

# Cost Estimates for Training Residents in a Teaching Health Center

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## BACKGROUND

The Teaching Health Center Graduate Medical Education (THCGME) program, administered by the Health Resources and Services Administration (HRSA), was established by the Affordable Care Act to provide funding for community-based clinics to support primary care physician and dental residents' training. As most people in the U.S. receive health care at community-based clinics, the ultimate goal of the THCGME program is to increase access to well-trained providers, particularly in ambulatory settings, for people who are geographically isolated and economically or medically vulnerable.

In order to understand the cost of training in the teaching health center (THC) model, HRSA awarded The George Washington University a contract to collect and analyze information from THCs on their expenses and revenues associated with resident training. The university developed a costing instrument to collect this information. It was fielded in April 2015 among THC programs with residents enrolled in Academic Year (AY) 2013-2014. Of the 43 THCs surveyed, 26 submitted complete data for analysis.

## SELECTED FINDINGS

### Patient Service

- THC clinics see a largely low-income, Medicaid-covered population. About two-thirds of patient revenues are from Medicaid, regardless of the THC's organizational model.
- In AY 2013-2014, residents in the 26 THCs provided a total of 269,773 visits precepted by faculty. This included 203,924 outpatient visits at clinics and 65,849 inpatient visits at hospital training sites.
- THC clinics provided a total of 126,839 uninsured/uncompensated care clinic visits during AY 2013-2014. Residents participated in 24 percent of these patient visits.
- Nearly three-fourths (74 percent) of THC residency revenues are derived through precepted visits in the outpatient setting. The median per resident revenue in AY 2013 - 2014 was \$46,535. THCs with residents in all training years had median per resident revenues of \$99,391, compared to \$25,584 in programs with only first post-graduate year residents.

### Residency Training Costs

- Resident compensation including salary and fringe benefits accounts for 26 percent of all expenses. Faculty compensation for training residents, including salary and benefits associated with residency administration, precepting outpatient and inpatient service, clinic administration time, as well as any precepting contracts paid by the residency, accounts for 30 percent.

- Resident clinical service administrative and operational expenses, including all inpatient and outpatient operational costs allocated to the residents' patient visits accounts for 19 percent. Other educational costs, including residency personnel costs, occupancy and other costs for residency overhead, make up 17 percent of total THC expenses.
- In-kind expenses, which include all other educational costs borne by partners and hospital precepting contracts, represent an additional 9 percent of total expenses.
- There was variation in the cost of training between THCs. New, small, and rural programs appear to have higher costs of training.
- After taking into account patient service revenue/costs and residency training costs, the median overall cost of training a resident in a THC in FY 2017 is estimated to be \$157,602.