National Issues & Policies Impacting Medical Schools

Thomas J. Lawley, M.D.
Dean, School of Medicine
Past Chair, AAMC
Medical schools have 5 income streams with which they support departmental and central budgets, that in turn support the 3 missions of the schools - teaching, research, and patient care. Unfortunately, two of the three usually don’t pay for themselves (you guess which ones).
The 5 sources of income for medical schools are:

1. Tuition
2. Indirect cost recovery
3. State support or endowment
4. Clinical income
5. Philanthropy/Technology Transfer
1. Medical student debt is high and tuition cannot be raised

86% of 2011 graduates of Schools of Medicine have debt

Mean debt Class of 2011

- Public SOMs - $150,612
- Private SOMs - $176,675
2. There is a growing physician shortage and cuts to GME (IME) are on the table.
   - A 10% cut in IME would be about $9.7B over 10 years and about $840 million by 2014.
   - It could also mean a cut of up to 67% or $177M in Children’s Hospital GME programs.
2. 32 million people will acquire health care coverage with the Patient Protection and Affordable Care Act and an additional 10,000 people enter Medicare every day
   - In 2015 the physician shortage is projected to be 63,000, by 2020 - 91,000, and by 2025 - 131,000.
   - Nearly 1/3 of practicing physicians are expected to retire in the next decade.
   - There is a cap on the number of GME positions that CMS will support
4. The NIH budget will likely be flat, but may decrease up to 8% and the salary caps on NIH funded investigators have decreased from $199,000 to $179,000 necessitating greater support from the medical schools.
5. State support and/or endowment income have decreased due to the national economic downturn, but endowments are making a comeback.
6. Cross subsidies from the clinical enterprise to help support the teaching and research missions of medical schools are under pressure because of the national imperative to lower health care costs. We must respond aggressively to reforms in health care.
What can we do?

• Create more scholarships for medical students
• Expand class size and create new medical schools – judiciously
• Lobby Congress to lift the cap on number of Medicare funded residency positions
• Effectively work to increase the NIH budget
What can we do?

• Recruit and retain the most competitive investigators
• Don’t continue to build research buildings unless they are substantially or fully funded
• Begin or accelerate capital campaigns and convince state governments that one dollar invested in health care brings a return of two dollars
What can we do?

• Maximize efficiency of practice plan and hospital operations while emphasizing cost and quality
• Use physician extenders wisely to decrease costs and increase efficiency
• Become indispensable to insurers