



STROUDWATER



NOSORH

National Organization of
State Offices of Rural Health



NATIONAL ASSOCIATION OF
RURAL HEALTH CLINICS

2024 INDEPENDENT RHC INSTITUTE COST REPORT BASICS

Wade Gallon, Senior Consultant

OBJECTIVES

1. Understand the relevant information to prepare a good cost report, whether internally or externally prepared
2. Properly review your cost-report and understand how your reimbursement is tied to your cost report
3. Understand the basic flow of the cost report





WHAT IS THE MEDICARE COST REPORT?

MEDICARE COST REPORT

- Document containing financial, operational, volume, productivity and payment information
 - Generally filed on an annual basis
 - Filed to your Medicare Administrative Contractor (MAC)
- Calculates your receivable from or payable to the Medicare program
 - Also used for setting payment rates going forward
- Clinic operators attest to the accuracy of this report

07-23 FORM CMS-222-17 4690

This report is required by law (42 USC 1395g; CFR 413.20(b)). Failure to report can result in all payments made during the reporting period being deemed overpayments (42 USC 1395g).

FORM APPROVED
OMB NO: 0938-0107
EXPIRATION DATE 05/31/2025

| | | | |
|---|------|-------------------------|----------------------------------|
| RURAL HEALTH CLINIC COST REPORT CERTIFICATION AND SETTLEMENT SUMMARY | CCN: | PERIOD: FROM: TO: | WORKSHEET 5 PARTS I, II & III |
|---|------|-------------------------|----------------------------------|

PART I - COST REPORT STATUS

Provider use only

| | | |
|--|-------|-------|
| 1. <input type="checkbox"/> Electronically prepared cost report | Date: | Time: |
| 2. <input type="checkbox"/> Manually prepared cost report | | |
| 3. <input type="checkbox"/> If this is an amended report enter the number of times the provider resubmitted this cost report. | | |
| 4. <input type="checkbox"/> Medicare Utilization. Enter "F" for full, "L" for low, "N" for no utilization, or "V" for vaccines only. | | |

Contractor use only

| | | |
|--|--|--|
| 5. <input type="checkbox"/> Cost Report Status (1) As Submitted (2) Settled without audit (3) Settled with audit (4) Reopened (5) Amended | 6. Date Received: _____ | 10. NPR Date: _____ |
| | 7. Contractor No.: _____ | 11. Contractors Vendor Code: _____ |
| | 8. <input type="checkbox"/> Initial Report for this Provider CCN | 12. <input type="checkbox"/> If line 5, column 1 is 4: Enter the number of times reopened = 0-9. |
| | 9. <input type="checkbox"/> Final Report for this Provider CCN | |

PART II - CERTIFICATION BY A CHIEF FINANCIAL OFFICER OR ADMINISTRATOR

MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED IN THIS COST 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 WERE OTHERWISE ILLEGAL, CRIMINAL, CIVIL AND ADMINISTRATIVE ACTION, FINES AND/OR IMPRISONMENT MAY RESULT.

CERTIFICATION BY CHIEF FINANCIAL OFFICER OR ADMINISTRATOR OF PROVIDER(S)

I HEREBY CERTIFY that I have read the above certification statement and that I have examined the accompanying electronically filed or manually submitted cost report and the Balance Sheet and Statement of Revenue and Expenses prepared by _____ (Provider Name(s) and Number(s)) for the cost reporting period beginning _____ and ending _____ and that to the best of my knowledge and belief this report and statement are true, correct, complete and prepared from the books and records of the provider in accordance with applicable instructions, except as noted. I further certify that I am familiar with the laws and regulations regarding the provision of health care services, and that the services identified in this cost report were provided in compliance with such laws and regulations.

| | SIGNATURE OF CHIEF FINANCIAL OFFICER OR ADMINISTRATOR | CHECKBOX | ELECTRONIC SIGNATURE STATEMENT | |
|---|---|----------|---|---|
| | 1 | 2 | | |
| 1 | | | I have read and agree with the above certification statement. I certify that I intend my electronic signature on this certification be the legally binding equivalent of my original signature. | 1 |
| 2 | Signatory Printed Name | | | 2 |
| 3 | Signatory Title | | | 3 |
| 4 | Signature date | | | 4 |

PART III - SETTLEMENT SUMMARY

| | | |
|---------|-------------|---|
| | TITLE XVIII | |
| 1 RHC | 1 | 1 |

The above amount represents "due to" or "due from" the Medicare program.



