



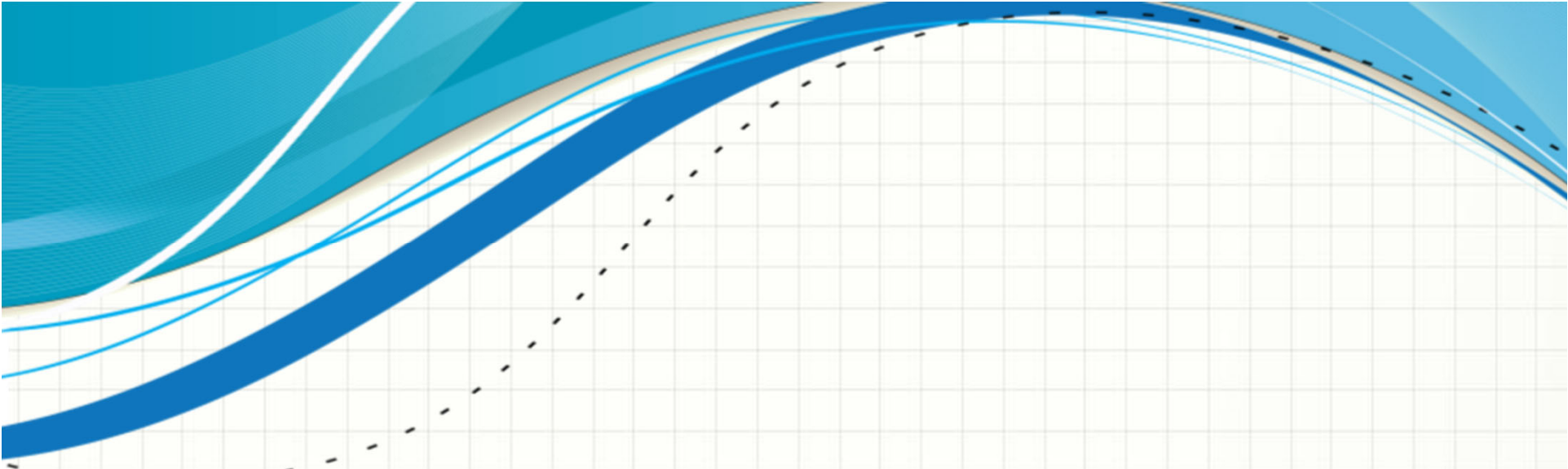
NURSING & ALLIED HEALTH REIMBURSEMENT

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HFS User Meeting August 23, 2019



Discussion Topics

- Regulations Governing Reimbursement
- The Cost Report
 - Traditional Reimbursement
 - Managed Care Payment
- NAHE Audit Preparedness



**REGULATIONS
GOVERNING
REIMBURSEMENT**

Medicare Regulations Governing Reimbursement

- Traditional: 42 CFR §413.85
- Managed Care: 42 CFR §413.87

Providers Qualifying for NAHE Reimbursement

- IPPPS/OPPPS (Acute Care)
- CAH
- IPF
- IRF
- TEFRA
- LTCH

§413.85

- Payment for net cost of nursing and allied health education determined on a reasonable cost basis, subject to conditions and limitations, as follows:

Approved Educational Activity Is

- Recognized by a national approving body or State licensing authority
- Meets the criteria for identification as an operator or an approved education program
- Enhance the quality of health care at the provider

National Approving Body or State Licensing Authority

- Licensed by state law or
- Accredited by the recognized national professional organization for the particular activity, such as:
 - Commission on Accreditation of Allied Health Education Programs
 - National League of Nursing Accrediting Commission
 - Association for Clinical Pastoral Education
 - American Dietetic Association

Criteria for Identifying Programs Operated by a Provider (must meet all)

- Directly incur training costs
- Have direct control of the curriculum
- Control administration of the program
 - Collection of tuition
 - Control payroll records of teaching staff and/or students
 - Be responsible for day to day operations
 - Employ the Teaching Staff

Criteria for Identifying Programs Operated by a Provider (continued)

