



# Issue:

## Investing in Medical Education

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### ● MMA Position

Investment in the next generation of Minnesota's physicians is critical to ensure we have the workforce needed to provide care. Teaching facilities are facing potential cuts to residency slots, threatening the future of the physician workforce. Funding for programs such as Medical Education and Research Costs (MERC) and loan forgiveness programs is needed to ensure that Minnesota's next generation of physicians receive the training they need to care for Minnesotans in the future.

### ● Background

In an effort to ensure continued investment in the next generation of Minnesota's health care workforce, the Medical Education and Research Costs (MERC) program was established by the Legislature and Governor in 1996. The intent of the program is help teaching hospitals and clinics offset a portion of the costs of clinical training. Prior to MERC's establishment, these costs traditionally had been covered by teaching facilities charging higher rates for patient care. However, with increased competition for scarce health care dollars, teaching facilities were left at a competitive disadvantage.

The MERC program is funded by three principal means: a portion of the state's cigarette tax, matched with federal dollars; a percentage of state spending under the Prepaid Medical Assistance Program (PMAP)

is "carved out" and deposited into the MERC account; and the University of Minnesota takes advantage of federal matching funds to further fund MERC by transfers and other mechanisms.

MERC is administered by the Minnesota Department of Health. Today, almost 600 different sites receive some MERC funding.

In 2011, the budget agreement that ended the state shutdown reduced MERC funding by almost 50 percent. Additionally, the budget agreement cut more than \$150,000 from rural loan forgiveness programs, which are designed to incent new physicians to work in underserved areas.

### ● Talking Points

- The loss of MERC funds could jeopardize training of future physicians as training sites are forced to reduce the number of residency slots available.
- MERC funds allow clinics and hospitals throughout Minnesota to attract and train qualified medical residents. Training sites may no longer find it viable to accept residents, putting further strain on already burdened health care systems.
- With an aging population needing more health care, investments in the state's medical education system are critical if Minnesota hopes to remain one of the nation's healthiest states.