MEDICARE COST REPORT

PART II - CERTIFICATION BY A CHIEF FINANCIAL OFFICER OR ADMINISTRATOR

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COST REPORT STRUCTURE

- Worksheet S - Rural Health Clinic Cost Report Certification and Settlement
- Worksheet S-1 - Rural Health Clinic Identification Data
- Worksheet S-2 - Rural Health Clinic Reimbursement Questionnaire
- Worksheet S-3 - Rural Health Clinic Statistical Data (Visits)
- Worksheet A - Reclassification and Adjustment of Trial Balance of Expenses
- Worksheet A-6 - Reclassifications
- Worksheet A-8 - Adjustments to Expenses
- Worksheet A-8-1 - Statement of Costs of Services from Related Organizations and Home Office Costs
- Worksheet B - Visits and Overhead Cost for RHC Services
- Worksheet B-1 - Computation of Vaccine Cost
- Worksheet C - Determination of Medicare Payment
- Worksheet C-1 - Analysis of Payments to the Rural Health Clinic for Services Rendered





KEY INFORMATION FOR COST REPORT PREPARATION

KEY DOCUMENTATION

- **Financial records**
 - Trial Balance
 - Internal and/or Audited Financial statements
 - Medicare Provider Statistical and Reimbursement report (PS&R)
 - Payroll records
 - Vaccine invoices
- **Volume information**
 - Visit records by provider and payer
 - Vaccines administered



KEY DOCUMENTATION

- **Provider information**
 - Total providers including:
 - Physicians
 - Nurse Practitioners (NPs)
 - Physician Assistants (PAs)
 - Certified Nurse-Midwives (CNMs)
 - Clinical Psychologists (CPs)
 - Clinical Social Workers (CSWs)
 - Provider full-time equivalents (FTEs)
- **Supplementary information**
 - Bad debt listing





REIMBURSEMENT: MECHANICS AND OPPORTUNITIES

REIMBURSEMENT

- Medicare reimburses a flat All-Inclusive Rate (AIR) for RHC services
- Payment limit per visit based on national statutory limits:
 - Calendar Year (CY) 2024 = \$139.00
 - Calendar Year (CY) 2025 = \$152.00
 - Calendar Year (CY) 2026 = \$165.00
- Medicare Part B deductible and coinsurance rates apply. This means that once patients meet their Part B deductible, Medicare pays 80% of the AIR and the patient pays the remaining 20%.
- For certain preventive services like the Annual Wellness Visit (AWV) and the Initial Preventive Physical Exam (IPPE), Medicare will pay the full AIR and patients do not have a co-pay
- Non-RHC services paid on the allowed amount for the service



ALL-INCLUSIVE RATE

- The AIR for RHCs is calculated as follows:
 - Total allowable RHC cost (vaccines calculated separately) / total RHC visits
 - The result of this calculation is compared to a maximum rate per visit; the lesser of these two amounts is what the RHC is reimbursed for eligible Medicare services
- Example (below cap)
 - Total allowable cost = \$1,000,000
 - Total RHC visits = 10,000
 - Cost per visit = \$100
 - Maximum rate per visit = \$139
 - Total Medicare visits = 5,000
 - Total Medicare allowable cost = \$500,000
- Example (above cap)
 - Total allowable cost = \$1,000,000
 - Total RHC visits = 5,000
 - Cost per visit = \$200
 - Maximum rate per visit = \$139
 - Total Medicare visits = 5,000
 - Total Medicare allowable cost = \$695,000



ALL-INCLUSIVE RATE: EXPENSES

- Total costs are reported on Worksheet A, and broken out by:
 - Cost center
 - Salaries and non-salary expense
 - Direct, overhead, non-RHC, and non-allowable cost
- Total cost generally comes from the clinic trial balance/financial statements and reported in Col. 1 & 2
 - The clinic can then reclassify expenses into different cost centers via Worksheet A-6
 - The number of reclassifications are dependent on clinic trial balance structure and clinics operations
- Adjustments are made on Worksheet A-8 based on reimbursement principles to calculate total “allowable cost”



ALL-INCLUSIVE RATE: WORKSHEET A

4690 (Cont.)

