The Resident Physician Shortage Reduction Act of 2021
Section-by-Section Summary

Reps. Terri Sewell (D-Ala.), John Katko (R-N.Y.), Thomas Suozzi (D-N.Y.), and Rodney Davis (R-Ill.) introduced the Resident Physician Shortage Reduction Act of 2021. This bipartisan legislation would build upon historic graduate medical education (GME) provisions passed in the 116th Congress as part of the Consolidated Appropriations Act, 2021 and take critical steps to address the growing physician shortage and strengthen the nation's health care system.

According to the most recent projections, the United States will face a physician shortage of between 54,100 and 139,000 physicians by 2033[1]. This shortfall is driven by many factors, including the need for more doctors as the population grows and ages, as well as vacancies that will occur as physicians reach retirement age.

Another key factor that impacts physician training is an artificial cap that was placed on Medicare support of graduate medical education (GME) more than two decades ago – a cap that remains in place today. The Balanced Budget Act of 1997 (P.L.105-33) limited the number of medical residents that could be counted by a teaching hospital for purposes of calculating direct graduate medical education (DGME) and indirect medical education (IME) payments to the number of residents they were training as of 1996. This limitation effectively prohibits existing teaching hospitals from receiving Medicare-support for any new medical residency positions added after 1996. As medical school enrollment continues to grow (up 30% since 2002[2]), the Medicare GME cap has made it difficult for medical resident training to keep pace.

Congress increased the number of Medicare-supported GME positions by 1,000 in the Consolidated Appropriations Act, 2021 – the first increase since 1997, nearly 25 years. The slots will be distributed by the Centers for Medicare and Medicaid Services (CMS) through upcoming rulemaking. While the 1,000 positions recently provided by Congress are an important start to training more physicians, additional support is needed.

Building on these new positions, the Resident Physician Shortage Reduction Act of 2021 would increase the number of Medicare-supported direct graduate medical education (DGME) and indirect medical education (IME) medical resident training positions by 14,000 over seven years.

Please find more information on this critical legislation below.

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[1] https://www.aamc.org/news-insights/press-releases/new-aamc-report-confirms-growing-physician-shortage
[2] https://www.aamc.org/newsroom/newsreleases/431036/20150430.html

Section 1. Short Title

Section 2. Distribution of Additional Residency Positions

This section would amend the Social Security Act *(42 U.S.C. 1395ww(h))* to allow for increased payments for Direct Graduate Medical Education (DGME) costs. Specifically, the section would authorize 14,000 new Medicare-supported medical residency positions over seven years (from 2023-2029, with 2,000 allotted per year).

Allocation of new GME training positions: The section sets forth criteria for how the new GME training positions would be allotted to qualifying teaching hospitals. CMS is required to consider the likelihood of a teaching hospital filling positions and must distribute at least 10% of the slots to each of the following categories of hospitals: 1) hospitals in rural areas; 2) hospitals training over their GME cap; 3) hospitals in states with new medical schools or new branch campuses; and 4) hospitals that serve areas designated as health professional shortage areas (HPSAs).

Requirements for Use of Additional Positions: This bill would also require that participating hospitals ensure that the total number of GME positions in a given hospital is not reduced prior to the increase.

Number of residency positions per hospital: This bill allows qualifying hospitals to receive up to 75 new GME positions per year over the seven-year period.

GME funding: This bill would require that new GME positions be funded in line with current Medicare reimbursement levels, specifically at the otherwise applicable per resident amounts for DGME purposes and using the statutory adjustment factor for IME reimbursement purposes.

Section 3. Study and Report on Strategies for Increasing Diversity

The legislation would require the GAO to conduct a study on strategies for increasing health professional workforce diversity. The study shall include an analysis of strategies for increasing the number of health professionals from rural, lower income and underrepresented minority communities.

The study must be completed within two years of date of enactment and must include recommendations for legislative and administrative actions.

For more information on this legislation, please contact Earl Flood (earl.flood1@mail.house.gov), Rep. Sewell, or Jennifer Wood (jennifer.wood@mail.house.gov), Rep. Katko.

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