



SEP 24 1989

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BALTIMORE MD 21244-1850

Mr. B. Scott McBride  
Vinson & Elkins L.L.P.  
2300 First City Tower  
1001 Fannin Street  
Houston, TX 77002-6760

Dear Mr. McBride:

This is in response to your letter regarding the calculation of full time equivalent (FTE) resident counts in nonhospital settings for determining direct (GME) and indirect (IME) graduate medical education payments. You specifically inquired about Health Care Financing Administration's (HCFA) interpretation of "patient care activities" in relation to the time residents spend in nonhospital sites.

HCFA interprets the phrase "patient care activities" broadly to include any patient care oriented activities that are part of the residency program. As you stated in your letter, this can include resident participation in "1) the direct delivery of patient care, such as clinical rounds, discussions, and conferences, and 2) scholarly activities, such as educational seminars, classroom lectures, research conferences, patient care related research as part of the residency program, and presentations of papers and research results to fellow residents, medical students, and faculty." Therefore, as long as the residents are primarily involved in patient care oriented activities and other program requirements are met, a hospital may include other educational activities as part of the entire time spent by residents in nonhospital settings and include this time in its FTE count and GME/IME payment calculations.

If you have further questions, please call Rebecca Hirshorn at 410-786-3411 or Michelle Lefkowitz at 410-786-5316 of my staff.

Sincerely,

Izzi M. Hefter

Director

Division of Acute Care  
Plan and Provider Purchasing Policy Group