

How Graduate Medical Education Creates Community Service

As a nonprofit community service organization dedicated to improving the health of the communities we serve, Kaiser Permanente (KP) understands that our role extends beyond providing health care to our members: Our social mission leads us to serve the health care needs of the greater communities.

Historical and Current Funding

Historically, graduate medical education itself has been recognized as a community service and is therefore entitled to receive Medicare funding. In fact, Medicare has been a major source of funding for graduate medical education since the mid-1960s. Until 1983, Medicare paid for graduate medical education on a cost-reimbursement basis. With the enactment of the Consolidated Budget Reconciliation Act of 1985 (COBRA), Medicare replaced its cost-based funding formula with two types of discrete payments: direct medical education (DME) payments and indirect medical education (IME) adjustments. DME payments are intended to defray administrative costs associated with residency programs, and IME adjustments are intended to defray costs associated with the higher rates of morbidity associated with teaching hospitals and with the inefficiency inherent in teaching situations.

In the past, Medicare's payment to health maintenance organizations (HMOs) was based on adjusted average per capita cost (AAPCC) for Medicare beneficiaries in the fee-for-service sector. Before the 1997 budget reconciliation agreement took effect, health plans received revenue for patient care provided by residents and by their sponsoring institutions. Academic teaching hospitals have historically been critical of HMOs not directly engaged in graduate medical education, because these HMOs benefited from the AAPCC formula despite not actually educating residents. The 1997 budget reconciliation act encourages training in ambulatory settings by expanding eligibility for DME and IME at such sites; HMOs will no longer receive DME and IME payments through the AAPCC unless they actually participate in graduate medical education.

Direct Community Benefit Investment

The Southern California Permanente Medical Group (SCPMG) currently trains nearly 300 residents

at Kaiser Permanente (KP) facilities and interacts with a comparable number of residents from other sponsoring institutions. Funding for residency education is provided through the Community Affairs Budget and is administered by the SCPMG Clinical Services Department. Beginning with the fiscal year 2000, evidence of direct community benefit investment (DCBI) will be a prerequisite for all funding. Under current federal statutes, graduate medical education qualifies as a community service; therefore, this education is entitled to receive tax benefits and Medicare support.

In 1994, the California state legislature passed Senate Bill 697, which required all not-for-profit hospitals in California to assess community needs as a basis for developing a community benefit plan. SCPMG partnered with United Way to conduct our community needs assessment because of United Way's approach to community building: United Way works with the community to identify its unmet needs and targets philanthropic dollars and resources to build the community's capacity to achieve greater health and wellbeing. Volunteer activities at both Los Angeles Free Clinic and Venice Family Clinic were included in the Metropolitan Los Angeles Community Benefit Action Plan.

The Free Clinics

The Los Angeles Free Clinic has been providing medical, dental, and legal services to uninsured people in the Hollywood area since the late 1960s. The Clinic now operates at two sites: one site provides comprehensive services, and the other site is dedicated to providing care for high-risk teenagers. Similarly, Venice Family Clinic has been serving the homeless, the medically underserved, and the working poor in the Westside communities of Los Angeles, Santa Monica, and Venice since the early 1970s. As a result of the Los Angeles County budget crisis, Venice Family Clinic expanded its services from the original Venice site to two facilities formerly associated with Los Angeles County: the Burke Health Center in Santa Monica and the Los Angeles County Venice Health Center. In recognition of its outstanding service to these communities, the Venice Family Clinic was recognized with the prestigious Presidential Volunteer Action Award in 1996.

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“Why Doctor Hara is a Lousy Golfer”

I have been volunteering at the Venice Family Clinic for more than 25 years and at the Los Angeles Free Clinic for more than 15 years. For more than 20 years, I have taken medical students from the University of California at Los Angeles (UCLA) and the University of Southern California (USC) to join me in my volunteer activities at both clinics. For the past 15 years, the Kaiser Permanente Los Angeles (KPLA) Family Practice Residency Program has also provided volunteer medical services to Venice Family Clinic and the Los Angeles Free Clinic on a weekly basis. As the Family Practice Residency Program Director, I provide on-site supervision for these services. I thereby hope to serve as a role model who embodies the spirit of volunteer community service that work in a Free Clinic represents. Typically, I take one senior resident, one or two interns, and a half dozen medical students from UCLA and USC on my volunteer activities. The KPLA Internal Medicine and Obstetrics-Gynecology Residency Programs have also been sending residents to work at the Los Angeles Free Clinic for the past five years.

Daniel Keatinge, Director of Continuing Medical Education for the KPLA Internal Medicine Department, currently serves with me on the Venice Family Clinic Board of Directors. Several years ago, an advertisement for Venice Family Clinic that gained nationwide circulation was titled “Why Doctor Hara is a Lousy Golfer.” And last year, I was invited to describe my community service activities to a group of graduate medical education leaders in the KP California Division who were attending the annual Marconi Conference (sponsored by The Permanente Medical Group-Northern California).

Special Benefits for Medical Residents

In addition to providing much-needed resources to the clinics they assist, residents find their participation in this program beneficial for their own per-

sonal and professional development. Residents see cases they might otherwise not see at our KP facilities. More important, many residents often acquire a sense of social responsibility that they carry throughout their careers and that motivates them to maintain similar relationships with the communities they serve. Michael Wada, a recent graduate of the KPLA Family Practice Residency Program, has continued his volunteer activities at Venice Family Clinic and has now enrolled in a fellowship at UCLA to further study unmet health care needs in Central and Southern California. Another graduate, Kendra Gorlitzky, serves as full-time staff physician at the Oscar Romero Clinic, a facility which serves the immigrant Central American population.

Last year, I was appointed to the California Health Manpower Policy Commission of the Office of State-wide Health Planning. The charge of our Commission is to provide funding to family practice residencies as well as to nurse practitioner and physician assistant training programs. The Commission is also charged with using State of California census tracts to identify geographic areas where health care professionals are in short supply and where the population has a substantial unmet need for health care. State and federal funding for health care facilities will both be based on the Commission's findings.

Conclusion

By actively participating in graduate medical education that produces practicing physicians for the community—and even more important, by involving residents in actual volunteer community service and caring for a medically underserved population—the SCPMG residency programs in Los Angeles provide a direct community benefit in the truest sense of the term. This benefit is one that greatly enhances the value of the KP Program for individual patients and health care practitioners as well as for society in general. ❖