

## MEDICARE at 50: A Look at Nursing Education

*“Today, Medicare and Medicaid help tens of millions of Americans live longer, healthier lives and achieve economic security. Together, they have helped protect the quintessential American promise that opportunity, prosperity, and economic mobility are within reach for everyone who works hard and plays by the rules.” President Obama<sup>1</sup>*

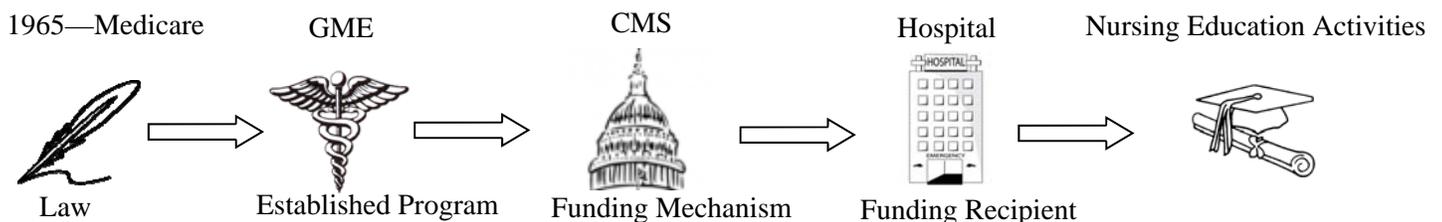
On July 30, 2015, Medicare turned 50. Over the decades, countless health professionals, policy makers, and economic researchers have examined the efficacy and effectiveness of this groundbreaking policy. Nurses and nurse leaders also have been instrumental to improving Medicare since its inception and their impact on this policy is growing. As we continue down the road of healthcare reform in the United States, AACN revisits how Medicare policy has impacted our primary area of interest, nursing education. By reviewing the past, examining the present, and envisioning the future, this overview provides context to assess if the policy has kept pace with innovation in health care and higher education.

### *Reviewing the Past*

#### **Medicare and Nursing Education: The Early Years**

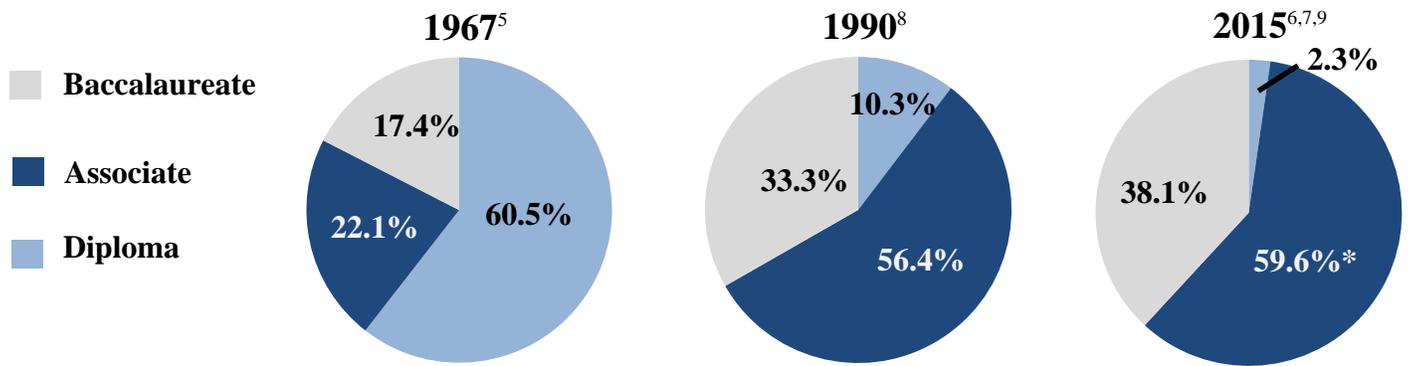
At the time Medicare was passed in 1965 (Title XVIII of the Social Security Act), policy makers understood that in order to be successful in expanding the number of patients by Medicare utilization, there would need to be an increase in the number of trained health professionals available to provide high-quality care.<sup>2</sup> Accordingly, the legislation included an unprecedented, mandatory investment by the federal government in medical education known as Graduate Medical Education (GME).<sup>3</sup> Two funding streams were created under GME to reimburse hospitals for physician education: direct graduate medical education (DME) payments and indirect medical education (IME) payments. Essentially, dollars from DME provide funding for “hospitals to cover costs directly related to educating residents,” whereas IME payments “account for the higher costs of the complex patients teaching hospitals treat and the highly specialized care they provide.”<sup>4</sup> However, what is often not well understood is that Medicare also supported the clinical training of nursing and other health professionals through what is known as pass-through dollars, see Figure 1. Channeled through what we know today as the Centers for Medicare and Medicaid Services (CMS), hospitals that owned and operated diploma and/or certified registered nurse anesthetist (CRNA) programs, as well as other allied health professional programs, received pass-through funding for approved educational activities, classroom instruction costs, and clinical training costs (42 CFR 413.85).

