

## WHAT IS GRADUATE MEDICAL EDUCATION?



**The formal education of a physician begins with an undergraduate degree and ends with a residency or fellowship.** Graduate medical education, or GME, is critical clinical education that follows the completion of medical school. GME includes both residencies to acquire an initial specialty, such as family medicine, and fellowships to acquire a subspecialty, such as pediatric neurosurgery. Most GME programs last three to eight years, depending on the specialty, and takes place in hospital settings, including inpatient, outpatient and other community sites of care.

Teaching hospitals choose the number and specialties of the residents they train but must meet accrediting body standards to ensure they have the facilities, staffing and patient load necessary to provide adequate training. Specific training requirements vary by specialty and are determined by the accrediting bodies, such as the Accreditation Council for Graduate Medical Education.

## FINANCING PHYSICIAN EDUCATION AND TRAINING TO ENSURE TEXANS HAVE TIMELY ACCESS TO HEALTH CARE

2011



Texas Legislature established a goal of 1.1-to-1 for the number of available residency training slots to graduating medical students.

2017



There were 1,660 medical school graduates and 1,868 filled first-year residency positions, exceeding the 1.1-to-1 ratio goal for the first time.

2026



THECB projects if new first-year residency positions are not established by 2026, Texas will fall below the desired 1.1-to-1 ratio.

The financing of physician education and training is a complex interaction of federal and state funding and hospitals' investment of their own resources. **This document explains the importance of continued state and federal investment in that training and provides an overview of the sources and limits of their investment.**

Texas has one of the fastest-growing and fastest-aging populations in the nation. To maintain a high level of health care for future Texans and meet the needs of a growing population, it is essential to significantly invest in physician training and education. Texas ranked 42nd in the nation for physician-to-population ratio, according to 2021 data from the Association of American Medical Colleges, and even lower for primary care, at 47th, and 46th for general surgeons (who are particularly important for the economic viability of rural hospitals).

In 2011, the Texas Legislature established a goal of 1.1-to-1 for the number of available residency training slots to graduating medical students. **By achieving this goal in 2017, all Texas medical school graduates were able, if they chose, to continue their medical training in Texas – a factor known to increase the likelihood that a physician will remain in the state to practice medicine upon completing training.**

Texas has made great strides leading up to 2025 in funding and opening new medical schools, expanding enrollment and increasing the number of medical school graduates. However, due to the recent growth in medical school enrollments, Texas is projected to fall short of the 1.1-to-1 ratio in the near future. To maintain the state's successful GME efforts, additional investment will be needed.

## HOW GME IS FUNDED



### Federal Funding

The federal government supports GME primarily through Medicare, with smaller amounts coming from the Department of Veterans Affairs, Department of Defense and the Health Resources and Services Administration. However, in 1997, Medicare capped the number of residents it will fund in most hospitals. This cap failed to account for population growth and shifts since then, resulting in most Texas hospitals training additional residents beyond what is paid for through Medicare. The national Medicare cap is increasing an additional 200 slots yearly from 2023 to 2027, which will still be insufficient to address physician shortages.



### State Funding

In the absence of meaningful federal action, the Texas Legislature in recent years has increasingly appropriated funds for physician education and training through the Texas Higher Education Coordinating Board (THECB) and the state's Medicaid program.



### THECB Programs

The GME Expansion program was initiated in FY 2014 and has since supported the creation of 508 new first-year residency positions in the state. In the FY 2024-25 biennium, the Legislature appropriated over \$233 million to this program. Likewise, the GME Planning and Partnership Grants program provides hospitals and other facilities with funds to explore the creation of new first-year residency positions. This program was funded for over \$500,000 in the past biennium. Further, the Emergency Trauma Care Education program supports GME in critical high demand specialties like emergency medicine and surgical critical care.



### Medicaid GME

Texas Medicaid supports graduate medical education in base and supplemental payments. Urban teaching hospitals receive indirect medical education support in the form of an add-on to their Medicaid hospital inpatient reimbursement. Public teaching hospitals can also receive supplemental GME payments to cover their costs of supporting medical residents, and to cover additional costs they incur for more testing and treatment of sicker and more complex patients. In 2023, the Texas Health and Human Services Commission received federal approval for a new Medicaid GME supplemental payment program for non-government owned teaching hospitals, financed with the same local public funds that finance other Medicaid supplemental payment programs.

## THA GME FUNDING PRIORITIES



- \$66 million of additional state funding for the GME Expansion program to maintain a 1.1-to-1 ratio of Texas residency positions to medical school graduates.



- Funding increase to \$15,000 per resident per year for the Family Medicine Residency Program.



- Continued legislative support for the Emergency Trauma Care Education program, which ensures a future workforce in high demand specialties.



- Continued legislative support for the GME Planning Grant program and the preservation of hospitals' eligibility for grant funds.