

# MEDICAL EDUCATION AND RESEARCH COSTS (MERC)

## 2003 DISTRIBUTION

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The MERC Fund was established in 1996 to provide funding for the clinical training of selected medical professions. The purpose of this funding is to compensate teaching facilities for a portion of the costs of clinical training provided in patient care settings. Historically, teaching institutions covered a portion of these costs by setting patient charges above what they would be in a non-teaching environment. However, due to the implementation of managed care and other cost containment mechanisms, it became increasingly difficult for teaching facilities to collect this teaching increment, leaving these facilities at a competitive disadvantage. With the shift away from inpatient care and reductions in Medicare funding of medical education, teaching facilities are finding it more difficult to fund the costs of clinical training.

In response to these financial pressures, the MERC Fund has distributed grants to clinical training sites since 1998. Over the past six years, the MERC Fund has distributed \$122.9 million to clinical training sites around the state. In 2003, MERC distributed approximately \$21.9 million, comprised of \$8.4 million from the tobacco settlement fund established by the 1999 Legislature, \$12.2 million in federal Medicaid matching funds and additional funding rolled over from the prior year.

In addition to these funding sources, additional funds for distribution come from the carveout of the medical education component of Medicaid capitation rates paid to HMOs and the transfer of these funds to MERC. Federal approval for this carveout was received in August of 2000, with the first removal and transfer of funds on October 1, 2000. This distribution, known as the PMAP distribution, occurs biannually in January and July.

### 2003 MERC Fund Distribution

Applications for grants from the MERC Fund are submitted by sponsoring institutions (organizations that are financially or organizationally responsible for one or more teaching programs) on behalf of the programs they sponsor. Each teaching program uses clinical training sites to provide training to the provider types listed to the right. Since the MERC grants are designed to offset costs at clinical training sites, not at sponsoring institutions, the sponsoring institutions are obligated to forward the grants on to the clinics or hospitals at which their students' or residents' training was provided. A facility may be both a sponsoring institution and a training site. Training sites often support trainees from multiple sponsoring institutions and programs. Currently, nine provider types (listed at right) are eligible for MERC grants.

Provider types eligible for grants from the 2003 MERC Fund
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Advanced Practice Nurses
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Chiropractic Students
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Dental Residents
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Dental Students
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Medical Residents
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Medical Students
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PharmD Residents
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PharmD Students
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Physician Assistants
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In 2003, the MERC Fund distributed grants to 18 sponsoring institutions representing 166 training programs, over 560 distinct training sites, and 2,967 trainees. The table below shows a breakdown of the 2003 distribution by sponsoring institution.

