



Simposio Sobre Jornada Educativa del CMAR-SO

Trabajando para la Educación Médica del Futuro

Medicare Considerations as to Graduate Medical Education

Presented by:

Julio A. Galíndez, CPA, CGMA

Managing Partner – Galíndez LLC

August 28, 2023

Ponce - Puerto Rico



TRUSTworthy



Topics to discuss

- Medicare IME/GME reimbursement concepts
- FTE Cap and Medicare Modernization Act Section 422 Adjustments
- IME/GME data in graphics as it comes from the Medicare Cost Reports filed by the 12 Puerto Rico Teaching Hospitals 2021-2017

Medicare IME/GME reimbursement concepts

Financing of Medical Education at the hospital facilities

- Medicare has been the major (possibly the only one) sponsor providing funds for medical education to hospitals that provides teaching for physicians.
- Medicare pays for two concepts of hospitals costs incurred in teaching programs:
 - Indirect Medical Education
 - Direct Medical Education
- Indirect Medical Education – hospitals are reimbursed for the implicit costs associated in having teaching programs.
- Direct Medical Education – hospitals are reimbursed for the direct costs associated to the teaching program.

Medicare IME/GME reimbursement concepts

Financing of Medical Education at the hospital facilities – Cont.

- **Indirect Medical Education** – *the reimbursement received by the hospital is a relation between the number of used beds, the number of residents (measured in FTE) and the payments made by Medicare to the hospital, both, the actual payments made by the Medicare Program for Parts A patients, and the simulated payments received by the Medicare Advantage Organizations for inpatient services.*

Medicare IME/GME reimbursement concepts

Financing of Medical Education at the hospital facilities – Cont.

- **Direct Medical Education** – *the reimbursement received by the hospital is a relation between the number of residents (measured in FTE) and the Medicare Parts A and B, and Medicare Advantage patients' utilization at the hospital during the cost reporting period multiplied by a pre-determined Per Resident Amount.*

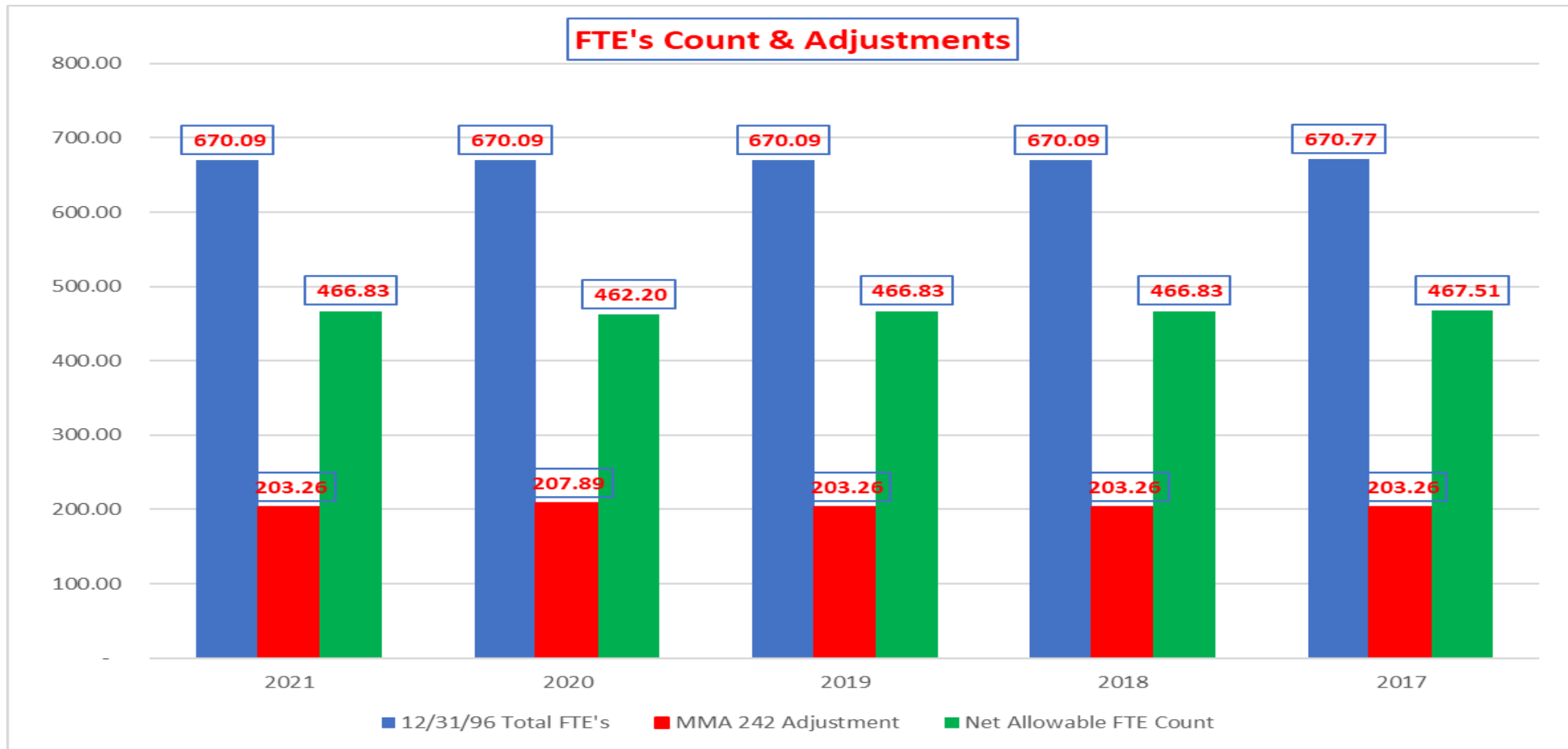
FTE Cap and Medicare Modernization Act Section 422 Adjustments “**Redistribution of Unused Residency Positions**” – Cont.

