



Impact of a Graduate Medical Education Program

Launching a graduate medical education (GME) program at a hospital that has never had a teaching program requires substantial investment. Significant start-up costs associated with beginning a new program—as well as non-financial hurdles, such as ensuring appropriate infrastructure to meet accreditation requirements—are noteworthy. Yet for those facilities that can overcome these initial obstacles, a GME program offers many advantages



Federal funding: The Centers for Medicare & Medicaid Services compensates for the salary and fringe benefits of the residents being trained and makes additional payments to reflect the higher patient costs incurred in a teaching hospital. Once secured, federal funding is permanent. There is, however, a time limit to set the number of residents that the Centers for Medicare & Medicaid Services will pay for.



Physician workforce development: Residency programs create a pipeline for a future workforce because, often, a portion of the graduating class stays in the community to practice. Teaching hospitals will be in a strong position to identify high quality residents and entice them into full-time employment upon completing their training.



Cost neutrality: Within 5 to 10 years of their start, most GME programs become cost neutral, and some even begin to generate revenue for the hospital.



Physician recruitment and retention: After establishing GME programs, hospitals report that physician recruitment is easier, produces higher quality candidates, and can save the hospital substantial amounts in recruitment costs for every resident they hire.



Quality of care improves: Residents and physicians must be current on all standards of care, and hospitals with residency programs report a quicker time to see patients, have lower risk-adjusted patient mortality, and, according to a recent study, have higher patient satisfaction.



Improved hospital reputation: According to recent public opinion research, public perception is of teaching hospitals is favorable, and residents often build positive relationships within the community, promoting the hospital.



Meeting community needs: Primary care and psychiatry residents help address regional physician shortages and can provide direct care to the underserved, low-income, and vulnerable populations.



Physician satisfaction and retention: Faculty physicians might feel more prestige, might avoid burnout, and might experience greater overall wellness as teaching provides additional career satisfaction. In addition, residents might cover less-desirable call and work schedules and assist with billing documentation.



Hospital revenues might increase: Hospitals' operating revenue will likely increase as the GME program matures. This occurs through enhanced services offered by the hospital, the attraction of specialty physicians, and potentially more favorable reimbursement from health insurance companies because of higher quality outcome measures.



Cost avoidance: Primary care and psychiatry programs reduce readmissions, mortality rates, and community dependence on the emergency department. They can also reduce the high cost and low reimbursement care from improved management of chronic disease, limiting the length of hospital stays, readmissions, and other operating costs.



Regional economic benefits of a GME program: Regional benefits include an increase in business volume, the creation of jobs, and the generation of tax revenue for local and state governments. In 2019, strategic consulting firm Tripp Umbach estimated that, in the state of Georgia, each resident generates an average of \$300,000 in regional tax revenue.



Sustainable economic impact: Tripp Umbach also estimated that, in Georgia 2019, each resident physician who remains in the region generates \$2.2 million of economic impact annually and, on average, creates 14 additional jobs.

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