

# New York hospitals paid to teach fewer physicians

Milan Korcok

## In brief

IN ORDER TO REDUCE THE NUMBER OF PHYSICIANS being trained in the US, teaching hospitals in New York are going to be paid *not* to train residents. Participating hospitals will cut the number of residents they train by up to 25%, but for a time will be paid as if they are still teaching a full complement of trainees. Up to 400 residency positions will be cut annually under the plan.

## En bref

AFIN DE RÉDUIRE LE NOMBRE DE MÉDECINS en formation aux É.-U., les hôpitaux d'enseignement de New-York seront payés pour *ne pas* former les résidents. Les hôpitaux participants diminueront de 25 % au plus le nombre de résidents en formation, mais seront payés pendant un certain temps comme s'ils enseignaient toujours au nombre complet de stagiaires. Le plan permettra d'éliminer jusqu'à 400 postes de résidents chaque année.

**I**n its boldest move yet to stem physician oversupply, the US government has offered to pay the 41 teaching hospitals in New York state millions of dollars to train fewer physicians.

Under the plan, which is reminiscent of earlier moves to pay farmers to let their fields lie fallow, hospitals participating in the voluntary program will cut the number of residents they train by up to 25%, but be paid as if they were training 100% of them — at least initially. The cuts are expected to result in 300 to 400 fewer residency positions in New York by next year.

Under the federal Medicare program, the Health Care Financing Administration (HCFA) pays hospitals up to US\$100 000 per year for each resident they train. The hospitals in turn pay the residents about \$40 000 a year to provide relatively cheap labour, and pocket the rest. At many hospitals Medicare funds have meant the difference between staying afloat or going under.

Medical educators here have also been encouraged to maintain a relatively generous postgraduate training system — one that has accommodated not only the output of all domestic medical schools but also many graduates from Canadian and other foreign schools. According to the Canadian Post-MD Education Registry (CAPER), the number of Canadian medical graduates enrolled in US training programs rose from 431 in 1992 to 619 in 1996. And in 1996, 4.4% of Canada's graduate physicians went to the US for further training. Canada's postgraduate training system is already far leaner than its US counterpart and pressures to shrink it continue.

Will these deep cutbacks in New York, which trains more MDs than any other state, reduce Canadians' access to postgraduate training? It depends on how rapidly and broadly the pilot program spreads to other states, but the subsidy plan has already ignited the passions of hospital administrators in other states. They wonder why New York was blessed with this largesse and how they can get on the same gravy train. "This is a real coup for New York teaching hospitals," Dr. Bruce Siegel, president of Florida's Tampa General Hospital, told the *New York Times*. "How can we get in on it?"



## Features

## Chroniques

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In fact, the plan was first dreamed up by the Greater New York Hospital Association and backed by the state's 2 senators, both influential legislators on matters concerning national health policy. In addition, Bruce Vladek, administrator of the Health Care Financing Administration (HCFA) that funds and runs Medicare, used to be a health care executive in New York.

Even though the state has only 7% of the country's population, it trains 15% of its medical residents; the next biggest state in terms of training is California, which trains 9% of residents.

Under the Medicare Graduate Medical Education Demonstration Project, participating hospitals must agree either to cut residency slots by 25% over 6 years, or to cut them by 20% while improving primary care training programs. During the first year hospitals will get as much Medicare money as when they were educating a full complement of residents. During the second year they will receive 95% of that amount, followed by progressively smaller amounts until the seventh year, when they will receive funding only for the residents they actually train. Medicare currently pays about \$7 billion annually to subsidize postgraduate training programs.

Over the program's 6 years, New York hospitals will receive about \$400 million in subsidies; the HCFA estimates that will be approximately \$300 million less than Medicare would have paid if residency levels did not change.

The impetus to pare postgraduate training slots in the US is driven by the same imperative driving changes in Canada: a perceived surfeit of doctors and a conviction that such oversupply leads to unnecessary tests, procedures, hospitalization and visits that increase the cost of health care.

In addition, managed care systems are intensifying pressure on US hospitals — particularly high-cost teaching centres — to trim inpatient services, expand outpatient programs, increase their reliance on physician assistants and nurse practitioners and restrain their use of

costly technology. The results have been dramatic: hospital have merged, occupancy has been reduced, wards have been closed and there has been less demand for specialists.

Recently, the American Medical Association and a consortium of medical educators released a consensus statement declaring that the US is training too many doctors and should cut that output by at least 20% by limiting the number who enter postgraduate training programs each year.

There are now approximately 25 000 medical residents in the US, said the report, which suggested that a total of about 18 700 would be more appropriate. It also urged the federal govern-

ment to provide financial incentives for medical schools to train doctors for inner cities and rural areas.

"Simply continuing to flood the country with excess physicians, the vast majority of whom wind up in the suburbs, will not do," said Dr. Jordan Cohen, president of the Association of American Medical Colleges.

Cohen said that despite turning out a supply of doctors that is ample for American needs, the nation continues to import and train thousands of foreign physicians who stay on to practise. "This," he said, "doesn't make sense."

And clearly, a cutback as major as the one envisioned for New York will have some impact on the flow of trainees from abroad. About 8000 of the nation's 25 000 postgraduate training positions are now filled by graduates of foreign medical schools.

CAPER director Dianne Thurber notes that Canadians comprise a very small segment of the American postgraduate training system, but they are highly competitive and in much demand for these positions.

She admits it's hard to know how American retrenchment will affect Canadians' accessibility to training slots, especially because of changes in Canada's own postgraduate training system.

However, because "they are such good candidates," says Thurber, "I wouldn't worry too much that it will cause big problems for [Canadian graduates], at least not yet." ?

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