



RHC Cost Reporting Plan

12/31/2024

Objective: The objective of this plan is to facilitate the completion of the Rural Health Clinic cost report that results in:

1. The Medicare Cost Report filed timely, accurately, and optimizing Medicare reimbursement while following all Medicare guidance regarding the allowability of costs and accounting for the number of patient encounters.
2. The Medicaid Cost Report filed timely, accurately, and optimizing Medicaid reimbursement while following all Medicaid guidance regarding the allowability of costs and accounting for the number of patient encounters.
3. The Form 838 Credit balance reports will be submitted timely each quarter to avoid Medicare stopping RHC payments.

Plan: The RHC will do the following during the year to achieve the objectives mentioned above:

1. Establish an accrual-based accounting system that captures information as required in the cost report including the following:
 - A. Salaries of physicians, NPs, PAs, RNs, LPNs, MAs, CPS, CSWs, Lab personnel, Radiology personnel, Chronic Care Management personnel, Office personnel, and other categories of employees if applicable.
 - B. Accounts to record the expenses of Influenza, Pneumococcal, and Covid vaccines in the general ledger.
 - C. Accounts to track the expenditures not included in the computation of the RHC All-Inclusive rate including:
 - a. Telehealth (exception Mental Health Telehealth)
 - b. Laboratory services including the six required lab tests.
 - c. Hospital services
 - d. Any time that is non-RHC such as a spa and Botox that is not covered by Medicare, sports physicals, weight-loss services including semaglutide and similar type products.
 - e. Technical components of radiology services including EKGs.

- f. The cost of providing Chronic Care Management services.
 - g. Other services that may not be covered under the RHC benefit.
 - D. Account for Outside contracts or Professional Services by including the costs in the general ledger account that most closely identifies what the professional service was for i.e.
 - a. Chronic Care Management
 - b. Medical Director Professional Fees
 - c. Contracted NPs or PAs
 - d. Contracted Management services
 - e. Any other professional service
- 2. Develop a system to create records of time spent for the following services.
 - a. Physician time includes medical direction, patient time, supervision of NPs/PAs, administrative tasks, and other duties.
 - b. Conduct time studies to determine the amount of time it takes to administer influenza, pneumococcal, and Covid vaccinations.
 - c. Conduct time studies to determine the amount of time lab and technical components of radiology services takes to complete.
- 3. Maintain logs for Influenza, Pneumococcal, and Covid vaccinations with the patient's name, MBI number, and date of the injection. You only need logs for Medicare

patients and possibly Medicaid patients. You will need to keep up with the total shots and submit a copy of the invoices where you paid for the shots.

4. Review the Medicare rules for Related Party Transactions and identify any vendor or person that may be a related party and keep good records on time spent and the actual cost of services.
5. Develop a capitalization policy for purchases of assets including real estate, equipment, technology, and other expenses assets that have a useful life of more than one year, implementing and following these policies when making purchases.
6. Engage experienced RHC cost report consultants to prepare the cost report. A list of vendors with experience in this area is provided on the NARHC website:
https://www.narhc.org/narhc/Consultants_Vendors1.asp
7. Begin registering and updating your credentials updated in the IDM system, so the clinic has access to the P S and R report and can file the Medicare cost report electronically.
<https://home.idm.cms.gov/signin/login.html>
8. Plan on producing a CPT Frequency Report by Provider for the cost report fiscal year to submit to the cost report preparer. Do not use a report by insurance companies as that will overstate visits.
9. Inform your cost report preparer of any lump sum settlements or paybacks to Medicare for the current fiscal year as they must be included in the cost report settlement.

10. If you plan on claiming Medicare Bad Debts on the cost report, the accounts must be written off and collection efforts cease before the end of the fiscal year if you want them to be claimed on the current cost report.
11. During the fiscal year, prepare interim cost reports that project the estimated cost per visit. This will help you determine if any action can be taken to improve your rate or help you anticipate any lump sum payment.

Finally, the RHC should plan on getting the cost report information into the cost report preparers early. The cost report is due 5 months after the fiscal year end and the cost report preparers need the cost report workpaper submission no later than 60 days before the cost report submission deadline. Cost Reports take more time than they did in the past due to the complexity of increased rates and the number of services that must be carved out as they are paid on a fee for service basis and not included in the All-Inclusive rate calculation.

Good luck with your Medicare and Medicaid cost reporting. We understand it is becoming more and more of a burden as more information is being requested to accurately prepare Medicare and Medicaid Cost Reports.

Resources

- [RHC Medicare Cost Report Checklist with Forms for 2022 \(23-page PDF\)](#)
- [RHC Medicare Cost Report Checklist Only \(3-page PDF\)](#)
 - [RHC Medicare Visit Count Sheet for 2022 \(7-page PDF\)](#)