**FIGURE 1. Graduate Medical Education Pass-Through Dollars**



Five decades later, pass-through funding still exists today. Yet, the nursing education landscape has changed significantly. At the time pass-through funding was envisioned, this funding mechanism was reasonable and logical as most nursing programs were diploma level and owned by hospitals. In 1967, there were 759 diploma nursing programs in the United States compared to 276 associate degree programs and 219 baccalaureate programs.<sup>5</sup> Today, there are just 42 diploma nursing programs<sup>9</sup> recognized by their states board of nursing that allow students sit for the NCLEX, however, there are approximately 1,100 associate degree<sup>6</sup> and 700 baccalaureate degree nursing programs.<sup>7</sup> See Figure 2.

**FIGURE 2. Distribution of Entry-Level Nursing Programs by Type and Year\***



Since the inception of Medicare funding for clinical training of health professionals, many stakeholders have examined and re-examined this issue. For example, the healthcare reform discussions during the Clinton administration in the mid-1990s as well as the 2014 release of the IOM report on GME have driven debates on the most efficient use of Medicare dollars to fund clinical training of health professionals in general, and nursing students in particular.<sup>2</sup> In the 1990s, nursing leaders leveraged the opportunity presented and proposed a change that would be beneficial to both the current education system and the nation’s patients. This change recommended mandatory funding for advanced practice clinical training. Though unsuccessful at that time, nearly a decade later, a national coalition came together with a very similar request—provide mandatory funding for Advanced Practice Registered Nurses (APRNs) through Medicare.<sup>10</sup>

