

**Information on Initial Distributions of New Medicare-Funded Physician Residency Positions**

GAO-26-107686

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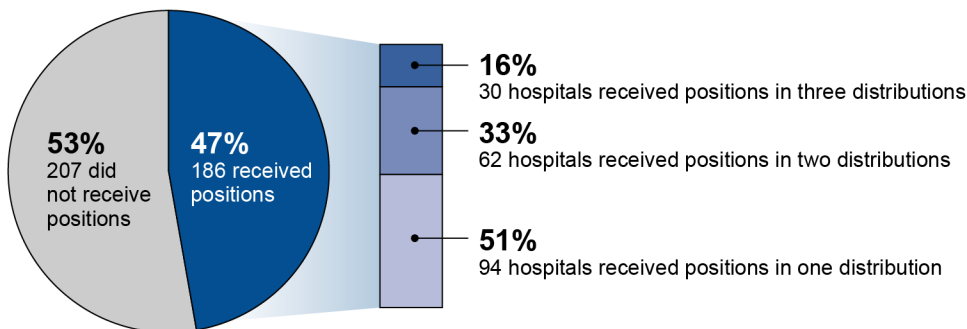
A report to congressional committees.

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## What GAO Found

Medicare payments to hospitals to support graduate medical education (GME) for physicians are capped by the number of residents. As of September 2025, the Centers for Medicare & Medicaid Services (CMS) allocated 600 of the 1,000 new Medicare-funded positions to hospitals from three annual distributions. To date, about half of the 393 hospitals that applied received new positions.

### Percentage of Hospitals Receiving New Residency Positions Under Section 126, 2023–2025



Total = 393 hospitals applied

Source: GAO analysis of Centers for Medicare & Medicaid Services (CMS) data. | GAO-26-107686

Note: Figure represents the 393 hospitals that applied for or received residency positions in at least one of the first three annual distributions of Section 126 of the Consolidated Appropriations Act, 2021.

Hospitals that received positions in the first three distributions were similar to hospitals that applied for and did not receive positions. For example, nearly all were in geographically urban areas and most applied to expand existing residency programs that had been approved to train residents for over 10 years. In addition, about half of hospitals that received positions applied to train more residents in primary care specialties. Further, hospitals that received positions were generally larger in terms of their resident cap and total Medicare GME payments in 2023, compared to other hospitals that applied but did not receive positions.

Selected stakeholders identified benefits of these additional positions, such as expanded training opportunities and increased physician services in their communities. For example, one rural hospital expanded its family medicine program which allowed it to implement a resident mentoring approach; another hospital expanded outpatient training, enabling residents to follow patients in later care, according to representatives.

Selected stakeholders also described how CMS's decision to distribute positions by prioritizing applications with the highest health care provider shortages may have disadvantaged some hospitals. In addition, stakeholders said funding challenges, such as up-front costs of new residency programs, also affected hospitals' decisions to apply for new positions.

## Why GAO Did This Study

Communities across the U.S., and rural areas in particular, face a growing risk of having too few physicians to meet health care needs. In 2023, Medicare paid about \$22 billion to support GME residency positions at over 1,400 hospitals.

Section 126 of the Consolidated Appropriations Act, 2021 requires CMS to distribute 1,000 new Medicare-funded GME residency positions to qualifying hospitals through permanent increases in their resident caps. The law requires CMS to distribute these positions in at least five annual distributions, with the first of these positions being available for use in 2023. The new positions are expected to cost about \$1.8 billion over the first 9 years.

The law also includes a provision for GAO to study the implementation of this process. This report describes the number of hospitals that applied for and received additional positions, their characteristics, and benefits and challenges identified by selected stakeholders related to the distribution of these additional positions.

GAO analyzed hospital application data submitted to CMS for the first three annual distributions from 2023 through 2025; Medicare Cost Reports; and residency program data from the Accreditation Council for Graduate Medical Education.

GAO also reviewed CMS documentation and public comments on CMS rulemaking and interviewed officials from CMS and the Health Resources and Services Administration. GAO also interviewed 14 stakeholders, including those representing hospitals and physicians, and seven selected hospitals that received new positions under Section 126.