## MERC 2003 Distribution

Institutions Name	Programs	Sites	Non-Eligible FTEs			Total		Grant Amount	% of Trust Fund
			Didactic	Non-MN	Other	Non-Eligible FTEs	Eligible FTEs		
ABBOTT NORTHWESTERN HOSPITAL	2	23	1.592	0.083	1.104	2.779	27.221	\$274,462.19	1.2521%
AUGSBURG COLLEGE	1	59	0.000	2.000	2.000	4.000	27.000	\$60,618.04	0.2765%
CHILDREN'S HOSPITALS AND CLINICS	1	3	0.146	0.000	0.000	0.146	1.854	\$7,454.29	0.0340%
COLLEGE OF ST. CATHERINE	1	42	23.913	0.000	0.125	24.038	16.962	\$68,806.26	0.3139%
COLLEGE OF ST. SCHOLASTICA	2	43	12.400	2.360	0.090	14.850	20.700	\$83,969.44	0.3831%
DULUTH GRADUATE MEDICAL EDUCATION COUNCIL	1	4	1.000	0.000	0.000	1.000	29.000	\$298,479.67	1.3617%
FAIRVIEW UNIVERSITY MEDICAL CENTER	1	1	0.000	0.000	0.000	0.000	5.000	\$20,103.26	0.0917%
HENNEPIN COUNTY MEDICAL CENTER	8	13	0.000	0.000	0.000	0.000	206.347	\$2,121,270.27	9.6773%
MAYO FOUNDATION	65	215	97.660	41.960	38.550	178.170	955.220	\$8,820,542.03	40.2395%
MERCY HOSPITAL	1	8	0.441	0.000	0.000	0.441	1.559	\$16,045.86	0.0732%
MINNEAPOLIS SPORTS MEDICINE CENTER	1	4	0.480	0.000	0.000	0.480	2.020	\$20,790.65	0.0948%
MINNESOTA STATE UNIVERSITY, MANKATO	1	21	36.670	1.900	0.307	38.877	9.823	\$39,846.95	0.1818%
NORTHWESTERN HEALTH SCIENCES UNIVERSITY	1	54	484.100	29.000	69.540	582.640	97.060	\$235,255.25	1.0732%
REGIONS HOSPITAL	5	37	3.030	1.410	2.905	7.345	62.960	\$648,009.65	2.9562%
ST. MARY'S UNIVERSITY OF MINNESOTA	1	13	15.000	5.000	0.000	20.000	39.000	\$158,203.29	0.7217%
UNITED HOSPITAL	2	37	1.910	1.209	0.181	3.300	16.200	\$159,988.52	0.7299%
UNIVERSITY OF MN ACADEMIC HEALTH CENTER	70	664	519.620	16.860	210.470	746.950	1,438.237	\$8,841,423.45	40.3348%
WINONA STATE UNIVERSITY	2	12	14.890	2.720	2.720	20.330	11.050	\$44,824.26	0.2045%
<b>Total</b>	<b>166</b>	<b>1,253</b>	<b>1,212.852</b>	<b>104.502</b>	<b>327.992</b>	<b>1,645.346</b>	<b>2,967.213</b>	<b>\$21,920,093.33</b>	<b>100.0000%</b>

\*Note: Institutional totals may not add up to the total overall grant due to rounding.

Distribution of MERC funds is governed by a formula that first calculates average clinical training costs per trainee for each provider type, then uses that figure to calculate a total cost for training eligible FTEs at each training site. A set percentage of costs is reimbursed for each site.

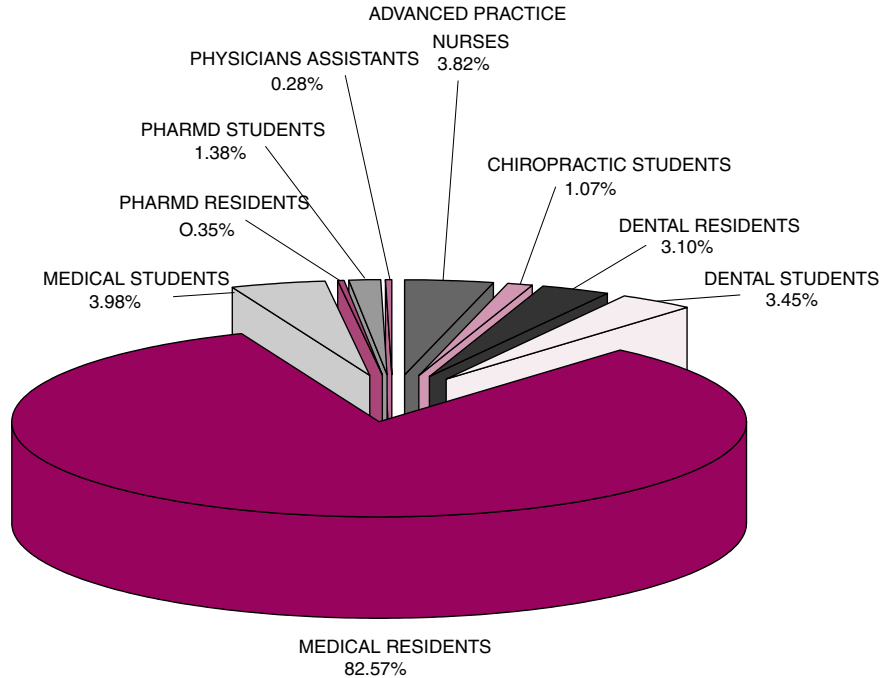
## Distribution by Provider Type

Programs training medical residents accounted for 78% of the programs and 59% of the FTEs in 2003. The FTEs were almost three times higher than the FTEs of next largest provider type. Medical residents received over 82% of the MERC Fund distribution in 2003. In 2003, submission of cost data was not required for programs. By statute, programs are only required to submit costs and financial data in the first year of each biennium.