- Control administration of the program
 - Provide and control classroom instruction
 - Control clinical training
- Absent to the contrary, the provider that issued the degree, diploma or certificate of completion is assumed to meet all these criteria and be the operator of the program **(since clarified by CR 10552 issued August 17, 2018 and basically removed)**

Reimbursement

- Net cost
 - Total allowable costs less revenues received from tuition and student fees directly related to approved educational activities
- Total allowable costs
 - Trainee stipends
 - Teacher compensation
 - Other costs determined under cost finding

Reimbursement

- Cost Do not Include
 - Patient care costs
 - Costs incurred by a related organization
 - Redistribution of costs from an educational institution to a provider
 - Costs being provided through community support

Reimbursement of CRNA Programs

- Subject to additional conditions
 - CRNA faculty cost limited to administration of the program, hours spent in the classroom, or cost of clinical training for which the CRNA can not received payment thru fee schedule
 - No passthrough compensation costs are allowable for clinical training time spent during a surgical procedure for which fee reimbursement is available

Certain Nonprovider-operated programs are reimbursed if

- Cost incurred by related entity (provider or educational institution)
- Training must occur on premises or within 250 yards of the main building (on campus)
- Must have been paid for these educational costs for most recent CRP that ended on or before October 1, 1989
- Students must provide a benefit to the provider thru provision of clinical services

§413.87 Medicare + Choice

- Under the qualifying conditions, a payment calculation is made and input into the cost report



THE COST REPORT

Nursing and Allied Health

- Report Nursing School on Ln 20 and Allied Health on Ln 23
- Transmittal 12 requires each program to be separately on a subscribed Line 23
- In addition to A series, other impacted worksheets are
 - W/S S-2, Part I, lines 60 and 60.01
 - W/S S-2, Part II, lines 6, 7 and 8
 - W/S -3 Part I, Ln 2, Col. 6 (Program HMO days)
 - W/S B-1
 - W/S D Part III and IV
 - W/S E, Part A, Ln 53 (managed care payment)
 - W/S E, Part A, Lns 57/58, E Part B Ln 9, E-3, Part II, Ln 28, E-3 Part III, Ln 29, E-3, Part VI, Lns 2/3

W/S S-2, Ln 60.01

- Must report for Ln 20 and 23 (parent and subscribed)
 - Col 2, the line on W/S A
 - Col 3, the pass-through qualification code
- Pass-through codes are
 - 1 Provider operated program §413.85(f)
 - 2 Non-provider operated program §413.85(g)(2)
 - 3 Non-Provider operated program §413.85(g)(3)
 - 4 Non-Provider operated program §413.85(h)(6)

W/S S-2, Ln 60.01 Pass-through Codes

- Code 2 Nonprovider-operated programs
 - Clinical training must occur on the premises or campus
 - Must have claimed cost for the program on cost report ending on or before October 1, 1989 that was NPR'd by November 5, 1990 or
 - If the cost was included in an interim rate calculation for same period or
 - If the cost was claimed as a pass-through

W/S S-2, Ln 60.01 Pass-through Codes

- Code 2 nonprovider-operated programs
 - The percentage of total allowable provider cost attributable to allowable clinical training cost does not exceed the percentage of total costs for clinical training in the cost reporting period ending on or before October 1, 1989 (This required a clarification (CR10552 issued Aug, 2018))

W/S S-2, Ln 60.01 Pass-through Codes

- Code 2 nonprovider-operated programs
 - Students must provide a clinical benefit to the patients
 - Clinical training cost must be incurred by the provider or an educational institution related to the provider
 - The cost incurred do not exceed the costs the provider would have incurred if it was the sole operator

W/S S-2, Ln 60.01 Pass-through Codes

- Code 3 nonprovider-operated programs
 - Providers that operated programs prior to cost reporting period ending on or before October 1, 2003 and transferred to a wholly owned subsidiary educational institution in order to meet accreditation standards and have continuously incur the costs
 - Program must have been in place on cost report ending on or before October 1, 1989

W/S S-2, Ln 60.01 Pass-through Codes

- Code 4 educational costs treated as normal operating costs
 - Orientation and OJT
 - Educational seminar, workshops
 - Maintenance of a medical library
 - Patient training

