

***Myths and Facts About Hospital  
Graduate Medical Education (GME) in Wisconsin***



**Myth:** Wisconsin is one of only a few states providing Medicaid funding for GME.

**Fact:** *All but six states provide Medicaid GME funding to help defray the costs hospitals incur training future physicians.*

**Myth:** GME benefits only a few Milwaukee Hospitals.

**Fact:** *Thirty-three hospitals in 16 Wisconsin communities – a quarter of the state’s hospitals - receive GME funding for residency training programs.*

**Myth:** GME supported training programs are in urban areas only.

**Fact:** *Six specialized rural training tracks for family practice residents in Antigo, Mauston, Menomonie, Prairie Du Chien, Black River Falls, and Augusta are supported with GME dollars. These training tracks are key to recruiting physicians to rural areas.*

**Myth:** GME Funding goes to a few teaching hospitals with large “profits”.

**Fact:** *According to DHFS, 74 percent of all GME funding goes to just four hospitals. Also according to DHFS data, in FY 02 patient care profit margins for those four hospitals averaged just 1.4 percent.*

**Fact:** *“Patient care” margins (profits generated from patient care services) are the only hospital “profits” that affect the cost of health care. In Wisconsin, patient care margins amount to just one and a half cents of every dollar spent on health insurance premiums.*

**Fact:** *Ninety-eight percent of Wisconsin hospitals and all of our thirty-three teaching hospitals are not-for-profit. “Profits” (revenue in excess of expenses) are reinvested into facilities and used to subsidize other vital, yet unprofitable, hospital and community health services.*

**Myth:** Even if some teaching hospitals aren’t profitable, their system sponsors are.

**Fact:** *“Profitable” hospitals in Wisconsin largely subsidize other vital health care services that lose money. In 2001, the Milwaukee area’s seven largest health systems lost an average of 9.1 percent on non-hospital operations. Hospital “profits” are used to subsidize money-losing, yet vital, services including: WI Poison Control Center; school-based clinics; hospice care; nursing homes; and home health.*

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**Myth:** Hospitals can easily “absorb” these cuts to their Medicaid reimbursement, and continue their residency training programs.

***Fact:** For some hospitals, GME elimination means a reduction of 30 percent or more in total inpatient Medicaid reimbursement. The rising costs of health care, combined with inadequate Medicaid and Medicare reimbursement rates, means hospitals will be forced to reevaluate the size of their residency training programs. If maintained, the costs will be shifted to those with private insurance, contributing to the health care cost crisis.*

**Myth:** GME is a luxury in today’s budget environment.

***Fact:** While Wisconsin does face a difficult budget, completely eliminating state funding for residency training programs only exacerbates the growing shortage of physicians and will have devastating, long-term effects – especially in rural and inner city areas. It is a tremendous step backwards after years of effort by state government and the health care industry to ensure an adequate supply of physicians, and preserve and increase access to health care.*

***Fact:** Wisconsin already has a poor track record of receiving its fair share of federal dollars. By completely eliminating GME, Wisconsin will leave another \$33 million on the table to be claimed by other states*

**Myth:** GME payments do not benefit MA patients.

***Fact:** Residents provide basic health care services to the general population, as well as many special needs groups such as the elderly and indigent. In many communities, clinics staffed by residents serve as major health care safety nets.*