### 2003 MERC Grant Distribution by Provider Type

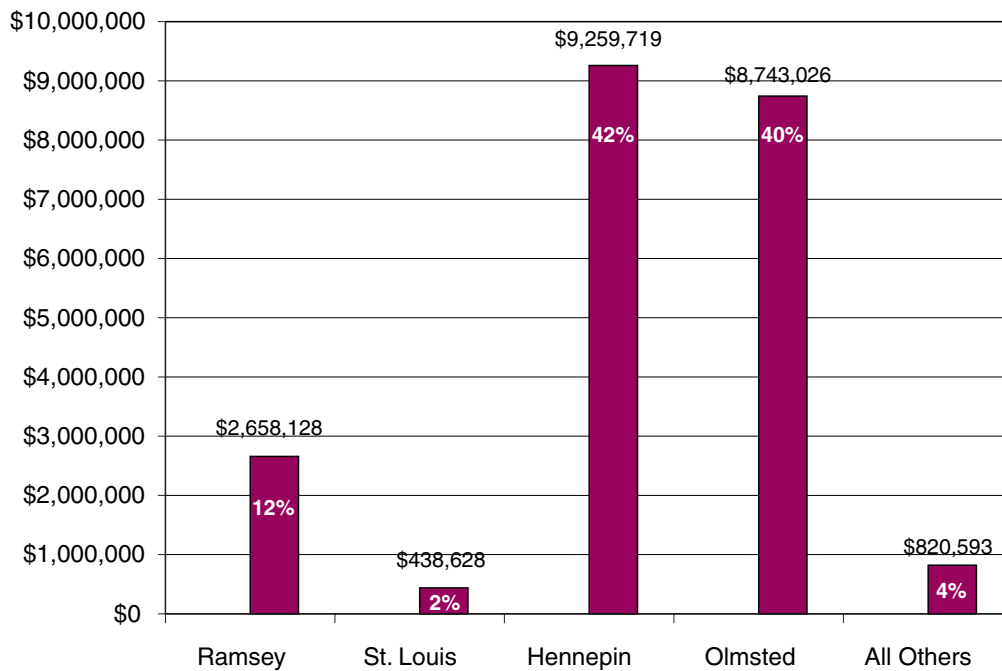
Provider Type	Number of Programs	Number of Sites	Eligible FTEs	Non-Eligible FTEs	Grant Amount	Pct Grant
ADVANCED PRACTICE NURSES	10	253	206.550	303.725	\$ 837,869	3.82%
CHIROPRACTIC STUDENTS	1	54	97.060	582.640	\$ 235,255	1.07%
DENTAL RESIDENTS	12	22	69.710	18.050	\$ 679,300	3.10%
DENTAL STUDENTS	1	1	127.820	38.180	\$ 755,492	3.45%
MEDICAL RESIDENTS	129	524	1,758.621	264.311	\$ 18,100,435	82.57%
MEDICAL STUDENTS	5	234	600.190	424.680	\$ 871,901	3.98%
PHARMD RESIDENTS	6	20	18.990	2.360	\$ 76,352	0.35%
PHARMD STUDENTS	1	86	61.272	7.400	\$ 302,871	1.38%
PHYSICIAN ASSISTANTS	1	59	27.000	4.000	\$ 60,618	0.28%
<b>Overall total</b>	<b>166</b>	<b>1,253</b>	<b>2,967.213</b>	<b>1,645.346</b>	<b>\$ 21,920,093</b>	<b>100.00%</b>

