

## **Compliance Guidance Compensation for Providers of Teaching Services at Nonhospital Sites**

Hospitals that train family medicine residents must comply with regulations regarding compensation of faculty providing training in nonhospital settings as of January 1, 2005. Compensation must be made by the hospital claiming the resident's time for IME and DME purposes. The hospital must comply with one of the provisions below.<sup>1</sup>

1. Written affiliation agreement is not required if monetary or in-kind payment is made to the preceptor by the hospital by the end of the third month following the month in which the teaching services occurred. (See below for some payment options.)

**OR**

2. If hospital continues to use a written affiliation agreement with the non-hospital site, it must document that the hospital:
  - will incur the resident's salary and fringe benefits
  - provide reasonable compensation to the nonhospital site for supervisory teaching activities"; and
  - indicate the supervisory teaching compensation amount (Either the monetary amount or what was offered in in-kind contributions)

Reminder: the written agreement must be signed and dated prior to the time the training is provided.

The following is a checklist you can use for inclusion in a written agreement:

**Check all that apply:**

- Direct payment of an hourly teaching stipend of \$ X.XX per hour or a fixed sum per rotation, payable by the end of the third month following the month in which the teaching services occurred.

Or, identifiable in-kind support, which is uniquely available in consideration of resident teaching time (i.e., not something available to all members of the medical staff), offered and available by the end of the third month following the month in which the teaching services occurred, including:

- Validation of continuing medical education (CME) credit from hospital for teaching provided (up to 25 hours per year)
- Limited expense offset for clerical and administrative support from hospital for teaching services
- Sponsoring hospital provided expanded information technology resources
- Professional educational consultation services offered by the hospital
- Annual "Up-to-Date", "MD Consult", or other clinical decision support subscriptions offered by the hospital
- Educational materials and resources pertinent to the clinical area being taught offered by the hospital
- Direct access to the sponsoring hospital's educational support services
- Limited topical and clinical case research support offered by the hospital
- Access to sponsoring hospital provided CME programs and presentations

Or, not applicable.....

- Preceptor, as a volunteer teacher in solo private practice, is compensated solely through earnings from patient care billings. Therefore there are no costs associated with the supervisory teaching physician's time and, according to CMS regulations, "under these

circumstances, we (CMS) acknowledge that no direct or in-kind payment needs to be made to the supervisory physician in order for the hospital to incur all or substantially all the costs” for the resident.

Prepared by Hope Wittenberg, Perry Pugno, MD and William Gillanders, MD.

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<sup>i</sup> This guidance is unfortunately just that, guidance. It has not been vetted by CMS. **You are advised to take this information to your Medicare fiscal intermediary and attempt to get their written approval for your compliance with it.** Specifically, we do not know what amounts of financial or in-kind compensation will be adequate to pass muster with CMS and its auditors.