

MERC:
MEDICAL EDUCATION & RESEARCH COSTS

**MINNESOTA'S CLINICAL
TRAINING SUPPORT
PROGRAM**

Mark Schoenbaum
Minnesota Department of Health
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What MERC does:

- MERC grants funds to hospitals, clinics, pharmacies and other clinical training sites to subsidize part of their training costs.

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.
- Funding: Maximize federal contribution
- MS. 62J.692

MERC Professions

- 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**	

- ** Added in 2013 legislation
- * Do not choose to apply

Eligibility and distribution formula

- Site must be a Medicaid provider
- Sites must have trainees in eligible professions and must have training expenses
- Eligible applicants receive funds based on their proportional share of all sites' Medicaid revenues or their training expenses, whichever is less
 - There are a few other outlier controls

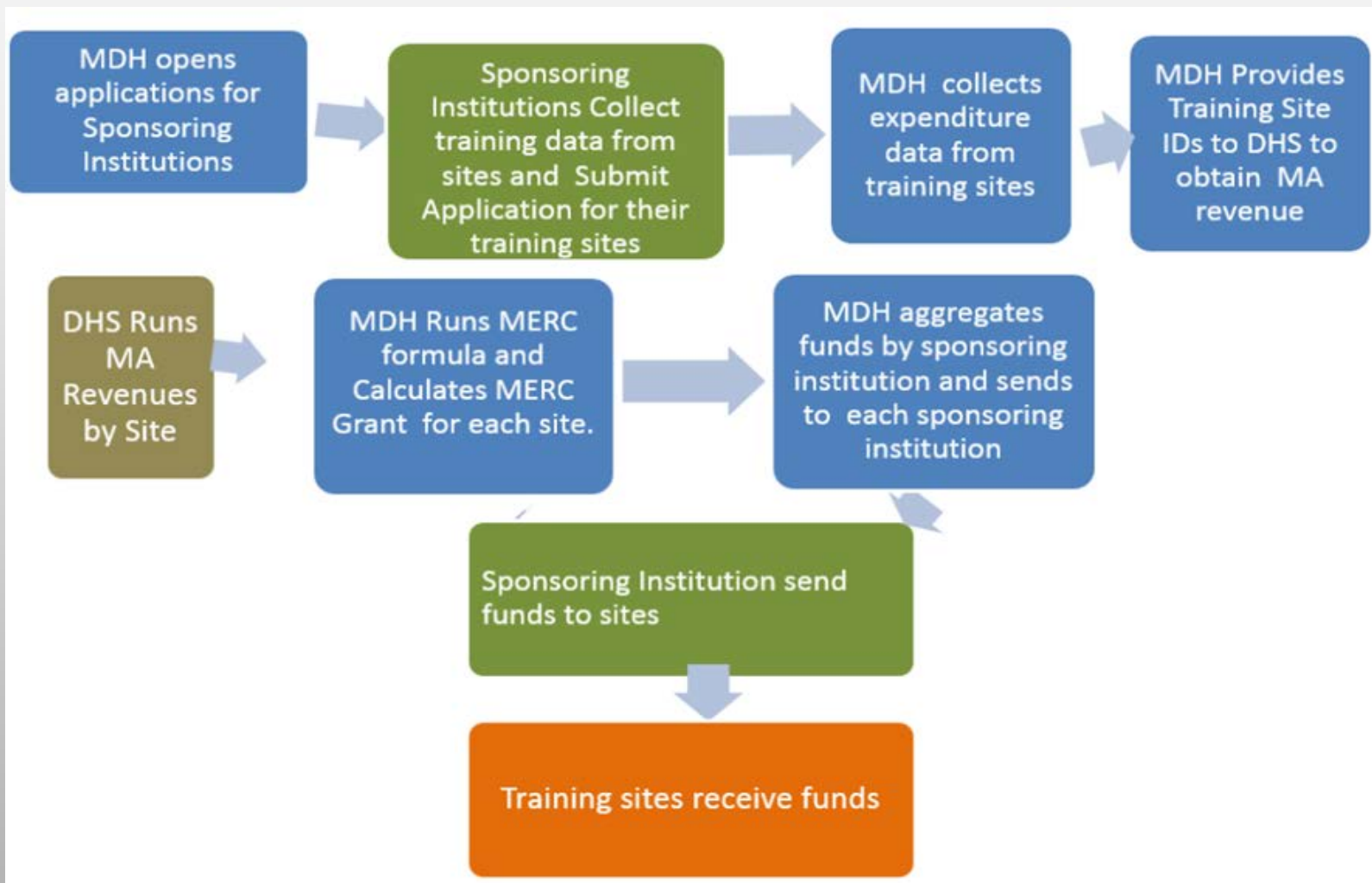
MERC Sources and Uses FY 17

½ state funds; about ½ federal Medicaid matching funds
 Medicaid regulations apply, feds must approve any changes

	Sources	Uses	
MERC FORMULA			
MA Manged Care Carve-out	49,552	59,127	MERC formula
Cigarette tax	3,937	150	MDH Admin
Match on cigarette tax	3,788		
GF appropriation (15 session)	1,000		
HCAF appropriation (16 session)	1,000		
Subtotal	<u>59,277</u>	<u>59,277</u>	
OTHER DISTRIBUTIONS			
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
Subtotal	<u>30,414</u>	<u>30,414</u>	
Grand Total	<u>89,691</u>	<u>89,691</u>	

