

February 1, 2018

The Honorable John Kavanagh  
Joint Legislative Budget Committee  
1700 West Washington  
Phoenix, Arizona 85007

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

Dear 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 2017.

- For FY 2017, the state's GME programs reported a total of 1,834 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 557. This number represents the total number of residency positions funded under this subdivision in FY 2017 that were not funded by the state prior to establishment of this program, and is an increase of 139 residency positions from FY 2016. Subdivision (b) authorizes funding of direct GME costs for programs and residency positions established after October 1, 1999 and before July 1, 2006.
- The number of new residency positions funded under A.R.S. § 36-2903.01(G)(9)(c)(i) is 332. This number represents the total number of residency positions funded under this subdivision in FY 2017 that were not funded by the state prior to establishment of this program, and is an increase of 26 residency positions from FY 2016. Subdivision (c)(i) authorizes funding of direct GME costs for programs established on or after July 1, 2006.

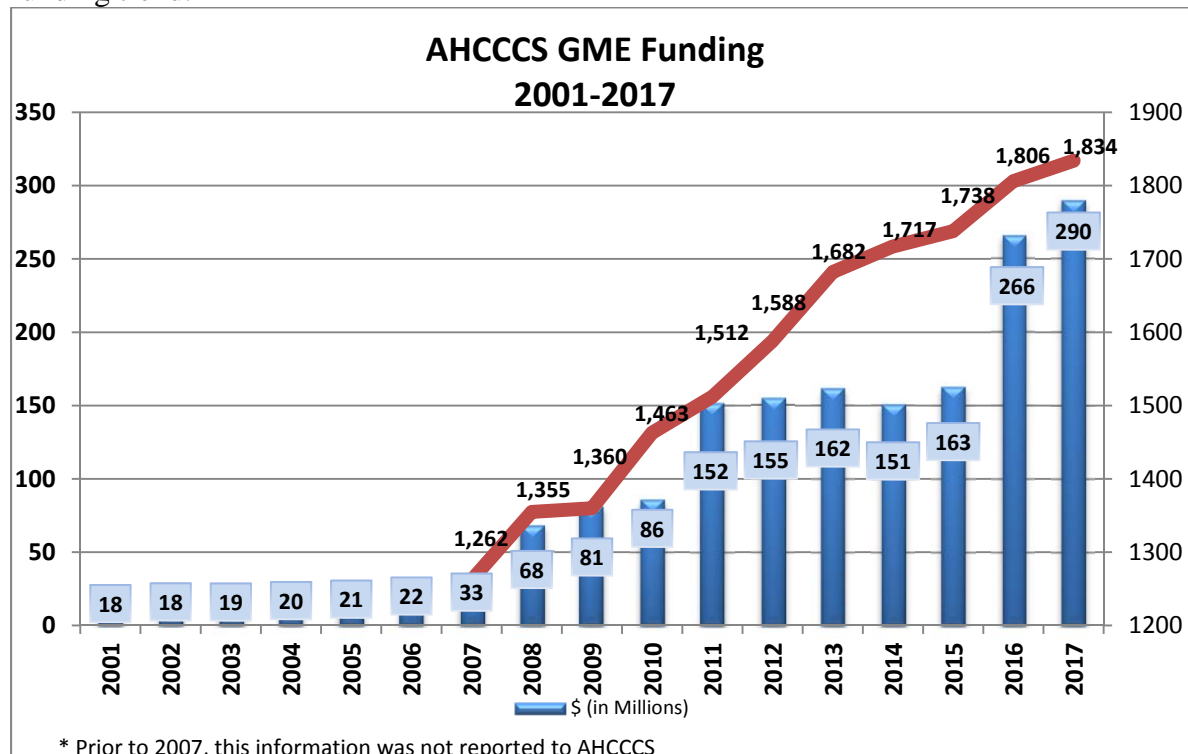
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 47. This is an increase of 9 residency positions from FY 2016. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct GME costs, for programs having resident rotations in rural areas.
- The increase in funded residents for this year is largely impacted by the addition of funding for Mayo Hospital, which had 101 funded residents under subdivision (b), 33 funded residents under subdivision (c)(i), and 0 funded residents under subdivision (c)(ii).

The table below illustrates the numbers reported.

Resident Positions	FY 2016	FY 2017	Change
Total Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)	418	557	139
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)	306	332	26
<b>Totals</b>	<b>724</b>	<b>889</b>	<b>165</b>
Rural Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii)	38	47	9

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2017 funded residency positions resulting in physicians locating their practices in this state is 132.

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



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Please feel free to contact me at (602) 417-4647 or [shelli.silver@azahcccs.gov](mailto:shelli.silver@azahcccs.gov) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "T. J. Betlach". The signature is fluid and cursive, with the first name "T" being the most prominent.

Thomas J. Betlach

Director

cc: The Honorable David Livingston, Arizona House of Representatives  
Christina Corieri, Senior Policy Advisor, Governor's Office  
Richard Stavneak, Director, Joint Legislative Budget Committee Staff  
Matthew Gress, Director, Governor's Office of Strategic Planning & Budgeting