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# **Cost Report Education: Worksheets S, A, B, C, D, E**

Presented by Greg Knight and Emily Reese

May 9, 2024

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# Introductions



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# Learning Objectives

- Describe the flow of the Medicare cost report
- Illustrate information to be reported on worksheets A through C of the cost report
- Illustrate how settlements are calculated through the cost report
- Demonstrate the integration of hospital trial balance data to the Medicare cost report worksheets

# Importance of the Cost Report

- Mandatory requirement for participating in the Medicare program
- Determines the Medicare settlement at year-end
- Used to set interim Medicare payment rates
- Information used by outside entities to evaluate hospitals

# 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



# Cost Report Schedules

Worksheet S	Worksheet A	Worksheet B	Worksheet C	Worksheet D	Worksheet E
Informational Questions	Expenses	Overhead expense allocation	Charges	Medicare/ Medicaid Charges	Medicare/ Medicaid Settlement
S, S-2, S-3, S-4, S-5, S-7, S-8, S-9, S-10	A, A-6, A-8, A-8-1, A-8-2, A-8-3	B Part I, B-1	C	D Part V, D-3, D-1 Parts I, II, III	E Part B, E-1, E-2 E-3 Part V
Hospital information, patient days, and other statistics	Costs reclassified, added, and subtracted	Overhead allocated to revenue-producing departments	$\div$ Dept. revenues = Cost-to-charge ratios	$\times$ Dept. Medicare charges = Medicare cost	Compared to Medicare Payments = Settlement

# S Series




S – Settlement summary // S-2 – Provider information

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# S Series

A decorative graphic consisting of a series of overlapping, colorful arrows pointing to the right. The arrows are in shades of light blue, teal, dark blue, and green, with a slight 3D effect.

S – Settlement summary // S-2 – Provider information

A decorative graphic consisting of a series of overlapping, colorful arrows pointing to the right. The arrows are in shades of light blue, teal, dark blue, and green, with a slight 3D effect.

S-3, Part I – Provider statistics // S-3, Part II-V – Area Wage Index

A decorative graphic consisting of a series of overlapping, colorful arrows pointing to the right. The arrows are in shades of light blue, teal, dark blue, and green, with a slight 3D effect.

S-10 – Uncompensated care

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# Worksheet S

## Encryption Page

**PART II - CERTIFICATION BY A CHIEF FINANCIAL OFFICER OR ADMINISTRATOR OF PROVIDER(S)**

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 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 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	<b>Andrew Smith Michaelson III</b>	<b>Y</b>	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: <b>Andrew Smith Michaelson III</b>			2
3	Signatory Title: <b>CFO</b>			3
4	Signature Date: <b>04/01/2022</b>			4

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# S-2, Part I: Identification Data

- Determines how reimbursement will be calculated for Medicare (Title XVIII) and Medicaid (Title XIX)
- Triggers which worksheets must be completed, examples:
  - Line 105 – Critical Access Hospital → E-3 Part V
  - Line 109 – Therapy services from outside providers → A-8-3
  - Line 140 – Related organizations → A-8-1
  - Line 144 – Hospital-based physicians → A-8-2
- Don't forget to update these inputs:
  - Line 24 – Medicaid days for DSH
  - Line 118.01 – Malpractice premiums and paid losses
  - Lines 167-171 – Meaningful user status

# S-3, Part I: Statistical Data

- Beds in use at the end of the cost report period
- Available bed days adjusted for:
  - Any changes in available beds during the year
  - Leap year
  - CAH hours from Hospital's Health Information System
  - Review to ensure compliance with 96 Hour rule



# S-3, Part I: Days/Visits

- Days by Unit and sub-providers
  - Title XVIII (PS&R data), XIX days (S-2 for DSH days), Total (all payers)
  - A+P, Nursery, ICU, rehab, etc.
  - Swing Bed SNF = PS&R Title XVIII days + Medicare Advantage
  - Swing Bed NF = All other Swing Bed days
  - HMO days
  - HOSPICE (non-distinct part)
  - RHC Visits
  - Observation hours converted to days
  - Employee discount days
  - Labor & delivery days



# S-10: Uncompensated Care

- Line 20 – Charity Care Charges - Exhibit 3B
- Line 26 – Total Bad Debts - Exhibit 3C
  - Write-offs in cost report period
  - Exclude physician and professional services
  - Charity care split by Insured and Uninsured

# Worksheet A Series

- A – Expenses
- A-6 – Reclassifications
- A-7 – Capital Costs
- A-8 – Adjustments
  - A-8-1 – Related-Party Adjustments
  - A-8-2 – Provider-Based Physicians

