

## Agency Response to Economic Impact Analysis

Regulations establishing payment for graduate medical education (GME) are promulgated under the direction of law established by the General Assembly (GA). Estimating the economic impact is a consideration of creating law and subsequent regulation governing implementation. In this governing budget bill, H.B. 36, an overarching direction of the GA is to maximize federal funds participation to achieve global reduction in the amount of General Fund dollars exposed to Department of Medical Assistance Services program expenditures.

The Department of Medical Assistance Services (DMAS) agrees with Department of Planning and Budget (DPB) that GME is a public good and should be funded. Thus, as a public good, the funding analysis should take a global perspective to insure the viability of the teaching institutions.

DMAS disagrees with the DPB finding that the proposed change represents about \$989,400 in foregone savings to the Commonwealth. Indeed, the DMAS believes that failure to fund the University of Virginia (UVA) residency program would cause the Commonwealth to underwrite UVA's loss of Medicaid revenue with approximately \$2.0 million General Fund (GF) dollars. Failure to make this change in this reimbursement regulation would cause the Commonwealth to lose acquisition of \$1.01 million dollars in matching federal funds (FFP).

The DPB economic impact analysis states, "there is no provision in the proposed regulations requiring the department to maintain the current level of GME funding." This is true. However, the regulation as written, intends to pay equitably for established graduate medical education programs. It is outside the statutory purview of DMAS to establish GME programs or regulate the numbers of interns and residents to be trained. That responsibility belongs to the medical teaching facilities. The medical school residency programs are governed by the federal Centers for Medicare and Medicaid Services (CMS) and other oversight bodies.