

Graduate Medical Education

Program Overview

FY2025-2026

Effective Oct. 1, 2025

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South Carolina Graduate Medical Education Program

Program Overview

This program provides per-resident full-time equivalent (FTE) funding to support graduate medical education (GME) costs using a standardized statewide methodology. It aims to ensure equitable distribution of funds across hospitals while maintaining a sustainable approach for long-term Medicaid workforce development.

Benefits of the Change

- **Enhances Program Transparency:** Enables the agency to assess the current workforce, accurately forecast future needs, and ensure clear visibility into funding allocations, which allows for more effective planning and targeted solutions to address workforce gaps.
- **Encourages Growth in GME:** Supports hospitals in expanding residency programs by providing a consistent and predictable funding source.
- **Shifts Focus to Education:** Prioritizes training and educational value over patient volume or service intensity.
- **Strengthens Support for Smaller and Rural Hospitals:** Creates a more equitable funding structure that enables participation regardless of hospital size or location.
- **Reduces Funding Disparities:** Helps close historical gaps in GME funding by using a standardized per-resident approach.
- **Simplifies Program Administration:** Reduces complexity by moving away from variable, claim-based GME reimbursement models.

Funding Methodology & Timing of Payments

Hospital funding allocations are determined using historical Medicaid GME payment trends and resident FTE counts reported in Medicare cost reports. A standardized per-resident amount has been established to ensure equitable distribution of funds across hospitals.

Grandfathered Hospitals

Each hospital's allocation is calculated by multiplying its reported FTEs by this per-resident rate. Payments are issued **quarterly** in equal installments through a lump sum payment.

- The number of FTE residents is determined based on data submitted in each hospital's Medicare cost report, as of Sept. 30, 2023.

- This amount is based on the total of 1721.51 reported resident FTEs statewide on the cost reports and the three-year average of historical Medicaid GME payments totaling approximately \$153.8 million.
- A statewide per-resident amount will be established to distribute funds equitably across hospitals.

GME Program Funding Pathways

As part of the new methodology for the GME program, hospitals may qualify for per-resident funding through one of two pathways:

1. Hospitals Currently Funded Through SCDHHS For GME

Hospitals currently participating in the SCDHHS GME program will receive a per-resident amount for each FTE resident reported on their Sept. 30, 2023 cost report. This funding applies to all reported residents, regardless of specialty.

2. Hospitals Not Currently Funded through SCDHHS for GME

Hospitals not currently in the SCDHHS GME program may also be eligible for funding if they reported resident FTEs on their Sept. 30, 2023 cost report. For this group, funding is limited to residents whose specialties fall within the top five areas of greatest need:

- Obstetrics/gynecology (OB/GYN)
- Family medicine
- Pediatrics
- Internal medicine
- Psychiatry

Hospitals identified as potentially eligible have been contacted directly via email and received the required documents. To be considered for funding, these hospitals must complete and submit the required documents to SCDHHS by **Aug. 8, 2025**, via email to GME@SCDHHS.gov.

Claims Adjudication Process and Transition to New Methodology

Effective Oct. 1, 2025, the following changes will apply to the claims adjudication process for GME funding:

Services prior to Oct. 1, 2025

- For all outpatient and inpatient fee-for-service (FFS) claims with a date of service that begins prior to Oct. 1, 2025, the claims adjudication process currently in place will continue. GME components will remain included in the claim level reimbursement as they have been historically.

- For example: for inpatient stays with an admission date prior to Oct. 1, 2025, GME reimbursement will continue through claims adjudication for the full length of stay. For stays with an admission date on or after Oct. 1, 2025, the updated payment methodology will apply.
- Inpatient managed care organization (MCO) Claims: Since these claims are reconciled post-claim level payment, SCDHHS will maintain this reconciliation process for up to one year (until Sept. 30, 2026) to ensure proper reimbursement for all GME components.

Services on or after Oct. 1, 2025

The per-resident amount reflects a comprehensive and streamlined approach to GME funding. It incorporates key components previously embedded in other payment structures, including the Direct Medical Education (DME) portion of the outpatient multiplier and both the DME and Indirect Medical Education (IME) add-ons from the inpatient discharge rate, ensuring a more transparent and predictable funding model.