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RECLASSIFICATION AND ADJUSTMENT OF TRIAL
BALANCE OF EXPENSES

CCN: _____

PERIOD:
FROM: _____
TO: _____

WORKSHEET A

| COST CENTER | | SALARIES 1 | OTHER 2 | TOTAL 3 | RECLASSIFI- CATIONS 4 | RECLASSIFIED TRIAL BALANCE 5 | ADJUSTMENTS 6 | NET EXPENSES FOR ALLOCATION 7 |
|---|---|---------------|------------|------------|-----------------------------|------------------------------------|------------------|--|
| FACILITY HEALTH CARE STAFF COSTS | | | | | | | | |
| 1 | 0100 Physician | | | | | | | 1 |
| 2 | 0200 Physician Assistant | | | | | | | 2 |
| 3 | 0300 Nurse Practitioner | | | | | | | 3 |
| 4 | 0400 Certified Nurse Midwife | | | | | | | 4 |
| 5 | 0500 Registered Nurse | | | | | | | 5 |
| 6 | 0600 Licensed Practical Nurse | | | | | | | 6 |
| 7 | 0700 Clinical Psychologist | | | | | | | 7 |
| 8 | 0800 Clinical Social Worker | | | | | | | 8 |
| 8.10 | 0810 Marriage and Family Therapist | | | | | | | 8.10 |
| 8.11 | 0811 Mental Health Counselor | | | | | | | 8.11 |
| 9 | 0900 Laboratory Technician | | | | | | | 9 |
| 10 | 1000 Other (specify) | | | | | | | 10 |
| 14 | Subtotal-Facility Health Care Staff Costs (sum of lines 1 through 10) | | | | | | | 14 |
| COSTS UNDER AGREEMENT | | | | | | | | |
| 15 | 1500 Physician Services Under Agreement | | | | | | | 15 |
| 16 | 1600 Physician Supervision Under Agreement | | | | | | | 16 |
| 17 | Subtotal Under Agreement (sum of lines 15 and 16) | | | | | | | 17 |
| OTHER HEALTH CARE COSTS | | | | | | | | |
| 25 | 2500 Medical Supplies | | | | | | | 25 |
| 26 | 2600 Transportation (Health Care Staff) | | | | | | | 26 |
| 27 | 2700 Depreciation-Medical Equipment | | | | | | | 27 |
| 28 | 2800 Malpractice Premiums | | | | | | | 28 |
| 29 | 2900 Allowable GME Costs | | | | | | | 29 |
| 30 | 3000 Pneumococcal Vaccines & Med Supplies | | | | | | | 30 |
| 31 | 3100 Influenza Vaccine & Med Supplies | | | | | | | 31 |
| 31.10 | 3110 COVID-19 Vaccine & Med Supplies | | | | | | | 31.10 |
| 31.11 | 3111 Monoclonal Antibody Products | | | | | | | 31.11 |
| 32 | 3200 Other (specify) | | | | | | | 32 |
| 38 | Subtotal-Other Health Care Costs (sum of lines 25 through 32) | | | | | | | 38 |
| 39 | Total Cost of Services (Other Than Overhead And Other RHC Services) (sum of lines 14, 17, and 38) | | | | | | | 39 |
| FACILITY OVERHEAD-FACILITY COST | | | | | | | | |
| 40 | 4000 Rent | | | | | | | 40 |
| 41 | 4100 Insurance | | | | | | | 41 |
| 42 | 4200 Interest On Mortgage Or Loans | | | | | | | 42 |
| 43 | 4300 Utilities | | | | | | | 43 |
| 44 | 4400 Depreciation-Buildings And Fixtures | | | | | | | 44 |
| 45 | 4500 Depreciation-Movable Equipment | | | | | | | 45 |
| 46 | 4600 Housekeeping And Maintenance | | | | | | | 46 |
| 47 | 4700 Property Tax | | | | | | | 47 |
| 48 | 4800 Other (specify) | | | | | | | 48 |
| 59 | Subtotal-Facility Costs (sum of lines 40 through 48) | | | | | | | 59 |



ALL-INCLUSIVE RATE: WORKSHEET A-6

4690 (Cont.)