# Worksheet A Expenses

- Types of cost centers

# Worksheet A Expenses

- Types of cost centers
  - General service – Capital and Overhead (Lines 1 – 23)
  - Routine (Lines 30 – 46)
  - Ancillary (Lines 50 – 75)
  - Outpatient / Other Services (Lines 88 – 92)



# A-6 Reclasses: Examples

Implantables/Medical Supplies

Billing & Collection

Interest Expense

Property Insurance & Depreciation

Labor & Delivery, OB & Nursery

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RECLASSIFICATIONS

Provider CCN:

Period:  
From 07/01/2017  
To 06/30/2018

Worksheet A-6  
Non-CMS Worksheet  
Date/Time Prepared:  
6/12/2019 8:37 am

Increases					Decreases				
Cost Center	Line #	Salary	Other	Cost Center	Line #	Salary	Other		
2.00	3.00	4.00	5.00	6.00	7.00	8.00	9.00		
<b>B - RECLASS NEW LIFE UNIT</b>									
1.00	DELIVERY ROOM & LABOR ROOM	52.00	838,004	425,256	ADULTS & PEDIATRICS	30.00	1,165,732	591,566	1.00
2.00	NURSERY	43.00	327,728	166,310		0.00	0	0	2.00
	0		1,165,732	591,566	0		1,165,732	591,566	
<b>C - CAPITAL COSTS</b>									
1.00	CAP REL COSTS-BLDG & FIXT	1.00	0	316,644	ADMINISTRATIVE & GENERAL	5.00	0	564,730	1.00
2.00	CAP REL COSTS-MVBLE EQUIP	2.00	0	248,086		0.00	0	0	2.00
	0		0	564,730	0		0	564,730	
<b>D - RECLASS INTEREST</b>									
1.00	CAP REL COSTS-BLDG & FIXT	1.00	0	3,412,977	INTEREST EXPENSE	113.00	0	6,003,571	1.00
2.00	CAP REL COSTS-MVBLE EQUIP	2.00	0	2,590,594		0.00	0	0	2.00
	0		0	6,003,571	0		0	6,003,571	
<b>E - RECLASS IMPLANTABLE DEVICES</b>									
1.00	IMPL. DEV. CHARGED TO PATIENTS	72.00	0	9,895,290	OPERATING ROOM	50.00	0	9,562,825	1.00
2.00		0.00	0	0	CARDIOLOGY	76.00	0	332,465	2.00
	0		0	9,895,290	0		0	9,895,290	
<b>F - RECLASS OR- LIBERTY EXPENSE</b>									
1.00		50.00	1,504,000	2,012,000		50.00	1,504,000	2,012,000	1.00



# WORKSHEET A-8 – ADJUSTMENTS

- Identify & offset costs not related to patient care
- If it doesn't relate to patient care, it probably isn't an allowable cost
- Basis code: Miscellaneous Income (B) Expense (A)

# Worksheet A-8 – Adjustments

- **Common Examples**
  - Advertising
  - Charitable contributions
  - Guest meals
  - Alcoholic beverages
  - Political or lobbying activities – including the part of association dues related to lobbying
  - Patient TV/phones
  - Vending machine expense
  - CRNA costs – unless rural exception
  - 340B Program expenses

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# Worksheet A-8-1 – Related-Party Expenses

- Identify costs for services, facilities or supplies furnished to the facility by related organizations (common ownership or control)
- Report the amount of expense included in Worksheet A
- Report the amount of expense to the related organization – this is the allowable cost
- Difference can be a positive/negative adjustment on Worksheet A-8