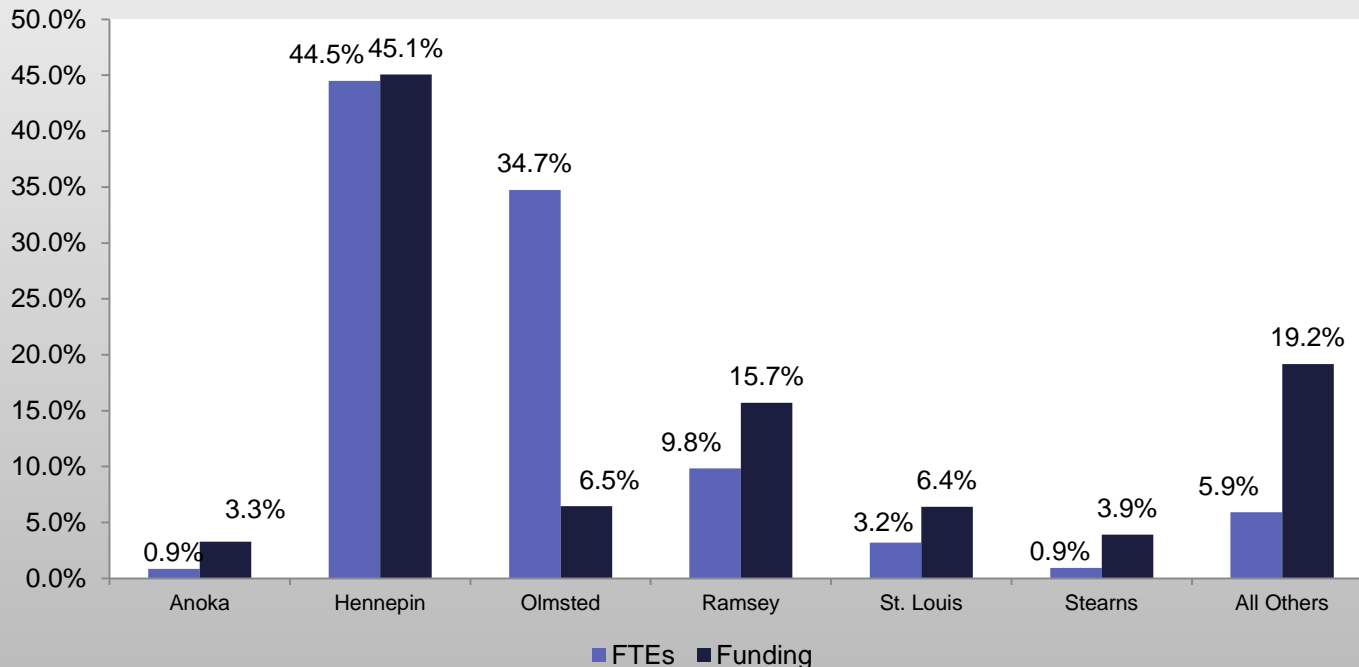
LOTS OF MOVING PARTS

MDH
20 Sponsoring Institutions
DHS
419 Training Sites



Where does the money go? 2016

- 419 Distinct Sites Received MERC Funds
- 75.4% of Funding to Hospitals
- 17.0% to Physician Clinics
- 3.1% to Pharmacies
- 1.2% to Community Mental Health Centers
- 1.0% to Federally Qualified Health Centers
- 0.1% to Dental Clinics
- 60.8% of Grant to Hennepin/Ramsey Counties



Where does the money go? 2016

Percent of Provider Type Trainees

Policy Options – Amend current formula

- Medicaid approval limitations
 - Requires close tie to Medicaid enrollees and providers
 - Approval process lengthy and uncertain
 - New Medicaid managed care regulations
- Effects of changes can be indirect and not entirely predictable
- 2013 Example – formula amended by 2013 Legislature
 - Next slides
 - 2016 MERC Report to Leg. – pages 14 - 18

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

Top 20

Primary: NP, PA, Medical Residents (Adolescent Medicine, Family Practice, Geriatrics, Internal Medicine, Pediatrics, Preventative Medicine).

Specialty: CNS, Nurse Anesthetists, Nurse Midwife, Medical Resident (Specialists).

Mental Health: Clinical Social Workers, Psychologists, Psychiatry.

Policy Options

- Amend Current Formula (see above)
 - Some opportunities, but there are limits
 - Medicaid approval limitations
 - Requires close tie to Medicaid enrollees and providers
 - Approval process lengthy and uncertain
 - New Medicaid managed care regulations
 - Effects of changes can be indirect and not entirely predictable
- Re-create from scratch through new Medicaid waivers
 - Other states have done this, as part of broad reform waivers

Policy Options

- Invest Outside of MERC

- Examples:

- 2015 Appropriations to new programs
- 2016 Higher Ed funding for addiction medicine fellowship
- 2015 and 2016 state-only appropriations to MERC
- No federal match available

Annual Report to the Legislature:



Commissioner's Office
625 Robert Street North
P.O. Box 64975
St. Paul, MN 55164-0975
(651) 201-4989
<http://www.health.state.mn.us>

Medical Education and Research Cost (MERC) Grant Distribution

Minnesota Department of Health
Report to the Minnesota Legislature

Contact Information:
Mark Schoenbaum

mark.schoenbaum@state.mn.us , 651-201-3859