

ONE HUNDRED FIFTEENTH CONGRESS  
**Congress of the United States**  
**House of Representatives**  
COMMITTEE ON ENERGY AND COMMERCE  
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WASHINGTON, DC 20515-6115

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**MEMORANDUM**

**May 21, 2018**

**To: Subcommittee on Health Democratic Members and Staff**

**Fr: Committee on Energy and Commerce Democratic Staff**

**Re: Hearing on “Reauthorization of the Children’s Hospital Graduate Medical Education Program”**

On Wednesday, May 23<sup>rd</sup>, 2018 at 1:00 p.m. in room 2322 of the Rayburn House Office Building, the Subcommittee will hold a hearing titled “Reauthorization of the Children’s Hospital Graduate Medical Education Program.”

**I. BACKGROUND**

The Children’s Hospital Graduate Medical Education (CHGME) program was created in 1999 under the Healthcare Research and Quality Act to bolster pediatric medical training.<sup>1</sup> The program provides financial support to eligible freestanding children’s hospitals for the training of medical residents and fellows. Typically, graduate medical education (GME) is funded through the Medicare program and based in part on a hospital’s Medicare patient volume. Children’s hospitals primarily treat individuals under the age of 18. Therefore, they have low Medicare patient volume. As a result, these hospitals rely on CHGME to support training rather than Medicare GME.

The CHGME program is administered by the Health Resources and Services Administration (HRSA) and provides funding to 58 hospitals, with about 43 percent of training sites located in medically underserved communities.<sup>2</sup> In academic year 2016-2017 the program

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<sup>1</sup> Healthcare Research and Quality Act of 1999, P.L. 106-129.

<sup>2</sup> Children’s Hospital Association, *Summary of Graduate Medical Education Payments to Freestanding Children’s Hospitals: 2017* ([https://www.childrenshospitals.org/-/media/Files/CHA/Main/Issues\\_and\\_Advocacy/Key\\_Issues/Graduate\\_Medical\\_Education/Fact\\_Sheets/2018/FY17\\_CHGME\\_Payments\\_to\\_Hospitals\\_040518.pdf](https://www.childrenshospitals.org/-/media/Files/CHA/Main/Issues_and_Advocacy/Key_Issues/Graduate_Medical_Education/Fact_Sheets/2018/FY17_CHGME_Payments_to_Hospitals_040518.pdf)).

supported the training of 12,280 residents, accounting for 47 percent of all pediatric residents and 58 percent of pediatric specialists trained in the United States.<sup>3</sup> While the size of the pediatric workforce has increased since the CHGME program was established, some areas still face shortages of pediatric providers; particularly pediatric subspecialists.

#### **A. Program Eligibility and Payments**

Generally, to be eligible for CHGME a hospital must: be a freestanding children's hospital predominantly treating inpatients under 18 years of age, participate in an approved GME program, have a Medicare provider payment agreement, and be excluded from the Medicare Inpatient Prospective Payment System (IPPS).<sup>4</sup> Participating hospitals are required to report to HRSA the number of residents trained by specialty.

Similar to Medicare GME, the CHGME program applies a cap on the number of full-time equivalent (FTE) residents a hospital may count when requesting CHGME funding.<sup>5</sup> A hospital's cap is based on the number of FTE residents training as of 1996. The program receives annual discretionary funding and in fiscal year (FY) 2018 received \$315 million in appropriations, an increase of \$15 million above the FY 2017 enacted level.

#### **B. 2014 Reauthorization**

The program was most recently reauthorized in 2014 at an authorization level of \$300 million for each of fiscal years 2014 through 2018.<sup>6</sup> The 2014 reauthorization expanded the definition of hospitals eligible for the program to include (1) other freestanding hospitals that primarily treat individuals under the age of 18 (such as children's psychiatric hospitals); and (2) children's hospitals that were not freestanding in December 1996, and therefore could not establish a base year FTE cap. Funding for such newly qualified hospitals is capped at \$7 million each year and is only available if the CHGME program overall is funded at a level greater than \$245 million. Since the 2014 reauthorization, a total of four newly qualified hospitals joined the CHGME program, including one psychiatric children's hospital and three children's hospitals that had not previously established a CHGME FTE cap. According to the

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<sup>3</sup> Health Resources and Services Administration (HRSA), *Children's Hospital Graduate Medical Education Program* (<https://bhw.hrsa.gov/sites/default/files/bhw/health-workforce-analysis/program-highlights/chgme-program-highlights-2017.pdf>).

<sup>4</sup> Health Resources and Services Administration (HRSA), *Children's Hospital Graduate Medical Education Payment Program, Notice of Funding Opportunity, Fiscal Year 2018* (June 14, 2017) (file:///C:/Users/ssatchell/Downloads/HRSA-18-015%20FINAL%20NOFO%20(3).pdf).

<sup>5</sup> Congressional Research Service, *Children's Hospital Graduate Medical Education (CHGME)* (Apr. 24, 2018) (<http://www.crs.gov/reports/pdf/R45067>).

<sup>6</sup> Children's Hospital GME Support Reauthorization Act of 2013, P.L. 113-98.

Government Accountability Office (GAO), these new hospitals used CHGME funding to support training in pediatric specialties with physician shortages and provide care in underserved areas.<sup>7</sup>

The 2014 reauthorization also allowed the Secretary to establish a quality bonus system, under which bonus payments could be distributed to qualified hospitals that meet certain quality standards. Specifically, the Secretary may use any funds that remain after payments are made to newly qualified hospitals. For example, of the \$300 million appropriated for the CHGME program in FY 2017, approximately \$4 million in payments were made to the four newly qualified hospitals out of the \$7 million in funding allocated for such hospitals. Had the quality bonus system been applied for FY 2017 payments, approximately \$3 million would have been available for distribution to all participating hospitals based on quality standards. In October 2017, HRSA requested public comment on proposed standards for the CHGME program's quality bonus system.<sup>8</sup>

## **II. H.R. 5385, CHILDREN'S HOSPITAL GME SUPPORT REAUTHORIZATION ACT OF 2018**

H.R. 5385, the Children's Hospital GME Support Reauthorization Act of 2018 introduced by Reps. Gene Green (D-TX) and Burgess (R-TX) would reauthorize the CHGME program for fiscal years 2019 through 2023 at \$330 million each year.

## **III. WITNESSES**

### **Gordon Schutze MD, FAAP**

Professor of Pediatrics

Baylor College of Medicine

Executive Vice President and Chief Medical Officer

Baylor International Pediatric AIDS Initiative at Texas Children's Hospital

### **Susan Guralnick, MD**

Associate Dean for Graduate Medical Education

UC Davis Health

Chair, Committee on Pediatric Education

American Academy of Pediatrics

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<sup>7</sup> Government Accountability Office (GAO), *Physician Workforce: Expansion of the Children's Hospitals Graduate Medical Education Payment Program* (Oct. 2017) (<https://www.gao.gov/assets/690/688072.pdf>).

<sup>8</sup> Health Resources and Services Administration (HRSA), *Proposed Standards for the Children's Hospitals Graduate Medical Education Payment Program's Quality Bonus System* (Oct. 16, 2017) (<https://www.gpo.gov/fdsys/pkg/FR-2017-10-16/pdf/2017-22381.pdf>).