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05-18

| RECLASSIFICATIONS | | CCN: | PERIOD: FROM: _____ TO: _____ | | WORKSHEET A-6 | | | |
|----------------------|--|------------------|-------------------------------------|-----------------|------------------|---------------|-----------------|-----|
| EXPLANATION OF ENTRY | CODE | INCREASES | | | DECREASES | | | |
| | (1) | COST CENTER 2 | LINE NO. 3 | AMOUNT (2) 4 | COST CENTER 5 | LINE NO. 6 | AMOUNT (2) 7 | |
| 1 | | | | | | | | 1 |
| 2 | | | | | | | | 2 |
| 3 | | | | | | | | 3 |
| 4 | | | | | | | | 4 |
| 5 | | | | | | | | 5 |
| 6 | | | | | | | | 6 |
| 7 | | | | | | | | 7 |
| 8 | | | | | | | | 8 |
| 9 | | | | | | | | 9 |
| 10 | | | | | | | | 10 |
| 11 | | | | | | | | 11 |
| 14 | | | | | | | | 14 |
| 15 | | | | | | | | 15 |
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| 17 | | | | | | | | 17 |
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| 20 | | | | | | | | 20 |
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| 22 | | | | | | | | 22 |
| 23 | | | | | | | | 23 |
| 24 | | | | | | | | 24 |
| 25 | | | | | | | | 25 |
| 26 | | | | | | | | 26 |
| 27 | | | | | | | | 27 |
| 28 | | | | | | | | 28 |
| 29 | | | | | | | | 29 |
| 30 | | | | | | | | 30 |
| 31 | | | | | | | | 31 |
| 32 | | | | | | | | 32 |
| 33 | | | | | | | | 33 |
| 34 | | | | | | | | 34 |
| 35 | | | | | | | | 35 |
| 100 | TOTAL RECLASSIFICATIONS (Sum of Column 4 must equal sum of Column 7) | | | | | | | 100 |

- (1) A letter (A, B, etc.) must be entered on each line to identify each reclassification entry.
- (2) Transfer the amounts in columns 4 and 7 to Worksheet A, column 4, lines as appropriate.



ALL-INCLUSIVE RATE: WORKSHEET A-8

| 05-18 | | FORM CMS-222-17 | | 4690 (Cont.) | | |
|-------------------------|--|--------------------|--------|--|--------|----|
| ADJUSTMENTS TO EXPENSES | | CCN: | | PERIOD: | | |
| | | | | FROM: _____ | | |
| | | | | TO: _____ | | |
| | | | | WORKSHEET A-8 | | |
| DESCRIPTION (1) | | BASIS/ CODE (2) | AMOUNT | EXPENSE CLASSIFICATION ON WORKSHEET A TO/FROM WHICH THE AMOUNT IS TO BE ADJUSTED | | |
| | | | | COST CENTER | LINE # | |
| | | 1 | 2 | 3 | 4 | |
| 1 | Investment income- buildings and fixtures (chapter 2) | | | Buildings and Fixtures | 44 | 1 |
| 2 | Investment income- movable equipment (chapter 2) | | | Movable Equipment | 45 | 2 |
| 3 | Investment income- other (chapter 2) | | | | | 3 |
| 4 | Trade, quantity and time discounts (chapter 8) | | | | | 4 |
| 5 | Refunds and rebates of expenses (chapter 8) | | | | | 5 |
| 6 | Rental of building or office space to others (chapter 8) | | | | | 6 |
| 7 | Related organization transactions (chapter 10) | Wkst A-8-1 | | | | 7 |
| 8 | Sale of drugs to other than patients | | | | | 8 |
| 9 | Vending machines | | | | | 9 |
| 10 | Practitioner assigned by Public Health Service | | | | | 10 |
| 11 | Depreciation - buildings and fixtures | | | Buildings and Fixtures | 44 | 11 |
| 12 | Depreciation - movable equipment | | | Movable Equipment | 45 | 12 |
| 13 | RCE adjustment to teaching physician's cost | | | Allowable GME Costs | 29 | 13 |
| 14 | Other adjustments (Specify)(3) | | | | | 14 |
| 50 | TOTAL (sum of lines 1 through 49) | | | | | 50 |

- (1) Description - all chapter references in this column pertain to CMS Pub. 15-1.
- (2) Basis for adjustment (see instructions)
 - A. Costs - if cost, including applicable overhead, can be determined.
 - B. Amount Received - if cost cannot be determined.
- (3) Additional adjustments may be made on lines 14 through 49 and subscripts thereof.



