

Overview

Medical Education & Research Costs

Health & Human Services Finance Committee
January 27, 2011

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MERC Timeline

- 1993-1995: MERC study, task force
- 1996: MERC Trust Fund Advisory Committee
- 1997: MERC funded
\$5M GF, \$3.5M HCAF
- 1998: First MERC distribution
- 2000: PMAP Carveout begins

Original MERC Goals

- *“The legislature finds that medical education and research are important to the health and economic well being of Minnesotans. The legislature further finds that, as a result of competition in the health care marketplace, these teaching and research institutions are facing increased difficulty funding medical education and research.”*
- “..... to help offset lost patient care revenue for those teaching institutions affected by increased competition in the health care marketplace and to help ensure the continued excellence of health care research in Minnesota.”

1995 MERC Task Force

- Teaching institutions should be responsive to evolving workforce needs related to specialty, profession and skill mix;
- Health workforce should support cost, access and quality goals;
- Public policy incentives should be developed to promote training of generalists, resolve maldistributions, and influence gender/diversity mix.

MERC Eligibility

- Accredited clinical education programs for physicians, pharmacists, dentists, chiropractors, APN's or physician assistants;
- Funded in part by patient care revenues and is a Medicaid site;
- Occurs in patient care settings that face increased financial pressure as a result of competition with nonteaching patient care entities; and
- Emphasizes primary care or specialties that are in undersupply in Minnesota.

Use of MERC Funds

- Roughly \$500M distributed since 1998
- Facilities must make payments to training sites within 60 days
- “No strings attached” for training site
- Can be incentive to encourage sites to take on trainees

MERC Formula Timeline

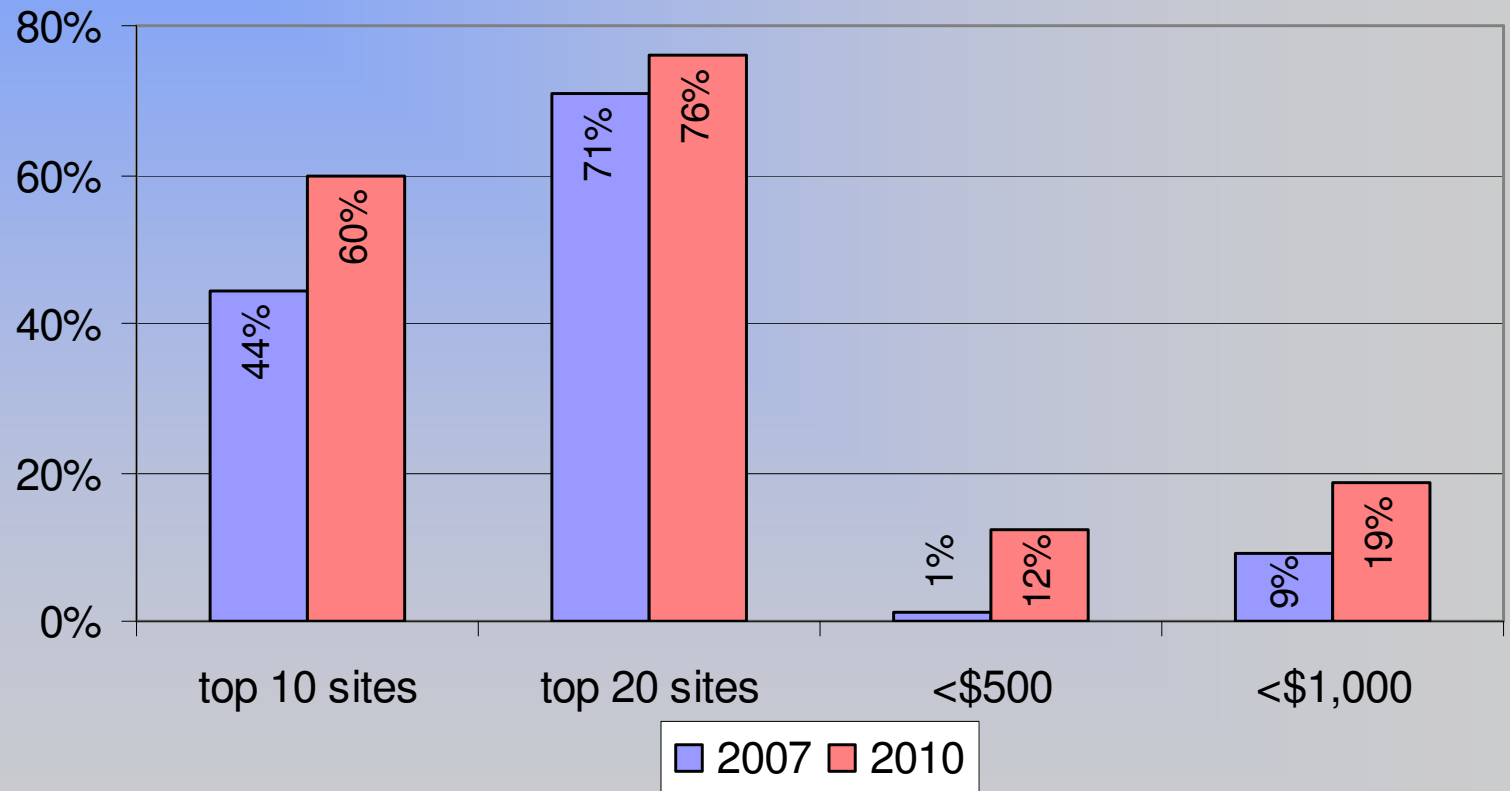
- MERC 1998-2003: 100% Cost/FTE
- PMAP 2001-2003: 50% Cost/FTE
50% MA volume
- 2004-2007: Combined MERC/PMAP
67% cost/FTE, 33% MA volume
0.5 FTE/program cutoff (2004-2005)
10% discretionary fund
- 2007-present: 100% MA volume
20% bonus for high volume
Direct payments

