

Summary of Changes to Medicare GME Rules Governing Per Resident Amount and Resident Full-Time Equivalent Caps in the Consolidated Appropriations Act of 2021

In the Consolidated Appropriations Act of 2021 (CAA), Congress enacted several important changes to the Medicare GME rules governing the calculation of teaching hospitals' per resident amount (PRA) and full-time equivalent (FTE) resident caps in order to accommodate training at *de minimis* levels. As of the effective date of the legislation, December 27, 2020, non-teaching hospitals will no longer establish a PRA until they train 1.0 FTE or more and will not establish an FTE cap until they train at least 1.0 FTE in a new program. This permanent policy change will allow non-teaching hospitals to accept limited rotations without forever fixing a low PRA and cap.

In addition, the legislation provides a time-limited, one-time opportunity for certain categories of hospitals to reestablish their PRA and/or cap: (1) those with PRAs or caps set in the 1996 base year based on training of less than 1.0 FTEs; and (2) those with PRAs or caps set after the 1996 base year and prior to enactment of the CAA based on training of 3.0 FTEs or less. These complex changes are summarized in the one-page "cheat sheet" that follows.

The CAA also added 1,000 new Medicare-funded GME slots beginning in FY 2023, a significant and rare expansion of the Medicare GME program. The new slots will be targeted to hospitals meeting one or more of the following criteria: (1) in rural areas; (2) training above their FTE cap; (3) in states with new medical schools or branches; and/or (4) serving designated health professional shortage areas. CMS will need to establish the specific rules for distributing new slots, likely in its upcoming inpatient or outpatient prospective payment system rule.

If we can be of assistance in helping you think through how the CAA's new GME policies may impact your institution or your academic partners, please don't hesitate to reach out to an Eyman Associates attorney.

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	Hospital Category	Per Resident Amount (PRA)				FTE Cap			
		No PRA Impact	PRA Trigger	Window to Trigger New PRA	Period for Setting PRA	No Cap Impact	Cap Trigger	Window to Trigger New Cap	Period for Setting Cap
Open-Ended Opportunity	Non-Teaching Hospital (never trained residents or rotators prior to Dec. 27, 2020)	<1.0 FTE	1.0 FTE in any program (new or existing)	Any cost reporting period	First cost reporting year during which 1.0 FTEs on duty the first month (or subsequent cost reporting year if trigger reached after first month)	<1.0 FTE	1.0 FTE in a new program (no trigger if existing program)	Any cost reporting period	Five-year period closing at the end of the 5 th program year of the first new program
	Hospital with PRA but no cap (accepted rotation(s) from existing programs but never trained residents in new programs)	N/A – qualification for a new PRA depends on whether hospital meets criteria below for time-limited PRA adjustment; hospitals that do not qualify under PRA provisions below will not receive any PRA adjustment				<1.0 FTE	1.0 FTE in a new program (no trigger if existing program)	Any cost reporting period	Five-year period closing at the end of the 5 th program year of the first new program
Time Limited Reset Opportunity	Teaching hospital with PRA and FTE cap set prior to Oct. 1, 1997 based on training <1.0 FTEs	<1.0 FTE	1.0 FTE in any program (new or existing)	Must reach trigger level in a cost reporting period beginning on or after Dec. 27, 2020 and before Dec. 27, 2025	First cost reporting year during which 1.0 FTEs on duty the first month (or subsequent cost reporting year if trigger reached after first month)	<1.0 FTE	1.0 FTE in a new program (no trigger if existing program)	Must reach trigger level in a program year beginning on or after Dec. 27, 2020 and before Dec. 27, 2025	Five-year period closing at the end of the 5 th program year of the first new program
	Teaching hospital with PRA and FTE cap set between Oct. 1, 1997 and Dec. 27, 2020 based on training ≤3.0 FTEs	≤3.0 FTEs	>3.0 FTEs in any program (new or existing)	Must reach trigger level in a cost reporting period beginning on or after Dec. 27, 2020 and before Dec. 27, 2025	First cost reporting year during which >3.0 FTEs on duty the first month (or subsequent cost reporting year if trigger reached after first month)	≤3.0 FTEs	>3.0 FTEs in a new program (no trigger if existing program)	Must reach trigger level in a program year beginning on or after Dec. 27, 2020 and before Dec. 27, 2025	Five-year period closing at the end of the 5 th program year of the first new program