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# Program Memorandum Intermediaries/Carriers

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Department of Health & Human  
Services (DHHS)  
Centers for Medicare & Medicaid  
Services (CMS)

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This Program Memorandum re-issues Program Memorandum AB-02-057, Change Request 2129 dated May 1, 2002. The only change is the discard date; all other material remains the same.

## CHANGE REQUEST 2129

**SUBJECT: Charging Fees to Providers for Medicare Education and Training Activities - Program Management**

This Program Memorandum (PM) replaces AB-01-12 dated January 25, 2001, Change Request 1431, which advised you that it is not permissible to charge a fee for Medicare provider education and training activities that are statutorily required. This PM provides additional guidance on CMS's policy regarding the permissibility of charging Medicare providers a fee for education and training activities.

### **Background**

Pursuant to your contract with CMS, one of the functions that must be carried out is providing training and education to Medicare providers. Sections 1816(a) and 1842(a)(3) of the Social Security Act (the Act) direct contractors to develop provider education and training plans according to guidelines in the Budget and Performance Requirements (BPRs). BPRs identify activities such as Medicare provider education and training to be performed during the fiscal year within the funding levels provided by CMS in the Notice of Budget Approval (NOBA). However, over the past decade, the education and training activities performed by many Medicare contractors have exceeded statutory requirements. Because this extra effort improves relations with providers, physicians, and suppliers, you may assess fees for such activities in accordance with the following guidelines.

### **Budget and Performance Requirements**

The FY 2002 BPRs have been revised to separate provider education and training activities into two cost categories: **(1) no charge** and **(2) fair and reasonable cost**. The cost of conducting these activities or any fees assessed, must conform to the requirements provided below. These cost categorizations distinguish provider education efforts considered to be statutorily mandated (provided at no-charge to providers and suppliers) and those considered to be enhanced or supplemental.

#### **1. No Charge -- Statutorily Required Training**

o Activities and training materials designed to educate providers and suppliers in Medicare enrollment, coverage, reimbursement and billing requirements. The number of sessions and the scope of this training should be based on recommendations from business partners including, but not limited to, The Provider Education and Training (PET) Advisory Committee, and fit within your program management resources.

o Training and materials on statutorily mandated or significant Medicare program changes, (e.g., hospital outpatient prospective payment system, home health, inpatient rehabilitation, SNF PPS and consolidated billing, and ambulance). CMS will give you advanced notice on this training (including any needed follow-up training) and the availability of additional funding.

- o Participation in conferences sponsored by other Medicare contractors and government agencies that are based upon recommendations from the PET Advisory Committee.

## **2. Fair and Reasonable Cost--Discretionary Activities**

- o Individualized training requested by a provider/supplier. This may include the cost of travel, materials, accommodations, staff preparation, follow-up activities, and a fee for expenses to attend the event and make the presentation.

- o Training videos, audiotapes, specialized brochures, pamphlets, and manuals developed by contractors (except for materials included in no-charge-statutorily required training).

- o Presentations and training at non-Medicare contractor sponsored conferences, trade shows, conventions, annual meetings, etc. If you receive a request from groups such as a national association or medical industry group to make a presentation at an event, you can charge the association or group a fee for travel expenses to attend the event. This fee may include the cost for materials, meeting rooms (if the contractor is required to incur a cost), accommodations, travel, staff preparation, handouts, follow up activities, and other incidentals. The travel fee must be fair and reasonable, and based on the cost incurred by the contractor for providing the service or activity. You must talk with your regional office contact about the costs associated with providing the training to ensure that the costs are reasonable.

**NOTE:** Contractors may accept nominal speakers fees, or recognition gifts such as pens engraved with the host logo, coffee mugs, plaques, flowers, etc. However, contractors are not permitted to accept and use substantive gifts or donations associated with their participation in education and training activities absent specific authority.

- o Reference manuals, guides, workbooks, and other resource materials developed by the contractor designed to supplement or provide easy reference to formal Medicare provider/supplier manuals and instructions.

**Revenues collected from these discretionary activities must be used only to cover the cost of these activities, and may not be used to supplement other contractor activities.**

## **Other PET Related Issues**

### **1. Food and Beverages**

We recognize that many contractual agreements with hotels stipulate that food and beverages be purchased as a condition of furnishing a meeting or training room. In addition, light refreshments and food may be desirable to facilitate the training and/or for the convenience of the trainees. If light refreshments and food are provided, the fee must be fair and reasonable, and based on the cost incurred by the contractor. The provision of food and beverages that exceed these guidelines are prohibited.

### **2. Refunds/Credits**

We recognize that contractors have time commitments under which they will incur contractual expenses for training accommodations and services. Full or partial refunds/credits to providers/suppliers who register for an event, and cancel before the event, or do not attend the event, should be made within the context of these contractual arrangements. If training is scheduled and the contractor cancels the event, a full refund must be made to registrants. If there are questions concerning the implementation of this policy in a given case, contact your RO PET liaison.

### **3. Bulletins**

Contractors must issue to providers/suppliers at least quarterly, one paper copy of regular bulletins/newsletters, which contain program and billing information. If providers/suppliers are interested in obtaining additional paper copies on a regular basis, contractors are permitted to charge a fee for this. The fee for this subscription should be “fair and reasonable” and based on the cost of producing and mailing the publication. A separate charge may also be assessed to any provider/supplier who periodically requests additional single paper copies. Unless specifically requested, regular bulletins/newsletters should not be sent to providers/suppliers with no billing activity in the previous 12 months.

In addition to the issuance of a paper copy of regular bulletins/newletters, a contractor must post all newly created bulletins/newsletters on its Web site where duplicate copies may be obtained by providers/suppliers. Providers/suppliers should be encouraged to obtain electronic copies through the Web site.

### **4. Mixed Training Events**

In situations where provider education and training activities involve both statutorily required training and discretionary training, the contractor must allocate the proportional costs between the activities. That is, the proportional share of the cost of a function allocated to statutorily required training is equal to the percentage of time related to this training. For example, if it costs \$1,000 to arrange and conduct a mixed training session, with 25 percent of the session related to statutorily required training, then the proportional cost allocation for the training would be  $.25 \times \$1,000 = \$250$  for statutorily required training and  $.75 \times \$1,000 = \$750$  for discretionary training activities.

### **5. Miscellaneous**

- o Make every effort to promote provider/supplier education and training activities and to encourage provider/supplier participation by coordinating your activities with the PET Advisory Committee and other contractor associations.

- o CMS does not allow entities that are not employed by, or under contractual arrangement with, the contractor to videotape a contractor-sponsored event, or to make that videotape available for profit.

**The effective date of this PM is February 1, 2002.**

**The implementation date for this PM is May 1, 2002.**

**These instructions should be implemented within the FY 2002 operating budget.**

**| This PM may be discarded after March 31, 2003.**

**If you have any questions, contact your regional office.**