Subject: Residency Funding Call to Action
From: Nicholas Gentile <NGentile@ashp.org>
Date: 8/14/2019, 1:02 PM
To: Nicholas Gentile <NGentile@ashp.org>
CC: Anne Policastri <APolicastri@ashp.org>

State Affiliate Presidents and Executives,

I want to thank the state affiliates that have sent their letters into CMS on residency program audit letter. It will go a long way for CMS to see both sides of this important issue.

I wanted to reach out back out to you about residency programs in your state. During our monthly state legislative and regulatory network call in June, I mentioned a CMS residency audit letter template for state affiliates. The audits to residency programs have led to large cost disallowances. We need state affiliates to let CMS know that these disallowances threaten the viability of residency programs.

I have attached the template letter for you to use. I encourage you as a state affiliate to send the letter to CMS. The letter has areas italicized in red for you to put your information. I encourage you to put in your own personalized touches to the letter (i.e. number of residency programs in the state) and any information you wish to share with CMS. Please feel free to reach out to your health systems to get their stories to insert into the letter. The more you customize your letter the more compelling argument can be presented to CMS.

The email to send your letter to is seema.verma@cms.hhs.gov

Please let me know if you have any questions.

Nick

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DALLAS, TEXAS

XXXXXX, 2019

Seema Verma
Administrator
U.S. Centers for Medicare & Medicaid Services
7500 Security Blvd.
Baltimore, MD 21244

RE: Improving Pharmacy Residency Program Oversight.

Dear Administrator Verma,

It has come to XXXX's attention that a number of recent audits of pharmacy residency programs have resulted in significant cost disallowances, some over a number of years and in amounts that threaten program viability. Many of these cases involve arbitrary and inconsistent application of cost-reporting requirements as well as substandard and poorly organized audit processes.

[Organization's Boilerplate] – This is a chance to describe your organization and the members you represent.

To remedy the problem, we request that Centers for Medicare & Medicaid Services (CMS) cease disallowances until program technical assistance (TA) has been provided and audit processes have been standardized. Specifically, we ask that the agency strengthen auditor training and provide TA specific to pharmacy residency programs, including a comprehensive overview of what CMS deems to be optimal cost accounting processes and procedures.

XXXX has received troubling communications from a number of programs [CONSIDER ADDING IN DETAIL ABOUT PROGRAM EXPERIENCES IN YOUR STATE] undergoing audit this year. Programs noted arbitrary and inconsistent cost disallowances on the basis of cost accounting procedures that had been acceptable in previous years and to different auditors. Programs were cited for violating cost accounting standards that are subjective at best. Specifically, on the basis of the "direct control" requirement (42 C.F.R. §413.85), Medicare Administrative Contractors (MACs) disallowed costs on the basis of everything from off-site rotations (a staple of residency programs) to the name on a program's diploma or certificate. Based on these audit findings, it appears CMS has very specific interpretations for residency program compliance but has failed to communicate those standards to residency programs through guidance or TA. As a result, pharmacy residency programs are effectively left to crowdsource best practices among themselves and hope CMS agrees with their methods — or face stiff financial penalties.

Programs also reported disorganized and unprepared auditors. Regarding audit protocols and procedures, programs noted that audits were conducted arbitrarily, with no clear timelines, and that document requests varied from auditor to auditor and by MAC region. In some instances, rather than requesting a set of documents at the outset, which would allow programs to prepare efficiently and effectively, auditors requested new documents on a daily basis with very short turnaround times (24-48 hours). This approach was unnecessarily disruptive, needlessly stressful, and inefficient for program directors and staff, consuming hours that could have been devoted to residents. Moreover, some auditors appeared unprepared, questioning basic tenets of residency programs, such as why tuition is not charged. Because audits are generally collaborative, programs

anticipate the need to provide limited auditor education, but auditors should be equipped with a reasonable baseline knowledge of the programs they are reviewing.

Pharmacy residency programs feed a vital patient care pipeline. Damaging them will threaten care quality, patient access, and established interprofessional care delivery models. Due to scientific advancements and the evolution of care delivery models, pharmacy residencies are now essential to performing certain patient care services. In fact, residencies are prerequisites for positions within specialties such as solid organ transplantation, clinical pharmacogenomics, psychiatry, infectious diseases, critical care, cardiology, oncology, and pediatrics, among others.[1]

At present, there are 1,328 PGY1 programs eligible for CMS pass-through funding. In 2018, three-quarters of the jobs filled by PGY1 program graduates required PGY1 training — that amounts to 3,500 positions annually. Almost 1,300 of these PGY1 graduates go on to PGY2 positions in a variety of specialized practice areas. Any decrease or weakening of pharmacy residency programs risks severely limiting the number of pharmacists available to fill positions, resulting in provider shortages and curtailing patient access to care.

Pharmacy residency programs want to comply with CMS standards, but they simply cannot without knowing what those standards are. CMS has not provided residency programs with guidance regarding its interpretations of program requirements, nor has it offered any tools for compliance success. Further, CMS has failed to standardize audit protocols and procedures. At minimum, auditors should arrive with basic knowledge of residency program operations and clearly communicate timeline and documentation expectations to program directors at the beginning of the audit. Until CMS remedies the foregoing concerns, we request that CMS suspend all cost disallowances related to this issue.

XXXX would welcome an opportunity to discuss this in greater detail with CMS and to assist CMS in providing meaningful TA to residency programs. We look forward to working with CMS to enhance pharmacy residency training programs and improve patient care. Please direct any questions or requests for information to *Individual Contact from organization*.

Sincerely,

[1] ASHP, "Why Should I Do a Residency: Answers and Insights about Pharmacy Residency Training," *available at* https://www.ashp.org/DocLibrary/Residents/Why-Residency-Brochure.aspx.