W/S S-2, Ln 60.01

- Pass-through code of 4 will prevent the transfer of cost to W/S D, Part II and Part IV

W/S A

- Ensure the following costs are reported
 - Salaries or stipends of students
 - Compensation paid to instructors
 - Educational materials
 - Other departmental supplies
 - Fees and/or costs of accreditation
- Ensure the following costs are not include
 - Cost related to patient care

W/S A

- If direct costs aren't recorded to your education cost center, W/S A-6 reclassifications are appropriate to move allowable costs to Ln 20 and/or Ln 23

W/S A-8 offsets

- Must offset revenues received as tuition and/or student fees against direct cost reported on Ln 20 and/or 23

W/S B-1 Stats

- Make sure that B-1 statistics reported for Lines 20 and 23 include all appropriate amounts, or amounts computed consistent with all other CR departments
 - Square feet
 - Salaries
 - FTE's
 - Purchasing and/or costed requisitions

Cost Flow-thru

- Pass-through costs are calculated on W/S D, Part III and Part IV and transfer to the respective E-series settlement worksheets



**NURSING AND
ALLIED HEALTH
MANAGED CARE
PAYMENT ON THE
COST REPORT**

W/S E, Part A, Ln 53

- Must calculate and input the nursing and allied health managed care payment here if applicable

Nursing and Allied Health Managed Care payment for other than IPPPS

- For freestanding Psych hospital, the calculated payment is input on W/S E-3 Part II, Ln 13
- For freestanding Rehab hospital, the calculated payment is input on W/S E-3, Part III, Ln 14
- For LTCH's, the calculated payment is input on W/S E-3, Part IV, Ln 4
- For TEFRA reimbursed hospital, the payment is input on E-3, Part I, Ln 1.01
- For CAH, the payment is input on W/S E-3, Part V, Ln 2

Nursing and Allied Health Managed Care

- To Qualify
 - Must have had a Medicare + Choice utilization > 0 in its cost reporting period ending in the fiscal year that is 2 years prior to the current calendar year
 - Must have received reasonable cost payments under § 415.85 ending in the fiscal year that is 2 years prior to the current calendar year
 - Must receive a reasonable cost payment (under §413.85) in the current fiscal year

Nursing and Allied Health Managed Care

- If the fiscal year is the calendar year, the qualifying period is 3 years back
 - Based upon a CMS clarification
 - Only December years end are impacted by this

Nursing and Allied Health Managed Care

- Per CMS instruction to the MAC's, HMO days MUST come from report 118 of the PS&R for cost reporting periods beginning on or after July 1, 2003
- Provider logs should not be used

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step One*
 - Medicare payments received for the period(s) ending in the fiscal year that is 2 years (3 years if calendar year) prior to the current calendar year, and
 - Inpatient days for that same cost reporting period, and
 - Medicare +Choice inpatient days for that same period

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step Two*
 - Using step one data, determine the ratio of the hospital's total nursing/allied health payments to its total inpatient days
 - Multiply this ratio by the hospital's total Medicare +Choice Days

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step Three*
 - CMS will determine, using best available data, total for nursing and allied health payments; inpatient days; and Medicare +Choice days
 - Currently, this information is from Federal FY 1999

Nursing and Allied Health Managed Care

- The Federal FY 1999 amounts are:
 - Total nursing and allied health payment: \$204,780,092
 - Total inpatient days: 56,794,990
 - Total Medicare +Choice days: 1,701,313

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step Four*
 - Using step three data, determine the ratio of all hospital total nursing/allied health payments to total inpatient days for those hospitals
 - Multiply this ratio by total Medicare +Choice Days
 - $204,780,092/56,794,990 * 1,701,313 = 6,134,256$

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step Five*
 - Calculate the ratio of the product determined in step two to the product determined in step four

Nursing and Allied Health Managed Care

- §413.87 (e) Steps to Calculate: *Step Six*
 - Multiply the ratio from step five by the CMS calculated payment pool
 - The payment pool is from Federal FY 2001 and is \$43,663,043
 - The payment pool may not exceed \$60M for any calendar year

