

September XX, 2020

The Honorable Alex M. Azar, II
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, D.C. 20201

Dear Secretary Azar:

The undersigned hospital-based nursing schools write to request reconsideration of a new payment policy, which will have the unintended consequence of closing or severely curtailing numerous degree-granting nursing programs in the midst of a pandemic.

The approximately 118 hospital-based nursing schools receive about \$108 million annually in CMS pass-through funds to support their nursing education programs. Hospital-based nursing schools act as both employer and educator providing a pipeline of highly trained nurses to many of the communities suffering the highest levels of nursing shortages.

On August 21, 2020, CMS issued transmittal 10315 (Change Request 11642) on August 21, 2020, instructing Medicare Administrative Contractors (MACs) to recalculate the Part C components of nursing and allied health (NAH) and direct graduate medical education (DGME) payments to hospitals for calendar years 2002 through 2018. This applies to all unsettled cost reports as well as those settled within the past three years.

According to the transmittal, CMS failed to make annual updates to the DGME Part C payments that fund the NAH Part C payment pool of up to \$60 million annually. CMS has decided the “solution” to the problem it created is to recalculate and recoup payments previously made to NAH programs – effective September 21, 2020. Some hospital-based nursing schools project losing as much as 70% of past payments, with additional payment reductions going forward. The initial analysis is that this could result in at least \$30 million in cuts each year. This “solution” will result in the closing of NAH programs with the concomitant loss of nursing and allied health professionals at a time when these health care providers are most needed. This “solution” will lead to fewer jobs for the teaching staff, administrative staff and the students who would be employed in health care settings around the country, as well as the economic fallout from those job losses.

Compounding the problem is that CMS has given these hospitals and their nursing schools barely a month’s notice before implementing the payment cuts. This creates an impossible management situation and will likely force closings and curtailments sooner rather than later.

We request that HHS stop the implementation of this Change Request and find another solution to ensure the future of hospital-based nursing schools, its employees and graduating nurses who have done so much for this nation during the pandemic.

Sincerely,