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HEALTH Case Study

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Establishing Graduate Medical Education in Stockton: Leadership Leverages a Strong Payer Mix to Meet Community Needs

Case Study of St. Joseph's Medical Center

Background and context

St. Joseph's Medical Center (SJMC), located in Stockton, California, was founded in 1899 under the supervision of the Dominican Sisters of San Rafael. Dignity Health (formerly Catholic Healthcare West) acquired SJMC in 1996. In 2015, Dignity Health and Kaiser Foundation Hospitals agreed to joint ownership of SJMC, with Dignity Health retaining 80 percent ownership and responsibility for day-to-day operations and staff. SJMC is the largest employer in Stockton and the largest regional medical center in the county with 355 beds. The SJMC emergency department is the busiest by volume in San Joaquin Valley.

Stockton is the largest city in and the county seat of San Joaquin County, which is part of California's fertile Central Valley. Because of its location in the farmland of San Joaquin Valley and the miles of waterways making up the California Delta, Stockton has historically been an agricultural community that provides access for trade and transportation. Recently, however, Stockton has suffered from economic troubles, filing for the largest (at the time) municipal bankruptcy in U.S. history in 2012. According to 2019 U.S. Census data, Stockton's population comprises 40.3 percent Hispanic/Latinos, 22.1 percent White non-Hispanics, 21.5 percent Asians, 12.2 percent Black/African Americans, and 1.1 percent Native Americans, and in 2020, U.S. News & World Report named Stockton America's most diverse city. In a 2010 Gallup poll, Stockton tied for the most obese metro area in the United States with an obesity rate of 34.6 percent. In 2012, Stockton was ranked the 10th (national) most dangerous city in the United States and 2nd in California. And in 2013, a study by Central Connecticut State University listed Stockton as the third least literate city with a population over 250,000 in the United States. In 2019, 17.9 percent of the population was living in poverty.

In 2018, SJMC started its first two residency programs: emergency medicine and family medicine. Subsequently, it successfully added internal medicine (2020), transitional year (2020), psychiatry (2021), and anesthesiology (2021). It plans to launch several more programs, including orthopedic surgery, urology, neurology, and interventional radiology. As SJMC is still within the first five years of starting up its Medicare graduate medical education (GME) programs, there is no cap on the number of residents that the Centers for Medicare & Medicaid Services (CMS) will fund. This five-year start-up period will end in 2023, when SJMC projects that it will have a total of 238 residents across all GME programs.

Program start-up

For some time, an SJMC emergency department physician had advocated for starting a residency program at the medical center. The emergency department was having trouble finding physicians to work at the hospital and was relying heavily

on temporary physician replacements, or locum-tenens, to fill the gaps. When the administration was approached by the dean of a local medical school, Touro University California, about providing rotations for their medical students, SJMC's leaders took the opportunity to consider launching a GME program. Touro wanted to increase opportunities for the school's medical students to complete clinical rotations and create a pipeline to residency education that would keep graduating physicians in the area. SJMC already had a history of involvement with education, hosting rotations of students in nursing, pharmacy, social work. SJMC even had some experience with GME, offering both internal medicine and general surgery clinical rotations in partnership with San Joaquin General Hospital, the public county hospital located nearby. And, because SJMC had never reported these GME rotations on its CMS cost report, it was therefore still considered a Medicare GME-naïve hospital.

"My advice to anyone who's thinking about doing this is to think in broad terms. Don't just focus on your hospital, focus on your community."

—St. Joseph's Residency Program Director

Because SJMC had not been the sponsoring institution for the previous residency programs, SJMC leaders knew less about and had less experience with the administrative requirements and processes of GME. Touro University hired a consultant with expertise in starting new GME programs to evaluate whether SJMC would be able to rely on Medicare GME funding to sustain its GME program over time and to educate SJMC leaders on the process. As part of long-term strategic planning for its GME program, the hospital worked with the consultant to consider whether a consortium with other hospitals was necessary to become a sponsoring institution. The consultant determined that SJMC was a good candidate for GME for multiple reasons. From a financial perspective, roughly half of SJMC's patients were Medicare beneficiaries, which put the institution in a favorable position with regard to Medicare GME subsidies over time. Because the Medicare percentage was so high, the hospital determined that residency programs could be fully funded by CMS and, though this would still not account for start-up costs, assured SJMC that its programs would have long-term financial viability. Furthermore, SJMC determined that it had sufficient resources, such as bed size and case mix, to start and maintain a GME program on its own instead of forming a consortium with other hospitals.

