RuralHealthClinic.com

Experienced Knowledge

RHC Cost Reporting
RHC Update Seminar
Fall, 2017

HBS

Healthcare Business Specialists

RuralHealthClinic.com
Experienced Knowledge

Contact Information

Mark Lynn, CPA (Inactive)
RHC Consultant
Healthcare Business Specialists
Suite 214, 502 Shadow Parkway
Chattanooga, Tennessee 37421
Phone: (423) 243-6185
marklynnrhc@gmail.com
www.ruralhealthclinic.com

Like Healthcare Business Specialists on Facebook for more RHC information

RuralHealthClinic.com

Experienced Knowledge

Contact Information

Dani Gilbert, CPA
RHC Consultant
Healthcare Business Specialists
Suite 214, 502 Shadow Parkway
Chattanooga, Tennessee 37421
Phone: (423) 650-7250
dani.gilbert@outlook.com
www.ruralhealthclinic.com

RuralHealthClinic.com
Experienced Knowledge

Rural Information Exchange Group on Facebook

Join this group to post or ask questions regarding RHCs. Anyone is welcome to post about meetings, seminars, or things of interest to RHCs

https://www.facebook.com/groups/1503414633296362/

RuralHealthClinic.com

Experienced Knowledge

What does Healthcare Business Specialists do?

1. We prepare Medicare and Medicaid Cost Reports for Rural Health Clinics. In 2016, we will prepare 150 cost reports.
2. We prepare annual evaluations of RHCs. We conduct 50 of these on an annual basis.
3. We help clinics startup as RHCs. (about 30 per year)
4. Billing and Cost Report Seminars

RuralHealthClinic.com

Experienced Knowledge

Goals of this Session

1. To provide you with updates on the cost report season.
2. Help you understand what is required to file an accurate cost report.
3. How to maximize Reimbursement and avoid potential paybacks.
4. Give you an opportunity to ask questions.

RuralHealthClinic.com
Experienced Knowledge

RHC Cost Reporting

Represents an Invoice to Medicare for services rendered

RuralHealthClinic.com
Experienced Knowledge

Client Cost Report Update

For 12/31/2017 cost report year-ends, the cost report is due by May 31, 2018.

We will email the cost report agreements and business associate agreements to you, with a cost report checklist.

We are not mailing out cost report notebook unless you ask for them. Here is a link of the PDF:
https://www.dropbox.com/s/awtv5xljwy2d19v/2017%20Medicare%20Cost%20Report%20Notebook%20from%20HBS%20%28157%20page%20PDF%29.pdf?dl=0

RuralHealthClinic.com
Experienced Knowledge

Deadlines for 12/31 Fiscal Year Ends

#	Requirement	Due Date
1.	To claim Medicare Bad Debts, the bad debt must be written off by the fiscal year end (usually 12/31)	12/31/2017
2.	Liquidate accrued bonuses or payments to owners	75 days after year-end. March 16, 2018
3.	Liquidate accruals for non-owners.	One year after year-end. December 31, 2018
4.	Prevnar 13 and 23 – Purchase by 12/31 to cut down your wait for reimbursement.	12/31/2017
5.	Sign up with EIDM/IACS for the P S and R.	12/31/2017
6.	Cost Report Workpaper submission to HBS	4/15/2018

RuralHealthClinic.com
Experienced Knowledge

What is a Medicare Cost Report?

Form 222 - Medicare Cost Report is required by all RHC's to be completed on an annual basis.

If covers a 12-month period of time with some exceptions: You may have up to a 13-month cost report or you may have a short period if you sale the RHC or change ownership including partners.

RuralHealthClinic.com
Experienced Knowledge

What get filed with Medicare Cost Report, 339 Questionnaire, Medicare Workpapers

1. Medicare Cost Report – Form 222 (ECR File on USB)
2. Cost Report 339 Questionnaire
3. Medicare Workpapers
4. Trial Balance of expenses that ties to WKS A.
5. Workpapers to support reclassifications or adjustment.
6. How total visits were computed.
7. How Provider FTEs are computed
8. Flu and Pnu logs and invoices
9. P S and R including preventive services
10. Medicare Bad Debt listing in Excel

RuralHealthClinic.com
Experienced Knowledge

Why is a Cost Report important?

