

Graduate Medical Education (GME) Frequently Asked Questions

Section 1: Program Information

What changes will happen after Oct. 1, 2025?

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 current claims adjudication process will continue. GME components are 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.

For inpatient managed care organization (MCO) claims with a date of service that begins prior to Oct. 1, 2025, SCDHHS will maintain its current reconciliation process for up to one year (until Sept. 30, 2026) to ensure proper reimbursement for all GME components during the timely filing window.

Services on or after Oct. 1, 2025

The per-resident methodology being implemented on Oct. 1, 2025, reflects a comprehensive and streamlined approach to GME funding. It incorporates key components previously embedded in other payment structures, including the Direct Medical Education portion of the outpatient multiplier and both the Direct Medical Education and Indirect Medical Education add-ons from the inpatient discharge rate, ensuring a more transparent and predictable funding model.

- The outpatient multiplier will be adjusted to remove the Direct Medical Education component, if applicable.
- The Direct Medical Education and Indirect Medical Education 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 date of service on Oct. 1, 2025, or later. Hospitals should ensure claims are submitted for payment within the timely filing window so SCDHHS can confirm accurate reimbursement under the new methodology.

How do I know if my facility's GME program will qualify for an outpatient multiplier?

Effective Oct. 1, 2025, SCDHHS' GME program will transition away from a claims-based reimbursement model. There will no longer be any GME add-ons included in the outpatient multiplier. Instead, all GME funding will be allocated through the per-resident program and the physician residency incentive program.

How do I know how many FTEs will count toward my per-resident amount?

For Fiscal Year 2026 (beginning 10/1/2025), the number of FTEs reported on a facility's 2023 Medicare cost report will be the number used to calculate the facility's per-resident amount. Please reach out to GME@scdhhs.gov with any questions about the 2023 cost report FTE counts.

Where can I find more information about SCDHHS GME?

Program information can be found at <https://www.scdhhs.gov/GME> under "GME Program Guide."

What is the difference between the three GME programs effective Oct 1, 2025?

Effective Oct. 1, 2025, SCDHHS will offer three programs to eligible teaching hospitals:

South Carolina GME Program:

This program provides per-resident FTE funding to support existing GME costs using a standardized, statewide methodology. *(This applies to existing Resident FTEs included on the 2023 Medicare Cost Report).*

Optional Public Hospital GME Program:

This voluntary program offers support for public hospitals' GME programs through the transition to a per-resident reimbursement methodology. *(This only applies to existing Public Hospital Residency Programs).*

Physician Residency Incentive Program:

This program is designed to increase the number of physicians trained in high-need specialties, with an emphasis on improving access to care for the Medicaid population and underserved communities. The program provides financial incentives to hospitals that expand their residency training capacity in strategically selected specialties facing the most significant workforce shortages. *(This applies to new resident FTEs not included on a 2023 Medicare Cost Report).*

For more information, refer to the [GME Program Guide](#).

Who is eligible for SCDHHS GME?

Teaching hospitals in South Carolina are eligible to apply for funding through the incentive program. For more information on eligible specialties and requirements, please see the [GME Program Guide](#).

Do I need to apply for GME?

Participating hospitals currently receiving GME funding through SCDHHS do not need to apply for the per-resident funding received through the South Carolina Graduate Medical Education program. A list of these hospitals is available at www.scdhhs.gov/GME.

SCDHHS will provide funding for new Resident FTEs through the Physician Residency Incentive Program Application Process. For new resident FTEs not included on a 2023 Medicare Cost Report, hospitals must submit an application for funding. More information about both programs can be found in the [GME Program Guide](#).

Will the new GME methodology effective Oct. 1, 2025 change the Supplemental Teaching Physicians (STP) program payments?

No, it will not impact the state directed STP payment.

Section 2: Physician Residency Incentive Program

Where can I find the Physician Residency Incentive Program application information?

Information about the Physician Residency Incentive Program, including the application, due dates, and other resources, are located under the “Physician Residency Incentive Program Application” section of the [SCDHHS GME webpage](#).

How do I submit my Physician Residency Incentive Program application?

Applications must be submitted by email to GME@SCDHHS.gov.

When is the Physician Residency Incentive Program application due?