- Section 1886(h)(4)(F) of the Social Security Act established limits on the number of residents that hospitals may count for purposes of calculating direct GME payments.
- For most hospitals, the limit is the number of full-time equivalent (FTE) residents training in the hospital's most recent cost reporting period ending on or before December 31, 1996.
- While Medicare makes direct GME and IME payments for the number of FTE residents, up to the hospital's FTE caps, there are a number of hospitals that have reduced their resident counts to a level below their caps. **Section 422 of the P. L. 108-173 redistributes 75 percent of each hospital's “unused” resident positions.**

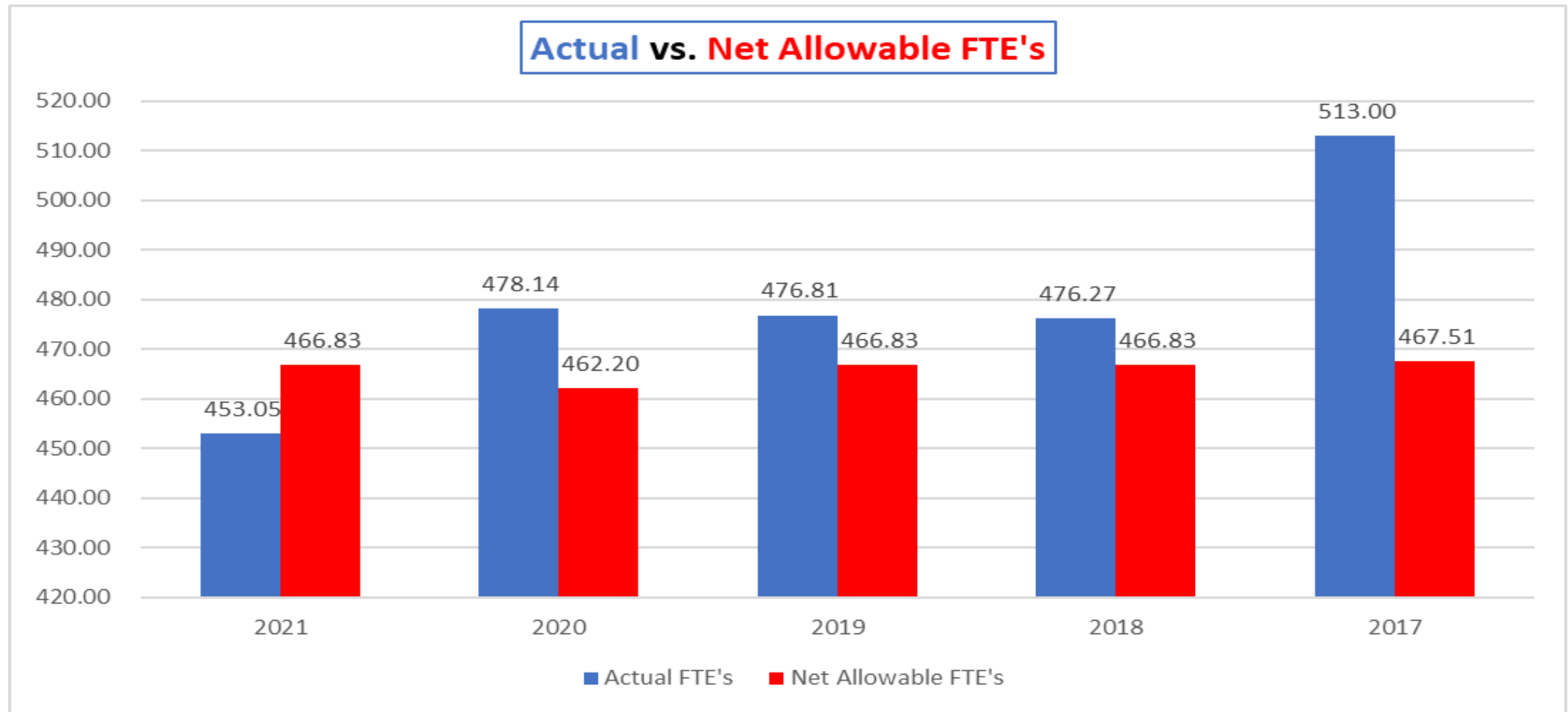
FTE Cap and Medicare Modernization Act Section 422 Adjustments ***“Redistribution of Unused Residency Positions”*** – Cont.

- Under section 1886 of the Medicare statute as amended by section 422 of the Medicare Modernization Act (MMA), teaching hospitals were allowed to request up to an additional 25 FTEs from the total pool as a cap on the number of residents allowed for purposes of direct and indirect graduate medical education payments under Medicare.
- By statute, CMS redistributed the estimated pool of unused slots using the following priority order:
 - first to rural hospitals,
 - second to urban hospitals not located in large urban areas, and
 - third to hospitals training residents in a program that is the only program in the state.
- The provision was effective for portions of cost reporting periods beginning on or after July 1, 2005.

FTE Cap and Medicare Modernization Act Section 422 Adjustments “Redistribution of Unused Residency Positions” – Cont.



