

Medicare FY 2022 Inpatient PPS Graduate Medical Education Final Rule Provisions

In June, when the proposed Inpatient Prospective Payment System (IPPS) fiscal year (FY) 2022 rule was released, [NRHA provided comments](#) for the Centers for Medicare and Medicaid Services (CMS) to consider before moving forward with the final rule. In December, CMS released a final rule for FY 2022 on implementation of the 1,000 graduate medical education (GME) slots established in the Consolidated Appropriations Act (CAA), 2021, phasing in 200 slots per year over years, for a total of \$1.8 billion in new funding for residencies over the next 10 years.

The final rule will enhance the health care workforce and fund additional medical residency positions in hospitals serving rural and underserved communities. It makes statutory changes to GME caps for rural training tracks and makes statutory changes to the determination of per resident amounts. Below, NRHA compares each of these three sections with our June comments, explaining what was final, and what the Administration didn't act on.

Distribution of 1,000 new GME positions (Sec. 126)

In NRHA's June comments, we urged CMS to base distribution of the 1,000 new slots, 200 per year over five years, off geographic Health Professional Shortage Areas (HPSA) to ensure the slots went toward addressing the maldistribution of physicians. In our comments, NRHA also expressed concerns on the CMS proposed approach to prioritize distributing slots based on if a state met all four criteria listed as we believed it would incentivize states with new medical schools.

In the final rule, CMS adhered to NRHA's advice by implementing the slots by prioritizing hospitals with training programs in areas demonstrating the greatest need for providers, as determined by HPSAs. While hospitals qualify to apply for the new slots by falling into one of the four prioritization categories called for in the statute, the residency programs receiving higher HPSA scores will receive higher prioritization. **Qualifying hospitals must submit an application by March 31, 2022, to be awarded one of the 200 residency slots being announced by January 31, 2023, and becoming effective July 1, 2023.** For details, use the link provided [here](#).

Further, CMS modified its proposal, which originally limited the increase in number of residency positions to each individual hospital to no more than 1.0 FTEs each year. Under the final rule, hospitals will be allowed to receive up to 5.0 FTEs per year.

GME Caps for Urban and Rural Hospitals Participating in Rural Training (Sec. 127)

In NRHA's comments, we were supportive of many of the provisions relating to the rural training track (RTT) programs, including urging CMS to allow for an increase of FTEs for an existing RTT "spoke." Unfortunately, in making the rule final, CMS clarified that it will not allow increases in instances where the urban and rural hospital simply add additional FTE residents to an existing RTT spoke.

Changes to the determination of per resident amounts (PRA) and GME caps of hospitals that have hosted a small number of resident rotators for a short duration (Sec. 131)

As we articulated in our June comments, NRHA urges CMS publish a list of eligible hospitals as we're concerned that many rural hospitals are unaware of their ability to become teaching hospitals. If creating a list is not possible, NRHA urges that CMS require its MACs to identify hospitals that would fit the criteria for a PRA reset and communicate that information to the hospitals who would be eligible if a PRA had been set.

Additional Residency Positions: Apply by March 31, 2022

The first round of 200 residency slots will be announced by January 31, 2023, and will become effective July 1, 2023. You can apply online for Consolidated Appropriations Act, 2021, Section 126 additional residency positions. **Submit fiscal year 2023 applications no later than March 31, 2022.** For details, see the Section 126: Distribution of Additional Residency Positions section of the [Direct Graduate Medical Education](#) webpage.

Overall, NRHA is supportive with the final version of this regulation and is happy to see CMS implement the 1,000 new residency slots in a manner that will disperse the FTEs to the communities most in need. NRHA will continue monitoring implementation of these slots into the future. Beyond the yearly IPPS, NRHA will continue working with Congress and the Administration to ensure the rural health workforce expands and that policy is created with rural providers in mind. For questions on this year's IPPS, or on NRHA's workforce priorities, contact Josh Jorgensen (jjorgensen@ruralhealth.us).