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Major RHC Cost Reporting Changes Announced

(New Cost Report Forms for Independent RHCs)

Twenty-five years is a long time. The number one song twenty-five years ago was Whitney Houston's "I will always love you", the price of gasoline averaged $1.11 per gallon, and the internet was in its infancy. In 1992, Rural Health Clinics (RHC) which had been around since 1977 were required to change their cost reporting forms to incorporate a new type of provider, a Federally Qualified Health Center (FQHC). In 2014, FQHCs moved out of the RHC Cost Report and were reported on Cost Reporting Form 224-14. Now, for 2018 cost reports there is a major change in RHC cost reporting as FQHC data is no longer accumulated on the RHC cost reports and we can e-file the reports.

Independent Rural Health Clinics will have to provide new information for their annual cost report submissions this year. The Centers for Medicare and Medicaid Services (CMS) has replaced the CMS-222-92 form with the new CMS-222-17 and replaced Chapter 29 of the Provider Reimbursement manual with Chapter 46. Instructions and forms were provided by CMS in Transmittal 1 on May 18, 2018 and the new cost report forms are required for cost report submissions ending on or after September 30, 2018. Provider-based RHCs in a hospital healthcare complex will continue to use Form CMS-2552-10 instead. Here is the link to the new cost report forms and instructions.

https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R1P246.pdf

The reason for the changes to the independent RHC cost report are as follows:

1. To incorporate electronic filing of the cost report using the MCReF system. The following link has information on how MCReF works: https://www.cms.gov/Medicare/Compliance-and-Audits/Part-A-Cost-Report-Audit-and-Reimbursement/MCReF.html

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2. To eliminate unnecessary FQHC information due to the Form 224-14 used by FQHCs
3. To incorporate information previously submitted on the Form 339 Questionnaire (no longer required)
4. To expand the number of cost centers and add specific cost centers for costs such as:
    a. Pneumococcal vaccines (CR 30)
    b. Influenza vaccines (CR 31)
    c. Telehealth (CR 79)
    d. Chronic Care Management (CR 80)
5. To capture additional information from the RHC such as:
    a. Malpractice premiums, paid losses, and self-insurance
    b. Medical visits, mental health visits, and visits by interns and residents
    c. Visits by payor mix (Worksheet S-3)
        i. Title V- CHIP
        ii. Title XVIII – Medicare
        iii. Title XIX – Medicaid
        iv. Other – Commercial, self-pay, etc.
6. To capture dates important to cost reporting (Worksheet S-1)
    a. Date Certified
    b. Date Decertified
    c. Date of CHOW

As you can see cost reporting will change dramatically in 2019 for independent RHCs. You will need to get an early start on capturing your data and reporting to your cost report preparer and if you want to have your cost report electronically filed, you will need to designate a person as your cost report preparer to submit the data. There will no doubt be a learning curve for both the Medicare Administrative Contractors (MACs) and your cost report preparers. Of course, you can learn a lot more about this at the National Association of Rural Health Clinics Spring Institute in San Antonio on March 20-22, 2019. Good Luck and get started early!!!

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RHC Medicare Cost Report Workpaper Checklist
(Please submit the information below for preparation of the 2018 cost report.)

ITEM NUMBER	DESCRIPTION OF WHAT IS NEEDED	√ IF INCLUDED
1	We need <u>at least one of the following</u> items to determine the total expenses paid by clinic during the cost reporting period. The reports should be for the entire accounting period (which is typically 12 months). a. Trial Balance b. Financial Statement from Accountant or QuickBooks c. Federal Tax Return for the Practice	
2	We need <u>at least one of the following</u> to determine the total patient visits or encounters. a. CPT Frequency Report (by Provider) b. Written, Manual Visit Count using the Included Cheat Sheet	
3	W-2's with the **<u>employee's position listed</u>** on the W-2 or what the employee did during their employment. **<u>Please write the number of hours the employee worked during the year on the W-2, as well, and if the employee split time in laboratory or X-Ray.</u>**	
4	We need <u>all of the following</u> information to claim Influenza and Pneumoccocal reimbursement on the cost report. a. Medicare Logs with Patient Name, HIC Number, and Date of Service b. A Count, Listing, or Log for Non-Medicare Patients c. Invoices Supporting the Vaccine Purchases During the Year	
5	**PS&R Report.** RHCs are required to obtain their own PS&R from the EIDM portal from the IACS system. Please start this process immediately if you do have a log-in as it may take six to eight weeks. We need the summary 710 and 71S reports for the period of the cost report. (We have included a seven-page PDF with instructions.)	
6	**Medicare Bad Debt Listing.** If you have any Medicare bad debts, please prepare a separate Bad Debt listing for Medicare bad debt and Medicare/Medicaid crossover bad debt, using the Excel template we provide. If you do not have a copy of the Excel template for this, please email us and request one.	

