

January 17, 2020

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

The Honorable Regina Cobb  
Joint Legislative Budget Committee  
1700 W. Washington  
Phoenix, AZ 85007

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

Dear Senator Gowan and Representative Cobb:

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 2019.

- For FY 2019, the state's GME programs reported a total of 1,984 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 495. This number represents the total number of residency positions funded under this subdivision in FY 2019 that were not funded by the state prior to establishment of this program, and is an increase of 18 residency positions from FY 2018. 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 373. This number represents the total number of residency positions funded under this subdivision in FY 2019 that were not funded by the state prior to establishment of this program, and is an increase of 48 residency positions from FY 2018. Subdivision (c)(i) authorizes funding of direct GME costs for programs established on or after July 1, 2006.

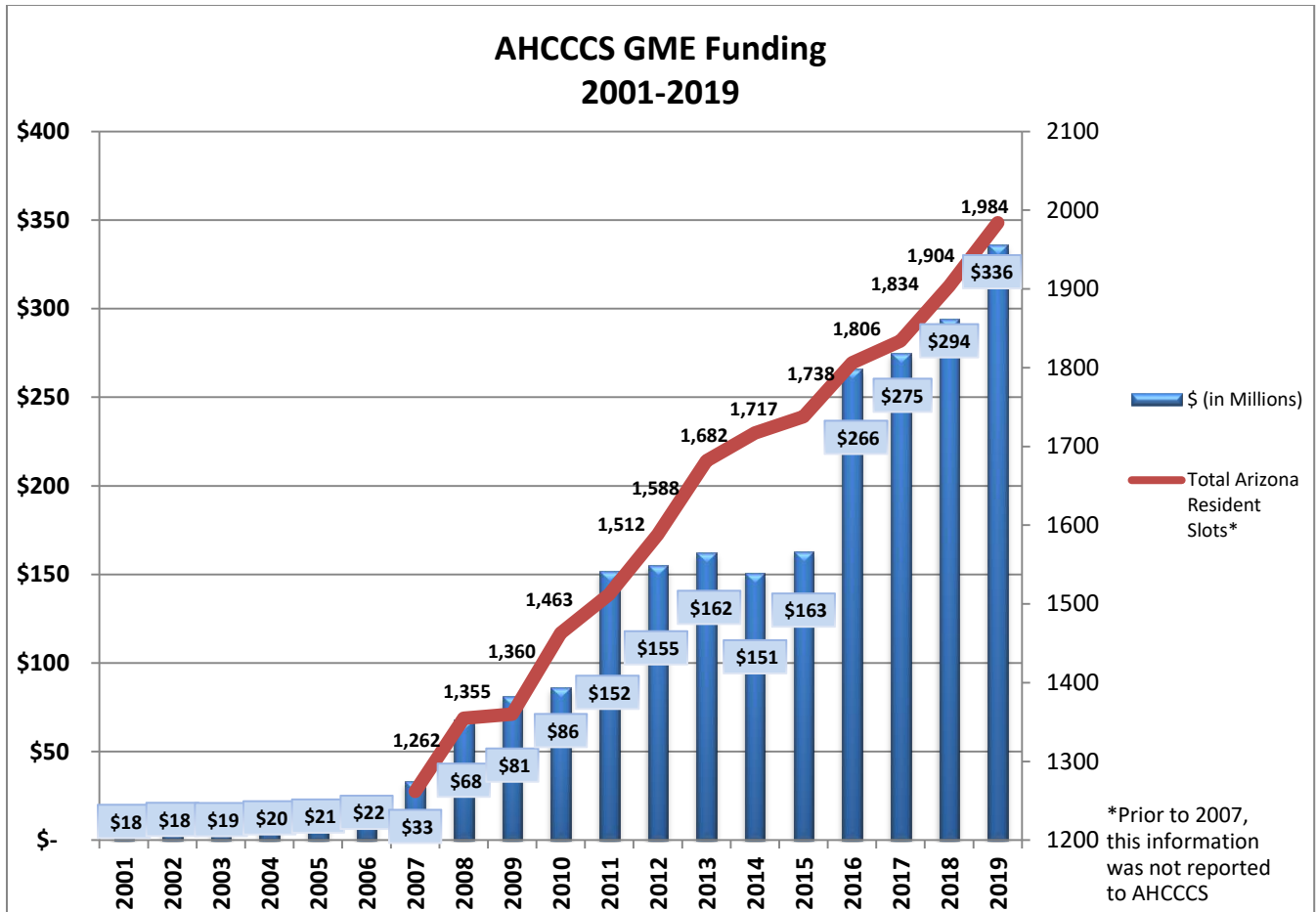
- Of the positions funded under (b) and (c)(i), and reported above, the number of new residency positions that are located in rural areas is 66. This is an increase of 4 residency positions from FY 2018. Subdivision (c)(ii) authorizes funding of indirect medical education costs, in addition to direct GME costs, for programs having resident rotations in rural areas.

The table below illustrates the numbers reported.

Resident Positions	FY 2018	FY 2019	Change
Total Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(b)	477	495	18
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(i)	325	373	48
<b>Totals</b>	<b>802</b>	<b>868</b>	<b>66</b>
Rural Funded Residency Positions:			
▪ Pursuant to A.R.S. § 36-2903.01(G)(9)(c)(ii)	62	66	4

- Based on a sample of Arizona training hospitals, AHCCCS estimates the number of FY 2019 funded residency positions resulting in physicians locating their practices in this state is 119.

The chart on the next page illustrates the growth in the number of residents since 2007, together with the funding trend. The additional \$3.0 M GF (\$9.9 M TF) appropriated during the 2019 legislative session for the expansion of GME is not included in the numbers below. The funding and GME positions will be included in next year's report.



Please feel free to contact Shelli Silver, Deputy Director, at (602) 417-4647 or via email at [shelli.silver@azahcccs.gov](mailto:shelli.silver@azahcccs.gov) if you have any questions.

Sincerely,

Jami Snyder  
Director

cc: Richard Stavneak, Director, Joint Legislative Budget Committee  
 Matthew Gress, Director, Governor's Office of Strategic Planning and Budgeting  
 Christina Corieri, Senior Policy Advisor, Governor's Office