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HEALTH CARE

Cost Reports Independent Clinics

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RHC Reimbursement Rate

RHC Allowable Costs

Rural Health Clinic

Face to Face Encounters

= RHC Reimbursement Rate

(up to the reimbursement rate limit)



Allowable Costs

Allowable RHC Costs:

- ⌘ Defined at 42 CFR 405 and 42 CFR 413
- ⌘ Explained in the Provider Reimbursement Manual, pub. 15

“Allowable cost are the cost actually incurred by you which are reasonable in amount and necessary and proper to the efficient delivery of your services.” RHC manual, Ch. 501



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RHC Visits

“A visit is a face-to-face encounter between a clinic or center patient and a physician, physician assistant, nurse practitioner, nurse-midwife, or visiting nurse.”

42 CFR 405.2463



RHC Reimbursement Rate

<u>Year</u>	<u>Limit</u>	<u>% Increase</u>
2013	\$79.17	0.8 %
2012	\$78.54	0.6 %
2011	\$78.07	0.4 %
2010	\$77.76	1.2 %
2009	\$76.84	1.6 %
2008	\$75.63	1.8 %

Every January 1 the RHC all-inclusive rate increases by the medical economic index. (MEI) typically .5 % to 1%



What are the two types of rural health clinics?

- ⌘ Independent rural health clinic which are typically owned by physicians, mid-level practitioners, and not-for-profit entities.
- ⌘ Provider-based rural health clinic which are owned by hospitals, skilled nursing homes, and home health agencies.



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Independent Vs. Provider Based

- ⌘ Independent RHCs file cost reporting form CMS-222-92
- ⌘ Provider based RHCs are reported as a department of the hospital on the CMS-2552-10.



Worksheet S – Statistical Data

- ⌘ Clinic Name
- ⌘ Clinic Address
- ⌘ County
- ⌘ Reporting Period
- ⌘ Type of Entity (Corp, Sole Prop, etc.)
- ⌘ Other Operations (Private Practice, etc.)
- ⌘ RHC Hours
- ⌘ Non-RHC Hours



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Worksheet A – Trial Balance

Trial Balance Information

- ⌘ Facility Health Care Staff Costs
- ⌘ Costs Under Agreement
- ⌘ Other Healthcare Costs
- ⌘ Facility Overhead Costs
- ⌘ Facility Administrative Costs
- ⌘ Non-Reimbursable Costs



Worksheet A – Trial Balance (cont)

- ⌘ Use Trial Balance to input data for Worksheet A (Balance to Trial Balance)
- ⌘ Distribute costs to the appropriate cost center – direct entry or reclassifications
- ⌘ Be sure to have appropriate amount of detail



Accrual Based Accounting

- ⌘ Costs are recorded using Accrual Based Accounting
- ⌘ Accrual Based Accounting requires cost be recorded as they are incurred, Not when they are paid.
- ⌘ Cash based accounting (recorded when paid) is not allowed; Costs must be adjusted to Accrual.



Worksheet A-1 (Reclassifications)

- ⌘ Reclassifications are used to move costs to the appropriate cost center

- ⌘ Common Reclassifications
 - Salaries, Benefits and Payroll Taxes
 - Medical Director/Administration Costs
 - Laboratory, Diagnostic Services, etc.



Worksheet A-2 (Adjustments)

- ⌘ Adjustments are used to remove non-allowable expenses or add allowable costs that were not included on the Trial Balance



Worksheet A-2 (Adjustments)

⌘ Common Adjustments

- Rental of Building/Office Space
- Accrual Adjustments – Previous Period and Subsequent Period
- Sole Proprietor/Partnership Owner's Compensation



Worksheet A-2 (Adjustments)

⌘ Common Adjustments (cont.)

- Non-allowable Expenses
 - Bad Debts
 - Non-Allowable Advertising
 - Hospital/Non-RHC Services
 - Outside Lab Fees



Worksheet A-2-1 (Related Party)

- ⌘ Identify whether a related party transaction exists.
- ⌘ Related through ownership or control (physician owner, key employees)
- ⌘ Related party transactions must be reduced to actual cost.



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Worksheet A-2-1 (Related Party)

- ⌘ “The intent is to treat the costs incurred by the supplier as if they were incurred by the provider itself.” CMS Publication 15-1 (PRM)



Related Party Transactions

- ⌘ Rental of real estate is the most common example.
- ⌘ Nothing prohibits these transactions.
- ⌘ It is extremely important that you disclose this information.



Related Party Transactions on A-2-1 of Form 222

Rental Expense	60,000
Compared to:	
Depreciation Expense	20,000
Interest Expense	25,000
Property Taxes	<u>2,000</u>
Total allowable expenses	47,000
Adjust Worksheet A-2 Line 6	(13,000)



Worksheet B - Visits

- ⌘ FTE Calculations – Physician, PA, NP, etc
- ⌘ Total Visits – All Patients
- ⌘ Minimum Calculated Visits
- ⌘ Information from internal records



Productivity Screens

RHCs have an annual productivity screen per provider which must be met.

