



FLORIDA HOSPITAL ASSOCIATION

POLICY DOCUMENT

MEDICAID GRADUATE MEDICAL EDUCATION

ISSUE BRIEF

AUGUST 2023

Summary

Increasing funding for Graduate Medical Education (GME) is one avenue to address the physician shortage in Florida, currently projected to be 18,000 by 2035. Where a physician trains is highly predictive of where he or she practices, making residency training particularly important for a sufficient physician supply.

Medicaid is second to Medicare in GME funding for hospitals. The Florida Legislature created two Medicaid graduate medical education programs to provide additional resources for the education and training of physicians in specialties in a supply-and-demand deficit: the Statewide Medication Residency Program and the Graduate Medical Startup Bonus Program. Prior to this session, funding for both programs had been static since 2017. With this year's advocacy efforts, the Statewide Medication Residency Program received an infusion of funding to help address the projected physician shortage our state will face. FHA continues to be committed to supporting sufficient and reliable GME funding to meet the demand of the growing and aging population.

Background

During the 2013 Legislative Session, to address the physician shortage, lawmakers established the Statewide Medicaid Residency Program to improve the quality of care and access to care for Medicaid enrollees, expand graduate medical education on an equitable basis, and increase the supply of highly trained physicians statewide.¹ The program requires the Agency for Health Care Administration (AHCA or the Agency) to use appropriated funds to draw down federal matching funds under Medicaid and distribute the resulting funds to hospitals and qualifying institutions for graduate medical education associated with the Medicaid program.

The Statewide Medicaid Residency Program provided qualified Florida hospitals \$97.3 million in GME funding in the 2022 – 2023 state fiscal year. That funding increased to \$191.08 million in GME funding in the 2023 – 2024 state fiscal year.

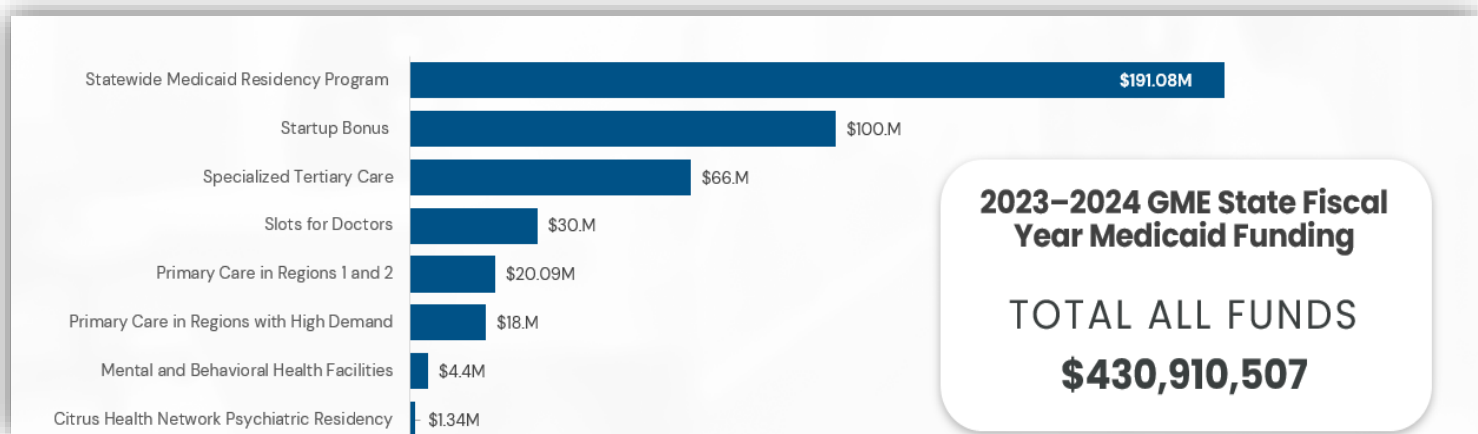
In 2015, the Legislature established the Graduate Medical Education Startup Bonus Program and appropriated \$100 million in new GME funding to create new residency positions for the education and training of physicians in specialties in short supply. The program allocates a one-time bonus of \$100,000 to each newly created residency position in a specialty with a shortage and directs any remaining funding

¹ [F.S. 409.909 – Statewide Medicaid Residency Program](#)

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to support GME retention of shortage specialties. The program is funded in three different silos: GME Startup Bonus Funds for startup payments, existing programs for supply and demand deficit, and the two hospitals that obtain the most supply and demand deficit specialties.