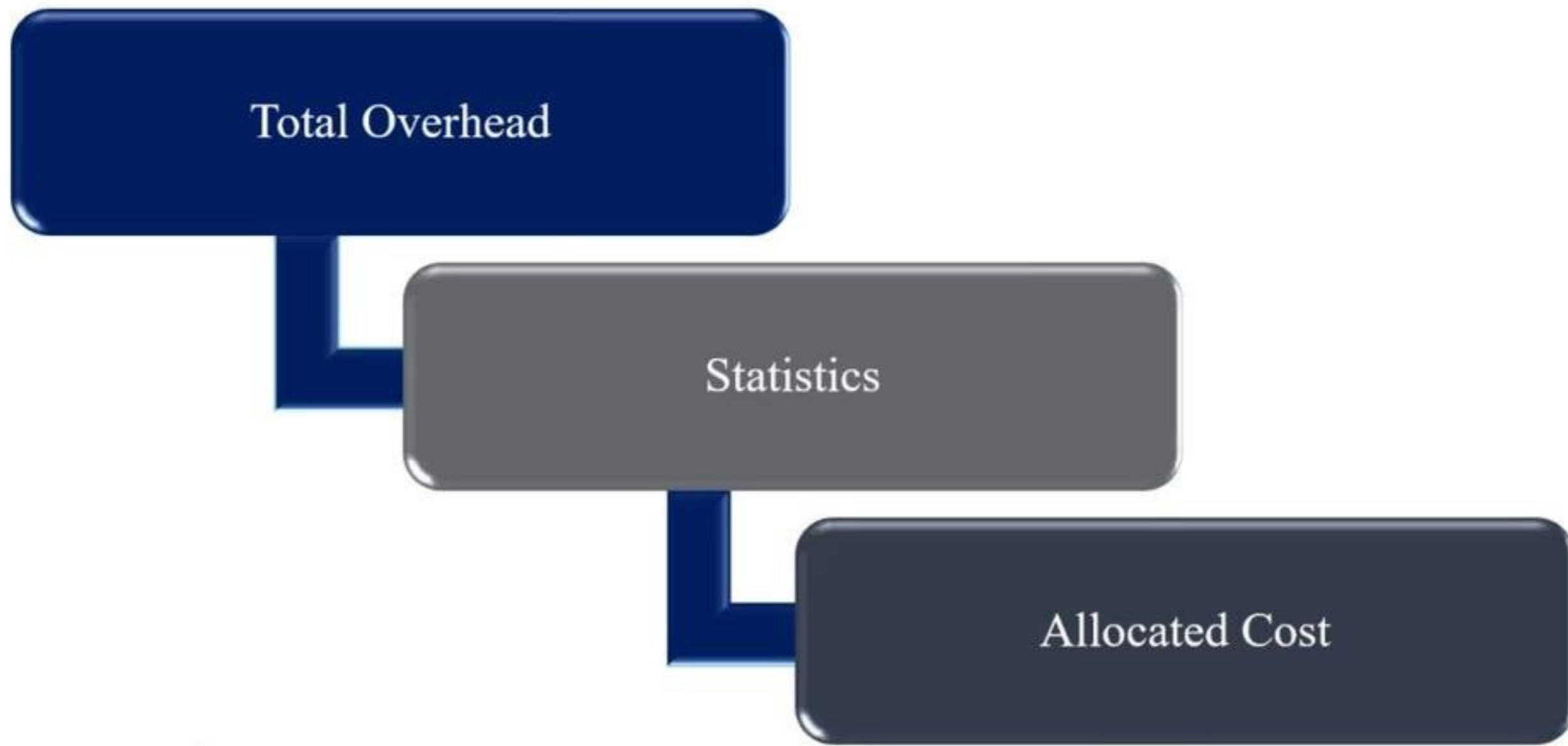
STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS AND HOME OFFICE COSTS				Provider CCN:	Period: From 07/01/2017 To 06/30/2018	Worksheet A-8-1 Date/Time Prepared: 6/12/2019 8:37 am	
Line No.	Cost Center	Expense Items	Amount of Allowable Cost	Amount Included in wks. A, column 5	Net Adjustments (col. 4 minus col. 5)*		
1.00	2.00	3.00	4.00	5.00	6.00		
<b>A. COSTS INCURRED AND ADJUSTMENTS REQUIRED AS A RESULT OF TRANSACTIONS WITH RELATED ORGANIZATIONS OR CLAIMED</b>							
<b>HOME OFFICE COSTS:</b>							
1.00	1.00	CAP REL COSTS-BLDG & FIXT	HOME OFFICE	6,021	8,422	1.00	-2,401
2.00	2.00	CAP REL COSTS-MVBLE EQUIP	HOME OFFICE	797,530	1,115,962	2.00	-318,432
3.00	4.00	EMPLOYEE BENEFITS DEPARTMENT	HOME OFFICE	1,386,113	1,592,376	3.00	-206,263
3.01	5.00	ADMINISTRATIVE & GENERAL	HOME OFFICE	13,325,611	17,505,201	3.01	-4,179,590
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# Worksheet A-8-2 – Provider-based Physicians

- Purpose is to determine allowable physician costs
- Some are not allowable since professional billing is made to Part B
- Common allowable costs are
  - ER availability
  - Medical director
- Must identify department
- Cost related to professional vs. provider
  - Costs include benefits, memberships, CME,
  - malpractice insurance
- Hours related to professional vs. provider
- Time study must be performed for provider hours