⌘ Physicians (1 FTE)	4,200 visits
⌘ Mid- Level Practitioners (1 FTE)	2,100 visits

Use the greater of the actual visits or the calculated minimum visits.



Full Time Equivalent Calculation

Report only time **provider is available** to see patients in the FTE calculation.

Physician Hours Available	<u>1,820</u>
Full Time Hours	2,080
Calculated Physician FTE	.875



Visit Calculation Example

	FTE	Actual Visits	Min Productivity
Physician	0.87	5,600	3,654
PA	1.20	3,200	2,520
NP	<u>0.90</u>	<u>2,700</u>	<u>1,890</u>
TOTAL	2.97	11,500	8,064

In this example, the 11,500 actual visits would be used to calculate the cost report.



Visit Calculation Example

	FTE	Actual Visits	Min Productivity
Physician	2.00	5,600	8,400
PA	2.00	3,200	4,200
NP	<u>1.00</u>	<u>2,700</u>	<u>2,100</u>
TOTAL	5.00	11,500	14,700

In this example, total visits would default to the minimum productivity of 14,700



Visit Calculation Example (cont)

	Actual Visits	Min Productivity
Total Allowable Costs	\$ 900,000	\$ 900,000
Total Adjusted Visits	<u>11,500</u>	<u>14,700</u>
Adjusted Cost Per Visit	\$ 78.26	\$ 61.22

By using the minimum calculated visits, the Adjusted Cost Per Visit will decrease.



Worksheet B-1 Pneumo and Influenza

- ⌘ Staffing Ratio – Pneumococcal and Influenza Time
- ⌘ Vaccine Costs
- ⌘ Total Number of Injections – All Patients
- ⌘ Total Number of Injections – Medicare Patients Only (do not include Medicare Advantage)



How do you compute the time spent in providing Flu shots on the cost report?

Number of Flu Shots	90
Time Spent per shot	10 minutes
Hours Spent	15 hours

Time providing flu shots 15 hours



How do you compute the time spent in providing Flu shots on the cost report?

Calculate Healthcare FTEs

Number of FTE Physicians	2
Number of FTE Mid- Levels	1
Number of FTE Nurses	<u>2</u>
Total Healthcare FTE's	5



How do you compute the time spent in providing Flu shots on the cost report?

Calculate Healthcare Hours

Total Healthcare FTE's	5
Hours per FTE	2,080
Total Healthcare Hours	10,400

Calculate Ratio of Flu Hours to Healthcare Hours

Percentage of Flu Time $15/10,400 = .001442$

Input calculated ratio on Worksheet B-1 along with number of injections and total vaccine supply costs.



Worksheet B-1 Vaccine Costs

- ⌘ Vaccine Costs – Direct costs from pneumococcal and influenza invoices
- ⌘ Can use average cost per injection
- ⌘ Be consistent with methodology
- ⌘ Have supporting documentation



Worksheet B-1 Number of Injections

- ⌘ Include total number of injections for all patients.
- ⌘ Do not include Vaccine For Children injections – including these no cost vaccines will dilute your cost per injection



Worksheet B-1 Number of Injections Logs

Complete pneumococcal and influenza injection logs for Medicare Patients to include:

- ⌘ Beneficiaries Name
- ⌘ Beneficiaries HIC Number
- ⌘ Date Injection was given

Do not include Medicare Advantage !!



Worksheet C – Rate and Payment

- ⌘ Always use PS & R data; information is not derived from internal records.
- ⌘ Total Medicare Visits
- ⌘ Total Medicare Mental Health Visits



Cost Reports Due Dates

- ⌘ The Medicare Cost report is due five months after the end of the fiscal year-end
- ⌘ December 31 year-end cost reports are due on May 31
- ⌘ Terminating cost reports or change of ownership cost reports are due 150 days after the change or termination.



Medicare Cost Report Tips

- ⌘ Collect as much data as possible on an ongoing basis.
- ⌘ Set up accounting procedures to collect as much financial data in the form and level of detail required for year end reporting. Use the cost report forms for reference.



Medicare Cost Report Tips

- ⌘ Send adequate documentation to support information on the cost report.
 - Injection logs
 - Bad debt logs
 - Working Trial Balance
 - CMS 339 Questionnaire
 - Work Papers to explain re-classes on W/S A-1 and adjustments on W/S A-2



PS & R Reports

- ⌘ The PS & R report is used to establish Medicare visits, Deductibles, net payments on the cost report.
- ⌘ Medicare will no longer send out the PS & R report to the RHC starting with cost reports ending June 30, 2009.
- ⌘ The RHC must register in the IACS with their Fiscal Intermediary in order to obtain the PS & R report.



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*Call us,
We can Help!*

Contact

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