

March 6, 2025

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 Representative Livingston and Senator Kavanagh:

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 2024.

- For FY 2024, the state's GME programs reported a total of 2,386 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 795. This number represents the total number of residency positions funded under this subdivision in FY 2024 that were not funded by the state prior to establishment of this program and is an increase of 45 residency positions from FY 2023. 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 538. This number represents the total number of residency positions funded under this subdivision in FY 2024 that were not funded by the state prior to establishment of this program and is an decrease of 13 residency positions from FY 2023. 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.

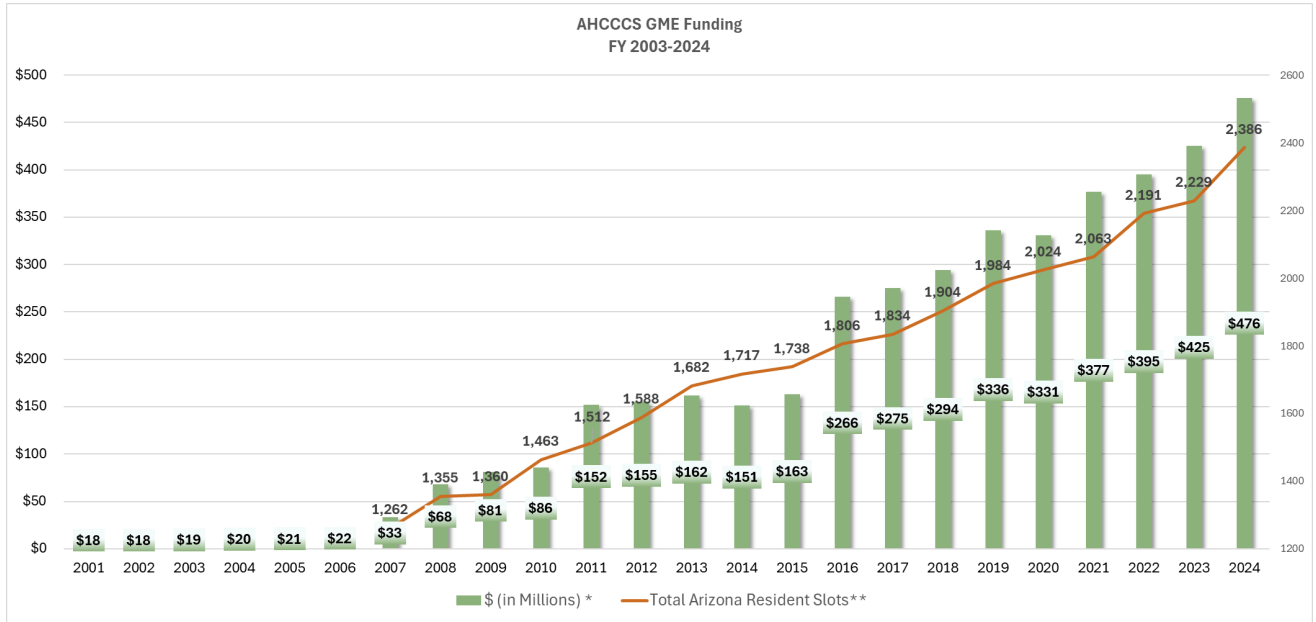
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 78. This is a decrease of 5 residency positions from FY 2023. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct 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 2023	FY 2024	Change
Total Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)	750	795	45
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)	551	538	(13)
Totals	1,301	1,333	32
Rural Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii)	83	78	(5)

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2024 funded graduating residency positions resulting in physicians locating their practices in this state is 179.

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 if you have any questions.

Sincerely,

Carmen Heredia
AHCCCS Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee
Ben Henderson, Director, Governor’s Office of Strategic Planning and Budgeting
Meaghan Kramer, Health Policy Advisor, Office of the Governor