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## Worksheet B Series

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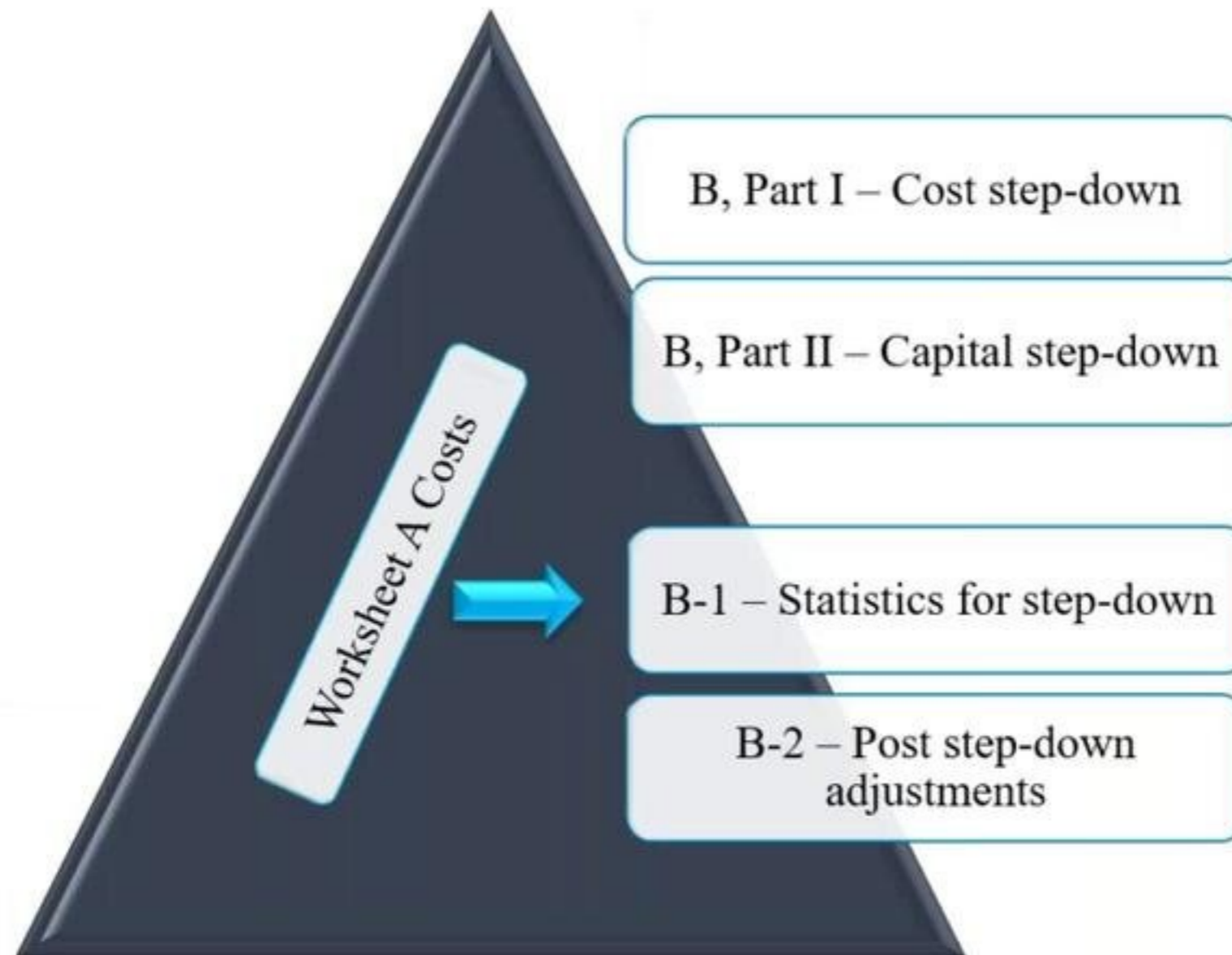
**BKD**

# Worksheet B

- B-1 – Statistics for step-down
  - Basis for allocation of the costs of overhead cost centers to patient care & non-reimbursable cost centers
  - The cost of the non-revenue producing center serving the greatest number of other centers is allocated first



# B Series Worksheets



# Worksheet B-1 Methods Used For Step-down

- Building capital costs – square feet or directly assigned
- Equipment – square feet or dollar value
- Employee Benefits – salaries or directly assigned
- A&G – accumulated costs (can fragment IT, billing, admitting)
- Maintenance – square feet or work orders
- Plant – square feet or directly assigned
- Laundry – soiled pounds or patient days
- Housekeeping – hours spent or square feet
- Dietary – meals served (caloric equivalents) or patient days
- Cafeteria – meals served or FTEs
- Nursing Administration – hours supervised or nursing salaries
- Central Supply – costed requisitions
- Pharmacy – costed requisitions
- Medical records – time spent or gross revenues or report with A&G
- Social service – time spent or report with A&G
- CRNA – time spent
- Interns & Residents – time spent

