February 16, 2011

Sandy Anderson, President St. Clare Hospital & Health Services 707 Fourteenth Street Baraboo, WI 53913

Dear Ms. Anderson,

I thought your question at the February 14, 2011 hearing of the Special Committee on Health Care Access was very appropriate regarding the Family Medicine- MCW request for additional funding to expand the capacity of our Family Medicine residencies. It is very difficult to know the 'actual cost' of training a resident in family medicine. One should include the residents' stipends and benefits, faculty FTEs, some costs associated with program administration and infrastructure, and in our situation proportionate costs of EHR implementation and maintenance.

The aggregate cost of a 3-year, 18 resident program is now in the \$6-7 million dollar ballpark range. The best article, which you seemed to be aware of, is the article by Judith Pauwels, MD using data from the WAMI programs (attached). Although a bit dated (2006), costs seen in the 2006 article were approximately \$250,000 - \$285,000/resident/year. This is offset by income from Medicare GME, clinical dollars and additional hospital funds for a net loss of \$35,000- \$38,000/year. These figures are based on 2003 data and since then costs have gone up much more than revenue. Our MCW request was based on no additional Medicare GME funds, no new hospital dollars and marginal clinical revenue due to a highly leveraged Medicaid/ uninsured patient population. We also factored in new faculty generated clinical income and subtracted that from the total request. Thus, the request was significant (\$1.5 million/year) but could be for less in years 1 and 2 as we incrementally increase resident/faculty numbers but by year 3 these figures would be realistic.

Judy Pauwels was formally an MCW faculty member before moving to the University of Washington. I know her well as she is a Residency Program Solutions consultant as am I - a panel of residency consultants sponsored by the American Academy of Family Physicians. She is currently accumulating new data to update this analysis.

Parenthetically, if one calculates the state support per graduating resident comparing the MCW to the UW Madison it looks like this:

	State Appropriations	2010 FP Resident Graduates	State Funds Per Graduate
University of WI – Madison	\$9,500,000	33	\$300,000
Medical College of WI	\$3,165,000	22	\$144,000

There is a lot more to this than meets the casual glance. A portion of state funds can and are used for medical student education in family medicine. I don't know how UW passes out their funds, but it is apparent from this 20,000 foot perspective that Family Medicine at MCW is a relative bargain.

I would be glad to discuss this further, if you desire either by e-mail, phone or letter. Thank you for your participation on this special committee and for your careful listening.

Sincerely,

Alan K. David, MD Professor and Chairman

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