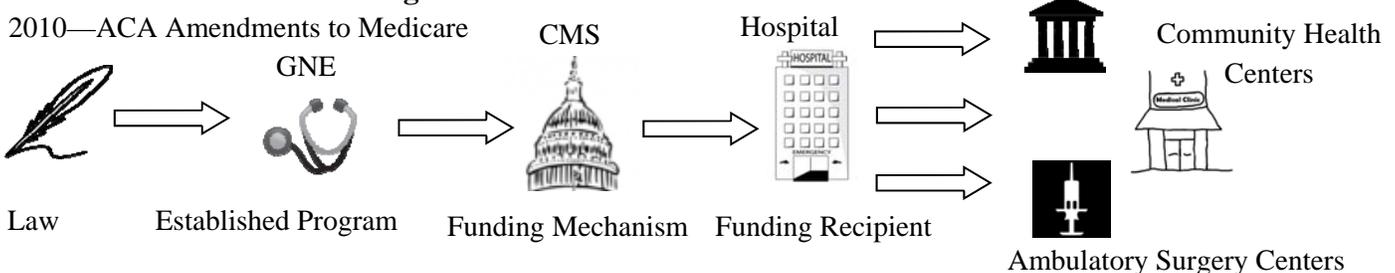
### *Examining the Present*

#### **Medicare and Nursing Education: In the Era of Healthcare Reform**

As the nation geared up for another round of healthcare reforms, in 2009, the Medicare Graduate Nursing Education Act (S. 1569, H.R. 3185)<sup>11, 12</sup> was introduced by Senator Debbie Stabenow (D-MI) and Representative Lois Capps (D-CA), respectively. This legislation proposed a solution to support the increasing care needs of aging Americans by using Medicare funding to advance the clinical education of all four APRN roles. As healthcare reform discussions continued, the window of opportunity was clear and present to include this legislation in the final law. As a result the Graduate Nurse Education Demonstration (GNE) was set into law through the Affordable Care Act. According to CMS (2015), “The primary goal of the demonstration is to increase the provision of qualified training to APRN students. The clinical training included in this demonstration will provide APRNs with the clinical skills necessary to provide primary care, preventive care, transitional care, chronic care management, and other services appropriate for Medicare Beneficiaries.”<sup>13</sup> GNE authorized \$200 million to five demonstration sites across the United States over four years from 2012-2015.<sup>14</sup>

There are two major differences between GME, as well as pass-through dollars, and the GNE Demonstration. First, unlike GME and pass-through dollars, which are mandatory funding allocations, GNE is time-limited. Also distinct from GME, the Demonstration allowed for the systematic testing and review of innovative funding models for clinical APRN education in the United States.<sup>10</sup> As stipulated in the law, hospitals had to establish an agreement with at least one school of nursing and also had to include two or more non-hospital community-based care settings, such as federally qualified health centers, rural health clinics, and ambulatory surgery centers (Pub. L. 111-148, Sec. 5509).<sup>13</sup> See Figure 3.

**FIGURE 3. Graduate Nursing Education Demonstration**



\*The most recent data available on the number of Associate Degree Programs in Nursing is from 2012. Diploma and BSN data are from the 2014-15 academic year.

## Envisioning the Future

### Medicare and Nursing Education: Policy Implications

Over the years, leading nursing voices have challenged whether Medicare policy is keeping pace with the clear and distinct trend in nursing education and the needs of the public.<sup>15</sup> If we return to the original intent envisioned by policy makers at the time the law was created, it was to ensure Medicare patients had access to high-quality care. In this regard, two opportunities lie ahead: 1) maximize the contributions to quality patient care provided by baccalaureate-prepared nurses and APRNs and 2) create/sustain a mandatory federal funding stream for this to occur.

With decades of evidence pointing to the fact that outcomes are improved where more care is provided by baccalaureate prepared nurses<sup>16</sup> and the care provided by APRNs meets patient demands,<sup>17</sup> why are the current funding streams for nursing (pass-through and GNE) not modernized and mandatory? The answer is complicated and mired in politics. However, it is imperative for federal policy makers to understand that these funding streams are critical to the nursing education pipeline. Two major factors must be evaluated in any discussion related to pass-through dollars and GNE.

First, a number of diploma programs converted to baccalaureate programs, which are still operating and owned by a hospital today such as Research College of Nursing and Blessing-Rieman College of Nursing.<sup>18,19</sup> Similarly, a number of CRNA programs are still operating and owned by hospitals.<sup>20</sup> These programs are nationally accredited and continue to rely on the critical federal funding that is pass-through dollars to meet the patient needs of their communities. Second, while the formal evaluation has not been finalized for the GNE Demonstration,<sup>21</sup> the data<sup>22</sup> that has been reported out by the demonstration sites is promising. More APRNs are being educated and serving the public in the way the ACA had intended.

With the nation having commemorated the 50<sup>th</sup> anniversary of Medicare, stakeholders have applauded its tremendous impact as a cornerstone of US health policy. Efforts to modernize the program will continue to occur and academic nursing leaders have the opportunity to consider the profession's contribution to the process. As this piece examined, attention should be given to how Medicare policy, and in turn its beneficiaries, are impacted by supporting nursing education. Funding mechanisms, alternative models, and range of support for nursing education frame this continued and much needed discussion.

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