## 2003 MERC Distribution by Provider Type



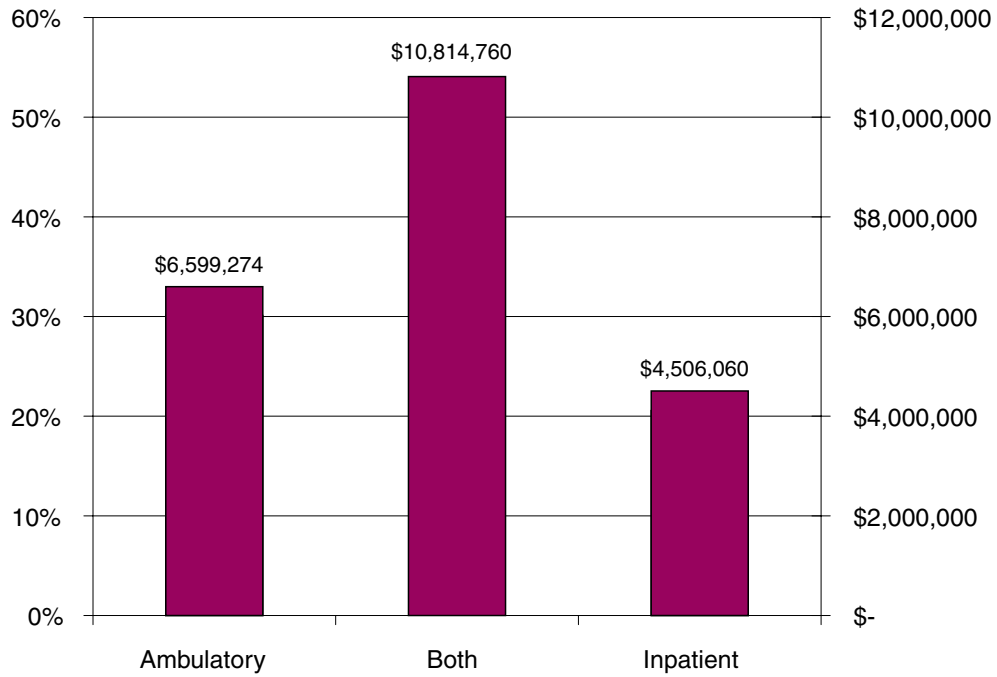
## Distribution by County

In a breakdown of the distribution by county, the results coincide with the counties of the major teaching institutions. Hennepin County, which received slightly over 42% of the 2003 distribution, is home to many teaching facilities including Hennepin County Medical Center, Fairview University Medical Center, and Abbott Northwestern Hospital. Olmsted County received 40%. This is attributed to Mayo Hospital and Clinic. These two counties alone received just over 82% of the total distribution.



## Distribution by Setting

The training sites used by MERC-funded programs range from large inpatient facilities to smaller, one or two physician community based clinics or group practices. The MERC Fund Application collects information on the type of clinical setting at which trainees are located (i.e., inpatient, ambulatory, or a combination of the two).



## Distribution by Site

The table below lists the training sites that received \$10,000 or more from the 2003 MERC Fund. Many of these facilities are training sites for multiple teaching programs; the table sums the grants that each site received from all training programs.

