

Workgroup Reports on Distribution of GME Funds

(FY2016 Appropriation Act - Public Act 84 of 2015)

September 30, 2016

Sec. 1812. (1) By June 1 of the current fiscal year, the department shall require each hospital that receives funds appropriated in part 1 for graduate medical education to submit a report disclosing all direct and indirect costs associated with the residency training program to the department, the house and senate appropriations subcommittees on the department budget, and the house and senate fiscal agencies.

(2) By August 1 of the current fiscal year, the department shall require each hospital that receives funds appropriated in part 1 for graduate medical education to submit a report identifying and explaining the following:

(a) The marginal cost to add 1 additional residency training program slot.

(b) The number of additional slots that would result in the need to add additional administrative costs to oversee the residents in the training program.

(c) The postresidency retention rate for the residency training program.

(3) The department shall hold graduate medical education recipients' fourth quarter payments until the submission of the information required in subsections (1) and (2).

(4) The department shall convene a workgroup to use the reports submitted under subsections (1) and (2) to assist in the development of metrics for distribution of graduate medical education funds and shall report to the senate and house appropriations subcommittees on the department budget and the senate and house fiscal agencies on the results of the workgroup by September 30 of the current fiscal year. It is the intent of the legislature that, beginning with the budget for the fiscal year ending September 30, 2017, the metrics developed by this workgroup be used to determine the distribution of funds for graduate medical education.

(5) If needed, the department shall seek a federal waiver to fulfill the requirements of this section.



Michigan Department of
Health & Human Services

RICK SNYDER, GOVERNOR
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Section 1812(4) of 2015 PA 84 – Graduate Medical Education Funds Workgroup Report

In response to and in accordance with Section 1812 of Public Act 84 of 2015, the Department of Health and Human Services (DHHS) convened a workgroup to discuss the objectives outlined in the boilerplate language summarized below. This report describes the conclusions of the workgroup.

Subsection (1) of Section 1812 required each hospital that receives graduate medical education (GME) funds to report on all direct and indirect costs associated with the residency training program. These results were compiled and provided previously. Subsection (2) required the same hospitals to report on the marginal cost to add one additional residency training program slot, the number of additional slots that would result in the need to add additional administrative costs to oversee the residents in the training program, and the post-residency retention rate for the residency training program. These results have been compiled and are included with this report.

Once the data had been collected, a workgroup was formed to discuss the reports per the requirements in subsection (4), which states

“The department shall convene a workgroup to use the reports submitted under subsections (1) and (2) to assist in the development of metrics for distribution of graduate medical education funds and shall report to the senate and house appropriations subcommittees on the department budget and the senate and house fiscal agencies on the results of the workgroup by September 30 of the current fiscal year. It is the intent of the legislature that, beginning with the budget for the fiscal year ending September 30, 2017, the metrics developed by this workgroup be used to determine the distribution of funds for graduate medical education.”

The workgroup was chaired by MDHHS and consisted of representatives from hospitals, the Michigan Health & Hospital Association, and Health Management Associates. During this workgroup, the results of subsections (1) and (2) were discussed at length, as well how these metrics may be used to determine the distribution of funds for GME. MDHHS presented a payment distribution option which utilized the current process, but included an adjustment factor based on a hospital’s post-residency retention rate in relation to the statewide average. To minimize disruptions, MDHHS proposed this factor to initially impact five percent of GME funds, but this percentage could be re-evaluated in the future.

Members of the workgroup expressed concerns about this methodology and the general use of post-residency retention rates for distribution purposes. One concern is that hospitals may not have control over whether a resident chooses to remain in state upon completion of his/her residency. This can be particularly true if a resident chooses to pursue a fellowship, but the particular fellowship program is not available within the state. Another concern is that post-residency retention rates are self-reported by hospitals and the submitted data would be difficult to track or audit.

Based on these concerns, and general satisfaction with the current process, MDHHS does not recommend making any changes in the GME distribution methodology at this time.