MERC Distribution

- 635 distinct sites throughout state
- 85% of funding to hospitals
- 9% to physician clinics
- 70% of grant to Hennepin/Ramsey counties

| | 2000 | | 2007 | | 2010 | |
|-----------|---------|-------|---------|-------|---------|-------|
| | % Grant | % FTE | % Grant | % FTE | % Grant | % FTE |
| Hennepin | 45% | 46% | 46% | 46% | 48% | 43% |
| Ramsey | 14% | 14% | 13% | 12% | 21% | 11% |
| Olmsted | 37% | 30% | 28% | 32% | 7% | 35% |
| St. Louis | 2% | 3% | 3% | 2% | 4% | 3% |

MERC Distribution by Grant Size



2010 MERC Distribution

| | 2010 FTE | 2010 Grant | 2010 Grant/ FTE |
|----------------------------|----------|--------------|--------------------|
| HCMC | 376 | \$ 8,860,828 | \$ 23,581 |
| UMMC-FV | 427 | \$ 5,599,768 | \$ 13,107 |
| Regions Hospital | 152 | \$ 4,432,302 | \$ 29,152 |
| Children's Mpls | 39 | \$ 3,377,923 | \$ 87,680 |
| St. Marys Hospital | 465 | \$ 2,559,018 | \$ 5,506 |
| Abbott Northwestern | 74 | \$ 2,276,335 | \$ 30,817 |
| North Memorial | 35 | \$ 2,249,398 | \$ 64,449 |
| Children's St. Paul | 45 | \$ 2,020,713 | \$ 45,154 |
| St. Cloud Hospital | 12 | \$ 1,809,318 | \$ 145,405 |
| United Hospital | 17 | \$ 1,804,156 | \$ 107,163 |

MERC Distribution - 2009

| (2009) | FTE | Grant | Grant/FTE |
|--------|-------|------------|--------------|
| Site A | 0.39 | \$ 935,945 | \$ 2,399,860 |
| Site B | 0.038 | \$ 85,814 | \$ 2,240,586 |
| Site C | 1.6 | \$ 16,153 | \$ 9,865 |
| Site D | 364 | \$ 304,175 | \$ 836 |
| Site E | 178 | \$ 15,368 | \$ 86 |
| Site F | 9.4 | \$ 131 | \$ 14 |
| Site G | 15.6 | \$ 1 | \$ 0.05 |