

## **Application Process for Receiving Increases in Full Time Equivalent Resident Caps**

Medicare makes both direct (direct GME) and indirect (IME) payments to hospitals that train residents in approved medical residency training programs. Direct GME payments are generally based on hospital-specific per resident amounts (PRAs), the number of full time equivalent (FTE) residents a hospital trains, and the hospital's Medicare patient share. IME payments are generally based on the ratio of the hospital's FTE residents to the number of hospital beds. Accordingly, the calculation of both direct GME and IME payments is affected by the number of FTE residents that a hospital is allowed to count. Generally, the greater the number of FTE residents a hospital counts, the greater the amount of Medicare direct GME and IME payments the hospital will receive.

Under sections 1886(h)(4)(F) and 1886(d)(5)(B)(v) of the Social Security Act, Congress instituted a cap on the number of allopathic and osteopathic residents a hospital is allowed to count for direct GME and IME purposes. Dental and Podiatric residents were not included in this statutorily mandated cap.

Some hospitals have trained a number of residents in excess of their FTE resident caps. Other hospitals have trained residents at a level below their FTE resident caps. Section 422 of Public Law 108-173 (the Medicare Prescription Drug, Improvement and Modernization Act (MMA) of 2003) provides for a reduction in the statutory resident caps under Medicare for certain hospitals and authorizes a "redistribution" of those FTE resident slots to other hospitals. Qualifying hospitals that submit a timely application may receive up to 25 additional FTE resident cap slots for direct GME and IME purposes. Further discussion on the implementation of section 422 of public law 108-173 and the related regulations can be found in "Medicare Program; Changes to the Hospital Inpatient Prospective Payment Systems and Fiscal Year 2005 Rates (CMS-1428-F) On Display at the Federal Register August 2, 2004" at [www.cms.hhs.gov/providers/hipps/frnotices.asp](http://www.cms.hhs.gov/providers/hipps/frnotices.asp).

In order for hospitals to be considered for increases in their FTE resident caps, each qualifying hospital must submit a timely application. The following information must be submitted on applications to receive an increase in FTE resident caps:

- The name and Medicare provider number of the hospital.
- The total number of requested FTE resident slots for direct GME or IME, or both, up to 25 direct GME FTE and 25 IME FTE per hospital.
- A completed copy of the CMS Evaluation Form for each residency program for which the hospital intends to use the requested increase in FTE residents. This form can be found at: <http://www.cms.hhs.gov/forms/>.
- Source documentation to support the assertions made by the hospital on the CMS Evaluation Form. For example: if the hospital indicates on the Evaluation Form that it is located in a geographic Health Professions Shortage Area (HPSA), the hospital would include documentation to support that assertion.
- FTE resident counts for direct GME and IME and FTE resident caps for direct GME and IME reported by the hospital in the most recent as-filed cost report.

- An attestation, signed and dated by an officer or administrator of the hospital who signs the hospital's Medicare cost report, of the following information:  
"I hereby certify that I understand that misrepresentation or falsification of any information contained in this application may be punishable by criminal, civil, and administrative action, fine and/or imprisonment under federal law. Furthermore, I understand that if services identified in this application were provided or procured through payment directly or indirectly of a kickback or where otherwise illegal, criminal, civil, and administrative action, fines and/or imprisonment may result. I also certify that, to the best of my knowledge and belief, it is a true, correct, and complete application prepared from the books and records of the hospital in accordance with applicable instructions, except as noted. I further certify that I am familiar with the laws and regulations regarding Medicare payment to hospitals for the training of interns and residents."

The completed application and supporting documentation (as described above) must be submitted to the CMS Central Office and the CMS Regional Office for the region in which the applicant hospital is located. The application must be received on or before December 1, 2004. The addresses of the CMS central office and regional offices are listed below.

The deadline for applications for additional FTE cap slots is December 1, 2004. We note that some hospitals' FTE counts will be subject to audit for the purposes of section 1886(h)(7)(A) and those audits may not be completed by December 1, 2004. Because the results of such an audit may be a factor in a hospital's decision whether to request an increase in its FTE resident cap, we will allow a later date for those hospitals to apply for increases in their FTE resident caps. Therefore, if a hospital's resident level is audited for the purposes of section 1886(h)(7)(A) of the Act, and that hospital also wishes to apply for an increase in its FTE resident cap(s), that hospital must submit a completed application to CMS that is received on or before March 1, 2005. We note that some hospitals may not be notified of an upcoming audit prior to the December 1, 2004 deadline. Therefore, a hospital that has not been notified of an upcoming audit for the purposes of section 1886(h)(7)(A) must submit an application by the December 1, 2004 deadline in order to be considered for additional FTE cap slots under section 422. If, after submitting an application, a hospital's FTE resident caps or counts is changed pursuant to an audit that was carried out for the purposes of section 1886(h)(7)(A), we will allow that hospital to resubmit an application by March 1, 2005, as that hospital's decisions regarding this request may have changed.

CMS Central and Regional Office Mailing Addresses for Applications for Increases in FTE Resident Caps:

**Central Office**

Centers for Medicare and Medicaid Services  
(CMS), Director, Division of Acute Care

Mail Stop C4-08-06  
7500 Security Boulevard  
Baltimore, MD 21244

**Region I** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region I  
JFK Federal Building, Room 2325  
Boston, MA 02203  
Phone: 617-565-1185

**Region II** (New York, New Jersey, U.S. Virgin Islands, and Puerto Rico)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region II  
26 Federal Plaza, 38<sup>th</sup> Floor  
New York, NY 10278  
Phone: 212-264-3657

**Region III** (Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region III  
Public Ledger Building, Suite 216  
150 South Independence Mall West  
Philadelphia, PA 19106  
Phone: 215-861-4140

**Region IV** (Alabama, North Carolina, South Carolina, Florida, Georgia, Kentucky, Mississippi, and Tennessee)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region IV  
Atlanta Federal Center  
61 Forsyth Street, SW., Suite 4T20  
Atlanta, GA 30303  
Phone: 404-562-7500

**Region V** (Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region V  
233 North Michigan Avenue, Suite 600  
Chicago, IL 60601  
Phone: 312-886-6432

**Region VI** (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region VI  
1301 Young Street, Suite 714  
Dallas, TX 75202  
Phone: 214-767-6423

**Region VII** (Iowa, Kansas, Missouri, and Nebraska)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region VII  
Richard Bolling Federal Building, Room 235  
601 East 12<sup>th</sup> Street  
Kansas City, MO 64106

**Region VIII** (Colorado, Montana, North Dakota, South Dakota, Utah and Wyoming)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region VIII  
Colorado State Bank Building,  
1600 Broadway, Suite 700

Denver, CO 80202  
Phone: 303-844-2111

**Region IX** (Arizona, California, Hawaii, Nevada, and Territories of American Samoa, Guam and the Commonwealth of the Northern Mariana Islands)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region IX  
75 Hawthorne Street, Suite 408  
San Francisco, CA 94105  
Phone: 415-744-3501

**Region X** (Alaska, Idaho, Oregon, and Washington)

Centers for Medicare and Medicaid Services  
(CMS), Associate Regional Administrator  
Division of Medicare Financial Management, Region X  
2201 Sixth Avenue, MS-40  
Seattle, WA 98121  
Phone: 206-615-2306