Urban Teaching Hospitals Disproportionately Targeted for Medicare Cuts

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The deficit committee is mandated to develop a plan to reduce federal spending by at least $1.2 trillion over the next 10 years. Cuts to Graduate Medical Education (GME) are being considered and, if implemented, would have a drastic effect on the future of medicine.

Medicare allocates $9.5 billion annually for GME. It goes to the 6 percent of hospitals in America that train physicians. Reducing or eliminating this funding would decrease the number of doctors trained at a time when we face a shortage of 130,000 physicians by 2025. Moreover, the subset of teaching hospitals in urban areas would shoulder a disproportionate burden of GME cuts.

Urban medical centers treat patient populations with high rates of chronic disease, coexisting conditions, and more advanced stages of illness at the time care is sought. As a whole, the nation’s teaching hospitals run the majority of all burn-care centers, transplant facilities, pediatric intensive care units (ICUs), and Level 1 trauma centers. Based on population need, these facilities are both bigger and greater in number at urban institutions. As such, urban teaching hospitals train more doctors in these vital areas and receive a larger proportion of GME support to do so.

Physicians and scientists at teaching institutions are the foundation of biomedical research and innovation in medicine. They invent and improve surgical devices and work with researchers across the biomedical sciences to inform drug discovery and development. GME cuts would impede medical progress and the discovery of breakthrough therapeutics—the kind of medications that can truly bend the health care cost curve.

Nationwide, it costs nearly $13 billion annually to train physicians. Direct GME payments cover less than half of these costs, and teaching hospitals pay the rest. Having enough well-trained physicians is critical to our nation’s future, but academic medical centers cannot afford to subsidize training costs any more than we already do. My institution alone trains nearly 800 residents per year. Under the more drastic GME cuts, hospitals like Mount Sinai would lose 50 percent of their GME financing. This would be in addition to huge reductions already authorized to pay for health care reform over the next 10 years. Imposing these GME cuts would force residency programs to be downsized, exacerbating existing and future physician shortages, and resulting in other critical services to be curtailed.

The deficit committee has until November 23 to develop its plan. If it deadlocks, or if Congress fails to adopt its recommendations by December, $1.2 trillion in automatic spending cuts will begin in 2013. For the nearly 6,000 hospitals in America, the automatic cuts would result in a 2 percent across-the-board reduction in Medicare dollars. This would be a regrettable outcome, but is the alternative to focus Medicare cuts on a small group of our country’s leading teaching hospitals and sacrifice the training of our next generation of doctors? Surely there is a more thoughtful way.

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One in a series of commentaries by prominent Mount Sinai physicians and scientists.