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On behalf of the nearly 500 hospitals and health systems that comprise our membership, the Texas Hospital Association expresses our support for the concept of “Cap Flexibility” for the purposes of reducing the shortage of physicians in Texas to care for the state’s rapidly growing population.

For health care institutions to establish a post-medical school, Graduate Medical Education residency program requires immense investment of human capital, infrastructure, institutional capacity, as well as community and financial support. This is particularly challenging for new teaching hospitals, especially those in rural areas or other areas of need where available resources are scarcer and the referral area and community need larger. Programs located in regions experiencing physician shortages as well as rural and underserved areas could greatly benefit from additional time to secure the necessary resources and to foster the development of residency programs that can meet the increasing demand for physicians.

With “Cap Flexibility,” the Centers for Medicare & Medicaid Services can leverage its existing authority to supplement the current broad-based Graduate Medical Education cap-building policy with a strategic, directed approach to provide incentives and additional assistance for GME programs to develop in select areas of need across the country. Specifically, under “Cap Flexibility,” new GME teaching hospitals in areas of need would have up to an additional five years beyond the current five-year window (for a total of up to ten years) to add residents to their training programs. During the current five-year cap-building window, new teaching institutions are allowed to add as many residents as their program accreditations allow. However, once the cap-building window closes, Medicare funding to that particular hospital for all future years is limited to the number of residency slots the hospital was able to fill during the cap-building window.

Allowing new teaching hospitals in areas of need additional time under “Cap Flexibility” to build their cap will:

- Provide lifesaving opportunities for new teaching hospitals to secure the resources necessary to scale-up training capabilities.
- Help alleviate regional physician shortages.
- Boost the return on investment for hosting teaching hospitals, medical schools, local communities, Medicare and state investment.
- Increase the likelihood that physicians will practice in the underserved area as there is strong evidence that physicians practice where they train.
- Help address the mal-distribution of GME programs and physicians.

Meeting the health care needs of a growing population as large, diverse, and geographically distributed as that of Texas requires a dynamic and flexible system that is able to supply a sufficient number of primary care and specialist physicians and geographically locate them where they are needed.

THA believes “Cap Flexibility” is an innovative and dynamic policy tool and encourages CMS to use it and all available tools at its disposal to address the state’s physician workforce challenges.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Shaw". The signature is fluid and cursive, with a large initial "T" and "S".

Ted Shaw  
THA president/CEO