

# Graduate Medical Education

**Every North Carolinian deserves access to highly trained doctors. Congress should expand funding medical of education programs and provide easier avenues for states to draw down the funds.**



North Carolina hospitals and health systems support additional federal funding of direct and indirect medical education programs to increase the number of slots available to train medical students.

## Context & Insights

Access to primary care is associated with fewer health care disparities and better health outcomes across socioeconomic circumstances.

One in five North Carolinians lives in a rural community, and while rural and urban residents have similar health care needs, many rural communities experience shortages of key health professionals.<sup>1</sup>

Addressing the long-recognized physician shortage in rural North Carolina will take a multi-pronged approach that will require cooperation between state and local government agencies, the federal government, and the teaching hospitals responsible for training our doctors of tomorrow. The addition of new nurse practitioner and physician assistant programs in the state are promising developments to address shortages, as well as the recent announcement of a new Wake Forest School of Medicine campus in Charlotte.

The NC Department of Health and Human Services (NCDHHS) has also developed a plan for a substantial expansion of rural residencies in needed specialties like

behavioral health and included an emphasis on creating the workforce for Medicaid in the 1115 Medicaid reform waiver.<sup>2</sup>

North Carolina's teaching hospitals continue to rise to the challenge and respond to the physician shortage by creating new — and expanding existing— medical education programs in cooperation with North Carolina's educational institutions. However, training tomorrow's doctors is a significant expense for public and private teaching hospitals. These programs will be jeopardized if Medicare and Medicaid discontinue programs that recognize the additional costs incurred by these hospitals to ensure future access to physicians.

## Key Advocacy Messages

**North Carolina has a considerable physician shortage that has reached crisis proportions in our rural areas.**

- All 100 counties have been designated as health professional shortage areas due to their lack of primary care, dental health, and behavioral health services.<sup>4</sup>
- Many North Carolina counties — particularly those in rural areas — fall well below the state average of roughly nine primary care providers per 10,000 population.<sup>5</sup>

- As of 2021, over a quarter of our counties have no licensed psychologists working in the community, while nearly 85 counties have a shortage of access to licensed mental health professionals.<sup>5</sup>
- North Carolina is ranked as the 6th for predicted physician shortages by 2030.<sup>11</sup>

**GME programs in the state are not providing the workforce necessary to meet population health needs.**

- Of the 446 NC medical school graduates from the class of 2014, 54 (12%) were in practice in primary care in NC in 2019, 12 (3%) of whom practice in a rural NC county.<sup>2</sup>

**By easing the financial burden of training tomorrow’s doctors, our teaching institutions can increase residency openings and potentially increase the number of doctors who stay and practice in North Carolina.**

- Direct graduate medical education costs total approximately \$603 million for North Carolina’s hospitals.<sup>6</sup> Even with reimbursements from Medicare, Medicaid, and Area Health Education Centers (AHEC), our teaching hospitals still must fund \$150 million in order to support over 3,300 medical residencies in our state.<sup>7</sup>
- The Association of American Medical Colleges projects that physician demand throughout the United States will grow faster than supply, leading to a projected total physician shortfall of between 42,600 and 121,300 physicians by 2030. These estimates reflect updates to demand inputs and larger estimates for the starting year shortfall based on upwardly revised health professional shortage areas (HPSA) designations for primary care and mental health.<sup>8</sup>
- NCHA supported the federal supports the Resident Physician Shortage Reduction Act of 2019 (H.R. 1763/S. 348), which would increase the number of residency positions eligible for Medicare GME and IME support by 15,000 slots above the current caps.<sup>3</sup>
- As part of the “Principles for Rural-Focused GME Expansion” proposal, NCHA recommends that NCDHHS utilize CMS-supported Medicare cost-finding principles to more transparently determine the Medicaid portion of the cost of the teaching programs and make direct payments to hospitals supporting such teaching programs.

**North Carolina must incentivize medical school graduates to remain in our state so that they (and their families) can contribute to our local economies.**

- Physicians who train in North Carolina are more likely to stay in North Carolina. Forty-two percent of doctors who received their graduate medical education in North Carolina, and 67 percent of doctors who did both undergraduate and graduate medical education, continued to work in our state.<sup>9</sup>
- Keeping doctors local has a tremendous economic benefit, as doctors support an average of \$13.2 billion in wages and benefits, \$83,044 in local state and tax revenues, and brings an additional 12.7 jobs to North Carolina workforce. The average economic total generated by each physician is \$2.1 million.<sup>10</sup>

**North Carolina’s hospitals and health systems support the NC DHHS long-term strategy of funding loan repayment programs as an incentive to keep physicians in rural and under-served communities.**

- NCHA members recommend implementing additional recruitment incentive programs that have been successful in other states, including Rural Primary Care Residencies. Nevada and New York programs provide mentorships for young doctors, offer living stipends and primarily focus on recruiting medical school grads with local ties.
- Rural Practitioner Tax Credits — Oregon provides up to \$5,000 in annual tax credits for as long as a doctor practices in a rural or under-served community.
- “Trailing Spouse” Programs Iowa incentivized rural towns to establish a “concierge” service for physicians’ spouses, whereby a town or chamber employee creates welcome packages, offers tours of the area, and arranges meetings with real estate agents and the local school district.

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