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ITEM NUMBER	DESCRIPTION OF WHAT IS NEEDED	√ IF INCLUDED
7	**Related Party Transactions.** List any related party transactions (RPT), including any rental payments by the clinic to the physician/owner or the owner's relatives. Please copy 1099s for our file if your think you may have a RPT.	
8	**Hours of Operation.** Please include the clinic's hours of operation on the include Tab 1. Please also indicate any non-RHC hours that the clinic may have.	
9	**Laboratory.** Please complete Tab 6 for Laboratory Time Log and Payroll Reclassification if you do not have dedicated employee to lab.	
10	**FTE Calculation.** Please complete Tab 8 for Provider FTE Calculation.	
11	**Depreciation.** Please include a depreciation schedule so we can convert depreciation to straight-line depreciation.	
12	**Please enclose any Medicare correspondence including letters requesting a cost report, Notices of Program Reimbursement for prior years, or any adjustment reports from the Medicare Administrative Contractor (MAC). This will ensure your cost report is filed to the correct MAC.**	
13	Please provide **visit counts** in the following formats: a. Total Medical visits, total mental health visits, and visits by interns and residents b. Visits by payor mix for inclusion on Worksheet S-3 i. Title V- CHIP ii. Title XVIII – Medicare iii. Title XIX – Medicaid iv. Other – Commercial, self-pay, etc.	
14	Please provide the following information about your **Malpractice costs:** a. Malpractice premiums, _____ b. paid losses, and _____ **c.** self-insurance costs _____ **Is the malpractice insurance a claims-made or occurrence policy?**	_____

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15	Please provide the information for the person who will sign the Cost Report First Name _____ Last Name _____ Title _____ Email _____	
16	Is the Clinic part of an entity that owns or leases multiple RHCs? If so, provide the following information: Name of Entity _____ Street _____ P.O. Box _____ City _____ State _____ Zip Code _____	

Thank you for engaging Healthcare Business Specialists to prepare your cost report. This year will be very challenging with all the changes to the cost report, so bear with us as we work through the new forms and processes the first time. You can submit your information via email to dani.gilbert@outlook.com or marklynnrhc@gmail.com, fax to 800-268-5055, or mail/Fed Ex to the address below. If you would like a Dropbox file location to deposit your cost report files, let Dani Gilbert know and she will set it up for you.

Do get started early. Cost Reports will take longer to complete this year and we will need more time to work on them.

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TAB 1

Form 222 – Medicare Cost Report

Instructions

Please indicate the clinic's hours of operations and if you have any non-rural health clinic hours.

RHC Hours	*CR Reference*		From	To
	11.01	Sunday		
	11.02	Monday		
	11.03	Tuesday		
	11.04	Wednesday		
	11.05	Thursday		
	11.06	Friday		
	11.07	Saturday		

Non-RHC Hours	*CR Reference*		From	To
	12.01	Sunday		
	12.02	Monday		
	12.03	Tuesday		
	12.04	Wednesday		
	12.05	Thursday		
	12.06	Friday		
	12.07	Saturday		

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TAB 2

Worksheet S-3 – Total Visits by Payor Mix

Please provide the RHC Total Visits as follows. If the clinic does not provide mental health visits or visits by interns and residents, you do not have to complete this form.

#	Description	CHIP	Medicare	Medicaid	Other	Total
1	Medical Visits					
2	Total Medical Visits					
3	Mental Health Visits					
4	Total Mental Health Visits					
5	Number of Visits Performed by Interns and Residents					
6	Total Number of Visits Performed by Interns and Residents					
7	Total Visits					

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TAB 6

Workpaper A-1, Code B
Laboratory Time Log and Payroll Reclassification

If you have a low volume laboratory, use this form to record the six required lab tests (Dip stick UA, Occult Blood, Hemoglobin or Hemacrit, Blood sugar, pregnancy and primary culturing plus any other waived lab test that you perform. Please indicate the hourly rate of the person performing these tests in the Average Hourly Rate Row below.

Description of Lab Test						
CPT Code						
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
Total Minutes						
Average Per Test						
Annual Test Frequency						
Annual Test Hours						
Average Hourly Rate						
Lab Salary Reclass						

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TAB 8

Worksheet B Part 1, Column 1
Provider FTE Calculation
Clinic Name_____

Provider Name	Position	Months Worked in the Year	Hours Treating Patients in RHC Each Week	Hours Treating Patients in Hospital Each Week	Hours Doing Admin Each Week	Total Hours per Week

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