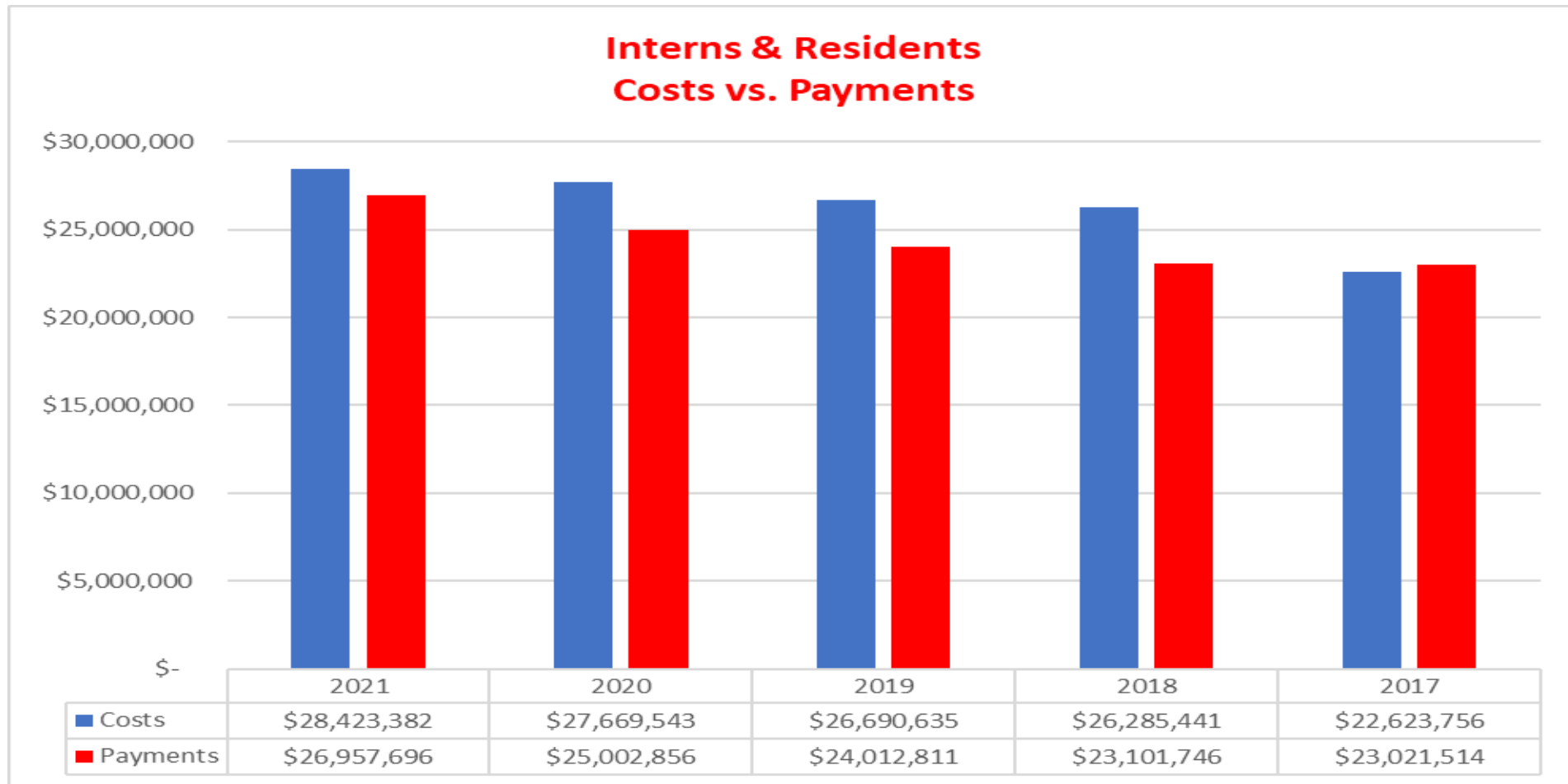
FTE Cap and Medicare Modernization Act Section 422 Adjustments “Redistribution of Unused Residency Positions” – Cont.



