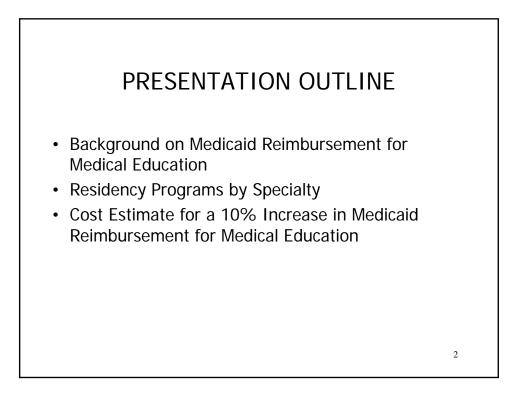
Enhancing Medicaid Direct and Indirect Medical Education Payments

Presentation to the Joint Commission on Health Care Health Living/Health Service Subcommittee September 19, 2011

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Study Request

Report on a methodology and cost estimate for providing enhanced direct medical education (DME) and indirect medical education (IME) payments to graduate medical programs in Virginia that train physicians in primary care, general surgery, geriatrics, psychiatry, and emergency medicine.

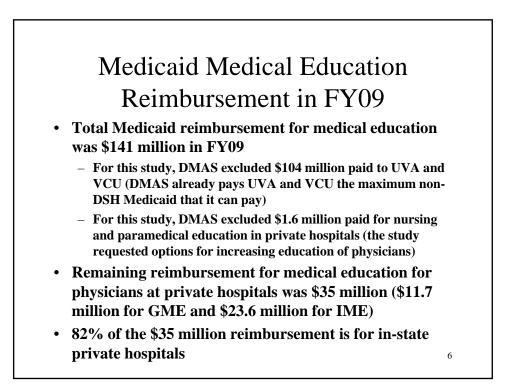
It is expected that DME and IME enhancements for such specialties would not come from a rebalancing of other DME and IME payments, but would result in an increase in Medicaid costs to some degree.

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Medicaid Indirect Medical Education (IME) Payments

- Purpose Recognize higher operating costs at hospitals with teaching programs (increased diagnostic and treatment costs related to educational mission)
- 34 Hospitals received IME payments in FY09 (10 outof-state)
- Methodology
 - IME factor (formula based on ratio of residents to beds)
 - Multiplied by inpatient operating payments (FFS and MCO)
- Special IME Payments for some NICU hospitals
- 6 out-of-state hospitals with low Virginia Medicaid utilization no longer eligible for IME payments (7/1/10)



Shortage Specialties in V	Virginia	
Primary Care (Family Medicine, Internal Medicine, Pediatrics)	33.7%	
Psychiatry	7.3%	
Emergency	5.3%	
Geriatric	0.3%	
General Surgery	7.5%	
Total	55.9%	

Cost Estimates for a 10% Increase in Medical Education Reimbursement

301 \$1,768,810
65 \$397,818
966 \$2,166,628
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Options and Observations

- Options
 - Increase 10% incentive-cost is proportional
 - Limit to in-state hospitals
 - Be more selective regarding specialties
- Observations
 - Influence of Medicaid reimbursement is limited because Medicaid is responsible for less than 20% of the medical education costs incurred by private hospitals
 - No information on the incentive impact to create additional programs

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