CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 11366	**Date: April 28, 2022**
	Change Request 12709

SUBJECT: Section 127 of the Consolidated Appropriations Act: Graduate Medical Education (GME) Payment for Rural Track Programs (RTPs)

I. SUMMARY OF CHANGES: On December 27, 2021, CMS published a final rule with comment period CMS-1752-FC3 that implements changes to Medicare GME payments for teaching hospitals. The rule implements the legislative changes to direct GME and indirect medical education (IME) payments to teaching hospitals included in sections 126, 127, and 131 of the Consolidated Appropriations Act (CAA), 2021.

Section 127 made several changes with regard to urban hospitals and rural hospitals training residents in Rural Training Programs (formerly called rural training tracks). The purpose of this CR is to provide guidance to hospitals and instructions to the MACs on how to review and implement requests to increase hospitals' IME and direct GME interim rates (and eventually, rural track Full-time Equivalent (FTE) limitations) due to participating in new RTPs and/or adding clinical participating sites to existing RTPs.

EFFECTIVE DATE: October 1, 2022
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: Medicare Administrative Contractors (MACs) shall follow regular interim rate adjustment schedule after 10/1/2022

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	N/A

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:
One Time Notification

Attachment - One-Time Notification

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EFFECTIVE DATE: October 1, 2022
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IMPLEMENTATION DATE: Medicare Administrative Contractors (MACs) shall follow regular interim rate adjustment schedule after 10/1/2022

I. GENERAL INFORMATION

A. Background: On December 27, 2021, CMS published a final rule with comment period CMS-1752-FC3 that implements changes to Medicare graduate medical education (GME) payments for teaching hospitals. The rule implements the legislative changes to direct GME and indirect medical education (IME) payments to teaching hospitals included in sections 126, 127, and 131 of the Consolidated Appropriations Act (CAA), 2021.

Section 127 made several changes with regard to urban hospitals and rural hospitals training residents in Rural Training Programs (formerly called rural training tracks). Section 127 amended section 1886(h)(4)(H)(iv) of the Act to specify that for cost reporting periods beginning on or after October 1, 2022, in the case of a hospital not located in a rural area that established or establishes a medical residency training program (or rural tracks) in a rural area, or establishes an accredited program where greater than 50 percent of the program occurs in a rural area, the hospital, and each such hospital located in a rural area that participates in such a training, may receive an adjustment to its full-time equivalent (FTE) resident limit (86 FR 73416). We modified the regulations to add a new definition at 42 CFR 413.75(b) for Rural Track Program as follows: ‘‘Rural Track Program means, effective for cost reporting periods beginning on or after October 1, 2022, an ACGME-accredited program in which all, or some, residents/fellows gain both urban and rural experience with more than half of the education and training for the applicable resident(s)/fellow(s) taking place in a rural area as defined at 42 CFR 412.62(f)(iii).

The purpose of this CR is to provide guidance to hospitals and instructions to the MACs on how to review and implement requests to increase hospitals’ IME and direct GME interim rates (and eventually, rural track FTE limitations) due to participating in new RTPs and/or adding clinical participating sites to existing RTPs.

B. Policy: Section I. Calculations for Interim Rates and RTP FTE Limitations

Hospitals wishing to receive an increase to their IME and direct GME interim rates for participating in new RTPs or adding clinical participating sites and FTE residents may contact their MACs and provide the appropriate documentation. The MAC may adjust the hospital’s interim rates so that effective for a cost report starting on or after October 1, 2022, the hospital could receive increased IME and direct GME payment as appropriate.

The December 27, 2021 final rule with comment period (86 FR 73450) specifies that a hospital must provide certain documentation. MACs shall ensure that the hospital submits the following documentation:

Documentation Required for Interim Rate Increase:

- The ACGME accreditation for the program as a whole (that is, both urban and rural training components), and documents showing whether the urban and rural participating sites are starting the RTP for the first time in this particular specialty, or whether the urban and rural hospital already have an RTP in this specialty, but are adding additional participating sites to the RTP.
- A list of all urban and rural hospital and nonprovider training sites in the RTP. If more than one RTP, the hospital should separately list the training sites for each. Also, include the dates each RTP started.
- Next to each hospital or nonprovider training site name, specify the state, county name, and the geographic CBSA that each site is located. Specify any reclassification under section 1886(d) of the Act that any participating hospital may have, and the effective date of that reclassification.
- Resident rotation schedules (or similar documentation) showing that residents in the specified RTP spend greater than 50 percent of their training in a geographically rural area in the program in order to receive IME and direct GME rural track FTE limitations. In the instance where only a subset of the residents in the particular program is participating in the RTP, and the training time of these RTP residents is included in the main rotation schedule for the entire program, the hospital must specifically highlight the names of the residents and their urban and rural training locations on the main rotation schedule, so that the MAC can easily identify which residents are training in the RTP, where they are training, and be able to verify that over 50 percent of their training time is spent in a rural area.

