

# MERC:

MEDICAL EDUCATION & RESEARCH COSTS

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# MINNESOTA'S CLINICAL TRAINING SUPPORT PROGRAM

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# Original MERC Principles

- Medical education benefits society at large, not just direct health care stakeholders.
- The cost of medical education should not be borne by only a few hospitals or medical centers, but fairly allocated across the health care system.

# 1995 MERC Task Force

- Teaching institutions should be responsive to evolving workforce needs related to specialty, profession and skill mix;
- Health workforce should support cost, access and quality goals;
- Public policy incentives should be developed to promote training of generalists, resolve maldistributions, and influence gender/diversity mix.

# MERC Formula Timeline

- MERC 1998-2003:      100% Cost per FTE
  
- PMAP 2001-2003:      50% Cost per FTE  
                                  50% MA volume
  
- 2004-2007:              67% cost per FTE, 33% MA volume  
                                  10% discretionary fund
  
- 2007-2013:              100% MA volume  
                                  20% bonus for high volume
  
- 2014 - on:                100% MA volume  
                                  10% bonus, ends in 2016
  
- Roughly \$660M distributed through formula since 1998

# MERC Sources and Uses

	Sources	Uses	
MA Manged Care Carve-out	49,552	58,127	MERC formula
Cigarette tax	3,937	150	MDH Admin
Match on cigarette tax	3,788		
State GF appropriation	1,000		
<b>Subtotal</b>	<b><u>58,277</u></b>	<b><u>58,277</u></b>	
U of M Transfers	19,557	19,557	Returned to U of M
Match on U of M Transfers	10,857	1,035	HCMC clinical medical education
		1,122	Dental Innovations grants
		8,700	Transfer to General Fund
<b>Subtotal</b>	<b><u>30,414</u></b>	<b><u>30,414</u></b>	
<b>Grand Total</b>	<b><u>88,691</u></b>	<b><u>88,691</u></b>	

# MERC Funds outside the formula

- Public program funds state + federal match:
  - \$2,157,000 to the University of Minnesota Board of Regents for the purposes in sections 137.38 to 137.40;
  - \$1,035,360 to Hennepin County Medical Center for clinical medical education;
  - \$17,400,000 to University of Minnesota for purposes of medical education;
  - \$1,121,640 to clinical education dental innovation grants
  - \$8,700,000 transfer to the General Fund

# MERC Formula Funds – 2016 Base

<b>MERC Grant - Estimated Funding</b>		
FY2016 Funding Estimated Release Date: 4/2016		
<b>Tobacco Tax (FY2016)</b>		\$ 3,937,000.00
	Less Administration	\$ (149,500.00) *
		<u>\$ 3,787,500.00</u>
	Federal Match Process	
	State Tobacco Funds Seeking Match	\$ 3,787,500.00 **
	Estimated Federal Match	<u>\$ 3,787,500.00</u>
		<u><u>\$ 7,575,000.00</u></u>
<b>PMAP Carveout (FY2016)</b>		
	State	\$ 24,776,000.00
	Federal	\$ 24,776,000.00
		<u>\$ 49,552,000.00</u>
<b>General Fund (FY2016)</b>		\$ 1,000,000.00
		<u>\$ 1,000,000.00</u>
<b>Grant Funds Returned/Carry Forward (FY2015)</b>		
	Tobacco: Carry Forward	\$ 0.50
	Funds Returned	\$ -
	Less Return of Federal Match to DHS	\$ -
		<u>\$ 0.50</u>
	PMAP: Carry Forward	\$ -
	Funds Returned	\$ 10,411.00
	Less Return of Federal Match to DHS	\$ 5,205.50
		<u>\$ 5,205.50</u>
<b>Estimated Grant</b>		
	Tobacco	\$ 7,575,000.00
	PMAP	\$ 49,552,000.00
	General Fund	\$ 1,000,000.00
	Tobacco Returns/Carry Forward	\$ 0.50
	PMAP Returns/Carry Forward	\$ 5,205.50
		<u>\$ 58,132,206.00</u>

