capita growth rate exceeded the gross domestic product (GDP) plus 1%. In the president's budget proposal, that target would be triggered early, when Medicare spending was projected to exceed GDP plus 0.5%.

This change is projected to save the federal government $4.1 billion over the next decade.

The bulk of the Medicare savings will come from proposals to cut payments to drug companies, long-term care facilities, and increases in cost sharing by beneficiaries.

For instance, the administration estimates it will save about $123 billion over 10 years by allowing the Medicare Part D program to pay the lower Medicaid rate for prescription drugs for its low-income beneficiaries.

A change involving post–acute care providers would save $79 billion. The administration wants to reduce the market basket updates for inpatient rehabilitation facilities, long-term care hospitals, skilled nursing facilities, and home health agencies by 1.1% starting in 2014 and running through 2023.

Beneficiaries also would contribute more for their Medicare premiums under the Obama budget proposal. Starting in 2017, certain Medicare beneficiaries will pay more for their Part B and D premiums, which is expected to generate $50 billion in savings over 10 years.

The budget also includes about $22.1 billion in cuts to Medicaid over 10 years.

There is a little good news for physicians in the budget: It assumes that the Congress will eliminate the Sustainable Growth Rate (SGR) formula used in setting Medicare physician payments.

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