1. Medicare will not pay you if you do not file a cost report.
2. Your Medicare and Medicaid rates are based upon the cost report.
3. You receive a cost report settlement.
4. You are responsible for preparing the Cost Report accurately and in compliance with Medicare and Medicaid rules.

RuralHealthClinic.com
Experienced Knowledge

There are three types of cost reports

No Utilization – NO Medicare
Low Utilization - > $25,000 in Medicare charges
Full cost report < $25,000 in Medicare Charges

RuralHealthClinic.com
Experienced Knowledge

No Utilization Cost Reports

If you have no Medicare utilization, you can file a no utilization cost report. This comes in handy when you are a pediatric clinic with no Medicare utilization.

RuralHealthClinic.com
Experienced Knowledge

Low Utilization Cost Reports

- Low Utilization cost reports for RHC providers are now available. If a provider has been reimbursed (charges) $25,000 or less during the cost reporting period, they may request permission from the MAC to file a low utilization cost report and waive filing of the ECR disk. If approved, the provider must file a copy of the balance sheet and statement of income and expense, a statement signed by the authorized provider official stating the provider will accept Medicare interim payments as final settlement for the cost reporting period (example), along with the worksheets noted. No CMS 339 Questionnaire or supporting documents are required.

RuralHealthClinic.com

Experienced Knowledge

Medicaid Base Year Cost Reports

Get this right or it will haunt you forever!!!

RuralHealthClinic.com
Experienced Knowledge

Base Year Cost Reports for Medicaid

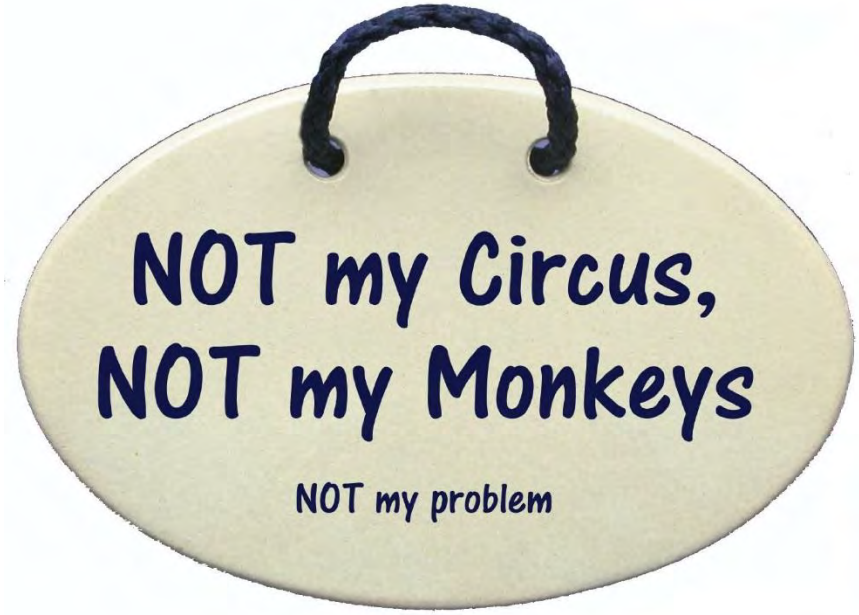
During your base year, you may act differently.

1. **You want to have high costs.**
2. **Lower visits will help.**
3. **PAY YOURSELF WELL.**
4. **PAY YOUR VENDORS.**
5. **Borrow Money and pay taxes**
6. **Accrue Expenses (Bonuses)**
   - **A. Accrued Bonus/retirement funding**
   - **B. Accrued Vacation**
   - **C. Accrued Sick**
   - **D. Expenses incurred/Paid next year**

RuralHealthClinic.com

Experienced Knowledge

Cost Report Planning



Prepare an estimate of cost per visit before year-end to determine if your cost per visit is too low. Do not wait till the last minute to send in your cost report to be prepared.