Perhaps just as important as the financial piece was the strong support for GME from senior leaders. It was extremely difficult to recruit and retain new physicians at Stockton, with most of the existing physician workforce nearing the age of retirement. There weren't enough physicians to provide access to those in the community, and patients often had to travel to the Bay Area or Sacramento for treatment. Seeing St. Joseph's as a pillar in the community, the president of the hospital, along with other SJMC executives, felt a personal responsibility to contribute to the welfare of their underserved community by increasing access to services, and GME was the perfect opportunity to do so. Though the hope was that some of the residents would remain in the area and serve the local community when they finished their training, simply launching a teaching program also required them to hire many new faculty, which in turn significantly increased the local physician workforce.

In 2016, Port City Operating Company LLC, the organization created to manage the joint venture between Dignity Health and Kaiser Foundation Hospitals and that operates SJMC, approved SJMC to become a sponsor of four residency programs: emergency medicine, obstetrics/gynecology, family medicine, and internal medicine. SJMC leaders decided to launch emergency medicine and family medicine programs in the first year because of the extreme shortage of primary care and emergency care physicians in their community. To launch these programs, SJMC leaders needed medical staff with GME interest and expertise. Hospital leaders initially

spoke with current medical staff to elicit their input on the overall GME idea as well as their desire to be involved in the start-up process, but because their existing staff did not have the qualifications to run a GME program, they had to hire outside the local area. They quickly filled essential leadership roles, including a designated institutional official and program directors for both emergency medicine and family medicine, all of whom had previous experience as GME program directors or assistant program directors. The new designated institutional official in turn helped recruit several physician faculty members.

With leadership for the GME programs in place, the existing staff and new hires worked closely with the consultant to begin GME planning and implementation. They dedicated significant time and resources to learning the rules and regulations of each GME specialty program and drafting policies, goals, and objectives for each program. They also addressed issues ranging from developing the physical space to shifting the organizational culture to support GME. As a result of changing hospital system priorities, SJMC had 20,000 square feet of laboratory space available, and the hospital was able to dedicate half of that space to the GME program, using some of it for simulation laboratories. The team had numerous discussions about the cultural changes needed to adjust to their new role as a sponsor of GME programs. For example, they decided that they wanted their GME programs to function under one umbrella so that each program would not become isolated. This meant, for example, encouraging a culture of teamwork among GME program coordinators and allowing the director of one GME program to provide feedback to attending and resident physicians in another. Beyond the GME programs, they trained and educated all staff about teaching hospital protocols (for example, determining which residents to call and when to call the attending physician) to ensure that all employees were familiar with GME practices and operated in a way that supported the new GME programs.

By 2018, SJMC sponsored successful family medicine and emergency medicine programs, adding a transitional year program shortly after. Based on SJMC's successes, the Board of Port City approved the expansion of and addition to its residency programs. Unfortunately, the team was unable to launch the obstetrics and gynecology program because of challenges assembling a qualified leadership team. In addition, the team's first attempt at obtaining accreditation for an internal medicine program did not receive approval. Because SJMC had fallen behind in its timeline to add new programs, in 2020, the hospital rushed to expand its program offerings before the CMS cap was set. The team was able to launch accredited programs in internal medicine, psychiatry, and anesthesiology, resulting in a total of six operational GME programs. As of today, SJMC awaits accreditation for residencies in orthopedics, neurology, and urology. The hospital also plans to start several additional fellowships, including for cardiology, gastroenterology, critical care, and pediatric psychiatry.

As SJMC has added more programs, the program directors have worked to build a collegial and familial atmosphere for the residency programs with an emphasis on a team-oriented approach to learning, with program directors of different residencies wanting to be approachable to residents regardless of their specialty. Program directors also emphasized wellness and having creative outlets and team-building activities to support the residents and focus on their holistic well-being. As part of their continuous improvement philosophy, the program directors provide opportunities for residents to provide feedback and raise concerns. For example, the emergency medicine residency program has a monthly open forum with residents, and the chief residents have a forum with all the residents so that they can raise concerns to peers rather than to faculty and keep their complaints or issues anonymous. The program directors described incorporating that feedback and making changes to rotations and providing attending physicians with more guidance as to the roles that residents can play.