Minnesota Statute 62J.692

\*Up to \$150,000 allowed

\*\*May seek match up to \$3,787,500

# MERC Formula 2014 - present

- Training site must be a Medicaid provider
- Funds divided based on relative Medicaid volume among all applicants
- Outlier limiters:
  - Site must have at least .1 trainee FTE
  - No sites shall receive a grant per FTE trainee that is in excess of the 95th percentile grant per FTE across all sites
  - No site can receive more than its reported expenditures
- Bonus to largest sites phased out
  - 20% through FY 13, 10% in FY 14 & 15, 0% thereafter



# MERC Flow Chart

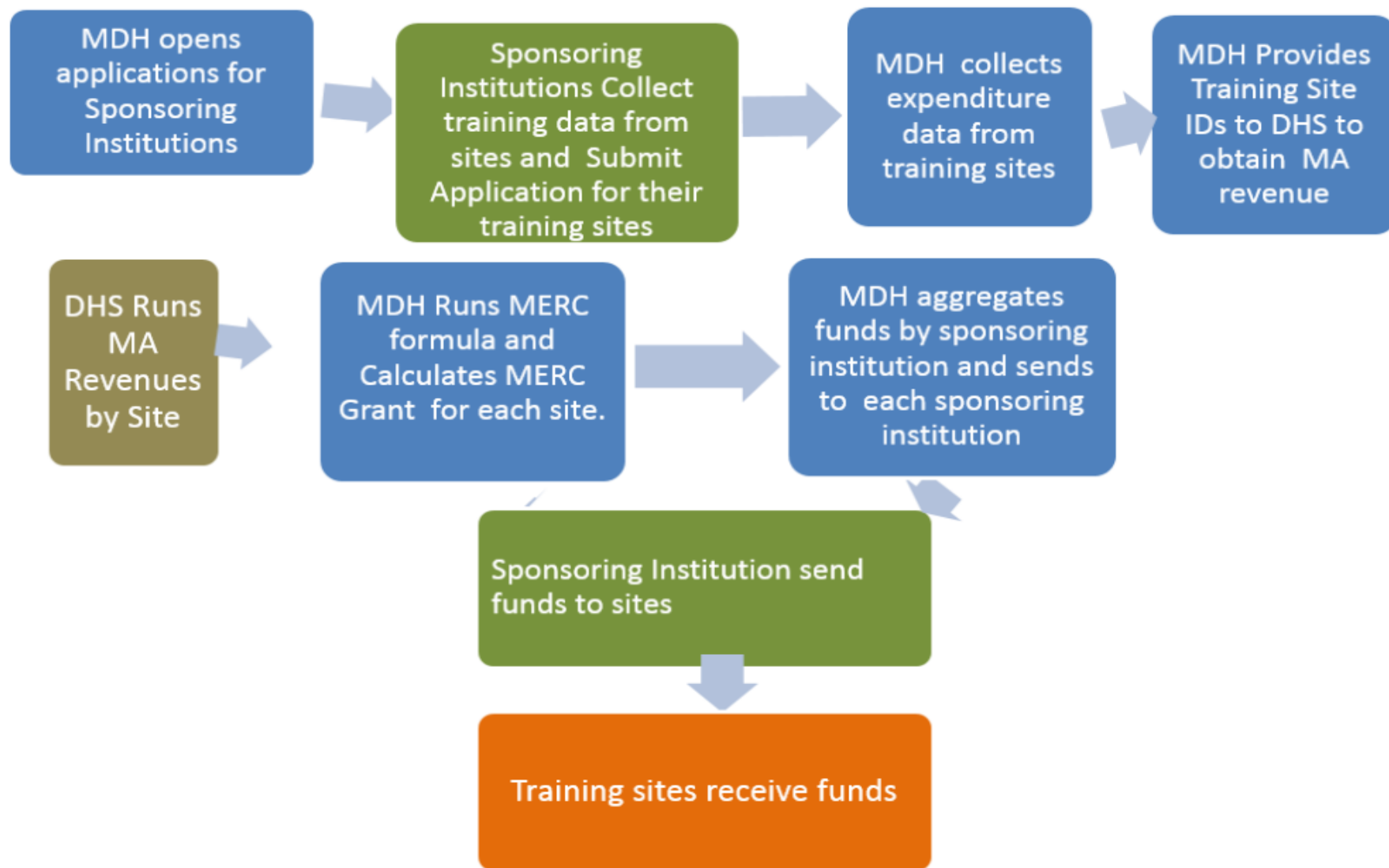
MDH

20 Sponsoring Institutions

(248 Teaching Programs)