RuralHealthClinic.com

Experienced Knowledge

Filing the Medicare Cost Report

RuralHealthClinic.com

Experienced Knowledge

Steps for Filing the Medicare Cost Report

Step 1. Sign agreements and send retainer
Step 2. Receive Cost Report Checklist from HBS
Step 3. Obtain information from Checklist (P S & R)
Step 4. Mail, Fax, Email information to HBS
Step 5. HBS prepares the Report and mails to you.
Step 6. Sign the cost reports and mail to Care/Caid

RuralHealthClinic.com
Experienced Knowledge

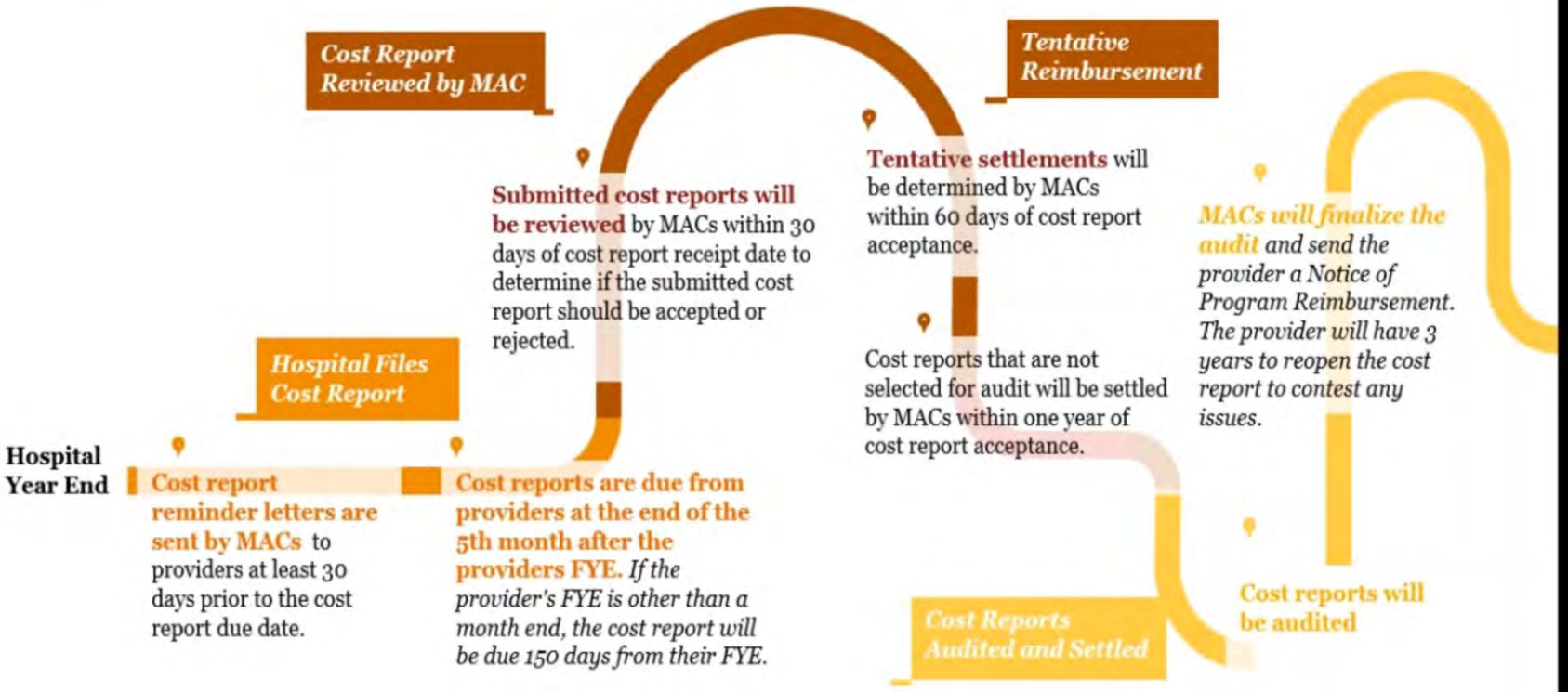
Mandated Cost Reporting Timeframes

Description	Timeframe
Cost Report prepared by the clinic and due to Medicare	5 months year-end
Number of days the MAC has to accept the cost report	30 days
Number of days the MAC has to pay a tentative settlement	60 days
Time to final settle cost report	1 year from acceptance

Source: https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/fin106c08.pdf

The Medicare Cost Report

Timeline *(MAC Example)*



RuralHealthClinic.com
Experienced Knowledge

How long is it before I will receive my settlement from Medicare?