# Worksheet B

- B-1 – Statistics
  - Must be accumulated on an actual continuous basis
  - Time studies
    - Must be performed one full week per month, rotating weeks
      - *i.e.*, January 1st week, February 2nd week, March 3rd week, April 4th week, May 1st week, etc. ...
- Changes in B-1 statistical basis
  - Request to MAC at least 90 days prior to end of cost reporting period (fiscal year) to which change is to apply



# Worksheet B, Part I: Cost Allocation

## – General Service Costs

COST ALLOCATION - GENERAL SERVICE COSTS

Worksheet B, Part I  
From: 1/1/2020  
To: 12/31/2020

Cost Center Description	Net Expenses for Cost Allocation (from what A col. 7)	CAPITAL RELATED COSTS				EMPLOYEE BENEFITS DEPARTMENT	ADMINISTRATIVE & GENERAL	OPERATION OF PLANT	OPERATION OF PLANT MOB	LAUNDRY & LINEN SERVICE	HOUSEKEEPING	DIETARY	CAFETERIA	NURSING ADMINISTRATION	PHARMACY	MEDICAL RECORDS & LIBRARY	SOCIAL SERVICE	Subtotal	Items & Res	Total
		NEW BLDG & FIXT	MOB	NEW MAINT EQUIP	Subtotal															
	0	1	1.01	2	4	4A	5	7	7.01	8	9	10	11	13	15	16	17	24	25	26
<b>GENERAL SERVICE COST CENTERS</b>																				
1 100 NEW CAP REL COSTS BLDG & FIXT	240,729	240,729																		
1 101 CAP REL COSTS MOB	99,006	0	99,006																	
2 200 NEW CAP REL COSTS MAINT EQUIP	159,323			159,323																
4 400 EMPLOYEE BENEFITS DEPARTMENT	1,342,820	1,591	0	0	1,342,820															
5 500 ADMINISTRATIVE & GENERAL	2,833,591	13,814	0	26,013	244,078	2,899,496	2,899,496													
7 700 OPERATION OF PLANT	791,432	22,562	0	2,179	46,399	869,110	201,808	1,064,918												
7 701 OPERATION OF PLANT MOB	6,284	0	0	0	0	6,284	1,469	0	7,753											
8 800 LAUNDRY & LINEN SERVICE	98,809	2,267	0	0	1,060	43,396	10,741	11,900	0	68,579										
9 900 HOUSEKEEPING	184,383	1,781	0	283	90,407	216,822	30,896	9,351	0	19,758	296,827									
10 1000 DIETARY	179,889	9,380	0	1,394	90,405	221,698	51,822	32,407	0	1,294	14,714	341,875								
11 1100 CAFETERIA	0	0	0	0	0	0	0	0	0	0	0	0								
13 1300 NURSING ADMINISTRATION	17,414	0	0	0	1,291	20,806	4,895	0	0	0	0	0	25,671							
15 1500 PHARMACY	0	0	0	0	0	0	0	0	0	0	0	0	0							
16 1600 MEDICAL RECORDS & LIBRARY	210,860	4,408	0	0	32,704	247,967	37,978	23,118	0	0	5,189	0	0	0	0	334,251				
17 1700 SOCIAL SERVICE	131,984	820	0	0	20,212	153,016	35,777	4,306	0	0	1,207	0	0	0	0	0	194,306			
<b>INPATIENT ADULT/INFANT SERVICE COST CENTERS</b>																				
30 3000 ADULTS & PEDIATRICS	1,453,418	50,999	0	18,905	243,774	1,767,096	413,174	267,793	0	21,253	74,862	341,875	0	13,810	0	20,658	175,712	3,046,234	0	3,046,234
<b>INPATIENT SERVICE COST CENTERS</b>																				
50 5000 OPERATING ROOM	479,461	45,494	0	65,461	67,873	658,389	153,941	238,888	0	5,988	66,907	0	0	3,791	0	34,227	0	1,162,191	0	1,162,191
53 5300 ANESTHESIOLOGY	369,821	0	0	0	0	369,821	86,470	0	0	0	0	0	0	0	0	0	0	456,291	0	456,291
54 5400 RADIOLOGY-DIAGNOSTIC	806,520	12,095	0	13,247	51,468	885,330	207,000	63,513	0	2,816	17,805	0	0	0	0	25,580	0	1,202,180	0	1,202,180
57 5700 CT SCAN	158,227	2,444	0	0	30,623	191,294	44,727	12,854	0	62	3,598	0	0	0	0	0	0	252,515	0	252,515
58 5800 MAGNETIC RESONANCE IMAGING (MRI)	204,597	0	0	0	0	204,597	47,838	0	0	788	0	0	0	0	0	0	0	253,223	0	253,223
60 6000 LABORATORY	1,140,067	8,293	0	6,257	101,296	1,255,903	293,699	43,549	0	0	11,993	0	0	0	0	58,544	0	1,643,638	0	1,643,638
63 6300 BLOOD STORING, PROCESSING, & TRANS.	31,807	0	0	0	0	31,807	7,437	0	0	0	0	0	0	0	0	0	0	39,244	0	39,244
65 6500 RESPIRATORY THERAPY	38,114	3,139	0	2,042	4,493	47,796	11,174	16,482	0	0	3,421	0	0	0	0	7,082	0	65,959	0	65,959
66 6600 PHYSICAL THERAPY	655,220	35,153	0	3,202	132,442	828,017	193,600	184,589	0	4,145	0	0	0	0	0	0	0	1,210,354	0	1,210,354
71 7100 MEDICAL SUPPLIES CHARGED TO PATIENTS	352,275	7,479	0	0	26,161	385,915	90,233	39,271	0	0	10,839	0	0	0	0	0	0	526,358	0	526,358
72 7200 IMPL. DEV. CHARGED TO PATIENT	26,132	0	0	0	0	26,132	6,110	0	0	0	0	0	0	0	0	0	0	32,242	0	32,242
73 7300 DRUGS CHARGED TO PATIENTS	765,319	4,773	0	473	8,791	779,298	182,212	25,065	0	0	7,024	0	0	0	0	0	0	993,601	0	993,601
<b>OUTPATIENT SERVICE COST CENTERS</b>																				
88 8800 RURAL HEALTH CLINIC	525,142	0	11,996	1,482	87,733	626,352	146,450	0	2,818	0	21,279	0	0	0	0	0	0	796,899	0	796,899



