

GME Cap Flexibility FY 2020 Appropriations Report Language

In the final [FY 2020 Appropriations Act \(HR 1158\)](#), Congress has resoundingly indicated its support for Cap Flexibility and strongly encouraged the Center for Medicare & Medicaid Services (CMS) to use its statutory authority to establish Medicare funded Graduate Medical Education (GME) slots for teaching hospitals to address our nation's looming physician shortages. The U.S. is projected to face a shortage of nearly 122,000 physicians by 2032 as demand continues to grow faster than supply.¹

Language in FY 2020 Appropriations Bill – Pg. 102:

- **Graduate Medical Education Program.**—In conjunction with new medical residency programs language included in House Report 116-62, the agreement encourages CMS to extend the time described in section 413.79(e) of title 42, Code of Federal Regulations, for new residency programs before a full-time equivalent resident cap is applied as authorized in [P.L. 105-33](#).

House Report 116-62: Pg. 137:

- **New Medical Residency Training Programs.**—Given the growing physician workforce shortage, the Committee strongly encourages CMS to utilize its discretion to extend the time period described in section 413.79(e) of title 42, Code of Federal Regulations, for new residency programs in areas facing physician shortages before a full-time equivalent resident cap is applied, as authorized in [P.L. 105-33](#). Moreover, the Committee recommends that the agency meet with physician, hospital, and other industry stakeholders from underserved areas to better understand changes in population health. The agency shall provide an update to the Committees on Appropriations on these efforts within 90 days of enactment of this Act.

Background

Cap-Flexibility policy proposes that CMS allow teaching hospitals in areas underserved areas of need, rural areas, and areas facing significant physician shortages, the ability to apply and seek a cap extension of one to five additional years. Ultimately, this will help address geographic disparities in physician supply and demand and alleviate physician shortages.

In 1997, Congress enacted caps on Medicare funded GME slots for new teaching hospitals. In establishing the caps, however, Congress had the foresight in predicting the nation's changing needs, and granted the Secretary of Health and Human Services (HHS) the authority to adjust GME caps for new programs based on future needs. This included extending the window for new residency slots to ensure “***proper flexibility to respond to changing needs, including the period of time such programs would be permitted to receive an increase in payments before a cap is applied.***”² CMS has the authority to define the timeframe by which new teaching hospitals can establish these caps and currently allows for a five-year window (cap-building window) to establish caps.

¹ <https://www.aamc.org/news-insights/press-releases/new-findings-confirm-predictions-physician-shortage>

² U.S. House of Representatives. *Balanced Budget Act of 1997, Conference Report* (to Accompany H.R. 2155), pg. 820-822.