Teaching Health Center Graduate Medical Education (THCGME) Cost Evaluation Update

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Brief Review of Our Evaluation Goals

- Initial THCGME Program Cost Evaluation completed in 2016
  - GW modeled current project on general approach used in first cost evaluation: PRA estimated to be $157,602 for FY 2017[1,2]
- Updated THCGME Cost Evaluation conducted 2019-2022
  - Develop an updated Per Resident Amount, including DME and IME formulas, for AY 2022-2023 (including update factor)
    - THC program more mature now, larger sample (55 THCs)
    - More robust and comprehensive data collection and validation process used in current evaluation
  - Update and streamline THC Costing Instrument (OMB approved 10/6/2020)
  - Collect and analyze expense and revenue data
  - Validate data through external accounting experts
  - Identify characteristics of THCs or sponsoring organizations for potential adjustments to DME and/or IME formulas

[1] Regenstein, M., Nocella, K., Jewers, M. M., & Mullan, F. (2016). The Cost of Residency Training in Teaching Health Centers. *The New England Journal of Medicine*, *375*(7), 612–614. https://doi.org/10.1056/NEJMp1607866

[2] Regenstein, M., Snyder, J. E., Jewers, M. M., Nocella, K., & Mullan, F. (2018). Comprehensive Revenue and Expense Data Collection Methodology for Teaching Health Centers: A Model for Accountable Graduate Medical Education Financing. *Journal of Graduate Medical Education*, *10*(2), 157–164. https://doi.org/10.4300/JGME-D-17-00542.1

PRA Estimate

Evaluation PRA for AY 2022-23	$209,623	• Adjusted using a 4.1 percent annual inflation rate from the CPI for Medical Care • Trended forward from study year AY 2018-19
Actual PRA for AY 2022-23	$160,000	• 76% of true median cost of training • Covers just over 50% of THC expenses

THCGME Cost Evaluation Final Recommendations: DME

DME	The THCGME PRA for AY 2022-2023 should be set at **$209,623**
	The THCGME PRA should be operationalized as an annual payment formula that is updated annually based on the previous year's PRA plus an inflation factor pegged to the CPI for Medical Care
	The DME Formula is expressed as: $\mathbf{THCGME_{Current\ Year} = [(Per\ Resident\ Amount_{Prior\ Year} \times FTE) \times (1+r)]}$ ***r*** = Annual Average Consumer Price Index for Medical Care
	HRSA should maintain the "fixed payment" nature of the THC PRA, which does not vary by geographic location, specialty, or other characteristics. HRSA should continue to reevaluate the payment model as the number of programs grows.

Future Data Collection for Rural Programs

- There were inconclusive findings in our analyses of rural THCs, but as the sample of THCs grows a future cost evaluation might identify differences in cost for rural programs
- In this cost evaluation, 10 out of 50 programs in the sample were rural (based on our definition)[1]
  - HRSA distributed 72 awards to THCs for AY 2022-2023. In 2021, 47 programs received the THCPD grant
  - We anticipate that some of these programs will add to the sample of rural THCs

[1] To determine whether a THC was a rural training program, we used the following approaches to identifying rural practice sites or communities: (1) Rural-Urban Commuting Area Codes (USDA 2010), (2) the Census and Office of Management and Budget definitions of rural and urban areas, and (3)HRSA's Rural Grants Eligibility Analyzer tool. If a THC had at least one continuity clinic site that met one or more of these criteria for rurality, the THC was considered rural.

Future Data Collection for Specialty Programs

- Data quality, sample size, and other factors limited analyses related to specialty programs
- Future THC programs may add to the number of specialty programs, but the sample still may not be adequate to demonstrate differences between these programs in future cost evaluations

Specialty	THCs in AY 2018-2019 (*Sample*)	THCs in AY 2022-2023	THCPD Award, 2021
Dental	3	2	8*
Geriatrics	0	1	0
OBGYN	2	1	0
Pediatrics	3	3	3
Psychiatry	4	7	4
Internal Medicine	6	10	2
Family Medicine	32	48	30
Total	**50**	**72**	**47**

**Includes 6 General Dentistry and 2 Pediatric Dentistry programs*

THCGME Cost Evaluation Final Recommendations: IME

IME	The THCGME IME amount should be set at $0. We did not identify a sufficient evidence base to capture IME in THCs. There was agreement among the GW study team, the GME Expert Panel and HRSA representatives that IME, as commonly conceptualized, is an unfit model for adaptation in an outpatient-based THC context

- Several approaches were taken to empirically quantify IME in the THC context, each of which yielded inconclusive results.
- Although the THCGME statute authorizes an indirect payment to THCs, a series of discussions with the GME Expert Panel raised practical concerns for recommending an IME amount:
  - Study methodology took into account such detailed direct costs that it was difficult to identify any major sources of IME, though they may exist
  - HRSA and GW committed to ensuring that any proposed IME was empirically based (which was not possible given our sample and time frame)
  - No clear correlate for traditional CMS approach to IME in the outpatient THC setting
- That said, achieving national, agency, and program workforce goals is key and not "paid for" by DME. As such, IME might be better redefined in the THC setting as the funding necessary to achieve these goals

Recommendations for Future Data Collection and Evaluation

- Setting IME at $0 puts the onus on setting an appropriate PRA that reflects true costs
- Given the growing number of THCs, HRSA may consider developing a mechanism for annual or periodic reporting that can detect spending and cost trends for the purposes of:
  - Determining the need for an update factor based on training, practice, or accreditation-related changes
  - Ensuring that THCs are not underfunded by an outdated PRA
  - Enhancing current data reporting, which is likely insufficient to be able to update program costs
- May also consider conducting another comprehensive cost evaluation, or evaluation of a subset of THCs in the future (e.g., by specialty) to confirm adequacy of THC payments and determine if modifications to the THCGME formula are necessary
- Use streamlined data collection tools and processes to minimize response burden

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