By: West, Royce, et al. S.C.R. No. 27

CONCURRENT RESOLUTION

WHEREAS, Two major phases comprise the American system of medical education -- medical school, consisting of classroom and clinical training, and the several years of graduate medical education completed during a student's residency, typically in an accredited medical education program at a teaching hospital or academic health center; and

WHEREAS, Significant funding for this postgraduate training is provided through Medicare's graduate medical education (GME) program, whereby the federal government reimburses teaching hospitals and certain other facilities for a portion of the costs associated with operating health education programs; and

WHEREAS, Medicare's funding includes two categories of reimbursement payments, direct graduate medical education payments (DME) and indirect graduate medical education payments (IME); DME payments cover the costs of resident stipends, salaries for supervising faculty positions, and administrative expenses associated with the residency program; IME payments cover the increased operating expenses resulting from training residents, such as greater technological needs, longer patient stays, and the ordering of a greater number of tests; and

WHEREAS, The amount of Medicare's reimbursement to a teaching hospital is partially determined by the number of full-time equivalent residents enrolled in the facility's GME program; however, in 1997, the federal Balanced Budget Act (BBA)

considerably reduced the amount of federal support for graduate medical education programs by limiting the number of full-time equivalent residents that hospitals can use in calculating DME and IME payments and by scheduling an estimated 29 percent further reduction in IME payments over a five-year period; and

WHEREAS, The rates of Centers for Medicare and Medicaid Services payments for DME and IME in Texas are already significantly lower than those in many comparable states, largely based on historical differences, and the potential consequences of these caps and the resulting reductions in federal GME reimbursement are severe; teaching hospitals and the training they provide to physicians and other health professionals are a critical component of the American health care system -- these facilities are the vanguard of medical research and technology and provide a broader range of care to an increasingly diverse and sicker patient population than general hospitals; and

WHEREAS, In addition, teaching hospitals are a traditional fixture of the health care "safety net," serving uninsured and underinsured patients; the importance of this service to Texans is evident in light of United States Census Bureau reports indicating that nearly 25 percent of the state's population is not covered by health insurance; and

WHEREAS, More specifically, the resident caps threaten the future availability of health care professionals and with the population of the nation aging, the demand for doctors and other health care professionals is increasing; in fact, a 2003 study commissioned by the United States Department of Health and Human

Services Bureau of Health Professions at the National Center for Health Workforce Analysis forecasts a greater need for physicians and nurses by 2020 if current health care consumption and physician productivity remain constant; and

WHEREAS, Furthermore, the study found that the health care workforce is also aging and will retire just as their services are most needed and that the proportion of the population age 18 to 30 is declining, impeding efforts to recruit an adequate number of new health care workers; and

WHEREAS, Congress has acknowledged the deleterious effects of the BBA caps and made bipartisan efforts to diminish its effect on graduate medical education programs: the Medicare, Medicaid, and State Children's Health Insurance Program (SCHIP) Balanced Budget Refinement Act of 1999 froze IME payments for one year and the Medicare Prescription Drug, Improvement and Modernization Act of 2003 increased IME payments slightly for federal fiscal years 2004 and 2005; and

WHEREAS, Nevertheless, these measures offered only brief and minor reprieves to the dramatic reductions in IME reimbursement payments and did not directly address the issue of federal caps in resident training positions though, clearly, the caps and the decreased commitment to IME funding continue to endanger the entire system of medical education in the United States; now, therefore, be it

RESOLVED, That the 79th Legislature of the State of Texas hereby respectfully encourage the Congress of the United States to eliminate current caps on funded Medicare resident training

positions and related limits on costs per resident used to determine Medicare graduate medical education reimbursement payments and to reexamine the DME and IME reimbursement rates for graduate medical education in Texas; and, be it further

RESOLVED, That the Texas secretary of state forward official copies of this resolution to the president of the United States, to the speaker of the house of representatives and the president of the senate of the United States Congress, and to all the members of the Texas delegation to the congress with the request that this resolution be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.