### MERC 2003 Grant Distribution by Sites > \$10,000

Training Site Name	Training Location	Eligible FTEs	Pct of Grant	Grant Amount
ST MARYS HOSPITAL	ROCHESTER	415.62	17.01%	\$3,729,336
MAYO CLINIC	ROCHESTER	355.29	15.54%	\$3,405,338
FAIRVIEW UNIVERSITY MEDICAL CENTER	MINNEAPOLIS	428.49	14.39%	\$3,155,072
HENNEPIN COUNTY MEDICAL CENTER	MINNEAPOLIS	399.43	13.79%	\$3,022,416
REGIONS HOSPITAL	ST. PAUL	197.52	6.95%	\$1,524,003
ROCHESTER METHODIST HOSPITAL	ROCHESTER	163.67	6.61%	\$1,449,924
UNIV OF MN SCHOOL OF DENTISTRY	MINNEAPOLIS	170.98	5.36%	\$1,175,159
ABBOTT NORTHWESTERN HOSPITAL	MINNEAPOLIS	72.64	2.19%	\$479,466
CHILDRENS HEALTH CARE ST PAUL	ST. PAUL	48.24	1.45%	\$317,204
NORTH MEMORIAL HEALTH CARE	ROBBINSDALE	33.28	1.04%	\$228,291
METHODIST HOSPITAL	ST. LOUIS PARK	23.31	0.82%	\$178,855
CHILDRENS HEALTH CARE MINNEAPOLIS	MINNEAPOLIS	32.46	0.81%	\$177,369
MAYO PSYCHIATRY AND PSYCHOLOGY	ROCHESTER	16.74	0.67%	\$145,776
ST LUKES HOSPITAL	DULUTH	13.25	0.56%	\$121,891
ST MARYS MEDICAL CENTER	DULUTH	11.77	0.53%	\$117,023
HEALTHEAST ST JOSEPHS HOSPITAL	ST. PAUL	11.79	0.49%	\$107,429
UNITED HOSPITAL INC	ST. PAUL	11.42	0.47%	\$102,136
HEALTHEAST ST JOHNS HOSPITAL	MAPLEWOOD	11.87	0.45%	\$98,690
UAFP SMILEY'S CLINIC	MINNEAPOLIS	11.33	0.43%	\$93,188
UAFP BETHESDA CLINIC	ST. PAUL	11.76	0.42%	\$91,569
UAFP NORTH MEMORIAL CLINIC	MINNEAPOLIS	10.32	0.37%	\$80,759
DULUTH FAMILY PRACTICE CTR	DULUTH	17.35	0.36%	\$78,243
UAFP PHALEN VILLAGE	ST. PAUL	7.70	0.32%	\$69,439
PARK NICOLLET CLINIC CREEKSIDE	ST. LOUIS PARK	8.11	0.27%	\$59,516
NORTHWESTERN COLLEGE OF CHIROPRACTIC CLINIC BLOOMINGTON	BLOOMINGTON	23.33	0.26%	\$56,548
GILLETTE CHILDRENS HOSPITAL	ST. PAUL	6.66	0.25%	\$55,240
WASECA AREA MEMORIAL HOSPITAL	WASECA	5.36	0.25%	\$55,167
UNITED FAMILY HEALTH CENTER	ST. PAUL	5.36	0.22%	\$47,444
IMMANUEL ST JOSEPHS HOSPITAL	MANKATO	4.85	0.21%	\$46,688
DULUTH CLINIC	DULUTH	23.91	0.20%	\$44,136
ST CLOUD HOSPITAL	ST CLOUD	4.03	0.18%	\$38,376
COMMUNITY UNIV HEALTH CARE CENTER	MINNEAPOLIS	5.85	0.16%	\$35,179
PARK NICOLLET CLINIC ST LOUIS PK	ST. LOUIS PARK	7.41	0.16%	\$34,168
CENTRACARE CLINIC	ST. CLOUD	3.12	0.15%	\$32,112
MERCY HOSPITAL	COON RAPIDS	3.89	0.12%	\$26,570
MANKATO CLINIC LTD	MANKATO	2.97	0.11%	\$24,623
WEST SIDE COMMUNITY HEALTH CENTER	ST. PAUL	3.59	0.11%	\$23,453
UNITY HOSPITAL	FRIDLEY	3.61	0.10%	\$22,630
HEALTHPARTNERS RIVERSIDE	MINNEAPOLIS	2.84	0.10%	\$22,525
NORTHWESTERN COLLEGE OF CHIROPRACTIC CLINIC ST. PAUL	ST. PAUL	7.52	0.08%	\$18,227
ALBERT LEA MEDICAL CENTER - MAYO HEALTH SYSTEM	ALBERT LEA	2.20	0.08%	\$16,490
AUSTIN MEDICAL CENTER	AUSTIN	2.58	0.07%	\$15,818
STAR CLINIC	MINNEAPOLIS	1.46	0.07%	\$15,027
ALLINA HOSPITAL AND CLINIC'S HOME HEALTH SERVICES	ROSEVILLE	3.00	0.07%	\$15,023
NORTHWESTERN COLLEGE OF CHIROPRACTIC NATURAL CARE CENTER AT WOODWINDS	WOODBURY	5.70	0.06%	\$13,816
HEALTHPARTNERS COMO	ST. PAUL	1.82	0.06%	\$13,075
FAIRVIEW UNIVERSITY MED CTR/REHAB	MINNEAPOLIS	1.25	0.06%	\$12,866
NORTHWESTERN HEALTH SCIENCES UNIVERSITY UPTOWN	MINNEAPOLIS	5.27	0.06%	\$12,773
LAKEVIEW MEMORIAL HOSPITAL	STILLWATER	1.48	0.06%	\$12,665
HEALTHPARTNERS ST PAUL	ST. PAUL	2.00	0.06%	\$12,213
PARK NICOLLET CLINIC ST LOUIS PK	MINNEAPOLIS	1.15	0.05%	\$11,836
PAYNESVILLE AREA HEALTH CARE SYSTEM	PAYNESVILLE	4.00	0.05%	\$11,435
MILLER-DWAN MEDICAL CENTER	DULUTH	1.23	0.05%	\$11,225
METROPOLITAN UROLOGIC SPECIALISTS	ST. PAUL	1.05	0.05%	\$10,786
METHODIST HOSPITAL PHARMACY	ST. LOUIS PARK	2.11	0.05%	\$10,430
NORTHWESTERN COLLEGE OF CHIROPRACTIC CLINIC BURNSVILLE	BURNSVILLE	4.13	0.05%	\$10,010

