

2025 Issue Brief Strengthening Graduate Medical Education

Issue

Strengthening Graduate Medical Education (GME) is essential due to the increasing demand for healthcare services associated with the rapidly aging population, physician shortages, and increasing healthcare costs.

Physicians graduating as an MD or DO will spend three to seven years in a residency program. Much of the funding for these programs comes from Medicare in the form of direct payments (to cover the cost of educating the residents) or indirect payments (to cover the cost of treating complex patients at teaching hospitals). Medicare provides over \$16 billion annually for GME funding, covering approximately 75% of residency training costs.ⁱ However, many teaching hospitals struggle with budget constraints, affecting their ability to maintain or expand residency positions. There is a projected shortage of up to 86,000 physicians by 2036.ⁱⁱ Congress must address projected shortages now so that patients can access the care they will need.

AMGA members employ over 177,000 physicians, and multispecialty medical groups and integrated delivery systems require an adequate pool of residency-trained physicians to meet the increasing demand from their patient population. Despite the growing need due to the aging population, Congress only slightly increased the number of residency slots under Section 126 of the Consolidated Appropriations Act, 2021.ⁱⁱⁱ However, almost half of the expanded slots created under the law remain undistributed.^{iv} Unless Congress lifts the cap on federally funded residency slots, there will not be enough physicians to care for the growing elderly population as well as replace the currently aging physician workforce.

The current GME program also faces severe funding constraints. Despite a 33% increase in medical school enrollment since 2002, the number of GME positions has not proportionally expanded, largely due to funding limitations. Medicare and Medicaid remain the primary GME funding sources, but their support has not kept pace with the growing need for residency slots.^v

AMGA asks Congress to:

- **Preserve and enhance essential GME funding to maintain and build a physician workforce that can manage the continuously growing patient population.**

ⁱ Office, U.S. Government Accountability. "Physician Workforce: Caps on Medicare-Funded Graduate Medical Education at Teaching Hospitals." Physician Workforce: Caps on Medicare-Funded Graduate Medical Education at Teaching Hospitals | U.S. GAO, U.S. Government Accountability Office, 21 May 2001, www.gao.gov/products/gao-21-391.

ⁱⁱ "New Medicare-Supported GME Residency Positions Expand Health Care Access, Physician Workforce." AAMC, AAMC, 21 Nov. 2024, www.aamc.org/news/press-releases/new-medicare-supported-gme-residency-positions-expand-health-care-access-physician-workforce#:~:text=In%202021%20and%202023%20year,of%20Medicare%20supported%20residency%20positions.

ⁱⁱⁱ Ibid

^v "Graduate Medical Education Funding." National Council on State Legislatures, National Council on State Legislatures, 9 Jan. 2024, www.ncsl.org/health/graduate-medical-education-funding.