Health care consumers may soon have a better chance of finding highly qualified clinicians because of a little-known provision of the Patient Protection and Affordable Care Act (ACA). That provision, passed with strong support from AARP and 13 leading national nursing organizations, authorizes Medicare—for the first time—to pay for graduate-level nursing education.

The ACA authorized $200 million for a Graduate Nursing Education (GNE) Demonstration designed to increase the supply of clinicians who provide health care services to the growing number of Medicare beneficiaries. That funding is directed at hospitals in partnership with schools of nursing and with nonhospital, community-based training sites.

The GNE Demonstration requires the Centers for Medicare & Medicaid Services to reimburse hospitals for the costs of clinical training for advanced practice registered nurses (APRNs). Those hospitals work with associated nursing schools to distribute the funds according to the new law’s requirements.

**Medicare’s Demonstration for Graduate Nursing Education**

In August 2012, the Centers for Medicare & Medicaid Innovation Center announced that the GNE Demonstration would fund five medical centers: the Hospital of the University of Pennsylvania, Duke University Hospital, Scottsdale Healthcare Medical Center, Rush University Medical Center, and Memorial Hermann-Texas Medical Center Hospital (table 1). Those medical centers and their partners must spend at least 50 percent of their funding at nonhospital clinical training sites, such as doctors’ offices, retail clinics, and federally qualified health centers (FQHCs).

**Increasing Funding for Better Care**

Traditionally, government funding for graduate-level nursing education has been relatively anemic.
compared to support for medical education. Although Medicare has supported graduate medical education with an average annual expenditure of $9.5 billion, Medicare has contributed little to graduate nursing education. Complementing Medicare’s modest support, the federal government funds nursing education primarily through the Public Health Service Act, directing about $225 million to the nation’s nursing education programs; most of these funds are dedicated to undergraduate nursing education.

With the GNE Demonstration, Congress recognized a national need to have more nurses with advanced education, specifically to address the changing needs of the growing Medicare population. The Institute of Medicine recommended this type of federal support in 2010 in its landmark report, *The Future of Nursing: Leading Change, Advancing Health*. Both Congress and the Institute of Medicine underscored that an evolving health care system needs clinicians who are better prepared to help the nation improve health outcomes and contain health care costs.

The GNE Demonstration makes possible extensive training for APRNs outside the hospital, which should help nurses meet consumers’ health needs in homes and communities. The project will improve care coordination and strengthen links between nursing education and practice by requiring partnerships between hospitals, schools of nursing, and community-based settings. It will provide training for all four types of APRNs—nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, and certified nurse-midwives. During the development of the legislation that initiated the design of the GNE Demonstration, AARP was especially pleased to find that the program would significantly support the preparation of nurses to provide community-based care. AARP members, their families, and most adults would prefer to have coordinated care in their community—to prevent them from being hospitalized or institutionalized.

The program was designed to increase the number of practicing APRNs, which would provide more resources for managing chronic conditions in the home and community, where nurses emphasize patient education, disease prevention, and wellness. Such nurse-led care increases the quality of life of
consumers and their families and reduces costs by keeping individuals out of hospitals and nursing homes. Furthermore, the GNE Demonstration would increase the number of clinicians available to provide and improve care in hospitals. Having more clinical nurse specialists would help hospitals assess and improve processes to decrease hospital-based infections and to reduce unnecessary hospitalizations. Additional certified nurse anesthetists would provide anesthesia services during surgery, and nurse practitioners would provide geriatric, pediatric, and other specialized hospital-based care. Certified nurse-midwives would deliver babies and provide other related women’s health care. See table 2.

### How Medicare’s GNE Demonstration Is Expected to Improve Care for Consumers

A major goal for the GNE Demonstration is for APRNs to provide patient- and family-centered clinical services to the growing number of Medicare beneficiaries. The nurses will lead clinical teams that provide comprehensive care to adults older than age 65. APRNs will also help meet the growing demand for primary care providers for consumers of all ages as more people become insured under the ACA.

In addition, APRNs can help family caregivers provide better care for their loved ones. Recent research shows that the role of family caregivers has dramatically expanded in recent years to include performing

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Advanced Practice Registered Nurses: What They Do</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Who are they?</strong></td>
<td><strong>How many?</strong></td>
</tr>
<tr>
<td>Nurse practitioners (NPs)</td>
<td>192,000</td>
</tr>
<tr>
<td>Clinical nurse specialists (CNSs)</td>
<td>70,000</td>
</tr>
<tr>
<td>Certified registered nurse anesthetists (CRNAs)</td>
<td>47,000</td>
</tr>
<tr>
<td>Certified nurse-midwives (CNMs)</td>
<td>13,041</td>
</tr>
</tbody>
</table>

medical and nursing tasks of the kind and complexity once only provided in hospitals. With the GNE Demonstration, Congress recognizes that primary care is often best delivered in the settings where most people prefer to receive care, such as their own homes, medical offices, community health centers, outpatient clinics, and retail clinics.