Most cost reports have a balance owed from Medicare and typically 50 to 75% Is paid within 90 days of filing and the Balance paid within the one year, after a desk review of the cost report is complete.

RuralHealthClinic.com
Experienced Knowledge

What comprises the Medicare Settlement?

1. The difference in the interim and final cost per visit.
2. Influenza and pneumococcal injections
3. Medicare Bad debt, and
4. Co-pays and deductibles for preventive services.

RuralHealthClinic.com

Experienced Knowledge

Authorized Person from the RHC will sign the Cost Reports.

MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COAT REPORT MAY BE PUNISHABLE BY CRIMINAL, CIVIL AND ADMINISTRATIVE ACTION, FINE AND/OR IMPRISONMENT UNDER FEDERAL LAW. FURTHERMORE, IF SERVICES IDENTIFIED IN THIS REPORT WERE PROVIDED OR PROCURED THROUGH THE PAYMENT DIRECTLY OR INDIRECTLY OF A KICKBACK OR WHERE OTHERWISE ILLEGAL, CRIMINAL, CIVIL AND ADMINISTRATIVE ACTION, FINES AND/OR IMPRISONMENT MAY RESULT.

RuralHealthClinic.com

Experienced Knowledge

Gathering Information for the Cost Report- See our Checklist

RuralHealthClinic.com
Experienced Knowledge

What Information will I need to prepare the cost report?

Click the links below to download the reports you need to accumulate your information. These links are on our website at www.ruralhealthclinic.com

- RHC Cost Report Checklist for 2016 Medicare Cost Reports
- P S & R - How to obtain the P S & R for the Cost Report
- RHC Medicare Cost Report Visit Count Summary in Word Format

RuralHealthClinic.com

Experienced Knowledge

We need to know how much you spent!!!

We need your Total Costs
We need at least one of these

1. Financial Statements
2. Trial balance
3. Tax return

ABC Company

Table: Cash Flow

RuralHealthClinic.com
Experienced Knowledge

How much did you Spend?

1	WE NEED AT LEAST ONE OF THE FOLLOWING ITEMS TO DETERMINE THE TOTAL EXPENSES PAID BY CLINIC DURING THE YEAR. THE REPORTS SHOULD BE FOR THE ENTIRE ACCOUNTING PERIOD WHICH IS TYPICALLY 12 MONTHS.
a.	Accounting trial balance of expenses for the cost report period.
b.	Financial statements from the accountants or QuickBooks expense statements for the cost report period.
c.	Federal Tax returns for the corporation, partnership, or 1040.

RuralHealthClinic.com
Experienced Knowledge

Separate General Ledger accounts

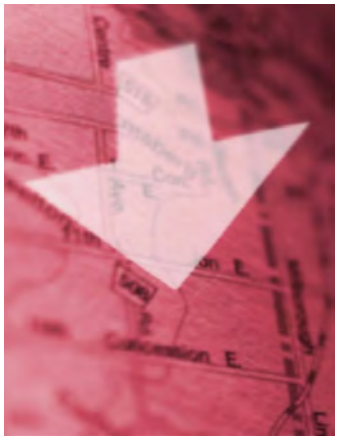
Certain expenses need separate accounting or general ledger accounts.

A. Laboratory supplies/reagents/licenses
B. Radiology supplies/ film/ licenses
C. EKGs tracing supplies or Part B technical component costs.
D. Any service billed to Part B and there is a supply cost.

RuralHealthClinic.com

Experienced Knowledge

For Cost Reporting you must think backwards



Visits

Expenses

RuralHealthClinic.com
Experienced Knowledge

Total Visit Counts

2	WE NEED AT LEAST ONE OF THE FOLLOWING (A. OR B.) TO DETERMINE THE TOTAL PATIENT VISITS OR ENCOUNTERS AND NEED ONE OF THE FOLLOWING.
a.	CPT Frequency report by Provider from your computer system.
b.	Written or manual visit count with physician, physician assistant, and nurse practitioner visits provided.

RuralHealthClinic.com
Experienced Knowledge

Remember to provide TOTAL visits from all payer types

1. Medicare
2. Medicaid
3. Insurance
4. Self-pay
5. Charity Care

If you have a face to face encounter with a Provider and a patient, Count it as a visit.

RuralHealthClinic.com
Experienced Knowledge

Why are Visits so Important?

