Medicare Part B, Nursing & Allied Health Education Pass-through

By Lerrill J. White, ACPE Supervisor, CMS Liaison

Now that the “PATIENT PROTECTION & AFFORDABLE CARE ACT” (PPACA) and the “HEALTH CARE EDUCATION & RECONCILIATION ACT” (HCERA) are the law of the land, here is an update on the status of Medicare Part B, Nursing & Allied Health Education Pass-through...

For all of you who have had the pleasure of reading the 2,400 pages that represented the first installment of the PPACA/HCERA legislation, I salute you! For those of you who haven’t had time to read the ACA legislation, I will attempt to provide a concise synopsis of those elements that directly affect ACPE, Inc. programs located in acute care hospitals, and the reimbursement implications for all nursing & allied health education contained in Medicare Part B.

First, let me address an urban legend that has had traction amongst some hospital administrators. It is simply not true that the ACA will eliminate the reimbursement of nursing & allied health education programs, nor will their funding be dramatically reduced. That is not a part of the ACA legislation nor is it a consideration. In fact, the current national concern is that we will not be able to keep up with the demand for physicians, nurses, & allied health professionals in the future. Attention is currently focused on how to provide more incentives and training to meet the coming need.

There are two primary areas of interest in the latest CMS Rule (Docket Number: CMS-2012-0052) for those who are eligible to receive nursing & allied health education pass-through: 1) clearer directions regarding the timing & claiming of the additional payments for Medicare Advantage patients; & 2) a technical correction of the final rule for Nursing & Allied Health Education (Jan. 12, 2001) that incorrectly disallowed reimbursement for patient care in the outpatient areas of the hospital.

The first area of interest, “providing clearer directions regarding the timing & claiming of the additional payments for Medicare Advantage patients,” is related to what I reported to the ACPE membership in 2003. Section 512 of the Benefits Improvement and Protection Act (BIPA) (Pub. L. 106-554) changed the formula for determining the additional payment amount paid to hospitals that operate nursing or allied health education programs and incur costs for services provided to Medicare+Choice (now Medicare Advantage) enrollees. This legislation created a separate revenue source to reimburse those acute care hospitals that treated Medicare Advantage patients (an HMO type hybrid) that also operated approved nursing & allied health education programs. The CMS issued several Transmittals in 2003 to hospitals that operated nursing & allied health education programs urging them to submit their claims in what is called the UB-92 format to their fiscal intermediary with appropriate coding. In this latest ruling, CMS is also making clear that the same time limits for filing for the BIPA monies apply as apply for filing for the Medicare Part B pass through monies. They cite regulation § 424.44 regarding the time limits.

The second area of interest is the “technical correction of the final rule for Nursing & Allied Health Education (Jan. 12, 2001). This section of the CMS Rule reviews the history of what was intended in the original legislation regarding what was to be reimbursed as reasonable costs for operating approved nursing & allied health education programs. The bottom line is that this Rule, citing the Provider Reimbursement Manual, Part 1, section 402.1.A, “states that the ‘approved educational activity’ must be ‘designed to enhance the quality of health care in the institution or to improve the administration of the institution’ (emphasis added). The PRM expresses the correct longstanding policy, indicating that both inpatient and outpatient training costs are allowable for pass-through payment. We are correcting
the regulations at § 413.85(c)(2) and § 413.85(d)(1)(i)(C) to indicate that “approved educational activities” are those that “Enhance the quality of health care at the provider.” There are still some settings, i.e., non-provider sites, which will not be reimbursed. This ruling allows us to assign students to nearly all areas of the hospital without worrying about the impact on reimbursement formularies, and allows us to provide a more holistic clinical experience for our students.

Please be in conversation with your Center’s Reimbursement Officer to make sure your hospital is on-board and in compliance with this Rule – which went into effect on October 1, 2012. I am also providing the National Office with the actual sections of the CMS Rule that pertain to Nursing & Allied Health Education (rather than the 793 pages published in the Federal Register).

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