**APRNs Are Key to the Success of Innovative Health Care Delivery Models**

Many promising new models of care—designed to increase consumer access, improve health outcomes, and contain costs—depend on high-quality coordinated care regularly provided by APRNs. Growth of these new models, along with the increasing numbers of APRNs, has increased the number of Medicare beneficiaries receiving care from APRNs. As the American Nurses Association explains in an analysis of Medicare reimbursements, APRNs provided 26 percent of Medicare-supported care in 2009, 28 percent in 2010, and 30 percent in 2011. New models of care often involve APRNs in efforts to help reduce unnecessary hospital admissions, increase quality of life, and improve the way that patients move from one health care setting to another. One example of an innovative model is the Independence at Home Demonstration. Overseen by the Centers for Medicare & Medicaid Innovation Center, the demonstration consists of clinical practices that test the effectiveness of delivering comprehensive primary care services at home—complexity once only provided in hospitals. With the GNE Demonstration, Congress recognizes that primary care is often best delivered in the settings where most people prefer to receive care, such as their own homes, medical offices, community health centers, outpatient clinics, and retail clinics.

**Quick Facts: The GNE Demonstration**

The GNE Demonstration seeks to increase the supply of advanced practice registered nurses who can provide health care services to an increasing number of Medicare beneficiaries.

- Funds support five hospitals with formal partnerships between at least one school of nursing and two or more nonhospital, community-based care entities for four years.
- At least 50 percent of the clinical training funds must be directed toward community-based care settings.
- All four categories of APRN education programs—nurse practitioner, certified registered nurse anesthetist, certified nurse-midwife, and clinical nurse specialist—are eligible for funding.
- The Centers for Medicare & Medicaid Services is authorized to spend up to $200 million—$50 million per fiscal year—from 2012 through 2016.
care organizations (ACOs) and FQHCs serve as medical homes to better coordinate consumers’ care. Nurses are usually the leaders or clinicians in health homes, ACOs, and FQHCs.

Convenient care clinics, or retail clinics, have grown in recent years and are expanding their services into chronic disease management. These clinics provide consumers with easier access to primary care services in their communities. Often found in pharmacies, retail centers, and grocery stores, they are frequently staffed by APRNs and physician assistants.

Nurse-managed health clinics provide access to primary care services in communities. A 2011 study found that nurse-managed health clinics deliver high-quality care, particularly in managing chronic diseases. An increasing number of these clinics have been designated as FQHCs.

Policy Considerations

The Centers for Medicare & Medicaid Services is creating an evaluation design for the GNE Demonstration. If the demonstration performs as Congress intended, then Medicare will increase the number of highly skilled APRNs who

• Experience clinical training across a range of care locations, particularly in community-based settings.
• Provide high-quality care to Medicare beneficiaries.
• Provide high-quality primary care to the general public.

The GNE Demonstration will also be effective if it creates or strengthens networks of hospitals, community-based training sites, and schools of nursing. By working together, the networks will host more clinical training of APRNs and will increase the number of clinicians available for Medicare beneficiaries. Those benefits would significantly increase if Medicare permanently supports GNE.

Should GNE become permanent, then the Centers for Medicare & Medicaid Services could develop a more efficient and effective mechanism for Medicare reimbursement of APRN clinical training costs. The current (and outdated) pass-through system of using hospitals as the initial holder of nursing education funds for universities and external clinical sites may prove to be an inefficient use of taxpayer dollars.


Until the ACA, Medicare funded nursing education solely through registered nursing diploma programs. Those diploma programs were the most common type of nursing education when Medicare was enacted in 1965, but most registered nurses now graduate from college and university programs with an associate or baccalaureate degree or both. See Linda Cronenwett, “Nursing Education Priorities for Improving Health and Health Care,” in The Future of Nursing: Leading Change, Advancing Health, edited by the Institute of Medicine (Washington, DC: National Academies Press, 2011), 477-564.

4 Public Health Service Act of 1944, 42 U.S.C. § 296 et seq. (1944); Cronenwett, “Nursing Education Priorities for Improving Health and Health Care.”


8 Peter McMenamin, “APRNs Serve 30% of Medicare Fee-for-Service Beneficiaries,” ANA Nursespace, January 2, 2013, http://www.ananursespace.org/ananursespace/blogsmain/blogviewer7BlogKey=9632c2fa-6fa3-4a1b-93ad-343cd9058f1.

9 Some of those efforts are included in the ACA. See Public Law 111-148, § 3025, enacted March 23, 2010. The Visiting Nurse Associations of America is also an innovator in this area. See the organization’s website.
Winifred V. Quinn, Susan Reinhard, Laura Thornhill, and Peter Reinecke


10 For more information about the Transitional Care Model, see the model's website at http://www.transitionalcare.info/.


Health Policy, "Medical Home and Patient-Centered Care Map," http://www.nashp.org/med-home-map #sthash.as6Win2gdG.dpdb.


14 For more about ACOs, see Centers for Medicare & Medicaid Services, "Accountable Care Organizations," http://innovation.cms.gov/initiatives/aco/. For more about FQHCs, see Centers for Medicare & Medicaid Services, "FQHC Advanced Primary Care Practice Demonstration," http://innovation.cms.gov/initiatives/FQHCs/.


