North Carolina Healthcare Association

2024 NCHA Legislative Brief

Graduate Medical Education

Every North Carolinian deserves access to highly trained doctors. Congress should expand funding medical for education programs.

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.[1]

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 development of a new Wake Forest School of Medicine campus in Charlotte. In 2023, Methodist University in partnership with Cape Fear Valley Health System announced plans to open a new medical school based at Cape Fear Valley Medical Center in Fayetteville, North Carolina.

In December 2020, Congress passed legislation providing 1,000 new Medicare-supported GME positions, prioritizing teaching hospitals in rural areas, hospitals training residents over their cap, hospitals in states with new medical schools, and hospitals that care for underserved communities. This was the first increase to the program in nearly 25 years.[2] The first round of awardees included three North Carolina hospitals for family medicine and psychiatry. Six North Carolina hospitals were included in the second round of awardees for family medicine, internal medicine, and psychiatry.[3] Since the initial Congressional investment, Congress has authorized an additional 200 Medicare-funded GME residency slots with half of those designated to psychiatry and psychiatry subspecialties.[4]

In addition to federal investments, the North Carolina General Assembly has continued to invest in healthcare pipeline development through community colleges and loan forgiveness programs for healthcare professionals to keep talent in North Carolina (Source: NCHA budget summary)

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.[5]

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.

- Along with the federal government and local communities, the North Carolina Office of Rural Health (ORH) to identify shortages of primary medical care, dental, and mental health providers.[6]
  - As of June 1, 2023, 92 NC counties have been designated with a geographic or population health professional shortage area (HPSA) for primary care.
  - 93 counties with a geographic or population HPSA for mental health
  - 97 counties with a geographic or population HPSA for dental health[6]
- Many North Carolina counties – particularly those in rural areas – fall well below the state 7.42 primary care providers per 10,000 population based on 2022 data.[7]
- As of 2022, 29% of our counties have no licensed psychologists working in the community and 28% have no psychiatrists. [7]
- North Carolina is ranked as the 6th for predicted physician shortages by 2030.[8]

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

- Of the 440 NC medical school graduates from the class of 2016, 60 (14%) were in practice in primary care in NC in 2021, 6 (1%) of whom practice in a rural NC county. These numbers have decreased in recent years, demonstrating a shortcoming of current GME programs with retaining talent in-state.[5]

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.9 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.[10]
- 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 13,500 and 86,000 physicians by 2036. These projected shortages are smaller than the last report published in 2021 based on the hypothetical future growth in medical residency positions.[11]
- 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-three percent of doctors who received their graduate medical education in North Carolina, and 68% of doctors who did both undergraduate and graduate medical education, continued to work in our state.[12]
- 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. [13]

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's 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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