# MERC Fund Distribution, 1998 - 2003

## Distribution by Sponsoring Institution 1998 - 2003

Institutions Name	1998	1999	2000	2001	2002	2003
	Grant Amount	Grant Amount	Grant Amount	Grant Amount	Grant Amount	Grant Amount
ABBOTT NORTHWESTERN HOSPITAL	\$ 271,866	\$ 290,674	\$ 203,192	\$ 376,199	\$ 269,602	\$ 274,462
AUGSBURG COLLEGE	\$ 38,791	\$ 36,088	\$ 40,457	\$ 79,963	\$ 64,189	\$ 60,618
CHILDREN'S HOSPITALS AND CLINICS	N/A	N/A	N/A	N/A	N/A	\$ 7,454
COLLEGE OF ST. CATHERINE	\$ 16,046	\$ 26,262	\$ 51,380	\$ 59,917	\$ 92,275	\$ 68,806
COLLEGE OF ST. SCHOLASTICA	\$ 18,528	\$ 19,712	\$ 39,473	\$ 78,657	\$ 86,287	\$ 83,969
DULUTH GRADUATE MEDICAL EDUCATION COUNCIL	\$ 250,972	\$ 306,463	\$ 219,874	\$ 396,668	\$ 284,458	\$ 298,480
FAIRVIEW UNIVERSITY MEDICAL CENTER	N/A	N/A	N/A	N/A	N/A	\$ 20,103
HENNEPIN COUNTY MEDICAL CENTER	\$ 1,661,890	\$ 2,014,847	\$ 1,649,480	\$ 2,961,884	\$ 1,968,607	\$ 2,121,270
MAYO FOUNDATION	\$ 7,281,865	\$ 8,377,089	\$ 5,598,973	\$ 10,632,669	\$ 8,283,112	\$ 8,820,542
MERCY HOSPITAL	N/A	N/A	N/A	\$ 19,560	\$ 17,460	\$ 16,046
METROPOLITAN STATE UNIVERSITY	N/A	N/A	N/A	N/A	\$ 24,085	N/A
MINNEAPOLIS SPORTS MEDICINE CENTER	\$ 13,847	\$ 25,362	\$ 18,196	\$ 32,828	\$ 19,029	\$ 20,791
MINNESOTA STATE UNIVERSITY, MANKATO	\$ 19,273	\$ 17,128	\$ 16,009	\$ 17,310	\$ 43,859	\$ 39,847
NORTHWESTERN HEALTH SCIENCES UNIVERSITY	N/A	N/A	\$ 40,185	\$ 118,424	\$ 225,800	\$ 235,255
REGIONS HOSPITAL	\$ 544,264	\$ 724,805	\$ 591,157	\$ 1,104,788	\$ 684,955	\$ 648,010
ST. MARY'S UNIVERSITY OF MINNESOTA	\$ 46,018	\$ 41,243	\$ 94,755	\$ 102,908	\$ 135,307	\$ 158,203
UNITED HOSPITAL	\$ 147,381	\$ 176,015	\$ 128,065	\$ 225,335	\$ 155,020	\$ 159,989
UNITED HOSPITAL AND CHILDREN'S HEALTHCARE	\$ 11,651	\$ 12,355	\$ 6,517	\$ 9,124	\$ 9,579	N/A
UNIVERSITY OF MN ACADEMIC HEALTH CENTER	\$ 7,405,861	\$ 8,514,578	\$ 6,235,111	\$ 10,847,699	\$ 8,077,978	\$ 8,841,423
WINONA STATE UNIVERSITY	\$ 22,222	\$ 23,290	\$ 53,412	\$ 40,486	\$ 57,795	\$ 44,824
WOMEN'S HEALTHCARE	\$ 9,658	\$ 12,646	\$ 15,111	\$ 20,690	N/A	N/A
<b>Total</b>	<b>\$ 17,760,133</b>	<b>\$ 20,618,557</b>	<b>\$ 15,001,346</b>	<b>\$ 27,125,108</b>	<b>\$ 20,499,396</b>	<b>\$ 21,920,093</b>