352 Training Sites

# MERC Flow Chart



# MERC Eligibility

- Accredited clinical education programs for:

Physicians	Pharmacists
Dentists	Chiropractors
Advanced Practice RNs	Physician Assistants
Psychologists	Dental therapists and advanced dental therapists
Clinical social workers	Community paramedics
Community health workers	

- Site must be funded in part by patient care revenues and be a Medicaid site

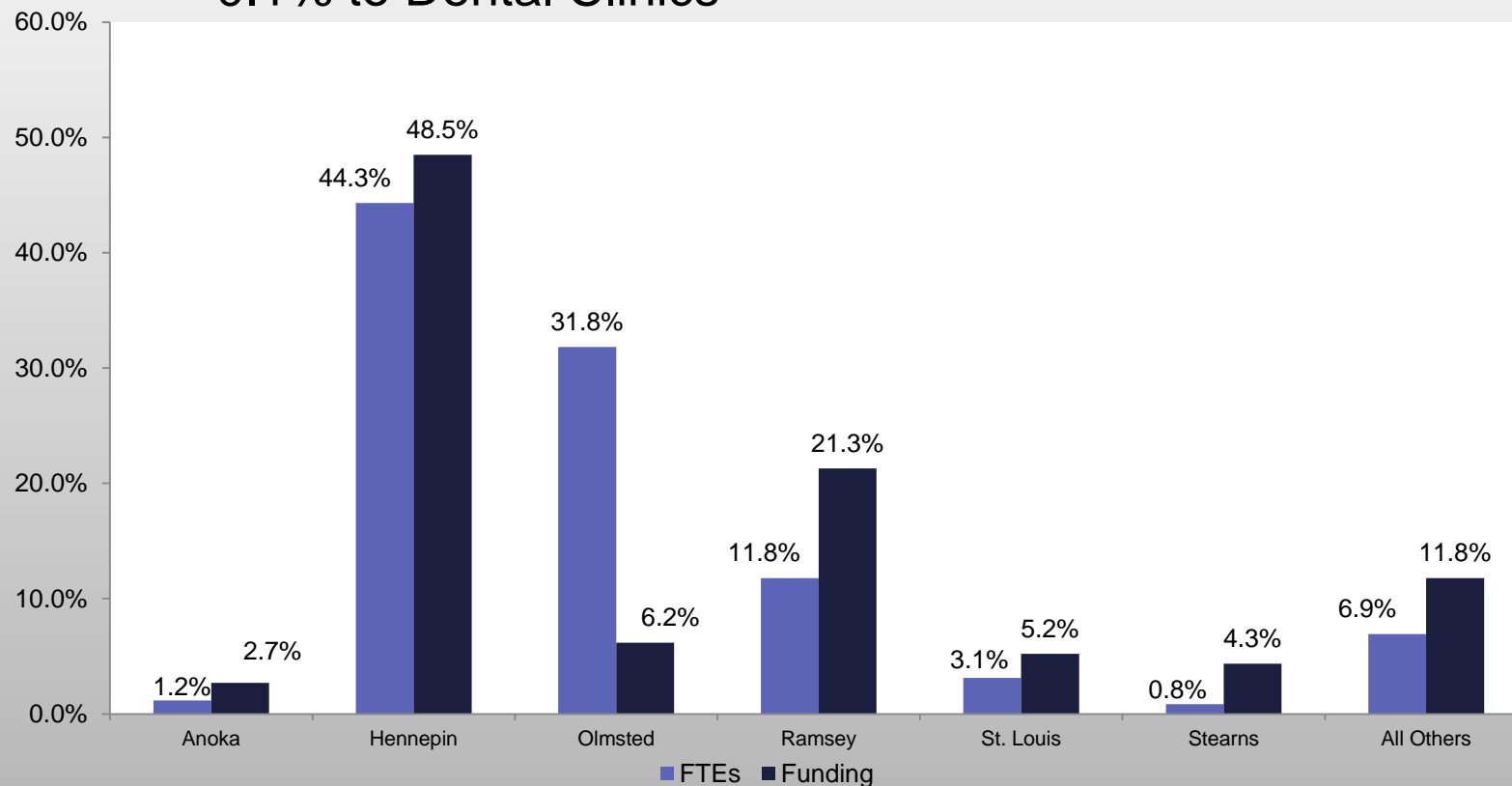