Implementation challenges

SJMC faced three major challenges starting its GME programs, including (1) recruiting program directors and qualified faculty, (2) learning all the specialty-specific accreditation requirements, and (3) introducing the massive cultural change as it transitioned from a community hospital to a teaching hospital. Each of these challenges was compounded by the COVID-19 pandemic.

Recruiting program directors and qualified teaching faculty required considerable time and effort and was a particular challenge for SJMC. Program directors had to have relevant GME experience and a strong interest in starting a new program. Physicians qualified to be program directors were recruited locally and from across the country, which became increasingly difficult during the pandemic. In fact, one new program director was hired via Zoom without ever visiting SJMC in person. Finding teaching faculty was also challenging; despite enthusiasm to teach from some of the existing SJMC medical staff, not all of them met Accreditation Council for Graduate Medical Education requirements to be teaching faculty. For example, many of the community physicians did not have the required research experience and publications. In some specialties, such as psychiatry, neurology, and urology, there simply weren't enough existing physicians to teach because of the physician shortage in the region.

"This is a huge culture change, right? I mean, you're taking a community hospital and drastically changing the culture of it.... A university hospital is not a community hospital in any way, shape, or form. The operations are completely different. And you're asking people to completely alter their mindset. And you're asking people who haven't seen a resident since they were resident, and that may be 30 years ago. And not only that, but the rules and regulations around how residents have been trained have completely changed, right? There are duty hours. Now there are work regulations."

—St. Joseph's Residency Program Director

SJMC leaders initially wanted to begin an obstetrics and gynecology program, but this specialty proved too difficult to establish at the time. Though they were able to recruit some faculty, they were unable to find a program director to begin the program and had only lukewarm support from the existing physicians. Because of this, SJMC leaders decided to forgo this residency and concentrate on establishing others.

SJMC leaders also faced significant challenges in getting up to speed quickly on the specialty-specific accreditation requirements for GME programs. In addition to their existing duties, hospital leaders took on new responsibilities, such as obtaining resources, identifying physical spaces, and developing partnerships for each specialty while still recruiting new program directors to run the residency program. Without clinical expertise in each specialty, they did not always know what types of resources, technology, or components of the partnerships were required to meet the specialty-specific requirements and the practical needs of the residency programs. For family medicine, for example, SJMC hospital executives established a partnership with an external Federally Qualified Health Center before recruiting the family medicine program director. When the program director came onboard, they had to work with the Federally Qualified Health Center to adjust the arrangement to ensure that the residents received core educational requirements while rotating at the Federally Qualified Health Center. As another example, within the field of urology, SJMC had to add new technologies to become up to date with current practice because some of the urologists at the hospital preferred to use older technologies. To meet the needs of other residency programs, hospital executives had to raise more capital to purchase equipment and create physical space.

Even when the new program directors began work, there could be a steep learning curve for program directors to learn GME accreditation requirements and develop management skills, depending on the program director's experience. For example, the initial internal medicine application to the Accreditation Council for Graduate Medical Education was not approved, requiring the team to reapply the following year.

The third major challenge for SJMC was managing the cultural change from a community hospital to a teaching hospital. Although many physicians at the medical center were excited about GME, some were not, and not all of them came on board in the end. In addition, it was challenging to integrate the residents into the hospital. In the first year, when there were only 15 residents, it was hard for staff to understand who they were and their roles in the hospital. The emergency medicine residents were easier to identify and integrate within the hospital because they generally stayed in the emergency department, which was understaffed, and were welcomed as an extra set of hands. By comparison, the family medicine residents, who had multiple rotations in outside clinics, were less present in the hospital and harder for medical staff to identify initially. As SJMC has integrated more programs and more residents into the hospital, there has still been confusion because of the pandemic. This is partly attributable to the large attrition of nurses throughout the pandemic and reduced in-person time at the hospital, such as at meetings and social events. To combat these issues, hospital leaders used some innovative strategies. Residents now wear different-colored scrubs to help make them easier to recognize. Administrators also created flipbooks with pictures and brief bios of the residents to help the nursing staff at the hospital recognize the residents and learn a bit more about them. The nurses reported finding these flipbooks to be a helpful resource. In addition, the hospital held an orientation for the residents, which helped nursing leaders become acquainted with them.