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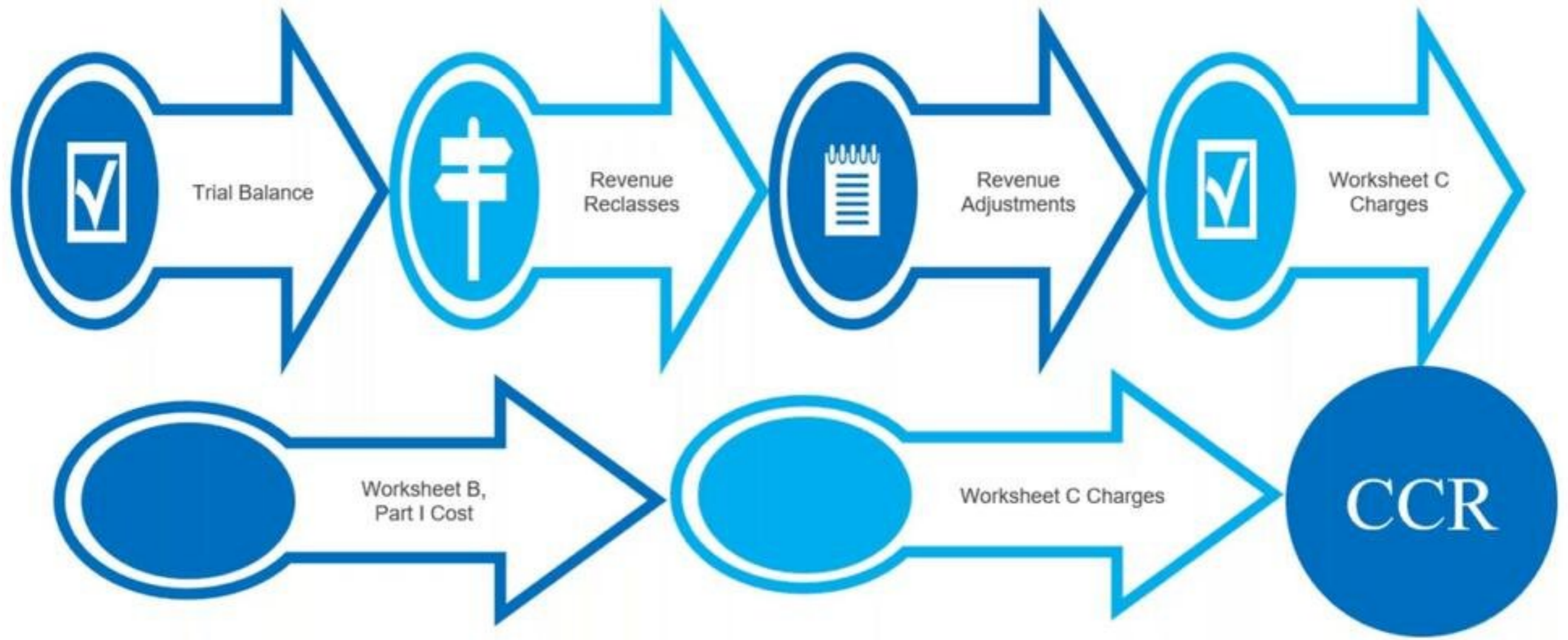
## Worksheet C Series

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Mimecast for Outlook  
On Hold Items  
You have new held messages. Click here to view them.

