very high and likely to present an insurmountable barrier for many rural communities contemplating starting a Family Medicine training program. Assuming that 1 FTE resident claim on a cost report generates ~$150,000 in Medicare DGME and IME claims the loss with the rolling average rule will amount to $300,000 to $900,000 in the scenarios described below for a 2-2-2 rural training track.

Assumption in examples:

Urban hospital has cap of 30 before starting an RTT and has been claiming 30 each year for many years

1st full year with RTT residents is year 1. the years before RTT starts are year -1 and year -2

hospital is on July-June FY

Scenario A: 2-2-2 RTT that has all of R1 year claimed by 1 urban hospital and all of R2 and R3 years claimed by rural hospital

with **rolling average** the urban hospital would be paid for

FY	core residents	RTT residents	total FTEs	rolling avg FTEs	short vs no rolling avg	
year -2	30	0	30	30	0	
year -1	30	0	30	30	0	
year 1	30	2	32	30.67	-1.33	
year 2	30	2	32	31.33	-0.67	
year 3	30	2	32	32	0.00	
year 4	30	2	32	32	0	
then same	30	2	32	32	0	
					-2	total lost FTE claims

Scenario B: 2-2-2 RTT that has all of R1 year and half of years 2 and 3 claimed by 1 urban hospital and half of R2 and R3 years claimed by rural hospital

with **rolling average** the urban hospital would be paid for

FY	core residents	RTT residents	total FTEs	rolling avg FTEs	short vs no rolling avg	
year -2	30	0	30	30	0	
year -1	30	0	30	30	0	
year 1	30	2	32	30.67	-1.33	
year 2	30	3	33	31.67	-1.33	
year 3	30	4	34	33.00	-1.00	
year 4	30	4	34	33.67	-0.33	
year 5 and after	30	4	34	34.00	0	
					-4	total lost FTE claims

Scenario C: 2-2-2 RTT that has ALL residents claimed by 1 urban hospital. There is no rural hospital

with **rolling average** the urban hospital would be paid for

FY	core residents	RTT residents	total FTEs	rolling avg FTEs	short vs no rolling avg	
year -2	30	0	30	30	0	
year -1	30	0	30	30	0	
year 1	30	2	32	30.67	-1.33	
year 2	30	4	34	32.00	-2.00	
year 3	30	6	36	34.00	-2	
year 4	30	6	36	35.33	-1	
year 5 and after	30	6	36	36.00	0	
					-6	total lost FTE claims

Our comments for items 3 and 4 relate to additional issues affecting rural training track and other rural graduate medical education regulations.

3. Urban Hospitals Must be Allowed to Establish New RTTs at Any Time

The Balanced Budget Act of 1997 established the concept that an urban hospital would be able to increase its cap on residency positions in order to accommodate residents training in rural areas as part of a RTT after the first year of training. The purpose was to allow the residents to obtain enough inpatient training at the urban hospital serving a larger and broader patient population in the first year, and then train in rural, community-based settings for the rest of the residency. RTT residency programs are a proven model for addressing rural physician workforce shortages, with over 70