

## Non-provider Rotations

March 6, 2009

Ohio University College of Osteopathic Medicine,  
Centers for Osteopathic Research and Education

Where a resident trains and the activity performed dictates what is necessary to substantiate reimbursement claims.

### Programmatic Considerations



- Reimbursement for hospital-based rotations is based on site-of-service, not who pays the costs.
- If a resident needs to train at another hospital, can enter into economic agreement to cover costs, but not required by Medicare.
- Non-hospital based rotations are a whole separate matter, with several stipulations that need to be considered in order to claim IME and DME time.
- Direct patient care time is becoming more prevalent.

While curriculum and rotational requirements need to be met to maintain program approval, they can be at odds with ability to claim reimbursement.

Over the past several years the requirements to claim non-provider rotations have become more explicit but costly.

#### Non-Provider Rotations

**Between 1/1/99 and 10/1/04:**

Patient care activity performed

Written agreement must indicate hospital will incur resident and physician cost, and amount  
Hospital must incur all or substantially all of the costs for the training program at the site

**After 10/1/04 and before 7/1/07:**

All of the above, but can prove 3 month payment window in lieu of written agreement

**After 7/1/07:**

All of above, can use 90% cost threshold and national data to arrive at payment amount

Providers need to review and be aware of the rules governing provider-based entities. If it is determined that the training site is not provider-based, even if it is owned by the hospital, the non-provider regulations apply.

A hospital had to pay 100% of the program costs at a non-provider site prior to 7/1/07, and since that date only 90%.

#### Non-Provider Rotations and Supervisory Teaching Costs

**What is "all or substantially all" of the costs defined as?**

At least 90% of the total costs of the resident's salaries and fringe benefits (including travel and lodging where applicable) and the portion of the costs of teaching physician's salaries attributable to GME.

**Which groups of physicians need to be compensated?**

Solo practitioners- no supervision costs

Group practices- yes for salaried members, no if simply solo practitioners sharing overhead

Hospital-employed physicians- no, so long as the non-provider site does not provide additional remuneration for the teaching

Written agreements need to be in place prior to the training at the non-hospital site, and determination of the 90% threshold being met must be done up front. Agreements can be modified by June 30<sup>th</sup> to accurately reflect 90% threshold. Also, global payments between teaching hospitals and medical schools is not sufficient- CMS needs to determine if costs have been properly paid for each specialty program at each training site.

## An example of the new non-provider methodology for a pediatrics rotation, with three hours of teaching time as a proxy:

Name of Teaching Physician	Specialty	Median Salary <sup>1</sup>	Hours <sup>2</sup>	Cost of Teaching <sup>3</sup>	Proration Factor	Where to Put on Agreement
Dr. XXXXX	Pediatrics	\$193,964	45	\$ 12,931	3.50	
<b>Total Teaching Costs</b>				<b>\$ 45,258</b>		

Name of Resident	Program	PGY Level	Salary and Benefits	Where to Put on Agreement
	Pediatrics	1	\$ 55,683	2.00
	Pediatrics	2	\$ 56,449	1.00
	Pediatrics	3	\$ 58,125	1.50
<b>Total Resident Costs</b>			<b>\$ 255,003</b>	3.b.i
<b>Total Program Costs</b>			<b>\$ 300,261</b>	3.a.
<b>90% of Amount:</b>			<b>\$ 270,235</b>	3.b.
<b>Total teaching costs to be paid<sup>4</sup></b>			<b>\$ 15,232</b>	3.b.ii

Range of median salaries: \$151k to \$610k

- Notes: <sup>1</sup> From 2008 American Medical Group Association Compensation Survey Data Report  
<sup>2</sup> Total number of hours the non-provider site is open  
<sup>3</sup> Equals 3 hours per week divided by the number of hours the non-provider site is open, multiplied by Median Salary  
<sup>4</sup> 90% of the total program costs exceed total salaries and fringe benefits paid. Provider must pay at least \$15,232 in physician compensation to meet 90% threshold

## Some additional points regarding non-provider rotations:

### **Hospitals still have to demonstrate they are paying at least 90% of costs at non-hospital sites they own.**

Can use concurrent payments or written agreement; if latter, do not have to specify the total amount of costs the hospital will incur, and what costs are included in the amount.

Hospital needs to demonstrate it is paying 90% of the costs through its accounts payable system, or through journal entries.

### **What about multiple programs? (Consortiums and Joint Ventures)**

If two (or more) hospitals train residents in the same accredited program, and the resident(s) rotate to the same non-hospital site(s), the hospitals cannot share the costs of the residents or claim a proportion of FTEs based on their costs.

Residents sent from several different programs to train at the non-hospital site- must be able to document separately that "all or substantially all" of the costs are met for each specialty program at that site.

### **What if I am over my caps?**

- Can choose not to pay for non-provider costs, and therefore not be able to claim the residents.