ALL-INCLUSIVE RATE: PROVIDER PRODUCTIVITY

- The Medicare cost report compares actual visits at the RHC with productivity thresholds based on provider FTEs; FTEs by provider are multiplied by the productivity standard to calculate a minimum number of visits (this calculation occurs on Worksheet B)
 - 4,200 visits for physicians per 1 FTE
 - 2,100 visits for non-physician providers (PAs, NPs and CNMWs) per 1 FTE

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VISITS AND OVERHEAD COST FOR RHC SERVICES CCN: PERIOD: FROM: TO: WORKSHEET B PARTS I & II

PART I - VISITS AND PRODUCTIVITY

| | Number of FTE Personnel | Total Visits | Productivity Standard (1) | Minimum Visits col. 1 x col. 3 | Greater of Col. 2 or Col. 4 | |
|---------------------------------------|-------------------------|--------------|---------------------------|--------------------------------|-----------------------------|------|
| Positions | 1 | 2 | 3 | 4 | 5 | |
| 1 Physicians | | | 4200 | | | 1 |
| 2 Physician Assistants | | | 2100 | | | 2 |
| 3 Nurse Practitioner | | | 2100 | | | 3 |
| 4 Certified Nurse Midwife | | | 2100 | | | 4 |
| 5 Subtotal (sum of lines 1 through 4) | | | | | | 5 |
| 6 Registered Nurse | | | | | | 6 |
| 7 Licensed Practical Nurse | | | | | | 7 |
| 8 Clinical Psychologist | | | | | | 8 |
| 9 Clinical Social Worker | | | | | | 9 |
| 9.10 Marriage and Family Therapist | | | | | | 9.10 |
| 9.11 Mental Health Counselor | | | | | | 9.11 |
| 10 Total Staff | | | | | | 10 |
| 11 Physician Services Under Agreement | | | | | | 11 |

(1) Productivity standards established by CMS are: 4200 visits for each physician and 2100 visits for each nonphysician practitioner. If an exception to the productivity standard has been granted (Wkst. S-1, Part I, line 20, equals "Y"), input in col. 3, lines 1 through 4, the productivity standards derived by the contractor.



ALL-INCLUSIVE RATE: PROVIDER PRODUCTIVITY

- “The FTE on the cost report for providers is the **time spent seeing patients or scheduled to see patients** and **does not include administrative time.**” - Medicare Benefit Policy Manual Chapter 13 - Rural Health Clinic (RHC) and Federally Qualified Health Center (FQHC) Services

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VISITS AND OVERHEAD COST FOR RHC SERVICES CCN: PERIOD: FROM: TO: WORKSHEET B PARTS I & II

PART I - VISITS AND PRODUCTIVITY

| | Number of FTE Personnel | Total Visits | Productivity Standard (1) | Minimum Visits (col. 1 x col. 3) | Greater of Col. 2 or Col. 4 | |
|---------------------------------------|-------------------------|--------------|---------------------------|----------------------------------|-----------------------------|------|
| Positions | 1 | 2 | 3 | 4 | 5 | |
| 1 Physicians | | | 4200 | | | 1 |
| 2 Physician Assistants | | | 2100 | | | 2 |
| 3 Nurse Practitioner | | | 2100 | | | 3 |
| 4 Certified Nurse Midwife | | | 2100 | | | 4 |
| 5 Subtotal (sum of lines 1 through 4) | | | | | | 5 |
| 6 Registered Nurse | | | | | | 6 |
| 7 Licensed Practical Nurse | | | | | | 7 |
| 8 Clinical Psychologist | | | | | | 8 |
| 9 Clinical Social Worker | | | | | | 9 |
| 9.10 Marriage and Family Therapist | | | | | | 9.10 |
| 9.11 Mental Health Counselor | | | | | | 9.11 |
| 10 Total Staff | | | | | | 10 |
| 11 Physician Services Under Agreement | | | | | | 11 |

(1) Productivity standards established by CMS are: 4200 visits for each physician and 2100 visits for each nonphysician practitioner. If an exception to the productivity standard has been granted (Wkst. S-1, Part I, line 20, equals "Y"), input in col. 3, lines 1 through 4, the productivity standards derived by the contractor.



