CARLTON FIELDS

The Clock is Ticking On GME Funding Applications

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Buried in the new federal health care legislation (PPACA) are provisions for funding graduate medical education (GME) positions and programs in the states with greatest need.

Hospitals in states with the lowest resident to population ratios (Montana, Idaho, Alaska, Wyoming, South Dakota, Nevada, North Dakota, Mississippi, Indiana, Puerto Rico, Florida, Georgia and Arizona) and those with the highest proportion of the population living in a health professional shortage area (Louisiana, Mississippi, Puerto Rico, New Mexico, South Dakota, the District of Columbia, Montana, North Dakota, Wyoming and Alabama) will be able to apply for funding for new or expanded GME positions. Emphasis is on funding primary care residents and additional priority will be given to GME activities in rural areas. But the deadline is fast approaching; applications are due Jan. 21, 2011.

After funding for GME positions was frozen at 1996 levels, there has only been one other opportunity to seek funding for positions over a hospital's cap — and the competition was fierce. Even the Outpatient Prospective Payment Systems (OPPS) (hereinafter final rule) released by the Centers for Medicare and Medicaid Services on Nov. 24, 2010, anticipates great demand for the limited number of slots that will become available. Redistribution of funded positions is designed to be "zero sum."

The pool of available GME slots will be based on reductions in positions at hospitals that have not been able to fill their funded resident limit over the past three years. External entities have estimated an additional 300 to 500 resident positions will be available for redistribution; however, the exact number will not be known until May 1, 2011, which is when CMS is scheduled to complete its actual hospital-specific estimates.

The PPACA specifies that 70 percent of the unused slots must be redistributed to hospitals in states with resident-to-population ratios in the lowest quartile with the balance allocated to hospitals in rural areas and to hospitals located in the 10 states with the highest proportion of their populations

living in a health professional shortage area. Hospitals in states with the highest percentage of need will be ranked over lower states.

Applicant hospitals must already exceed their current resident cap, and must be either expanding an existing program or starting a new one. The proposed rule also included hospitals already training residents in an existing residency training program(s) in excess of their cap; however, this provision was eliminated with express comment that the intent was not "solely for the purpose of cap relief."

The CMS will redistribute the identified residency slots based on the hospital's likelihood of filling the additional slots within the first three cost reporting periods beginning on or after July 1, 2011; and whether the hospital has an accredited rural training track, as determined by the Accreditation Council for Graduate Medical Education (ACGME) or the American Osteopathic Association (AOA). Preference is also given for primary care resident programs, which is defined as family medicine, general internal medicine, general pediatrics, preventative medicine, geriatric medicine or osteopathic general practice, as well as general surgery.

After applicants are assigned priority levels based on the location of hospital and the presence of a rural track, the final rule establishes evaluation criteria, which are utilized to determine the hospital's rank within the assigned priority level.

The criteria include: Medicare utilization; establishment of a new (or add slots to an existing) geriatrics, primary care or emergency medicine residency programs; and hospital location in either a health manpower shortage or rural area. No hospital may request more than 75 positions. A separate application is required for each GME program, and a copy of the CMS Evaluation Form for an increase in the hospital's FTE cap is contained in the final rule. Successful applicants will receive funding starting July 2011.

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