

January 13, 2023

The Honorable David Livingston  
Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable John Kavanagh  
Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

**SUBJECT: Arizona Health Care Cost Containment System Report on GME**

Dear Representative Livingston and Senator Kavanagh:

A.R.S. § 36-2903.01(G)(9)(e) includes the following requirements:

Each graduate medical education program that receives funding pursuant to subdivision (b) or (c) of this paragraph shall identify and report to the administration the number of new residency positions created by the funding provided in this paragraph, including positions in rural areas. The program shall also report information related to the number of funded residency positions that resulted in physicians locating their practice in this state. The administration shall report to the joint legislative budget committee by February 1 of each year on the number of new residency positions as reported by the graduate medical education programs.

Below please find the Graduate Medical Education (GME) statistics for FY 2022.

- For FY 2022, the state's GME programs reported a total of 2,191 residents enrolled in allopathic and osteopathic training programs.
- These residency positions are typically funded through a combination of Medicaid dollars (AHCCCS GME payments), Medicare dollars, and other hospital fund sources.
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(b) is 716. This number represents the total number of residency positions funded under this subdivision in FY 2022 that were not funded by the state prior to establishment of this program, and is a decrease of 41 residency positions from FY 2021. Subdivision (b) authorizes funding of direct GME costs for programs and residency positions established after October 1, 1999 and before July 1, 2006. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(c)(i) is 584. This number represents the total number of residency positions funded under this subdivision in FY 2022 that were not funded by the state prior to establishment of this program, and is an increase of 118 residency positions from FY 2021. Subdivision (c)(i) authorizes funding of direct GME costs for

programs established on or after July 1, 2006. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.

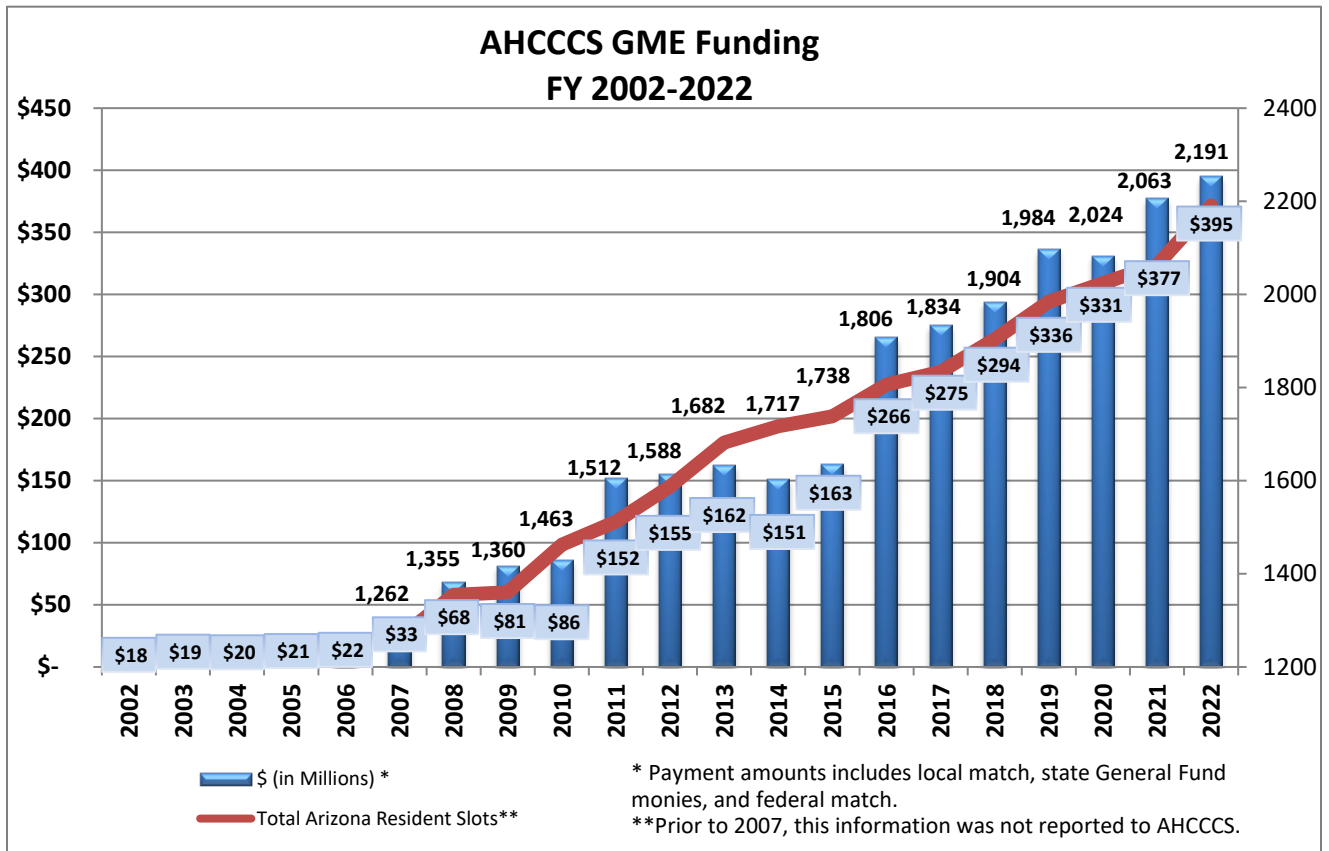
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 81. This is an increase of 15 residency positions from FY 2021. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct GME costs, for programs having resident rotations in rural areas. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.

The table below illustrates the numbers reported.

Resident Positions	FY 2021	FY 2022	Change
<b>Total Funded Residency Positions:</b>			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)	757	716	(41)
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)	466	584	118
<b>Totals</b>	<b>1,223</b>	<b>1,300</b>	<b>77</b>
<b>Rural Funded Residency Positions:</b>			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii)	64	81	15

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2022 funded residency positions resulting in physicians locating their practices in this state is 149.

The chart below illustrates the growth in the number of residents since 2007, together with the funding trend.



Please feel free to contact Maureen Sharp, Assistant Director of the Division of Health Care Management, at (602) 417-4820 or via email at [maureen.sharp@azahcccs.gov](mailto:maureen.sharp@azahcccs.gov) if you have any questions.

Sincerely,



Kasey Rogg  
Assistant Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee  
Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting  
Rebecca Beebe, Director of Legislative Affairs, Office of the Governor