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Health Care

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BKD Cost Report Webinar Series

Cost Report Overview: Part 2



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Learning Objectives

- Review the flow of the Medicare cost report
- Illustrate how settlements are calculated through the cost report
- Explain differences in clinic treatment on the cost report



Cost Report Overview

Recap & Medicare Settlement

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Cost Report Overview

Hospital Forms

- S Series: Statistical Data
- A Series: Expenses
- B Series: Overhead Allocation
- C Series: Cost-to-Charge Ratio
- D & E Series: Medicare Settlement
- G Series: Financial Statements

Provider-Based Components

- H Series: Home Health
- I Series: Renal Dialysis
- M Series: Rural Health Clinics
- O Series: Hospice

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Who's yours?

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Worksheet D Series



Medicare Charges

01

PS&R Report –
Summary or
Detailed?

02

Matching
Principle:
Medicare to
Total

03

Calculation of
Cost

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Worksheet D Series

- D-1 – Inpatient Operating Costs
- D-3 – Inpatient Ancillary Costs (& Subproviders)
- D, Part V – Outpatient Costs
- Other Complimentary Schedules
 - D, Part I – Inpatient Capital Costs
 - D, Part II – Outpatient Capital Costs
 - D, Part III – Inpatient Pass-Through Costs
 - D, Part IV – Outpatient Pass-Through Costs

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Cost Center Description	Cost to Charge Ratio From Worksheet C, Part I, col. 9	Charges				Costs		Costs	
		PPS Reimbursed Services (see inst.)	Cost Reimbursed Subject To Ded. & Coins. (see inst.)	Cost Reimbursed Subject To Ded. & Coins. (see inst.)	Costs PPS Services (see inst.)	Cost Reimbursed Services Subject To Ded. & Coins. (see inst.)	Cost Reimbursed Services Not Subject To Ded. & Coins. (see inst.)		
		1.00	2.00	3.00	4.00	5.00	6.00	7.00	
ANCILLARY SERVICE COST CENTERS									
50.00 05000 OPERATING ROOM	0.236226	0	3,045,000	0	0	50.00	719,308	0	
51.00 05100 RECOVERY ROOM	0.263678	0	152,349	0	0	51.00	40,171	0	
52.00 05200 LABOR ROOM & DELIVERY ROOM	0.488351	0	15,033	0	0	52.00	7,341	0	
53.00 05300 ANESTHESIOLOGY	0.195267	0	341,681	0	0	53.00	66,719	0	
54.00 05400 RADIOLOGY - DIAGNOSTIC	0.309516	0	2,280,929	0	0	54.00	705,984	0	
56.00 05600 RADIOISOTOPE	0.252677	0	473,762	0	0	56.00	119,709	0	
57.00 05700 CT SCAN	0.068186	0	2,695,291	0	0	57.00	183,781	0	
58.00 05800 MAGNETIC RESONANCE IMAGING (MRI)	0.188088	0	1,044,922	0	0	58.00	196,537	0	
60.00 06000 LABORATORY	0.161089	0	5,906,760	0	0	60.00	951,514	0	
65.00 06500 RESPIRATORY THERAPY	0.412241	0	310,261	0	0	65.00	127,902	0	
66.00 06600 PHYSICAL THERAPY	0.446798	0	1,016,634	0	0	66.00	454,230	0	
67.00 06700 OCCUPATIONAL THERAPY	0.341396	0	191,994	0	0	67.00	65,346	0	
68.00 06800 SPEECH PATHOLOGY	0.478205	0	49,958	0	0	68.00	23,890	0	
69.00 06900 ELECTROCARDIOLOGY	0.208941	0	936,928	0	0	69.00	195,763	0	
70.00 07000 ELECTROENCEPHALOGRAPHY	0.000000	0	0	0	0	70.00	0	0	
70.01 03610 SLEEP LAB	0.338293	0	182,371	0	0	70.01	61,695	0	
71.00 07100 MEDICAL SUPPLIES CHARGED TO PATIENTS	0.727622	0	687,873	0	0	71.00	500,512	0	
72.00 07200 IMP. DEV CHARGED TO PATIENT	0.497188	0	1,497,561	0	0	72.00	744,569	0	
73.00 07300 DRUGS CHARGED TO PATIENTS	0.325314	0	7,332,557	4,035	0	73.00	2,385,383	1,313	
76.00 03480 ONCOLOGY	0.366461	0	1,798,220	0	0	76.00	658,977	0	
76.01 03952 OCCUPATIONAL HEALTH	14.279526	0	0	0	0	76.01	0	0	
76.03 03951 OP DIABETIC EDUCATION	0.499741	0	29,028	0	0	76.03	14,506	0	
76.97 07697 CARDIAC REHABILITATION	1.825833	0	58,017	0	0	76.97	105,929	0	
OUTPATIENT SERVICE COST CENTERS									
88.00 08800 RURAL HEALTH CLINIC	0.000000	0	0	0	0	88.00	0	0	
90.00 09000 CLINIC	1.361183	0	245,093	304	0	90.00	333,616	414	
90.02 09002 WOUND CARE	0.520872	0	181,524	0	0	90.02	94,551	0	
91.00 09100 EMERGENCY	0.610478	0	1,811,295	0	0	91.00	1,105,756	0	
92.00 09200 OBSERVATION BEDS (NON-DISTINCT PART)	0.303490	0	937,322	0	0	92.00	284,468	0	
200.00 Subtotal (see instructions)	0	0	33,222,363	4,339	0	200.00	10,148,357	1,727	
201.00 Less PBP Clinic Lab. Services-Program Only Charges	0	0	0	0	0	201.00	0	0	
202.00 Net Charges (line 200 - line 201)	0	0	33,222,363	4,339	0	202.00	10,148,357	1,727	