Visits are important because
They are the denominator in
The cost per visit calculation.
The lower the number the
Better.

Do not count 99211 visits,
Injections, lab procedures, etc.

RuralHealthClinic.com
Experienced Knowledge

The Provider FTE calculation is important For Productivity Calculations

Provider	Visits
Physician	4,200
Physician Assistant	2,100
Nurse Practitioner	2,100

RuralHealthClinic.com
Experienced Knowledge

Do you have to produce visit reports by payer for the cost report?

1. You do not have to produce reports by payer to prepare the cost report.
2. Medicare provides a P S and R report which Summarizes visits and the information needed To complete the cost report.
3. Some state cost reports may require special Reports which will require Medicaid visits and Payments.

RuralHealthClinic.com
Experienced Knowledge

W-2s may be required

3	W-2's with the employee's position listed on the W-2 or what the employee did during their employment. **Please write the number of hours the employee worked during the year on the W-2 as well and if the employee split time in laboratory or X-Ray.**	

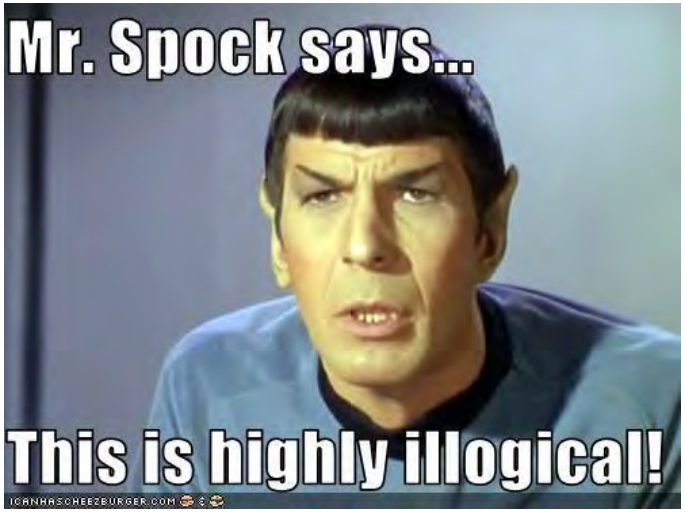
RuralHealthClinic.com

Experienced Knowledge

Influenza and Pneumococcal is settled on the cost report

And it takes up to Three Years to get your Money!!!!

1. **Do not bill on the UB-04.**
2. **Include on the cost report.**
3. **Cahaba says that CMS tells them to limit tentative settlements to $97 for Pnumo and $35 for Influenza.**
4. **You should get your full cost on final settlement.**
5. **Make sure to include your invoices to justify your costs.**



RuralHealthClinic.com
Experienced Knowledge

Is Prevnar 13 allowable on the Cost Report

The CDC released new standards in September, 2014 recommending Two doses of Prevnar 13. Can we Include this cost on the cost report?

Yes, we asked Cahaba in a webinar in October and she indicated that this expense was allowable. CMS has indicated that two doses are allowable as well. The cost of Prevnar 13 is around $180 per dose and $80 for Prevnar 23.

RuralHealthClinic.com
Experienced Knowledge

Influenza and Pneumoccoal

4	WE NEED ALL OF THE FOLLOWING INFORMATION TO CLAIM INFLUENZA AND PNEUMOCCOCAL REIMBURSEMENT ON THE COST REPORT.
a.	Medicare logs with patient name & HIC number and date of service for pneumoccocal and influenza patients.
b.	A count, listing, or log on non-Medicare patients in order for us to determine total flu shots provided.
c.	Invoices supporting influenza and pneumoccocal purchases during the year. This will help us to determine the cost of the supply cost.

RuralHealthClinic.com
Experienced Knowledge

Influenza and Pnemoccocal Shot Logs

Patient Name	HIC Number	Date of Service
John Smith	411992345A	12/31/2013
Steve Jones	234123903A	12/31/2013
Ashley Taylor	903214934A	12/31/2013

Medicare Influenza and Medicare Pnemoccocal shots should be maintained on separate logs. Pnumo pays around $125 per shot and influenza is $35 or so.

RuralHealthClinic.com
Experienced Knowledge

EIDM Access – P S and R

Start here first. This takes the longest and is the most confusing. NO MORE CAHABA!!!! THIS COULD BE A PROBLEM.