Nursing and Allied Health Managed Care

- The payment to report is calculated by calendar year, and prorated for months in current FY
- The best way to calculate the amount to report is to use the form from your MAC
 - Novitas form and/or WPS form
- Do not include OP ancillary cost from W/S D Part IV, Col 13
- Total days are net of nursery
- Report subprovider(s) total days

Nursing and Allied Health Managed Care

NAHE Medicare +Choice Payment illustrated
 FYE: 8/31/2014

Step	Data	08/31/11	08/31/12	
1	DIII and IV costs	86,696	75,904	← (A)
1	S-3 Total days, Net of Nursery	81,755	77,174	← (B)
1	HMO Days	4,915	1,499	← (C)
2	(A/ B * C)	5,212.05	1,474.33	
3	All DIII and IV costs		204,780,092	← (D)
3	All S-3 Total days, Net of Nursery		56,794,990	← (E)
3	All HMO Days		1,701,313	← (F)
4	(D/ E * F)	6,134,256.43	6,134,256.43	
5	(Step 2 / Step 4)	0.000849662	0.000240344	
6	Step 5 * Pool (\$43,663,043)	37,099	10,494	Full year
	Applicable for 4 months →	12,366	6,996	← Applicable for 8 months
	Total	19,362		



**NAHE
AUDIT
PREPAREDNESS**

Nursing and Allied Health Managed Care

- During the audit should NAHE is selected, the MAC normally will send a questionnaire to be completed
- There is usually a substantial list of supporting documentation requested in order to support claimed costs and reimbursement

Nursing and Allied Health Managed Care

PROVIDER NURSING / ALLIED HEALTH APPROVED PROGRAM AND LEGAL OPERATOR QUESTIONNAIRE

NAME OF NURSING / ALLIED HEALTH PROGRAM:

Paramed Ed Program

TYPE OF PROGRAM:

W/S A COST CENTER LINE NO.:

23

NOTE: Complete a separate questionnaire for each program claimed by the facility.

1. is the program approved in accordance with 42 CFR 413.85(e)?

YES

NO

(if the answer to YES, please provide documentation that supports approval and proceed to question 2. If the answer is NO, please discontinue this questionnaire.)

2. Does the provider issue the degree, diploma, or certificate for this program per 42 CFR 413.85(f)(2)?

YES

NO

(if the answer to YES, please provide documentation that supports this item and proceed question 3.)

Nursing and Allied Health Managed Care

3. Please answer and support the following in accordance with 42 CFR 413.85(f)(1)(i) - (v)
– (however, if the provider is not the legal operator, please proceed to question 4):

a. Does the provider directly incur the training costs?

YES

NO

(If the answer is YES, provide the following documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

- i. A grouping of expenses to identify account #s in the NAHE cost center.
- ii. Detail G/L for all accounts which make up the total cost reported in W/S A NAHE cost centers.
- iii. Specific detailed support for all A-6 reclasses, and A-8 offsets related to NAHE.
(If there are multiple Allied Health programs, make sure each are separately identified and supported).

b. Does provider have direct control of program curriculum?

YES

NO

(If the answer is YES, provide the following documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

- i. Agreements between provider and educational institutions.
- ii. Diplomas for each of the NAHE programs.
- iii. Brochures or other direct mail items sent to potential students.

Nursing and Allied Health Managed Care

3. Please answer and support the following in accordance with 42 CFR 413.85(f)(1)(i) - (v)
- (however, if the provider is not the legal operator, please proceed to question 4):

c. Does provider control the administration of the program including collection of tuition?

YES NO

(If the answer is YES, provide the following documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

- i. Payroll register.
- ii. Job descriptions.
- iii. Support for tuition collection.
- iv. Agreement w/ students.
- v. Written policy or procedure for administration of the Allied Health programs.

d. Does provider employ the teaching staff?

YES NO

(If the answer is YES, provide the following documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

- i. Payroll register.
- ii. List of teaching staff (list the titles for the staff and cross-reference back to the payroll register by name).

e. Does hospital provide and control both classroom instruction and clinical training?

YES NO

(If the answer is YES, provide the following documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

- i. Rotation schedules.
- ii. Class syllabus.
- iii. Class schedules.