Worksheet E Series – Settlement

Inpatient – PPS

• Worksheet E, Part A

- Federal operating payments – no settlement
- Outliers – no cost report settlement
- IME
- Medicare DSH/UCC
- Hospital specific – SCH/MDH only
- Capital
- Paramed education pass-through costs
- Low volume
- Value-based purchasing
- Hospital readmissions
- Hospital acquired conditions
- Medicare bad debts
- Less: D&C
- Less: Interim payments – claims & nonclaims based

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Inpatient – CAH

Worksheet E-3, Part V

- Total cost = routine per diem & days plus ancillary cost (charges * CCRs)
- Plus 1% “cost bonus”
- Less: Deductibles, coinsurance & primary payor payments – corresponding with charges in D series
- Plus: Medicare bad debts
- Less: Interim payments – claims & nonclaims based

Worksheet E-2 – Swing-bed SNF

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Outpatient – PPS

Worksheet E, Part B

- Primarily APC payments
- Limited outpatient cost reimbursement
- Pass-through costs
- GME
- Less: D&C
- Plus: Medicare bad debts
- Less: Interim payments

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Outpatient – CAH

Worksheet E, Part B

- Total cost = ancillary & outpatient charges * CCR
- Plus 1% “cost bonus”
- Less: Deductibles, coinsurance & primary payer payments – corresponding with charges in D series
- Plus: Medicare bad debts
- Less: Interim payments – claims & nonclaims based

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Subproviders – IPF & IRF

Worksheet E-3, Part II & III

Fully PPS

Typically no settlement, except for Medicare bad debts



Cost Report Overview

Physician Clinics



Clinics

Provider-Based Clinics

Free-Standing Clinics – Owned by Hospitals

Rural Health Clinics (RHC)

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Provider-Based Clinics

- Reported on Worksheet A, line 90 – Outpatient cost center
- Program Memorandum A-03-030
- Provider-Based attestation – recommended
- Hospital receives facility fee to reimburse for operations of facility

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Free-Standing Clinics

Owned by
physician
practice or
hospital

Either
reimbursed on
physician fee
schedule

Hospital-owned,
typically
nonreimbursable
cost center

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Rural Health Clinics

Provider-based or Free-standing

Provider-based

- Worksheet A line 88
- Settlement in "M" series of hospital cost report

Free-standing – separate cost report

- Similar to "M" series

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Rural Health Clinics

- Cost per visit
 - Visit – face-to-face encounter with physician or midlevel
 - Subject to productivity standard
 - Coinsurance differential
- Influenza & pneumonia – Medicare cost reimbursement

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RHC – Productivity Impact

Example

Provider	Productive FTEs	Actual Visits	Productivity Standard	Minimum Visits
Physician	1.50	3,500	4,200	6,300
Nurse Practitioner	0.85	2,000	2,100	1,785
Total RHC	2.35	5,500		8,085

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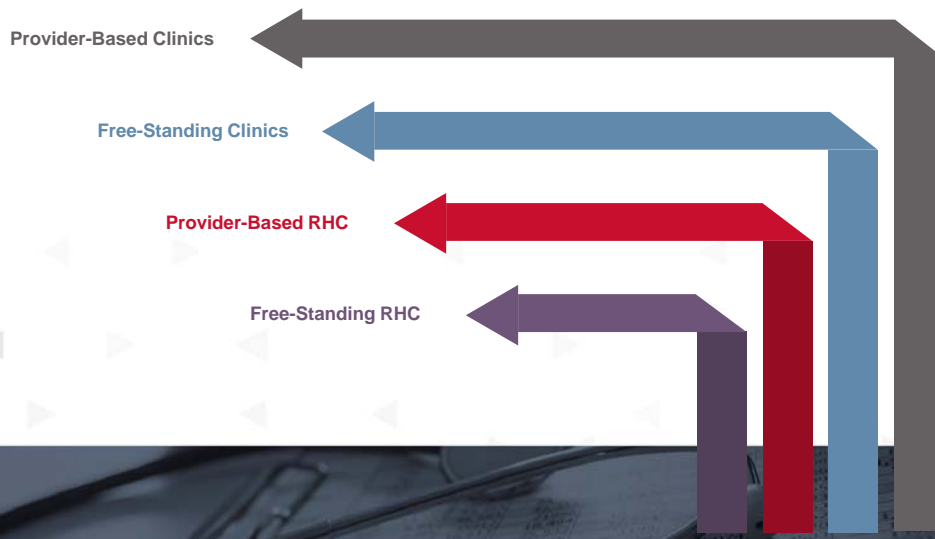
RHC – Productivity Impact

Example

	Productivity Minimum	Actual Visits
Total RHC Cost	\$1,500,000	\$1,500,000
Visits	8,085	5,500
Cost per Visit	\$185.53	\$272.73
(Loss) per visit		(\$87.20)
Actual Medicare Visits		2,000
Estimated Potential Loss		\$174,400



Clinics Recap



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Questions?

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