Even after introducing residents to hospital staff, ongoing time-intensive education about residents' capabilities and responsibilities has been necessary. Because many of the rules and regulations about residents' duties have changed significantly over the years, many existing physicians had to adjust their understanding and expectations. These ongoing challenges meant that program directors and hospital leaders had to continuously educate, promote, and advocate for the role of residents within the hospital.

Implementation facilitators

One of the most important factors contributing to the successful launch of several GME programs at SJMC has been the strength, support, and cohesion of the leadership. Though SJMC has ties to two large hospital systems, it was allowed the autonomy to implement GME as it saw fit, albeit with review and consent from the Port City Board. The Port City Board consisted in part of key people within Dignity Health and Kaiser, allowing for approval and support from both systems. But even more important was the support and leadership of the hospital administration, particularly the chief executive officer and the chief medical officer. Because they prioritized GME, they were able to address any obstacles that came along and recruit others to help them along the way. Even with the complications presented by the pandemic, SJMC has been able to stand up additional programs thanks to the drive from their leadership. In addition to the support from the hospital executive team, SJMC has benefitted from the support of the St. Joseph's medical foundation, which has given them the ability to raise money for needed resources, such as ultrasound equipment, and the ability to build partnerships with community providers to support clinical rotations.

Other factors contributing to the success of SJMC include the size of the hospital and the percentage of Medicare patients. Because it is a fairly large hospital of more than 350 beds, it treats a large variety of illnesses and injuries. In fact, because of the deficit of physicians in the area, SJMC previously had to refer patients out of the area for treatment. This also meant that SJMC presented an ideal environment

for teaching, having many different types and severity of cases for residents to treat and allowing for multiple teaching specialties. Because it has a relatively high percentage of Medicare patients, SJMC's CMS reimbursement for GME supports the residency program, preventing GME from becoming a financial burden to the hospital.

> **"We have an incredibly supportive institution. We have an incredibly supportive C-suite. This is something that is the mission of the hospital. It's the mission of the institution."**
>
> *—St. Joseph's Residency Program Director*

Also invaluable to SJMC leaders was finding expertise in areas where their knowledge was lacking. Though many administrators and program leaders learned on their own, they also contracted or formed partnerships with others to help them along the way. They received guidance from an East Coast–based consultant with expertise in launching new GME programs, who gave them advice on multiple aspects of starting a new program. They also partnered with a local medical school. Some of the faculty from the medical school also became faculty for SJMC, helping develop curriculum. They also received support and advice from another designated institutional official from a California hospital that had also recently begun GME.

Program benefits

Leaders at SJMC consider their GME a great success. They have already expanded some programs and currently have about 90 residents in training. Each year, the programs receive many qualified applications. In 2021, internal medicine received more than 1000 applications, psychiatry received more than 700, and emergency medicine and family medicine each received more than 600.

One positive effect of the GME program is the hospital's recent success recruiting physicians—even in specialties such as neurology and psychiatry that were previously thought of as unrecruitable. For example, SJMC was able to recruit only one psychiatrist over the previous decade, but when it decided to open a psychiatry residency, it was able to recruit three new psychiatrists. According to SJMC executives, 50 percent of the candidates said they wouldn't have talked to SJMC if there hadn't been a teaching program. This new infusion of physicians has reduced the average age of practicing physicians in the area and enhanced the existing medical practices, making them more attractive for recruitment as well. In addition, there has been an infusion of energy and enthusiasm from the residents, and older physicians have refreshed their skills and reported rediscovering why they became a doctor. Though the residencies are too new to demonstrate retention, there is every indication that some graduates will stay in the area, whether at SJMC, in Stockton, or in the greater Central Valley. Ultimately, this should reduce both the need for, as well as the cost of, future recruitment.

> **"One of the hidden gems is that you rediscover learning. You rediscover the reason why you wanted to be a doctor."**
>
> *—St. Joseph's Residency Program Director*

SJMC leaders are pleased that their revenue projections proved accurate and that there have been no surprises with the financials. In order to receive accreditation, GME programs are required to make substantial initial investments before residents ever set foot in the hospital, yet hospitals do not receive any CMS GME funding until after residents begin, creating a large financial burden on the hospital. SJMC was able to receive start-up grants from two California state programs, Song-Brown and CalMedForce, which helped offset this initial investment to begin several of their programs. As the programs become established, CMS GME funding will help offset any costs associated with the teaching program. In addition, the Stockton community has been excited about SJMC's transition to a teaching hospital, enabling the

SJMC Foundation to easily raise funds for specific projects such as its simulation lab. In addition, some hospital expenses have been eliminated because of the GME program. For example, before launching the emergency medicine residency program, SJMC didn't have enough physicians to fully staff the emergency department and spent $1.5 million each year on locum tenens physicians to keep it running. When the internal medicine residency is fully established, leaders expect to save money on hospitalist physicians as well.