(provide the Allied Health Program curriculum for the entire length of the program which will detail the course names which will then coincide with a class syllabus and class schedule for a particular year.

Nursing and Allied Health Managed Care

4. If provider is not the legal operator, please answer and support the following in accordance with 42 CFR 413.85(g).

a. Does clinical training occur on the hospital's premises or is within 250 yards from the main buildings?

YES NO

(If the answer is YES, provide documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

b. Did the provider claim clinical training costs for the program:

i. On a cost report that ended on/before October 1, 1989 that was NPR'd by November 5, 1990?

YES NO

ii. Used to determine an interim rate for a cost report ending on/before October 1, 1989?

YES NO

iii. As part of pass-through costs on a cost report ending before October 1, 1989 that was initially submitted?

YES NO

(If the answer is YES to any of the choices, please provide documentation that supports this item. If the answer is NO to all choices, discontinue answering questionnaire.)

c. Does the percentage of total allowable costs attributable to clinical training costs exceed the percentage of total cost of clinical training in the most recent cost report ending on/before October 1, 1989?

YES NO

(If the answer is YES, provide documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

Nursing and Allied Health Managed Care

4. If provider is not the legal operator, please answer and support the following in accordance with 42 CFR 413.85(g).

d. Do students in the educational program provide a benefit to the provider through the provision of clinical services?

YES

NO

(If the answer is YES, provide documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

e. Are the clinical training costs incurred by the provider and not related to a third party?

YES

NO

(If the answer is YES, provide documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

f. Do the costs incurred by the Provider not exceed the costs that would have been incurred if the provider was the sole operator of the program?

YES

NO

(If the answer is YES, provide documentation that supports this item. If the answer is NO, discontinue answering questionnaire.)

Nursing and Allied Health Managed Care

- Support submitted
 - Program approvals (state and/or accreditation)
 - Copies of diplomas
 - WTB and detail GL for all amounts reported on Lines 20/23
 - Support for all A-6 and A-8 amounts reported
 - Agreements between provider and education institutions

Nursing and Allied Health Managed Care

- Support submitted (continued)
 - Brochures or other direct mail items sent to potential students
 - Payroll registers
 - Job descriptions of all employees grouped to Lines 20/23
 - Support for tuition collected
 - Any student agreements

Nursing and Allied Health Managed Care

- Support submitted (continued)
 - Written policies and procedures for the administration of the program(s)
 - List of teaching staff
 - Rotation schedules
 - Class syllabus
 - Class schedules
 - Location of clinical training relative to main building if on campus

Nursing and Allied Health Managed Care

- Support submitted if not legal operator
 - Location of clinical training relative to main building if on campus
 - Costs claimed on cost report ending on or before October 1, 1989 and NPR's by November 5, 1990 or
 - Claimed cost used to determine an interim rate on a cost report ending on/before October 1, 1989 or
 - Part of pass-thru costs for the same period

Nursing and Allied Health Managed Care

- Support submitted if not legal operator
 - Support that the percentage of allowable clinical training cost exceeds the percentage of total cost of clinical training on most recent cost report ending on/before October 1, 1989 (See CR10552 pages 4 thru 6 for a detailed discussion on this)
 - Support that students provide clinical services to the provider

Nursing and Allied Health Managed Care

- Not Provider Operated
 - CR 10552 clarifies that payment should only be made for programs that were not provider operated in 1989.
 - No payment for programs that became non-provider operated after 1989

Nursing and Allied Health Managed Care

- Support submitted should be concurrent with the year being audited
- Be as thorough and detailed as possible
- Organize support submitted by the sections of any questionnaire received in order to assist with the audit of the information

Nursing and Allied Health Managed Care

- Issues during audit we seen
 - Cannot locate signed diplomas
 - Cannot provide brochures or other direct mail items
 - Cannot locate accreditation and/or state approval for fiscal year being audited

New NAHE Programs

- If a program is started or an existing program has never been claimed on Ln 20/23, the audit program is a good source to evaluate claiming the program on the current cost report



QUESTIONS?

CALL (972) 381-1150

OR EMAIL:

CSGREEN@HRPLLC.ORG