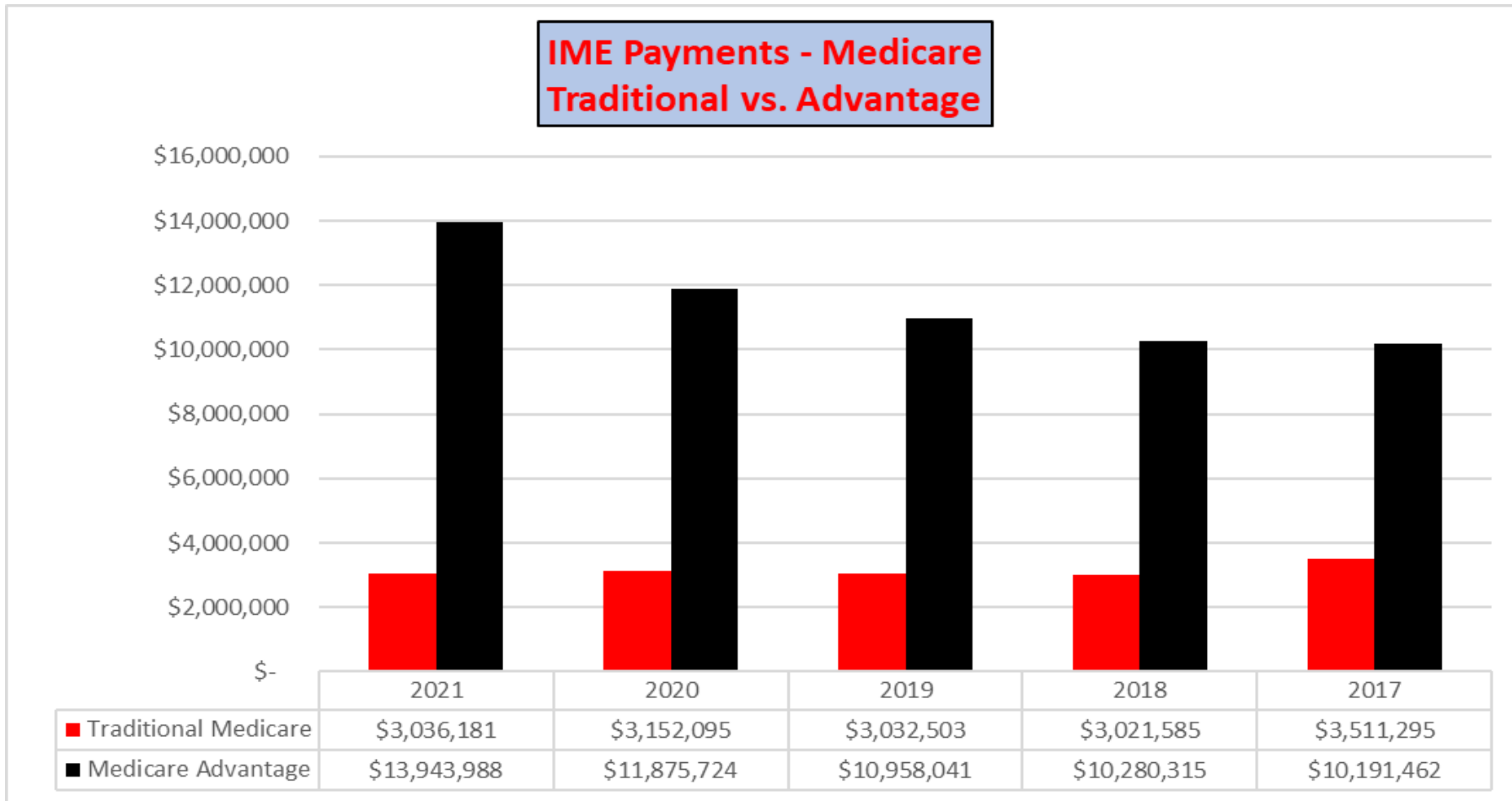
Caveat: the following data comes from the Medicare Cost Reports and Galindez LLC does not provide any assurance as to the accuracy of such information. This is only the representation of the hospitals' management.

