NEW/REVISED MATERIAL—EFFECTIVE DATE: Cost Reporting Periods Beginning on or After May 1, 2010.

This transmittal introduces Chapter 40, Hospital and Hospital Health Care Complex Cost Report, Form CMS-2552-10, which contains instructions for the completion of the new cost report forms to be filed by hospitals and hospital health care complexes.

The following is a summary of the major revisions to the cost reporting forms:

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<tr>
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<th>Form CMS 2552-10 Wkst.</th>
<th>Summary of Changes</th>
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</thead>
<tbody>
<tr>
<td>S</td>
<td>S, Parts I, II &amp;III</td>
<td>Added Part I for cost report status. Part II is now the certification and Part III is now the settlement summary.</td>
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<tr>
<td>S-2</td>
<td>S-2, Part I</td>
<td>Expanded the questions that will generate other worksheets on the cost report.</td>
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<td></td>
<td>S-2, Part II</td>
<td>Included the Hospital Cost Report Questionnaire CMS Form 339 into CMS-2552-10.</td>
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<tr>
<td>S-3, Part I</td>
<td>S-3, Part I</td>
<td>Re-designated the subscripted lines and columns into whole number lines and columns.</td>
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<tr>
<td>S-3, Part II &amp; III</td>
<td>S-3, Part II &amp; III</td>
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<tr>
<td></td>
<td>S-3, Part IV</td>
<td>New worksheet to capture wage related cost that was formerly on the hospital cost report questionnaire CMS Form 339.</td>
</tr>
<tr>
<td>S-3, Part V</td>
<td></td>
<td>New worksheet to capture contract labor and benefit cost.</td>
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<td>S-4</td>
<td>S-4</td>
<td>Re-designated the subscripted lines and columns into whole number lines and columns.</td>
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<td>S-5</td>
<td>Re-designated the subscripted lines and into whole number lines.</td>
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<td>S-6</td>
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<tr>
<td>S-7</td>
<td>S-7</td>
<td>This redesigned worksheet captures all of the statistics for hospital based skilled nursing facility (SNFs).</td>
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<td>S-8</td>
<td>S-8</td>
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<tr>
<td>S-9</td>
<td>S-9</td>
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<td>S-10</td>
<td>Redesigned the entire worksheet.</td>
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<td>Eliminated “Old Capital,” “New Capital” designation. Re-designated the subscripted lines and columns into whole number lines and columns.</td>
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<td>A-8</td>
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<td>D-3</td>
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<td>D-4</td>
<td>Renamed D-6 to D-4 and made minor changes.</td>
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<td>D-5</td>
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<td>E, Part A</td>
<td>Re-designated the worksheet to eliminate obsolete lines and convert subscripted lines into whole number lines.</td>
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<tr>
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<td>E, Part B</td>
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<td>E-1, Part I</td>
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<td>New section to accommodate the collection of data necessary to calculate the Health Information Technology (HIT) payment.</td>
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<td>Form CMS 2552-10 Wkst.</td>
<td>Summary of Changes</td>
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<td>E-3, Part I</td>
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<td>New worksheet to be used exclusively by Inpatient Psychiatric providers.</td>
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<td>E-3, Part III</td>
<td>New worksheet to be used exclusively by Inpatient Rehabilitation providers.</td>
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<td>E-3, Part VI</td>
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<td>E-3, Part IV</td>
<td>E-4</td>
<td>New worksheet to calculate Direct Graduate Medical Education and ESRD Direct Graduate Medical Education.</td>
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<tr>
<td>G, G-1, G-2, and G-3</td>
<td>G, G-1, G-2, and G-3</td>
<td>Minor changes. Re-designated the subscripted lines and into whole number lines.</td>
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</tr>
<tr>
<td>H-2</td>
<td></td>
<td>Eliminated data included on Worksheet H.</td>
</tr>
<tr>
<td>H-3</td>
<td></td>
<td>Eliminated data included on Worksheet H.</td>
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<td>H-4, Parts I &amp; II</td>
<td>H-1, Parts I &amp; II</td>
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<td>H-5, Parts I &amp; II</td>
<td>H-2, Parts I &amp; II</td>
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</tr>
<tr>
<td>H-6</td>
<td>H-3</td>
<td>Renamed and redesigned the worksheet to eliminate obsolete data requirements.</td>
</tr>
<tr>
<td>H-7</td>
<td>H-4</td>
<td>Eliminated obsolete lines and re-designated subscripted lines to whole number lines.</td>
</tr>
<tr>
<td>H-8</td>
<td>H-5</td>
<td>Renamed the worksheet with some minor changes.</td>
</tr>
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<td>I-1, I-2, I-3, I-4, &amp; I-5</td>
<td>I-1, I-2, I-3, I-4, &amp; I-5</td>
<td>Eliminated “Old Capital” and “New Capital” designations. Re-designated the subscripted lines and columns into whole number lines and columns.</td>
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<td>J-1, J-2, J-3, &amp; J-4</td>
<td>J-1, J-2, J-3, &amp; J-4</td>
<td>Eliminated “Old Capital” and “New Capital” designations. Re-designated the subscripted lines and columns into whole number lines and columns. These worksheets are now to be used exclusively by CMHC.</td>
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<td>Re-designated the subscripted lines to whole lines and eliminated the hold harmless section.</td>
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<td>L-2, Part I-III</td>
<td>Eliminated “Old Capital” “New Capital” designations. Re-designated the subscripted lines and columns into whole number lines and columns.</td>
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**Paper Reduction Statement**

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CHAPTER 40
HOSPITAL AND HOSPITAL
HEALTH CARE COMPLEX COST REPORT
FORM CMS-2552-10

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# CHAPTER 40

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<td>Part II - Calculation of reimbursement Settlement for Health Information Technology</td>
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<td>Worksheet G-2 ......................................................</td>
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</tr>
<tr>
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</tr>
</tbody>
</table>
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Worksheet M-5 - Analysis of Payments to Hospital-Based RHC/FQHC Services Rendered to Program Beneficiaries

Exhibit 1 - Form CMS-2552-10 Worksheets

Exhibit 2 - Electronic Reporting Specifications for Form CMS-2552-10
4000. GENERAL

The Paperwork Reduction Act of 1995 requires that you be informed why information is collected and what the information is used for by the government. Section 1886(f)(1) of the Social Security Act (the Act) requires the Secretary to maintain a system of cost reporting for Prospective Payment System (PPS) hospitals, which includes a standardized electronic format. In accordance with §§1815(a), 1833(e), and 1861(y)(1)(A) of the Act, providers of service participating in the Medicare program are required to submit annual information to achieve settlement of costs for health care services rendered to Medicare beneficiaries. Also, 42 CFR 413.20(b) requires cost reports on an annual basis. In accordance with these provisions, all hospital and health care complexes to determine program payment must complete Form-CMS-2552-10 with a valid Office of Management and Budget (OMB) control number. In addition to determining program payment, the data submitted on the cost report support management of the Federal programs, e.g., data extraction in developing cost limits, data extraction in developing and updating various prospective payment systems. The information reported on Form CMS-2552-10 must conform to the requirements and principles set forth in 42 CFR, Part 412, 42 CFR, Part 413, and in the Provider Reimbursement Manual, Part I. The filing of the cost report is mandatory, and failure to do so results in all payments to be deemed overpayment and a withhold up to 100 percent until the cost report is received. (See Pub. 15-2, §100.) Except for the compensation information, the cost report information is considered public record under the freedom of information act 45 CFR Part 5. The instructions contained in this chapter are effective for hospitals and hospital health care complexes with cost reporting periods beginning on or after May 1, 2010.

NOTE: This form is not used by freestanding skilled nursing facilities.

Worksheets are provided on an as needed basis dependent on the needs of the hospital. Not all worksheets are needed by all hospitals. The following are a few examples of conditions for which worksheets are needed:

- Reimbursement is claimed for hospital swing beds;
- Reimbursement is claimed for a hospital-based inpatient rehabilitation facility (IRF) or inpatient psychiatric facility (IPF);
- Reimbursement is claimed for a hospital-based community mental health center (CMHC);
- The hospital has physical therapy services furnished by outside suppliers (applicable for cost reimbursement and Tax Equity and Fiscal responsibility Act of 1982 (PL97248) (TEFRA providers, not PPS); or
- The hospital is a certified transplant center (CTC).

NOTE: Public reporting burden for this collection of information is estimated to average 108 hours per response, and record keeping burden is estimated to average 565 hours per response. This includes time for reviewing instructions, searching existing data sources, gathering and maintaining data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to:

- Center for Medicare and Medicaid Services
  7500 Security Boulevard
  Mail Stop C5-03-03
  Baltimore, MD 21244-1855
- The Office of Information and Regulatory Affairs
  Office of Management and Budget
  Washington, DC 20503
Section 4007(b) of the omnibus reconciliation Act (OBRA 1987) states that effective with cost reporting periods beginning on or after October 1, 1989, you are required to submit your cost report electronically unless you receive an exemption from CMS. The legislation allows CMS to delay or waive implementation if the electronic submission results in financial hardship (in particular for providers with only a small percentage of Medicare volume). Exemptions are granted on a case-by-case basis. (See Pub. 15-2, §130.3 for electronically prepared cost reports and requirements.)

In addition to Medicare reimbursement, these forms also provide for the computation of reimbursement applicable to titles V and XIX to the extent required by individual State programs. Generally, the worksheets and portions of worksheets applicable to titles V and XIX are completed only to the extent these forms are required by the State program. However, Worksheets S-3 and D-1 must always be completed with title XIX data.

Each electronic system provides for the step down method of cost finding. This method provides for allocating the cost of services rendered by each general service cost center to other cost centers, which utilize the services. Once the costs of a general service cost center have been allocated, that cost center is considered closed. Once closed, it does not receive any of the costs subsequently allocated from the remaining general service cost centers. After all costs of the general service cost centers have been allocated to the remaining cost centers, the total costs of these remaining cost centers are further distributed to the departmental classification to which they pertain, e.g., hospital general inpatient routine, subprovider.

The cost report is designed to accommodate a health care complex with multiple entities. If a health care complex has more than one entity reporting (except skilled nursing facilities and nursing facilities which cannot exceed more than one hospital-based facility), add additional lines for each entity by subscripting the line designation. For example, subprovider, line 4, Worksheet S, Part III is subscripted 4.00 for subprovider I and 4.01 for subprovider II.

NOTE: Follow this sequence of numbering for subscripting lines throughout the cost report.

Similarly, add lines 42.00 and 42.01 to Worksheets A; B, Parts I and II; B-1; C; D, Parts I and III; and Worksheet L-1, Parts I and II. For multiple use worksheets such as Worksheet D-1, add subprovider II to the existing designations in the headings and the corresponding component number.

In completing the worksheets, show reductions in expenses in parentheses ( ) unless otherwise indicated.

4000.1 Rounding Standards for Fractional Computations. Throughout the Medicare cost report, required computations result in fractions. The following rounding standards must be employed for such computations. When performing multiple calculations, round after each calculation. However,

1. Round to 2 decimal places:
   a. Percentages
   b. Averages, standard work week, payment rates, and cost limits
   c. Full time equivalent employees
   d. Per diems, hourly rates

2. Round to 3 decimal places:
   a. Payment to cost ratio
3. Round to 4 decimal places:
   a. Wage adjustment factor
   b. Medicare SSI ratio

4. Round to 5 decimal places:
   a. Payment reduction (e.g., capital reduction, outpatient cost reduction)

5. Round to 6 decimal places:
   a. Ratios (e.g., unit cost multipliers, cost/charge ratios, days to days)

Where a difference exists within a column as a result of computing costs using a fraction or decimal, and therefore the sum of the parts do not equal the whole, the highest amount in that column must either be increased or decreased by the difference. If it happens that there are two high numbers equaling the same amount, adjust the first high number from the top of the worksheet for which it applies.

4000.2 Acronyms and Abbreviations.--Throughout the Medicare cost report and instructions, a number of acronyms and abbreviations are used. For your convenience, commonly used acronyms and abbreviations are summarized below.

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACA</td>
<td>Patient Protection and Affordable Care Act</td>
</tr>
<tr>
<td>A&amp;G</td>
<td>Administrative and General</td>
</tr>
<tr>
<td>AHSEA</td>
<td>Adjusted Hourly Salary Equivalency Amount</td>
</tr>
<tr>
<td>ARRA</td>
<td>American Recovery and Reinvestment Act of 2009</td>
</tr>
<tr>
<td>ASC</td>
<td>Ambulatory Surgical Center</td>
</tr>
<tr>
<td>BBA</td>
<td>Balanced Budget Act</td>
</tr>
<tr>
<td>BBRA</td>
<td>Balanced Budget Reform Act</td>
</tr>
<tr>
<td>BIPA</td>
<td>Benefits Improvement and Protection Act</td>
</tr>
<tr>
<td>CAH</td>
<td>Critical Access Hospitals</td>
</tr>
<tr>
<td>CAPD</td>
<td>Continuous Ambulatory Peritoneal Dialysis</td>
</tr>
<tr>
<td>CAP-REL</td>
<td>Capital-Related</td>
</tr>
<tr>
<td>CBSA</td>
<td>Core Based Statistical Areas</td>
</tr>
<tr>
<td>CCN</td>
<td>CMS Certification Number (formerly known as a provider number)</td>
</tr>
<tr>
<td>CCPD</td>
<td>Continuous Cycling Peritoneal Dialysis</td>
</tr>
<tr>
<td>CCU</td>
<td>Coronary Care Unit</td>
</tr>
<tr>
<td>CFR</td>
<td>Code of Federal Regulations</td>
</tr>
<tr>
<td>CMHC</td>
<td>Community Mental Health Center</td>
</tr>
<tr>
<td>CMS</td>
<td>Center for Medicare and Medicaid Services</td>
</tr>
<tr>
<td>COL</td>
<td>Column</td>
</tr>
<tr>
<td>CORF</td>
<td>Comprehensive Outpatient Rehabilitation Facility</td>
</tr>
<tr>
<td>CRNA</td>
<td>Certified Registered Nurse Anesthetist</td>
</tr>
<tr>
<td>CT</td>
<td>Computer Tomography</td>
</tr>
<tr>
<td>CTC</td>
<td>Certified Transplant Center</td>
</tr>
<tr>
<td>DEFRA</td>
<td>Deficit Reduction Act of 1984</td>
</tr>
<tr>
<td>DPP</td>
<td>Disproportionate Patient Percentage</td>
</tr>
<tr>
<td>DRA</td>
<td>Deficit Reduction Act of 2005</td>
</tr>
<tr>
<td>DRG</td>
<td>Diagnostic Related Group</td>
</tr>
<tr>
<td>DSH</td>
<td>Disproportionate Share</td>
</tr>
<tr>
<td>EACH</td>
<td>Essential Access Community Hospital</td>
</tr>
<tr>
<td>ECR</td>
<td>Electronic Cost Report</td>
</tr>
<tr>
<td>EHR</td>
<td>Electronic Health Records</td>
</tr>
<tr>
<td>ESRD</td>
<td>End Stage Renal Disease</td>
</tr>
<tr>
<td>FQHC</td>
<td>Federally Qualified Health Center</td>
</tr>
<tr>
<td>Abbreviation</td>
<td>Description</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
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<tr>
<td>FR</td>
<td>Federal Register</td>
</tr>
<tr>
<td>FTE</td>
<td>Full Time Equivalent</td>
</tr>
<tr>
<td>HCERA</td>
<td>Health Care and Education Reconciliation Act of 2010</td>
</tr>
<tr>
<td>HCRIS</td>
<td>Healthcare Cost Report Information System</td>
</tr>
<tr>
<td>GME</td>
<td>Graduate Medical Education</td>
</tr>
<tr>
<td>HHA</td>
<td>Home Health Agency</td>
</tr>
<tr>
<td>HIT</td>
<td>Health Information Technology</td>
</tr>
<tr>
<td>HMO</td>
<td>Health Maintenance Organization</td>
</tr>
<tr>
<td>HSR</td>
<td>Hospital Specific Rate</td>
</tr>
<tr>
<td>I &amp; Rs</td>
<td>Interns and Residents</td>
</tr>
<tr>
<td>ICF/MR</td>
<td>Intermediate Care Facility for the Mentally Retarded</td>
</tr>
<tr>
<td>ICU</td>
<td>Intensive Care Unit</td>
</tr>
<tr>
<td>IME</td>
<td>Indirect Medical Education</td>
</tr>
<tr>
<td>INPT</td>
<td>Inpatient</td>
</tr>
<tr>
<td>IOM</td>
<td>Internet Only Manual</td>
</tr>
<tr>
<td>IPF</td>
<td>Inpatient Psychiatric Facility</td>
</tr>
<tr>
<td>IPPS</td>
<td>Inpatient Prospective Payment System</td>
</tr>
<tr>
<td>IRF</td>
<td>Inpatient Rehabilitation Facility</td>
</tr>
<tr>
<td>LDP</td>
<td>Labor, Delivery and Postpartum</td>
</tr>
<tr>
<td>LIP</td>
<td>Low Income Patient</td>
</tr>
<tr>
<td>LOS</td>
<td>Length of Stay</td>
</tr>
<tr>
<td>LCC</td>
<td>Lesser of Reasonable Cost or Customary Charges</td>
</tr>
<tr>
<td>LTCH</td>
<td>Long Term Care Hospital</td>
</tr>
<tr>
<td>MA</td>
<td>Medicare Advantage (previously known as M+C)</td>
</tr>
<tr>
<td>M+C</td>
<td>Medicare + Choice (also known as Medicare Part C, Medicare Advantage and Medicare HMO)</td>
</tr>
<tr>
<td>MCP</td>
<td>Monthly Capitation Payment</td>
</tr>
<tr>
<td>MDH</td>
<td>Medicare Dependent Hospital</td>
</tr>
<tr>
<td>MED-ED</td>
<td>Medical Education</td>
</tr>
<tr>
<td>MIPPA</td>
<td>Medicare Improvements for Patients and Providers Act of 2008</td>
</tr>
<tr>
<td>MMA</td>
<td>Medicare Prescription Drug Improvement and Modernization Act of 2003</td>
</tr>
<tr>
<td>MRI</td>
<td>Magnetic Resonance Imaging</td>
</tr>
<tr>
<td>MS-DRG</td>
<td>Medicare Severity Diagnosis-Related Group</td>
</tr>
<tr>
<td>MSP</td>
<td>Medicare Secondary Payer</td>
</tr>
<tr>
<td>NF</td>
<td>Nursing Facility</td>
</tr>
<tr>
<td>NPI</td>
<td>National Provider Identifier</td>
</tr>
<tr>
<td>NPR</td>
<td>Notice of Program Reimbursement</td>
</tr>
<tr>
<td>OBRA</td>
<td>Omnibus Budget Reconciliation Act</td>
</tr>
<tr>
<td>OLTC</td>
<td>Other Long Term Care</td>
</tr>
<tr>
<td>OOT</td>
<td>Outpatient Occupational Therapy</td>
</tr>
<tr>
<td>OPD</td>
<td>Outpatient Department</td>
</tr>
<tr>
<td>OPO</td>
<td>Organ Procurement Organization</td>
</tr>
<tr>
<td>OPPS</td>
<td>Outpatient Prospective Payment System</td>
</tr>
<tr>
<td>OPT</td>
<td>Outpatient Physical Therapy</td>
</tr>
<tr>
<td>OSP</td>
<td>Outpatient Speech Pathology</td>
</tr>
<tr>
<td>ORF</td>
<td>Outpatient Rehabilitation Facility</td>
</tr>
<tr>
<td>PBP</td>
<td>Provider-Based Physician</td>
</tr>
<tr>
<td>PPS</td>
<td>Prospective Payment System</td>
</tr>
<tr>
<td>PRM</td>
<td>Provider Reimbursement Manual</td>
</tr>
<tr>
<td>PRO</td>
<td>Professional Review Organization</td>
</tr>
<tr>
<td>PRA</td>
<td>Per Resident Amount</td>
</tr>
<tr>
<td>PS&amp;R</td>
<td>Provider Statistical and Reimbursement Report (or System)</td>
</tr>
<tr>
<td>PT</td>
<td>Physical Therapy</td>
</tr>
<tr>
<td>PTO</td>
<td>Paid Time Off</td>
</tr>
<tr>
<td>RCE</td>
<td>Reasonable Compensation Equivalent</td>
</tr>
<tr>
<td>RHC</td>
<td>Rural Health Clinic</td>
</tr>
</tbody>
</table>
NOTE: In this chapter, TEFRA refers to §1886(b) of the Act and not to the entire Tax Equity and Fiscal Responsibility Act.

4000.3 Instructional, Regulatory and Statutory Effective Dates.--Throughout the Medicare cost report instructions, various effective dates implementing instructions, regulations and/or statutes are utilized.

Where applicable, at the end of select paragraphs and/or sentences the effective date (s) is indicated in parentheses ( ) for cost reporting periods ending on or after that date, i.e., (12/31/2010). Dates followed by a “b” are effective for cost reporting periods beginning on or after the specified date, i.e., (9/30/2010b). Dates followed by an “s” are effective for services rendered on or after the specified date, i.e., (4/1/2010s). Instructions not followed by an effective date are effective retroactive back to cost reporting periods beginning on or after 5/1/2010 (transmittal 1).
### RECOMMENDED SEQUENCE FOR COMPLETING FORM CMS-2552-10

#### Part I - Statistics, Departmental Cost Adjustments and Cost Allocations

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>S-2, Parts I &amp; II</td>
<td>Read §4004.1 - 4004.2. Complete entire worksheet.</td>
</tr>
<tr>
<td>2</td>
<td>S-3, Parts I - V</td>
<td>Read §4005 - 4005.5. Complete entire worksheets.</td>
</tr>
<tr>
<td>3</td>
<td>S-4</td>
<td>Read §4006. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>4</td>
<td>S-5</td>
<td>Read §4007. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>5</td>
<td>S-6</td>
<td>Read §4008. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>6</td>
<td>S-7</td>
<td>Read §4009. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>7</td>
<td>S-8</td>
<td>Read §4010. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>8</td>
<td>S-9, Parts I &amp; II</td>
<td>Read §4011. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>9</td>
<td>A</td>
<td>Read §4013. Complete columns 1-3, lines 1-200.</td>
</tr>
<tr>
<td>10</td>
<td>A-6</td>
<td>Read §4014. Complete, if applicable.</td>
</tr>
<tr>
<td>11</td>
<td>A</td>
<td>Read §4013. Complete columns 4 and 5, lines 1-200.</td>
</tr>
<tr>
<td>12</td>
<td>A-7, Parts I - III</td>
<td>Read §4015. Complete entire worksheet.</td>
</tr>
<tr>
<td>13</td>
<td>A-8-1</td>
<td>Read §4017. Complete Parts A and B.</td>
</tr>
<tr>
<td>14</td>
<td>A-8-2</td>
<td>Read §4018. Complete, if applicable.</td>
</tr>
<tr>
<td>15</td>
<td>A-8-3, Parts I - VI</td>
<td>Read §§4019 - 4019.6. Complete, if applicable.</td>
</tr>
<tr>
<td>Step</td>
<td>Worksheet</td>
<td>Instructions</td>
</tr>
<tr>
<td>------</td>
<td>--------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>16</td>
<td>A-8</td>
<td>Read §4016. Complete entire worksheet.</td>
</tr>
<tr>
<td>17</td>
<td>A</td>
<td>Read §4013. Complete columns 6 and 7, lines 1-200.</td>
</tr>
<tr>
<td>18</td>
<td>B, Part I &amp; B-1</td>
<td>Read §4020. Complete all columns through column 26.</td>
</tr>
<tr>
<td>19</td>
<td>B, Part II</td>
<td>Read §4021. Complete entire worksheet.</td>
</tr>
<tr>
<td>20</td>
<td>B-2</td>
<td>Read §4022. Complete, if applicable.</td>
</tr>
<tr>
<td>21</td>
<td>L-1, Part I</td>
<td>Read §§4065 and 4065.1. Complete, if applicable.</td>
</tr>
</tbody>
</table>
### Part II - Departmental Cost Distribution and Cost Apportionment

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>C</td>
<td>Read §4023 - 4023.1. Complete entire worksheet.</td>
</tr>
<tr>
<td>2</td>
<td>D, Part I</td>
<td>Read §§4024 and 4024.1. Complete entire worksheet.</td>
</tr>
<tr>
<td>3</td>
<td>D, Part III</td>
<td>Read §§4024 and 4021.3. Complete entire worksheet.</td>
</tr>
<tr>
<td>4</td>
<td>L-1, Part II</td>
<td>Read §4065.2. Complete, if applicable.</td>
</tr>
<tr>
<td>5</td>
<td>D-1, Parts I &amp; IV</td>
<td>Read §§4025, 4025.1 and 4025.4. Complete both parts.</td>
</tr>
<tr>
<td>6</td>
<td>D, Part II</td>
<td>Read §§4024 and 4024.2. Complete entire worksheet. A separate worksheet must be completed for each applicable healthcare program for each hospital and subprovider subject to PPS or TEFRA provisions.</td>
</tr>
<tr>
<td>7</td>
<td>D, Part IV</td>
<td>Read §§4024 and 4024.4. Complete entire worksheet. A separate worksheet must be completed for each applicable health care program for each hospital and subprovider subject to PPS or TEFRA provisions.</td>
</tr>
<tr>
<td>8</td>
<td>L-1, Part III</td>
<td>Read §4065.3. Complete, if applicable.</td>
</tr>
<tr>
<td>9</td>
<td>D, Part V</td>
<td>Read §§4024 and 4024.5. Complete entire worksheet. A separate worksheet must be completed for each applicable health care program for each applicable provider component.</td>
</tr>
<tr>
<td>10</td>
<td>D-3</td>
<td>Read §4027. Complete entire worksheet. A separate copy of this worksheet must be completed for each applicable health care program for each applicable provider component.</td>
</tr>
<tr>
<td>11</td>
<td>D-1, Parts I &amp; II</td>
<td>Read §§4025, 4025.1 and 4025.2. All providers must complete Part I. The hospital and subprovider(s) must complete Part II, lines 38-39 and lines 64-69.</td>
</tr>
<tr>
<td>Step</td>
<td>Worksheet</td>
<td>Instructions</td>
</tr>
<tr>
<td>------</td>
<td>----------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>12</td>
<td>D-1, Parts III &amp; IV</td>
<td>Read §§4025, 4025.3 and 4025.4. Only the hospital-based SNF and hospital-based NF must complete Part III, lines 70-86. All providers must complete Part IV.</td>
</tr>
<tr>
<td>13</td>
<td>D-2, Parts I - III</td>
<td>Read §§4026 - 4026.3. Complete only those parts that are applicable. Do not complete Part III unless both Parts I and II are completed.</td>
</tr>
<tr>
<td>14</td>
<td>L, Parts I - III</td>
<td>Read §4064. Complete applicable parts.</td>
</tr>
<tr>
<td>15</td>
<td>D-5, Parts I &amp; II</td>
<td>Read §§4029 - 4029.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>16</td>
<td>D-4, Parts I - IV</td>
<td>Read §§4028 - 4028.4. Complete only if hospital is a certified transplant center.</td>
</tr>
<tr>
<td>17</td>
<td>E-4</td>
<td>Read §§4034. Complete entire worksheet, if applicable.</td>
</tr>
</tbody>
</table>
### Part III - Calculation and Apportionment of Hospital-Based Facilities

#### A. Title XVIII - For SNF Only Reimbursed Under PPS.--

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>E-3, Part VI</td>
<td>Read §4033.6. If applicable, complete lines 1-15 for title XVIII SNF PPS services.</td>
</tr>
<tr>
<td>2</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part VI.</td>
</tr>
<tr>
<td>3</td>
<td>E-3, Part VI</td>
<td>Complete the remainder of this worksheet, lines 16-19.</td>
</tr>
</tbody>
</table>

#### B. Titles V and XIX - For Hospital, Subprovider(s), NF and ICF/MRs.--

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>E-3, Part VII</td>
<td>Read §4033.7. If applicable, complete entire worksheet for titles V and XIX services. Use a separate worksheet for each title.</td>
</tr>
</tbody>
</table>

#### C. Title XVIII - For Swing Bed-SNF and Titles V and XIX - For Swing Bed-NF.--

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>E-2</td>
<td>Read §4032. Complete a separate copy of this worksheet (lines 1-19) for each applicable health care program for each applicable provider component. Only entries applicable to title XVIII are made in column 2. Complete lines 9, 13, and 17 of column 1 for titles V and XIX and columns 1 and 2 for title XVIII.</td>
</tr>
<tr>
<td>6</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-2 title XVIII swing bed-SNF only.</td>
</tr>
<tr>
<td>7</td>
<td>E-2</td>
<td>Complete the remainder of this worksheet, lines 20-23.</td>
</tr>
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</table>
### D. Title XVIII Only - For Home Health Agency

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>H</td>
<td>Read §4041. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>9</td>
<td>H-1, Parts I and II</td>
<td>Read §4042. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>10</td>
<td>H-2, Parts I and II</td>
<td>Read §§4043 - 4043.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>11</td>
<td>H-3, Parts I and II</td>
<td>Read §§4044 - 4044.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>12</td>
<td>H-4, Parts I and II</td>
<td>Read §§4045 - 4045.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>13</td>
<td>H-5</td>
<td>Read §4046. Complete entire worksheet, if applicable.</td>
</tr>
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### E. Title XVIII- For ESRD

<table>
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</thead>
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<tr>
<td>14</td>
<td>I-1</td>
<td>Read §§4047 - 4048. Complete a separate worksheet for renal dialysis department(s) and a separate worksheet for home program dialysis department(s), if applicable.</td>
</tr>
<tr>
<td>15</td>
<td>I-2</td>
<td>Read §4049. Complete a separate worksheet for renal dialysis department(s) and a separate worksheet for home program dialysis department(s), if applicable.</td>
</tr>
<tr>
<td>16</td>
<td>I-3</td>
<td>Read §4050. Complete a separate worksheet for renal dialysis department(s) and a separate worksheet for home program dialysis department(s), if applicable.</td>
</tr>
<tr>
<td>17</td>
<td>I-4</td>
<td>Read §4051. Complete a separate worksheet for renal dialysis department(s) and a separate worksheet for home program dialysis department(s), if applicable.</td>
</tr>
<tr>
<td>18</td>
<td>I-5</td>
<td>Read §4052. Complete only one worksheet combining all renal dialysis departments and home program dialysis departments, if applicable.</td>
</tr>
</tbody>
</table>
### F. Title XVIII - For CMHC

<table>
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</thead>
<tbody>
<tr>
<td>19</td>
<td>J-1, Parts I and II</td>
<td>Read §§4053 - 4053.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>20</td>
<td>J-2, Part I</td>
<td>Read §§4054 - 4054.1. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>21</td>
<td>J-2, Part II</td>
<td>Read §4054.2. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>22</td>
<td>J-3</td>
<td>Read §4055. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>23</td>
<td>J-4</td>
<td>Read §4056. Complete lines 1-4 for title XVIII only.</td>
</tr>
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</table>

### G. Titles XVIII and XIX - For Provider Based-Hospice

<table>
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<tr>
<td>24</td>
<td>K-1</td>
<td>Read §4058. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>25</td>
<td>K-2</td>
<td>Read §4059. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>26</td>
<td>K-3</td>
<td>Read §4060. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>27</td>
<td>K</td>
<td>Read §4057. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>28</td>
<td>K-4, Parts I and II</td>
<td>Read §4061. Complete both worksheets, if applicable.</td>
</tr>
<tr>
<td>29</td>
<td>K-5, Parts I, II &amp; III</td>
<td>Read §§4062 - 4062.3. Complete all worksheets, if applicable.</td>
</tr>
<tr>
<td>30</td>
<td>K-6</td>
<td>Read §4063. Complete entire worksheet, if applicable.</td>
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### H. Titles V, XVIII, and XIX - For Rural Health Clinics/Federally Qualified Health Clinics

<table>
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</tr>
</thead>
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<tr>
<td>31</td>
<td>M-1</td>
<td>Read §4066. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>32</td>
<td>M-2</td>
<td>Read §4067. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>33</td>
<td>M-3</td>
<td>Read §4068. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>34</td>
<td>M-4</td>
<td>Read §4069. Complete entire worksheet, if applicable.</td>
</tr>
<tr>
<td>35</td>
<td>M-5</td>
<td>Read §4070. Complete entire worksheet, if applicable, for title XVIII only.</td>
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</tbody>
</table>
### Part IV - Calculation of Reimbursement Settlement

<table>
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<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
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<tr>
<td>1</td>
<td>E, Part A</td>
<td>Read §§4030 and 4030.1. Complete lines 1-71 of this worksheet for title XVIII for each applicable provider component subject to IPPS.</td>
</tr>
<tr>
<td>2</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E, Part A.</td>
</tr>
<tr>
<td>3</td>
<td>E, Part A</td>
<td>Complete the remainder of this worksheet, lines 72-75.</td>
</tr>
<tr>
<td>4</td>
<td>E, Part B</td>
<td>Read §4030.2. Complete lines 1-40 for title XVIII for each applicable provider component.</td>
</tr>
<tr>
<td>5</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E, Part B.</td>
</tr>
<tr>
<td>6</td>
<td>E, Part B</td>
<td>Complete the remainder of this worksheet, lines 41-44.</td>
</tr>
<tr>
<td>7</td>
<td>E-3, Part I</td>
<td>Read §§4033 and 4033.1. If applicable, complete lines 1-18 for title XVIII for each applicable provider component subject to TEFRA.</td>
</tr>
<tr>
<td>8</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part I.</td>
</tr>
<tr>
<td>9</td>
<td>E-3, Part I</td>
<td>Complete the remainder of this worksheet, lines 19-22.</td>
</tr>
<tr>
<td>10</td>
<td>E-3, Part II</td>
<td>Read §4033.2. If applicable, complete lines 1-31 for title XVIII IPF PPS.</td>
</tr>
<tr>
<td>11</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part II.</td>
</tr>
<tr>
<td>12</td>
<td>E-3, Part II</td>
<td>Complete the remainder of this worksheet, lines 32-35.</td>
</tr>
<tr>
<td>Step</td>
<td>Worksheet</td>
<td>Instructions</td>
</tr>
<tr>
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</tr>
<tr>
<td>13</td>
<td>E-3, Part III</td>
<td>Read §4033.3. If applicable, complete lines 1-32 for title XVIII IRF PPS.</td>
</tr>
<tr>
<td>14</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part III.</td>
</tr>
<tr>
<td>15</td>
<td>E-3, Part III</td>
<td>Complete the remainder of this worksheet, lines 33-36.</td>
</tr>
<tr>
<td>16</td>
<td>E-3, Part IV</td>
<td>Read §4033.4. If applicable, complete lines 1-22 for title XVIII LTCH PPS.</td>
</tr>
<tr>
<td>17</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part IV.</td>
</tr>
<tr>
<td>18</td>
<td>E-3, Part IV</td>
<td>Complete the remainder of this worksheet, lines 23-26.</td>
</tr>
<tr>
<td>19</td>
<td>E-3, Part V</td>
<td>Read §4033.5. If applicable, complete lines 1-30 for title XVIII reasonable cost reimbursed providers.</td>
</tr>
<tr>
<td>20</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part V.</td>
</tr>
<tr>
<td>21</td>
<td>E-3, Part V</td>
<td>Complete the remainder of this worksheet, lines 31-34.</td>
</tr>
<tr>
<td>19</td>
<td>E-3, Part VI</td>
<td>Read §4033.6. If applicable, complete lines 1-15 for title XVIII reasonable cost reimbursed providers.</td>
</tr>
<tr>
<td>20</td>
<td>E-1, Part I</td>
<td>Read §4031.1. Complete this worksheet for title XVIII services corresponding to Worksheet E-3, Part VI.</td>
</tr>
<tr>
<td>21</td>
<td>E-3, Part VI</td>
<td>Complete the remainder of this worksheet, lines 16-19.</td>
</tr>
<tr>
<td>22</td>
<td>E-3, Part VII</td>
<td>Read §4033.7. If applicable, complete the entire worksheet for titles V and XIX providers.</td>
</tr>
</tbody>
</table>
## Part V - Additional Data

<table>
<thead>
<tr>
<th>Step</th>
<th>Worksheet</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>G</td>
<td>Read §4040. All providers maintaining fund type accounting records must complete this worksheet. Nonproprietary providers which do not maintain fund type records complete the General Fund column only.</td>
</tr>
<tr>
<td>2</td>
<td>G-1</td>
<td>Read §4040.1. Complete entire worksheet.</td>
</tr>
<tr>
<td>3</td>
<td>G-2, Parts I &amp; II</td>
<td>Read §4040.2. Complete entire worksheet.</td>
</tr>
<tr>
<td>4</td>
<td>G-3</td>
<td>Read §4040.3. Complete entire worksheet.</td>
</tr>
<tr>
<td>5</td>
<td>S-10</td>
<td>Read §4012. Acute care hospitals and CAHs complete this worksheet.</td>
</tr>
<tr>
<td>6</td>
<td>E-1, Part II</td>
<td>Read §4031.2 Acute care hospitals and CAHs complete this worksheet.</td>
</tr>
<tr>
<td>7</td>
<td>S, Parts I - III</td>
<td>Read §§4003.1 - 4003.3. Complete Part III, then complete Parts I and II.</td>
</tr>
</tbody>
</table>
4002. SEQUENCE OF ASSEMBLY

The following examples of assembly of worksheets are provided so all providers are consistent in the order of submission of their annual cost report. All providers using Form CMS-2552-10 must adhere to this sequence. If worksheets are not completed because they are not applicable, do not include blank worksheets in the assembly of the cost report.

4002.1 Sequence of Assembly for Hospital Health Care Complex Participating in Medicare.--

Cost report worksheets are assembled in alpha-numeric sequence starting with the "S" series, followed by A, B, C, etc.

<table>
<thead>
<tr>
<th>Form CMS</th>
<th>Worksheet</th>
<th>Part</th>
<th>Program (Title)</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>2552-10</td>
<td>S</td>
<td>I - III</td>
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<td>Hospital-Based HHA</td>
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<tr>
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<td>S-2</td>
<td>I &amp; II</td>
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<td>Renal Dialysis Dept</td>
</tr>
<tr>
<td>2552-10</td>
<td>S-3</td>
<td>I - V</td>
<td></td>
<td>Hospital-Based CMHC</td>
</tr>
<tr>
<td>2552-10</td>
<td>S-4</td>
<td>XVIII</td>
<td></td>
<td>Hospital-Based SNF</td>
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<tr>
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<td>S-5</td>
<td>XVIII</td>
<td></td>
<td>Hospital-Based RHC/FQHC</td>
</tr>
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4003. WORKSHEET S - HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX
COST REPORT CERTIFICATION AND SETTLEMENT SUMMARY

4003.1 Part I - Cost Report Status.--This section is to be completed by the provider and fiscal 
intermediary (FI)/Medicare administrative contractor (MAC) (hereafter referred to as contactor) as 
indicated on the worksheet.

The provider must check the appropriate box to indicate whether this cost report is being filed 
electronically or manually. For electronic filing, indicate on the appropriate line the date and time 
corresponding to the creation of the electronic file. This date and time remains as an identifier for 
the file by the contractor and is archived accordingly. This file is your original submission and is not 
to be modified.

The contractor must indicate in the appropriate box whether this is the initial cost report (first cost 
report for the provider number, for this contractor), final report due to termination, or if this is a 
reopening. If it is a reopening, indicate the number of times the cost report has been reopened. The 
contractor should also indicate in Healthcare Cost Report Information System (HCRIS) on line 1, 
column 1 of worksheet S the following codes that correspond to the filing status of the cost report: 
1=As submitted; 2=Amended; 3=Settled; and 4=Reopened.

The contractor indicates general information about this cost report. This data is submitted as alpha-
numeric data in the HCRIS file as follows (this does not appear on the cost report):

Line 1, Column 1--Enter the cost report status code of 1 for as submitted, 2 for amended, 3 for 
settled, and 4 for reopened. (Refer to section 10.3 of Chapter 8 of Office of Financial Management 
settled Manual Pub. 100-06.)

Line 1, Column 2--If this is a reopened cost report, enter the number of times the cost report has been 
reopened. This field should only be completed if the cost report status code in line 1, column 1 is 4.

Line 2, Column 1--Enter the date (mm/dd/yyyy) an accepted cost report was received from the 
provider.

Line 2, Column 2--Enter the 5 position Contractor Number.

Line 2, Column 3--Enter I for initial, enter F for final, or enter N for neither. An initial report is the 
very first cost report the contractor submits for a particular provider number. It may not be the first 
cost report ever for this provider number which may have been handled by a previous contractor, but 
it would be the initial cost report for the new contractor.

A final report is the terminating cost report for a particular provider number. If, for example, the 
provider terminated in 2004, but the 1998 cost report was reopened and submitted after the 
submission of the 2004 report, the 2004 report is still considered the final report for the provider.

If a provider does have a cost report that is both an initial and final report for a particular year then 
this field should contain an I if the cost report is an as submitted report, and an F if the cost report is 
a settled report.

Line 2, Column 4--Enter the Notice of Program Reimbursement (NPR) date (mm/dd/yyyy). The 
NPR date must be present if the cost report status code is 3 or 4.

4003.2 Part II - Certification.--This certification is read, prepared, and signed by the an officer or 
administrator of the provider after the cost report has been completed in its entirety.

4003.3 Part III - Settlement Summary.--Enter the balance due to or due from the applicable 
program for each applicable component of the complex. Transfer settlement amounts as follows:
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4004. WORKSHEET S-2 - HOSPITAL AND HOSPITAL HEALTH CARE COMPLEX IDENTIFICATION DATA

This worksheet consists of two parts:

Part I - Hospital and Hospital Health Care Complex Identification Data
Part II - Hospital and Hospital Health Care Complex Reimbursement Questionnaire

4004.1 Part I - Hospital and Hospital Health Care Complex Identification Data -- The information required on this worksheet is needed to properly identify the provider. The responses to all lines are Yes or No unless otherwise indicated by the type of question.

Line Descriptions

Lines 1 and 2 -- Enter the street address, post office box (if applicable), the city, State, zip code, and county of the hospital.

Lines 3 through 17 -- Enter on the appropriate lines and columns indicated the component names, CMS certification numbers (CCN), core based statistical area (CBSA) number, provider type, and certification dates of the hospital and its various components, if any. Indicate for each health care program (titles V, XVIII, or XIX) the payment system applicable to the hospital and its various components by entering P, T, O, or N in the appropriate column to designate PPS, TEFRA, OTHER (CAHs or cost reimbursement), or NOT APPLICABLE, respectively.

Column 4 -- Indicate, as applicable, the number listed below which best corresponds with the type of services provided.

1 = General Short Term  6 = Religious Non-Medical Health Care Institution
2 = General Long Term  7 = Children
3 = Cancer  8 = Alcohol and Drug
4 = Psychiatric  9 = Other
5 = Rehabilitation

If your hospital services various types of patients, indicate "General - Short Term" or "General - Long Term," as appropriate.

NOTE: Long term care hospitals are hospitals organized to provide long term treatment programs with lengths of stay greater than 25 days. Some hospitals may be certified as other than long term care hospitals, but also have lengths of stay greater than 25 days.

If your hospital cares for only a special type of patient (such as cancer patients), indicate the special group served. If you are not one of the hospital types described in items 1 through 8 above, indicate 9 for "Other".

Line 3 -- This is an institution which meets the requirements of §1861(e) or §1861(mm)(1) of the Act and participates in the Medicare program or is a Federally controlled institution approved by CMS.

Line 4--The distinct part inpatient psychiatric facility (IPF) is a portion of a general hospital which has been issued a subprovider CCN because it offers a clearly different type of service from the remainder of the hospital with such services reimbursed under inpatient psychiatric PPS. See CMS Pub. 15-1, chapter 23, for a complete explanation of separate cost entities in multiple facility hospitals. While an excluded unit (excluded from IPPS) in a hospital subject to IPPS may not meet the definition of a subprovider, treat it as a subprovider for cost reporting purposes.
Line 5--The distinct part inpatient rehabilitation facility (IRF) is a portion of a general hospital which has been issued a subprovider CCN because it offers a clearly different type of service from the remainder of the hospital with such services reimbursed under inpatient rehabilitation PPS. See CMS Pub. 15-1, chapter 23, for a complete explanation of separate cost entities in multiple facility hospitals. While an excluded unit (excluded from IPPS) in a hospital subject to IPPS may not meet the definition of a subprovider, treat it as a subprovider for cost reporting purposes.

Line 6--This is a portion of a general hospital which has been issued a subprovider CCN because it offers a clearly different type of service from the remainder of the hospital. See CMS Pub. 15-1, chapter 23, for a complete explanation of separate cost entities in multiple facility hospitals. While an excluded unit (excluded from IPPS) in a hospital subject to IPPS may not meet the definition of a subprovider, treat it as a subprovider for cost reporting purposes. If you have more than one subprovider, subscript this line.

Line 7--Medicare swing-bed services are paid under the SNF PPS system (indicate payment system as “P”). CAHs are reimbursed on a cost basis for swing-bed services and should indicate “O” as the payment system. Rural hospitals with fewer than 100 beds may be approved by CMS to use these beds interchangeably as hospital and skilled nursing facility beds with payment based on the specific care provided. This is authorized by §1883 of the Act. (See CMS Pub. 15-1, §§2230-2230.6.)

Line 8--Swing bed-NF services are not payable under the Medicare program but are payable under State Medicaid programs if included in the Medicaid State plan. This is a rural hospital with fewer than 100 beds that has a Medicare swing bed agreement approved by CMS and that is approved by the State Medicaid agency to use these beds interchangeably as hospital and other nursing facility beds, with payment based on the specific level of care provided. This is authorized by §1913 of the Act.

Line 9--This is a distinct part skilled nursing facility that has been issued an SNF identification number and which meets the requirements of §1819 of the Act. For cost reporting periods beginning on or after October 1, 1996, a complex cannot contain more than one hospital-based SNF or hospital-based NF.

Line 10--This is a distinct part nursing facility which has been issued a separate identification number and which meets the requirements of §1905 of the Act. (See 42 CFR 442.300 and 42 CFR 442.400 for standards for other nursing facilities, for other than facilities for the mentally retarded, and for facilities for the mentally retarded.) If your State recognizes only one level of care, i.e., skilled, do not complete any lines designated as NF and report all activity on the SNF line for all programs. The NF line is used by facilities having two levels of care, i.e., either 100 bed facility all certified for NF and partially certified for SNF or 50 beds certified for SNF only and 50 beds certified for NF only. The contractor will reject a cost report attempting to report more than one nursing facility.

If the facility operates an Intermediate Care Facility/Mental Retarded (ICF/MR) subscript line 10 to 10.01 and enter the data on that line. Note: Subscripting is allowed only for the purpose of reporting an ICF/MR.

Line 11--This is any other hospital-based facility not listed above. The beds in this unit are not certified for titles V, XVIII, or XIX.

Line 12--This is a distinct part HHA that has been issued an HHA identification number and which meets the requirements of §§1861(o) and 1891 of the Act. If you have more than one hospital-based HHA, subscript this line, and report the required information for each HHA.
Line 13--This is a distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and which meets the conditions for coverage in 42 CFR 416, Subpart B. The ASC operated by a hospital must be a separately identifiable entity which is physically, administratively, and financially independent and distinct from other operations of the hospital. (See 42 CFR 416.30(f).) Under this restriction, hospital outpatient departments providing ambulatory surgery (among other services) are not eligible. (See 42 CFR 416.120(a).)

Line 14--This is a distinct part hospice and separately certified component of a hospital which meets the requirements of §1861(dd) of the Act. No payment designation is required in columns 6, 7, and 8.

Lines 15 and 16--Enter the applicable information for rural health clinics (RHCs) on line 15 and for federally qualified health clinics (FQHCs) on line 16. These lines are used by RHCs and/or FQHCs which have been issued a provider number and meet the requirements of §1861(aa) of the Act. If you have more than one RHC, report them on subscripts of line 15. If you have more than one FQHC, report them on subscripts of line 16. Report the required information in the appropriate column for each. (See Exhibit 2, Table 4) RHCs and FQHCs may elect to file a consolidated cost report pursuant to CMS Pub. 100-4, chapter 9, §30.8. Do not subscript this line if you elect to file under the consolidated cost reporting method. See section 4008.2 for further instructions.

Line 17--This line is used by hospital-based community mental health centers (CMHCs). Subscript this line as necessary to accommodate multiple CMHCs. (See Exhibit 2, Table 4, Part III)

Line 18--If this facility operates a renal dialysis facility (CCN 2300-2499), a renal dialysis satellite (CCN 3500-3699), and/or a special purpose renal dialysis facility (CCN 3700-3799), enter in column 2 the applicable CCN. Subscript this line as applicable.

Line 19--For any component type not identified on lines 3 through 19, enter the required information in the appropriate column. This includes, but is not limited to comprehensive outpatient rehabilitation facilities (CORFs), outpatient physical therapy (OPT) providers, outpatient occupational therapy (OOT) providers, and/or outpatient speech pathology (OSP) clinics.

Line 20--Enter the inclusive dates covered by this cost report. In accordance with 42 CFR 413.24(f), you are required to submit periodic reports of your operations which generally cover a consecutive 12 month period of your operations. (See CMS Pub. 15-2, §§102.1-102.3 for situations where you may file a short period cost report.)

Line 21--Indicate the type of control or auspices under which the hospital is conducted as indicated:

1 = Voluntary Nonprofit, Church
2 = Voluntary Nonprofit, Other
3 = Proprietary, Individual
4 = Proprietary, Corporation
5 = Proprietary, Partnership
6 = Proprietary, Other
7 = Governmental, Federal
8 = Governmental, City-County
9 = Governmental, County
10 = Governmental, State
11 = Governmental, Hospital District
12 = Governmental, City
13 = Governmental, Other

Line 22--Does your facility qualify and is it currently receiving payments for disproportionate share hospital adjustment, in accordance with 42 CFR 412.106? Enter “Y” for yes or “N” for no. Is this facility subject to the provisions of 42 CFR 412.106(c)(2) (Pickle Amendment hospitals)? Enter in column 2 “Y” for yes or “N” for no.
Line 23--Indicate in column 1 the method used to capture Medicaid (title XIX) days reported on Worksheet S-3, Part I, line 32, column 7 during the cost reporting period by entering a “1” if days are based on the date of admission, “2” if days are based on census days (also referred to as the day count), or “3” if the days are based on the date of discharge. Is the method of identifying the days in the current cost reporting period different from the method used in the prior cost reporting period? Enter in column 2 “Y” for yes or “N” for no.

Line 24--If the response to line 22 is “yes”, and this provider is an IPPS, enter the in-State Medicaid paid days in column 1, the in State Medicaid eligible but unpaid days in column 2, the out of State Medicaid paid days in column 3, the out of State Medicaid eligible but unpaid days in column 4, Medicaid HMO days in column 5, and other Medicaid days in column 6.

Line 25--If the response to line 22 is “yes”, and this provider is an IRF, enter the in-State Medicaid paid days in column 1, the in State Medicaid eligible days in column 2, the out of State Medicaid paid days in column 3, the out of State Medicaid eligible days in column 4, Medicaid HMO days in column 5, and other Medicaid days in column 6.

Line 26--For the Standard Geographic classification (not wage), what is your status at the beginning of the cost reporting period. Enter “1” for urban or “2” for rural.

Line 27--For the Standard Geographic classification (not wage), what is your status at the end of the cost reporting period. Enter “1” for urban or “2” for rural.

Lines 28 - 34--Reserved for future use.

Line 35--If this is a sole community hospital (SCH), enter the number of periods (0, 1 or 2) within this cost reporting period that SCH status was in effect. Enter the beginning and ending dates of SCH status on line 36. Subscript line 36 if more than 1 period is identified for this cost reporting period and enter multiple dates. Multiple dates are created where there is a break in the date between SCH status, i.e., for calendar year provider SCH status dates are 1/1/2010-6/30/2010 and 9/1/2010-12/31/2010.

Line 37--If this is a Medicare dependent hospital (MDH), enter the number of periods within this cost reporting period that MDH status was in effect. Enter the beginning and ending dates of MDH status on line 38. Subscript line 38 if more than 1 period is identified for this cost reporting period and enter multiple dates.

Lines 39 - 44--Reserved for future use.

Line 45--Does your facility qualify and receive capital payments for disproportionate share in accordance with 42 CFR 412.320? Enter "Y" for yes and "N" for no. If you are eligible as a result of the Pickle amendment, enter "P" instead of "Y." Only new providers certified prior to October 1, 2001 shall complete this line.

Line 46--Are you eligible for the special exception payment pursuant to 42 CFR 412.348(g)? Enter “Y” for yes or “N” for. If yes, complete Worksheets L, Part III and L-1.
Line 47--Is this a new hospital under 42 CFR 412.300 (PPS capital)? Enter “Y” for yes or “N” for no in column 1. If yes, do you elect full federal capital payments. Enter “Y” for yes or “N” for no in column 2.

Lines 48 - 54--Reserved for future use.

NOTE: CAHs complete question 107 in lieu of questions 55, 56, and 57.

Line 55--Is this a teaching hospital? Enter “Y” for yes or “N” for no.

Line 56--If line 55 is yes, is the teaching program approved in accordance with CMS Pub. 15-1, chapter 4? Enter “Y” for yes or “N” for no.

Line 57--If line 56 is yes and this is the first cost reporting period in which you are training residents in approved programs and the residents were on duty during the first month of the cost reporting period, enter “Y” for yes and complete Worksheet E-4 or “N” for no and complete Worksheets D, Parts III and IV and D-2, Part II, if applicable.

Line 58--As a teaching hospital, did you elect cost reimbursement for teaching physicians as defined in CMS Pub. 15-1, §2148? Enter “Y” for yes or “N” for no. If yes, complete Worksheet D-5.

Line 59--Are you claiming costs of intern & resident in unapproved programs on line 100, column 7, of Worksheet A? Enter “Y” for yes or “N” for no. If yes, complete worksheet D-2, Part I.

Line 60--Has your facility’s direct GME FTE cap (column 1), or IME FTE cap (column 2), been reduced under 42 CFR 413.79(c)(3) or 42 CFR 412.105(f)(1)(iv)(B)? Enter “Y” for yes or “N” for no in the applicable column. (Impacts Worksheet E, Part A; and E-4.)

Line 61--Has your facility received additional direct GME (column 1) resident cap slots or IME (column 2) resident cap slots under 42 CFR 413.79(c)(4) or 42 CFR 412.105(f)(1)(iv)(C)? Enter “Y” for yes or “N” for no in the applicable column. (Impacts Worksheet E-4.)

Line 62--Are you claiming nursing school and allied health costs for a program that meets the provider-operated criteria under 42 CFR 413.85? Enter “Y” for yes or “N” for no. If yes, you must identify such costs in the applicable column(s) of Worksheet D, Parts III and IV to separately identify nursing and allied health (paramedical education) from all other medical education costs.

Lines 63 - 69--Reserved for future use.

Line 70--Are you an IPF or do you contain an IPF subprovider? Enter in column 1 “Y” for yes or “N” for no.

Line 71--If this facility is an IPF or contains an IPF subprovider (response to line 70, column 1 is “Y” for yes), were residents training in this facility in the most recent cost report filed on or before November 15, 2004? Enter in column 1 “Y” for yes or “N” for no. Is the facility training residents in new teaching programs in accordance with §412.424(d)(1)(iii)(D)? Enter in column 2 “Y” for yes or “N” for no. (Note: questions 1 and 2 must have opposite answers, i.e., if column 1 is “Y”, then column 2 must be “N” and vice versa; columns 1 and 2 cannot be “Y” simultaneously, columns 1 and 2 can be “N” simultaneously.) If yes, enter a “1”, “2”, or “3”, respectively, in column 3 to correspond to the I&R academic year in the first 3 program years of the first new program’s existence that begins during the current cost reporting period. If the current cost reporting period
covers the beginning of the fourth academic year of the first new teaching program’s existence, enter the number “4” in column 3. If the current cost reporting period covers the beginning of the fifth or subsequent academic years of the first new teaching program’s existence, enter the number “5” in column 3.

Lines 72 - 74--Reserved for future use.

Line 75--Are you an IRF or do you contain an IRF subprovider? Enter in column 1 “Y” for yes and “N” for no.

Line 76--If this facility is an IRF or contains an IRF subprovider (response to line 75, column 1 is “Y” for yes), did the facility train residents in teaching programs in the most recent cost reporting period ending on or before November 15, 2004? Enter in column 1 “Y” for yes or “N” for no. Is the facility training residents in new teaching programs in accordance with FR, Vol. 70, No. 156, page 47929 dated August 15, 2005? Enter in column 2 “Y” for yes or “N” for no. (Note: questions 1 and 2 must have opposite answers, i.e., if column 1 is “Y”, then column 2 must be “N”. and vice versa; columns 1 and 2 cannot be “Y” simultaneously, columns 1 and 2 can be “N” simultaneously.) If yes, enter a “1”, “2”, or “3”, respectively, in column 3 to correspond to the I&R academic year in the first 3 program years of the first new program’s existence that begins during the current cost reporting period. If the current cost reporting period covers the beginning of the fourth academic year of the first new teaching program’s existence, enter the number “4” in column 3. If the current cost reporting period covers the beginning of the fifth or subsequent academic years of the first new teaching program’s existence, enter the number “5” in column 3.

Lines 77 - 79--Reserved for future use.

Line 80--Are you a Long Term Care Hospital (LTCH)? Enter in column 1 “Y” for yes and “N” for no. LTCHs can only exist as independent /freestanding facilities.

Lines 81-84--Reserved for future use.

Line 85--Is this a new hospital under 42 CFR 413.40(f)(1)(i) (TEFRA)? Enter “Y” for yes or “N” for no in column 1.

Line 86--Have you established a new “Other” subprovider (excluded unit) under 42 CFR 413.40(f)(1)(i)? Enter “Y” for yes or "N" for no in column 1. If there is more than one subprovider, subscript this line.

Line 87 - 89--Reserved for future use.

Lines 90--Do you provide title V and/or XIX inpatient hospital services? Enter "Y" for yes or "N" for no in the applicable column.

Line 91--Is this hospital reimbursed for title V and/or XIX through the cost report in full or in part? Enter “Y” for yes or “N” for no in the applicable column.

Line 92--If all of the nursing facility beds are certified for title XIX, and there are also title XVIII certified beds (dual certified), are any of the title XVIII beds occupied by title XIX patients? Enter “Y” for yes or “N” for no in the applicable column. You must complete a separate Worksheet D-1 for title XIX for each level of care.
Line 93--Do you operate an ICF/MR facility for purposes of title XIX? Enter “Y” for yes or “N” for no.

Line 94--Does title V and/or XIX reduce capital costs? Enter “Y” for yes or “N” for no in the applicable column.

Line 95--If line 94 of the corresponding column is “Y” for yes, enter the percentage by which capital costs are reduced.

Line 96--Does title V and/or XIX reduce operating costs? Enter “Y” for yes or “N” for no in the applicable column.

Line 97--If line 96 of the corresponding column is “Y” for yes, enter the percentage by which operating costs are reduced.

Lines 98 - 104--Reserved for future use.

Line 105--If this hospital qualifies as a critical access hospital (CAH), enter “Y” for yes in column 1. Otherwise, enter “N” for no, and skip to line 108. (See 42 CFR 485.606ff.)

Line 106--If this facility qualifies as a CAH, has it elected the all-inclusive method of payment for outpatient services? Enter “Y” for yes or “N” for no. If yes, an adjustment for the professional component is still required on Worksheet A-8-2.

NOTE: If the facility elected the all-inclusive method for outpatient services, professional component amounts should be excluded from deductible and coinsurance amounts and should not be included on E-1.

Line 107--If this facility qualifies as a CAH, is it eligible for 101 percent reasonable cost reimbursement for I&R in approved training programs? Enter a “Y” for yes or an “N” for no in column 1. If yes, the GME elimination is not made on Worksheet B, Part I, column 25 and the program would be cost reimbursed. If yes, complete Worksheet D-2, Part II.

If this facility qualifies as a CAH, do I&R in approved medical education programs train in the CAH’s excluded IPF and/or IRF unit? Enter a “Y” for yes or an “N” for no in column 2. If yes, complete Worksheet E-4. CAHs are reimbursed for GME in subproviders on worksheet E-4; and are reimbursed for GME in the rest of the CAH at 101 percent of reasonable cost. The CAH must maintain adequate documentation to support the FTE count and time spent for the excluded IPF and/or IRF units.

Line 108--Is this a rural hospital qualifying for an exception to the certified registered nurse anesthetist (CRNA) fee schedule? (See CFR 412.113(c).) Enter “Y” for yes in column 1. Otherwise, enter “N” for no.

Line 109--If this hospital qualifies as a critical access hospital (CAH) (response to line 105 is yes) or is a cost reimbursed provider, are therapy services provided by outside suppliers? Enter “Y” for yes or “N” for no under the corresponding physical, occupational, speech and/or respiratory therapy services as applicable in columns 1 through 4.

Lines 110 - 114--Reserved for future use.

Line 115--If this is an all inclusive rate provider (see instructions in CMS Pub. 15-1, §2208), enter the applicable method (A, B, or E only) in column 2.

Line 116--Are you classified as a referral center? Enter “Y” for yes or “N” for no. See 42 CFR 412.96.

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Line 117--Are you legally required to carry malpractice insurance? Enter “Y” for yes or “N” for no. Malpractice insurance, sometimes referred to as professional liability insurance, is insurance purchased by physicians and hospitals to cover the cost of being sued for malpractice.

Line 118--Is the malpractice insurance a claims-made or occurrence policy? A claims-made insurance policy covers claims first made (reported or filed) during the year the policy is in force for any incidents that occur that year or during any previous period during which the insured was covered under a "claims-made" contract. The occurrence policy covers an incident occurring while the policy is in force regardless of when the claim arising out of that incident is filed. If the policy is claims-made, enter 1. If the policy is occurrence, enter 2.

Line 119--What is the liability limit for the malpractice insurance policy? Enter in column 1 the monetary limit per lawsuit or enter in column 2 the monetary limit per policy year. A liability limit refers to the maximum sum of money an insurance company will pay per lawsuit and per policy year. For example, a standard liability limit for physician professional liability is $1 million in damages per lawsuit and a total of $3 million for all lawsuits during the policy year (often referred to as $1 million/$3 million).

Line 120--If this is an SCH (or EACH), regardless of bed size, that qualifies for the outpatient hold harmless provision in ACA, section 3121, enter “Y” for yes or “N” for no in column 1. If this is rural hospital with 100 or fewer beds that qualifies for the outpatient hold harmless provision in ACA, section 3121, enter “Y” for yes or “N” for no in column 2. These responses impact the TOPs calculation on Worksheet E. Part B, line 8.

Lines 121 - 124--Reserved for future use.

Line 125--Does your facility operate a transplant center? Enter “Y” for yes or “N” for no in column 1. If yes, enter the certification dates below.

Line 126--If this is a Medicare certified kidney transplant center, enter the certification date in column 1 and termination date in column 2. Also complete Worksheet D-4.

Line 127--If this is a Medicare certified heart transplant center, enter the certification date in column 1 and termination date in column 2. Also complete Worksheet D-4.

Line 128--If this is a Medicare certified liver transplant center, enter the certification date in column 1 and termination date in column 2. Also complete Worksheet D-4.

Line 129--If this is a Medicare certified lung transplant center, enter the certification date in column 1 and termination date in column 2. Also, complete Worksheet D-4.

Line 130--If Medicare pancreas transplants are performed, enter the more recent date of July 1, 1999 (coverage of pancreas transplants) or the certification date in column 1 for kidney transplants and termination date in column 2. Also, complete Worksheet D-4.

Line 131--If this is a Medicare certified intestinal transplant center enter the certification date in column 1 and termination date in column 2. Also, complete Worksheet D-4.

Line 132--If this is a Medicare certified islet transplant center enter the certification date in column 1 and termination date in column 2. Also, complete Worksheet D-4.
Line 133--Use this line if your facility contains a Medicare certified transplant center not specifically identified on lines 126 through 132. Enter the certification date in column 1 and termination date in column 2. Subscript this line as applicable and complete a separate Worksheet D-4 for each Medicare certified transplant center type.

Line 134--If this is an organ procurement organization (OPO), enter the OPO number in column 1 and termination date, if applicable, in column 3.

Lines 135 - 139--Reserved for future use.

Line 140--Are there any related organization or home office costs claimed as defined in CMS Pub. 15-1, chapter 10? Enter “Y” for yes or “N” for no in column 1. If yes, complete Worksheet A-8-1. If this facility is part of a chain and you are claiming home office costs, enter in column 2 the home office chain number; and enter the chain name, home office number, contractor number, street address, post office box (if applicable), the city, State, zip code of the home office on lines 141 through 143. Also, enter on line 141, column 2, the contractor name, who receives the Home Office Cost Statement and in column 3, the contractor number. See CMS Pub. 15-1, §2150 for a definition of a chain organization.

Line 141--Enter the name of the Home Office.

Line 142--Enter the street address and P. O. Box (if applicable) of the Home Office.

Line 143--Enter the city, State and zip code of the Home Office.

Line 144--Are provider based physicians' costs included in Worksheet A? Enter “Y” for yes or “N” for no. If yes, complete Worksheet A-8-2.

Line 145--If you are claiming costs for renal services on Worksheet A, are they inpatient services only? Enter “Y” for yes or “N” for no. If yes, do not complete Worksheet S-5 and the Worksheet I series.

Line 146--Have you changed your cost allocation methodology from the previously filed cost report? Enter “Y” for yes or “N” for no. If yes, enter the approval date in column 2.

Line 147--Was there a change in the statistical basis? Enter “Y” for yes or “N” for no.

Line 148--Was there a change in the order of allocation? Enter “Y” for yes or “N” for no.

Line 149--Was there a change to the simplified cost finding method? Enter “Y” for yes or “N” for no.

Lines 150 - 154--Reserved for future use.

Lines 155 - 161--If you are a provider (public or non public) that qualifies for an exemption from the application of the lower of cost or charges as provided in 42 CFR 413.13, indicate the component and/or services that qualify for the exemption by entering in the corresponding box a “Y” for yes, if you qualify for the exemption or an “N” for no if you do not qualify for the exemption. Subscript as needed for additional components.

Lines 162 - 164--Reserved for future use.

Line 165--Is the hospital part of a multi-campus hospital that has one or more campuses in different CBSAs? Enter “Y” for yes or “N” for no.
Line 166—If you responded “Y” for yes to question 165, enter information for each campus (including the main campus) as follows: name in column 0, county in column 1, State in column 2, zip code in column 3, CBSA in column 4, and the FTE count for this campus in column 5. If additional campuses exist, subscript this line as necessary.

Line 167—Is this hospital/campus a meaningful user of electronic health record (EHR) technology in accordance section 1886(n) of the Social Security Act as amended by the section 4102 of the American Recovery and Reinvestment Act (ARRA) of 2009? Enter “Y” for yes or “N” for no.

Line 168—If this provider is a CAH (line 105 is “Y” for yes) and is also a meaningful EHR technology user (line 167 is “N” for yes) enter, if applicable, the reasonable acquisition cost incurred in the current cost reporting period for depreciable assets such as computers and associated hardware and software necessary to administer certified EHR technology. See Federal Register, Vol. 75, number 144, dated July 28, 2010, pages 44573.

Line 169—If this is a §1886(d) provider that responded “N” for no to question 105 and “Y” for yes to question 167, enter the transition factor to be used in the calculation of your HIT incentive payment. See Federal Register, Vol. 75, number 144, dated July 28, 2010, pages 44458-60. The Transition Factor equals:

If a hospital first becomes a meaningful EHR user in fiscal year 2011, 2012 or 2013
- The first year transition factor is 1.00
- The second year transition factor is 0.75
- The third year transition factor is 0.50
- The fourth year transition factor is 0.25
- Any succeeding transition year is 0

If a hospital first becomes a meaningful EHR user in fiscal year 2014
- The first year transition factor is 0.75
- The second year transition factor is 0.50
- The third year transition factor is 0.25
- Any succeeding transition year is 0

If a hospital first becomes a meaningful EHR user in fiscal year 2015
- The first year transition factor is 0.50
- The second year transition factor is 0.25
- Any succeeding transition year is 0
The information required on Part II of this worksheet (formerly Form CMS-339) must be completed by all hospitals submitting cost reports to the Medicare contractor under Title XVIII of the Social Security Act (hereafter referred to as “The Act”). Its purpose is to assist you in preparing an acceptable cost report, to minimize the need for direct contact between you and your contractor, and to expedite review and settlement of cost reports. It is designed to answer pertinent questions about key reimbursement concepts displayed in the cost reports and to gather information necessary to support certain financial and statistical entries on the cost report. The questionnaire is a tool used in arriving at a prompt and equitable settlement of your cost report.

Where the instructions for this worksheet direct you to submit documentation/information, mail or otherwise transmit to the contractor immediately, after submission of the ECR. The contractor has the right under §§1815(a) and 1883(e) of the Act to request any missing documentation required to complete the desk review.

To the degree that the information in the questionnaire constitutes commercial or financial information which is confidential and/or is of a highly sensitive personal nature, the information will be protected from release under the Freedom of Information Act. If there is any question about releasing information, the contractor should consult with the CMS Regional Office.

**NOTE:** The responses on all lines are Yes or No unless otherwise indicated. If in accordance with the following instructions, you are requested to submit documentation, indicate the line number for each set of documents you submit.

**Line Descriptions**

Lines 1 through 21 are required to be completed by all hospitals.

**Line 1**--Indicate whether the hospital has changed ownership immediately prior to the beginning of the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, enter the date the change of ownership occurred in column 2. Also, submit the name and address of the new owner and a copy of the sales agreement with the cost report.

**Line 2**--Indicate whether the hospital has terminated participation in the Medicare program. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, enter the date of termination in column 2, and “V” for voluntary or “I” for involuntary in column 3.

**Line 3**--Indicate whether the hospital is involved in business transactions, including management contracts, with individuals or entities (e.g., chain home offices, drug or medical supply companies) that are related to the provider or its officers, medical staff, management personnel, or members of the board of directors through ownership, control, or family and other similar relationships. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a list of the individuals, the organizations involved, and a description of the transactions with the cost report.
Note: A related party transaction occurs when services, facilities, or supplies are furnished to the
provider by organizations related to the provider through common ownership or control. (See Pub.
15-1, Chapter 10 and 42 CFR §413.17.)

Line 4--Indicate whether the financial statements were prepared by a Certified Public Accountant.
Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, enter “A” for audited,
“C” for compiled, or “R” for reviewed in column 2. Submit a complete copy of the financial
statements (i.e., the independent public accountant’s opinion, the statements themselves, and the
footnotes) with the cost report. If the financial statements are not available for submission with the
cost report enter the date they will be available in column 3.

If you answer no in column 1, submit a copy of the financial statements you prepared, and written
statements of significant accounting policy and procedure changes affecting Medicare reimbursement
which occurred during the cost reporting period. You may submit the changed accounting or
administrative procedures manual in lieu of written statements.

Line 5--Indicate whether the total expenses and total revenues reported on the cost report differ from
those on the filed financial statements. Enter “Y” for yes or “N” for no in column 1. If you answer
“Y” in column 1, submit a reconciliation with the cost report.

Line 6--Indicate whether costs were claimed for Nursing School. Enter “Y” for yes or “N” for no in
column 1. If you answer “Y” in column 1, enter “Y” for yes or “N” for no in column 2 to indicate
whether the provider is the legal operator of the program.

Line 7--Indicate whether costs were claimed for Allied Health Programs. Enter “Y” for yes or “N”
for no in column 1. If you answer “Y” in column 1, submit a list of the program(s) with the cost
report and annotate for each whether the provider is the legal operator of the program.

Note: For purposes of lines 6 and 7, the provider is the legal operator of a nursing school and/or
allied health programs if it meets the criteria in 42 CFR §413.85(f)(1) or (f)(2).

Line 8--Indicate whether approvals and/or renewals were obtained during the cost reporting period
for Nursing School and/or Allied Health programs. Enter “Y” for yes or “N” for no in column 1. If
you answer “Y” in column 1, submit a list of the program(s), and copies of the approvals and/or
renewals with the cost report.

Line 9--Indicate whether Intern-Resident costs were claimed on the current cost report. Enter “Y”
for yes or “N” for no in column 1. If you answer “Y” in column 1, submit the current year Intern-
Resident Information System (IRIS) on diskette with the cost report.

Line 10--Indicate whether Intern-Resident program(s) have been initiated or renewed during the cost
reporting period. Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1,
submit copies of the certification(s)/program approval(s) with the cost report. (See 42 CFR
§413.79(l) for the definition of a new program.)

Line 11--Indicate whether Graduate Medical Education costs were directly assigned to cost centers
other than the Intern-Resident Services in an Approved Teaching Program on Worksheet A of form
CMS-2552-10. Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, submit
a listing of the cost centers and amounts with the cost report.
Line 12--Indicate whether you are seeking reimbursement for bad debts resulting from Medicare deductible and coinsurance amounts which are uncollectible from Medicare beneficiaries. (See 42 CFR §413.89ff and Pub. 15-1, §§306 -324 for the criteria for an allowable bad debt.) Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, submit a completed Exhibit 2 or internal schedules duplicating the documentation requested on Exhibit 2 to support the bad debts claimed. If you are claiming bad debts for inpatient and outpatient services, complete a separate Exhibit 2 or internal schedule for each category.

Exhibit 2 requires the following documentation:

Columns 1, 2, 3 - Patient Names, Health Insurance Claim (HIC) Number, Dates of Service (From - To)--The documentation required for these columns is derived from the beneficiary’s bill. Furnish the patient’s name, health insurance claim number and dates of service that correlate to the filed bad debt. (See Pub. 15-1, §314 and 42 CFR §413.89.)

Column 4--Indigency/Welfare Recipient--If the patient included in column 1 has been deemed indigent, place a check in this column. If the patient in column 1 has a valid Medicaid number, also include this number in this column. See the criteria in Pub. 15-1, §§312 and 322 and 42 CFR §413.89 for guidance on the billing requirements for indigent and welfare recipients.

Columns 5 & 6--Date First Bill Sent to Beneficiary & Date Collection Efforts Ceased--This information should be obtained from the provider’s files and should correlate with the beneficiary name, HIC number, and dates of service shown in columns 1, 2 and 3 of this exhibit. The dates in column 6 represents the date that the unpaid account is deemed worthless, whereby all collection efforts, both internal and by an outside entity, ceased and there is no likelihood of recovery of the unpaid account. (See CFR 413.89(f), and Pub. 15-1, §§308, 310, and 314.)

Column 7--Remittance Advice Dates--Enter in this column the remittance advice dates that correlate with the beneficiary name, HIC No., and dates of service shown in columns 1, 2, and 3 of this exhibit.

Columns 8 & 9--Deductibles & Coinsurance--Record in these columns the beneficiary’s unpaid deductible and coinsurance amounts that relate to covered services.

Column 10--Total Medicare Bad Debts--Enter on each line of this column, the sum of the amounts in columns 8 and 9. Calculate the total bad debts by summing up the amounts on all lines of Column 10. This “total” must agree with the bad debts claimed on the cost report. Attach additional supporting schedules, if necessary, for bad debt recoveries.

Line 13--Indicate whether your bad debt collection policy changed during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, submit a copy of the policy with the cost report.

Line 14--Indicate whether patient deductibles and/or copayments are waived. Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, ensure that they are not included on the bad debt listings (i.e., Exhibit 2 or your internal schedules) submitted with the cost report.
Line 15--Indicate whether total available beds have changed from the prior cost reporting period. Enter “Y” for yes or “N” for no in column 1. If you answer “Y” in column 1, provide an analysis of available beds and explain any changes that occurred during the cost reporting period.

NOTE: For purposes of line 14, available beds are provider beds that are permanently maintained for lodging inpatients. They must be available for use and housed in patient rooms or wards (i.e., do not include beds in corridors or temporary beds). (See Pub. 15-1, §2200.2.C., Pub. 15-2, §4005.1, and CFR §412.105(b)).

Line 16--Indicate whether the cost report was prepared using the Provider Statistical & Reimbursement Report (PS&R) only. Use columns 1 and 2 for Part A and columns 3 and 4 for Part B. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y” enter the paid through date of the PS&R in columns 2 and/or 4. Also, submit a crosswalk between revenue codes and charges found on the PS&R to the cost center groupings on the cost report. This crosswalk will reflect a cost center to revenue code match only.

Line 17--Indicate whether the cost report was prepared using the PS&R for totals and provider records for allocation. Use columns 1 and 2 for Part A and columns 3 and 4 for Part B. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y” enter the paid through date of the PS&R used to prepare this cost report in columns 2 and/or 4. Also, submit a detailed crosswalk between revenue codes, departments and charges on the PS&R to the cost center groupings on the cost report. This crosswalk must show dollars by cost center and include which revenue codes were allocated to each cost center. The total revenue on the cost report must match the total charges on the PS&R (as appropriately adjusted for unpaid claims, etc.) to use this method. Supporting workpapers must accompany this crosswalk to provide sufficient documentation as to the accuracy of the provider records. If the contractor does not find the documentation sufficient, the PS&R will be used in its entirety.

Line 18--If you entered “Y” on either line 16 or 17, columns 1 and/or 3, indicate whether adjustments were made to the PS&R data for additional claims that have been billed but not included on the PS&R used to file this cost report. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y”, include a schedule which supports any claims not included on the PS&R. This schedule should include totals consistent with the breakdowns on the PS&R, and should reflect claims that are unprocessed or unpaid as of the cut-off date of the PS&R used to file the cost report.

Line 19--If you entered “Y” on either line 16 or 17, columns 1 and/or 3, indicate whether adjustments were made to the PS&R data for corrections of other PS&R information. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y”, submit a detailed explanation and documentation which provides an audit trail from the PS&R to the cost report.

Line 20--If you entered “Y” on either line 16 or 17, columns 1 and/or 3, indicate whether other adjustments were made to the PS&R data. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y”, include a description of the other adjustments and documentation which provides an audit trail from the PS&R to the cost report.

Line 21--Indicate whether the cost report was prepared using provider records only. Enter “Y” for yes or “N” for no in columns 1 and 3. If either column 1 or 3 is “Y”, submit detailed documentation of the system used to support the data reported on the cost report. If detail documentation was previously supplied, submit only necessary updated documentation with the cost report.
The minimum requirements are:

- Copies of input tables, calculations, or charts supporting data elements for PPS operating rate components, capital PPS rate components and other PRICER information covering the cost reporting period.

- Internal records supporting program utilization statistics, charges, prevailing rates and payment information broken into each Medicare bill type in a manner consistent with the PS&R.

- Reconciliation of remittance totals to the provider’s internal records.

- Include the name of the system used and indicate how the system was maintained (vendor or provider). If the provider maintained the system, include date of last software update.

Note: Additional information may be supplied such as narrative documentation, internal flow charts, or outside vendor informational material to further describe and validate the reliability of your system.

Lines 22 through 40 are required to be completed by cost-reimbursed and TEFRA hospitals only.

**Line 22**—Indicate whether assets have been relifed for Medicare purposes. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a detailed listing of these specific assets, by class, as shown in the Fixed Asset Register with the cost report.

Note: “Class” means those depreciable asset groupings you use (e.g., land improvements, moveable equipment, buildings, fixed equipment).

**Line 23**—Indicate whether changes occurred in the Medicare depreciation expense due to appraisals made during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a copy of the Appraisal Report and Appraisal Summary by class of asset with the cost report.

**Line 24**—Indicate whether new leases and/or amendments to existing leases were entered into during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a listing of the new leases and/or amendments to existing leases if the annual rental cost of each of these leases is $50,000 or greater with the cost report. The listing should include the following information:

- Identify if the lease is new or a renewal.
- Parties to the lease.
- Period covered by the lease.
- Description of the asset being leased.
- Annual charge by the lessor.

**NOTE:** Providers are required to submit copies of the lease, or significant extracts, upon request from the contractor.
Line 25--Indicate whether new capitalized leases were entered into during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a list of the individual assets by class, the department assigned to, and respective dollar amounts if the annual rental cost of these leases is $50,000 or greater with the cost report.

Line 26--Indicate whether assets subject to §2314 of DEFRA were acquired during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a computation of the basis with the cost report.

Line 27--Indicate whether your capitalization policy changed during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a copy with the cost report.

Line 28--Indicate whether new loans, mortgage agreements, or letters of credit were entered into during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit copies of the debt documents and amortization schedules with the cost report. Also, state the purpose of the borrowing.

Line 29--Indicate whether you have a funded depreciation account and/or bond funds (Debt Service Reserve Fund) treated as a funded depreciation account. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a detailed analysis of the funded depreciation account for the cost reporting period with the cost report. (See Pub. 15-1, §226 and 42 CFR §413.153.)

Line 30--Indicate whether existing debt has been replaced prior to its scheduled maturity with new debt. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a copy of the new debt document and a schedule calculating the allowable cost. (See Pub. 15-1, §233.3 for description of allowable cost.)

Line 31--Indicate whether debt has been recalled before its scheduled maturity without the issuance of new debt. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a detailed analysis supporting the debt cancellation costs and treatment of these expenses on the cost report. (See Pub. 15-1, §215 for description and treatment of debt cancellation costs.)

Line 32--Indicate whether you have entered into new agreements or if changes occurred in patient care services furnished through contractual arrangements with suppliers of service. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit copies of the contracts in those instances where the cost of the individual’s services exceeds $25,000 per year with the cost report.

Where you do not have written agreements for purchased services, submit a description listing the following information:

- Duration of the arrangement.
- Description of services.
- Financial arrangement.
- Name(s) of parties to the agreement furnishing the services.

Line 33--If you answered “Y” on line 32, were the requirements of Pub. 15-1, §2135.2 pertaining to competitive bidding applied? Enter “Y” for yes or “N” for no in column 1. If column 1 is “N”, submit an explanation with the cost report.
Line 34--Indicate whether services are furnished at your facility under an arrangement with provider-based physicians. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit Exhibit 1, where applicable.

You may submit computer generated substitutes for these schedules provided they contain, at a minimum, the same information as in Exhibit 1. (This includes the signature on a substitute Exhibit 2.)

Allocation agreements (Exhibit 1) are required if physician compensation is attributable to both direct patient care and provider services. Allocation agreements are also required if all of the provider-based physician’s compensation is attributable to provider services (i.e., departmental supervision and administration, quality control activities, teaching and supervision of Interns-Residents and/or Allied Health Students, and in the case of teaching hospitals electing cost reimbursement for teaching physicians’ services, for compensation attributable to direct medical and surgical services furnished to individual patients, and the supervision of intern and residents furnishing direct medical and surgical services to individual patients. However, Exhibit 1 is not required if all of the provider-based physician’s compensation is attributable to direct medical and surgical services to individual patients.

Physicians’ compensation information is considered to be confidential, and therefore, qualifies for exemption from disclosure under the Freedom of Information Act, and specifically under 5 U.S.C. 552(b)(4). The compensation information also qualifies for exemption from disclosure under 5 U.S.C. 552(b)(6) which covers “personnel and medical files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.” An individual’s compensation is a personal matter and its release would be an invasion of privacy. Accordingly, CMS will not release, or make available to the public, compensation information collected.

Instructions for completing Exhibit 1:

Exhibit 1, Allocation of Physician Compensation Hours:

- Complete this exhibit in accordance with Pub. 15-1, §2182.3. The data elements shown are physicians’ hours of service providing a breakdown between the professional and provider component.
- Prepare a physician time allocation for each physician by department, who receives payment directly from you or a related organization for services rendered. This includes physicians paid through affiliated agreements. A weighted average for the entire department may be used where all physicians in the department are in the same specialty. Where a weighted average is submitted, individual time allocations need not be submitted. The physician or department head supplying this information must sign the schedule.
Line 35--If you answered “Y” on line 34, indicate whether new agreements or amendments to existing agreements were entered into during the cost reporting period. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit copies of the new agreements or the amendments to existing agreements with the cost report.

Line 36--Indicate whether home office costs are claimed on the cost report. Enter “Y” for yes or “N” for no in column 1.

Line 37--If you answered “Y” on line 36, indicate whether a home office cost statement was prepared by the home office. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a schedule displaying the entire chain’s direct, functional, and pooled costs as provided to the designated home office contractor as part of the home office cost statement.

Line 38--If you answered “Y” on line 36, indicate whether the fiscal year end of the home office is different from that of the provider. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, enter the fiscal year end of the home office in column 2.

Line 39--If you answered “Y” on line 36, indicate whether the provider renders services to other components of the chain. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a schedule listing the names of the entities, the services provided, and cost incurred to provide these services with the cost report.

Line 40--If you answered “Y” on line 36, indicate whether the provider renders services to the home office. Enter “Y” for yes or “N” for no in column 1. If column 1 is “Y”, submit a schedule listing the services provided, and cost incurred to provide these services with the cost report.

NOTE: Exhibits 1 and 2 must be completed either manually (in hard copy) or via separate electronic/digital media as this information is not captured in the ECR file.
### EXHIBIT 1

#### Allocation of Physician Compensation: Hours

Provider Name: ______________________________________

Provider Number: ______________________

Department: ___________________________

Physician Name: ______________________________________

Cost Reporting Year: Beginning___________________ Ending ___________________

Basis of Allocation: Time Study /__; Other /__; Describe:______________________________

<table>
<thead>
<tr>
<th>Services</th>
<th>Total Hours</th>
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<tbody>
<tr>
<td>1. Provider Services - Teaching and Supervision of I/R's and other GME Related Functions.</td>
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<tr>
<td>1A. Provider Services - Teaching and Supervision of Allied Health Students</td>
<td></td>
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<tr>
<td>1B. Provider Services - Non Teaching Reimbursable Activities such as Departmental Administration, Supervision of Nursing, and Technical Staff, Utilization Review, etc.</td>
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<tr>
<td>1C. Provider Services - Emergency Room Physician Availability (Do not include minimum guarantee arrangements for Emergency Room Physicians.)</td>
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<tr>
<td>1D. Sub-Total - Provider Administrative Services (Lines 1, 1A, 1B, 1C).</td>
<td></td>
</tr>
<tr>
<td>2. Physician Services: Medical and Surgical Services to Individual Patients</td>
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</tr>
<tr>
<td>3. Non-Reimbursable Activities: Research, Teaching of I/R's in Non-Approved Programs, Teaching and Supervision of Medical Students, Writing for Medical Journals, etc.</td>
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<tr>
<td>4. Total Hours: (Lines 1D, 2, and 3)</td>
<td></td>
</tr>
<tr>
<td>5. Professional Component Percentage (Line 2 / Line 4)</td>
<td></td>
</tr>
<tr>
<td>6. Provider Component Percentage - (Line 1D / Line 4)</td>
<td></td>
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</tbody>
</table>

Signature:  Physician or Physician Department Head  
Date
EXHIBIT 2
LISTING OF MEDICARE BAD DEBTS AND APPROPRIATE SUPPORTING DATA

<table>
<thead>
<tr>
<th>(1) Patient Name</th>
<th>(2) HIC. NO.</th>
<th>(3) DATES OF SERVICE</th>
<th>(4) INDIGENCY &amp; WEL. RECIP. (CK IF APPL)</th>
<th>(5) DATE FIRST BILL SENT TO BENEFICIARY</th>
<th>(6) DATE COLLECTION EFFORTS CEASED</th>
<th>(7) MEDICARE REMITTANCE ADVICE DATES</th>
<th>(8)* DEDUCT</th>
<th>(9)* CO-INS</th>
<th>(10) TOTAL</th>
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</thead>
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* THESE AMOUNTS MUST NOT BE CLAIMED UNLESS THE PROVIDER BILLS FOR THESE SERVICES WITH THE INTENTION OF PAYMENT. SEE INSTRUCTIONS FOR COLUMN 4 - INDIGENCY/WELFARE RECIPIENT, FOR POSSIBLE EXCEPTION.
Page 49 reserved for future use.
Pages 50 through 54 are reserved for future use.
This worksheet consists of three parts:

Part I - Hospital and Hospital Health Care Complex Statistical Data
Part II - Hospital Wage Index Information
Part III - Hospital Wage Index Summary
Part IV - Hospital Wage Related Costs
Part V - Hospital Contract Labor and Benefit Costs

Part I - Hospital and Hospital Health Care Complex Statistical Data

Column Descriptions

Column 1 -- Enter the Worksheet A line number that corresponds to the Worksheet S-3 component line description.

Column 2 -- Refer to 42 CFR 412.105(b) and Vol. 69 of the Federal Register 154, dated August 11, 2004, page 49093 to determine the facility bed count. Indicate the number of beds available for use by patients at the end of the cost reporting period. A bed means an adult bed, pediatric bed, birthing room, or newborn ICU bed (excluding newborn bassinets) maintained in a patient care area for lodging patients in acute, long term, or domiciliary areas of the hospital. Beds in labor room, birthing room, postanesthesia, postoperative recovery rooms, outpatient areas, emergency rooms, ancillary departments, nurses' and other staff residences, and other such areas which are regularly maintained and utilized for only a portion of the stay of patients (primarily for special procedures or not for inpatient lodging) are not termed a bed for these purposes. (See CMS Pub. 15-1, §§2200.2 C and 2205.)

Column 3 -- Enter the total bed days available. Bed days are computed by multiplying the number of beds available throughout the period in column 2 by the number of days in the reporting period. If there is an increase or decrease in the number of beds available during the period, multiply the number of beds available for each part of the cost reporting period by the number of days for which that number of beds was available.

Column 4 -- CAHs accumulate the aggregate number of hours all CAH patients spend in each category on lines 1 and 8 through 12. This data is for informational purposes only.

Columns 5 through 7 -- Enter the number of inpatient days or visits, where applicable, for each component by program. Do not include HMO days except where required (lines 2 through 4, columns 6 and 7), organ acquisition, or observation bed days in these columns. Observation bed days are reported in columns 7 (title XIX) and 8 (total), line 28. For LTCH, enter in column 6 on the applicable line the number of covered Medicare days (from the PS&R) and enter in column 6, line 33 the number of noncovered days (from provider’s books and records) for Medicare patients.

Report the program days for PPS providers (acute care hospital, IPF, IRF, and LTCH) in the cost reporting period in which the discharge is reported. This also applies to providers under the TEFRA/PPS blend. TEFRA providers should report their program days in the reporting period in which they occur.

NOTE: Section 1886(d)(5)(F) of the Act provides for an additional Medicare payment for hospitals serving a disproportionate share of low income patients. A hospital's eligibility for these additional payments is partially based on its Medicaid utilization. The count of Medicaid days used in the Medicare disproportionate share adjustment computation
includes days for Medicaid recipients who are members of an HMO as well as out of State days, Medicaid secondary payer patient days, Medicaid eligible days for which no payment was received, and baby days after mother’s discharge. Medicaid HMO days are reported on lines 2 through 4 in accordance with CFR 412.106(b)(4)(ii). Therefore, Medicaid patient days reported on line 1, column 7 do not include days for Medicaid patients who are also members of an HMO.

Column 8--Enter the number of inpatient days for all classes of patients for each component. Include organ acquisition and HMO days in this column. This amount will not equal the sum of columns 5 through 7 when the provider renders services to other than titles V, XVIII, or XIX patients.

Column 9--Enter the number of intern and resident full time equivalents (FTEs) in an approved program determined in accordance with 42 CFR 412.105(f) for the indirect medical education adjustment. The FTE residents reported by an IPF PPS facility or an IRF PPS facility (whether freestanding or a unit reported on line 16 or 17, respectively, of an IPPS hospital’s cost report) shall be determined in accordance with 42 CFR 412.424(d)(1)(iii) for IPFs and in accordance with the Federal Register, Vol. 70, number 156, dated August 15, 2005, pages 47929-30 for IRFs.

Columns 10 and 11--The average number of FTE employees for the period may be determined either on a quarterly or semiannual basis. When quarterly data are used, add the total number of hours worked by all employees on the first week of the first payroll period at the beginning of each quarter, and divide the sum by 160 (4 times 40). When semiannual data are used, add the total number of paid hours on the first week of the first payroll period of the first and seventh months of the period. Divide this sum by 80 (2 times 40). Enter the average number of paid employees in column 10 and the average number of nonpaid workers in column 11 for each component, as applicable.

Columns 12 through 14--Enter the number of discharges including deaths (excluding newborn and DOAs) for each component by program. A patient discharge, including death, is a formal release of a patient. (See 42 CFR 412.4.) Enter the XVIII M+C HMO discharges in column 13, line 2.

Column 15--Enter the number of discharges including deaths (excluding newborn and DOAs) for all classes of patients for each component.

Line Descriptions

Line 1--In columns 5, 6, 7 and 8, enter the number of adult and pediatric hospital days excluding the SNF and NF swing bed, observation bed, and hospice days. In columns 6 and 7 also exclude HMO days. **Do not include in column 6 Medicare Secondary Payer/Lesser of Reasonable Cost (MSP/LCC) days.** Include these days only in column 8. However, do not include employee discount days in column 8.

Labor and delivery days (as defined in the instructions for line 32 of Worksheet S-3, Part I) must not be included on this line.

Line 2--Enter title XVIII M+C and XIX HMO days (columns 6 and 7) and other Medicaid eligible days not included on line 1, columns 6 and 7, respectively.

Line 3--Enter title XVIII M+C and XIX HMO days (columns 6 and 7) for IPF subproviders days not included on line 1, columns 6 and 7, respectively.

Line 4--Enter title XVIII M+C and XIX HMO days (columns 6 and 7) for IRF subproviders days not included on line 1, columns 6 and 7, respectively.

Line 5--Enter the Medicare covered swing bed days (which are considered synonymous with SNF swing bed days) for all Title XVIII programs where applicable. See 42 CFR 413.53(a)(2). Exclude all M+C days from column 6, include the M+C days in column 8.
Line 6--Enter the non-Medicare covered swing bed days (which are considered synonymous with NF swing bed days) for all programs where applicable. See 42 CFR 413.53(a)(2).

Line 7--Enter the sum of lines 1, 5 and 6.

Lines 8 through 13--Enter the appropriate statistic applicable to each discipline for all programs.

Line 14--Enter the sum of lines 7 - 13 for columns 2 - 8, and for columns 12 - 15, enter the amount from line 1. For columns 9 - 11, enter the total for each from your records.

Labor and delivery days (as defined in the instructions for line 32 of Worksheet S-3, Part I) must not be included on this line.

Line 15--Enter the number of outpatient visits for CAHs by program and total. An outpatient CAH visit is defined in 42 CFR 413.70(b)(3)(iii).

Line 16--Enter the applicable data for the IPF subprovider.

Line 17--Enter the applicable data for the IRF subprovider.

Line 18--Enter the applicable data for other than IPF or IRF subproviders. If you have more than one subprovider, subscript this line.

Line 19--If your State recognizes one level of care, complete this line for titles V, XVIII, and XIX, however, do not complete line 20. If you answered yes to line 92 of Worksheet S-2, complete all columns.

Line 20--Enter nursing facility days if you have a separately certified nursing facility for Title XIX or you answered yes to line 92 of Worksheet S-2. Make no entry if your State recognizes only SNF level of care. If you operate an ICF/MR, subscript this line to 20.01 and enter the ICF/MR days. Do not report any nursing facility data on line 20.01.

Line 21--If you have more than one hospital-based other long term care facility, subscript this line.

Line 22--If you have more than one hospital-based HHA, subscript this line.

Line 23--Enter data for an ASC. If you have more than one ASC, subscript this line.

Line 24--Enter days applicable to hospice patients in a distinct part hospice.

Line 25--CMHCs enter the number of partial hospitalization days as applicable. For reporting of multiple facilities follow the same format used on Worksheet S-2, line 17.

Line 26--Enter the number of outpatient visits for FQHC and RHC. If you have both or multiples of one, subscript the line.

Line 28--Enter the total observation bed days in column 8. Divide the total number of observation bed hours by 24 and round up to the nearest whole day. These total hours should include the hours for observation of patients who are subsequently admitted as inpatients but only the hours up to the time of admission as well as the hours for observation of patients who are not subsequently admitted as inpatients but only the hours up to the time of discharge from the facility. Observation bed days only need to be computed if the observation bed patients are placed in a routine patient care area. The bed days are needed to calculate the cost of observation beds since it cannot be separately costed when the routine patient care area is used. If, however, you have a distinct observation bed area, it must be separately costed (as are all other outpatient cost centers), and this computation is not needed.
Line 29--Enter in column 6 the total number of ambulance trips, as defined by section 4531(a)(1) of The BBA. Do not subscript this line.

Line 30--Enter in column 8 the employee discount days if applicable. These days are used on Worksheet E, Part A, line 31 in the calculation of the DSH adjustment and Worksheet E-3, Part III, line 3 in the calculation of the LIP adjustment.

Line 31--Enter in column 8 the employee discount days, if applicable, for IRF subproviders.

Line 32--Indicate in column 7 the count of labor/delivery days for Title XIX and in column 8 the total count of labor/delivery days for the entire facility.

For the purposes of reporting on this line, labor and delivery days are defined as days during which a maternity patient is in the labor/delivery room ancillary area at midnight at the time of census taking, and is not included in the census of the inpatient routine care area because the patient has not occupied an inpatient routine bed at some time before admission (see Pub. 15-1, section 2205.2). In the case where the maternity patient is in a single multipurpose labor, delivery and postpartum (LDP) room, hospitals must determine the proportion of each inpatient stay that is associated with ancillary services (labor and delivery) versus routine adult and pediatric services (post partum) and report the days associated with the labor and delivery portion of the stay on this line. An example of this would be for a hospital to determine the percentage of each stay associated with labor/delivery services and apply that percentage to the stay to determine the number of labor and delivery days of the stay. Alternatively, a hospital could calculate an average percentage of time maternity patients receive ancillary services in an LDP room during a typical month, and apply that percentage through the rest of the year to determine the number of labor and delivery days to report on line 32. Maternity patients must be admitted to the hospital as an inpatient for their labor and delivery days to be included on line 32. These days must not be reported on Worksheet S-3, Part I, line 1 or line 14.

Line 33--See instructions for “Columns 5 through 7 of this worksheet.

4005.2 Part II - Hospital Wage Index Information.--This worksheet provides for the collection of hospital wage data which is needed to update the hospital wage index applied to the labor-related portion of the national average standardized amounts of the prospective payment system. It is important for hospitals to ensure that the data reported on Worksheet S-3, Parts II, III and IV are accurate. Beginning October 1, 1993, the wage index must be updated annually. (See §1886(d)(3)(E) of the Act.) Congress also indicated that any revised wage index must exclude data for wages incurred in furnishing SNF services. Complete this worksheet for IPPS hospitals (see §1886(d)), any hospital with an IPPS subprovider, or any hospital that would be subject to IPPS if not granted a waiver.

NOTE: Any line reference for Worksheets A and A-6 includes all subscripts of that line.

Column 2

Line 1--Enter from Worksheet A, column 1, line 200, the wages and salaries paid to hospital employees increased by amounts paid for vacation, holiday, sick, other paid-time-off (PTO), severance, and bonus pay if not reported in column 1.

NOTE: Bonus pay includes award pay and vacation, holiday, and sick pay conversion (pay in lieu of time off).

NOTE: Capital related salaries, hours, and wage-related costs associated with lines 1 and 2 of Worksheet A must not be included on Worksheet S-3, Parts II and III.
NOTE: Methodology for including vacation/sick/other PTO accruals in the wage index:

**PTO salary cost**--The required source for costs on Worksheet A is the General Ledger (see Provider Reimbursement Manual, Part II, section 4013 and 42 CFR 413.24(e)). Worksheet S-3, Part II (wage index) data are derived from Worksheet A; therefore, the proper source for costs for the wage index is also the General Ledger. A hospital’s current year General Ledger includes both costs that are paid during the current year and costs that are expensed in the current year but paid in the subsequent year (current year accruals). Hospitals and contractors are to include on Worksheet S-3, Part II the current year PTO cost incurred as reflected on the General Ledger; that is, both the current year PTO cost paid and the current year PTO accrual. (Costs that are expensed in the prior year but paid in the current year (prior year accruals) are not included on a hospital’s current year General Ledger and should not be included on the hospital’s current year Worksheet S-3, Part II.)

**PTO hours**--The source for PTO paid hours on Worksheet S-3, Part II is the Payroll Report. Hours are included on the Payroll Report in the period in which the associated PTO expense is paid. Hospitals and contractors are to include on Worksheet S-3, Part II the PTO hours that are reflected on the current year Payroll Report, which includes hours associated with PTO cost that was expensed in the prior year but paid in the current year. The time period must cover the weeks that best matches the provider’s cost reporting period. (Hours associated with PTO cost expensed in the current year but not paid until the subsequent year (current year PTO accrual) are not included on the current year Payroll Report and should not be included on the hospital’s current year Worksheet S-3, Part II.)

Although this methodology does not provide a perfect match between paid PTO cost and paid PTO hours for a given year, it should approximate an actual match between cost and hours. Over time, any variances should be minimum.

**Lines 2 through 10**--The amounts to be reported must be adjusted for vacation, holiday, sick, other paid time off, severance, and bonus pay if not already included. Do not include in lines 2 through 7 the salaries for employees associated with excluded areas lines 9 and 10.

**Line 2**--Enter the salaries for directly-employed Part A non-physician anesthetist salaries (for rural hospitals that have been granted CRNA pass through) to the extent these salaries are included in line 1. Add to this amount the costs for CRNA Part A services furnished under contract to the extent hours can be accurately determined. Report only the personnel costs associated with these contracts. DO NOT include cost for equipment, supplies, travel expenses, and other miscellaneous or overhead items. DO NOT include costs applicable to excluded areas reported on lines 9 and 10. Additionally, contract CRNA cost must be included on line 11. Report in column 5 the hours that are associated with the costs in column 4 for directly employed and contract Part A CRNAs.

Do not include physician assistants, clinical nurse specialists, nurse practitioners, and nurse midwives.

**Line 3**--Enter the non-physician anesthetist salaries included in line 1, subject to the fee schedule and paid under Part B by the contractor. Do not include salary costs for physician assistants, clinical nurse specialists, nurse practitioners, and nurse midwives.

**Line 4**--Enter the physician Part A salaries, (excluding teaching physician salaries), which are included in line 1. Also do not include intern and resident (I & R) salary on this line. Report I & R salary on line 7.
Lines 5 and 6--Enter the total physician, physician assistant, nurse practitioner and clinical nurse specialist salaries billed under Part B that are included in line 1. Under Medicare, these services are related to patient care and billed separately under Part B. Also include physician salaries for patient care services reported for rural health clinics and Federally qualified health clinics included on Worksheet A, column 1, lines 88 and/or 89 as applicable. Report on line 6 the non-physician salaries reported for Hospital-based RHC and FQHC services included on Worksheet A, column 1, lines 88 and/or 89 as applicable.

Line 7--Enter from Worksheet A the salaries reported in column 1 of line 21 for interns and residents. Add to this amount the costs for intern and resident services furnished under contract. Report only the personnel costs associated with these contracts. DO NOT include cost for equipment, supplies, travel expenses, and other miscellaneous or overhead items. DO NOT include costs applicable to excluded areas reported on lines 9 and 10. Additionally, contract intern and resident costs must be included on line 11. DO NOT include contract intern and residents costs on line 13. Report in column 5 the hours that are associated with the costs in column 4 for directly employed and contract interns and residents.

Line 8--If you are a member of a chain or other related organization as defined in CMS Pub 15-1, §2150, enter, from your records, the wages and salaries for home office related organization personnel that are included in line 1.

Lines 9 and 10--Enter on line 9 the amount reported on Worksheet A, column 1 for line 44 for the SNF. On line 10, enter from Worksheet A, column 1, the sum of lines 20, 23, 40 through 42, 45, 45.01, 46, 94, 95, 98 through 101, 105 through 112, 114, 115 through 117, and 190 through 194. DO NOT include on lines 9 and 10 any salaries for general service personnel (e.g., housekeeping) which, on Worksheet A, Column 1, may have been included directly in the SNF and the other cost centers detailed in the instructions for Line 10.

Line 11--Enter the amount paid for services furnished under contract, rather than by employees, for direct patient care, and top level management services as defined below. DO NOT include cost for equipment, supplies, travel expenses, and other miscellaneous or overhead items (non-labor costs). Do not include costs applicable to excluded areas reported on line 9 and 10. Include costs for contract CRNA and intern and resident services (these costs are also to be reported on lines 2 and 7 respectively). Include on this line contract pharmacy and laboratory wage costs as defined below.

In general, for contract labor, the minimum requirement for supporting documentation is the contract itself. If the wage costs, hours, and non-labor costs are not clearly specified in the contract, then other documentation are necessary, such as a representative sample of invoices which specify the wage costs, hours, and non-labor costs or a signed declaration from the vendor in conjunction with a sample of invoices. Hospitals must be able to provide such documentation when requested by the contractor or Medicare administrative contractor. A hospital’s failure to provide adequate supporting documentation may result in the cost being disallowed for the wage index.

Direct patient care services include nursing, diagnostic, therapeutic, and rehabilitative services. Report only personnel costs associated with these contracts. DO NOT apply the guidelines for contracted therapy services under §1861(v)(5) of the Act and 42 CFR 413.106. Eliminate all supplies, travel expenses, and other miscellaneous items. Direct patient care contracted labor, for purposes of this worksheet, DOES NOT include the following: services paid under Part B: (e.g., physician clinical services, physician assistant services), management and consultant contracts, billing services, legal and accounting services, clinical psychologist and clinical social worker services, housekeeping services, security personnel, planning contracts, independent financial audits, or any other service not directly related to patient care.
Include the amount paid for **top level management services**, as defined below, furnished under contract rather than by employees. Report only those personnel costs associated with the contract. Eliminate all supplies, travel expenses, and other miscellaneous items. Contract management is limited to the personnel costs for those individuals who are working at the hospital facility in the capacity of chief executive officer, chief operating officer, chief financial officer, or nursing administrator. The titles given to these individuals may vary from the titles indicated above. However, the individual should be performing those duties customarily given these positions.

For purposes of this worksheet, contract top level management services DO NOT include the following: other management or administrative services (to be included on lines 12 or 28; see instructions), physician Part A services, consultative services, clerical and billing services, legal and accounting services, unmet physician guarantees, physician services, planning contracts, independent financial audits, or any services other than the top level management contracts listed above. Per instructions on Worksheet S-2, Part II, for direct patient care, pharmacy and laboratory contracts, submit to your Medicare contractor the types of services, wages, and associated hours; for top level management contracts, submit the aggregate wages and hours.

If you have no contracts for direct patient care or management services as defined above, enter a zero in column 1. If you are unable to accurately determine the number of hours associated with contracted labor, enter a zero in column 1.

**Contract pharmacy services** are furnished under contract, rather than by employees. DO NOT include the following services paid under Part B (e.g., physician clinical services, physician assistant services), management and consultant contracts, clerical and billing services, legal and accounting services, housekeeping services, security personnel, planning contracts, independent financial audits, or any other service not directly related to patient care. Report only personnel costs associated with the contracts. DO NOT include costs for equipment, supplies, travel expenses, or other miscellaneous items. Per instructions on Worksheet S-2, Part II, submit to your contractor the following for direct patient care pharmacy contracts: the types of services, wages, and associated hours.

**Contract laboratory services** are furnished under contract, rather than by employees. DO NOT include the following services paid under Part B (e.g., physician clinical services, physician assistant services), management and consultant contracts, clerical and billing services, legal and accounting services, housekeeping services, security personnel, planning contracts, independent financial audits, or any other service not directly related to patient care. Report only personnel costs associated with the contracts. DO NOT include costs for equipment, supplies, travel expenses, or other miscellaneous items. Per instructions on Worksheet S-2, Part II, submit to your contractor the following for direct patient care laboratory contracts: the types of services, wages, and associated hours.

**Line 12**—Enter the amount paid for **management and administrative services** furnished under contract, rather than by employees. Include on this line contract management and administrative services associated with cost centers other than those listed on lines 26 through 43 (and their subscripts) of this worksheet that are included in the wage index.

Examples of contract management and administrative services that would be reported on line 12 include department directors, administrators, managers, ward clerks, and medical secretaries. Report only those personnel costs associated with the contract. DO NOT include on line 12 any contract labor costs associated with lines 26 through 43 and subscripts for these lines. DO NOT include the costs for contract top level management: chief executive officer, chief operating officer, and nurse administrator; these services are included on line 11. DO NOT include costs for equipment, supplies, travel expenses, or other miscellaneous items.
Line 13--Enter from your records the amount paid under contract (as defined on line 11) for Part A physician services, excluding teaching physician services. Also include Part A teaching physicians under contract on this line. DO NOT include contract I & R services (to be included on line 7). DO NOT include the costs for Part A physician services from the home office allocation and/or from related organizations (to be reported on line 15). Also, DO NOT include Part A physician contracts for any of the management positions reported on line 11.

Line 14--Enter the salaries and wage-related costs (as defined on lines 17 and 18) paid to personnel who are affiliated with a home office and/or related organization, who provide services to the hospital, and whose salaries are not included on Worksheet A, column 1. In addition, add the home office/related organization salaries included on line 8 and the associated wage-related costs. This figure must be based on recognized methods of allocating an individual's home office/related organization salary to the hospital. If no home office/related organization exists or if you cannot accurately determine the hours associated with the home office/related organization salaries that are allocated to the hospital, then enter a zero in column 1. All costs for any related organization must be shown as the cost to the related organization.

NOTE: Do not include any costs for Part A physician services from the home office allocation and/or related organizations. These amounts are reported on line 15.

If a wage related cost associated with the home office is not “core” (as described in the Worksheet S-3, Part IV) and is not a category included in “other” wage related costs on line 18 (see Worksheet S-3, Part IV and line 18 instructions below), the cost cannot be included on line 14. For example, if a hospital’s employee parking cost does not meet the criteria for inclusion as a wage-related cost on line 18, any parking cost associated with home office staff cannot be included on line 14.

Line 15--Enter from your records the salaries and wage-related costs for Part A physician services, excluding teaching physician Part A services from the home office allocation and/or related organizations. Subscript this line and report separately on line 16 the salaries and wage-related costs for Part A teaching physicians from the home office allocation and/or related organizations.

Lines 17 through 25--In general, the amount reported for wage-related costs must meet the "reasonable cost" provisions of Medicare. For example, in developing pension and deferred compensation costs, hospitals must comply with the requirements in 42 CFR 413.100 and the Pub. 15-1, §§ 2140, 2141 and 2142 (see discussion in 73 FR, page 48581, dated August 19, 2008).

For those wage-related costs that are not covered by Medicare reasonable cost principles, a hospital shall use generally accepted accounting principles (GAAP). For example, for purposes of the wage index, disability insurance cost should be developed using GAAP. Hospital are required to complete Worksheet S-3, Part IV, a reconciliation worksheet to aid hospital and contractors in implementing GAAP when developing wage-related costs. Upon request by the contractor or CMS, hospitals must provide a copy of the GAAP pronouncement, or other documentation, showing that the reporting practice is widely accepted in the hospital industry and/or related field as support for the methodology used to develop the wage-related costs. If a hospital does not complete Worksheet S-3, Part IV, or, the hospital is unable, when requested, to provide a copy of the standard used in developing the wage-related costs, the contractor may remove the cost from the hospital’s Worksheet S-3 due to insufficient documentation to substantiate the wage-related cost relevant to GAAP.

NOTE: All costs for any related organization must be shown as the cost to the related organization. (For Medicare cost reporting principles, see Pub. 15 T5-1, §1000. For GAAP, see FASB 57.) If a hospital’s consolidation methodology is not in accordance with GAAP or if there are any amounts in the methodology that cannot be verified by the contractor, the contractor may apply the hospital’s cost to charge ratio to reduce the related party expenses to cost.
NOTE: All wage-related costs, including FICA, workers compensation, and unemployment compensation taxes, associated with physician services are to be allocated according to the services provided; that is, those taxes and other wage-related costs attributable to Part A administrative services must be placed on line 22, along with Part A teaching services, and Part B (patient care services) on line 23. Line 17 must not include wage-related costs that are associated with physician services.

**Line 17**—Enter the core wage-related costs from. (See note below for costs that are not to be included on line 17). Only the wage-related costs reported on Worksheet S-3, Part IV, line 24 are reported on this line. (Wage-related costs are reported in column 2, not column 1, of Worksheet A.)

NOTE: Do not include wage-related costs applicable to the excluded areas reported on lines 9 and 10. Instead, these costs are reported on line 19. Also, do not include the wage-related costs for physicians Parts A and B, non-physician anesthetists Parts A and B, interns and residents in approved programs, and home office personnel. (See lines 14, 15, and 20 through 25.)

**Health Insurance and Health-Related Wage Related Costs:**

Hospitals and contractors are not required to remove from domestic claims costs the personnel costs associated with hospital staff who deliver services to employees. Additionally, health related costs, that is, costs for employee physicals and inpatient and outpatient services that are not covered by health insurance but provided to employees at no cost or at a discount, are to be included as a core wage related cost.

**Line 18**—Enter the wage-related costs that are considered an exception to the core list. (See note below for costs that are not to be included on line 18.) In order for a wage-related cost to be considered an exception, it must meet all of the following tests:

a. The cost is not listed on Worksheet S-3, Part IV,

b. The wage-related cost has not been furnished for the convenience of the provider,

c. The wage-related cost is a fringe benefit as defined by the Internal Revenue Service and, where required, has been reported as wages to IRS (e.g., the unrecovered cost of employee meals, education costs, auto allowances), and

d. The total cost of the particular wage-related cost for employees whose services are paid under IPPS exceeds 1 percent of total salaries after the direct excluded salaries are removed (Worksheet S-3, Part III, column 4, line 3). Wage-related cost exceptions to the core list are not to include those wage-related costs that are required to be reported to the Internal Revenue Service as salary or wages (i.e., loan forgiveness, sick pay accruals). Include these costs in total salaries reported on line 1 of this worksheet.

NOTE: Do not include wage-related costs applicable to the excluded areas reported on lines 9 and 10. Instead, these costs are reported on line 19. Also, do not include the wage-related costs for physician Parts A and B, non-physician anesthetists Parts A and B, interns and residents in approved programs, and home office personnel.

**Line 19**—Enter the total (core and other) wage-related costs applicable to the excluded areas reported on lines 9 and 10.

**Lines 20 through 25**—Enter from your records the wage-related costs for each category of employee listed. The costs are the core wage related costs plus the other wage-related costs. Do not include wage-related costs for excluded areas reported on line 19. Include the wage related costs for Part A teaching physicians on line 22. On line 23, do not include wage-related costs related to non-physician salaries reported for Hospital-based RHCs and FQHCs services included on Worksheet A,
column 1, lines 88 and/or 89, as applicable. These wage-related costs are reported separately on line 24.

Lines 26 through 43--Enter the direct wages and salaries from Worksheet A column 1 for the appropriate cost center identified on lines 26 through 43, respectively, increased by the amounts paid for vacation, holiday, sick, and PTO if not reported in column 1 of these lines. These lines provide for the collection of hospital wage data for overhead costs to properly allocate the salary portion of the overhead costs to the appropriate service areas for excluded units. These lines are completed by all hospitals if the ratio of Part II, column 5, sum of lines 9 and 10 divided by the result of column 5, line 1 minus the sum of lines 2, 3, 5, 6, 7, and 8 equals or exceeds a threshold of 15 percent. However, all hospitals with a ratio greater than 5 percent must complete line 7 of Part III for all columns. Calculate the percent to two decimal places for purposes of rounding.

Lines 28, 33, and 35--Enter the amount paid for services performed under contract, rather than by employees, for administrative and general, housekeeping, and dietary services, respectively. DO NOT include costs for equipment, supplies, travel expenses, and other miscellaneous or overhead items. Report only personnel costs associated with these contracts. Continue to report on the standard lines (line 27, 32, and 34), the amounts paid for services rendered by employees not under contract.

Line 28--A&G costs are expenses a hospital incurs in carrying out its administrative and/or general management functions. Include on line 28 the contract services that are included on Worksheet A, line 5 and subscripts, column 2 (“Administrative and General”). Contract information and data processing services, legal, tax preparation, cost report preparation, and purchasing services are examples of contract labor costs that would be included on Worksheet S-3, Part II, line 28. Do not include on line 28 the costs for top level management contracts (these costs are reported on line 11).

NOTE: Do not include overhead costs on lines 11 and 12.

Column 3--Enter on each line, as appropriate, the salary portion of any reclassifications made on Worksheet A-6.

Column 4--Enter on each line the result of column 2 plus or minus column 3.

Column 5--Enter on each line the number of paid hours corresponding to the amounts reported in column 4. Paid hours include regular hours (including paid lunch hours), overtime hours, paid holiday, vacation and sick leave hours, paid time-off hours, and hours associated with severance pay. For Part II, lines 1 through 15 (including subscripts), lines 26 through 43 (including subscripts), and Part III, line 7, if the hours cannot be determined, then the associated salaries must not be included in columns 2 through 4.

NOTE: The hours must reflect any change reported in column 3; For employees who work a regular work schedule, on call hours are not to be included in the total paid hours (on call hours should only relate to hours associated to a regular work schedule; overtime hours are calculated as one hour when an employee is paid time and a half. No hours are required for bonus pay. The intern and resident hours associated with the salaries reported on line 6 must be based on 2080 hours per year for each full time intern and resident employee. The hours reported for salaried employees who are paid a fixed rate are recorded as 40 hours per week or the number of hours in your standard work week.

NOTE: For workers who are contracted solely for the purpose of providing services on-call, the wages and associated hours must be included on the appropriate contract labor line on Worksheet S-3.

Column 6--Enter on all lines (except lines 17 through 25) the average hourly wage resulting from dividing column 4 by column 5.
4005.3 Part III - Hospital Wage Index Summary.--This worksheet provides for the calculation of a hospital’s average hourly wage (without overhead allocation, occupational mix adjustment, and inflation adjustment) as well as analysis of the wage data.

Columns 1 through 6--Follow the same instructions discussed in Part II, except for column 6, line 5.

Line 1--From Part II, enter the result of line 1 minus the sum of lines 2, 3, 4, 5, 6, 7, and 8. Add to this amount line: 28, 33, and 35.

Line 2--From Part II, enter the sum of lines 9 and 10.

Line 3--Enter the result of line 1 minus line 2.

Line 4--From Part II, enter the sum of lines 11, 12, 13, 14, and 15 and subscripts if applicable.

Line 5--From Part II, enter the sum of lines 17, 18, and 22. Enter on this line in column 6 the wage-related cost percentage computed by dividing Part III, column 4, line 5, by Part III, column 4, line 3. Round the result to 2 decimal places.

Line 6--Enter the sum of lines 3 through 5.

Line 7--Enter from Part II above, the sum of lines 26 through 43. If the hospital’s ratio for excluded area salaries to net salaries is greater than 5 percent, the hospital must complete all columns for this line. (See instructions in Part II, lines 26 through 43 for calculating the percentage.)

4005.4 Part IV - Wage Related Costs.--The hospital must provide the contractor with a complete list of all core wage related costs included in Part II (section 4005.2), lines 17 and 19 through 25. This worksheet provides for the identification of such costs.

The hospital must determine whether each wage related cost “other than core”, reported on line 25, exceeds one (1) percent of the total adjusted salaries net of excludable salaries and meets all of the following criteria:

- The costs are not listed on lines 1 through 23, “Wage Related Costs Core”
- If any of the additional wage related cost applies to the excluded areas of the hospital, the cost associated with the excluded areas has been removed prior to making the 1 percent threshold test.
- The wage related cost has been reported to the IRS, as a fringe benefit if so required by the IRS.
- The individual wage related cost is not included in salaries reported on Worksheet S-3, Part II, Column 3, Line 17.
- The wage related cost is not being furnished for the convenience of the employer.

For wage related costs not covered by Medicare reasonable cost principles, a hospital shall use GAAP in reporting wage related costs. In addition, some costs such as payroll taxes, which are reported as a wage related cost(s) on Worksheet S-3, Part IV, are not considered fringe benefits for Medicare cost finding.

Enter on each line as applicable the corresponding amount from you accounting books and/or records.

4005.5 Part V - Contract Labor and Benefit Costs.--This section identifies the contract labor costs and benefit costs for the hospital complex and applicable subproviders and units.

Identify the contract labor costs and benefit costs for each component on the applicable line.
In accordance with 42 CFR 413.20(a), 42 CFR 413.24(a), and 42 CFR 413.24(c), you are required to maintain statistical records for proper determination of costs payable under titles V, XVIII, and XIX. The statistics required on this worksheet pertain to a hospital-based home health agency. The data maintained is dependent upon the services provided by the agency, number of program home health aide hours, total agency home health aide hours, program unduplicated census count, and total unduplicated census count. In addition, FTE data are required by employee staff, contracted staff, and total. Complete a separate S-4 for each hospital-based home health agency.

**Line 1**--Enter the number of hours applicable to home health aide services.

**Line 2**--Enter the unduplicated count of all individual patients and title XVIII patients receiving home visits or other care provided by employees of the agency or under contracted services during the reporting period. Count each individual only once. However, because a patient may be covered under more than one health insurance program, the total census count (column 5, line 2) may not equal the sum of columns 1 through 4, line 2. For purposes of calculating the unduplicated census, if a beneficiary has received healthcare in more than one CBSA, you must prorate the count of that beneficiary so as not to exceed a total of 1. A provider is to also query the beneficiary to determine if he or she has received healthcare from another provider during the year, e.g., Maine versus Florida for beneficiaries with seasonal residence.

**Lines 3 through 18**--Lines 3 through 18 provide statistical data related to the human resources of the HHA. The human resources statistics are required for each of the job categories specified in lines 3 through 18.

Enter the number of hours in your normal work week.

Report in column 1 the full time equivalent (FTE) employees on the HHA’s payroll. These are staff for which an IRS Form W-2 is used.

Report in column 2 the FTE contracted and consultant staff of the HHA.

Compute staff FTEs for column 1 as follows. Add all hours for which employees were paid and divide by 2080 hours. Round to two decimal places, e.g., .04447 is rounded to .04. Compute contract FTEs for column 2 as follows. Add all hours for which contracted and consultant staff worked and divide by 2080 hours.

If employees are paid for unused vacation, unused sick leave, etc., exclude these paid hours from the numerator in the calculations.

**Line 19**--Enter in column 1 the number of CBSAs that you serviced during this cost reporting period.

**Line 20**--Identify each CBSA where the reported HHA visits are performed by entering the 5 digit CBSA code and Non-CBSA (rural) code as applicable. Subscript the lines to accommodate the number of CBSAs you service. Rural CBSA codes are assembled by placing the digits “999” in front of the two digit State code, e.g., for the State of Maryland the rural CBSA code is 99921.

**PPS Activity Data**--Applicable for Medicare Services.

In accordance with 42 CFR §413.20 and §1895 of the Social Security Act, home health agencies transitioned from a cost based reimbursement system to a prospective payment system (PPS) effective for home health services rendered on or after October 1, 2000.
The statistics required on this worksheet pertain to home health services furnished on or after October 1, 2000. The data to be maintained, depending on the services provided by the agency, includes the number of aggregate program visits furnished in each episode of care payment category for each covered discipline, the corresponding aggregate program charges imposed in each episode of care payment category for each covered discipline, total visits and total charges for each episode of care payment category, total number of episodes and total number of outlier episodes for each episode of care payment category, and total medical supply charges for each episode of care payment category.

HHA Visits--See Pub. 15-2, chapter 32, §3205, page 32-13 for the definition of an HHA visit.

Episode of Care--Under home health PPS the 60 day episode is the basic unit of payment where the episode payment is specific to one individual beneficiary. Beneficiaries are covered for an unlimited number of non-overlapping episodes. The duration of a full length episode will be 60 days. An episode begins with the start of care date and must end by the 60th day from the start of care.

Less than a full Episode of Care--When 4 or fewer visits are provided by the HHA in a 60 day episode period, the result is a low utilization payment adjustment (LUPA). In this instance the HHA will be reimbursed based on a standardized per visit payment.

An episode may end before the 60th day in the case of a beneficiary elected transfer, or a discharge and readmission to the same HHA (including for an intervening inpatient stay). This type of situation results in a partial episode payment (PEP) adjustment.

Use lines 21 through 32 to identify the number of visits and the corresponding visit charges for each discipline for each episode payment category. Lines 33 and 35 identify the total number of visits and the corresponding charges, respectively, for each episode payment category. Line 36 identifies the total number of episodes completed for each episode payment category. Line 37 identifies the total number of outlier episodes completed for each episode payment category. Outlier episodes do not apply to 1) Full Episodes without Outliers and 2) LUPA Episodes. Line 38 identifies the total medical supply charges incurred for each episode payment category. Column 5 displays the sum total of data for columns 1 through 4. The statistics and data required on this worksheet are obtained from the provider statistical and reimbursement (PS&R) report.

When an episode of care is initiated in one fiscal year and concludes in the subsequent fiscal year, all statistical data (i.e., cost, charges, counts, etc…) associated with that episode of care will appear on the PS&R of the fiscal year in which the episode of care is concluded. Similarly, all data required in the cost report for a given fiscal year must only be associated with services rendered during episodes of care that conclude during the fiscal year. Title XVIII visits reported on this worksheet will not agree with the title XVIII visits reported on Worksheet H-3, sum of columns 2 and 3, line 14.

Columns 1 through 4--Enter data pertaining to title XVIII patients only. Enter, as applicable, in the appropriate columns 1 through 4, lines 21 through 32, the number of aggregate program visits furnished in each episode of care payment category for each covered discipline and the corresponding aggregate program visit charges imposed for each covered discipline for each episode of care payment category. The visit counts and corresponding charge data are mutually exclusive for all episode of care payment categories. For example, visit counts and the corresponding charges that appear in column 4 (PEP only Episodes) will not include any visit counts and corresponding charges that appear in column 3 (LUPA Episodes) and vice versa. This is true for all episode of care payment categories in columns 1 through 4.
Line 33--Enter in columns 1 through 4 for each episode of care payment category, respectively, the sum total of visits from lines 21, 23, 25, 27, 29 and 31.

Line 34--Enter in columns 1 through 4 for each episode of care payment category, respectively, the charges for services paid under PPS and not identified on any previous lines.

Line 35--Enter in columns 1 through 4 for each episode of care payment category, respectively, the sum total of visit charges from lines 22, 24, 26, 28, 30, 32 and 34.

Line 36--Enter in columns 1 through 4 for each episode of care payment category, respectively, the total number of episodes (standard/non-outlier) of care rendered and concluded in the provider’s fiscal year.

Line 37--Enter in columns 2 and 4 for each episode of care payment category identified, respectively, the total number of outlier episodes of care rendered and concluded in the provider’s fiscal year. Outlier episodes do not apply to columns 1 and 3 (Full Episodes without Outliers and LUPA Episodes, respectively).

NOTE: Lines 36 and 37 are mutually exclusive.

Line 38--Enter in columns 1 through 4 for each episode of care payment category, respectively, the total non-routine medical supply charges for services rendered and concluded in the provider’s fiscal year.

Column 5--Enter on lines 21 through 37, respectively, the sum total of amounts from columns 1 through 4.
4007. WORKSHEET S-5 - HOSPITAL RENAL DIALYSIS DEPARTMENT STATISTICAL DATA

In accordance with 42 CFR 413.20(a), 42 CFR 413.24(a), and 42 CFR 413.24(c), you are required to maintain statistical records for proper determination of costs payable under the Medicare program. The statistics reported on this worksheet pertain to the renal dialysis department. The data maintained, depending on the services provided by the hospital, includes patient data, the number of treatments, number of stations, and home program data.

If you have more than one renal dialysis department, submit one Worksheet S-5 combining all of the renal dialysis departments’ data. You must also have on file (as supporting documentation), a Worksheet S-5 for each renal dialysis department and the appropriate workpapers. File this documentation with exception requests in accordance with CMS Pub. 15-1, §2720. Also enter on the combined Worksheet S-5 the applicable data for each renal dialysis satellite for which you are separately certified (that is, a satellite for which you were issued a satellite CCN).

Column Descriptions

Columns 1 and 2--Include in these columns information regarding outpatient hemodialysis patients. **Do not include information regarding intermittent peritoneal dialysis.** In column 2, report information if you are using high flux dialyzers.

Columns 3 through 6--Report information concerning the provider’s training and home programs. **Do not include intermittent peritoneal dialysis information in columns 3 and 5.**

Line Descriptions

Line 1--Enter the number of patients receiving dialysis at the end of the cost reporting period.

Line 2--Enter the average number of times patients receive dialysis per week. For CAPD and CCPD patients, enter the number of exchanges per day.

Line 3--Enter the average time for furnishing a dialysis treatment.

Line 4--Enter the average number of exchanges for CAPD.

Line 5--Enter the number of days dialysis is furnished during the cost reporting period.

Line 6--Enter the number of stations used to furnish dialysis treatments at the end of the cost reporting period.

Line 7--Enter the number of treatments furnished per day per station. This number represents the number of treatments that the facility can furnish not the number of treatments actually furnished.

Line 8--Enter your utilization. Compute this number by dividing the number of treatments furnished by the product of lines 5, 6, and 7. This percentage cannot exceed 100 percent.

Line 9--Enter the number of times your facility reuses dialyzers. This number is the average number of times patients reuse a dialyzer. If none, enter zero.

Line 10--Enter the percentage of patients that reuse dialyzers.

Line 11--Enter the number of patients who are awaiting a transplant at the end of the cost reporting period.
Line 12--Enter the number of patients who received a transplant during the fiscal year.

Line 13--Enter the direct product cost net of discount and rebates for Epoetin (EPO). Include all EPO cost for patients receiving outpatient, home (method I or II), or training dialysis treatments. This amount includes EPO cost furnished in the renal department or any other department if furnished to an end stage renal disease dialysis patient. Report on this line the amount of EPO cost included in line 74 of Worksheet A.

Line 14--Based on the instructions contained on line 13, enter the amount of Epoetin included on line 94 (home dialysis program) from Worksheet A.

Line 15--Enter the number of EPO units furnished relating to the renal dialysis department.

Line 16--Enter the number of EPO units furnished relating to the home dialysis program.

Line 17--Enter the direct product cost net of discount and rebates for Darbepoetin Alfa (Aranesp) Include all Aranesp cost for patients receiving outpatient, home (method I or II), or training dialysis treatments. This amount includes Aranesp cost furnished in the renal department or any other department if furnished to an end stage renal disease dialysis patient. Report on this line the amount of Aranesp cost included in line 74 of Worksheet A.

Line 18--Based on the instructions contained on line 17, enter the dollar amount of Aranesp included on line 94 (home dialysis program) from Worksheet A.

Line 19--Enter the number of micrograms (mcgrs) of Aranesp furnished relating to the renal dialysis department.

Line 20--Enter the number of micrograms of Aranesp furnished relating to the home dialysis program.

Line 21--Identify how physicians are paid for medical services provided to Medicare beneficiaries. Under the monthly capitation payment (MCP) methodology, contractors pay physicians for their Part B medical services. Under the initial method, the renal facility pays for physicians’ Part B medical services. The facility’s payment rate is increased in accordance with 42 CFR 414.313. There are a limited number of facilities electing this method.
In accordance with 42 CFR 413.20(a), 42 CFR 413.24(a), and 42 CFR 413.24(c), maintain statistical records for proper determination of costs payable under the Medicare program. The statistics reported on this worksheet pertain to hospital-based community mental health centers (CMHCs), comprehensive outpatient rehabilitation facilities (CORFs), outpatient rehabilitation facilities (ORFs) which generally furnishes outpatient physical therapy (OPT), outpatient occupational therapy (OOT), or outpatient speech pathology (OSP). If you have more than one hospital-based component, complete a separate worksheet for each facility.

Additionally, only CMHCs are required to complete the corresponding Worksheet J series. However, all CMHCs, CORFs, ORFs, OPTs, OOTs, and OSPs must complete the applicable Worksheet A cost center for the purpose of overhead allocation.

This worksheet provides statistical data related to the human resources of the community mental health center. FTE data is required by employee staff, contracted staff, and total. The human resources statistics are required for each of the job categories specified on lines 1 through 17. Enter any additional categories needed on line 18.

Enter the number of hours in your normal work week in the space provided.

Report in column 1 the full time equivalent (FTE) employees on the outpatient rehabilitation provider's payroll. These are staff for which an IRS Form W-2 was issued.

Report in column 2 the FTE contracted and consultant staff of the outpatient rehabilitation provider.

Compute staff FTEs for column 1 as follows. Add hours for which employees were paid divided by 2080 hours, and round to two decimal places, e.g., round 0.0447 to 0.04. Compute contract FTEs for column 2 as follows. Add all hours for which contracted and consultant staff worked divided by 2080 hours, and round to two decimal places.

If employees are paid for unused vacation, unused sick leave, etc., exclude the paid hours from the numerator in the calculations.
In accordance with 42 CFR 413.60(a), 42 CFR 413.24(a), and 42 CFR 413.40(c), you are required to maintain statistical records for proper determination of costs payable under the Medicare program. Public Law 105-33 (Balanced Budget Act of 1997) requires that all SNFs be reimbursed under PPS for cost reporting periods beginning on and after July 1, 1998.

**Line 1**—If this facility contains a hospital-based SNF, if all patients were covered under managed care or if there was no Medicare utilization, enter “Y” for yes. If the response is yes, do not complete the rest of this worksheet.

**Line 2**—Does this hospital have an agreement under either section 1883 or 1913 of the Act for swingbeds? Enter “Y” for yes or “N” for no in column 1. If yes, enter arrangement date (mm/dd/yyyy) in column 2.

**Column Descriptions for Lines 3 Through 200**

**Column 1**—The case mix resource utilization group (RUGs) designations are already entered in this column.

**Column 2**—Enter the number of days associated with SNF services. All SNF payment data will be reported as a total amount paid under the RUG PPS payment system on Worksheet E-3, Part VI, line 1 and will be generated from the PS&R or your records.

**Column 3**—Enter the number of days associated with the swing beds. All swingbed SNF payment data will be reported as a total amount paid under the RUG PPS payment system on Worksheet E-2, line 1 and will be generated from the PS&R or your records.

**Column 4**—Enter the sum total of columns 2 and 3.

**Line 201**—Enter in column 1, the CBSA code in effect at the beginning of the cost reporting period. Enter in column 2, the CBSA code in effect on or after October 1 of the current cost reporting period, if applicable.

**Lines 202 through 206**—A notice published in the August 4, 2003, Federal Register, Vol. 68, No. 149 provided for an increase in RUG payments to hospital based SNFs for payments on or after October 1, 2003. Congress expects this increase to be used for direct patient care and related expenses. Lines 202 through 206 are identified as following: 202 - Staffing, 203 - Recruitment, 204 - Retention of Employees, 205 - Training, and 206 - Other. Enter in column 1 the direct patient care expenses and related expenses in accordance with the above referenced Federal Register citation. Enter in column 2 the ratio, expressed as a percentage, of total expenses for each category to total SNF revenue from Worksheet G-2, Part I, line 7, column 3. For each line, indicate in column 3 whether the increased RUG payments received reflects increases associated with direct patient care and related expenses by responding “Y” for yes. Indicate “N” for no if there was no increase in spending in any of these areas. If the increased spending is in an area not previously identified in areas one through four, identify on the “Other (Specify)” line(s), the cost center(s) description and the corresponding information as indicated above.
In accordance with 42 CFR 413.20(a), 42 CFR 413.24(a), and 42 CFR 413.24(c), you are required to maintain separate statistical records for proper determination of costs payable under the Medicare program. The statistics reported on this worksheet pertain to provider-based rural health clinics (RHCs) and provider-based federally qualified health centers (FQHCs). If you have more than one of these clinics, complete a separate worksheet for each facility. RHCs and FQHCs may elect to file a consolidated cost report pursuant to CMS Pub. 100-4, chapter 9, §30.8.

Lines 1 and 2—Enter the full address of the RHC/FQHC.

Line 3—For FQHCs only, enter your appropriate designation of “R” for rural or “U” for urban. See §505.2 of the RHC/FQHC Manual for information regarding urban and rural designations. If you are uncertain of your designation, contact your contractor. RHCs do not complete this line.

Lines 4 through 9—in column 1, enter the applicable grant award number(s). In column 2, enter the date(s) awarded.

Line 10—if the facility provides other than RHC or FQHC services (e.g., laboratory or physician services), answer “Y” for yes and enter the type of operation on subscripts of line 11, otherwise enter “N” for no.

Line 11—Enter in columns 1 through 14 the starting and ending hours in the applicable columns for the days that the facility is available to provide RHC/FQHC services. Enter the starting and ending hours in the applicable columns 1 through 14 for the days that the facility is available to provide other than RHC/FQHC services. When entering time do so as military time, e.g., 2:00 p.m. is 1400.

Line 12—Have you received an approval for an exception to the productivity standards? Enter a “Y” for yes or an “N” for no.

Line 13—Is this a consolidated cost report as defined in the Rural Health Clinic Manual? If yes, enter in column 2 the number of providers included in this report, complete line 14, and complete only one worksheet series M for the consolidated group. If no, complete a separate worksheet S-8 for each component accompanied by a corresponding worksheet M series.

Line 14—Identify provider’s name and CCN number filing the consolidated cost report.

Line 15—Are you claiming allowable GME costs as a result of your substantial payment for interns and residents? If yes, enter the number of program visits in the appropriate column performed by interns and residents.
4011. WORKSHEET S-9 - HOSPICE IDENTIFICATION DATA

In accordance with 42 CFR 418.310 hospice providers of service participating in the Medicare program are required to submit annual information for health care services rendered to Medicare beneficiaries. Also, 42 CFR 418.20 requires cost reports from providers on an annual basis. The data submitted on the cost reports supports management of Federal programs. The statistics required on this worksheet pertain to a hospital-based hospice. Complete a separate Worksheet S-9 for each hospital-based hospice.

4011.1 Part I - Enrollment Days.--

NOTE: Columns 1 and 2 contain the days identified in column 3 and 4. Column 3 and 4 identify the SNF and NF days out of the total for title XVIII and XIX.

Lines 1-4--Enter on lines 1 through 4 the enrollment days applicable to each type of care. Enrollment days are unduplicated days of care received by a hospice patient. A day is recorded for each day a hospice patient receives one of four types of care. Where a patient moves from one type of care to another, count only one day of care for that patient for the last type of care rendered. For line 4, an inpatient care day should be reported only where the hospice provides or arranges to provide the inpatient care.

Line 5--Enter the total of columns 1 through 6 for lines 1 through 4.

For the purposes of the Medicare and Medicaid hospice programs, a patient electing hospice can receive only one of the following four types of care per day:

**Continuous Home Care Day** - A continuous home care day is a day on which the hospice patient is not in an inpatient facility. A day consists of a minimum of 8 hours and a maximum of 24 hours of predominantly nursing care. **Note: Convert continuous home care hours into days so that a true accountability can be made of days provided by the hospice.**

**Routine Home Care Day** - A routine home care day is a day on which the hospice patient is at home and not receiving continuous home care.

**Inpatient Respite Care Day** - An inpatient respite care day is a day on which the hospice patient receives care in an inpatient facility for respite care.

**General Inpatient Care Day** - A general inpatient care day is a day on which the hospice patient receives care in an inpatient facility for pain control or acute or chronic symptom management which cannot be managed in other settings.

COLUMN DESCRIPTIONS

Column 1--Enter only the unduplicated Medicare days applicable to the four types of care. Enter on line 5 the total unduplicated Medicare days.

Column 2--Enter only the unduplicated Medicaid days applicable to the four types of care. Enter on line 5 the total unduplicated Medicaid days.

Column 3--Enter only the unduplicated days applicable to the four types of care for all Medicare hospice patients residing in a skilled nursing facility. Enter on line 5 the total unduplicated days.

Column 4--Enter only the unduplicated days applicable to the four types of care for all Medicaid hospice patients residing in a nursing facility. Enter on line 5 the total unduplicated days.
Column 5--Enter in column 5 only the days applicable to the four types of care for all other non Medicare or Medicaid hospice patients. Enter on line 5 the total unduplicated days.

Column 6--Enter the total days for each type of care, (i.e., sum of columns 1, 2 and 5). The amount entered in column 6, line 5 should represent the total days provided by the hospice.

NOTE: Convert continuous home care hours into days so that column 6 line 8 reflects the actual total number of days provided by the hospice.

4011.2 Part II - Census Data.--

NOTE: Columns 1 and 2 contain the days identified in columns 3 and 4. Columns 3 and 4 identify the SNF and NF days out of the total for title XVIII and XIX.

Line 6--Enter the total number of patients receiving hospice care within the cost reporting period for the appropriate payer source.

The total under this line should equal the actual number of patients served during the cost reporting period for each program. Thus, if a patient’s total stay overlapped two reporting periods, the stay should be counted once in each reporting period. The patient who initially elects the hospice benefit, is discharged or revokes the benefit, and then elects the benefit again within a reporting period is considered to be a new admission with a new election and should be counted twice.

A patient transferring from another hospice is considered to be a new admission and would be included in the count. If a patient entered a hospice under a payer source other than Medicare and then subsequently elects Medicare hospice benefit, count the patient once for each pay source.

The difference between line 6 and line 9 is that line 6 should equal the actual number of patients served during the reporting period for each program, whereas under line 9, patients are counted once, even if their stay overlaps more than one reporting period.

Line 7--Enter the total title XVIII Unduplicated Continuous Care hours billable to Medicare. When computing the Unduplicated Continuous Care hours, count only one hour regardless of number of services or therapies provided simultaneously within that hour.

Line 8--Enter the average length of stay for the reporting period. Include only the days for which a hospice election was in effect. The average length of stay for patients with a payer source other than Medicare and Medicaid is not limited to the number of days under a hospice election. Line 5 divided by Line 6.

The statistics for a patient who had periods of stay with the hospice under more than one program is included in the respective columns. For example, patient A enters the hospice under Medicare hospice benefit, stays 90 days, revokes the election for 70 days (and thus goes back into regular Medicare coverage), then reelects the Medicare hospice benefits for an additional 45 days, under a new benefit period and dies (patient B).

Medicare patient C was in the program on the first day of the year and died on January 29 for a total length of stay of 29 days. Patient D was admitted with private insurance for 27 days, then their private insurance ended and Medicaid covered an additional 92 days. Patient E, with private insurance, received hospice care for 87 days. The average length of stay (LOS) (assuming these are the only patients the hospice served during the cost reporting period) is computed as follow:
Medicare Days (90 & 45 & 29) 164 days
Patient (A, B & C) /3
Average LOS Medicare 54.67 Days
Medicaid Days Patient D (92) 92 Days
Medicaid Patient 1
Average LOS Medicaid 92 Days
Other (Insurance) Days (87 & 27) 114 Days
Other Payments (D & E) 2
Average LOS (Other) 54 Days
All Patients (90+45+29+92+87+27) 370 Days
Total number of patients 6
Average LOS for all patients 61.67 Days

Enter the hospice’s average length of stay, without regard to payer source, in column 6, line 8.

Line 9--Enter the unduplicated census count of the hospice for all patients initially admitted and filing an election statement with the hospice within a reporting period for the appropriate payer source. Do not include the number of patients receiving care under subsequent election periods (See CMS Pub. 21, 204). However, the patient who initially elects the hospice benefit, is discharged or revokes the benefits, and elects the benefit again within the reporting period is considered a new admission with each new election and should be counted twice.

The total under this line should equal the unduplicated number of patients served during the reporting period for each program. Thus, you would not include a patient if their stay was counted in a previous cost reporting period. If a patient enters a hospice source other than Medicare and subsequently becomes eligible for Medicare and elects the Medicare hospice benefit, then count that patient only once in the Medicare column, even though he/she may have had a period in another payer source prior to the Medicare election. A patient transferring from another hospice is considered to be a new admission and is included in the count.
Worksheet S-10 - Hospital Uncompensated and Indigent Care Data—Section 112(b) of the Balanced Budget Refinement Act (BBRA) requires that short-term acute care hospitals (§1886(d) of the Act) submit cost reports containing data on the cost incurred by the hospital for providing inpatient and outpatient hospital services for which the hospital is not compensated. Charity care charge data, as referenced in section 4102 of American Recovery and Reinvestment Act of 2009, may be used to calculate the EHR technology incentive payments made to §1886(d) hospitals and critical access hospitals (CAHs). CAHs, as well as §1886(d) hospitals, will be required to complete this worksheet. Note that this worksheet does not produce the estimate of the cost of treating uninsured patients required for disproportionate share payments under the Medicaid program.

Definitions:

Uncompensated care—Defined as charity care and bad debt which includes non-Medicare bad debt and non-reimbursable Medicare bad debt. Uncompensated care does not include courtesy allowances or discounts given to patients.

Charity care—Health services for which a hospital demonstrates that the patient is unable to pay. Charity care results from a hospital's policy to provide all or a portion of services free of charge to patients who meet certain financial criteria. For Medicare purposes, charity care is not reimbursable and unpaid amounts associated with charity care are not considered as an allowable Medicare bad debt. (Additional guidance provided in the instruction for line 20.)

Non-Medicare bad debt—Health services for which a hospital determines the non-Medicare patient has the financial capacity to pay, but the non-Medicare patient is unwilling to settle the claim. (Additional guidance provided in the instruction for line 25.)

Non-reimbursable Medicare bad debt—The amount of allowable Medicare coinsurance and deductibles considered to be uncollectible but are not reimbursed by Medicare under the requirements of §413.89 of the regulations and of Chapter 3 of the Provider Reimbursement Manual Part 1. (Additional guidance provided in the instruction for line 25.)

Net revenue—Actual payments received or expected to be received from a payer (including co-insurance payments from the patient) for services delivered during this cost reporting period. Net revenue will typically be charges (gross revenue) less contractual allowance. (Applies to lines 2, 9, and 13.)

Instructions:

Cost to charge ratio:

Line 1—Enter the of cost-to-charge ratio resulting from Worksheet C, Part I, line 200, column 3 divided by Worksheet C, Part I, line 200, column 8.

Medicaid

NOTE: The amount on line 18 should not include the amounts on lines 2 and 5. That is, the amounts on lines 2 and 5 are mutually exclusive from the amount on line 18.

Line 2—Enter the inpatient and outpatient payments received or expected for Title XIX covered services delivered during this cost reporting period. Include payments for an expansion SCHIP program, which covers recipients who would have been eligible for coverage under Title XIX. Include payments for all covered services except physician or other professional services, and include payments received from Medicaid managed care programs. If not separately identifiable, disproportionate share (DSH) and supplemental payments should be included in this line. For these payments, report the amount received or expected for the cost reporting period, net of associated provider taxes or assessments.
Line 3--Enter “Y” for yes if you received or expect to receive any DSH or supplemental payments from Medicaid relating to this cost reporting period. Otherwise enter “N” for no.

Line 4--If you answered yes to question 3, enter “Y” for yes if all of the DSH or supplemental payments you received from Medicaid are included in line 2. Otherwise enter “N” for no and complete line 5.

Line 5--If you answered no to question 4, enter the DSH or supplemental payments the hospital received or expects to receive from Medicaid relating to this cost reporting period that were not included in line 2, net of associated provider taxes or assessments.

Line 6--Enter all charges (gross revenue) for Title XIX covered services delivered during this cost reporting period. These charges should relate to the services for which payments were reported on line 2.

Line 7--Calculate the Medicaid cost by multiplying line 1 times line 6.

Line 8--Enter the difference between net revenue and costs for Medicaid by adding line 2 plus line 5 minus line 7.

State Children’s Health Insurance Program:

Line 9--Enter all payments received or expected for services delivered during this cost reporting period that were covered by a stand-alone SCHIP program. Stand-alone SCHIP programs cover recipients who are not eligible for coverage under Title XIX. Include payments for all covered services except physician or other professional services, and include any payments received from SCHIP managed care programs.

Line 10--Enter all charges (gross revenue) for services delivered during this cost reporting period that were covered by a stand-alone SCHIP program. These charges should relate to the services for which payments were reported on line 9.

Line 11--Calculate the stand-alone SCHIP cost by multiplying line 1 times line 10.

Line 12--Enter the difference between net revenue and costs for stand-alone SCHIP by subtracting line 11 from line 9.

Other state or local indigent care program:

Line 13--Enter all payments received or expected for services delivered during this cost reporting period for patients covered by a state or local government indigent care program (other than Medicaid or SCHIP), where such payments and associated charges are identified with specific patients and documented through the provider's patient accounting system. Include payments for all covered services except physician or other professional services, and include payments from managed care programs.

Line 14--Enter all charges (gross revenue) for services delivered during this cost reporting period for patients covered by a state or local government program, where such charges and associated payments are documented through the provider's patient accounting system. These charges should relate to the services for which payments were reported on line 13.

Line 15--Calculate the costs for patients covered by a state or local government program by multiplying line 1 times line 14.

Line 16--Calculate the difference between net revenue and costs for patients covered by a state or local government program by subtracting line 15 from line 13.
Uncompensated care:

**Line 17**--Enter the value of all non-government grants, gifts and investment income received during this cost reporting period that were restricted to funding uncompensated or indigent care. Include interest or other income earned from any endowment fund for which the income is restricted to funding uncompensated or indigent care.

**Line 18**--Enter all grants, appropriations or transfers received or expected from government entities for this cost reporting period for purposes related to operation of the hospital, including funds for general operating support as well as for special purposes (including but not limited to funding uncompensated care). Include funds from the Federal Section 1011 program, if applicable, which helps hospitals finance emergency health services for undocumented aliens. While Federal Section 1011 funds were allotted for federal fiscal years 2005 through 2008, any unexpended funds will remain available after that time period until fully expended even after federal fiscal year 2008. If applicable, report amounts received from charity care pools net of related provider taxes or assessments. Do not include funds from government entities designated for non-operating purposes, such as research or capital projects.

**Line 19**--Calculate the total unreimbursed cost for Medicaid, SCHIP and state and local indigent care programs by entering the sum of lines 8, 12 and 16.

**Line 20**--Enter the total initial payment obligation of patients who are given a full or partial discount based on the hospital’s charity care criteria (measured at full charges), for care delivered during this cost reporting period for the entire facility. For uninsured patients, including patients with coverage from an entity that does not have a contractual relationship with the provider (column 1), this is the patient’s total charges. For patients covered by a public program or private insurer with which the provider has a contractual relationship (column 2), these are the deductible and coinsurance payments required by the payer. Include charity care for all services except physician and other professional services. Do not include charges for either uninsured patients given discounts without meeting the hospital's charity care criteria or patients given courtesy discounts. Charges for non-covered services provided to patients meeting the hospital's charity care criteria or patients given courtesy discounts. Charges for non-covered services provided to patients eligible for Medicaid or other indigent care program (including charges for days exceeding a length of stay limit) can be included, if such inclusion is specified in the hospital's charity care policy and the patient meets the hospital's charity care criteria.

**Line 21**--Calculate the cost of initial obligation of patients approved for charity care by multiplying line 1 times line 20. Use column 1 for uninsured patients, including patients with coverage from an entity that does not have a contractual relationship with the provider, and use column 2 for patients covered by a public program or private insurer with which the provider has a contractual relationship.

**Line 22**--Enter payments received or expected from patients who have been approved for partial charity care for services delivered during this cost reporting period. Include such payments for all services except physician or other professional services. Payments from payers should not be included on this line. Use column 1 for uninsured patients, including patients with coverage from an entity that does not have a contractual relationship with the provider, and use column 2 for patients covered by a public program or private insurer with which the provider has a contractual relationship.

**Line 23**--Calculate the cost of charity care by subtracting line 22 from line 21. Use column 1 for uninsured patients, including patients with coverage from an entity that does not have a contractual relationship with the provider, and use column 2 for patients covered by a public program or private insurer with which the provider has a contractual relationship.
Line 24--Enter “Y” for yes if any charges for patient days beyond a length-of-stay limit imposed on patients covered by Medicaid or other indigent care program are included in the amount reported in line 20, column 2, and complete line 25. Otherwise enter “N” for no.

Line 25--If you answered yes to question 24, enter charges for patient days beyond a length-of-stay limit imposed on patients covered by Medicaid or other indigent care program for services delivered during this cost reporting period. The amount must match the amount of such charges included in line 20, column 2.

Line 26--Enter the total facility charges for bad debts (bad debt expense) written off or expected to be written off on balances owed by patients for services delivered during this cost reporting period. Include such charges for all services except physician and other professional services. Include the sum of all Medicare allowable bad debts appearing in the Worksheet E, H, I, J, and M series including: E, Part A, line 64; E, Part B, line 34; E-2, line 17; E-3, Part I, line 11; E-3, Part II, line 23; E-3, Part III, line 24; E-3, Part IV, line 14; E-3, Part V, line 25; E-3, Part VI, line 8; H-4, Part II, line 27; I-5, line 5; J-3, line 21; and M-3, line 23. For privately insured patients, do not include bad debts that were the obligation of the insurer rather than the patient.

Line 27--Enter the sum of all 1886(d) Medicare reimbursable bad debts appearing in Worksheet E, Part A, line 65; and E, Part B, line 35; or CAHs from Worksheet E-3, Part V, line 26.

Line 28--Calculate the non-Medicare and non-reimbursable Medicare bad debt expense by subtracting line 27 from line 26.

Line 29--Calculate the cost of non-Medicare and non-reimbursable Medicare bad debt expense by multiplying line 1 times line 28.

Line 30--Calculate the cost of non-Medicare uncompensated care by entering the sum of lines 23, column 3 and line 29.

Line 31--Calculate the cost of unreimbursed and uncompensated care and by entering the sum of lines 19 and 30.
In accordance with 42 CFR 413.20, the methods of determining costs payable under title XVIII involve using data available from the institution's basic accounts, as usually maintained, to arrive at equitable and proper payment for services. Worksheet A provides for recording the trial balance of expense accounts from your accounting books and records. It also provides for the necessary reclassifications and adjustments to certain accounts. The cost centers on this worksheet are listed in a manner which facilitates the transfer of the various cost center data to the cost finding worksheets (e.g., on Worksheets A, B, C, and D, the line numbers are consistent). While providers are expected to maintain their accounting books and general ledger in a manner consistent with the standard cost centers/departments identified on this worksheet, not all of the cost centers listed apply to all providers using these forms. For example, IPPS providers may contain a Burn Intensive Care Unit, where CAHs may not furnish this type of service.

Do not include on this worksheet items not claimed in the cost report because they conflict with the regulations, manuals, or instructions but which you wish nevertheless to claim and contest. Enter amounts on the appropriate settlement worksheet (Worksheet E, Part A, line 75; Worksheet E, Part B, line 44; Worksheet E-2, line 23; and Worksheet E-3, Parts I, II, III, IV, V, VI, and VII lines 22, 35, 36, 26, 34, 19, and 36, respectively). For provider based-facilities enter the protested amounts on line 35 of Worksheet H-4, Part II for home health agencies; line 30 of Worksheet J-3 for CMHCs; and line 30 of Worksheet M-3 for RHC/FQHC providers.

If the cost elements of a cost center are separately maintained on your books, maintain a reconciliation of the costs per the accounting books and records to those on this worksheet. This reconciliation is subject to review by your contractor.

Standard (i.e., preprinted) CMS line numbers and cost center descriptions cannot be changed. If you need to use additional or different cost center descriptions, add (subscript) additional lines to the cost report. Where an added cost center description bears a logical relationship to a standard line description, the added label must be inserted immediately after the related standard line. The added line is identified as a numeric subscript of the immediately preceding line. For example, if two lines are added between lines 7 and 8, identify them as lines 7.01 and 7.02. If additional lines are added for general service cost centers, add corresponding columns for cost finding.

Also, submit the working trial balance of the facility with the cost report. A working trial balance is a listing of the balances of the accounts in the general ledger to which adjustments are appended in supplementary columns and is used as a basic summary for financial statements.

Do not use lines 24 through 29, 47 through 49, 77 through 87, 102 through 104, 119 through 189, and 195 through 199.

Cost center coding is a methodology for standardizing the meaning of cost center labels as used by health care providers on the Medicare cost reports. Form CMS-2552-10 provides for preprinted cost center descriptions on Worksheet A. In addition, a space is provided for a cost center code. The preprinted cost center labels are automatically coded by CMS approved cost reporting software. These cost center descriptions are hereafter referred to as the standard cost centers. Additionally, nonstandard cost center descriptions have been identified through analysis of frequently used labels.
The use of this coding methodology allows providers to continue to use labels for cost centers that have meaning within the individual institution. The five digit cost center codes that are associated with each provider label in their electronic file provide standardized meaning for data analysis. You are required to compare any added or changed label to the descriptions offered on the standard or nonstandard cost center tables. A description of cost center coding and the table of cost center codes are in §4095, table 5.

Columns 1, 2, and 3--The expenses listed in these columns must be the same as listed in your accounting books and records and/or trial balance.

List on the appropriate lines in columns 1, 2, and 3 the total expenses incurred during the cost reporting period. These expenses are detailed between salaries (column 1) and other than salaries (column 2). The sum of columns 1 and 2 equals the sum of column 3. Record any needed reclassifications and/or adjustments in columns 4 and 6, as appropriate.

Column 4--With the exception of the reclassification of capital related costs which are reclassified via Worksheet A-7, all reclassifications in this column are made via Worksheet A-6. Worksheet A-6 need not be completed by all providers and is completed only to the extent that the reclassifications are needed and appropriate in the particular circumstance. Show reductions to expenses as negative numbers.

The net total of the entries in column 4 must equal zero on line 200.

Column 5--Adjust the amounts entered in column 3 by the amounts in column 4 (increase or decrease) and extend the net balances to column 5. Column 5, line 200 must equal column 3, line 200.

Column 6--Enter on the appropriate lines in column 6 the amounts of any adjustments to expenses indicated on Worksheet A-8, column 2. The total on Worksheet A, column 6, line 200, equals Worksheet A-8, column 2, line 50.

Column 7--Adjust the amounts in column 5 by the amounts in column 6 (increase or decrease), and extend the net balances to column 7.

Transfer the amounts in column 7 to the appropriate lines on Worksheet B, Part I, column 0.

Line Descriptions

The trial balance of expenses is broken down into general service, inpatient routine service, ancillary service, outpatient service, other reimbursable, special purpose, and nonreimbursable cost center categories to facilitate the transfer of costs to the various worksheets. The line numbers on Worksheet A are used on subsequent worksheets. The line numbers on Worksheet A are used on subsequent worksheets, for example, the categories of ancillary service cost centers, outpatient service cost centers, and other reimbursable cost centers appear on Worksheet C, Part I, using the same line numbers as on Worksheet A.

NOTE: The category titles do not have line numbers. Only cost centers, data items, and totals have line numbers.

Lines 1 - 23--These lines are for the General Service cost centers. These costs are expenses incurred in operating the facility as a whole that are not directly associated with furnishing patient care such as, but not limited to mortgage, rent, plant operations, administrative salaries, utilities, telephone charges, computer hardware and software costs, etcetera. General Service cost centers furnish services to both general service areas and to other cost centers in the provider.
Lines 1 and 2--The capital cost centers on lines 1 and 2 include depreciation, leases and rentals for the use of facilities and/or equipment, and interest incurred in acquiring land or depreciable assets used for patient care.

In addition, enter all other capital-related costs, including but not limited to taxes, insurance, and license and royalty fees on depreciable assets.

NOTE: Do not include in these cost centers costs incurred for the repair or maintenance of equipment or facilities; amounts specifically included in rentals or lease payments for repair and/or maintenance agreements; interest expense incurred to borrow working capital or for any purpose other than the acquisition of land or depreciable assets used for patient care; general liability insurance or any other form of insurance to provide protection other than the replacement of depreciable assets; or taxes other than those assessed on the basis of some valuation of land or depreciable assets used for patient care. However, if no amount of the lease payment is identified in the lease agreement for maintenance, you are not required to carve out a portion of the lease payment to represent the maintenance portion. Thus, the entire lease payment is considered a capital-related cost subject to the provisions of 42 CFR 413.130(b).

When you are dealing with a related organization, you are essentially dealing with yourself and Medicare considers the costs to you equal to the cost to the related organization. Therefore, for costs applicable to services, facilities, and supplies furnished by organizations related by common ownership or control (see 42 CFR 413.17 and Pub. 15-1, chapter 10), the reimbursable cost includes the costs for these items at the cost to the supplying organization unless the exception provided in 42 CFR 413.17(d) and CMS Pub. 15-1, §1010 is applicable, not to exceed the price of comparable services, facilities, or supplies that could be purchased elsewhere in the open market.

The policy of cost incurred from related organizations applies to capital related and non-capital related costs. If you include costs incurred by a related organization on your cost report, the nature of the costs (e.g., capital-related or operating costs) do not change. Treat capital-related costs incurred by the related organization as capital-related costs to you.

If the price of comparable services, facilities, or supplies that could be purchased elsewhere in the open market is lower than the cost to the supplying related organization; if the exception in CFR 413.17(d) and CMS Pub. 15-1, §1010 applies; or if the supplying organization is not related to you, then no part of the charge to you is a capital related cost unless the services, facilities, or supplies are capital-related in nature.

In the case of leased equipment, the fact that the lease or rental is for a depreciable asset is sufficient for consideration as a capital-related item, but a distinction must be made between the lease of equipment and the purchase of services. A lease of equipment is considered a capital-related cost while a purchase of service is considered an operating cost. Generally, for the agreement to be considered a lease or rental (and therefore a capital-related cost), the agreement must convey to the provider the possession, use, and enjoyment of the asset. Each agreement must be examined on its own merits. Factors that would weigh in favor of treating a particular agreement as a lease of equipment include the following:

- The equipment is operated by personnel employed by the provider or an organization related to the provider within the meaning of Pub. 15-1, chapter 10.
- The physicians who perform the services with or interpret the tests from the equipment are associated with the provider.
- The agreement is memorialized in one document rather than in two or more documents (e.g., one titled a "Lease Agreement" and one titled a "Service Agreement").
The document memorializing the agreement is titled a “lease agreement.” If one or more of the documents memorializing the agreement are titled “Service Agreements,” this indicates a purchase of services.

The provider holds the certificate of need (CON) for the services furnished with the equipment.

The basis for determining the lease payment is units of time and is not volume sensitive (e.g., numbers of scans).

The provider attends to such matters as utilization review, quality assurance, and risk management for the services involving the equipment.

The provider schedules the patients for services involving the equipment.

The provider furnishes any supplies required to be used with the equipment.

The provider’s access to the equipment is not subject to interruption without notice or interruption on very short notice.

If the supplying organization is not related to you (see 42 CFR 413.17), no part of the charge to you is a capital-related cost unless the services, facilities, or supplies are capital-related in nature.

Under certain circumstances, costs associated with minor equipment are considered capital-related costs. See CMS Pub. 15-1, §106 for three methods of writing off the cost of minor equipment. Amounts treated as expenses under method (a) are not capital-related costs because they are treated as operating expenses. Amounts included in expense under method (b) are capital-related costs because such amounts represent the amortization of the cost of tangible assets over a projected useful life. Amounts determined under method (c) are capital-related costs because method (c) is a method of depreciation.

Section 1886(g) of the Act, as implemented by 42 CFR, Part 412, Subpart M, requires that the reasonable cost-based payment methodology for hospital inpatient capital-related costs be replaced with an inpatient prospective payment methodology for hospitals paid under IPPS, effective for cost reporting periods beginning on or after October 1, 1991. Hospitals and hospital distinct part units (IPFs, IRFs, and LTCH) excluded from IPPS pursuant to 42 CFR, Part 412, Subpart B, are paid for capital-related costs under their respective PPS payment systems. Also, CAHs are reimbursed on a reasonable cost basis under 42 CFR 413.70.

Lines 1 and 2--Capital costs are defined as all allowable capital-related costs for land and depreciable assets, with additional recognition of costs for capital-related items and services that are legally obligated by an enforceable contract (See Pub. 15-1, §2800.) Betterment or improvement costs related to capital are included in capital assets. (See 42 CFR 412.302.) Capital costs incurred as a result of extraordinary circumstances are new capital. (See 42 CFR 412.348(e).) Direct assignment of capital costs must be done in accordance with CMS Pub. 15-1, §§2307 and 2313.

Capital costs include the following:

1. Allowable depreciation on assets based on the useful life guidelines used to determine depreciation expense in the hospital’s base period, which cannot be subsequently changed.

2. Allowable capital-related interest expense. Except as provided in subsections a through c below, the amount of allowable capital-related interest expense recognized as capital is limited to the amount the hospital was legally obligated to pay.
a. An increase in interest expense is recognized if the increase is due to periodic fluctuations of rates in variable interest rate loans or to periodic fluctuations of rates at the time of conversion from a variable rate loan to a fixed rate loan when no other changes in the terms of the loan are made.

b. If the terms of a debt instrument are revised, the amount of interest recognized associated with the original capital cannot exceed the amount that would have been recognized during the same period prior to the revision of the debt instrument.

c. Investment income (excluding income from funded depreciation accounts and other exclusions from investment income offset cited in CMS Pub. 15-1, §202.2) is used to reduce capital interest expense based in each cost reporting period.

3. Allowable capital-related lease and rental costs for land and depreciable assets.

a. The cost of lease renewals and the acquisition of assets continuously leased (e.g., capitalized leases) are recognized provided that the same asset remains in use, the asset has a useful life of at least 3 years, and the annual lease payment is $1000 or more for each item or service.

b. If a hospital-owned asset is sold or given to another party and that same asset is then leased back by the hospital, the amount of allowable capital-related costs recognized as capital costs is limited to the amount allowed for that asset in the last cost reporting period during which it was owned by the hospital.

4. The appropriate portion of the capital-related costs of related organizations under 42 CFR 413.17 that would be recognized as capital costs if these costs had been incurred directly by the hospital.

5. Obligated capital costs recognized as capital costs in accordance with the provisions discussed in the following paragraph.

If the hospital has a multi-phase capital project, the provisions of this section apply independently to each phase of the project.

a. **Fixed Assets.**--The costs of capital-related items and services defined in 42 CFR 413ff, Subpart G, for which there was a contractual obligation entered into by a hospital or related party with an outside, unrelated party for the construction, reconstruction, lease, rental, or financing of a fixed asset may be recognized as capital costs if all the following conditions are met:

   (1) The obligation must arise from an executed binding written agreement that obligates the hospital in the acquisition of fixed assets;

   (2) The capital asset must be put in use for patient care except as provided below;

   (3) The hospital notifies the contractor of the existence of obligated capital costs (see 42 CFR 412.302(c)); and

   (4) The amount recognized as capital cost is limited to the lesser of the actual allowable costs when the asset is put in use or the estimated costs of the capital expenditure at the time it was obligated.
b. **Moveable Equipment.**--Moveable equipment is recognized as capital only if all of conditions (1) through (4) are met and one of conditions (5) or (6) is met:

1. The obligation must arise from a executed binding written agreement that obligates the hospital in the acquisition of movable equipment.

2. The capital asset must be put in use for patient care.

3. The hospital notifies the contractor of the existence of obligated capital costs. (See 42 CFR 412.302(c).)

4. The amount recognized as capital cost is limited to the lesser of the actual allowable costs when the asset is put in use or the estimated costs of the capital expenditure at the time it was obligated.

5. There was a binding contractual agreement for the lease or purchase of the item of equipment.

6. There was a binding contractual agreement for financing the acquisition of the equipment, the item of equipment costs at least $100,000, and the item was specifically listed in an equipment purchase plan approved by the Board of Directors. The amount recognized as capital costs cannot exceed the estimated cost identified in the equipment purchase plan approved by the hospital’s Board of Directors.

c. **Lengthy Certificate of Need Process.**--If a hospital does not meet the criteria under the fixed asset or moveable equipment provisions above but meets all of the following criteria, the estimated cost for the project may be recognized as capital costs.

1. The hospital is required under State law to obtain preapproval of the capital project or acquisition by a designated State or local planning authority in the State in which it is located;

2. The hospital filed an initial application for a certificate of need that includes a detailed description of the project and its estimated cost and had not received approval or disapproval;

3. The hospital expended the lesser of $750,000 or 10 percent of the estimated cost of the project; and

4. The hospital put the asset into patient use on or before 4 years from the date the certificate of need was approved.

d. **Construction in Process.**--If a hospital that initiates construction on a capital project does not meet the requirements under the fixed asset, moveable equipment, or lengthy certificate of need provisions, the project costs may be recognized as capital costs if all the following conditions are met:

1. The hospital received any required certificate of need approval;

2. The hospital’s Board of Directors formally authorized the project with a detailed description of its scope and costs;
(3) The estimated cost of the project exceeds 5 percent of the hospital’s total patient revenues during its base year;

(4) The capitalized cost incurred for the project exceeded the lesser of $750,000 or 10 percent of the estimated project cost;

(5) The hospital began actual construction or renovation (groundbreaking); and

(6) The project is completed on or before the last day of the provider’s cost reporting period.

e. Planning, Design or Feasibility Agreements.--If these agreements do not commit the hospital to undertake a project, they are not recognized as obligating capital expenditures.

f. Cost Limitation - Leases, Rentals, or Purchases.--The amount of obligated capital costs recognized as old capital costs cannot exceed the amount specified in the lease, rental, or purchase agreement.

g. Cost Limitation - Construction Contracts.--The amount of obligated capital costs recognized as capital costs cannot exceed the estimated construction costs for the project. Additional costs are recognized as old capital costs only if the additional costs are directly attributable to changes in life safety codes or other building requirements established by government ordinance that became effective after the project was obligated.

h. Cost Limitation - Financing Costs.--The amount of obligated interest expense recognized as capital costs cannot exceed the amount for which the hospital was legally obligated or, in the case of financing arranged for a capital acquisition that was legally obligated, the amount specified in a detailed financing plan approved by the hospital’s Board of Directors.

i. Amount Recognized As Capital Cost.--The actual amount recognized as capital costs is based on the lesser of the allowable costs for the asset when it is put into patient use or the amounts determined under the cost limitations above.

The hospital must follow consistent cost finding methods for classifying and allocating capital-related costs. (See 42 CFR 412.302 (d).)

Unless there is a change of ownership, the hospital must continue the same cost finding methods for capital costs. This includes its practices for the direct assignment of capital-related costs and its cost allocation bases in. If there is a change of ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices.

If a hospital desires to change its cost finding method for the direct assignment of capital costs, the request for change must be made in writing to the contractor prior to the beginning of the cost reporting period for which the change is to apply. The request must include justification as to why the change will result in more accurate and more appropriate cost finding. The contractor does not approve the change unless it determines that there is reasonable justification for the change.

Line 3.--In accordance with 42 CFR 412.302(b)(4), enter all other capital-related costs, including but not limited to taxes, insurance, and license and royalty fees on depreciable assets. This line also includes any directly allocated home office other capital cost. After reclassifications in column 4 and adjustments in column 6, the balance in column 7 must equal zero. This line cannot be subscripted.

PPS providers paid 100 percent Federal complete line 3, column 2 and Worksheet A-7, Parts I (if applicable), II and III.
Line 4--Enter this line incurred employee benefit costs which cannot be placed in the various cost centers along with the associated salaries.

Line 5--Enter administrative and general (A & G) costs on this line. A&G includes a wide variety of provider administrative costs such as but not limited to cost of executive staff, legal and accounting services, facility administrative services (not already included in other general services cost centers), human resources, etcetera. If this line is componentized into more than one cost center, eliminate line 5. Componentized A & G lines must begin with subscripted line 5.01 and continue in sequential and consecutive order except where this manual specifies otherwise.

Line 6--Maintenance and repairs are any activity to maintain the facility and grounds such as, but not limited to, costs of routine painting, plumbing and electrical repairs, mowing and snow removal.

Line 7--Operation of plant includes the cost such as, but not limited to, the internal hospital environment including air conditioning (both heating and cooling systems and ventilation) and other mechanical systems.

Line 8--Laundry and linen services includes the cost of routine laundry and line services whether performed in-house or by outside contractors.

Line 9--Housekeeping includes the cost of routine housekeeping activities such as mopping, vacuuming, cleaning restrooms, lobbies, waiting areas and otherwise maintaining patient and non-patient care areas.

Line 10--Dietary includes the cost of preparing meals for patients.

Line 11--Cafeteria includes the cost of preparing food for provider personnel, physicians working at the provider, visitors to the provider.

Line 12--Maintenance of personnel includes the cost of room and board furnished to employees. (see Pub. 15-1, §704.3)

Line 13--Nursing administration normally includes only the cost of nursing administration. The salary cost of direct nursing services, including the salary cost of nurses who render direct service in more than one patient care area, is directly assigned to the various patient care cost centers in which the services were rendered. Direct nursing services include gross salaries and wages of head nurses, registered nurses, licensed practical and vocational nurses, aides, orderlies, and ward clerks.

However, if your accounting system fails to specifically identify all direct nursing services to the applicable patient care cost centers, then the salary cost of all direct nursing service is included in this cost center.

Line 14--Central services and supply includes the costs of supplies and services which are requested to departments throughout the provider, including medical supplies charged to patients.

Line 15--Pharmacy includes the cost of drugs and pharmacy supplies requested to patient care departments and drugs charged to patients.

Line 16--Medical records and medical records library includes the direct costs of the medical records cost center including the medical records library. The general library and the medical library are not included in this cost center but are reported in the A & G cost center.
Line 17--Social service includes the cost of explaining health care resources and policies to patients, family and professional staff; assistance in planning for post-hospital patient needs; assisting patients and families receive needed follow-up care by referral to health care resources and providing advocacy through appropriate organizations.

Line 19--The services of a nonphysician anesthetist generally are paid for by the Part B contractor based on a fee schedule rather than on reasonable cost basis through the cost report. As such, the salary and fringe benefit costs included on line 19 generally are not reimbursed through the cost report.

NOTE: Any costs are included on this line are limited to salary and employee benefit costs.

However, payment for the nonphysician anesthetists on a fee basis may not apply to a qualified rural hospital or CAH if the facility employed or contracted with not more than one FTE (2080 hours) nonphysician anesthetist and, if (1) the hospital had 800 or fewer surgical procedures (including inpatient and outpatient procedures) requiring anesthesia services and (2) each nonphysician employed by or under contract with the hospital has agreed not to bill under Part B of title XVIII for professional services furnished. 42 CFR 412.113(c)(2)(i)

Payment under the fee schedule applies to qualified hospitals and CAHs unless the hospital establishes, before the beginning of each of these years, that it did not exceed 800 surgical procedures requiring anesthesia in the previous year. 42 CFR 412.113(c)(2)(ii)

Hospitals which do not qualify for the exception and are therefore subject to the fee schedule payment method must remove the salary and fringe benefit costs from line 19. The total amount is reported on Worksheet A-8, line 28 and in column 6, line 19 of this worksheet. This removes these costs from the cost reported in column 7.

Lines 20 and 23--If you operate an approved nursing or allied health education program that meets the criteria of 42 CFR 413.85 and 412.113(b), both classroom and clinical portions of the costs are allowable as pass-through costs as defined in 42 CFR 413.85.

Classroom costs are those costs associated with formal, didactic instruction on a specific topic or subject in a classroom that meets at regular, scheduled intervals over a specific time period (e.g., semester or quarter) and for which a student receives a grade.

Clinical training is defined as involving the acquisition and use of the skills of a nursing or allied health profession or trade in the actual environment in which these skills will be used by the student upon graduation. While it may involve occasional or periodic meetings to discuss or analyze cases, critique performance, or discuss specific skills or techniques, it involves no classroom instruction.

If you do not operate the program, the classroom portion of the costs is not allowable as a pass-through costs and therefore not reported on lines 20 and 23 of the Form CMS-2552-10. Cost may, however, be allowable as routine service operating cost. (See Pub. 15-1, §404.2.) The clinical portions of these costs are allowable as pass-through costs if the following conditions as set forth in 42 CFR 413.85 are met:

1. The hospital must have claimed and have been paid for clinical costs (described below) during its latest cost reporting period that ended on or before October 1, 1989.
2. The proportion of the hospital’s total allowable costs that is attributable to the clinical training costs of the approved program and allowable under 42 CFR 413.85 during a cost reporting period does not exceed the proportion of total allowable costs that were attributable to the clinical training costs during the hospital’s most recent cost reporting period ending on or before October 1, 1989.

3. The hospital receives a benefit for the support it furnishes to the education program through the provision of clinical services by nursing and allied health students participating in the program.

4. The clinical training costs must be incurred by the provider or by an educational institution related to the provider by common ownership or control as defined by 42 CFR 413.17(b) and Pub. 15-1, §1002 (cost to related organizations). Costs incurred by a third party, regardless of its relationship to either the provider or the educational institution, are not allowed.

5. The costs incurred by the hospital for the program do not exceed the costs that would have been incurred by the hospital if the program had been operated by the hospital.

Line 20--Enter the cost for the nursing school.

Line 21--Enter the cost of intern and resident salaries and salary-related fringe benefits. Do not include salary and salary-related fringe benefits applicable to teaching physicians which are included in line 22.

Line 22--Enter the other costs applicable to interns and residents in an approved teaching program.

Line 23--For this line establish a separate cost center for each paramedical education program (e.g., one for medical records or hospital administration). If additional lines are needed, subscript line 23 consecutively and sequentially. If the direct costs are included in the costs of an ancillary cost center, reclassify them on Worksheet A-6 to line 23. Appropriate statistics are required on Worksheet B-1 to ensure that overhead expenses are properly allocated to this cost center. Identify all other all other medical education costs on line 23.99. These costs, if present and applicable, may be used on worksheets D, Parts III and IV.

Lines 24 - 29--Reserved for future use.

Lines 30 - 46--These lines are for the inpatient routine service cost centers.

Line 30--The purpose of this cost center is to accumulate the incurred routine service cost applicable to adults and pediatrics (general routine care) in a hospital. Do not include incurred costs applicable to subproviders or any other cost centers which are treated separately.
Lines 31 - 35--Use lines 31 through 35 to record the cost applicable to intensive care type inpatient hospital units. (See 42 CFR 413.53(b) and (d) and Pub. 15-1, § 2202.7.) Label line 35 appropriately to indicate the purpose for which it is being used.

Lines 36 - 39--Reserved for future use.

Line 40--Use this line to record the IPF service costs of a subprovider. Hospital units that are excluded units from IPPS are treated as subproviders for cost reporting purposes.

Line 41--Use this line to record the IRF service costs of a subprovider. Hospital units that are excluded units from IPPS are treated as subproviders for cost reporting purposes.

Line 42--Use this line to record the inpatient routine service costs of other subproviders as applicable.

Line 43--Use this line to record the costs associated with the nursery.

Line 44--Use this line to record the costs of SNFs certified for titles V, XVIII, or XIX if your State accepts one level of care.

Line 45--Use this line to record the cost of NFs certified for title V or title XIX but not certified as an SNF for title XVIII. Subscript this line to record the cost of ICF/MR. Do not report nursing facility costs on this subscripted line.

Line 46--Use this cost center to accumulate the direct costs incurred in maintaining long term care services not specifically required to be included in other cost centers. A long term care unit refers to a unit where the average length of stay for all patients is greater than 25 days. The beds in this unit are not certified for title XVIII.

Lines 47-49--Reserved for future use.

Lines 50 - 76--Use for ancillary service cost centers.

Line 57--Use this line to record direct costs associated with computed tomography (CT).

Line 58--Use this line to record direct costs associated with magnetic resonance imaging (MRI).

Line 59--Use this line to record direct costs associated with cardiac catheterization.

Line 61--Use this line to record costs when a pathologist continues to bill non-program patients for clinical laboratory tests and is compensated by you for services related to such tests for program beneficiaries. When you pay the pathologist an amount for administrative and supervisory duties for the clinical laboratory for program beneficiaries only, include the cost in this cost center.
NOTE: No overhead expenses are allocated to this cost center since it relates to services for program beneficiaries only. The cost reporting treatment is similar to that of services furnished under arrangement to program beneficiaries only. (See CMS Pub. 15-1, §2314.) These costs are apportioned among the various programs on the basis of program charges for provider clinical laboratory tests for all programs for which you reimburse the pathologist.

Line 62--Include the direct expenses incurred in obtaining blood directly from donors as well as obtaining whole blood and packed red blood cells from suppliers. Do not include in this cost center the processing fee charged by suppliers. The processing charge is included in the blood storing, processing, and transfusion cost center. Identify this line with the appropriate cost center code (Table 5 - electronic reporting specifications) for the cost of administering blood clotting factors to hemophiliacs. (See §4452 of BBA 1997, OBRA 1989 & 1993.)

Line 63--Include the direct expenses incurred for processing, storing, and transfusing whole blood, packed red blood cells, and blood derivatives. Also include the processing fee charged by suppliers.

Line 71--The cost of medical supplies charged to patients is for low cost medical supplies generally not traceable to individual patients. Do not include high cost implantable devices on this line. The cost of this cost center generally is not the direct cost of the cost center, but rather allocated to this cost center on Worksheet B from cost center 14 (central service and supply) based on the recommended statistic of costed requisitions. Where providers directly assign costs to this cost center, such amounts must be reported in this cost center on Worksheet A. (see Pub. 15-1, §2307)

Line 72--Include the expense of implantable devices charged to patients. The types of items includable on this line are high cost implantable devices that remain in the patient upon discharge and are chargeable and traceable to individual patients. Do not include low cost medical supplies on this line. When determining what costs are reported in this cost center, providers should use costs associated with implantable devices bearing revenue codes identified in the FR, Vol. 73, No. 161, page 48462, dated August 19, 2008. This amount is generally not input on Worksheet A, but rather allocated to this cost center on Worksheet B from cost center 14 (central service and supply) based on the recommended statistic of costed requisitions. Where providers directly assign costs to this cost center, such amounts must be reported in this cost center on Worksheet A. (see Pub. 15-1, §2307) Identify this line with the appropriate cost center code according to Table 5 in §4095 of the electronic reporting specifications.
NOTE: Hospitals maintain the option to directly assign costs to a specific cost center (Pub. 15-1, §2307) or, if such costs are overhead costs, they can be placed in the appropriate overhead cost center and allocated to the applicable cost centers. This applies generally to all cost centers, but is re-emphasized for medical supplies charged to patients (line 71) and implantable devices charged to patients (line 72).

Line 74--If you furnish renal dialysis treatments, account for such costs by establishing this separate ancillary service cost center. In accumulating costs applicable to the cost center, include no other ancillary services even though they are routinely administered during the course of the dialysis treatment. However, if you physically perform a few minor routine laboratory services associated with dialysis in the renal dialysis department, such costs remain in the renal dialysis cost center. Outpatient maintenance dialysis services are reimbursed under the composite rate reimbursement system. For purposes of determining overhead attributable to the drugs Epoetin and Aranesp, include the cost of the drug in this cost center. The drug costs will be removed on worksheet B-2 after stepdown.

NOTE: ESRD physician supervisory are not included as your costs under the composite rate reimbursement system. Supervisory services are included in the physician’s monthly capitation rate.

Line 75--Enter the cost of ASCs that are not separately certified as a distinct part but which have a separate surgical suite. Do not include the costs of the ancillary services provided to ASC patients. Include only the surgical suite costs (i.e., those used in lieu of operating or recovery rooms).

Lines 77 - 87--Reserved for future use.

Lines 88 - 93--Use these lines for outpatient service cost centers.

NOTE: For lines 88 and 89, any ancillary service billed as clinic, RHC, and FQHC services must be reclassified to the appropriate ancillary cost center, e.g., radiology-diagnostic, PBP clinical lab services - program only. A similar adjustment must be made to program charges.
Line 88--Use this line to report the costs of provider-based RHCs. If more than one is maintained, subscript the line. See Table 5 in §4095 for the proper cost center code for RHCs.

In accordance with CMS Pub. 100-02, chapter 13, §30.4A, compensation paid to a physician for RHC services rendered in a hospital-based RHC is cost-reimbursed. Where the physician agreement compensates for RHC services as well as non-RHC services, or services furnished in the hospital, the related compensation must be eliminated on Worksheet A-8 and billed to the Part B contractor. If not specified in the agreement, a time study must be used to allocate the physician compensation.

Line 89--Use this line to report the costs of provider-based FQHCs. If more than one is maintained, subscript the line. See Table 5 in §4095 for the proper cost center code for FQHCs.

In accordance with CMS Pub. 100-02, chapter 13, §30.4A, compensation paid to a physician for FQHC services rendered in a hospital-based FQHC is cost-reimbursed. Where the physician agreement compensates for FQHC services as well as non-FQHC services, or services furnished in the hospital, the related compensation must be eliminated on Worksheet A-8 and billed to the Part B contractor. If not specified in the agreement, a time study must be used to allocate the physician compensation.

Line 90--Enter the cost applicable to the clinic not included on lines 88 and 89. If you have two or more clinics which are separately costed, separately report each such clinic. Subscript this line to report each clinic. If you do not separately cost each clinic, you may combine the cost of all clinics on the clinic line.

Line 91--Enter the costs of the emergency room cost center.

Line 92--Do not use this line on this worksheet. If you have an area specifically designated for observation (e.g., where observation patients are not placed in a general acute care area bed), report this on a subscripted line 92.01.

NOTE: It is possible to have both a distinct observation bed area and a non-distinct area (for example, where your distinct part observation bed area is only staffed from 7:00 a.m. - 10:00 p.m. Patients entering your hospital needing observation bed care after 10:00 p.m. and before 7:00 a.m. are placed in a general inpatient routine care bed). If patients entering the distinct part observation bed area are charged differently than the patients placed in the general inpatient routine care bed, separate the costs into distinct observation bed costs and non-distinct observation bed costs. However, if the charge is the same for both patients, report all costs and charges as distinct part observation beds.

Line 93--Use this line to report the costs of other outpatient services not previously identified on lines 88 through 90. If more than one other service is offered, subscript the line. See Table 5 in §4095 for the proper cost center code for this line.

Lines 94 - 98 and 100--Use these lines for other reimbursable cost centers (other than HHA and CMHC).
Line 94--Use this line to accumulate the direct costs incurred for self-care home dialysis. For purposes of determining overhead attributable to the drugs Epoetin and Aranesp, include the cost of the drug in this cost center. The drug costs will be removed on worksheet B-2 after stepdown.

A Medicare beneficiary dialyzing at home has the option to deal directly with the Medicare program and make individual arrangements for securing the necessary supplies and equipment to dialyze at home. Under this arrangement, the beneficiary is responsible for dealing directly with the various suppliers and the Medicare program to arrange for payment. The beneficiary is also responsible to the suppliers for the deductible and 20 percent Medicare coinsurance requirement. You do not receive composite rate payment for a patient who chooses this option. However, if you provide any direct home support services to a beneficiary who selects this option, you are reimbursed on the same reasonable cost basis for these services as for other outpatient services. These costs are entered on line 93 and are notated as cost reimbursed. You may service Medicare beneficiaries who elect this option and others who deal directly with you. In this case, set up two home program dialysis cost centers (using a subscript for the second cost center) to properly classify costs between the two categories of beneficiaries (those subject to cost reimbursement and those subject to the composite rate).

Line 95--Report all ambulance costs on this line for both owned and operated services and services under arrangement. No subscripting is allowed for this line.

Lines 96 and 97--Use these lines to report durable medical equipment rented or sold, respectively. Enter the direct expenses incurred in renting or selling durable medical equipment (DME) items to patients. Also, include all direct expenses incurred by you in requisitioning and issuing DME to patients.

For a hospital-based SNF, report support surfaces by subscribing line 97 and use the proper cost center code.

Line 99--This cost center accumulates the direct costs for outpatient rehabilitation providers (CORFs and OPTs) and CMHCs. However, only CMHCs complete the J series worksheets. If you have multiple components, subscript this line using the proper cost center code.

Line 100--Use this line if your hospital operates an intern and resident program not approved by Medicare.

Line 101--This cost center accumulates costs specific to HHA services. If you have more than one certified hospital-based HHA, subscript line 101 for each HHA.

Provider-based HHAs are operated and managed in a variety of ways within the context of the health care complexes of which they are components. In some instances, there are discrete management and administrative functions pertaining to the HHA, the cost of which is readily identifiable from the books and records.

In other instances, the administration and management of the provider-based HHA is integrated with the administration and management of the health care complex to such an extent that the cost of administration and management of the home health agency can be neither identified nor derived from the books and records of the health care complex. In other instances, the cost of administration and management of the HHA is integrated with the administration and management of the health care complex, but the cost of the HHA administration and management can be derived through cost finding. However, in most cases, even when the cost of HHA administration and management can be either identified or derived, the extent to which the costs are applicable to the services furnished by the provider-based HHA is not readily identifiable.
Even when the costs of administration and management of a provider-based HHA can be identified or derived, such costs do not generally include all of the general service costs (i.e., overhead costs) applicable to the HHA. Therefore, allocation of general service costs through cost finding is necessary for the determination of the full costs of the provider-based HHA.

When the provider-based HHA can identify discrete management and administrative costs from its books and records, these costs are included on line 101.

Similar situations occur for the services furnished by the provider-based HHA. For example, in some instances, physical therapy services are furnished by a discrete HHA physical therapy department. In other instances, physical therapy services are furnished to the patient of the provider-based HHA by an integrated physical therapy department of a hospital health care complex in such a manner that the direct costs of furnishing the physical therapy services to the patients of the provider-based HHA cannot be readily identified or derived. In other instances, physical therapy services are furnished to patients of the provider-based HHA by an integrated physical therapy department of a hospital health care complex in such a manner that the costs of physical therapy services furnished to patients of the provider-based HHA can be readily identified or derived.

When you maintain a separate therapy department for the HHA apart from the hospital therapy department furnishing services to other patients of the hospital health care complex or when you are able to reclassify costs from an integrated therapy department to an HHA therapy cost center, make a reclassification entry on Worksheet A-6 to the appropriate HHA therapy cost center. Make a similar reclassification to the appropriate line for other ancillaries when the HHA costs are readily identifiable.

NOTE: This cost report provides separate HHA cost centers for all therapy services. If services are provided to HHA patients from a shared hospital ancillary cost center, make the cost allocation on Worksheet H-1, Part II.

Lines 102 - 104--Reserved for future use.

Lines 105 - 116--Use these lines for special purpose cost centers. Special purpose cost centers include kidney, heart, liver, lung, pancreas, intestinal, and islet acquisition costs as well as costs of other organ acquisitions which are nonreimbursable but which CMS requires for data purposes, cost centers which must be reclassified but which require initial identification, and ASC and hospice costs which are needed for rate setting purposes.

NOTE: Prorate shared acquisition costs (e.g., coordinator salaries, donor awareness programs) among the type of organ acquisitions. Generally, this is done based on the number of organs procured. Further, if multiple organs have been procured from a community hospital or an independent organ procurement organization, prorate the cost among the type of acquisitions involved.

These cost centers include the cost of services purchased under arrangement or billed directly to the hospital in connection with the acquisition of organs. Such direct costs include but are not limited to:

- Fees for physician services (preadmission for transplant donor and recipient tissue-typing and all tissue-typing services performed on cadaveric donors);
- Cost for organs acquired from other providers or organ procurement organizations;
- Transportation costs of organs;
- Organ recipient registration fees;
• Surgeons' fees for excising cadaveric donor organs; and

• Tissue-typing services furnished by independent laboratories.

NOTE: No amounts or fees paid to a donor, their estate, heirs, or assigns in exchange for an organ or for the right to remove or transplant an organ are included in organ acquisition costs. Also, such amounts or fees are not included in any other revenue producing or general service cost center.

Only hospitals which are certified transplant centers are reimbursed directly by the Medicare program for organ acquisition costs. All such costs are accumulated on Worksheet D-4.

Hospitals which are not certified transplant centers are not reimbursed by the Medicare program for organ acquisition costs. Such hospitals sell any organs excised to a certified transplant center or an organ procurement organization. The costs are accumulated in the applicable organ acquisition cost center and flow through cost finding to properly allocate overhead costs to this cost center. However, only a certified transplant center completes Worksheet D-4.

Line 105--Record any costs in connection with kidney acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 106--Record any costs in connection with heart acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 107--Record any costs in connection with liver acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 108--Record any costs in connection with lung acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 109--Record any costs in connection with pancreas acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 110--Record any costs in connection with intestinal acquisitions. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 111--Record the costs associated with the acquisition of the pancreas that is used to isolate the islet cells that are used for transplant. Do not include in this cost any costs associated with the isolation of the islet cells as these costs will be included as an add-on to the DRG payment. (See CR 5505, dated March 2, 2007).

Line 112--Record any costs related to organ acquisitions, which are not already recorded on lines 105 through 111 and subscripts. This cost center flows through cost finding and accumulates any appropriate overhead costs.

Line 113--Enter all interest paid by the facility. After reclassifications in column 4 and adjustments in column 6, the balance in column 7 must equal zero. This line cannot be subscripted.

NOTE: If capital-related and working capital interest are commingled on this line, reclassify working capital interest to A & G expense. Reclassify capital-related interest to lines 1 and 2, as appropriate, in accordance with the instructions for those lines.
Line 114--Include only utilization review costs of the hospital-based SNF. All costs are either reclassified or adjusted in total depending on the scope of the review. If the scope of the review covers all patients, all allowable costs are reclassified in column 4 to A & G expenses (line 5). If the scope of the review covers only Medicare patients or Medicare, title V, and title XIX patients, then (1) in column 4, reclassify to A & G expenses all allowable costs other than physicians' compensation and (2) deduct in column 6 the compensation paid to the physicians for their personal services on the utilization review committee. The amount reported on Worksheet E-2, column 1, line 7 must equal the amount adjusted on Worksheet A-8.

Line 115--Enter the direct costs of an ASC as defined in 42 CFR 416.2. An ASC operated by a hospital must be a separately identifiable entity, physically, administratively, and financially independent and distinct from other operations of the hospital. In addition, the ASC must have an agreement with CMS as required by 42 CFR 416.25. Under this restriction, hospital outpatient departments providing ambulatory surgery (among other services) are not eligible to be classified as ASCs. Those ASCs which meet the definition in 42 CFR 416.2 and are currently treated as an outpatient cost center on the hospital’s Medicare cost report are reimbursed through a prospectively determined standard overhead amount. For cost reporting purposes, an eligible ASC is treated as a nonreimbursable cost center to ensure that overhead costs are properly allocated since the cost is not reimbursable in this cost report.

Line 116--42 CFR Part 418 provides for coverage of hospice care for terminally ill Medicare beneficiaries who elect to receive care from a participating hospice.

Line 117--Enter other special purpose cost centers not previously identified. Review Table 5 in §4095 for the proper cost center code.

Lines 119 - 189--Reserved for future use.

Lines 190 - 194--Record the costs applicable to nonreimbursable cost centers to which general service costs apply. If additional lines are needed for nonreimbursable cost centers other than those shown, subscript one or more of these lines with a numeric code. The subscripted lines must be appropriately labeled to indicate the purpose for which they are being used. However, when the expense (direct and all applicable overhead) attributable to any nonallowable cost area is so insignificant as not to warrant establishment of a nonreimbursable cost center and the sum total of all such expenses is so insignificant as not to warrant the establishment of a composite nonreimbursable cost center, these expenses are adjusted on Worksheet A-8. (See CMS Pub. 15-1, §2328.)

Line 194--Establish a nonreimbursable cost center to accumulate the cost incurred by you for services related to the physicians’ private practice. Such costs include depreciation costs for the space occupied, movable equipment used by the physicians’ offices, administrative services, medical records, housekeeping, maintenance and repairs, operation of plant, drugs, medical supplies, and nursing services. Do not include costs applicable to services rendered to hospital patients by hospital-based physicians since such costs may be included in hospital costs.

Lines 195 - 199--Reserved for future use.

Line 200--Sum of lines 118 through 199.
4014. WORKSHEET A-6 - RECLASSIFICATIONS

This worksheet provides for the reclassification of certain costs to effect proper cost allocation under cost finding. For each reclassification adjustment, assign an alpha character in column 1 to identify each reclassification entry, e.g., A, B, C. DO NOT USE NUMERIC DESIGNATIONS. In column 10, indicate the column of Worksheet A-7 impacted by the reclassification. All reclassification entries must have a corresponding Worksheet A line number reference in columns 3 and 7. If more than one column is impacted by one reclassification, report each entry as a separate line to properly report each column impacted on Worksheet A-7. If you directly assign the capital-related costs, i.e., insurance, taxes, and other, reclassify these costs to line 3. Do not reclassify other capital-related costs reported or reclassified to line 3 of Worksheet A back to the other capital lines 1-2 of Worksheet A. This is accomplished through Worksheet A-7.

Submit with the cost report copies of any workpapers used to compute the reclassifications effected on this worksheet.

Identify any reclassifications made as salary and other costs in the appropriate column. However, when transferring to Worksheet A, transfer the sum of the two columns.

If there is any reclassification to general service cost centers for compensation of provider-based physicians, make the appropriate adjustment for RCE limitation on Worksheet A-8-2. (See §4015.)

Examples of reclassifications that may be needed are:

- Reclassification of related organization rent expenses included in the A & G cost center which are applicable to lines 1 and 2 of Worksheet A. See instructions for Worksheet A-8-1 for treatment of rental expenses for related organizations.

- Reclassification of interest expense included on Worksheet A, column 3, line 113, which is applicable to funds borrowed for A & G purposes (e.g., operating expenses) or for the purchase of buildings and fixtures or movable equipment. Allocate interest on funds borrowed for operating expenses with A & G expenses.

- Reclassification of employee benefits expenses (e.g., personnel department, employee health service, hospitalization insurance, workers compensation, employee group insurance, social security taxes, unemployment taxes, annuity premiums, past service benefits, and pensions) included in the A & G cost center.

- Reclassification of utilization review cost applicable to the hospital-based SNF to A & G costs. If the scope of the utilization review covers the entire population, reclassify the total allowable utilization review cost included on Worksheet A, column 3, line 114. However, if the scope of the utilization review in the hospital-based SNF covers only Medicare patients or Medicare and title XIX patients, only the allowable utilization review costs included on Worksheet A, column 3, line 114 (other than the compensation of physicians for their personal services on utilization review committees) are reclassified to A & G costs.

The appropriate adjustment for physicians’ compensation is made on Worksheet A-8. For further explanations concerning utilization review in skilled nursing facilities, see CMS Pub. 15-1, §2126.2.

- Reclassification of any dietary cost included in the dietary cost center which is applicable to the cafeteria, nursery, and to any other cost centers such as gift, flower, coffee shops, and canteen.

- Reclassification of any direct expenses included in the central service and supply cost center which are directly applicable to other cost centers such as intern-resident service, intravenous therapy, and oxygen (inhalation) therapy.
• Reclassification of any direct expenses included in the laboratory cost center which are directly applicable to other cost centers such as whole blood and packed red blood cells or electrocardiology.

• Reclassification of any direct expenses included in the radiology-diagnostic cost center which are directly applicable to other cost centers such as radiology-therapeutic, radioisotope, or electrocardiology.

• When you purchase services (e.g., physical therapy) under arrangements for Medicare patients but do not purchase such services under arrangements for non-Medicare patients, your books reflect only the cost of the Medicare services. However, if you do not use the grossing up technique for purposes of allocating overhead and if you incur related direct costs applicable to both Medicare and non-Medicare patients (e.g., paramedics or aides who assist a physical therapist in performing physical therapy services), reclassify the related costs on Worksheet A-6 from the ancillary service cost center. Allocate them as part of A & G expense. However, when you purchase services that include performing administrative functions such as completion of medical records, training, etc. as described in CMS Pub. 15-1, §1412.5, the overall charge includes the provision of these services. Therefore, for cost reporting purposes, these related services are NOT reclassified to A & G.

• If a beneficiary receives outpatient renal dialysis for an extended period of time and you furnish a meal, the cost of this meal is not an allowable cost for Medicare. Make an adjustment on Worksheet A-8. However, the dietary counseling cost attributable to a dialysis patient is an allowable cost. Reclassify this cost from the dietary cost center, line 10, to the renal dialysis cost center, line 74.

• When interns and residents are employed to replace anesthetists, you must reclassify the related direct costs from the intern and resident cost center to the anesthesiology cost center. (See 42 CFR 413.85(d)(7) and 49 FR 208 dated January 3, 1984.)

**NOTE:** These interns and residents do not qualify for the indirect medical education adjustment and must be excluded for the intern and resident FTE for that purpose. (See 42 CFR 412.113(c).)

• If you incur costs for an unpaid guarantee for emergency room physician availability, attach a separate worksheet showing the computation of the necessary reclassification. (See CMS Pub. 15-1, §2109.)

• Reclassification of the costs of malpractice insurance premiums, self-insurance fund contributions, and uninsured malpractice losses incurred either through deductible or coinsurance provisions, as a result of an award in excess of reasonable coverage limits, or as a government provider to the A & G cost center.
4015. WORKSHEET A-7 - RECONCILIATION OF CAPITAL COST CENTERS

This worksheet consists of three parts:

- **Part I** - Analysis of Changes in Capital Asset Balances.
- **Part II** - Reconciliation of amounts from worksheet A, column 2, lines 1 and 2.
- **Part III** - Reconciliation of Capital Cost Centers.

See the instructions for Worksheet A for a definition of capital. All providers must complete Parts I, II, and III.

**NOTE:** Include assets which are directly allocated to the provider from the home office or related organization and the related other capital costs in Parts I and II of this worksheet.

The intent of Worksheet A-7, Part I, is to reflect assets which relate to the hospital. However, examine the cost finding elections made at the time you submit the cost report to consider the cost finding treatment of SNF, HHA, hospice, subproviders, CORF, CMHC, the physician office building, and any other nonallowable cost centers.

Where you have elected to cost find any of these areas through the cost report, related assets must be included in Worksheet A-7, Part I, as appropriate, to properly allocate the related insurance, taxes, etc. This cost finding treatment must comply with the consistency rule in 42 CFR 412.302(d).

### 4015.1 Part I - Analysis of Changes in Capital Asset Balances

--This part enables the Medicare program to analyze the changes that occurred in your capital asset balances during the current reporting period. Complete this worksheet only once for the entire hospital complex (certified and non-certified components). However, only include in Part I assets that relate to hospital services or are commingled and cannot be separated.

**Columns 1 and 6--** Enter the balance recorded in your books of accounts at the beginning of your cost reporting period (column 1) and at the end of your cost reporting period (column 6). You must submit a reconciliation demonstrating that the sum of Part I, column 6, line 10, agree with the total fixed assets on Worksheet G, plus any directly allocated assets from the home office or related organization, less any assets not allocated through the cost finding method on Worksheet B. Include fully depreciated assets still used for patient care.

**Columns 2 - 4--** Enter the cost of capital assets acquired by purchase in column 2 and the fair market value at date acquired of donated assets in column 3. Enter the sum of columns 2 and 3 in column 4.

**NOTE:** The amounts in Part I, column 2, represent transfers from obligated capital and/or a transfer of assets from a change of ownership.

**Column 5--** Enter the cost or other approved basis of all capital assets sold, retired, or disposed of in any other manner during your cost reporting period.

**Column 6--** Enter the sum of columns 1 and 4 minus column 5.
Line Descriptions

Line 7--If you acquired certified HIT assets and are an EHR technology meaning user (Worksheet S-2, Part I, line 167 is yes) in accordance with ARRA 2009, section 4102, enter the corresponding amounts on this line.

Line 9--If you have included in lines 1 through 7 of Part I any of the following, enter those amounts on line 9.

- Capitalized a lease in accordance with generally accepted accounting principles (GAAP) and included it in the assets reported on Worksheet G,
- Excess of amounts paid for the acquisition of assets over their fair values or the amount recognized under §2314 of DEFRA for transactions after July 18, 1984, or
- Construction in progress at the end of the cost reporting period.

Line 10--Enter line 8 minus line 9.

4015.2 Part II - Reconciliation of Amounts From Worksheet A, Column 2, Lines 1 and 2.--The purpose of this worksheet is to segregate and specifically identify the depreciation and capital related costs which are directly assigned to Worksheet A, column 2, lines 1 and 2.

Columns 9 - 14--Enter in columns 9 through 14, the depreciation and other capital related costs. (Do not report in columns 12 through 14 any amounts previously reported in Part III, columns 5 through 7). The sum of columns 9 through 14 of this part, which is reported in column 15, lines 1 through 4 must agree with the amounts reported on Worksheet A, column 2, lines 1 and 2.

4015.3 Part III - Reconciliation of Capital Cost Centers.--Use this part to allocate allowable insurance, taxes, and other capital expenditures (not including depreciation, lease, and interest expense) to the capital-related cost centers. This part also summarizes the amounts in the capital-related cost centers on Worksheet A, lines 1 and 2, column 7.

Lines 1 and 2--The allowable costs for other capital-related expenses (including but not limited to taxes, insurance, and royalty fees on depreciable assets) are apportioned by applying the ratio of the hospital's capital related building and fixtures and capital related movable equipment gross asset value to total asset value in each cost reporting period. These lines compute the appropriate gross asset ratios used in allocating other capital-related costs in columns 5 through 7.

Line 3--Enter the sum of lines 1 and 2. Column 4 must equal 1.000000.

Columns 1 - 4, Lines 1 and 2--Use these columns and lines to compute ratios of capital related building and fixtures and capital related movable equipment gross asset values to total gross asset values. Use these ratios on columns 5 through 7 to allocate other capital costs (insurance, taxes, and other) to the capital-related cost center lines (Worksheet A, lines 1 and 2).

Column 1--Enter on line 1 your gross asset value (asset value before accumulated depreciation) for buildings and fixtures (which also includes old land and land improvements). Enter on line 2 your gross asset value for movable equipment.

NOTE: Part III, column 1, line 3, must agree with the sum of Part I, column 6, line 8.

Column 2--Enter in column 2, line as appropriate, any amounts that you have included in column 1, lines 1 and 2, and which were reported on line 8 of Part I, as appropriate.

Column 3--Enter column 1 less column 2.
Column 4--Enter on lines 1 and 2 the amount in column 3, lines as applicable, divided by the amount in column 3, line 3. Round the resulting ratio to six decimal places.

Columns 5 - 7--These columns provide for the allocation of other capital-related costs (taxes, insurance, and other) to the capital-related cost center lines (Worksheet A, lines 1 and 2).

Line 3--Enter in column 5 capital expenditures relating to insurance. Enter in column 6 capital expenditures relating to State and local taxes on property and equipment. Enter in column 7 other capital expenditures (not including taxes, insurance, depreciation, lease, and interest expense). Enter in column 8 the sum of the amounts reported in columns 5 through 7.

Lines 1 and 2--Apply the ratios developed in column 4, line as applicable, to allocate the other capital costs reported in line 3.

Column 8--Line 3 must be equal to or less than the amount on Worksheet A, line 3, column 3. The amount reported becomes the reclassification entry on Worksheet A, column 4 which will zero-out the balance on line 3. If you directly assign the capital related costs, see Part II for proper disclosure of these costs.

Columns 9 - 15--These lines summarize the amounts in the capital-related cost centers (Worksheet A, lines 1 and 2, column 7).

**NOTE:** The amount entered in these columns must be net of reclassifications and adjustments identified on Worksheets A-6, A-8 and A-8-1.

Column 9--Enter the amount reported in Part II above, from column 9, lines 1 and 2, adjusted by the amounts identified on Worksheets A-6, A-8 and A-8-1.

Column 10--Enter the amount reported in Part II, column 10, lines 1 and 2, relating to capital-related lease expense, adjusted by the amounts identified on Worksheets A-6, A-8, and A-8-1. (See CMS Pub. 15-1, §2806.1.) Report insurance, taxes, and license and royalty fees associated with leased assets in columns 12, 13, and 14 of this worksheet, respectively.

Column 11--Enter the amount reported in Part II, column 11, lines 1 and 2, relating to capital-related interest expense, adjusted by the amounts identified on Worksheets A-6, A-8, and A-8-1.

Column 12--Enter the amount from column 5 plus any additional amounts reported in Part II, column 12 adjusted by amounts identified on Worksheets A-6, A-8, and A-8-1.

Column 13--Enter the amount from column 6 plus any additional amounts reported in Part II, column 13 adjusted by amounts identified on Worksheets A-6, A-8, and A-8-1.

Column 14--Enter the amount from column 7 plus any additional amounts reported in Part II, column 14 adjusted by amounts identified on Worksheets A-6, A-8, and A-8-1.

Column 15--Enter the sum of columns 9 through 14. The amounts from column 15, lines 1 and 2, must equal the amounts on Worksheet A, column 7, lines 1 and 2.
In accordance with 42 CFR 413.9(c)(3), if your operating costs include amounts not related to patient care, these amounts are not reimbursable under the program. If your operating costs include amounts flowing from the provision of luxury items or services (i.e., those items or services substantially in excess of or more expensive than those generally considered necessary for the provision of needed health services), such amounts are not allowable.

This worksheet provides for the adjustments in support of those listed on Worksheet A, column 6. These adjustments, required under the Medicare principles of reimbursement, are made on the basis of cost or amount received (revenue) only if the cost (including direct cost and all applicable overhead) cannot be determined. If the total direct and indirect cost can be determined, enter the cost. Submit with the cost report a copy of any work papers used to compute a cost adjustment. Once an adjustment to an expense is made on the basis of cost, you may not determine the required adjustment to the expense on the basis of revenue in future cost reporting periods. Enter the following symbols in column 1 to indicate the basis for adjustment: "A" for cost or "B" for amount received. Line descriptions indicate the more common activities which affect allowable costs or result in costs incurred for reasons other than patient care and, thus, require adjustments.

Types of adjustments entered on this worksheet include (1) those needed to adjust expenses to reflect actual expenses incurred; (2) those items which constitute recovery of expenses through sales, charges, fees, etc.; (3) those items needed to adjust expenses in accordance with the Medicare principles of reimbursement; and (4) those items which are provided for separately in the cost apportionment process.

If an adjustment to an expense affects more than one cost center, record the adjustment to each cost center on a separate line on Worksheet A-8.

**NOTE:** When adjustments affect capital, they must be appropriately identified as impacting capital related building and fixtures or capital related movable equipment. If these adjustments affect other capital-related costs, indicate in column 5 the capital related cost category shown on Worksheet A-7, Part III, columns 9 through 14.

Enter additional costs as positive amounts. Enter reductions of cost as a negative number. Enter a net total (if a reduction of cost) as a negative number.

**Line Descriptions**

Lines 1 - 3 -- Enter the investment income to be applied against interest expense. (See CMS Pub. 15-1, §202.2 for an explanation.)

Line 7-- For patient telephones, make an adjustment on this line or establish a nonreimbursable cost center. When this line is used, base the adjustment on cost. Revenue is not used. (See CMS Pub. 15-1, §2328.)

Line 10-- Enter the total provider-based physician adjustments for personal patient care services and RCE limitations. Obtain this amount from Worksheet A-8-2, column 18, sum of all lines.

**NOTE:** Make the adjustment to Worksheet A, column 6 for each applicable cost center from Worksheet A-8-2, column 18, line as appropriate.

Line 12-- Obtain this amount from section A, column 6 of Worksheet A-8-1. **NOTE** that Worksheet A-8-1 represents the detail of the various cost centers on Worksheet A which must be adjusted.
Line 21--Enter the cash received from the imposition of interest, finance, or penalty charges on overdue receivables. Use this income to offset the allowable administration and general costs. (See CMS Pub. 15-1, §2110.2.)

Line 22--Enter the interest expense imposed by the contractor on Medicare overpayments. Also, enter interest expense on borrowing made to repay Medicare overpayments.

Line 23--Enter, if applicable, the amount from Worksheet A-8-3, line 65. For reporting the adjustment for providers within the complex, subscript this line in accordance with the prescribed subscripting instructions on Worksheet A-8-3, line 65.

Line 24--Enter, if applicable, the amount from Worksheet A-8-3, line 65. (See line 23 above for proper subscripting of this line.)

Line 25--This line pertains to the hospital-based SNF only. When the utilization review covers only Medicare patients or Medicare and title XIX patients, allocate 100 percent of the reasonable compensation paid to the physicians for their services on utilization review committees to the health care programs. Apportion all other allowable costs applicable to utilization review which cover only health care program patients among all users of the hospital-based SNF. Reclassify such other costs on Worksheet A-6. Enter the physicians’ compensation for service on utilization review committees which cover only health care program patients in the hospital-based SNF. The amount entered equals the amount shown on Worksheet A, column 6, line 114. (See CMS Pub. 15-1, §2126.2.) If the utilization review costs pertain to more than one program, the amount entered on Worksheet E-2, column 1, line 7 must equal the amount adjusted on Worksheet A-8.

Lines 26 and 27--When depreciation expense computed in accordance with the Medicare principles of reimbursement differs from depreciation expenses per your books, enter the difference on lines 26 and 27, as applicable. Use line 26 capital related buildings and fixtures costs and line 27 for new capital related movable equipment costs. Personal use of assets requires adjustment to depreciation expense, e.g., automotive used 50% for business and 50% personal.

Line 28--This adjustment is required for salaries and fringe benefits paid to nonphysician anesthetists reimbursed on a fee schedule. (See the instructions for Worksheet A, line 19.)

Line 29--Sections 1861(s)(2)(K), 1842(b)(6)(C), and 1842(b)(12) of the Act provide for coverage of and separate payment for services performed by a physician assistant. The physician assistant is an employee of the hospital and payment is made to the employer of the physician assistant. Make an adjustment on Worksheet A-8 for any payments made directly to the physician assistant for services rendered. This avoids any duplication of payments.

Line 30--Enter, if applicable, the amount from Worksheet A-8-3, line 65 for occupational therapy services rendered. (See line 23 above for proper subscripting of this line.)

Line 31--Enter, if applicable, the amount from Worksheet A-8-3, line 65 for speech pathology services rendered. (See line 23 above for proper subscripting of this line.)

Line 32--For CAHs, where applicable in accordance with ARRA 2009, section 4102, remove the current year depreciation expense for those HIT assets fully expensed in the current year. Also, in subsequent years remove any current year depreciation expense over the useful life of the asset for those HIT assets fully expensed in a previous year.
Lines 33 - 49--Enter any additional adjustments which are required under the Medicare principles of reimbursement. Label the lines appropriately to indicate the nature of the required adjustments. If the number of blank lines is not sufficient, subscript lines 33 through 49. The grossing up of costs in accordance with provisions of CMS Pub. 15-1, §2314 is an example of an adjustment entered on these lines and is explained below.

If you furnish ancillary services to health care program patients under arrangements with others but simply arrange for such services for non-health care program patients and do not pay the non-health care program portion of such services, your books reflect only the costs of the health care program portion. Therefore, allocation of indirect costs to a cost center which includes only the cost of the health care program portion results in excessive assignment of indirect costs to the health care programs. Since services were also arranged for the non-health care program patients, allocate part of the overhead costs to those groups.

In the foregoing situation, do not allocate indirect costs to the cost center unless your contractor determines that you are able to gross up both the costs and the charges for services to non-health care program patients so that both costs and charges for services to non-health care program patients are recorded as if you had provided such services directly. See the instructions for Worksheet C, Part I for grossing up of your charges.

Meals furnished by you to an outpatient receiving dialysis treatment also require an adjustment. These costs are nonallowable for title XVIII reimbursement. Therefore, the cost of these meals must be adjusted.

In accordance with CMS Pub. 27, §501, compensation paid to a physician for RHC services rendered in a hospital-based RHC is cost reimbursed. Where the physician agreement compensates for RHC services as well as non-RHC services, or services furnished in the hospital, the related compensation must be eliminated on Worksheet A-8 and billed to the Part B contractor. If not specified in the agreement, a time study must be used to allocate the physician compensation.

If the hospital performs ESRD services and costs are reported on either lines 74, 94, or both, these costs should include the cost of the drugs Epoetin and Aranesp. Do not report the cost of these drugs claimed in any other cost center. These costs will be removed later on Worksheet B-2.

If the hospital is paying membership dues to an organization which perform lobbying and political activities, the portion of the dues associated with these non-allowable activities must be removed from costs.

Line 50--Enter the sum of lines 1 through 49. Transfer the amounts in column 2 to Worksheet A, column 6, line as appropriate.
4017. WORKSHEET A-8-1 - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS AND HOME OFFICE COSTS

In accordance with 42 CFR 413.17, costs applicable to services, facilities, and supplies furnished to you by organizations related to you by common ownership or control are includable in your allowable cost at the cost to the related organization, except for the exceptions outlined in 42 CFR 413.17(d). This worksheet provides for the computation of any needed adjustments to costs applicable to services, facilities, and supplies furnished to the hospital by organizations related to you or costs associated with the home office. In addition, it shows certain information concerning the related organizations with which you have transacted business as well as home office costs. (See CMS Pub. 15-1, chapter 10, and §2150 respectively.)

Part A--Cost applicable to home office costs, services, facilities, and supplies furnished to you by organizations related to you by common ownership or control are includable in your allowable cost at the cost to the related organizations. However, such cost must not exceed the amount a prudent and cost conscious buyer pays for comparable services, facilities, or supplies that are purchased elsewhere.

Column 7--Enter the specific column of Worksheet A-7, Part III, columns 9 through 14 impacted by the adjustment.

Part B--Use this part to show your relationship to organizations identified in Part A. Show the requested data relative to all individuals, partnerships, corporations, or other organizations having either a related interest to you, a common ownership with you, or control over you as defined in CMS Pub. 15-1, chapter 10 in columns 1 through 6, as appropriate.

Complete only those columns which are pertinent to the type of relationship which exists.

Column 1--Enter the appropriate symbol which describes your relationship to the related organization.

Column 2--If the symbol A, D, E, F, or G is entered in column 1, enter the name of the related individual in column 2.

Column 3--If the individual indicated in column 2 or the organization indicated in column 4 has a financial interest in you, enter the percent of ownership as a ratio.

Column 4--Enter the name of the related corporation, partnership, or other organization.

Column 5--If you or the individual indicated in column 2 has a financial interest in the related organizations, enter the percent of ownership in such organization as a ratio.

Column 6--Enter the type of business in which the related organization engages (e.g., medical drugs and/or supplies, laundry and linen service).
In accordance with 42 CFR 413.9, 42 CFR 415.55, 42 CFR 415.60, 42 CFR 415.70, and 42 CFR 415.102(d), you may claim as allowable cost only those costs which you incur for physician services that benefit the general patient population of the provider or which represent availability services in a hospital emergency room under specified conditions. (See 42 CFR 415.150 and 42 CFR 415.164 for an exception for teaching physicians under certain circumstances.) 42 CFR 415.70 imposes limits on the amount of physician compensation which may be recognized as a reasonable provider cost.

Worksheet A-8-2 provides for the computation of the allowable provider-based physician cost you incur. 42 CFR 415.60 provides that the physician compensation paid by you must be allocated between services to individual patients (professional services), services that benefit your patients generally (provider services), and nonreimbursable services such as research. Only provider services are reimbursable to you through the cost report. This worksheet also provides for the computation of the reasonable compensation equivalent (RCE) limits required by 42 CFR 415.70. The methodology used in this worksheet applies the RCE limit to the total physician compensation attributable to provider services reimbursable on a reasonable cost basis. Enter the total provider-based physician adjustment for personal care services and RCE limitations applicable to the compensation of provider-based physicians directly assigned to or reclassified to general service cost centers. RCE limits are not applicable to a medical director, chief of medical staff, or to the compensation of a physician employed in a capacity not requiring the services of a physician, e.g., controller. RCE limits also do not apply to critical access hospitals, however the professional component must still be removed on this worksheet. CAHs need only complete columns 1 through 5 and 18. Transfer for CAHs the amount from column 4 to column 18.

NOTE: 42 CFR 415.70(a)(2) provides that limits established under this section do not apply to costs of physician compensation attributable to furnishing inpatient hospital services paid for under the prospective payment system implemented under 42 CFR Part 412.

Limits established under this section apply to inpatient services subject to the TEFRA rate of increase ceiling (see 42 CFR 413.40), outpatient services for all titles, and to title XVIII, Part B inpatient services.

Since the methodology used in this worksheet applies the RCE limit in total, make the adjustment required by 42 CFR 415.70(a)(2) on Worksheet C, Part I. Base this adjustment on the RCE disallowance amounts entered in column 17 of Worksheet A-8-2.

Where several physicians work in the same department, see CMS Pub. 15-1, §2182.6C for a discussion of applying the RCE limit in the aggregate for the department versus on an individual basis to each of the physicians in the department.

NOTE: The adjustments generated from this worksheet for physician compensation are limited to the cost centers on Worksheet A, lines 4-99, 105-112, and 115 and subscripts as allowed.

Column Descriptions

Columns 1 and 10--Enter the line numbers from Worksheet A for each cost center that contained compensation for physicians who are subject to RCE limits.

Columns 2 and 11--Enter the description of the cost center used on Worksheet A. When RCE limits are applied on an individual basis to each physician in a department, list each physician on successive lines directly under the cost center description line, or list the first physician on the same line as the cost center description line and then each successive line below for each additional physician in that cost center.
List each physician using an individual identifier (not the physician’s name, NPI, UPIN or social security number of the individual), but rather, Dr. A, Dr. B, …, Dr. AA, Dr. BB, etcetera. However, the identity of the physician must be made available to your contractor/contractor upon audit. When RCE limits are applied on a departmental basis, insert the word "aggregate" (instead of the physician identifiers) on the line below the cost center description.

Columns 3 - 9 and 12 - 18--When the aggregate method is used, enter the data for each of these columns on the aggregate line for each cost center. When the individual method is used, enter the data for each column on the individual physician identifier lines for each cost center.

Column 3--Enter the total physician compensation paid by you for each cost center. Physician compensation means monetary payments, fringe benefits, deferred compensation, costs of physician membership in professional societies, continuing education, malpractice, and any other items of value (excluding office space or billing and collection services) that you or other organizations furnish a physician in return for the physician's services. (See 42 CFR 415.60(a).) Include the compensation in column 3 of Worksheet A or, if necessary, through appropriate reclassifications on Worksheet A-6 or as a cost paid by a related organization through Worksheet A-8-1.

Column 4--Enter the amount of total remuneration included in column 3 applicable to the physician’s services to individual patients (professional component). These services are reimbursed on a reasonable charge basis by the Part B contractor in accordance with 42 CFR 415.102(a). The written allocation agreement between you and the physician specifying how the physician spends his or her time is the basis for this computation. (See 42 CFR 415.60(f).)

Column 5--Enter the amount of the total remuneration included in column 3, for each cost center, applicable to general services to you (provider component). The written allocation agreement is the basis for this computation. (See 42 CFR 415.60(f).)

NOTE: 42 CFR 405.481(b) requires that physician compensation be allocated between physician services to patients, the provider, and nonallowable services such as research. Physicians' nonallowable services must not be included in columns 4 or 5. The instructions for column 18 insures that the compensation for nonallowable services included in column 3 is correctly eliminated on Worksheet A-8.

Column 6--Enter for each line of data, as applicable, the reasonable compensation equivalent (RCE) limit applicable to the physician's compensation included in that cost center. The amount entered is the limit applicable to the physician specialty as published in the Federal Register before any allowable adjustments. The final notice on the annual update to RCE limits published in the Federal Register, Vol. 50, No. 34, February 20, 1985, on page 7126 contains Table 1, Estimates of FTE Annual Average Net Compensation Levels for 1984. An update was published in the Federal Register on August 1, 2003, Vol. 68, No. 148 on page 45459. Obtain the RCE applicable to the specialty from this table. If the physician specialty is not identified in the table, use the RCE for the total category in the table. The beginning date of the cost reporting period determines which calendar year (CY) RCE is used. Your location governs which of the three geographical categories are applicable: non-metropolitan areas, metropolitan areas less than one million, or metropolitan areas greater than one million.

Column 7--Enter for each line of data the physician's hours allocated to provider services. For example, if a physician works 2080 hours per year and 50 percent of his/her time is spent on provider services, then enter 1040 in this column. The hours entered are the actual hours for which the physician is compensated by you for furnishing services of a general benefit to your patients. If the physician is paid for unused vacation, unused sick leave, etc., exclude the hours so paid from the hours entered. Time records or other documentation that supports this allocation must be
available for verification by your contractor upon request. (See CMS Pub. 15-1, §2182.3E.)

**Column 8**—Enter the unadjusted RCE limit for each line of data. This amount is the product of the RCE amount entered in column 6 and the ratio of the physician’s provider component hours entered in column 7 to 2080 hours.

**Column 9**—Enter for each line of data five percent of the amounts entered in column 8.

**Column 12**—You may adjust upward, up to five percent of the computed limit (column 9), to take into consideration the actual costs of membership for physicians in professional societies and continuing education paid by you.

Enter for each line of data the actual amounts of these expenses paid by you.

**Column 13**—Enter for each line of data the result of multiplying column 5 by column 12 and dividing that amount by column 3.

**Column 14**—You may also adjust upward the computed RCE limit in column 8 to reflect the actual malpractice expense incurred by you for the services of a physician or group of physicians to your patients.

Enter for each line of data the actual amounts of these malpractice expenses paid by you.

**Column 15**—Enter for each line of data the result of multiplying column 5 by column 14 and dividing that amount by column 3.

**Column 16**—Enter for each line of data the sum of columns 8 and 15 plus the lesser of columns 9 or 13.

**Column 17**—Compute the RCE disallowance for each cost center by subtracting the RCE limit in column 16 from your component remuneration in column 5. If the result is a negative amount, enter zero. Transfer the amounts for each cost center to Worksheet C, Part I, column 4 for all hospitals subject to PPS. (See 42 CFR Part 412.)

**Column 18**—The adjustment for each cost center entered represents the PBP elimination from costs entered on Worksheet A-8, column 2, line 10 and on Worksheet A, column 6 to each cost center affected. Compute the amount by deducting, for each cost center, the lesser of the amounts recorded in column 5 (provider component remuneration) or column 16 (adjusted RCE limit) from the total remuneration recorded in column 3.

**NOTE:** If you incur cost for unpaid guarantee for emergency room physician availability, attach a separate worksheet showing the computation of the necessary reclassification. (See CMS Pub. 15-1, §2109.)

**Line Descriptions**

**Line 200**—Enter the total of lines 1 through 11 for columns 3 through 5, 7 through 9, and 12 through 18.
This worksheet provides for the computation of any needed adjustments to costs applicable to therapy services furnished by outside suppliers in CAHs. Therapy services rendered by non-CAH providers are either subject to fee schedule reimbursement or the corresponding PPS reimbursement. Consequently, only CAHs complete this worksheet. The information required on this worksheet provides, in the aggregate, all data for therapy services furnished by all outside suppliers in determining the reasonableness of therapy costs.

If you contract with an outside supplier for therapy services, the potential for limitation and the amount of payment you receive depend on several factors:

• An initial test to determine whether these services are categorized as intermittent part time or full time services;
• The location where the services are rendered, i.e., at your site or an alternate site.
• Whether detailed time and mileage records are maintained by the contractor;
• Add-ons for supervisory functions, aides, overtime, equipment and supplies; and
• Contractor determinations of reasonableness of rates charged by the supplier compared with the going rates in the area.

4019.1 Part I - General Information--This part provides for furnishing certain information concerning therapy services furnished by outside suppliers.