# Use of MERC Funds

- Funds must be spent on clinical training
- Sites must report their expenses

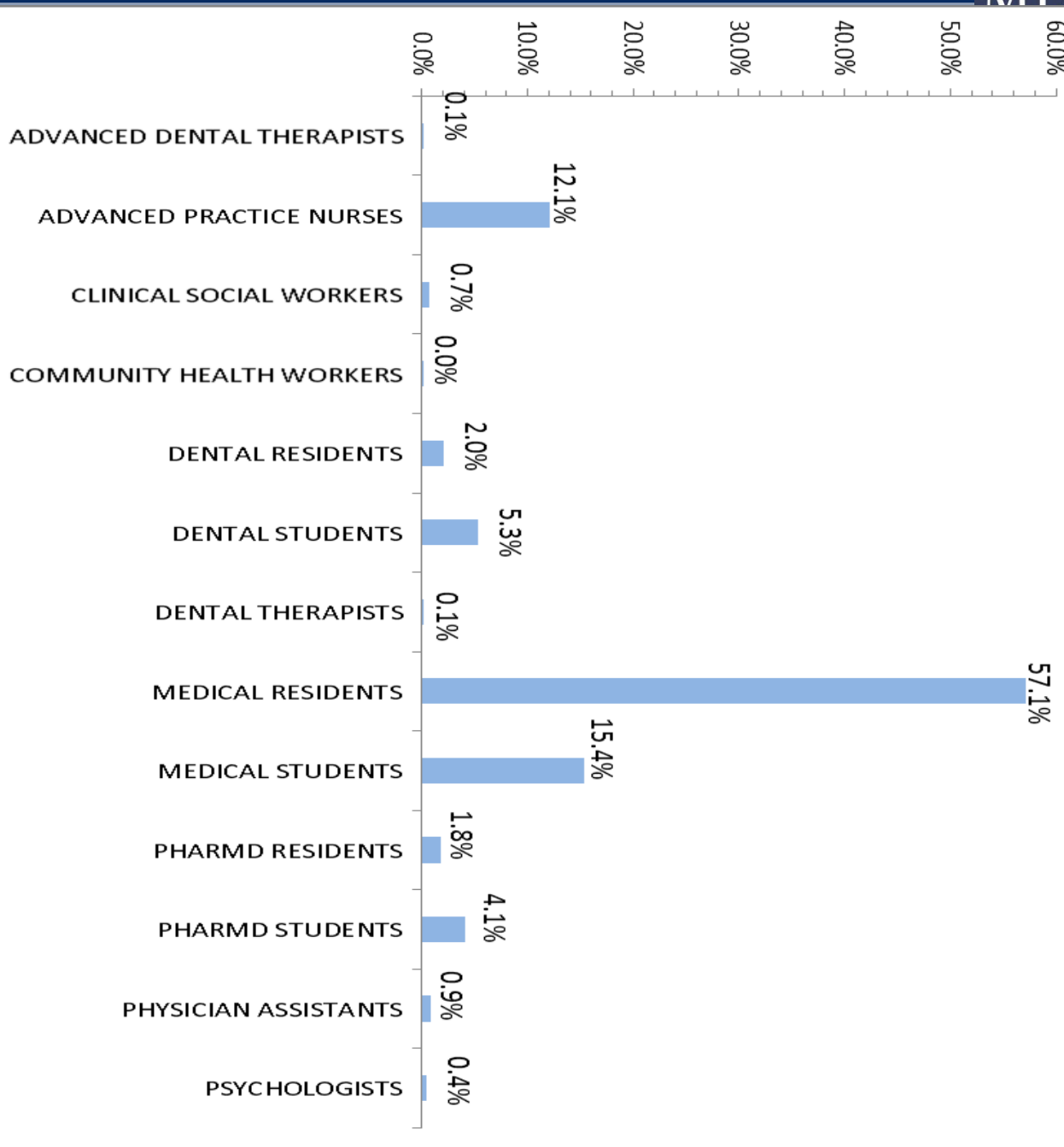
Top 10 Training Sites	
Direct Cost & Indirect Cost/Actual Expenditures FY13	
Direct Costs: Student/Resident Salary and Benefits	42%
Direct Costs: Faculty/Preceptor Salary and Benefits	40%
Direct Costs: Training Program Operating Costs	11%
Indirect Costs: Education-related Care Delivery Costs	7%

