



CAH Cost Report Strategies

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Agenda

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Latest Cost Report & Reimbursement Updates for CAHs

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Recent Changes in Medicare Bad Debts

3

Special Implications of COVID Relief Reporting for CAHs

Latest Cost Report and Reimbursement Updates

- Cost-to-charge ratios
 - Matching expenses & revenues
 - Importance of overhead allocation stats
 - Changes to your chargemaster
 - Strategies in structure & utilization
- Medicare desk review high scrutiny areas
 - B-1 Stats – Use of approved statistics; simplified method
 - Related Party
 - Bad Debts
- Considerations from Consolidated Appropriations Act

Recent Changes in Medicare Bad Debts

FFY 2021 IPPS Final Rule made both retroactive changes to bad debt rules as well as prospective changes (effective 10-1-20). These changes impact 4 main areas:

- Accounting Classification Rules
 - Bad Debt Expense accounts (not to contractals)
 - Implicit Price Concessions
- Charity
 - Asset & Income tests to determine indigency
 - May no longer use presumptive eligibility tools
- Crossovers
- Reasonable Collection Efforts
 - Collection efforts start over each time payment is made
 - Bill must be issues to patient on or before 120 days of the later of Medicare RA, Secondary RA, or Secondary denial

Special Implications of COVID Relief Funding for CAHs

Lost Revenues

- Medicare and Medicaid cost report settlements
- Fiscal Year vs Calendar Years providers

Providers may have significant fluctuations in year-over-year net patient revenues due to settlements or payments made to third parties relating to care delivered outside the reporting period (2019-2020). Should Provider Relief Fund recipients exclude from the reporting of net patient revenue payments received for care not provided in 2019 or 2020? (Added 11/18/2020)

Provider Relief Fund recipients shall exclude from the reporting of net patient revenue payments received or payments made to third parties relating to care not provided in 2019 or 2020.

Expenses Attributable to Coronavirus

- "Not reimbursed by other sources"
- Cost reimbursement adds a level of complexity to this

How does cost reimbursement relate to my Provider Relief Fund payment? (Added 10/28/2020)

Recipient must follow CMS instructions for completion of cost reports. Under cost reimbursement, the payer agrees to reimburse the provider for the costs incurred in providing services to the insured population. In these instances, if the full cost was reimbursed based upon this method, there is nothing eligible to report as an expense attributable to coronavirus because the expense was fully reimbursed by another source. In cases where a ceiling is applied to the cost reimbursement and the reimbursed amount does not fully cover the actual cost due to unanticipated increases in providing care attributable to coronavirus, those incremental costs that were not reimbursed are eligible for reimbursement under the Provider Relief Fund.

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