- The outpatient multiplier will be adjusted to remove the DME component, if applicable.
- The DME and IME add-ons in the inpatient FFS payment model will be removed, if applicable.

Impacted hospitals will receive notification of their updated inpatient discharge rate and outpatient multiplier.

Reconciliation of Inpatient Encounter Claims: The reconciliation of inpatient encounter claims will cease for claims with a service date of Oct. 1, 2025, and onward. Hospitals should ensure claims are submitted timely for payment so the department can confirm accurate reimbursement under the new methodology.

Annual Review Process

To ensure funding remains accurate, SCDHHS will review resident FTE counts and GME payment amounts annually.

- **Per-resident Amount Review:** The statewide per-resident amount will remain in place unless a significant change in the underlying calculation warrants an adjustment. SCDHHS will review this value annually.

- **Allocation Timeline:** Hospital-specific funding allocations will be recalculated and finalized in the spring of each year, based on the resident FTE counts and the most recent per-resident amount.
- **Funding Pool Adjustments:** If additional program funding becomes available, SCDHHS may choose to increase the overall funding pool. Any additional dollars may be used to increase the statewide per-resident amount.
- **Notification of Allocations:** Hospitals will be notified of their updated allocation in the fall of each year.

Physician Residency Incentive Program

Program Overview

The Physician Residency Incentive Program is designed to increase the number of physicians trained in high-need specialties, with a particular focus on improving access to care for the Medicaid population and underserved communities through residency training. The program provides financial incentives to eligible hospitals that expand their residency training capacity in strategically selected specialties facing the most significant workforce shortages. This targeted approach aims to strengthen the state's healthcare infrastructure and ensure long-term sustainability of care delivery.

Eligible Specialties

To effectively address projected physician workforce shortages by 2035, the top five high-need specialties have been prioritized for incentive funding. Caps have been established for the number of physicians supported in each specialty, and funding levels have been aligned with the severity of the projected shortfall and the specialty's importance to the Medicaid population. This focused investment ensures resources are deployed where they will have the greatest impact.

Specialty	Incentive Funding Per-Resident FTE
OB/GYN	\$150,000
Family Medicine	\$125,000
Pediatrics	\$125,000
Psychiatry	\$100,000
Internal Medicine	\$90,000

Source: Physician Workforce Assessment and Medicaid Provider Network Analysis, Table 16, and hospital input.

Note: Incentive payments are available for a minimum of two years of the residency program. Afterwards, SCDHHS will pay the standard per-resident rate.

Funding Schedule

- Incentive payments are awarded **annually** following submission and approval of a hospital's application.
 - Payments are issued within 90 days of the start of the training year, no later than Dec. 31 each year.
- A new application must be submitted each program year to receive funding.

Incentive funding is awarded through a formal application process. SCDHHS may request additional documentation to verify program classification. SCDHHS reserves the right to deny applications based on the availability of funds.

Resident Attrition Policy

In the event a resident leaves the training program prior to the completion of a full training year:

- The hospital must notify SCDHHS within 30 business days of the resident's departure.
- The incentive payment will be prorated based on the number of full months the resident participated in the program.
- SCDHHS will recover any overpayments resulting from the resident's early exit.

Hospital-specific Allocations

Each hospital will receive a unique allocation email outlining the total allocation amount based on the FTEs they have attested to.

Physician Residency Incentive Program Review

To ensure the incentive program remains responsive to evolving healthcare needs, SCDHHS will conduct periodic workforce studies. These studies will help guide which specialties qualify for incentive funding based on current and projected physician shortages, particularly in areas serving Medicaid beneficiaries.

Key components of the workforce study may include:

- Assessment of statewide and regional physician shortages.
- Review of Medicaid utilization patterns and access gaps.
- Analysis of GME program capacity and expansion potential.
- Stakeholder input, including hospitals, medical schools and professional associations.
- Recommendations for updating priority specialties eligible for incentive funding.

Contact Information

For questions or to submit completed applications, please contact GME@scdhhs.gov.