ALL-INCLUSIVE RATE: PROVIDER PRODUCTIVITY

- A qualifying RHC visit is a medically-necessary, face-to-face medical or mental health visit, or a qualified preventive health visit with a qualified provider
 - RHC must ensure only qualifying visits are reported

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VISITS AND OVERHEAD COST FOR RHC SERVICES CCN: PERIOD: FROM: TO: WORKSHEET B PARTS I & II

PART I - VISITS AND PRODUCTIVITY

| | | Number of FTE Personnel | Total Visits | Productivity Standard (1) | Minimum Visits (col. 1 x col. 3) | Greater of Col. 2 or Col. 4 | |
|------|-------------------------------------|-------------------------|--------------|---------------------------|----------------------------------|-----------------------------|------|
| | Positions | 1 | 2 | 3 | 4 | 5 | |
| 1 | Physicians | | | 4200 | | | 1 |
| 2 | Physician Assistants | | | 2100 | | | 2 |
| 3 | Nurse Practitioner | | | 2100 | | | 3 |
| 4 | Certified Nurse Midwife | | | 2100 | | | 4 |
| 5 | Subtotal (sum of lines 1 through 4) | | | | | | 5 |
| 6 | Registered Nurse | | | | | | 6 |
| 7 | Licensed Practical Nurse | | | | | | 7 |
| 8 | Clinical Psychologist | | | | | | 8 |
| 9 | Clinical Social Worker | | | | | | 9 |
| 9.10 | Marriage and Family Therapist | | | | | | 9.10 |
| 9.11 | Mental Health Counselor | | | | | | 9.11 |
| 10 | Total Staff | | | | | | 10 |
| 11 | Physician Services Under Agreement | | | | | | 11 |

(1) Productivity standards established by CMS are: 4200 visits for each physician and 2100 visits for each nonphysician practitioner. If an exception to the productivity standard has been granted (Wkst. S-1, Part I, line 20, equals "Y"), input in col. 3, lines 1 through 4, the productivity standards derived by the contractor.



ALL-INCLUSIVE RATE: PROVIDER PRODUCTIVITY

- RHC visits may take place in:
 - the RHC,
 - the patient's residence (including an assisted living facility),
 - a Medicare-covered Part A SNF (see Pub. 100-04, Medicare Claims Processing Manual, chapter 6, section 20.1.1), or
 - the scene of an accident.
- RHC visits may not take place in:
 - an inpatient or outpatient department of a hospital, including a CAH, or
 - a facility which has specific requirements that preclude RHC visits (e.g., a Medicare comprehensive outpatient rehabilitation facility, a hospice facility, etc.)
- Best practice is to maintain detailed visit records by provider and payer
 - **Challenge:** scheduled vs. actual
 - **Challenge:** reporting systems