IME/GME data in graphics as it comes from the Medicare Cost Reports filed by the 12 Puerto Rico Teaching Hospitals 2021-2017

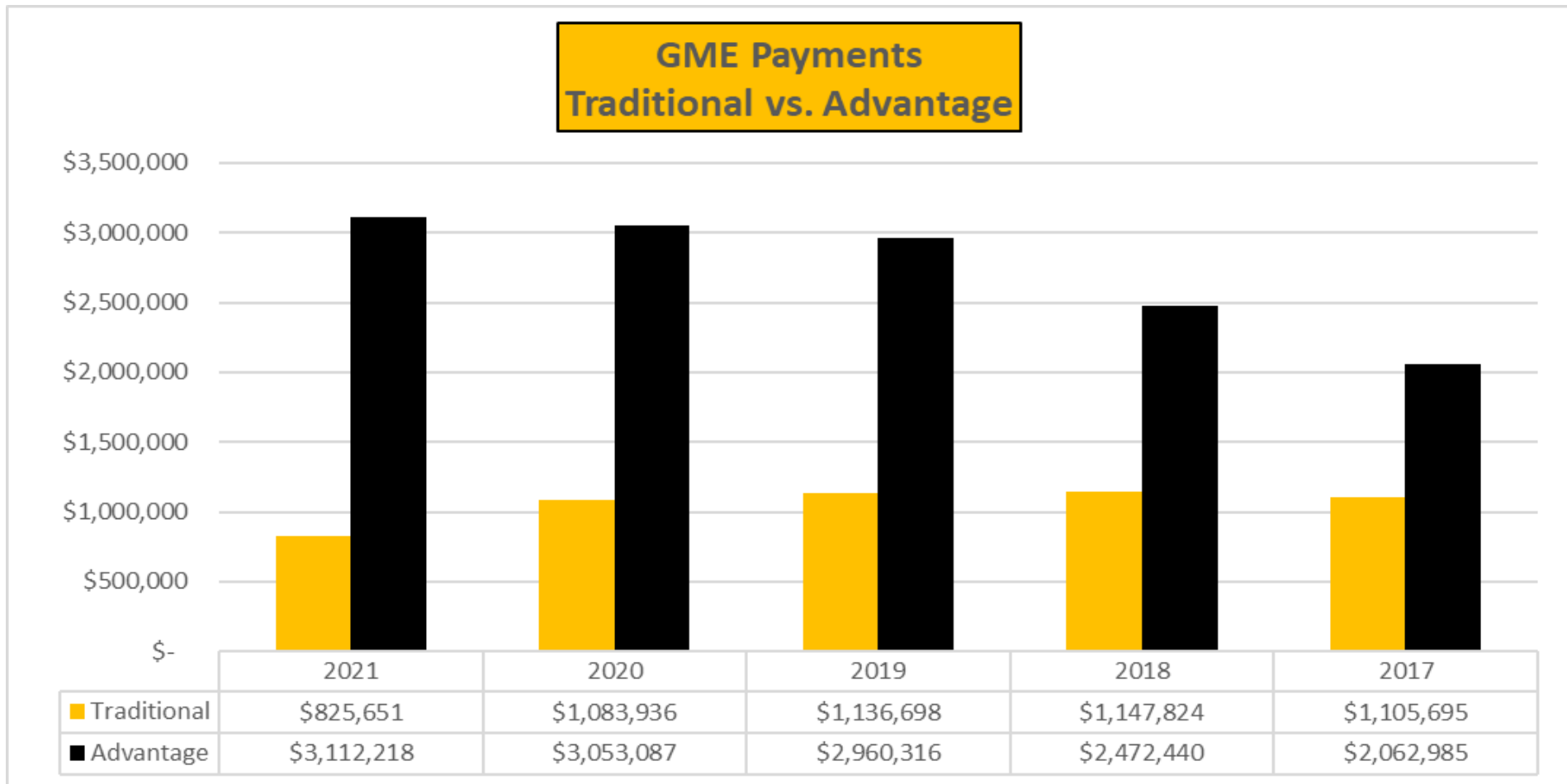