During the 5-year cap building window for the RTP, the hospitals are paid based on the actual FTE count, not to exceed the accredited number of positions, and effective for cost reporting periods beginning on or after October 1, 2022, without application of the 3-year rolling average (42 CFR 413.79(d)(7)) and the IME intern-and-resident-to-bed (IRB) ratio (42 CFR 412.105(a)(1)(i)).

MACs shall review the hospital's documentation, and if appropriate, adjust the hospital's interim rates for IME and direct GME according to normal interim rate timeframes.

Requirements for RTP FTE Limitation Calculations:

- Under 42 CFR 413.79(k)(1)(ii) and (k)(2), once the 5 year cap building window ends, the hospital would calculate the IME and DGME RTP FTE limitations, and report them on the first cost report on which the RTP FTE limitations would be effective (that is, the cost reporting period that coincides with or follows the start of the sixth program year of the RTP). When the MAC reviews that cost report, each participating hospital must provide to the MAC:
- Documentation specifying the number of FTE residents and the amount of time training in all 5 program years at both the urban and rural settings since establishment of a Rural Track Program (based on the rotation schedules).
- A statement specifying the statutory authority under which each hospital involved is requesting an adjustment to its caps. For example, it may be that the geographically urban hospital is reclassified to rural under 42 CFR 412.103, and the program is a "new" program. That hospital might be eligible for an IME cap increase as a rural hospital under the authority of the Balanced Budget Act of 1997, implemented at 42 CFR 413.79(e)(3) which would be reported on the "new program cap" line on CMS Form-2552-10 worksheet E, Part A. With regard to direct GME, the same hospital's direct GME cap increase <u>for the same program</u> would be reported under the CAA section 127 authority on the newly created line for RTP FTE limitations on Form-2552-10 worksheet E-4.

MACs shall review the hospital's documentation and verify the hospital's IME and direct GME rural track FTE limitations on the first cost report in which those limitations are effective. Refer to Addendum A of this instruction for examples on how to calculate the RTP FTE limitation that were included in the December 27, 2021 final rule.

Section II. Other Information - Effective date of Exemption from Rolling Averages and IME IRB Ration Cap

Federal Register / Vol. 86, No. 245 / Monday, December 27, 2021 / Rules and Regulations 73457

CMS modified the regulations at 42 CFR 412.105(f)(1)(v)(F)(*2*) for IME and 413.79(d) (7)(ii) for direct GME as follows:

(ii) Subject to the provisions under paragraph (k) of this section, **effective for rural track programs started in a cost reporting period beginning on or after October 1, 2022**, FTE residents in a rural track program at an urban hospital or rural hospital are excluded from rolling average calculation described in this paragraph (d) during the cost reporting periods prior to the beginning of the applicable hospital's cost reporting period that coincides with or follows the start of the sixth program year of each rural track.

This means that even for RTPs started prior to October 1, 2022, so long as the urban hospital and rural hospital are within the 5-year growth window for FTE residents participating in the RTP, a hospital can first benefit from the rolling average exemption in its first cost reporting period beginning on or after October 1, 2022. We cannot allow hospitals to prorate and exclude FTEs from the rolling average for the portion of a cost reporting period that occurs after October 1, 2022, because the law does not say ''for portions of cost reporting periods on or after October 1, 2022.'' Only effective with a hospital's cost reporting period starting on or after October 1, 2022 would exemption from the rolling average apply for IME and direct GME. Cost reporting instructions will be modified accordingly.

With regard to the IME intern-and-resident to bed (IRB) ratio cap, as specified at 42 CFR 412.105(a)(1)(i), effective for cost reporting periods beginning on or after October 1, 2022, urban and rural hospitals within a 5-year cap building period for an RTP would not apply the IME IRB ratio cap during the cost reporting periods prior to the beginning of the applicable hospital's cost reporting period that coincides with or follows the start of the sixth program year of each RTP.

We will be modifying CMS Form 2552-10, worksheet E, Part A, line 20 instructions to reflect this exemption from the IRB ratio cap.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
12709.1	In reviewing a hospital's request to adjust its IME and DGME interim rates for participation in a Rural Track Program (RTP), the MAC shall refer to the documentation requirements in Policy Section I of this instruction, and ensure that the hospital satisfies each documentation requirement.	X								
12709.2	In reviewing a hospital's RTP FTE limitation, the MAC shall refer to the documentation requirements in Policy Section I of this instruction, and ensure that the hospital satisfies each documentation requirement.	X								

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
12709.3	Medicare Learning Network® (MLN): CMS will market provider education content through the MLN Connects® newsletter shortly after CMS releases the CR. MACs shall follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 instructions for distributing the MLN Connects newsletter information to providers and link to relevant information on your website. You may supplement MLN content with your local information after we release the MLN Connects newsletter. Subscribe to the "MLN Connects" listserv to get MLN content notifications. You don't need to separately track and report MLN content releases when you distribute MLN Connects newsletter content per the manual section referenced above.	X				

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Miechal Kriger, 443-414-3009 or miechal.kriger@cms.hhs.gov , Allison Bramlett, 4107866556 or allison.bramlett@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0