Graduate Medical Education

Physician Residency Incentive Program Application

FY2025-2026

Physician Residency Incentive Program Application

Program Overview

The Physician Residency Incentive Program is designed to increase the number of physicians trained in high-need specialties, with a particular focus on improving access to care for the Medicaid population and underserved communities through residency training. The program provides financial incentives to eligible hospitals that expand their residency training capacity in strategically selected specialties facing the most significant workforce shortages. This targeted approach aims to strengthen the state's healthcare infrastructure and ensure long-term sustainability of care delivery.

Hospitals must apply for funding through this application to support:

- Newly created residency positions in high-need specialties eligible for incentive funding
- New residency positions not reflected in the Medicare cost report data as of Sept. 30, 2023

Incentive payments are available for a minimum of two years of the residency program and is awarded only to eligible high-need specialties. Afterwards, SCDHHS will pay the standard per-resident rate. Applications must include program details, projected start dates and the hospital's physician retention plan. All funding is subject to availability and agency approval, and submission does not guarantee award.

Funding Year Details (completed by SCDHHS):

Funding Year: 2025-26 (Inaugural Year)

Submission Deadline: Aug. 31, 2025

Note: Incentive funding is available for residency positions that began up to three calendar years prior to the current application cycle. For example, residency positions applicable for the 2025-2026 Physician Residency Incentive Program funding must have started residency between Aug. 31, 2022 and Aug. 31, 2025.

Residency Program Accreditation Requirement:

Only residency programs that are fully accredited by the Accreditation Council for Graduate Medical Education (ACGME) or the American Osteopathic Association (AOA) are eligible for funding under this initiative. Applications for non-approved or provisionally accredited programs will not be considered.

Section 1: Hospital and Residency Program Information

Hospital and Residency Program Information	
Hospital System	
Hospital Name*	
Medicaid Provider Number*	
Hospital Street Address	
City	
State	
Zip Code	
Contact Name	
Title	
Phone Number	
Email	

*Used for payment purposes only

If applying as part of a multi-hospital health system, you may submit a single application packet containing hospital-specific sections for each facility.

Section 2: Physician Residency Incentive Funding Request

Please complete the table below:

Specialty	Number of New Residency Positions	Amount Per-Resident	Total Amount Requested
OB/GYN		\$150,000	
Family Medicine		\$125,000	
Pediatrics		\$125,000	
Psychiatry		\$100,000	
Internal Medicine		\$90,000	

Note: Requested residency positions must be new and not currently reflected on the hospital's Medicare cost report.

Section 3: Program Information

This section will be reviewed and scored by a review panel. The panel will conduct a fair and impartial evaluation of each application. Application scoring details are found in section four of this application.

To achieve the highest scores possible, use of hospital data and figures to support the objectives and goals described in the questions below is highly encouraged. Hospitals may also utilize the data found in the Physician Workforce Assessment Report and the South Carolina Medicaid Provider Network Analysis. To access the reports, please reference the SCDHHS GME webpage or request them via email at GME@SCDHHS.gov.

1. Anticipated Start Date of Residency Year:

Please provide the planned start date for each of the requested residency positions.

2. Community-based Objectives and Program Goals:

Clearly describe the residency program's objectives and goals. Explain how the program will advance access to care for Medicaid beneficiaries. How does the residency program align with statewide workforce priorities? Does the residency program have any specific goals around rural and other underserved communities in South Carolina?

3. Data and Justification:

Use data to demonstrate that the residency program's objectives and goals assist with an existing community need. Describe any unique healthcare needs in your hospital's service area that justify the creation of this residency position. Consider including information on shortages in specific provider specialties, gaps in care for Medicaid or rural patients, demographic, epidemiologic, or workforce trends and community health data or any anecdotal evidence.

4. Collaborations and Partnerships:

Describe any partnerships your residency program has with other hospitals or medical schools, community health centers or federally qualified health centers, rural health clinics, tribal health entities, public health agencies, or local organizations that support underserved communities. Emphasize how these partnerships expand access and improve care for Medicaid beneficiaries.

5. Expected Outcomes and Impact:

Describe the expected short- and long-term outcomes of the program, including how it will improve care for Medicaid beneficiaries or other underserved populations through measurable improvements in access, health outcomes or continuity of care. Include metrics or benchmarks you will use to assess impact.