RuralHealthClinic.com

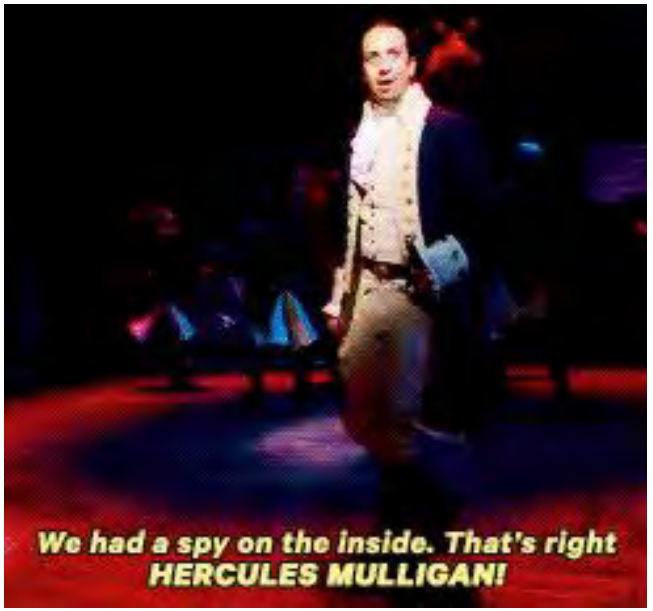
Experienced Knowledge

Obtaining the P S and R

RuralHealthClinic.com
Experienced Knowledge

IACS to EIDM Transition

Effective February 9, 2015 the existing system for controlling access to the PS&R applications hosted by CMS– IACS (Individuals Authorized for Access to CMS Computer Systems) – will be replaced by EIDM (Enterprise Identity Management).



http://www.cahabagba.com/news/transition-iacs-eidm/

RuralHealthClinic.com
Experienced Knowledge

Important – Ask for Preventive Charge Report
Report Type: 710 and 71S (Summary) not Detailed

Ask for the P S and R report that has preventive charges on it.

It is a separate report from the P S and R.

It is important to enter these charges as this is were you get your co-pays paid.

RuralHealthClinic.com

Experienced Knowledge

Medicare Bad Debt Reimbursement

RuralHealthClinic.com
Experienced Knowledge

Medicare Bad Debt Listing – Write off

Medicare Bad Debts must be written off by the end of the fiscal year to be claimed on the cost report.

Collection efforts must cease.

RuralHealthClinic.com
Experienced Knowledge

What can be Medicare Bad Debt?

1. Medicare coinsurance 20% of charges.
2. Medicare deductible of $183.00 in 2017.
3. Billed to the Part A MAC.
4. Nothing else is allowed.
5. Must try to collect for 120 days from first bill.
6. Must treat everyone the same.
7. Do not have to turn over to collection agency.
8. Must be written off in the fiscal year of the cost report.
9. Collection efforts must cease.

RuralHealthClinic.com
Experienced Knowledge

A Medicare Bad Debt must meet the following Criteria:

1. The debt must be related to a covered service and derived from the Deductible and Coinsurance amounts.
    A. No Fee for Service. IE. Hospital, Technical Components.
    B. No Medicare Advantage plans.
2. The provider must be able to establish that reasonable collection efforts were made.
    A. At least 120 days of first bill.
    B. First Bill as least within 45 to 60 days of service.
    C. Four documented collection efforts made.
3. The debt was actually uncollectible when claimed as worthless.
4. Sound business judgment indicated there was little likelihood of recovery in the future.

Source: 42 CFR 413.89(e)

RuralHealthClinic.com
Experienced Knowledge

Capturing the information for Bad Debt

1. Use an Excel Spreadsheet
2. Keep Regular and Crossover Bad Debt in separate spreadsheets
3. Provide Medicare with the spreadsheet.
4. Start early. Start NOW.
5. Provide it to the Preparer ASAP.

RuralHealthClinic.com
Experienced Knowledge

How much does Medicare pay for Bad debts?

88 percent - 2013
76 percent - 2014
65 percent - 2015 and forward

Write off as much as you can as soon as you can.
This is likely going away in the future.

RuralHealthClinic.com
Experienced Knowledge

What information does Medicare need to pay Bad Debt?

