

NURSING AND OTHER ALLIED HEALTH
MEDICAL EDUCATION COSTS
HOSPITAL AND SKILLED NURSING FACILITY AUDIT PROGRAM (1999)

1

NURSING AND OTHER ALLIED HEALTH MEDICAL EDUCATION COSTS

Regulation Reference: 42 CFR 413.85 and 413.90

GENERAL:

- Nursing and allied health programs operated by hospitals are reimbursed on a reasonable cost basis.

Note: The costs associated with the following activities do not qualify as nursing and other allied health costs:

- Orientation and on-the-job training for hospital employees.
- Part-time education for bona fide employees at properly accredited academic or technical institutions devoted to undergraduate or graduate work.
- Costs and travel expense of educational seminars and workshops.
- Maintenance of a medical library.
- Training of a patient or patient's family in the use of medical appliances.
- Other activities that do not involve the actual operation of an approved educational program.

NURSING AND OTHER ALLIED HEALTH
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HOSPITAL AND SKILLED NURSING FACILITY AUDIT PROGRAM (1999)

2

- OBJECTIVES:
1. To verify that only the cost of approved educational activities are treated as nursing and other allied health medical education pass-through cost.
 2. To determine that all related income has been offset against nursing and other allied health medical education cost.

OTHER REFERENCES:

PRM-I, §§400, 500, 2100, 2200 and 2500

Cost Report Forms: HCFA-2552, Worksheet A
HCFA-2552, Worksheet A-8
HCFA-2552, Worksheet B
HCFA-2552, Worksheet D-2, Part II

HCFA-2552, Worksheet G
HCFA-2552, Worksheet G-1
HCFA-2552, Worksheet G-3
HCFA-2552, Worksheet S-3
Form HCFA-339

NURSING AND OTHER ALLIED HEALTH
MEDICAL EDUCATION COSTS (Continued)
HOSPITAL AND SKILLED NURSING FACILITY AUDIT PROGRAM (1999)

3

NURSING AND OTHER ALLIED HEALTH MEDICAL EDUCATION COSTS INDEX

1. PROGRAM APPROVALS
2. DIRECT COST
3. RECLASSIFICATIONS OF COST
4. ADJUSTMENTS TO COST
5. COST ALLOCATIONS

NURSING AND OTHER ALLIED HEALTH
MEDICAL EDUCATION COSTS (Continued)
AND SKILLED NURSING FACILITY AUDIT PROGRAM (1999)

4

<u>STEP</u>	<u>PROCEDURE DESCRIPTION</u>	<u>AUDITOR'S INITIALS AND DATE</u>	<u>WP REF</u>
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NURSING AND OTHER ALLIED HEALTH
MEDICAL EDUCATION COSTS (Continued)
AND SKILLED NURSING FACILITY AUDIT PROGRAM (1999)

5

<u>STEP</u>	<u>PROCEDURE DESCRIPTION</u>	<u>AUDITOR'S INITIALS AND DATE</u>	<u>WP REF</u>
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PROGRAM APPROVALS

1. Verify that each nursing school and allied health education program is approved by an appropriate authority. (PRM-I, §§402.1C and 402.4 and 42 CFR 413.85(e)). To make the determination review:
 - A. Correspondence from educational institutions concerning the type of programs being conducted.
 - B. Certification from approving bodies.
 - C. Documentation verifying that the provider is the legal operator of the educational program being conducted.

Note: OBRA 90 applies provisions that establish 1989 as the base period. A percentage relationship of the cost of clinical training to total cost is established for the base period. If the provider is not the legal operator, the secretary will establish additional criteria that the provider must meet in addition to the cost limit. See PRM-I, Revision 368, and the September 22, 1992, Federal Register (proposed rule).

 - D. Ensure that a separate cost center was established on Worksheet A for each paramedical program (MIM-4, §4198, Exhibit A-9).

Propose an audit adjustment, where necessary.

DIRECT COST

2. Review the direct cost (Worksheet A, columns 1 and 2) for the "Nursing School" and "Paramedical Program" cost centers to ensure that the amounts are related to the cost of the programs. (See 42 CFR 413.85.)

Note: Education program costs should not include cash contributions by the provider to support nursing/paramedical training programs operated by other organizations. These costs may be an operating cost, rather than a pass-through cost, if the criteria of PRM-I, §404.2, are met.

Propose an audit adjustment, where necessary.

RECLASSIFICATIONS OF COST

3. Review the Worksheet A-6 reclassifications of costs to medical education cost centers to determine whether they are proper. Pay particular attention to potential cost shifting to

NURSING AND OTHER ALLIED HEALTH
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6

<u>STEP</u>	<u>PROCEDURE DESCRIPTION</u>	<u>AUDITOR'S INITIALS AND DATE</u>	<u>WP REF</u>
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areas that are cost reimbursed. Propose an audit adjustment, where necessary.

ADJUSTMENTS TO COST

4. Review the Worksheet A-8 adjustments pertaining to nursing school and paramedical education programs. Ensure that tuition revenue and any other income items are correctly offset.

Propose an audit adjustment, where necessary.

COST ALLOCATIONS

5. Ensure that nursing school costs are properly allocated to correct cost centers such as operating rooms, delivery rooms, nursing services and special care units, as applicable. Propose an audit adjustment, where necessary.