## Application Year Comparison

Application Year	Teaching Programs	Eligible FTEs	Non-Eligible FTEs	Training Sites
<b>1998</b>	154	2,710.761	1,294.788	781
<b>1999</b>	158	2,663.678	1,316.842	895
<b>2000</b>	153	2,722.960	1,926.086	980
<b>2001</b>	149	2,789.722	1,849.816	1,095
<b>2002</b>	152	2,873.150	1,666.677	1,073
<b>2003</b>	166	2,967.213	1,645.346	1,253

## Distribution by Provider Type Comparison 1998 to 2003

Provider Type	1998	1999	2000	2001	2002	2003	Overall	% of Funds
Advanced Practice Nurses	\$ 199,899	\$ 241,518	\$ 472,258	\$ 575,791	\$ 758,142	\$ 837,869	\$ 3,085,478	2.51%
Chiropractic Students	N/A	N/A	\$ 40,185	\$ 118,424	\$ 225,800	\$ 235,255	\$ 619,664	0.50%
Dental Residents	\$ 610,032	\$ 523,667	\$ 398,009	\$ 828,860	\$ 622,499	\$ 679,300	\$ 3,662,367	2.98%
Dental Students	\$ 668,771	\$ 670,241	\$ 465,463	\$ 930,235	\$ 698,314	\$ 755,492	\$ 4,188,517	3.41%
Medical Residents	\$ 15,435,778	\$ 17,839,758	\$ 12,889,456	\$ 23,141,371	\$ 17,148,040	\$ 18,100,435	\$ 104,554,837	85.06%
Medical Students	\$ 710,958	\$ 1,196,043	\$ 600,114	\$ 1,270,742	\$ 782,707	\$ 871,901	\$ 5,432,465	4.42%
PharmD Residents	\$ 58,255	\$ 40,943	\$ 47,636	\$ 69,802	\$ 47,706	\$ 76,352	\$ 340,694	0.28%
PharmD Students	\$ 37,649	\$ 69,979	\$ 47,768	\$ 109,919	\$ 152,000	\$ 302,871	\$ 720,186	0.59%
Physician Assistants	\$ 38,791	\$ 36,408	\$ 40,457	\$ 79,963	\$ 64,189	\$ 60,618	\$ 320,427	0.26%
<b>Overall</b>	<b>\$ 17,760,133</b>	<b>\$ 20,618,557</b>	<b>\$ 15,001,346</b>	<b>\$ 27,125,108</b>	<b>\$ 20,499,396</b>	<b>\$ 21,920,093</b>	<b>\$ 122,924,634</b>	<b>100.00%</b>