Another positive effect of the SJMC GME program is improved quality of care. Leaders see their services improving across the board but especially in psychiatry, neurology, urology, and emergency medicine. This has had a direct impact on the community and overall access to care. Patients can now be seen in a timelier manner and no longer have to travel out of area for care. Having more specialists in the area has allowed the physician community to work together more and increase the overall quality of care. For instance, a neurologist is now available to consult on a cardiac surgery patient. The underserved, in particular, are seeing greater access to care through community outreach by hospice and other social service organizations. Medical residents supplement care as they rotate through local clinics and affiliated rural community hospitals. Hospital leaders anticipate that frequent readmissions to the emergency department and readmissions to the hospital will decrease as the primary care and psychiatry residencies become more established and meet patients' needs within the community instead of in the hospital.

As a result of recruiting new GME faculty, SJMC has been able to add volume to existing service lines and start new service lines. As it expands its GME program, SJMC has even begun to outgrow its facilities. In fact, because of the success of the GME program, SJMC is currently looking at developing a new master plan that would include increasing the number of beds from 335 to 550 and adding new surgical suites and a new emergency department.

Lessons learned

SJMC GME leaders shared several key lessons that might be helpful for other hospitals seeking to start residency programs.

1. **From the outset of launching GME, be ambitious and aggressive regarding the number of different programs in different specialties to pursue.** There is a lot of opportunity for a hospital of a similar size to pursue multiple specialties early in the process, but planning and organization is crucial to successfully launch multiple programs in the time limit set by CMS.
2. **Having strong leadership is imperative.** Starting GME is a big lift, so having support at every level, on the medical side and the administrative side, is critical.

> **"What I would say for all leaders: it's very daunting when you are talking about the cost of how to start off a GME, and you're just thinking, 'Where's that money going to come from?' Because it just sounds like so much, but it does really work. If you do it correctly, you're going to get CMS reimbursement. So you have to be sure you follow those rules, do the things the way you're supposed to do. Do them on time and try to get your cap as high as possible during the first five years."**
>
> *—St. Joseph's Hospital Executive*

3. **Pay attention to core accreditation requirements for starting residencies in each specialty.** Program directors and hospital executives emphasized that there are specific requirements for each specialty, and it is important to follow all the details to the letter. The Accreditation Council for Graduate Medical Education website has a program director's guide that the program directors at SJMC found helpful.
4. **Include the program directors or physicians from the relevant specialty when making early planning decisions to ensure that the program accommodates the specialty-specific requirements.** It's important to engage the

specialty-specific experts in the pre-planning process for any given specialty because there are nuances related to setting up partnerships, securing needed equipment, and ensuring rotations comply with accreditation requirements.

5. **Connect with people who have experience establishing GME programs and are familiar with the accreditation process.** Program directors and executives at St. Joseph's emphasized the benefits of learning from others who have direct experience establishing new residency programs, including consultants and mentors. In addition, Accreditation Council for Graduate Medical Education workshops can be helpful for understanding the requirements in more depth and finding supports and resources. An academic partner can also be helpful.
6. **Integrate the various GME programs within the hospital.** Some of the hospital executives stressed the importance of their efforts to ensure the GME programs are represented on various committees at the hospital, such as the hospital committee and medical executive committee. These efforts ensure that hospital leaders remain apprised of how the GME programs are progressing and that the GME programs can advocate for their needs. Hospital leaders were intentional about keeping their GME programs integrated rather than siloed, which they see as critical to their success.
7. **Plan for ongoing education about the role of residents within the system.** Several SJMC leaders described the importance of integrating the residents into the hospital. They mentioned that, especially in the first year of the program when they had only a few residents, it was hard to get staff to understand who the residents were and what roles they could play within the hospital. They have around 90 residents now, and even with that number, they continue to provide ongoing education for the staff about the role of residents. They continue to educate medical staff throughout the hospital regarding the roles that residents can play, with the core GME faculty serving as advocates responsible for disseminating that information.