Additional reimbursement programs for high tertiary program, serve deficit program, and primary care program for medical education were added in FY 2018–2019. A Mental/behavioral health program, primary care in regions 1 and 8, and Tallahassee Memorial Healthcare were added FY 2020 – 2021 to address the shortage of new physicians. The 2023 – 2024 FY saw a 48% increase in overall program funding. This includes new funding for the Statewide Medicaid Residency Program, a new Slots for Doctors program, primary care in regions 1 and 2, and funding for primary care in regions with high demand.



Statewide Medicaid Residency Program

Hospitals licensed under Part I of Ch. 395, F.S., and other specified qualifying institutions are eligible for graduate medical education funding under the Medicaid GME program. A “qualifying institution” is defined as a Federally Qualified Health Center holding an ACGME institutional accreditation. Federally Qualified Health Centers are community-based health care providers that receive funds from the federal Health Resources and Services Administration Health Center Program to provide primary care services in underserved areas.

The Statewide Medicaid Residency program is available for all hospitals that serve Medicaid enrollees and have approved residency programs. The allocation is based on the ratio of GME residents’ full-time equivalent (FTEs) per institution to total participating, weighted at 90 percent, plus the ratio of Medicaid payments per institution to the total participating, weighted at 10 percent. All institutions are required to report their projections for GME resident FTE data during the fiscal year from July 1 through June 30. The state share of Medicaid GME payments comes from General Revenue and the Medical Care Trust.

State statute requires AHCA to calculate an allocation fraction to distribute funds to participating hospitals and institutions before each quarter of a state fiscal year. The Agency shall use the following formula:

$$\text{HAF} = [0.9 \times (\text{HFTE}/\text{TFTE})] + [0.1 \times (\text{HMP}/\text{TMP})]$$

Where:

HAF=A hospitals and qualifying institution’s allocation fraction.

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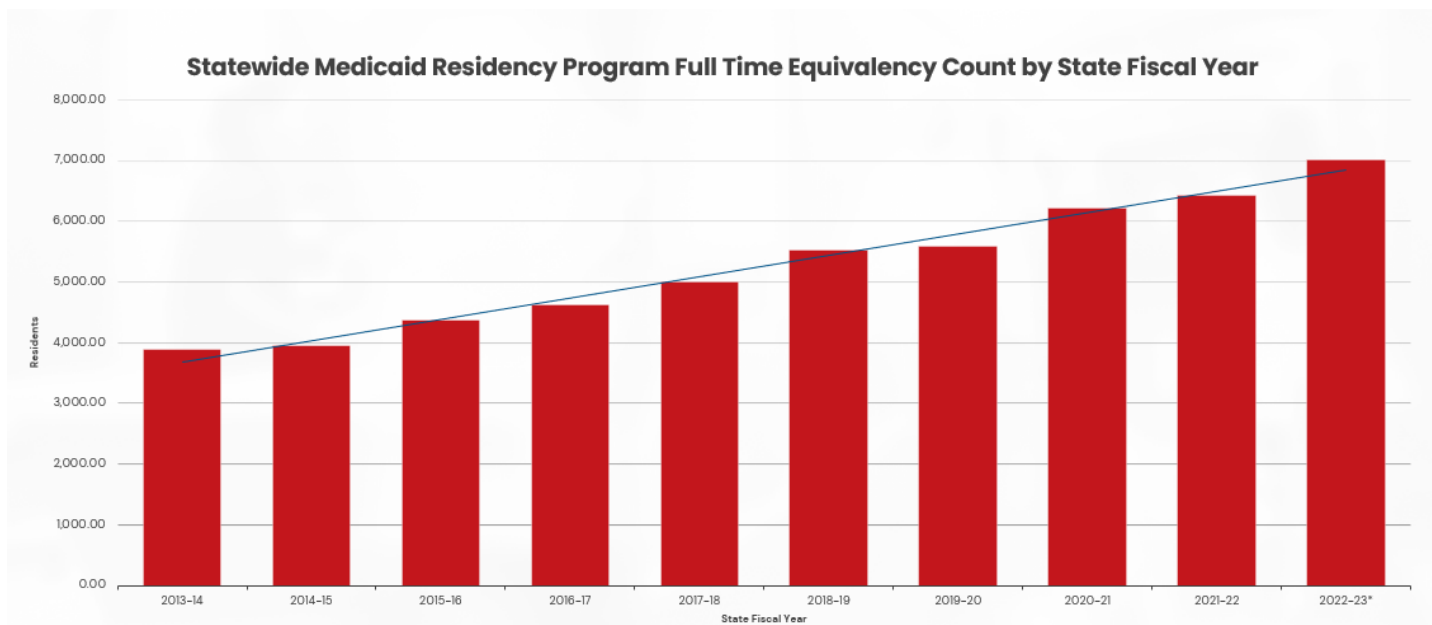
HFTE=A hospitals and qualifying institution’s total number of FTE residents.

