

February 7, 2024

The Honorable John Kavanagh  
Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

The Honorable David Livingston  
Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

**SUBJECT: Arizona Health Care Cost Containment System Report on GME**

Dear Senator Kavanagh and Representative Livingston:

A.R.S. § 36-2903.01(G)(9)(e) includes the following requirements:

Each graduate medical education program that receives funding pursuant to subdivision (b) or (c) of this paragraph shall identify and report to the administration the number of new residency positions created by the funding provided in this paragraph, including positions in rural areas. The program shall also report information related to the number of funded residency positions that resulted in physicians locating their practice in this state. The administration shall report to the joint legislative budget committee by February 1 of each year on the number of new residency positions as reported by the graduate medical education programs.

Below please find the Graduate Medical Education (GME) statistics for FY 2023.

- For FY 2023, the state's GME programs reported a total of 2,229 residents enrolled in allopathic and osteopathic training programs.
- These residency positions are typically funded through a combination of Medicaid dollars (AHCCCS GME payments), Medicare dollars, and other hospital fund sources.
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(b) is 750. This number represents the total number of residency positions funded under this subdivision in FY 2023 that were not funded by the state prior to establishment of this program, and is an increase of 34 residency positions from FY 2022. Subdivision (b) authorizes funding of direct GME costs for programs and residency positions established after October 1, 1999 and before July 1, 2006. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.

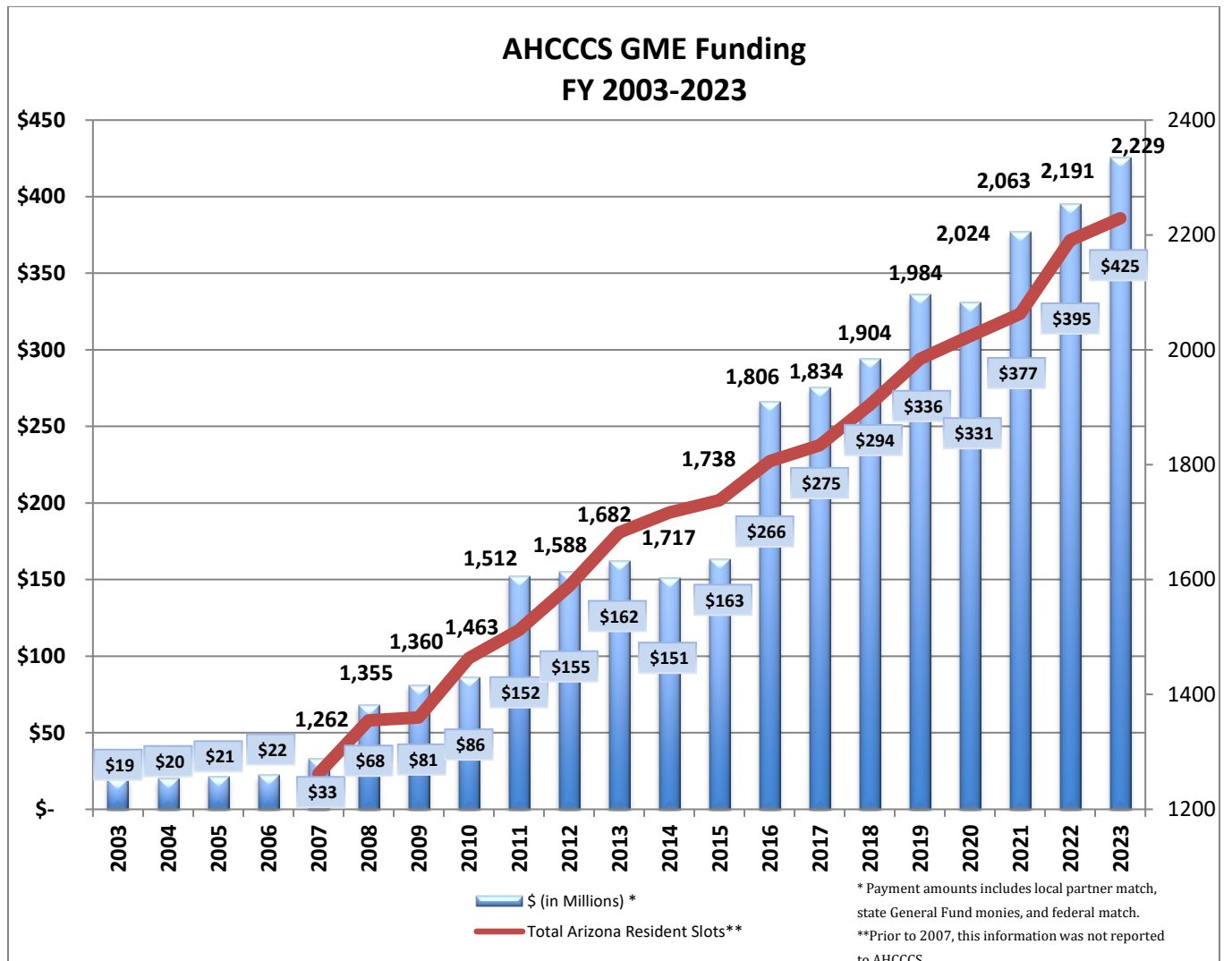
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(c)(i) is 551. This number represents the total number of residency positions funded under this subdivision in FY 2023 that were not funded by the state prior to establishment of this program, and is an decrease of 33 residency positions from FY 2022. Subdivision (c)(i) authorizes funding of direct GME costs for programs established on or after July 1, 2006. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 83. This is an increase of 2 residency positions from FY 2022. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct GME costs, for programs having resident rotations in rural areas. Counts of positions funded under this section are also inclusive of those funded by General Fund appropriations under Laws 2021, Chapter 408.

The table below illustrates the numbers reported.

| Resident Positions                             | FY 2022      | FY 2023      | Change   |
|--|--------------|--------------|----------|
| Total Funded Residency Positions:              |              |              |          |
| ▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)     | 716          | 750          | 34       |
| ▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)  | 584          | 551          | (33)     |
| <b>Totals</b>                                  | <b>1,300</b> | <b>1,301</b> | <b>1</b> |
| Rural Funded Residency Positions:              |              |              |          |
| ▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii) | 81           | 83           | 2        |

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2023 funded residency positions resulting in physicians locating their practices in this state is 186.

The chart below illustrates the growth in the number of residents since 2007, together with the funding trend.



Please feel free to contact Jeff Tegen, Assistant Director, Division of Business and Finance, at (602) 417-4705 or via email at [Jeffery.Tegen@azahcccs.gov](mailto:Jeffery.Tegen@azahcccs.gov) if you have any questions.

Sincerely,

Carmen Heredia  
 AHCCCS Cabinet Executive Officer  
 And Executive Deputy Director

cc: Sarah Brown, Director, Governor's Office of Strategic Planning and Budgeting  
 Richard Stavneak, Director, Joint Legislative Budget Committee  
 Zaida Dedolph Picoro, Health Policy Advisor, Office of the Governor