

Aug. 1, 2025
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MEDICAID BULLETIN

TO: South Carolina Hospitals with Residency Programs

SUBJECT: Graduate Medical Education Physician Residency Incentive Program

The South Carolina Department of Health and Human Services (SCDHHS) has created a new Graduate Medical Education (GME) Physician Residency Incentive Program that is designed to increase the number of physicians trained in high-need specialties, with a focus on improving access to care for Healthy Connections Medicaid members and South Carolina's underserved communities through residency training. The application for hospitals interested in the Physician Residency Incentive Program is now live and can be found [here on SCDHHS' website](#).

Physician Residency Incentive Program Overview

The Physician Residency Incentive Program provides financial incentives to eligible hospitals that expand their residency training capacity in strategically selected specialties that face the most significant workforce shortages. Hospitals must apply for funding. All funding is subject to availability and agency approval. Submitting an application does not guarantee an award. Key dates for hospitals to apply for the inaugural year of this new program are available below:

Funding Year Details

Funding Year: 2025-26 (Inaugural Year)

Application Opens: Aug. 1, 2025

Submission Deadline: Aug. 31, 2025

Eligible Specialties

To effectively address projected physician workforce shortages projected to occur by 2035, 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 assessed projected shortfall and the specialty's importance to South Carolina's Medicaid population. This focused investment will better ensure resources are invested where they will have the greatest impact.

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

Incentive payments are available for a minimum of two years of the residency program and are awarded to hospitals only for eligible high-need specialties. Afterward, SCDHHS will pay the standard per-resident rate as outlined in the [GME program guide](#). All funding is subject to availability and agency approval, and submission does not guarantee award.

Funding and Process Schedule

Incentive payments will be awarded **annually** following approval of a hospital's application. Payments will be issued within 90 days of the start of the training year, no later than Dec. 31 each year.

A new Physician Residency Incentive Program application must be submitted each 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 an email outlining their total allocation amount based on their attested FTEs.

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 determine the specialties that will qualify for incentive funding based on current and projected physician shortages, particularly in areas serving Healthy Connections Medicaid members.

Application Information

More information on how to apply for the GME Physician Residency Incentive Program can be found on the GME webpage of SCDHHS' website at www.scdhhs.gov/GME.

Contact Information

Hospitals should direct questions related to this bulletin or the GME program to GME@scdhhs.gov.

Thank you for your continued support of the South Carolina Healthy Connections Medicaid program.

/s/
Eunice Medina