

Report to the Social Services Appropriations Subcommittee

Medicaid Graduate Medical Education Expansion Report

October 2022



Utah Department of
Health & Human Services
Integrated Healthcare

Statutory Requirement

[House Bill 2](#) from the 2022 Utah General Legislative Session states:

The Legislature intends that the Department of Health and Human Services report by October 1, 2022 to the Social Services Appropriations Subcommittee on options to expand Medicaid Graduate Medical Education funding by reviewing what other states have done on:

(1) How many settings in Utah other than hospital settings that could be eligible?,

(2) What new providers of third party match not currently participating could qualify?,

(3) Estimates of costs for new match money where General Fund match would be required and options for related programs where match might be transferred, and

(4) Interest of new third party match providers in participating.

Introduction

The current Utah Medicaid Direct Graduate Medical Education (GME) program uses \$1,836,000 of State General Funds to make quarterly payments to nine participating Utah hospitals. The hospitals that are currently participating are:

- University of Utah Hospital
- Primary Children's Medical Center
- LDS Hospital
- Intermountain Medical Center
- Utah Valley Regional Medical Center
- McKay Dee Hospital
- St Mark's Hospital
- Salt Lake Regional Medical Center
- University of Utah Psych Hospital (Huntsman Mental Health Institute)

The Utah Department of Health and Human Services (DHHS) contacted Centers for Medicare & Medicaid Services (CMS) for guidance on what types of Graduate Medical Education programs could be approved and for clarification on what was occurring in other states. The guidance received from CMS is that GME payments are only authorized in a hospital setting. Additionally, GME has to fit into the upper payment limit along with base payments and any other add-ons or supplemental payments. GME payments are

not an exception for CFR 447.272 for institutional services or CFR 447.321 for non-institutional services.

Acronyms

GME – Graduate Medical Education

UPL – Upper Payment Limit

FTE – Full-Time Equivalent

ACGME – Accreditation Council for
Graduate Medical Education

CMS – Centers for Medicare & Medicaid
Services

How many settings in Utah other than hospital settings that could be eligible?

Given the guidance received from CMS, Utah Medicaid staff reviewed other states' State Plans to see if there were any approved programs outside of a hospital setting. Staff then contacted CMS to get further clarification on our findings.

Several states have language in their State Plans that appear to authorize GME payments to non-hospital providers. The following are examples DHHS staff found and follow-up clarification received from CMS:

Georgia

According to the Georgia State Plan Attachment 4.19-B Community Service Boards (CSBs) with Graduate Medical Education (GME) programs that are accredited by the Accreditation Council for Graduate Medical Education (ACGME) will be eligible to receive GME supplemental payments. (See State Plan Pages at end of document)

Michigan

Utah Medicaid staff met with the Michigan Department of Health and Human Services to gather details on their MIDOCS GME program and were told that they have had two approved 'GME Innovations' programs with payments going to non-hospitals. They also told Utah Medicaid staff that these programs are considered administrative, and that they receive a 50/50 federal match.

Utah Medicaid asked CMS specifically about the Michigan MIDOCS GME program and were told that while it recognizes rural rotations to various settings, it is still only authorizing the GME payment to the sponsoring teaching hospitals.

Note: Michigan's GME program is included in its State Plan, Attachment 4.19-A which governs inpatient hospital payments. (See State Plan Pages at end of document)

New Mexico

According to the New Mexico State Plan, Attachment 4.19-A accredited FQHCs and RHCs can be eligible for GME payments. Utah Medicaid staff asked CMS for clarification on this and were told that the language in the state plan does mention other non-institutional providers, such as FQHC and RHC providers, but the language for the payment is in the 4.19-A institutional pages which suggests that it goes to inpatient hospitals. CMS staff said they believe these non-institutional providers can apply for funding but believe there needs to be a sponsoring hospital that is the direct recipient of the 4.19-A GME payments.

South Dakota

According to their State Plan, Attachment 4.19-A (Page 10b), South Dakota has a program called the Rural Residency Program where they make GME payments to The Center for Family Medicine. According to The Center for Family Medicine's web page (<https://centerforfamilymed.org/>), their residency program is sponsored jointly by Avera McKennan and Sanford Health Hospitals and is affiliated with the University of South Dakota Sanford School of Medicine. (See State Plan Pages at end of document)

What new providers of third party match not currently participating could qualify?

Any government owned hospital not presently participating in the program could qualify.

Estimates of costs for new match money where General Fund match would be required and options for related programs where match might be transferred

Based on information from CMS, the GME payments would need to be made to a hospital and as such would be subject to the UPL¹.

¹ The UPL represents the maximum CMS will allow states to pay institutional providers. Utah has supplemental payment programs that result in the receiving institutions being paid at the maximum allowed under federal law. Those supplemental payment programs' providers pay the non-federal share of the payment through IGT or provider assessment.

In the case of GME, the UPL is calculated and then the Medicaid payments are compared to it. If there were additional GME monies paid to hospitals it would be added to the Medicaid payments that are being compared to the UPL. Effectively, the additional monies would reduce any gap between the two numbers.

The State Fiscal Year 2022 inpatient UPL gap for privately owned hospitals was \$94,362. This means that for all Utah privately owned hospitals, Utah Medicaid could not have paid more than \$94,362 additionally without exceeding the UPL.

Currently, there is no supplemental payment program for non-state government owned hospitals' inpatient services. In addition, for State Fiscal Year 2022, there was no inpatient UPL gap available for non-state government owned hospitals.

For the one state owned hospital, the University of Utah Hospital, its 2022 inpatient UPL amount was \$37,541,476. The University of Utah Hospital funds the non-federal share of a UPL supplemental payment. As such they are paid at the UPL. If, however, General Fund was used for the non-federal share of their UPL supplemental payment then they would be able to net additional monies within the hospital.

Utah Medicaid is unaware of any related programs where match might be transferred for a new GME program.

Interest of new third party match providers in participating

Based on CMS' guidance, if any hospital were to participate, UPL principles would apply and any GME payments would reduce their inpatient UPL gap supplemental payment amount if they receive one.

Summary

Given the guidance from CMS, it appears that GME could be expanded as long as the services occur in a hospital setting; however, this will reduce the amount available in the UPL gap and would not be a net increase to hospitals. The only potential change would be if the state chose to increase the dollar amount of General Fund appropriated for GME, which would increase the amount paid out as GME, but reduce the amount paid under the Inpatient UPL.