6. Internal Medicine Residents:

This question is only required for hospitals applying for Physician Residency Incentive Program funding for internal medicine residents. If you did not include internal medicine residents in the table above, you may leave this question blank.

Provide information about the internal medicine residency program at your hospital. Does this program encourage internal medicine residents to specialize in other areas, like cardiology or endocrinology? If so, include which specialties your program promotes and how these specialties contribute toward the community-based objectives and program goals listed above.

7. In-state Recruiting Percentage (at Entry to Residency):

Provide the percentage of incoming residents who are originally from South Carolina or attended medical school within the state.

Retention Plan Submission

Complete the information below. A retention plan must be submitted with the application to be considered for funding.

Retention Statistics:

Provide the percentage of residents in the last three to five years who have completed the full term of training in your program.

Provide the percentage of residents who remain employed at your hospital within one year of graduating.

In the last 10 years, provide the percentage of graduates who continue practicing within the state or region after completing residency. Include an overall percentage and percentages divided by physician specialties. If 10 years of data is not available, include however many years are available.

Retention Strategy:

Attach your hospital's strategy for retaining residents and graduates in South Carolina. Your plan may include career advancement or fellowship opportunities, incentives for staying in rural/underserved areas and/or support for work-life balance, mentorship or housing.

Hospitals may also utilize the data found in the Physician Workforce Assessment Report and the South Carolina Medicaid Provider Network Analysis to support retention plans that meet the concerns highlighted in either report. To access the reports, please reference the SCDHHS GME webpage or request them via email at GME@SCDHHS.gov.

Section 4: Application Submission and Scoring (Information Only)

Applications will be reviewed and scored based on applicant's response to each requirement. Points will be awarded for responses meeting the requirements outlined in the application. Scoring criteria listed below:

Requirement	Points Available
Community-based Objectives and Program Goals	20
Data and Justification	20
Collaborations and Partnerships	10
Expected Outcomes and Impact	20
Retention Plan Submission	30
Total Available Points	100

Applicant Rights and Responsibilities

It is the responsibility of the applicant to read the entire application and inquire about any portions that are not understood by the established deadline.

The applicant is responsible for any costs incurred by the submission of application.

SCDHHS Rights and Responsibilities

SCDHHS is not responsible for and shall not be bound by any representations otherwise made by any individual acting or purporting to act on its behalf.

Based on the evaluation of the applications, SCDHHS may choose to:

- Award incentive funding for total number of requested positions.
- Award incentive funding for partial number of requested positions.
- Request additional information of the highest scoring applicants.

SCDHHS Option to Reject Applications

SCDHHS, at its sole discretion, may reject all or any applications submitted in response to the Physician Residency Incentive Program. SCDHHS shall not be liable for any cost incurred by an applicant in connection with preparation and submittal of any application.

Truth and Accuracy of Representatives

False, misleading, incomplete or deceptively unresponsive statements in connection with an application shall be sufficient cause for rejection of the application. The evaluation and determination of rejection shall be at SCDHHS' sole judgement, and such shall be final.

Application Submission

All applications must be submitted electronically to GME@scdhhs.gov.

Required Application Format

Applications must be submitted in a readable PDF format as a single application packet.

Applicants must answer all inquiries outlined in this application (unless directed otherwise) and must include a signed and dated attestation as outlined in section five. Applications must be submitted before the submission deadline listed above.

Application Withdrawal

An applicant may withdraw or amend their application, but only before the submission deadline.

Review of Applications

SCDHHS will receive all applications and review for completeness and adherence to the requirements outlined in this application. Following the initial review, all qualified applications will be reviewed and scored by a review panel. The panel will conduct a fair and impartial evaluation of each application.

The review panel will be comprised of individuals with varied backgrounds, to include professional expertise, lived experience and personal knowledge.

Section 5: Application Attestation and Signature

By signing below, I certify that:

- All information provided in this application is accurate to the best of my knowledge.
- The residency positions included in this application are new and have not previously received funding through the South Carolina GME program.
- The hospital will notify SCDHHS within 30 business days if a resident exits the program.
- I understand that funding is not guaranteed and is subject to availability and agency approval.

By signing below, I acknowledge that I have fully read and understood the information listed in section four and that I attest to the information in section five of this application:

Authorized Representative Name:

Title:

Signature:

Date: