



# Developing a Reimbursement Policy for CME and Other Employee Expenses

**Urgent message:** Every urgent care center should have a clear policy outlining which employee expenses, including CME-related expenses, it reimburses and how reimbursement occurs.

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Managers, owners, and supervisors in nearly every field need to be familiar with the process of reimbursing employees for costs incurred while doing company business. Whether those costs are travel related or for uniforms or meals, reimbursement is something that happens frequently, even daily for larger companies. However, owners and employers of urgent care and other healthcare facilities must take another aspect of employee reimbursement into consideration: Continuing Medical Education (CME). Just like every other expense, employees must submit a report that documents the expenses related to the training or education. All aspects of CME must be reviewed carefully by the employer for legitimacy and then reimbursed to the employee according to company policy.

CME is an essential, job-related requirement for healthcare employees. It ensures they stay current, competent, and up-to-date on new advances in the field and helps to refresh skills that may become stale over time.

Since CME is required annually for healthcare professionals, it's almost always considered an expense that should be covered by the employer. Therefore, it is important for urgent care owners and managers to have a policy outlining what should be reimbursed and what should not.

## Accountable Reimbursement Plan

Before examining the specifics of what falls into the category of reimbursable expenses, it's important to note that laws vary greatly from state to state. However, cer-



tain general guidelines must be met as outlined by the Internal Revenue Services and Department of Labor. It's crucial that employers have an "accountable plan" in place, for reimbursement money paid to the employee becomes taxable income. Having an accountable plan

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ensures that reimbursements are nontaxable, and thus much fairer to the employee.

So, what is an accountable plan? In essence, it is a check-and-balance system that ensures the employee is only reimbursed for expenses that are business related and can be substantiated as such. Expenses can be substantiated by providing receipts, documentation, and proof that the cost was required for the employee to perform services for the company. For example, a hotel room, rental car, and meal could be substantiated with receipts for an employee traveling to a business meeting in another state. The costs of lodging, travel, and food were necessary for him or her to participate in the business meeting.

A reimbursement plan is also considered accountable for employers that use a per-diem policy. This involves allotting a certain dollar amount per day for the employee to spend on travel and living expenses while doing business away from home. However, employees still must be able to properly document and demonstrate that the expenses occurred and were necessary for business. A popular use of per-diem reimbursement is the mileage rate for employees who use a personal vehicle as transportation to and from business activities, vs reimbursing actual car expenses such as gas, oil changes, car washes and depreciation. Amounts for reimbursement per mile may be set by the employer, or the standard IRS rate may be applied.

### Common Business-Related Expenses

Employers should be familiar with some of the most common expenses for which employees should be reimbursed. Obviously, each report should be considered individually, but recognizing some reoccurring expenses is important.

- Hotel/lodging: Although this may be rather obvious, when traveling for business overnight, employees will need to stay in a hotel.
- Meals: Most employers have a written per-meal or per-day allowance for food, almost always excluding alcohol.
- Transportation: This can include airfare, taxi fees, Uber, train, subway, rental car, etc.
- Client entertainment: Often, business trips include

*“A per-diem allowance is intended to allow an appropriate and comfortable level of dining to replace meals the employee otherwise would have made at home, but to deter abuse of the policy.”*

taking a client out to eat or entertaining them in some way with the goal of getting or building the business relationship.

When a per-diem allowance is given, the intention is to allow an appropriate and comfortable level of dining to replace meals the employee otherwise would have made at home, but to deter employees from abusing the policy by going to a five-star restaurant, for example. Likewise, an employer may specify a specific hotel or rental car category,

such as three-stars or “midsize.”

### Continuing Medical Education

In healthcare, there are other expenses considered work-related, and which should therefore be covered by the employer. These costs stem from the licensure and continuing education required of healthcare professionals.

Physicians, nurse practitioners, nurses, radiology technicians, and other clinicians all must be licensed by the state in order to practice. Typically, all expenses directly related to this licensure are covered by the employer. Furthermore, the cost of supplies and clothing required to perform the job are also considered expenses that the employer pays for. Knowing what falls into these categories and understanding the various licensure requirements for different professionals is essential knowledge for medical managers to possess.

CME is a process that is as repetitive as the name suggests. Every year (or every 2 years, depending on profession), healthcare workers are required to participate in various methods of education. This can take the form of classes, online courses, conferences, hands-on training, and several other forms of education. Courses may be mandatory and required by the healthcare institution for its employees, or the individual may have an option of which training to pursue. Regardless, each course or class is worth a specified number of credits as deemed appropriate by an overseeing agency such as the Accreditation Council for Continuing Medical Education (ACCME). Once the individual earns enough credits, they can fulfill state licensure requirements and earn specialty certifications, and are presumed to be more skilled and knowledgeable in their field.

Sample Urgent Care CME Reimbursement Policy	
<p><b>Policy Statement</b></p> <p>Continuing Medical Education (CME) reimbursement is provided to encourage providers to maintain high professional standards through continuing education, participate in professional societies, and have access to current medical information. CME is the platform to ensure proper licensure and certification. To achieve these objectives while adhering to Internal Revenue Service requirements, this urgent care center will facilitate CME expense reimbursement as outlined below. Throughout this document, the acronym CME will refer to both physician and non-physician provider continuing education in the medical field.</p> <p><b>Policy</b></p> <ol style="list-style-type: none"> <li>The annual CME allowance for providers is defined in the Allowances section below. The allowance is per full time equivalent.             <ol style="list-style-type: none"> <li>Providers employed for less than a full calendar year will have their allowance prorated by month based on start or termination date. Terminating providers who overspend their allowance will be required to reimburse amounts spent over their prorated allowance prior to date of termination.</li> <li>Part-time and flexi providers are not eligible for CME reimbursement.</li> </ol> </li> <li>The annual CME allowance is for the current year expenditures. There is no carry forward or carry back of funds (eg, a balance of \$200 in December 2017 cannot be carried forward into 2018).</li> <li>Courses must be accredited by the ACCME or other accreditation entity recognized by the entity requiring CME of the provider.</li> <li>All CME reimbursement for live, in-person (as opposed to online) activities requires proof of CME completion; travel advances will, therefore, not be possible.</li> <li>For travel to be reimbursed, a minimum of 4.0 CME credit hours must be completed for each travel day reimbursed.</li> <li>All qualified expenses must be paid by the provider and submitted for reimbursement. Payments will not be made directly to a third party. Reimbursement subject to the annual CME allowance limit include (anything not listed below must be preapproved in writing by the appropriate VP &amp; Chief Medical Officer):             <ol style="list-style-type: none"> <li>Course registration costs paid, net of any discounts received; courses will not be reimbursed if cancelled for any reason.</li> <li>Travel expenses related to the CME event including:                 <ol style="list-style-type: none"> <li>airfare, train, or bus (participant only/coach)</li> <li>lodging during the event (capped at \$200/night)</li> <li>maximum of \$50 per day meal allowance with itemized receipt for participant only; alcoholic beverages will not be reimbursed. (<b>Note on Travel Days:</b> Travel day(s) may be required if both the location and start or end time of the CME event make it unreasonable to travel on the day of the event. When this is the case, lodging the night before/after the event and meal allowance for travel days are permitted.)</li> </ol> </li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>Ground transportation expenses related to the CME event including:                 <ol style="list-style-type: none"> <li>Maximum of \$100 each way to/from the CME venue which may include rental car, taxi, Uber, shuttle service, or personal mileage at the standard rate</li> </ol> </li> <li>Medical books, CDs, or DVDs, net of any discounts received</li> <li>Journals or subscriptions to medical professional publications/audio tapes, net of any discounts received</li> <li>Dues to medical professional organizations not to exceed 1 year in length</li> <li>Certification or recertification review courses with CME certification</li> <li>Expenses for clinical training opportunities as preapproved in writing by the Chief Medical Officer</li> <li>Stethoscopes and surgical loupes</li> <li>Phone/tablet applications as preapproved in writing by the Chief Medical Officer</li> <li>Maintenance of Certification (MOC) fees with associated earned CME credits</li> </ol> <ol style="list-style-type: none"> <li>If the trip involves both personal and business activities, all or a portion of the travel may become taxable. It is recommended that you have the trip reviewed for potential tax consequences in advance of the trip.</li> <li>Expenses not reimbursable as CME per IRS requirements include:             <ol style="list-style-type: none"> <li>Donations</li> <li>Political Action Committee contributions</li> <li>Travel for DVD or computer-based courses</li> <li>Travel which is primarily personal in nature, even when combined with business</li> <li>Family or guest travel and meals</li> <li>Family or guest lodging (if additional cost)</li> <li>Personal incidental expenses (cleaning, laundry, in-room video, child-care, health club or sports club fees, minibar service or miscellaneous entertainment)</li> <li>Extended lodging or meals</li> <li>Cancellation fees of any nature</li> <li>College or graduate courses that qualify for tuition reimbursement (paid under tuition reimbursement program to annual cap)</li> <li>Courses which do not award CME credit</li> <li>Computers or phones, including accessories (PDAs/Palm Pilot, cell phone, iPads, laptops, or similar devices)</li> <li>Computer software</li> <li>Nonprofessional subscriptions or books</li> <li>Framing or reframing artwork or documents</li> <li>Minor medical supplies, equipment, or accessories not otherwise specifically included</li> <li>Medical license renewals (paid under professional expenses)</li> <li>DEA license fees (paid under professional expenses)</li> <li>Hospital privileges</li> <li>Medical staff dues</li> </ol> </li> </ol>

