

Worksheet S-10 Audits

Frequently Asked Questions (FAQs)

1. Why are the Worksheet S-10 audits being conducted?

Section 1886(r)(2) of the Social Security Act, as added by Section 3133 of the Affordable Care Act, modified the methodology for computing the Medicare Disproportionate Share Hospital (DSH) adjustment. It requires an additional payment for uncompensated care for 1886(d) hospitals that are DSH eligible hospitals. Beginning with discharges in fiscal year 2014, hospitals that qualify for DSH payments, receive 25 percent of the amount they previously would have received under the statutory formula for DSH payments. The remaining 75 percent is based on the hospital's amount of uncompensated care relative to the total amount of uncompensated care for all DSH eligible hospitals.

In Fiscal Year (FY) 2018, CMS utilized data from the Medicare Cost Report Worksheet S-10 in the DSH uncompensated care payment calculation. The use of the Worksheet S-10 data in the DSH calculation has resulted in the need for audits to be completed to ensure the reported cost report information is accurate.

2. What cost report years are currently under review?

The current audits are for fiscal year (FY) 2017 cost reports, meaning cost reports with fiscal years beginning October 1, 2016 – September 30, 2017.

3. Who is completing the audits?

The current audits are being conducted by the Medicare Administrative Contractors (MACs). These are the contractors that currently service each hospital's Medicare Cost Report. Some MACs are utilizing subcontractors for this process.

4. How many Worksheet S-10 audits are being completed?

Approximately 650 hospitals are currently being audited for the FY 2017 cost report period.

5. How were the hospitals being audited selected?

The data from each cost report was analyzed and the hospitals were selected for audit based on a risk assessment process.

6. When will the audits be completed?

Audits commenced in June/July 2019 and are currently in process. They must be completed by the MACs, including the cost report uploaded to CMS, by December 31, 2019.

7. Will audits of Worksheet S-10 data continue in future years?

Yes – CMS anticipates that Worksheet S-10 audits will continue in later years since the data are expected to be utilized for payment purposes.

8. What information should hospitals have available for the audit staff?

Hospitals must retain all relevant supporting documentation used in the completion of Worksheet S-10.

MACs will request the data that supports the amounts the hospital reported on Worksheet S-10. Detailed information will be needed to ensure that the information included complies with CMS rules and instructions. The MAC will review the documentation and work with the hospital to understand the hospital’s process for accumulating and reporting the data.

Samples of claimed amounts will be selected from the hospital’s documentation in order to test specific detail to determine if the amounts are reported properly on Worksheet S-10. Results will be shared with the hospital prior to submission to CMS.

9. What are the Worksheet S-10 audit steps?

As stated in the FY 2017 IPPS/LTCH PPS final rule (81 FR 56964), for program integrity reasons, CMS desk review and audit protocols are confidential and are for CMS and MAC use only.

10. Where can I get more information on the requirements for Worksheet S-10?

Cost reporting instructions for hospitals are in The Provider Reimbursement Manual, Part 2, CMS Pub. 15-2, Chapter 40. The instructions for Worksheet S-10 are at Section 4012.

<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Paper-Based-Manuals-Items/CMS021935.html?DLPage=1&DLEntries=10&DLSort=0&DLSortDir=ascending>

CMS published a Worksheet S-10 Questions and Answers document resulting from the 2018 Inpatient Prospective Payment System (IPPS) Final Rule:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Downloads/Worksheet-S-10-UCC-QandAs.pdf>

Inpatient Prospective Payment System Proposed and Final Rules can be found on the CMS website:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/index.html>

11. Who do I contact if I have question pertaining to my Worksheet S-10 data or the S-10 audits?

Hospitals should contact their MAC if they have any questions.