

March 8, 2017

The Honorable Don Shooter, Chairman
Joint Legislative Budget Committee
1716 West Adams
Phoenix, Arizona 85007

SUBJECT: Arizona Health Care Cost Containment System Report on GME

Dear Representative Shooter:

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 2016.

- For FY 2016, the state's GME programs reported a total of 1,806 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 418. This number represents the total number of residency positions funded under this subdivision in FY 2016 that were not funded by the state prior to establishment of this program, and is a decrease of 4 residency positions from FY 2015. Subdivision (b) authorizes funding of direct GME costs for programs and residency positions established after October 1, 1999 and before July 1, 2006.
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(c)(i) is 306. This number represents the total number of residency positions funded under this subdivision in FY 2016 that were not funded by the state prior to establishment of this program, and is an increase of 76 residency positions from FY 2015. Subdivision (c)(i) authorizes funding of direct GME costs for programs established on or after July 1, 2006.

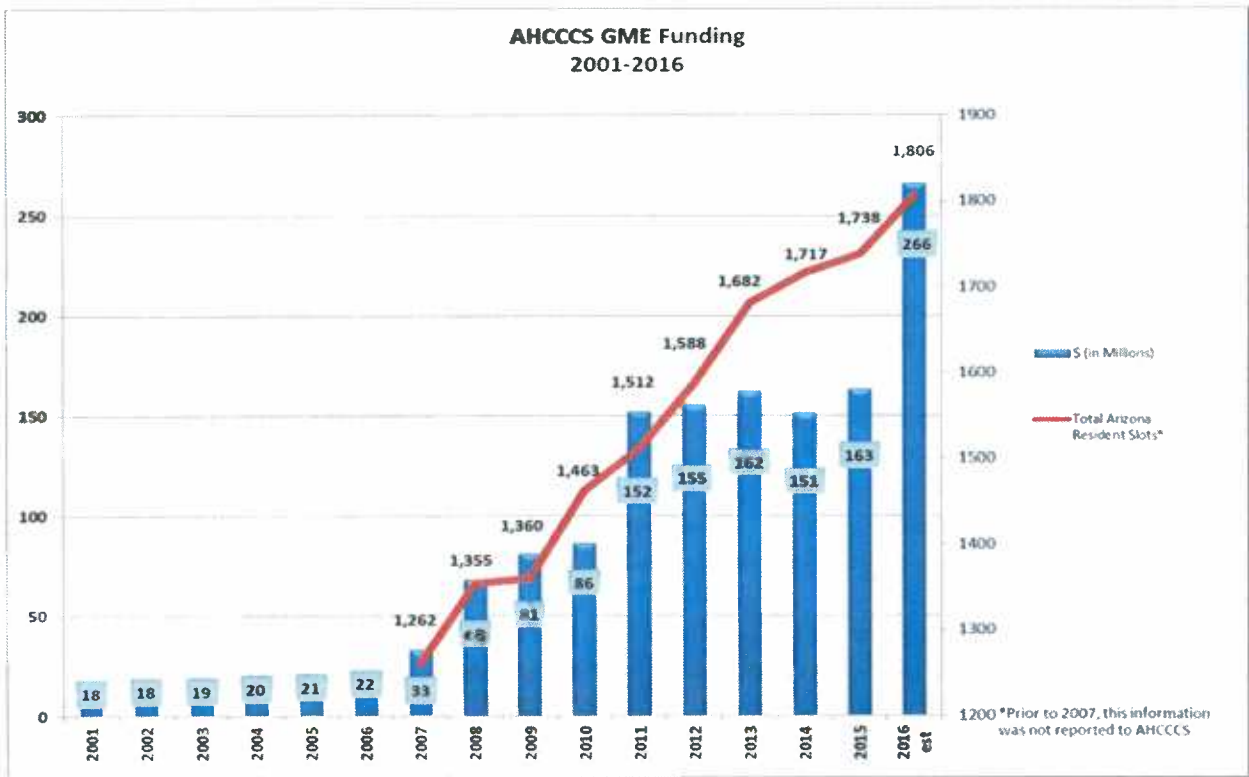
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 38. This is an increase of 2 residency positions from FY 2015. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct GME costs, for programs having resident rotations in rural areas.

The table below illustrates the numbers reported.

Resident Positions	FY 2015	FY 2016	Change
Total Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)	422	418	-4
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)	230	306	76
Totals	652	724	72
Rural Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii)	36	38	2

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2016 funded residency positions resulting in physicians locating their practices in this state is 105.

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



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Please feel free to contact Shelli Silver at (602) 417-4647 or shelli.silver@azahcccs.gov if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Betlach', with a large, stylized flourish extending to the right.

Thomas J. Betlach
Director

cc: Beth Kohler, Deputy Director, AHCCCS
Shelli Silver, Assistant Director, Division of Health Care Management, AHCCCS
Jeff Tegen, Assistant Director, Division of Business and Finance, AHCCCS
Elizabeth Lorenz, Assistant Director, Office of Intergovernmental Relations, AHCCCS
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