

Making a Business Case for Investing in Graduate Medical Education

Shelly R. Monks, MBA, FACHE (@shelly_monks)
Jacob L. Bidwell, MD (@JakeBidwell)

Mary Jo Wagner , MD

The Challenge

Graduate medical education (GME) is ultimately an altruistic endeavor to educate the next generation of physicians. However, expanding a current program's size or starting a new program requires significant resources. It may be difficult to attract the attention of an organization's leadership and secure required funding, given expanding organizational needs, small profit margins, and fierce competition. Thus, GME leaders are often asked to write a *business case* for major programmatic changes yet may have limited knowledge and experience in this area.

What Is Known

A business case (the justification) with a proforma (the dollars) conveys your "ask" to leadership. Providing the financial justification for undertaking a project, this proposal evaluates the benefits, costs, and risks of alternative options and provides a rationale for the recommended solution. This Rip Out focuses on requests for a new program or complement increase, but the basic structure of a business case remains applicable to other requests.

How You Can Start TODAY

1. Review the Accreditation Council for Graduate Medical Education (ACGME) Specialty Program Requirements for the new program or a complement increase. Note the requirements that entail resources, including clinical and

RIP OUT ACTION ITEMS

1. Create a business case to justify your requests for graduate medical education (GME) funding.
2. Develop a GME plan to support the organization's long-range strategy, communicate it widely, and revisit periodically.
3. Identify how your funding request adds value to your organization and leverages its strengths.

nonclinical personnel, types and numbers of patients, equipment, travel/supplies, and physical space.

2. **Identify stakeholders** associated with resource requirements. Include representation from those who will be affected by increased resource needs and less traditional areas such as facilities, finance, community partners, compliance/risk, patient relations, government relations, physician recruitment, and strategy/marketing.
3. **Meet with each stakeholder** to obtain their perspectives. Identify how your request can drive an existing organizational priority. Recognize that GME increases may be primarily viewed as an expense. Present proposals as a catalyst for an organizational strategy.
4. **Identify who can provide needed data.** Finance can supply federal direct graduate medical education (DGME) and indirect medical education (IME), state funding, and patient services revenue projections. Physician recruitment can offer anticipated workforce projections, with data

Key Elements	Questions
Executive summary	What are you recommending/requesting? Why should the organization allocate resources to it? How will the organization benefit?
Strategy	How does your request align with the organization's priorities and strategic initiatives?
Market analysis	Why will your recommendation be successful? Based on what information? For example, will it meet ACGME minimum program requirements for patient cases/procedure volumes or competencies?
Customer analysis	Why will there be interest in your program? What are unique and distinctive characteristics to attract the intended audience?
Financial analysis	What will the cost or profit be to the organization?
Plans	How will the recommendation be implemented? What stakeholders will be involved? What is the timeline for your recommendation? What are the milestones along the timeline? For example, include the ACGME Review Committee due dates for applications.
Recommendation	Does your business case explicitly state your final recommendation and the benefits to the organization?

Sample Financial Proforma			
	FY 2025	FY 2026 ^a	Consider these items
Revenue			
Direct Medical Education			
Indirect Medical Education			
State Grants			
Philanthropy/Foundation			
Clinical Earning			
Total Revenue			
Expenses			
Resident Expenses			Annual stipend by PGY level; Fringe/FICA; Benefits, to include all applicable Dental, Vision, Long-Term Care, Health, and Life; Liability Insurance; AMA/State Membership Dues; Educational/Scholarly Activity; Lab Coats; Cell Phones; In-Training Examinations; and Laptops
Total Resident Expenses			
Program Expenses			Accreditation Fees; Training Resources/Materials/Library Services; Research Services; Catering/Food Services; Recruitment; Office Supplies; Rent; Utilities; Shared Services; Program Coordinator Compensation, Benefits and Scholarly Activity/Travel
Total Program Expenses			
Faculty Expenses			Program Director Compensation, Benefits and Scholarly Activity/Travel; Associate Program Director Compensation, Benefits and Scholarly Activity/Travel; Faculty Development; Faculty Scholarly Activity/Travel; and Professional Fees
Total Faculty Expenses			
Clinical Expenses			Additional cost for expanded or new clinical services including staff
Total Clinical Expenses			
Total Expenses			
Operational Margin			
Capital Cost/Expenses			Such as Physical Space Build/Renovation; Equipment; Computers; A/V Equipment; Office/Conference/Workspace Furniture

^a FY columns typically continue out for 4 or more years.

Abbreviations: FY, fiscal year; PGY, postgraduate year; FICA, Federal Insurance Contributions Act; AMA, American Medical Association.

Note: Fiscal year alternatives include academic year or cost reporting period.

regarding the average age of physicians in the specialty and national and state needs. Finance analytics can offer operational expenses.

5. **Develop a proforma** which is a depiction of the projected revenue, expense, and operating margin over time. Identify your organization's budget timeline and Centers for Medicare & Medicaid Services cost-reporting period. If the timelines for the fiscal year, cost reporting period, and academic year do not align, create a unique financial proforma for each. Leadership often prefers a proforma aligned with the organization's fiscal year.

What You Can Do LONG TERM

1. **Think like an MBA.** Recognize that a strong GME program takes money. GME leaders must advocate for and secure funding, so consider what will convince those controlling funding to support your ask. Learn to align your request with the organization's mission. Become facile with business and finance terminology and consider taking workshops on business or finance through professional societies and accreditation bodies.
2. **Develop a GME workforce plan.** Convene key GME and hospital leaders to develop a long-range medical education plan that incorporates the types of specialties, locations (for institution and trainees), and numbers needed in each specialty. Consider community needs, which will evolve, and revisit periodically.

3. **Identify how your ask will add value.** Go beyond recognizing the value of creating a workforce: discuss benefits to the community, stature as a teaching hospital, and the culture of a learning health care system. Trainees alert the organization to what the next generation of physicians value and bring the most recent knowledge, which improves care.
4. **Leverage your institution's strengths.** If your sponsoring institution is particularly good in one area (eg, cardiology, urology), build your organization's stature in this area by starting or expanding a residency program or fellowship.
5. **Communicate, share the plan, and develop colleagues.** If you have new C-suite members or new finance leaders, meet and discuss the value of GME. Articulate how, if your GME programs were to disappear, key organizational functions would not survive. Share your workforce plan regularly. Make a close associate out of a colleague with expertise in business and finance.



Shelly R. Monks, MBA, FACHE, is Chief Academic Officer and Designated Institutional Official (DIO), Texas Health Resources, Arlington, Texas, USA; **Jacob L. Bidwell, MD**, is DIO and Vice President of Medical Education, Advocate Aurora Health, and Associate Dean, East Academic Campus, University of Wisconsin School of Medicine and Public Health, Milwaukee Wisconsin, USA; and **Mary Jo Wagner, MD**, is DIO and Chief Academic Officer, CMU Medical Education Partners, Saginaw, Michigan, USA.

Corresponding author: Shelly R. Monks, MBA, FACHE, Texas Health Resources, Arlington, Texas, USA, shellymonks@texashealth.org, X@shelly_monks