Sample Urgent Care CME Reimbursement Policy (continued)	
<ul style="list-style-type: none"> <li>u. Board certification and recertification application and exam fees (paid under professional expenses based on the schedule outlined below in the Allowances for Professional Expenses section)</li> <li>v. Maintenance of Certification (MOC) processing fees associated with the administrative component of the MOC cycle or stage (paid under professional expenses)</li> <li>w. Certification and recertification review courses without CME certification</li> <li>x. Lab coat cleaning</li> <li>y. Birth-related injury fund (paid under professional expenses)</li> <li>z. Insurance premiums (paid under insurance)</li> <li>aa. Entertainment/social activities</li> </ul> <p>These expenses may be strictly personal in nature or reimbursed as a business expense. Please consult with your practice manager and/or director for expenses that are not separately listed.</p> <p><b>Procedure—Travel</b></p> <ol style="list-style-type: none"> <li>1. Reimbursement can only be issued after completion of CME and when accompanied by the CME certificate from the accrediting body with CME credits earned, completed CME activity reimbursement form and itemized expense receipts.</li> <li>2. All travel expense (including credit card) receipts must be itemized and include amount, date, place, and type of expense. If the receipt includes expenses for other individuals, you must circle the specific detailed business items you are requesting reimbursement for. You will only be reimbursed up to the limits listed, regardless of actual expense.</li> <li>3. Business reason documentation is required by the Internal Revenue Service. The reason for the expense must be job-related educational expenses. For travel expenses, this includes the amount, date, place, and character of the expense (hotel, restaurant, etc.) and the completed training certificate. Any deviation from the policy could result in reduced reimbursement for the provider. Expenses will not be reimbursed without detailed back-up.</li> <li>4. Requests for reimbursement must be made within 60 days of travel completion date. Expenses will not be reimbursed outside of 60 days.</li> </ol>	<ol style="list-style-type: none"> <li>5. If the trip involves both personal and business activities, all or a portion of the travel may not qualify for reimbursement. For domestic travel, more than 50% of the entire trip must be business related or the travel and personal days will not be reimbursed. It is recommended that you have the trip reviewed for potential tax consequences in advance of the trip.</li> </ol> <p><b>CME Allowance</b>  <b>The total CME allowance per full-time equivalent physician and nonphysician provider is \$2,500.</b></p> <p><b>Allowances for Professional Expenses</b>  The following professional expenses will be covered outside of the CME allowance:</p> <p><b>Physician</b></p> <ul style="list-style-type: none"> <li>• State Board of Medicine Licensure (paid every 2 years): \$270</li> <li>• Physician Board Certification: Paid incrementally on a yearly basis</li> <li>• DEA License Fees (paid every 3 years): \$731</li> <li>• State Birth Injury Fund (paid yearly): \$300</li> </ul> <p><b>Physician Assistant</b></p> <ul style="list-style-type: none"> <li>• State Licensure (paid every 2 years): \$135</li> <li>• National Commission of Certification for PAs (paid every 2 years): \$150</li> <li>• DEA License Fees (paid every 3 years): \$731</li> </ul> <p><b>Nurse Practitioner</b></p> <ul style="list-style-type: none"> <li>• State Licensure <ul style="list-style-type: none"> <li>– Registered Nurse Endorsement (paid every 2 years): \$140</li> <li>– Licensed Nurse Practitioner (paid every 2 years): \$80</li> </ul> </li> <li>• DEA License Fees (paid every 3 years): \$731</li> <li>• Prescriptive Authority (paid every 2 years): \$35</li> </ul> <p><b>References</b></p> <ul style="list-style-type: none"> <li>• IRS Regulation 1.162-2</li> <li>• IRS Regulation 1.274-4</li> <li>• Revenue Ruling 2007-28</li> </ul>

### Supplies Reimbursement

Healthcare is different from many professions in that it requires each employee to have precise equipment and clothing for their job. For example, all nurses and physicians carry a stethoscope. This can be considered a business-related expense and is considered reimbursable by the employer. Some healthcare employees need other specialized instruments that can also be reimbursed or provided by the facility.

Scrubs are another example. For OSHA compliance, healthcare workers wear specifically designed garments that are manufactured with fibers that resist absorption of blood and other biohazards, rather than wear “street clothes.” In addition, wearing the same “uniform” as coworkers builds camaraderie by identifying them as members of a patient-focused team, while providing clean, safe, and practical choice of clothing for an active job with long shifts. Scrubs are often provided by the



facility, but if the employee is required to purchase them on his or her own, many employers reimburse the cost for the necessary uniform pieces.

### Healthcare Employee Reimbursement

As with employee reimbursement in other fields, healthcare professionals should accurately document and turn in reports with all business- or CME-related expenses. Some specific costs include:

- CME classes, tuition, etc.: Almost all CME classes have a registration fee or tuition attached. Since they are a requirement, employees can typically expect to be reimbursed for the cost of signing up.
- Travel expenses to conferences: Attending conferences is one of the more popular ways of earning CME credit. However, most of these are out of state or far enough away that they will require a hotel stay and meals. Just like other business travel discussed, these costs are generally covered by the employer.
- Textbooks: Often, CME courses require books or online subscriptions. These costs can be grouped with the other fees and should be reimbursed.
- State licensure fees: Healthcare professionals can expect to renew their license to practice annually. The employer will often reimburse this fee since it is mandatory to practice.
- Malpractice insurance: While not required to be reimbursed, some urgent care operators will reimburse or pay the malpractice premiums of its employees. This is often considered a “benefit” when a provider chooses to work for one facility over another.

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### Develop and Communicate a Policy

Ultimately, the specific things that are reimbursable and the process by which employees seek reimbursement varies from company to company and state to state. For urgent care operators, it is extremely important to know the details and procedure that accompanies this policy. This will help avoid discrepancies and confusion, and allow the manager to answer employee questions.

By reimbursing employees for the costs associated with practicing in healthcare, the facility can hire and retain the best talent while facilitating an excellent workplace. Although it may seem intimidating, having a simple understanding of how employees are reimbursed and what costs can be considered business-related in the medical field helps everyone succeed in the often-chaotic world of healthcare. ■

#### Summary

- CME expenses are often covered by the employer because they are by nature essential, job-related, annual requirements for clinicians.
- Recurring expenses that might be considered business-related—and reimbursable—include hotel/lodging, meals, transportation, and client entertainment while traveling on business.
- Common expenses related to CME often include course fees, travel expenses to conferences, and course materials (eg, textbooks).
- Some urgent care employers opt to reimburse clinical staff for fees for state licensure and for malpractice insurance (though the latter is more often considered a benefit designed to attract or retain talent).