TFTE=The total FTE residents for all participating hospitals and qualifying institutions.

HMP=A hospitals and qualifying institution’s Medicaid payments.

TMP=The total Medicaid payments for all participating hospitals and qualifying institutions.

The program has grown significantly since the Agency approved funding for 3,896.17 residents for 43 hospitals in FY 2013 – 2014. This year, we have seen the largest increase in the program’s history with the funding for the residency program almost doubling – from \$97.3 million to \$191.08 million.



Graduate Medical Education Startup Bonus Program

The Graduate Medical Education Startup Bonus Program was established in 2015 to provide resources for the education and training of physicians in specialties deemed to be in “a statewide supply-and-demand deficit.” Under law, AHCA allocates a \$100,000 startup bonus for each resident position in a qualifying specialty or subspecialty. In FY 2021-2022, the program funded 239 new residency positions at 15 hospitals for a total of \$23,900,000. The remaining \$76.1 million from the \$100 million appropriation funded 2,991 existing residency slots in high-need specialties.

According to Florida trends analysis of state records, this GME program has provided \$400 million for 1,113 residency positions since 2017.² The program is funded entirely with state dollars available through intergovernmental transfers and the Medical Care Trust Fund.

² [Florida Trends Report, 2021](#)

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State Comparison

Medicaid is the second largest source of funding for Graduate Medical Education. Federal Medicaid law allows states to provide Medicaid GME funding as supplemental hospital payments, and states have discretion about how to fund Medicaid GME. Payments can be made through Medicaid fee-for-service, directly to teaching programs, a capitated rate payment system, or through Medicaid disproportionate share hospital (DSH) payments.

State funding and, therefore, residents-to-population ratios differ significantly by state. Florida has 36 medical residents per 100,000 population. New York has nearly three times (94 per 100,000) that amount. Florida Medicaid GME payments totaled \$797.9 million in 2022, behind New York (\$1.9 million), which includes payments under fee-for-service and managed care.³

Current Status (Opportunities)

Since the establishment of the state Medicaid GME programs, Florida hospitals have doubled the number of residency slots, but a significant increase still is needed to address the physician shortage.

To ensure that the state GME system supports Florida's future physician workforce, FHA supports the increase funding for residency slots allocated to programs across the state. This increase is needed so that we have the number of Medicaid-funded residency slots to provide hospitals more flexibility to maintain and expand training programs for primary care and specialties.

Resources

[AAMC Medicaid Graduate Medical Education Payments 50 State Survey, 2019](#)

[FHA Leave Behind](#)

[AHCA: Graduate Medical Education/Statewide Residency Program Overview](#)

[AHCA: Graduate Medical Education\(GME\) Payments](#)

[SFY 2022-23 Statewide Medicaid Residency Distribution](#)

[Statewide Medicaid Residency Program Full Time Equivalency \(FTE\) Count by State Fiscal Year \(SFY\)](#)

[SafetyNet Hospital Alliance: Training Tomorrow's Doctors 2017 Annual Report](#)

³ [AAMC Medicaid Graduate Medical Education Payments 2022](#)