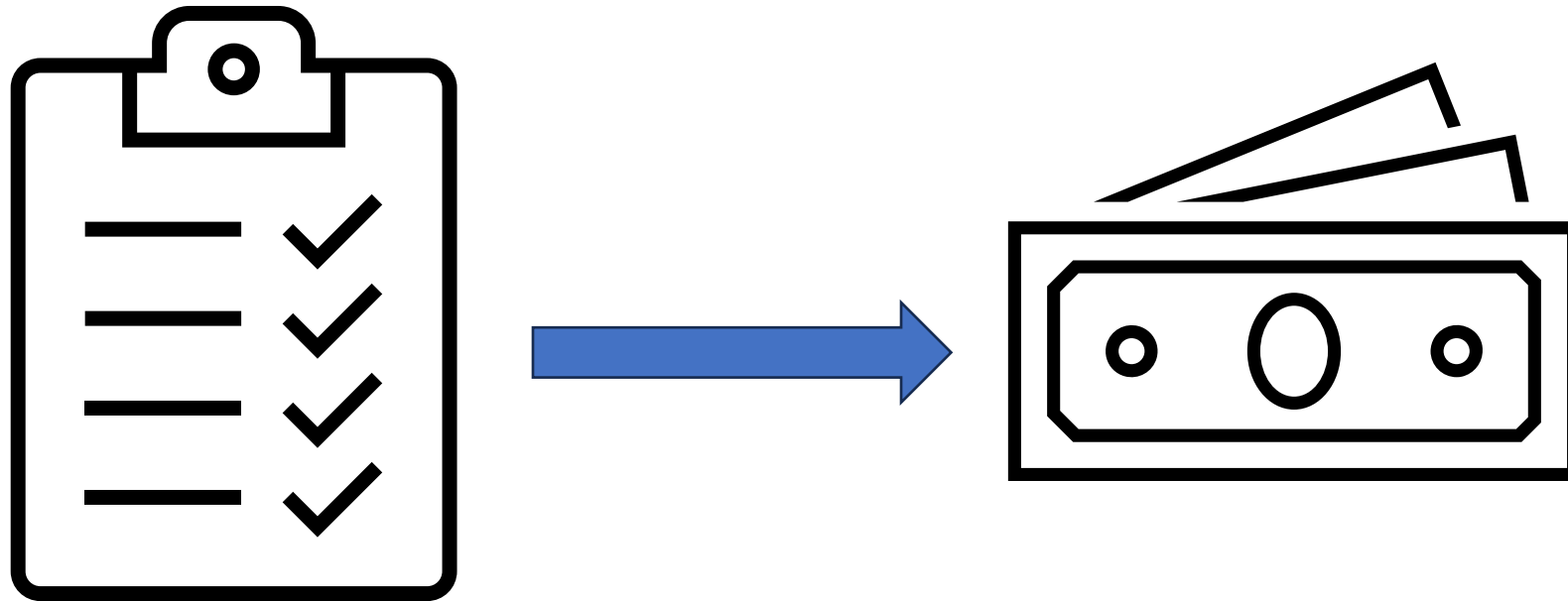
ALL-INCLUSIVE RATE: TOTAL VISITS

- Visits are also reported on Worksheet S-3 and broken out by payor

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|--------------------------------------|---|-----------------|---------|-------------|-------------------------------------|-------|--------------------------|----|
| RURAL HEALTH CLINIC DATA | | CCN: _____ | | | PERIOD: FROM: _____ TO: _____ | | WORKSHEET S-3 | |
| RURAL HEALTH CLINIC STATISTICAL DATA | | | | | | | | |
| | | CENTER CCN | Title V | Title XVIII | Title XIX | Other | Total All Patients | |
| | | 0 | 1 | 2 | 3 | 4 | 5 | |
| 1 | Medical Visits | | | | | | | 1 |
| 2 | Total Medical Visits | | | | | | | 2 |
| 3 | Mental Health Visits | | | | | | | 3 |
| 4 | Total Mental Health Visits | | | | | | | 4 |
| 5 | Number of Visits Performed by Interns and Residents | | | | | | | 5 |
| 6 | Total Number of Visits Performed by Interns and Residents | | | | | | | 6 |
| 7 | Total Visits (sum of lines 2 and 4) | | | | | | | 7 |
| 8 | <i>IOP Visits</i> | | | | | | | 8 |
| 9 | <i>Total IOP Visits</i> | | | | | | | 9 |
| 10 | <i>Total RHC Visits (sum of lines 7 and 9)</i> | | | | | | | 10 |



CONSISTENCY IS KEY!



OTHER REIMBURSEMENT ITEMS

- The cost report also reimburses RHCs for
 - Cost of vaccines and vaccine administration
 - *Key inputs*
 - Cost of vaccines
 - Total vaccine administration time
 - Medicare bad debts
 - *Key inputs*
 - Bad debt log
 - Supporting documentation



VACCINES/VACCINE ADMINISTRATION

- “The cost and administration of pneumococcal and influenza vaccines to Medicare beneficiaries are 100 percent reimbursable by Medicare.” CMS Form 222-17 cost report instructions
 - Calculated on Worksheet B-1
 - The cost report calculates direct and indirect cost of vaccines and vaccine administration
- Worksheet B-1 requires an estimated ratio of vaccine administration to total staff time
 - This estimate is combined with supplies cost to calculate direct costs associated with vaccine administration
- Worksheet B-1 also calculates an overhead allocation which is added to direct cost
- **Best practice:** Maintain a log of vaccines as well as documentation substantiating vaccine cost (e.g., invoices)



VACCINES/VACCINE ADMINISTRATION

4690 (Cont.)