All application material must be received by SCDHHS by Aug. 31, 2025, for funding year 2025-26 (Inaugural Year).

How do I know which residents I can include in my application?

Hospitals must apply for funding for Resident FTEs in high-need specialties (as outlined in the application) that are not reflected in the 2023 Medicare cost report data. Applicable residents must

have started residency between Aug. 31, 2022, and Aug 31, 2025.

Can I apply for the full complement of slots in my residency program (ex: total 24 positions: class size of eight per year in a three-year program)?

Hospitals may only apply for funding for residents who are currently in a residency position by the time the application is due (Aug. 31, 2025.) Residency positions eligible for 2025-2026 Physician Residency Incentive Program funding must have started residency between Aug. 31, 2022, and Aug. 31, 2025. Additionally, these residents must not be accounted for on the hospital's 2023 Medicare cost report. If additional residents join the residency program after the application due date, the hospital must request incentive funding for those residents in a future year.

Do Medicare GME caps impact Physician Residency Incentive Program slots?

SCDHHS' GME program operates independently of Medicare and does not take Medicare caps into consideration.

Do teaching hospitals that currently receive SCDHHS GME reimbursement prior to Oct 1, 2025, also have the opportunity to receive additional GME reimbursement through the Physician Residency Incentive Program?

Yes. All teaching hospitals in South Carolina regardless of their SCDHHS GME funding history can apply for the Physician Residency Incentive Program. The funding available through the Physician Residency Incentive Program shall not include Resident FTEs that are already funded through the South Carolina GME per-resident program.

Is the Physician Residency Incentive Program the only GME funding avenue available for new residency programs approved by ACGME or AOA after September 30, 2023?

The Physician Residency Incentive Program is the only pathway to funding through SCDHHS for Resident FTEs that were not included on the 2023 Medicare cost report.

What does the Aug. 8 deadline refer to on Page 4 of the Physician Residency Incentive Program application?

SCDHHS has contacted hospitals who are not currently participating in the SCDHHS GME program who may be eligible for funding if they reported resident FTEs on their Medicare cost report. For those specific hospitals, responses were due Aug. 8, 2025.

Do I need to submit a different application for each of my hospital's residency programs?

No, hospitals should submit one application per facility regardless of the number of residency programs. Multi-hospital health systems can submit a single application under the health system's name but must include information for each facility in sections 2 and 3 of the application. If a facility has more than one residency program of an eligible specialty, they can apply for funding for both on the same application.

Section 2 of the application is designed for each facility to include the number of new residency positions for all eligible specialties. If there are any distinct differences in goals, partnerships, or the retention plan between the two residency programs, the differences should be explained in the application.

When will hospitals be notified of their Physician Residency Incentive Program application status?

For 2025-2026 applications, hospitals will be notified of their application status by Oct. 1, 2025.

Section 3: Funding

When will hospitals receive their funding?

Hospitals will be notified of their GME allocations on or after Oct. 1, 2025. When applicable, hospitals will receive their payments for both the per-resident GME program and the Physician Residency Incentive Program within 90 days after Oct. 1, 2025.

Is GME funding a “one-time” amount or will it be renewable for multiple years?

Any Resident FTEs awarded through the Physician Residency Incentive Program will be funded at the enhanced amount for two years. After two years, that Resident FTE will be converted to the per-resident amount. Awards for Resident FTEs in the Physician Residency Incentive Program for future years will be dependent on continued state funding and authorization.

What is the current statewide per-resident amount?

The current statewide per-resident amount is \$80,000 per Resident FTE.

Is there a publicly available listing of hospitals that are funded through SCDHHS for GME as of the Sept. 30, 2023, cost report?

The list of hospitals participating in SCDHHS’ GME program is available publicly at www.scdhhs.gov/GME.

How will the three GME programs be funded going forward?

The statewide per-resident amount funded through the South Carolina GME Program and Physician Residency Incentive Program will be funded through recurring general appropriations and the associated federal matching funds. The per-resident amount is issued in quarterly payments, and Physician Residency Incentive Program funding is issued as one lump sum payment. The Optional Public Hospital GME Program is funded by an intergovernmental transfer from participating public hospitals.

Contact Information

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