Medicare Number	Name	Marginal Cost to Add Resident	Additional Slots to Add Oversight Cost	Retention Rate
23-0297	Barbara Ann Karmanos Cancer Hospital	120,000	1	0%
23-0020	Beaumont Hospital - Dearborn	70,168	4.5	61%
23-0151	Beaumont Hospital - Farmington Hills	59,913	6	54%
23-0270	Beaumont Hospital - Taylor	66,413	3.8	25%
23-0176	Beaumont Hospital - Trenton	66,218	4.4	25%
23-0142	Beaumont Hospital - Wayne	65,012	7.5	25%
23-0089	Beaumont Hospital, Grosse Pointe	61,476	5.4	0%
23-0130	Beaumont Hospital, Royal Oak	64,436	5.4	40%
23-0269	Beaumont Hospital, Troy	65,237	5.4	17%
23-0117	Borgess Hospital	77,000	N/A	24%
23-0017	Bronson Methodist Hospital	77,000	4	24%
23-3300	Children's Hospital of Michigan	109,000	1	51%
23-0004	CLOSED - Mercy Health Partners - Mercy Campus	109,578	4	33%
23-0070	Covenant Medical Center, Inc.	81,574	3.5	32%
23-0254	Crittenton Hospital	125,500	3	20%
23-0273	Detroit Receiving Hospital	109,000	1	51%
23-0013	Doctors' Hospital of Michigan	266,000	1	30%
23-0230	Edward W. Sparrow Hospital	67,540	4	31%
23-0244	Garden City Hospital	71,989	N/A	42%
23-0197	Genesys Regional Medical Center	57,567	6	44%
23-0104	Harper University Hospital	109,000	1	51%
23-0092	Henry Ford Allegiance Health	173,816	4	42%
23-0053	Henry Ford Hospital	163,229	4	35%
23-0047	Henry Ford Macomb Hospital	124,867	4	27%
23-0302	Henry Ford West Bloomfield Hospital	127,099	4	35%
23-0146	Henry Ford Wyandotte Hospital	164,160	4	20%
23-0037	Hillsdale Hospital	73,800	2	43%
23-0132	Hurley Medical Center	107,581	4	44%
23-0277	Huron Valley - Sinai Hospital	109,000	1	51%
23-4011	Kingswood Psychiatric Hospital	86,343	4	35%
23-0021	Lakeland Hospital - St. Joseph	125,000	4	39%
23-0054	Marquette General Hospital	756,129	1	67%
23-0167	McLaren - Greater Lansing	120,000	1	55%
23-0041	McLaren Bay Regional	100,000	2	100%
23-0141	McLaren Flint	120,000	1	41%
23-0227	McLaren Macomb	120,000	1	42%
23-0207	McLaren Oakland	120,000	1	33%
23-0066	Mercy Health Muskegon	95,753	4	N/A
23-0236	Metro Health Hospital	121,169	1	42%
23-0222	MidMichigan Medical Center - Midland	70,000	2	43%
23-0097	Munson Medical Center	84,000	3	63%
23-0099	ProMedica Monroe Regional Hospital	175,000	N/A	N/A
23-0019	Providence-Providence Park Hospital	68,062	4.5	53%
23-3027	Rehabilitation Institute	109,000	1	51%
23-0024	Sinai-Grace Hospital	109,000	1	51%
23-0264	Southeast Michigan Surgical Hospital	200,000	3	67%
23-0038	Spectrum Health	88,954	3	43%
23-0165	St. John Hospital and Medical Center	65,931	4.5	34%
23-0195	St. John Macomb-Oakland Hospital-Macomb Center	67,738	4.5	46%
23-0241	St. John River District Hospital	65,931	4.5	34%
23-0156	St. Joseph Mercy Hospital - Ann Arbor	151,699	1	40%
23-0069	St. Joseph Mercy Livingston Hospital	167,537	1	40%
23-0029	St. Joseph Mercy Oakland	75,000	2	50%
23-0002	St. Mary Mercy Hospital	124,723	4	41%
23-0059	St. Mary's Health Care (Grand Rapids)	96,963	3	43%
23-0077	St. Mary's of Michigan Medical Center	81,574	3.5	32%
23-0046	University of Michigan Health System	77,194	7.72	55%
	Average:	115,542	3.2	40%
	Weighted Avg Based on Residents per Hospital:	100,033	3.8	44%
23-0022	Community Health Center of Branch County	N/A	N/A	N/A
23-0208	Sparrow Carson Hospital	N/A	N/A	N/A