FORM CMS-222-17

03-24

| COMPUTATION OF VACCINE COST | | CCN: | PERIOD: | WORKSHEET B-1 | |
|-----------------------------|---|--------------------------|-----------------------|----------------------|------------------------------------|
| | | | FROM: _____ | | |
| | | | TO: _____ | | |
| | | PNEUMOCOCCAL VACCINES | INFLUENZA VACCINES | COVID-19 VACCINES | MONOCLONAL ANTIBODY PRODUCTS |
| | | 1 | 2 | 2.01 | 2.02 |
| 1 | Health care staff cost (from Worksheet A, column 7, line 14) | | | | 1 |
| 2 | Ratio of injection/infusion staff time to total health care staff time | | | | 2 |
| 3 | Injection/infusion health care staff cost (line 1 multiplied by line 2) | | | | 3 |
| 4 | Injections/infusions and related medical supplies cost (from Worksheet A, column 7, lines 30, 31, 31.10, and 31.11, respectively) | | | | 4 |
| 5 | Direct cost of injections/infusions (sum of lines 3 and 4) | | | | 5 |



VACCINES/VACCINE ADMINISTRATION

| | | | | | | |
|----|---|--|--|--|--|----|
| 6 | Total direct cost of the RHC (from Worksheet A, column 7, line 39) | | | | | 6 |
| 7 | Total facility overhead (from Worksheet A, column 7, line 74) | | | | | 7 |
| 8 | Ratio of injection/infusion direct cost to total direct cost (line 5 divided by line 6) | | | | | 8 |
| 9 | Overhead cost - injections/infusions (line 7 multiplied by line 8) | | | | | 9 |
| 10 | Total injection/infusion cost and administration (sum of lines 5 and 9) | | | | | 10 |
| 11 | Total number of injections/infusions (from provider records) | | | | | 11 |
| 12 | Cost per injection/infusion (line 10 divided by line 11) | | | | | 12 |



MEDICARE BAD DEBTS

- 42 CFR 413.89(d): “.. the costs attributable to the deductible and coinsurance amounts that remain unpaid are added to the Medicare share of allowable costs.”
 - Reasonable collection effort (defined in regulation)
 - Debt was uncollectible, *and claimed as uncollectible*, within the time period it was deemed worthless
 - Often involves having a bad debt returned from a collection agency
 - Sound business judgment established no likelihood of recovery
 - Excludes physician professional services
- Medicare reimburses **65%** of total allowable Medicare Bad Debts
 - In addition to a reasonable collection effort, RHCs must substantiate their allowable bad debts with a detailed listing of information for each bad debt claimed
 - Broken out between dual-eligible and non-dual eligible patients
- Reported on Worksheet C, Part II



MEDICARE BAD DEBTS

| | | | |
|-----------------------------------|--|-------------------------------------|-----------------------------|
| 03-24 | FORM CMS-222-17 | 4690 (Cont.) | |
| DETERMINATION OF MEDICARE PAYMENT | CCN: _____ | PERIOD: FROM: _____ TO: _____ | WORKSHEET C PARTS I & II |
| 26 | Allowable bad debts (see instructions) | | 26 |
| 27 | Adjusted reimbursable bad debts (see instructions) | | 27 |
| 28 | Allowable bad debts for dual eligible beneficiaries (see instructions) | | 28 |



IMPORTANT TAKEAWAYS

- Documentation is key!
- Know your facility operations
- Understand your reimbursement drivers
- Reconcile, reconcile, reconcile
- Develop reasonableness tests
- Multi-tiered cost report review process is best practice





Q&A

UPCOMING SESSIONS

2

Financial Policies & Procedures

7/17/24

Understanding the basics of documentation for the cost report expenses. Topics such as documentation of bad debt and timelines for billing will be discussed.

3

Office Hours

7/22/24

Join the Stroudwater Associates team for our designated office hours to ask specific questions related to your RHC.

4

Revenue Cycle Management and Measurement

7/24/24

This session will focus on best practice strategies for effective revenue cycle processes.

5

Mastering Revenue Cycle Key Performance Indicators

7/29/24

Improving financial performance and operational efficiency by better understanding key Revenue Cycle Key Performance Indicators (KPIs.)

6

Office Hours

7/31/24

Join the Stroudwater Associates team for our designated office hours to ask specific questions related to your RHC.



COMMITTED TO INCREASING THE IMPACT OF RURAL AND COMMUNITY HEALTHCARE.

Our team of rural and community healthcare experts support the leadership of hospitals, health systems with a rural footprint, and the groups and clinics that form an essential care network across the 97% of the US that is defined as rural.



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THANK YOU

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