Costs vs. Payments



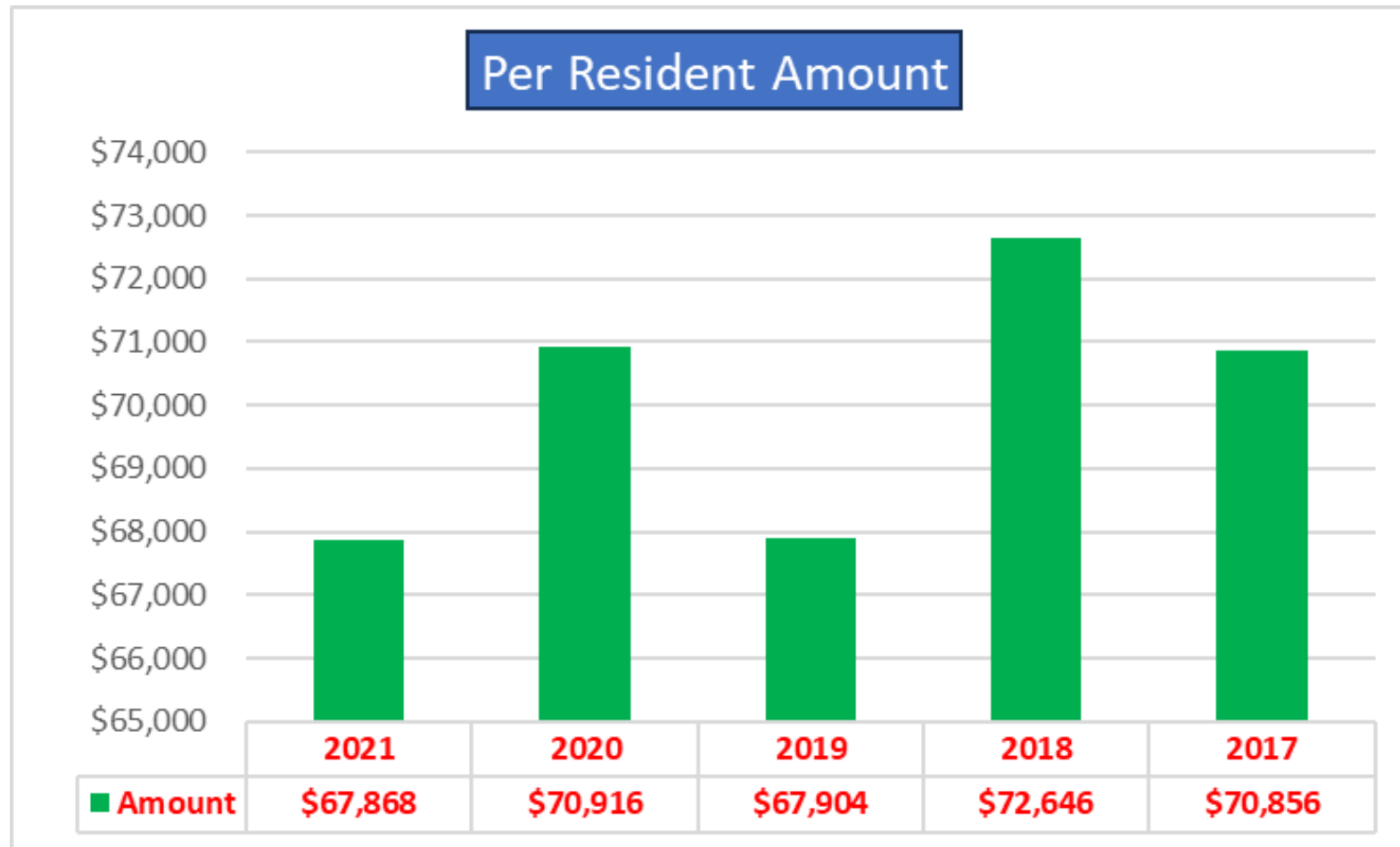
IME Payments:
 Medicare Traditional vs. Advantage
from a basis of \$235mm in 2017 to \$312mm in 2021



