

FINAL DRAFT: NAHE Reform Legislation – U.S. Rep. Darin LaHood

Executive Summary, October 10, 2024

Section 1: Title

Section 2: Increase the current \$60M cap on the payments to Nursing and Allied Health (NAHE) programs to \$140M annually.

Rationale: This cap has not been increased since the creation of Medicare+ Choice, now Medicare Advantage, in 1999. MA now comprises 51% of Medicare, which means hospital based NAHE programs continue to receive a declining amount of reimbursement as MA grows.

Section 3: All reasonable costs for nursing and allied health education programs included on a hospital, or hospital authority, cost report shall include ALL direct and indirect costs – regardless of where those costs were incurred within the health system.

Rationale: CMS’ fiscal intermediaries have been disallowing NAHE costs unevenly, sporadically and – we believe – illegally BUT there is no clear legislative language preventing this type of auditing behavior. The new language would make it clear which costs are eligible to be included for reimbursement on a hospital cost report.

Rationale: When these programs were created by regulation in the late 90s, there were no health systems. The NAHE educational programs were housed in an individual hospital. This has actually prevented nursing and allied health students from training outside their programs’ host hospital. This language allows students to be educated anywhere within a single health system, i.e. rural hospitals, clinics, urgent care centers, surgery centers, etc...

Section 4 (1): This section – upon enactment – freezes all auditing of these hospital-based NAHE programs until the regulations are updated by HHS.

Rationale: So far this year numerous programs have been forced to return millions of dollars to CMS because of audits that were at best questionable and not based on any written laws or regulations. Some programs may close or be scaled back because of these actions by CMS’ intermediaries.

Section 4 (2): CMS shall return funds to hospitals sponsoring NAHE programs that have been recouped by CMS for any of the provisions under this new law. This means any funds recouped by CMS in the six years prior to the enactment of this legislation, for NAHE “violations”, shall be returned to the hospital.

Rationale: The new law clarifies what constitutes appropriate reimbursement to hospitals for their NAHE programs. If funds were taken by CMS for any of the reasons now clarified by the new law, those funds shall be returned to the hospital.