Patient Name
HIC Number
Date of Service
Indigency or Medicaid? Y or N
Medicaid Number
Date of First Bill sent to Patient
Write off Date
Remittance Advise Date
Deductible
Co-Insurance
Total

Exhibit 2

Listing of Medicare Bad Debts and Appropriate Supporting Data

Provider ____________________

Prov. Number ____________________

FYE ____________________

Prepared By ____________________

Date Prepared ____________________

Inpatient ____________________ Outpatient ____________________

SNF ____________________ RHC ____________________

(1) Patient Name	(2) HIC NO.	(3) Dates of Service		(4) Indigency & Wel. Recip (ck if apply)		(5) Date First Bill Sent To Beneficiary	(6) Date Collection Efforts Ceased	(7) Medicare Remittance Advice Date	(8) Deduct	(9) Co-Ins	(10) Total
		From	To	Yes	Medicaid #						
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-
											-

RuralHealthClinic.com
Experienced Knowledge

Crossover or Duel Eligible Bad Debt

- If Medicaid does not pay the complete coinsurance or deductible; a RHC can include this difference as an allowable bad debt on the cost report and Medicare will reimburse you for this bad debt. Keep up with in a separate file.

RuralHealthClinic.com
Experienced Knowledge

Bad Debt – Excel Spreadsheets

Description	Link
Bad Debt Policy for Medicare Cost Report and Policy and Procedure Manuals	https://www.dropbox.com/s/0xjrovohy5q6532/2016%20Sample%20Bad%20Debt%20Policy%20for%20Rural%20Health%20Clinics.pdf?dl=0
Medicare Bad Debt Log in Excel	https://www.dropbox.com/s/1o6zh90uxhhxmzd/2016%20Medicare%20Bad%20Debt%20Excel%20Spreadsheet%20for%20Medicare%20Only%20in%20September%202016.xls?dl=0
Medicare/Medicaid Crossover Bad Debt Log in Excel	https://www.dropbox.com/s/auf8w5dsu49q1v5/2016%20Medicare%20Bad%20Debt%20Excel%20Spreadsheet%20for%20Medicare%20and%20Medicaid%20Crossovers%20in%20September%2C%202016.xls?dl=0

RuralHealthClinic.com
Experienced Knowledge

Related Party Transactions, 1099s, Non-RHC Hours, and Depreciation Schedule

7	LIST ANY RELATED PARTY TRANSACTIONS (RPT) WHICH INCLUDE ANY RENTAL PAYMENTS BY THE CORPORATION TO THE PHYSICIAN/OWNER OR THE OWNER'S RELATIVES. **COPY 1099S FOR OUR FILE IF YOUR THINK YOU MAY HAVE A RPT.**
8	On Tab 1 – Workpaper S, Part 1, Please indicate the hours of operation of the clinic and **if you have any non-rural health clinic hours.**
9	Please include a depreciation schedule, so we can convert depreciation to straight-line depreciation.

RuralHealthClinic.com
Experienced Knowledge

Related Party Transactions

- Provide the actual cost of the transaction. For example, related party rent would produce mortgage interest, repairs, insurance, property taxes and depreciation. We need a Schedule E from the tax return (personal).
- Identify employees who are related (family members) to the owners and the compensation paid to these related family members.

RuralHealthClinic.com
Experienced Knowledge

Correspondence, Provider FTEs, Lab Time Study

10	**ENCLOSE ANY MEDICARE CORRESPONDENCE INCLUDING LETTERS REQUESTING A COST REPORT, NOTICES OF PROGRAM REIMBURSEMENT FOR PRIOR YEARS, OR ANY ADJUSTMENT REPORTS FROM THE MEDICARE ADMINISTRATIVE CONTRACTOR (MAC). THIS WILL ENSURE YOUR COST REPORT IS FILED TO THE CORRECT MAC.**
11	Please complete Tab 8, Worksheet B Part 1, Column 1, Provider FTE Calculation.
12	Please complete Tab 6, Workpaper A-1, Code B Laboratory Time Log and Payroll classification if you do not have dedicated employee to lab.

RuralHealthClinic.com

Experienced Knowledge

Questions, Comments, Thank You

H B S

Healthcare Business Specialists

www.ruralhealthclinic.com