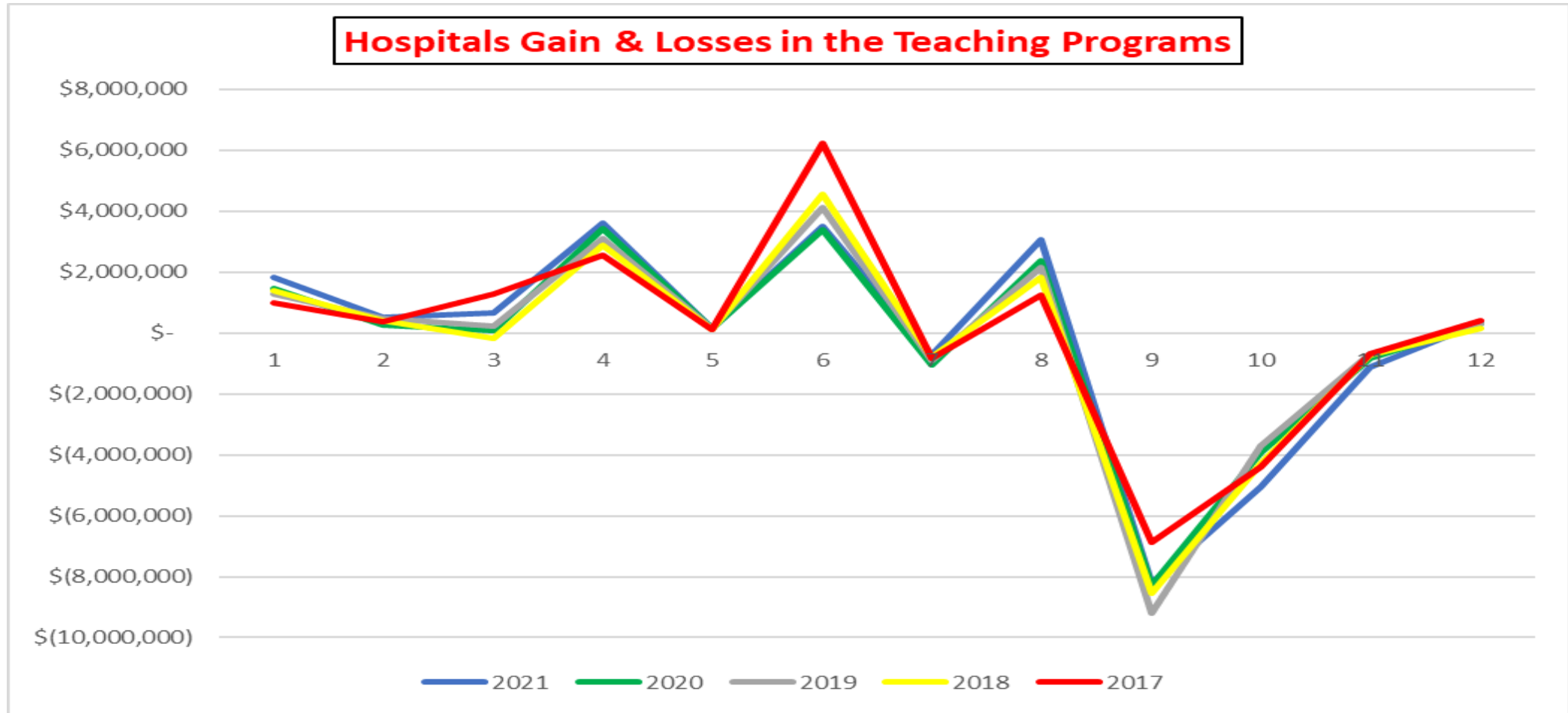
GME Payments: Medicare Traditional vs. Advantage



Average Per Resident Amount



Costs vs. Payments (IME/GME) by Hospital



Thanks!

2023 Copyrights Reserved.

This material could not be reproduced without the consent and written authorization by GALINDEZ LLC, and will be available in our web page:

www.galindezllc.com/presentations

If you have any questions, please feel free to contact us at 787-725-4545 or by e-mail at:

info@galindezllc.com



TRUST *worthy*

