

Overview of CMS Action Impacting America's Hospital-based Nursing Schools

September 25, 2020

Summary of key points:

- There are 118 wholly-owned hospital-based nursing schools in the United States. They graduate more than 5,000 nurses each year. These nurses usually score on national tests among the top percentile of all nurses in the nation. About a third of these schools serve rural areas.
- These schools are supported financially in part by their sponsoring hospitals through a Medicare-pass-through payment. Those payments amount to about \$108 million each year.
- On August 21, 2020, CMS issued transmittal 10315 (Change Request 11642), to take back several hundred million dollars from these nursing schools (through their hospitals) and then lower the annual nursing school support payments by tens of millions of dollars.
- The CMS action is its own solution to a lawsuit by a group of major teaching hospitals that argued that the fund set up to help support nursing schools in 2003 was overpaid nearly every year. This is true. Technically, CMS failed to make annual updates to the Direct Graduate Medical Education Part C payments that fund the nursing and allied health Part C payment pool of up to \$60 million annually.
- Some hospital-based nursing schools project losing as much as 70% of past payments, with additional payment reductions going forward. This CMS “solution” will result in the closing or scaling back of nursing schools 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.
- Compounding the problem is that CMS has given these hospitals and their nursing schools barely a month's notice before implementing the payment cuts. In fact, some hospitals and schools are reporting that the government is already acting to take the funds.

Action Steps

1. Ask CMS Administrator Seema Verma to immediately stop the implementation of transmittal 10315.
2. Ask CMS to develop another solution to the problem it created – but that does NOT take funding away from hospital-based nursing school.