# 2015 MERC Distribution

- 352 Distinct Sites Received MERC Funds
- 84.5% of Funding to Hospitals
- 11.0% to Physician Clinics
- 1.8% to Pharmacies
- 1.0% to Federally Qualified Health Centers
- 0.1% to Dental Clinics



# 2015 MERC Distribution Percent of Provider Type Trainees



# 2015 MERC Distribution

## Top 20 Grant Recipients

Clinical Training Facility	Location	MHCP Provider Type	County	FTEs	Grant
HENNEPIN COUNTY MEDICAL CENTER	MINNEAPOLIS	HOSPITAL	HENNEPIN	406.4	\$ 10,684,041
UMMC FAIRVIEW	MINNEAPOLIS	HOSPITAL	HENNEPIN	495.8	\$ 5,255,950
REGIONS HOSPITAL	ST PAUL	HOSPITAL	RAMSEY	193.3	\$ 4,153,639
CHILDRENS HEALTH CARE MINNEAPOLIS	MINNEAPOLIS	HOSPITAL	HENNEPIN	48.4	\$ 2,954,521
ST CLOUD HOSPITAL	ST CLOUD	HOSPITAL	STEARNS	15.2	\$ 2,135,722
ABBOTT NORTHWESTERN HOSPITAL	MINNEAPOLIS	HOSPITAL	HENNEPIN	87.8	\$ 2,076,124
NORTH MEMORIAL HEALTH CARE	ROBBINSDALE	HOSPITAL	HENNEPIN	38.4	\$ 2,070,268
MAYO CLINIC HOSPITAL ROCHESTER	ROCHESTER	HOSPITAL	OLMSTED	452.6	\$ 2,016,219
CHILDRENS HOSPITALS & CLINICS OF MN	ST PAUL	HOSPITAL	RAMSEY	55.0	\$ 1,761,259
UNITED HOSPITAL INC	ST PAUL	HOSPITAL	RAMSEY	19.8	\$ 1,629,541
HEALTHEAST ST JOSEPHS HOSPITAL	ST PAUL	HOSPITAL	RAMSEY	15.7	\$ 1,120,358
HEALTHEAST ST JOHNS HOSPITAL	MAPLEWOOD	HOSPITAL	RAMSEY	13.5	\$ 1,009,407
ESSENTIA HLTH ST MARYS MEDICAL CNTR	DULUTH	HOSPITAL	ST. LOUIS	26.8	\$ 981,297
GILLETTE CHILDRENS SPEC HOSP	ST PAUL	HOSPITAL	RAMSEY	14.1	\$ 934,020
PARK NICOLLET METHODIST HOSP	ST LOUIS PARK	HOSPITAL	HENNEPIN	29.0	\$ 903,865
MERCY HOSPITAL	COON RAPIDS	HOSPITAL	ANOKA	7.0	\$ 869,877
MAYO CLINIC	ROCHESTER	PHYSICIAN	OLMSTED	450.6	\$ 854,654
PARK NICOLLET CLINICS	ST LOUIS PARK	PHYSICIAN	HENNEPIN	10.5	\$ 569,563
ST LUKES HOSPITAL	DULUTH	HOSPITAL	ST. LOUIS	16.7	\$ 557,079
FAIRVIEW SOUTHDALE HOSPITAL	MINNEAPOLIS	HOSPITAL	HENNEPIN	5.3	\$ 547,604

# 2015 MERC Distribution

## Grant Ranges

The table below shows the number of sites and FTEs within specific grant ranges. Facilities receiving a grant less than \$5,000 qualified only for cigarette tax funds.

Grant	%	Number of Sites	FTEs
\$1,000,000 to \$5,000,000	3.4%	12	1,842.0
\$500,000 to \$999,999	2.3%	8	560.2
\$100,000 to \$499,999	9.9%	35	318.5
\$50,000 to \$99,999	10.2%	36	85.9
\$20,000 to \$49,999	27.3%	96	324.2
\$10,000 to \$19,999	20.5%	72	60.7
\$5,000 to \$9,999	22.1%	78	62.7
\$1,000 to \$4,999	4.3%	15	0.7
<b>Distinct Total</b>		<b>352*</b>	<b>3,254.9</b>

\* 256 additional applicants applied but did not qualify for a grant.



# Contact Information

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