

Policy Perspectives on GME Financing and Workforce Capacity

Issue:

Residency programs face challenges providing graduate medical training. Two primary concerns — insufficient graduate medical education (GME) funding and the number of residency slots — are often raised and usually referenced in tandem. These issues are generally viewed as barriers to expanding the physician workforce, which the [Association of American Medical Colleges](#) estimates will be short 86,000 physicians by 2036. However, there are inconsistencies in how well these concerns are understood. This issue brief provides an overview of how GME is funded as well as trends in residency slot fulfillment and strategies to bolster the physician workforce, as well as the geographic and specialty distribution of physicians.

Background:

Funding

The federal government, the largest single contributor to GME funding, spends approximately \$20 billion per year for GME. Roughly two-thirds of that funding is from the Centers for Medicare & Medicaid Services (CMS), mostly through the Medicare program. Other federal funding for GME comes from the Department of Defense (DoD), the Veterans Health Administration (VHA), and the Health Resources and Services Administration (HRSA). Health systems themselves also fund GME.

According to a 2021 [report](#) from the AMA Council on Medical Education, a key factor that may impact the physician workforce is the cap placed on Medicare GME funding more than two decades ago. The Balanced Budget Act (BBA) of 1997 (P.L. 105-33) prohibits existing teaching hospitals from receiving Medicare support for any medical residency positions added after 1996. The [AMA 2025 Compendium of Graduate Medical Education Initiatives Report](#) goes into further detail about GME funding. Relevant reports from the U.S. Government Accountability Office may be helpful, such as [HHS Needs Better Information to Comprehensively Evaluate Graduate Medical Education Funding \(2018\)](#) and [Caps on Medicare-Funded Graduate Medical Education at Teaching Hospitals \(2021\)](#). Figure 3, from an [article](#) by Katherine He (et al.), provides a useful illustration of funding mechanisms. While federal support remains static, health systems have contributed to expansion.

Residency slots

It is often stated that there are not enough residency slots in the U.S. However, from 2013-2021 the number of GME slots expanded at a rate of 2.8 percent per year as compared to the 2.5 percent per year growth of medical school graduates. The results of the 2025 Main Residency Match® (“the Match”) by the [National Resident Matching Program](#)® (NRMP®) showed more than 47,000 applicants (including a large number of highly qualified international medical graduates) certified rank order lists, demonstrating a five percent increase over the previous year. Over 43,000 PGY-1 and PGY-2 positions from more than 6,500 programs were offered, also an increase from 2024.

From the matching process, 94.1 percent of slots were filled. After the [Supplemental Offer and Acceptance Program](#) (SOAP), the total rose to 99.4 percent filled. This data indicates that 0.6 percent of slots went unfilled. These numbers indicate a preference towards certain specialties and programs. A 2025 Council on Medical Education [report](#) highlighted insights from the 2023-2024 LCME Part II Annual Medical School Questionnaire, which found that graduates who did not enter residency training gave the following reasons: pursuit of research, additional degree or training; did not find a residency position; changed careers; and family responsibilities or childcare. Some respondents did not give a reason. Personal circumstances aside, it is possible that some applicants may not have accepted a residency position because it was not in their desired specialty or geography — even if other positions were available. However, there continues to be a shortage of physicians, as mentioned earlier, related to population shift and growth, an aging population, physician retirement, and physicians leaving clinical care. Careful monitoring, promotion of the evidence base, and championing for slots can improve this tenuous situation.

Potential Strategies:

AMA efforts

The AMA has been actively involved in addressing and clarifying these concerns. In active collaboration with organizations such as the [Accreditation Council for Graduate Medical Education](#), NRMP®, and other entities involved in match processes, the AMA continues to use its collective voice to promote efforts that support all students and residents. Such recent efforts and resources include published reports from the [Council on Medical Education](#), news stories, and [federal correspondence](#). Examples include:

- [Congress revives bill to add 14,000 GME slots over seven years](#) (July 2025)
- [The physician shortage will worsen — unless Congress acts now](#) (June 2025)
- [Powerful Senate committee takes up physician shortage](#) (Aug 2024)
- [Comments](#) submitted on the Senate Finance Committee's draft policy proposal related to the Medicare GME program (June 2024)
- [Comments](#) submitted to CMS in support of the expansion of resources and the removal of barriers to the training as well as the allocation of slots to strategically address the most pressing needs within the health care system (June 2024)
- [Statement for the Record](#) submitted to the U.S. Senate Committee on Finance addressing ways to increase and retain the physician workforce, especially in rural communities (May 2024)

Also, the AMA's premiere platform, [Fellowship and Residency Electronic Interactive Database Access \(FREIDA™\)](#), allows users to search for a residency/fellowship from over 13,000 ACGME-accredited programs.

To further address these issues, additional consideration can be given to the following:

- Continued advocacy for federal funding of GME programs.
- Exploring expansion of private funding for GME programs.
- Supporting transparency by residency programs in disclosure of unfilled residency slots and resources to aid potential residents in securing such slots.
- Promoting reflection among residents regarding their residency program choices, both prior to and following the Match process to support alignment with long-term career goals and workforce needs.
- Evaluating structural forces that funnel physicians into the same specialties and urban centers.

Moving Forward:

AMA policies are supportive of issues facing GME funding and unmatched physicians. They include:

- [The Preservation, Stability and Expansion of Full Funding for Graduate Medical Education D-305.967](#)
- [Increasing GME Positions as a Component to any Federal Health Care Reform Policy D-305.958](#)
- [Funding to Support Training of the Health Care Workforce H-310.916](#)
- [Unmatched Graduating Physicians H-310.899](#)
- [National Resident Matching Program Reform D-310.977](#)
- [U.S. Physician Shortage H-200.954](#)

Additional AMA Resources:

- [Graduate Medical Education initiatives and advocacy](#)
- [AMA Federal and State Correspondence Finder](#)
- [ChangeMedEd®](#)
- [AMA EdHub™](#)
- [Policy Finder](#)
- [Council Report Finder](#)