# Worksheet C Overview



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# Revenue Reclasses: Examples

## “Matching Principle Is Key”

### Implantables: CMS Line 72

275 – Pacemaker  
276 – Intraocular Lens  
278 – Other Implants

### Medical Supplies: CMS Line 71

Revenue Codes: 270-279 (except implants)

### Pharmacy: CMS Line 73

Revenue Codes: 630-637

### Observation: CMS Line 92

Revenue Code: 762

### CT and MRI: CMS Lines 57 & 58

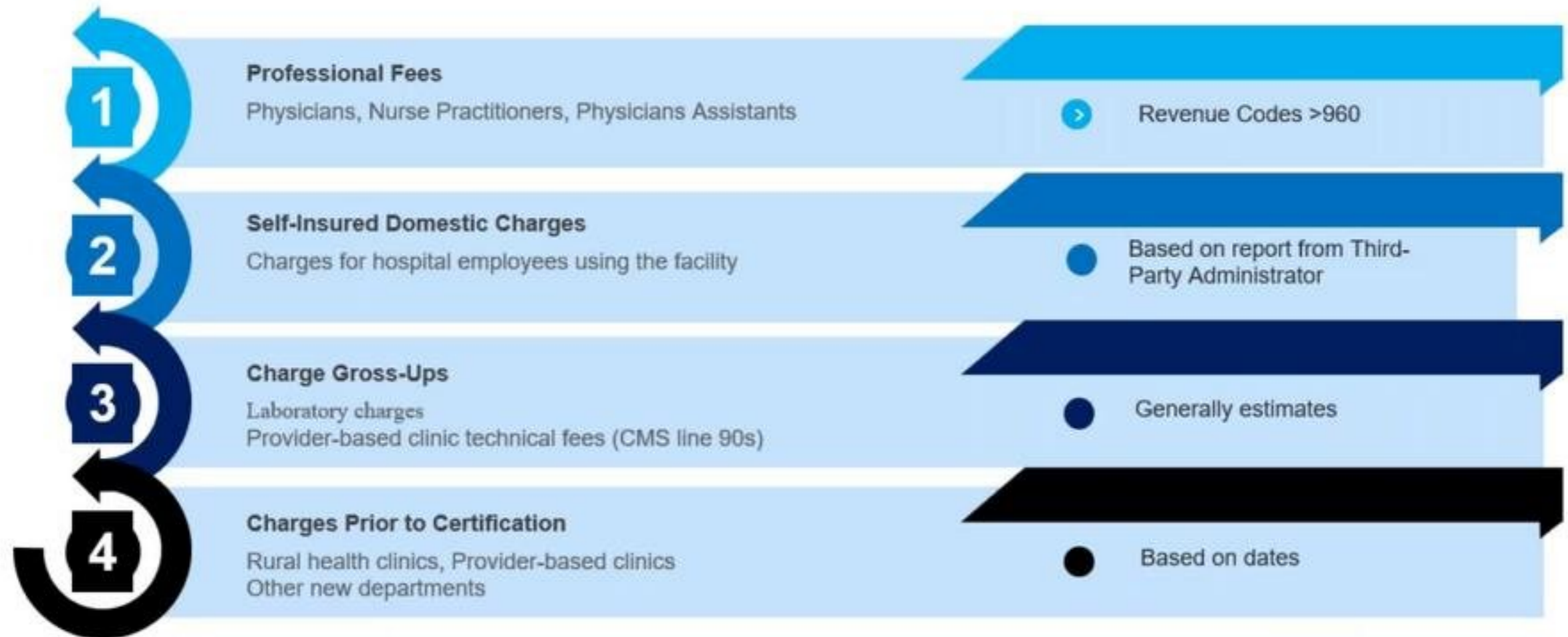
Often grouped in Radiology Cost Center  
Revenue Codes: 350-359 (CT Scan)  
Revenue Codes: 610-619 (MRI)

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# Revenue Adjustments: Examples



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# Worksheet C – Cost to Charge Ratio

## Example

Total Cost (Worksheet B, Part I)	<u>\$3,800,000</u>
Total Charges (Worksheet C)	\$12,500,000
Cost to Charge Ratio	= .304

