

# HEALTHCARE SYSTEM REFORM 2010

## SUMMARY OF KEY PROVISIONS: GRADUATE MEDICAL EDUCATION

### *Redistribution of Training Slots*

- Requires the Centers for Medicare and Medicaid Services (CMS) to redistribute 65 percent of slots that have been unused by a hospital over a three-year period.
- Reduction in slots is permanent.
- Hospitals receiving redistributed slots may be paid for them beginning July 1, 2011.
- The following are exempt from redistribution of unused slots: 1) rural hospitals with fewer than 250 acute care inpatient beds; 2) hospitals that participated in a voluntary residency reduction plan and that have a plan in place to fill the unused positions by March 23, 2012; and 3) the replacement facility for the Martin Luther King, Jr. Hospital in Los Angeles.
- Hospitals may apply to receive up to 75 slots from the redistribution pool.
- CMS will apply the following criteria for redistribution of unused slots: 1) the hospital's likelihood of filling the additional slots within the first three cost reporting periods beginning July 1, 2011; and 2) whether the hospital has an accredited rural training track.
- CMS must redistribute 70 percent of the slots to states with resident-to-population ratios in the lowest quartile. The remaining 30 percent of slots must be redistributed in the 10 states with the highest proportion of their population living in health professional shortage areas and rural areas. A list of potentially eligible states is available upon request.
- Residency slots from any hospital that closed or closes after March 20, 2008 will be redistributed permanently to other hospitals.
  - The priority for redistributing slots from a closed hospital is as follows: 1) hospitals located in the same care-based statistical area (CBSA); 2) hospitals located in the same state as the closed hospital; 3) hospitals located in the same region of the country as the closed hospital; and 4) other hospitals using the criteria set forth in the unused redistribution program if none of the above apply.

### *Resident Time in Nonhospital Setting*

- Redefines "all or substantially all" for training in nonhospital setting, effective July 1, 2010.
- Clarifies that "all or substantially all" is met if the hospital covers the cost of a resident's stipend and benefits for the time that the resident spends in the nonhospital setting.
- Clarifies that if more than one hospital incurs the cost of training a resident at a nonhospital site, each hospital may count a proportionate share of the resident's time if a written agreement is in place.

### *Resident Time for Didactic and Scholarly Activity*

- Hospitals may count resident didactic time in the nonhospital setting for direct graduate medical education (DGME) payment purposes. Didactic training outside of the hospital is still not counted for indirect medical education (IME) purposes.
- Hospitals may count resident didactic time in the hospital for IME payment purposes.
- Hospitals may not count resident research time for IME payment purposes.
- Resident time spent on vacation, sick leave, or other approved leave may be counted for DGME and IME payment purposes as long as it does not increase the total amount of time a resident spends in the program.

### *Miscellaneous*

- The Secretary of Health and Human Services is authorized to award grants to "teaching health centers" to establish newly accredited or expanded primary care residencies. Priority will be given to programs with an existing Area Health Education Centers (AHEC) affiliation.