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**MEDICARE POLICY CLARIFICATIONS  
ON GRADUATE MEDICAL EDUCATION PAYMENTS  
FOR RESIDENTS TRAINING IN NON-HOSPITAL SETTINGS**

With new guidance issued today, Medicare is taking the maximum steps possible under the law to support up-to-date medical training – training that, like modern medical care, increasingly occurs outside of the hospital. The Centers for Medicare & Medicaid Services (CMS) clarified the regulations regarding how hospitals may include residents who are training in non-hospital settings in their resident count for purposes of determining their Direct Graduate Medical Education (DGME) and Indirect Graduate Medical Education (IME) payments. This guidance will help providers better understand the documentation requirements related to counting residents' time in non-hospital settings, particularly those concerning teaching physician compensation. We hope that greater clarity will open more opportunities for academic medical centers to conduct non-hospital training. In addition, we anticipate that this guidance will ensure that Medicare pays hospitals appropriately for the care provided by residents and teaching physicians in non-hospital settings.

The Medicare statute governing payments for graduate medical education is also clear: a hospital may receive DGME and IME payment for the time residents spend in non-hospital settings so long as the residents are performing patient care activities and the hospital incurs "all or substantially all" of the costs of training the resident in the non-hospital sites. These costs include the portion of the teaching physicians' salaries and fringe benefits attributable to training of residents. However, in the Frequently Asked Questions posted today, we note that in certain instances there are no costs to the non-hospital site for the teaching physician's services. In such cases, the hospital is not required to pay an amount for the teaching physician's time in order to count the residents training in the non-hospital setting for DGME and IME purposes.

We have posted a set of Frequently Asked Questions on <http://www.cms.hhs.gov/providers/hipps/gme.asp> that clarifies the guidance.