Cost to Charge Ratio x	.304
Medicare Charges (Worksheet D, Part V)	<u>x \$5,600,000</u>
Medicare Cost	\$1,702,400

# Worksheet C – Cost to Charge Ratio

## Impact of Variance

Cost to Charge Ratio	.304
20% decrease in CCR	(.0608)
Medicare Charges (Worksheet D, Part V)	<u>x \$5,600,000</u>
Decrease in Medicare Cost	\$340,480

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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

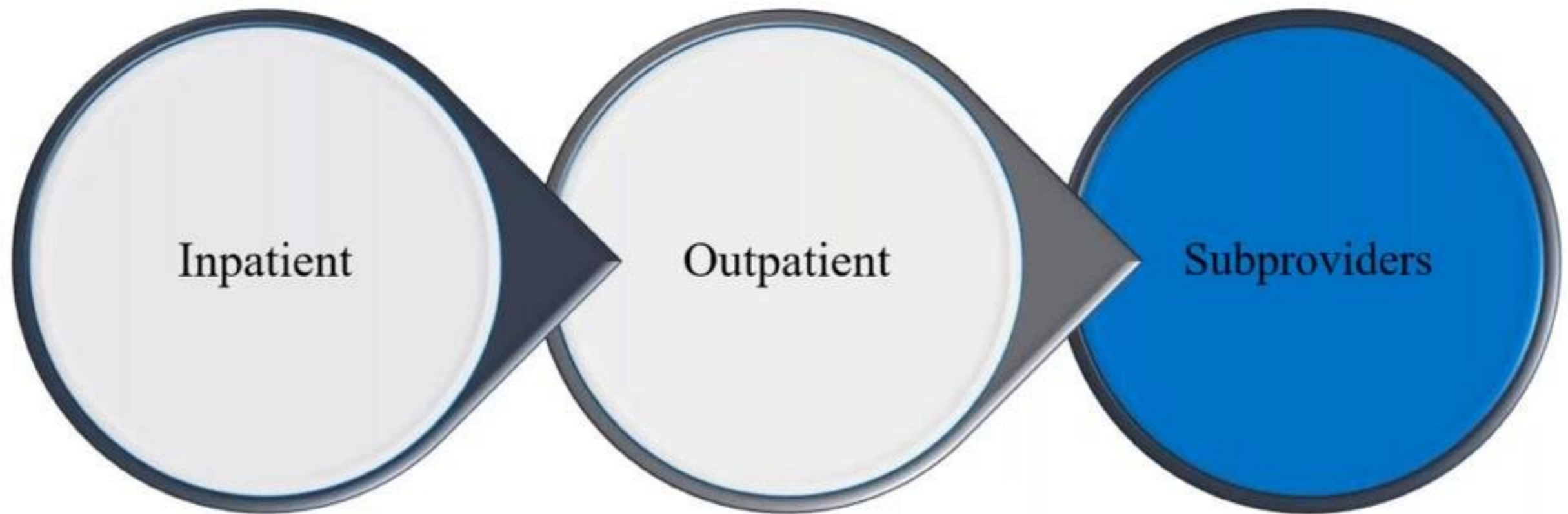


Cost Center Description	Cost to Charge Ratio From Worksheet C, Part I, col. 9	Charges			Costs		Costs			
		PPS Reimbursed Services (see inst.)	Cost Reimbursed Services Subject To Ded. & Coins. (see inst.)	Cost Reimbursed Services Not Subject To Ded. & Coins. (see inst.)	PPS Services (see inst.)	Cost Reimbursed 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		
<b>ANCILLARY SERVICE COST CENTERS</b>										
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	65,546	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
<b>OUTPATIENT SERVICE COST CENTERS</b>										
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	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	201.00	0	0
202.00		Net Charges (line 200 - line 201)		0	33,222,363	4,339	0	202.00	10,148,357	1,727

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# Worksheet E Series – Settlement



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# 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



# 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

# Subproviders – IPF & IRF

Worksheet E-3, Part II & III

Fully PPS

Typically no settlement, except for  
Medicare bad debts + LIP

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# Settlement Reconciliation

- What settlement were we expecting?
  - CAH – driven by changes in cost, charge rates and volumes (also bad debts)
  - PPS – bad debts, pass-through, DSH, IME/GME, Allied Health
- How to explain settlement
  - Interim calculations
  - Variance discussions
  - Chargemaster changes during the year
- Review tentative settlement carefully once received from MAC. Sometimes there are large swings.

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# Learning Objectives

- Describe the flow of the Medicare cost report
- Illustrate information to be reported on worksheets A through C of the cost report
- Demonstrate the integration of hospital trial balance data to the Medicare cost report worksheets

# Questions?

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