Line 1--Enter the number of weeks that services were performed on site. Count only those weeks during which a supervisor, therapist or an assistant was on site. (See Pub. 15-I, chapter 14.)

Line 2--Multiply the amount on line 1 by 15 hours per week. This calculation is used to determine whether services are full-time or intermittent part-time.

Line 3--Enter the number of days in which the supervisor or therapist (only report the therapists for respiratory therapy) was on site. Count only one day when both the supervisor and therapist were at the site during the same day.

Line 4--Enter the number of days in which the therapy assistant (PT, OT, or SP only) was on site. Do not include days when either the supervisor or therapist was also at the site during the same day.

NOTE: Count an unduplicated day for each day the contractor has at least one employee on site. For example, if the contractor furnishes a supervisor, therapist and assistant on one day, count one therapist day. If the contractor provides two assistants on one day (and no supervisors or therapists), count one assistant day.

Line 5--Enter the number of unduplicated visits made by the supervisor or therapist. Count only one visit when both the supervisor and therapist were present during the same visit.

Line 6--Enter the number of unduplicated visits made by the therapy assistant. Do not include in the count the visits when either the supervisor or therapist was present during the same visit.

Line 7--Enter the standard travel expense rate applicable. (See CMS Pub. 15-1, chapter 14.)
Line 8--Enter the optional travel expense rate applicable. (See CMS Pub. 15-1, chapter 14.) Use this rate only for services for which time records are available.

Line 9--Enter in the appropriate columns the total number of hours worked for each category.

Line 10--Enter in each column the appropriate adjusted hourly salary equivalency amount (AHSEA). This amount is the prevailing hourly salary rate plus the fringe benefit and expense factor described in CMS Pub 15-1, chapter 14. This amount is determined on a periodic basis for appropriate geographical areas and is published as an exhibit at the end of CMS Pub. 15-1, chapter 14. Use the appropriate exhibit for the period of this cost report.

Enter in column 1 the supervisory AHSEA, adjusted for administrative and supervisory responsibilities. Determine this amount in accordance with the provisions of Pub. 15-1, §1412.5. Enter in columns 2, 3, and 4 (for therapists, assistants, aides, and trainees respectively) the AHSEA from either the appropriate exhibit found in CMS Pub. 15-1, chapter 14 or from the latest publication of rates. If the going hourly rate for assistants in the area is unobtainable, use no more than 75 percent of the therapist AHSEA. The cost of services of a therapy aide or trainee is evaluated at the hourly rate, not to exceed the hourly rate paid to your employees of comparable classification and/or qualification, e.g., nurses' aides. (See CMS Pub. 15-1, §1412.2.)

Line 11--Enter the standard travel allowance equal to one half of the AHSEA. Enter in columns 1 and 2 one half of the amount in column 2, line 10. Enter in column 3 one half of the amount in column 3, line 10. (See CMS Pub 15-1, §1402.4.)

Lines 12 and 13--Enter the number of travel hours and number of miles driven, respectively, if time records of visits are kept. (See CMS Pub. 15-1, §§1402.5 and 1403.1.) Subscript this line into two categories of, provider site and provider offsite.

NOTE: There is no travel allowance for aides employed by outside suppliers.

4019.2 Part II - Salary Equivalency Computation--This part provides for the computation of the full-time or intermittent part-time salary equivalency.

When you furnish therapy services from outside suppliers to health care program patients but simply arrange for such services for non health care program patients and do not pay the non health care program portion of such services, your books reflect only the cost of the health care program portion. Where you can gross up costs and charges in accordance with provisions of CMS Pub. 15-1, §2314, complete Part II, lines 14 through 20 and 23 in all cases and lines 21 and 22 where appropriate. See §2810 for instructions regarding grossing up costs and charges. However, where you cannot gross up costs and charges, complete lines 14 through 20 and 23.

Line 14 - 20--To compute the total salary equivalency allowance amounts, multiply the total hours worked (line 9) by the adjusted hourly salary equivalency amount for supervisors, therapists, assistants, aides and trainees (for respiratory therapy only).

Line 17--Enter the sum of lines 14 and 15 for respiratory therapy or sum of lines 14 through 16 for all others.

Line 20--Enter the sum of lines 17 through 19 for respiratory therapy or sum of lines 17 and 18 for all other.
Lines 21 and 22--If the sum of hours in columns 1 and 2 for respiratory therapy or 1 through 3 for all others, line 9 is less than or equal to the product found on line 2, complete these lines. (See the exception above where you cannot gross up costs and charges, and services are provided to program patients only.)

Line 21--Enter the result of line 17 divided by the sum of columns 1 and 2, line 9 for respiratory therapy or columns 1 through 3, line 9 for all others.

Line 22--Enter the result of line 2 times line 21.

Line 23--If there are no entries on lines 21 and 22, enter the amount on line 20. Otherwise, enter the sum of the amounts on lines 18, 19, and 22 for respiratory therapy or lines 18 and 22 for all others.

4019.3 Part III - Standard and Optional Travel Allowance and Travel Expense Computation - Provider Site--This part provides for the computation of the standard and optional travel allowance and travel expense for services rendered on site.

Lines 24 - 28--Complete these lines for the computation of the standard travel allowance and standard travel expense for therapy services performed at your site. One standard travel allowance is recognized for each day an outside supplier performs skilled therapy services at your site. For example, if a contracting organization sends three therapists to you each day, only one travel allowance is recognized per day. (See CMS Pub. 15-1, §1403.1 for a discussion of standard travel allowance and §1412.6 for a discussion of standard travel expense.)

Line 24--Include the standard travel allowance for supervisors and therapists. This standard travel allowance for supervisors does not take into account the additional allowance for administrative and supervisory responsibilities. (See CMS Pub. 15-1, §1402.4.)

Line 25--Include the standard travel allowance for assistants for physical therapy, occupational therapy, and speech pathology.

Line 26--Enter the amount from line 24 for respiratory therapy or the sum of lines 24 and 25 for physical therapy, occupational therapy, or speech pathology.

Line 27--Enter the result of line 7 times line 3 for respiratory therapy or line 7 times the sum of lines 3 and 4 for all others.

Lines 29 - 35--Complete these lines for computing the optional travel allowance and expense when proper records are maintained.

Line 31--Enter the amount on line 29 for respiratory therapy or the sum of lines 29 and 30 for all others.

Line 32--Enter the result of line 8 times the sum of columns 1 and 2, line 13 for respiratory therapy or columns 1, 2, and 3, line 13 for all other.

Lines 33 through 35--Enter an amount in one of these lines depending on the method utilized.

4019.4 Part IV - Standard and Optional Travel Allowance and Standard Travel Expense Computation - Services outside Provider Site--This part provides for the computation of the standard travel allowance, the standard travel expense, the optional travel allowance, and the optional travel expense. (See CMS Pub. 15-1, §§1402ff, 1403.1 and 1412.6.)
Lines 36-39--Complete these lines for the computation of the standard travel allowance and standard travel expense for therapy services performed in conjunction with offsite visits. Only use these lines if you do not use the optional method of computing travel. A standard travel allowance is recognized for each visit to a patient’s residence. If services are furnished to more than one patient at the same location, only one standard travel allowance is permitted, regardless of the number of patients treated.

Lines 40 - 43--Complete the optional travel allowance and optional travel expense computations for physical therapy, occupational therapy, and speech pathology services in conjunction with home health services only. Compute the optional travel allowance on lines 40 through 42. Compute the optional travel expense on line 43.

Lines 44 - 46--Choose and complete only one of the options on lines 44 through 46. However, use lines 45 and 46 only if you maintain time records of visits. (See CMS Pub. 15-1, §1402.5.)

4019.5 Part V - Overtime Computation--This part provides for the computation of an overtime allowance when an individual employee of the outside supplier performs services for you in excess of your standard work week. No overtime allowance is given to a therapist who receives an additional allowance for supervisory or administrative duties. (See CMS Pub. 15-1, §1412.4.)

Line 47--Enter in the appropriate columns the total overtime hours worked. Where the total hours in column 5 are either zero or, equal to or greater than 2080, the overtime computation is not applicable. Make no further entries on lines 48 through 55 (If there is a short period prorate the hours). Enter zero in each column of line 56. Enter in column 5 the sum of the hours recorded in columns 1, 3 and 4 for respiratory therapy, and columns 1 through 3 for physical therapy, speech pathology, and occupational therapy.

Line 48--Enter in the appropriate column the overtime rate (the AHSEA from line 10, column as appropriate, multiplied by 1.5).

Line 50--Enter the percentage of overtime hours by class of employee. Determine this amount by dividing each column on line 47 by the total overtime hours in column 5, line 47.

Line 51--Use this line to allocate your standard work year for one full-time employee. Enter the numbers of hours in your standard work year for one full-time employee in column 5. Multiply the standard work year in column 5 by the percentage on line 50 and enter the result in the corresponding columns.

Line 52--Enter in columns 1 through 3 for physical therapy, speech pathology, and occupational therapy the AHSEA from Part I, line 10, columns 2 through 4, as appropriate. Enter in columns 1, 3 and 4 the AHSEA from Part I, line 10, columns 2, 4 and 5, for respiratory therapy.

Line 56--Enter in column 5 the sum of the amounts recorded in columns 1, 3, and 4 for respiratory therapy and columns 1 through 3 for physical therapy, speech pathology, and occupational therapy.

4019.6 Part VI - Computation of Therapy Limitation and Excess Cost Adjustment--This part provides for the calculation of the adjustment to the therapy service costs in determining the reasonableness of therapy cost.

Line 58--Enter the amount reported on lines 33, 34, or 35.

Line 59--Enter the amount reported on lines 44, 45, or 46.
Lines 61 and 62--When the outside supplier provides the equipment and supplies used in furnishing direct services to your patients, the actual cost of the equipment and supplies incurred by the outside supplier (as specified in CMS Pub 15-1, §1412.1) is considered an additional allowance in computing the limitation.

Line 64--Enter the amounts paid and/or payable to the outside suppliers for the hospital, if applicable, for therapy services rendered during the period as reported in the cost report. This includes any payments for supplies, equipment use, overtime, or any other expenses related to supplying therapy services for you. Add all subscripted lines together for purposes of calculating the amount to be entered on this line.

Line 65--Enter the excess cost over the limitation, i.e., line 64 minus line 63. If the amount is negative, enter a zero. Transfer this amount to Worksheet A-8, line 23 for respiratory therapy; line 24 for physical therapy; line 30 for occupational therapy; and line 31 for speech pathology.
Base cost data on an approved method of cost finding and on the accrual basis of accounting except where government institutions operate on a cash basis of accounting. (See 42 CFR 413.24(a).) Cost data based on such basis of accounting is acceptable subject to appropriate treatment of capital expenditures. Cost finding is the process of recasting the data derived from the accounts ordinarily kept by you to ascertain costs of the various types of services rendered. It is the determination of these costs by the allocation of direct costs and proration of indirect costs. The various cost finding methods recognized are outlined in 42 CFR 413.24. Worksheets B, Part I, and B-1 have been designed to accommodate the stepdown method of cost finding.

The provider can elect to change the order of allocation and/or allocation statistics, as appropriate, for the current cost reporting period if a request is received by the contractor, in writing, 90 days prior to the end of that reporting period. The contractor has 60 days to make a decision and notify the provider of that decision or the change is automatically accepted. The change must be shown to more accurately allocate the overhead or should demonstrate simplification in maintaining the changed statistics. If a change in statistics is requested, the provider must maintain both sets of statistics until an approval is made. If both sets are not maintained and the request is denied, the provider reverts back to the previously approved methodology. The provider must include with the request all supporting documentation and a thorough explanation of why the alternative approach should be used. (see CMS Pub. 15-1, §2313)

Simplified Cost Allocation Methodology

As an alternative approach to the cost finding methods identified in CMS Pub. 15-1, §2306, the provider may request a simplified cost allocation methodology. This methodology reduces the number of statistical bases a provider maintains. It may result in reducing Medicare reimbursement. A comparison is recommended if the possible loss reimbursement is surpassed by the reduced costs of maintaining voluminous statistics. The following statistical bases must be used for purposes of allocating overhead cost centers. There can be no deviation of the prescribed statistics and it must be utilized for all the following cost centers.

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>Statistical Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and Fixtures</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Movable Equipment</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Maintenance and Repairs</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Operation of Plant</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Housekeeping</td>
<td>Square Footage</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>Salaries</td>
</tr>
<tr>
<td>Cafeteria*</td>
<td>Salaries</td>
</tr>
<tr>
<td>Administrative and General</td>
<td>Accumulated Costs</td>
</tr>
<tr>
<td>Laundry and Linen</td>
<td>Patient Days</td>
</tr>
<tr>
<td>Dietary**</td>
<td>Patient Days</td>
</tr>
<tr>
<td>Social Service</td>
<td>Patient Days</td>
</tr>
<tr>
<td>Maintenance of Personnel</td>
<td>Eliminated</td>
</tr>
<tr>
<td>Nursing Administration</td>
<td>Nursing Salaries</td>
</tr>
<tr>
<td>Central Services and Supply</td>
<td>Costed Requisitions</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>Costed Requisitions</td>
</tr>
<tr>
<td>Medical Records and Library</td>
<td>Gross Patient Revenue</td>
</tr>
<tr>
<td>Nursing School*</td>
<td>Assigned Time</td>
</tr>
<tr>
<td>Interns and Residents</td>
<td>Assigned Time</td>
</tr>
<tr>
<td>Paramedical Education</td>
<td>Assigned Time</td>
</tr>
<tr>
<td>Nonphysician Anesthetists</td>
<td>100 percent to Anesthesiology</td>
</tr>
</tbody>
</table>
NOTE: The election of the alternative method discussed above cannot result in inappropriately shifting costs.

*Contract labor is not included and is not grossed up.
**If this is a meals on wheels program, a Worksheet A-8 adjustment is required.

Once the simplified method is elected, the provider must continue to use this method for no less than 3 years, unless a change of ownership occurs.

In addition, the following overhead cost center statistics can be substituted for the recommended statistics printed on Worksheet B-1. The 90-day and 60-day rule discussed above still applies (CMS Pub. 15-1, §2313).

<table>
<thead>
<tr>
<th>Housekeeping</th>
<th>Square Footage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cafeteria</td>
<td>FTEs</td>
</tr>
<tr>
<td>Maintenance</td>
<td>Eliminated and moved to A&amp;G</td>
</tr>
<tr>
<td>Medical</td>
<td>Gross Patient Revenue</td>
</tr>
<tr>
<td>Records</td>
<td></td>
</tr>
</tbody>
</table>

Continuation of the Standard Allocation Methodology Instructions

Worksheet B, Part I, provides for the allocation of the expenses of each general service cost center to those cost centers which receive the services. The cost centers serviced by the general service cost centers include all cost centers within your organization, other general service cost centers, inpatient routine service cost centers, ancillary service cost centers, outpatient service cost centers, other reimbursable cost centers, special purpose cost centers, and nonreimbursable cost centers. Obtain the total direct expenses from Worksheet A, column 7.

All direct graduate medical education costs (inpatient and outpatient in approved programs) are reimbursed based on a specific amount per resident as computed on Worksheet E-4. Costs applicable to interns and residents must still be allocated in columns 21 and 22. These costs are, however, eliminated from total costs in column 25, unless you qualify for an exception. See the instructions for column 25 for a more detailed explanation.

Worksheet B-1 provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet B, Part I. To facilitate the allocation process, the general format of Worksheets B, Part I, and B-1 is identical. Each general service cost center has the same line number as its respective column number across the top. Also, the column and line numbers for each general service cost center are identical on the two worksheets. In addition, the line numbers for each routine service, ancillary outpatient service, other reimbursable, special purpose, and nonreimbursable cost center are identical on the two worksheets. The cost centers and line numbers are also consistent with Worksheet A. If you have subscripted any lines on Worksheet A, subscript the same lines on these worksheets.

NOTE: General service columns 1 through 23 and subscripts thereof must be consistent on Worksheets B, Parts I, and II; H-2, Part I; J-1, Part I; K-5, Part I; and L-1, Part I.

The statistical basis shown at the top of each column on Worksheet B-1 is the recommended basis of allocation of the cost center indicated which must be used by all providers completing this form (Form CMS 2552-10), even if a basis of allocation other than the recommended basis of allocation was used in the previous iteration of the cost report (Form CMS 2552-96). If a different basis of allocation is used, you must indicate the basis of allocation actually used at the top of the column subject to the applicable provisions of CMS Pub 15-1, §2313.
Most cost centers are allocated on different statistical bases. However, for those cost centers with the same basis (e.g., square feet), the total statistical base over which the costs are allocated differs because of the prior elimination of cost centers that have been closed.

The general service cost centers are ordered sequentially such that the cost centers that render the most services to and receive the least services from other cost centers are listed first. When closing the general service cost centers, first close the cost centers that render the most services to and receive the least services from other cost centers. List the cost centers in this sequence from left to right on the worksheets. However, your circumstances may be such that a more accurate result is obtained by allocating to certain cost centers in a sequence different from that followed on these worksheets. **NOTE** that the general service cost centers are **not** allocated to provider-based physician (PBP) clinical lab service (line 61) because this cost center is treated as a purchased service under arrangements provided only to program beneficiaries.

If the amount of any cost center on Worksheet A, column 7, has a credit balance, show this amount as a credit balance on Worksheet B, Part I, column 0. Allocate the costs from the applicable overhead cost centers in the normal manner to the cost center showing a credit balance. After receiving costs from the applicable overhead cost centers, if a general service cost center has a credit balance at the point it is allocated, do not allocate the general service cost center. Rather, enter the credit balance in parentheses on line 201 as well as on the first line of the column and on line 202. This enables column 26, line 202, to crossfoot to columns 0 and 4A, line 202. After receiving costs from the applicable overhead cost centers, if a revenue producing cost center has a credit balance on Worksheet B, Part I, column 26, do not carry forward a credit balance to any worksheet.

On Worksheet B-1, enter on the first line in the column of the cost center being allocated the total statistical base over which the expenses are allocated (e.g., in column 1, capital-related cost - building and fixtures, enter on line 1 the total square feet of the building on which depreciation was taken). Use accumulated cost for allocating administrative and general expenses.

Do not include any statistics related to services furnished under arrangements except if:

   - Both Medicare and non-Medicare costs of arranged for services are recorded in your records; or

   - Your contractor determines that you are able to (and do) gross up the costs and charges for services to non-Medicare patients so that both cost and charges are recorded as if you had furnished such services directly to all patients. (See CMS Pub. 15-1, §2314.)

For all cost centers (below the first line) to which the capital-related cost is allocated, enter that portion of the total statistical base applicable to each. The sum of the statistical base applied to each cost center receiving the services rendered must equal the total base entered on the first line.

Enter on line 202 of Worksheet B-1 the total expenses of the cost center being allocated. Obtain this amount from Worksheet B, Part I from the same column and line number used to enter the statistical base on Worksheet B-1. (In the case of capital-related costs - buildings and fixtures, this amount is on Worksheet B, Part I, column 1, line 1.)

Divide the amount entered on line 202 by the total statistics entered in the same column on the first line. Enter the resulting unit cost multiplier on line 203. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services rendered. Enter the result of each computation on Worksheet B, Part I, in the corresponding column and line. (See §4000.1 for rounding standards.)
After applying the unit cost multiplier to all the cost centers receiving the services rendered, the total cost (line 202) of all the cost centers receiving the allocation on Worksheet B, Part I, must equal the amount entered on the first line. Perform the preceding procedures for each general service cost center. Complete the column for each cost center on both Worksheets B, Part I, and B-1 before proceeding to the column for the next cost center.

If a general service cost center has a credit balance at the point it is allocated on Worksheet B, Part I, do not allocate the general service cost centers. However, display the statistic departmentally, but do not calculate a unit cost multiplier for lines 203 and 205 on Worksheet B-1. Use line 204 of Worksheet B-1 in conjunction with the allocation of capital-related costs on Worksheet B, Part II. Complete line 204 for all columns after Worksheets B, Part I, and B-1 are completed and the amount of direct and indirect capital-related cost is determined on Worksheet B, Part II, column 2A. Use line 205 for all columns in allocating the direct and indirect capital-related cost on Worksheet B, Part II. Compute the unit cost multiplier (after the amount entered on line 204 has been determined) by dividing the capital-related costs recorded on line 204 by the total statistics entered in the same column on the first line. Round the unit cost multipliers to six decimal places. (See instructions for Worksheet B, Part II, for the complete methodology and exceptions.)

Do not use line 200 to allocate costs on Worksheet B, Part I.

Since intern and resident costs are segregated into two cost centers, properly allocate general service costs applicable to each center. A listing of general service cost centers which may be applicable and the appropriate allocation to the separate cost centers for the intern and resident costs is presented below.

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>Salary &amp; Salary Related</th>
<th>Fringe Benefits</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Related Costs - Bldgs. &amp; Fixtures</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Capital Related Costs - Movable Equipment</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Administrative and General</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Maintenance and Repair</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Operation of Plant</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housekeeping</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cafeteria</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Maintenance of Personnel</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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After the costs of the general service cost center have been allocated on Worksheet B, Part I, enter in column 24 the sum of the costs in columns 4A through 23 for lines 30 through 201. Once overhead is allocated to these cost centers, they are closed and the costs are not further allocated to the revenue producing cost centers.

Since costs applicable to direct graduate medical education costs (inpatient and outpatient in approved programs) are reimbursed based on a specific amount per resident, exclude these costs from the total costs in column 26. Enter on each line in column 25 the sum of the amounts shown on each line in columns 21 and 22. If you qualify for the exception (cost reimbursed hospital such as CAHs do not offset I&R costs), enter only the amounts from Worksheet B-2.

In addition, when an adjustment to expenses is required after cost allocation, enter the amount applicable to each cost center in column 25 of Worksheet B, Part I. Corresponding adjustments to Worksheet B, Part II, may be applicable for capital-related cost adjustments. Submit a supporting worksheet showing the computation of the adjustments in addition to completing Worksheet B-2.

NOTE: The amount reported in column 25 must equal both the sum of the amounts shown in columns 21 and 22 and the amount on Worksheet B-2, unless you qualify for the exception. See the instructions for column 25 for a more detailed explanation.

Other examples of adjustments to expenses which may be required after cost allocation are (1) the allocation of available costs between the certified portion and the non-certified portion of a distinct part provider, and (2) costs attributable to unoccupied beds in a hospital with a restrictive admission policy. (See CMS Pub. 15-1, §§2342-2344.3.)

After the adjustments have been entered on Worksheet B, Part I, column 25, subtract the amounts in column 25 from the amounts in column 24, and enter the resulting amounts in column 26 for each line. The total costs entered in column 26, line 202 must equal the total costs entered in column 0, line 202.

Transfer the totals in column 26, lines 30 through 46 (inpatient routine service cost centers), lines 50 through 76 (ancillary service cost centers), lines 88 through 93 (outpatient service cost centers), lines 94 through 101 (other reimbursable cost centers), and 105 through 117 (special purpose cost centers) to Worksheet C, Parts I and II, column 1, lines 30 through 98. For provider based RHC/FQHCs transfer the total costs to Worksheet M-2.
Transfer the total cost in column 26, line 100 (intern/resident services not in approved teaching program) to Worksheet D-2, Part I, column 2, line 1.

The total outpatient rehabilitation costs in column 26, line 93 and subscripts, must agree with Worksheet J-1, Part I, column 26, line 22, for each provider type.

Do not transfer ASC costs from column 26, line 115. Do not transfer the nonreimbursable cost center totals (lines 190 through 193).

**NOTE:** Do not transfer negative numbers.

**Column Descriptions**

**Column 1**--Include only capital costs for building and fixtures. See the instructions for Worksheet A, line 1, for a discussion capital-related costs for building and fixtures.

**Column 2**--Include only capital costs for movable equipment. See the instructions for Worksheet A, line 2, for a discussion capital-related costs for movable equipment.

**Worksheet B, Part I, Column 25**--Accumulate in this column the costs for interns and residents and post step down adjustments. Except as provided in 42 CFR 413.77(e)(1), the costs of interns and residents (direct graduate medical education costs for inpatient and outpatient in approved programs) are paid on a per resident amount through Worksheet E-4. In order to avoid duplicate payments, enter the sum of the amounts reported on each line in columns 21 and 22 in the appropriate line of column 25. In addition, enter the amounts from Worksheet B-2, lines as appropriate. The total of columns 21 and 22 and the appropriate lines on Worksheet B-2 must equal the total of column 25.

**NOTE:** 42 CFR 413.77 provides for the establishment of a base period and a per resident amount for new teaching hospitals. If your hospital did not have an approved medical residency training program or did not participate in Medicare during the FY 1984 base period, but either condition changed in a cost reporting period beginning on or after July 1, 1985 using the information from the first cost reporting period during which the hospital participates in Medicare and the residents are on duty during the first month of that period. Effective for cost reporting periods beginning on or after October 1, 2006, if residents are not on duty during the first month of the cost reporting period in which the hospital first begins to train residents, the contractor establishes a per resident amount using information from the first cost reporting period immediately following the cost reporting period during which the hospital participates in Medicare and residents began training at the hospital. If your hospital begins training residents after the first month of the cost reporting period, your hospital is reimbursed for these costs based on reasonable cost on Worksheets D, Parts III and IV. Do not include in column 25 the intern and resident costs from columns 21 and 22.

If you are CAH and responded “Y” to Worksheet S-2, Part I, question 107, (indicating that you have an I&R training program) the GME elimination is not performed. Consequently, do not include in column 25 the intern and resident costs from columns 21 and 22.

If you responded “N” to the question on Worksheet S-2, Part I, line 57, then your hospital is reimbursed for these costs based on reasonable cost. If you answered “Y” to the question on Worksheet S-2, Part I, line 57, then you are paid for graduate medical education costs using a per resident amount through Worksheet E-4. Include in column 25 the costs from columns 21 and 22.
Worksheet B-1, Column 5A--Enter the costs attributable to the difference between the total accumulated cost reported on Worksheet B, Part I, column 4A, line 202 and the accumulated cost reported on Worksheet B-1, column 5, line 5. Enter any amounts reported on Worksheet B, Part I, column 4A for (1) any service provided under arrangements to program patients and which is not grossed up and (2) negative balances. Enter a negative one (-1) in the accumulated cost column to identify the cost center which should be excluded from receiving any A & G costs. If some of the costs from that cost center are to receive A & G costs then enter in the reconciliation column the amount not to receive A & G costs to assure that only those costs to receive overhead receive the proper allocation. Including a statistical cost which does not relate to the allocation of administrative and general expenses causes an improper distribution of overhead. In addition, report on line 5 the administrative and general costs reported on Worksheet B, Part I, column 5, line 5 since these costs are not included on Worksheet B-1, column 5 as an accumulated cost statistic.

For componentized A&G cost centers, the accumulated cost center line number must match the reconciliation column number. Include in the column number the alpha character "A", i.e., if the accumulated cost center for A&G is line 5.03 (Other A&G), the reconciliation column designation must be 5A.03.

Worksheet B-1, Column 5--The administrative and general expenses are allocated on the basis of accumulated costs. Therefore, the amount entered on Worksheet B-1, column 5, line 5, is the difference between the amounts entered on Worksheet B, Part I, column 4A and Worksheet B-1, column 5A. A negative cost center balance in the statistics for allocating administrative and general expenses causes an improper distribution of this overhead cost center. Exclude negative balances from the allocation statistics.

Worksheet B-1, Column 23--Enter the appropriate statistics based on assigned time. If, however, the use of assigned time is not appropriate for that paramedical education program (i.e., a non-direct patient care cost center), a different statistical basis may be used. For example, if you have a paramedical education program for hospital administration, using assigned time as the statistical basis may be inappropriate. Use accumulated costs as the statistical basis for allocating hospital administrative paramedical education program costs.
4021. WORKSHEET B, PART II - ALLOCATION OF CAPITAL-RELATED COSTS

These worksheets provide for the determination of direct and indirect capital-related costs allocated to those cost centers which receive the services. The cost centers serviced by the general service cost centers include all cost centers within your organization, other general service cost centers, inpatient routine service cost centers, ancillary service cost centers, outpatient service cost centers, other reimbursable cost centers, special purpose cost centers, and nonreimbursable cost centers. Hospitals receiving 100 percent Federal rate for IPPS capital payments complete Worksheet B, Part II in its entirety.

NOTE: Unless there is a change in ownership or the provider has elected the alternative method described in §4017, the hospital must continue the same cost finding methods (including its cost finding bases) in effect in the hospital's last cost reporting period ending on or before October 1, 1991. (See 42 CFR 412.302 (d).) If there is a change in ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, §2313.)

Part II is completed by all IPPS hospitals and IPPS excluded hospitals which were part of a complex subject to IPPS. Freestanding hospitals excluded from IPPS are not required to complete Part II.

See the instructions for Worksheet A, lines 1 and 2, for a discussion of capital-related costs.

Use these worksheets in conjunction with Worksheets B, Part I and B-1. The format and allocation process employed are identical to that used on Worksheets B, Part I and B-1. Any cost centers, subscripted lines, and/or columns added to Worksheet A are also added to Worksheet B, Part II, in the same sequence.

Column 0--Where capital-related costs have been directly assigned to specific cost centers on Worksheet A, column 7, in accordance with CMS Pub. 15-1, §2307, enter in this column those amounts directly assigned from your records. Where you include cost incurred by a related organization, the portion of these costs that are capital-related costs is considered directly assigned capital-related costs of the applicable cost center. For example, if you are part of a chain organization that includes some costs incurred by the home office of the chain organization in your administrative and general cost center, the amount so included represents capital-related costs included in this column.

Columns 1 and 2--Obtain the amounts entered in columns 1 and 2, lines 4 through 199, from the corresponding columns and lines on Worksheet B, Part I.

Column 2A--Enter the sum of columns 0 through 2 for each line.

Enter on line 204 of Worksheet B-1 for each column the capital-related costs allocated. Report these costs on the first line of each column on Worksheet B, Part II. (See exceptions below.) Complete a unit cost multiplier for each column by dividing the amount on line 204 of Worksheet B-1 by the statistic reported on the first line of the same column. Enter the unit cost multiplier on line 205 and round to six decimal places, e.g., .0622438 is rounded to .062244. The allocation process on Worksheet B, Part II is identical to that used on Worksheets B, Part I and B-1.

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Multiply the unit cost multipliers on line 205 by the portion of the total statistic on Worksheet B-1 applicable to each cost center. Enter the result of each computation on Worksheet B, Part II, respectively, in the corresponding column and line.

After the unit cost multipliers have been applied to all the cost centers, the total cost on Worksheet B, Part II, line 202 of all the cost centers receiving the allocation must equal the amount allocated on the first line of the column. However, this is not true in circumstances described in the second paragraph of exceptions below. Perform these procedures for each general service cost center. Complete the column for each cost center on Worksheets B-1 and B, Part II before proceeding to the column for the next cost center.

EXCEPTIONS: When a general service cost center is not allocated on Worksheet B, Part I because it has a negative balance at the point it is to be allocated, the capital-related cost for the same general service cost center on Worksheet B, Part II, is not allocated. Enter the total capital-related cost on line 201, the negative cost center line. This enables column 2A, line 202 to cross foot to column 26, line 202.

When a general service cost center has a negative direct cost balance on Worksheet B, Part I, column 0 and the negative balance becomes positive through the cost allocation process, adjust the amount of capital-related cost determined on Worksheet B, Part II for that general cost center to reflect the amount allocated on Worksheet B, Part I. Determine the adjusted amounts of capital-related cost allocated on Worksheet B, Part II, by dividing the capital-related cost by the total indirect cost allocated to the specific cost center on Worksheet B, Part I. (Do not include the negative direct cost.) Then multiply that ratio by the net amount allocated on Worksheet B, Part I for that specific cost center. For cross footing purposes, enter the adjusted capital-related costs on the first line of the column and the differences between the total capital-related cost and the adjusted capital-related cost on line 201 of Worksheet B, Part II. This enables column 2A, line 202 to cross foot to column 26, line 202.

After all the capital-related costs of the general service cost centers have been allocated on Worksheet B, Part II, enter in column 24 the sum of columns 2A through 23 for lines 30 through 201.

When an adjustment to expenses is required after cost allocation, show the amount applicable to each cost center in column 25 of Worksheet B, Part II. Submit a supporting worksheet showing the computation of the adjustment in addition to completing Worksheet B-2.

Adjustments to expenses which may be required after cost allocation include (1) the allocation of available costs between the certified portion and the noncertified portion of a distinct part provider and (2) costs attributable to unoccupied beds of a hospital with a restrictive admission policy. (See CMS Pub. 15-1, §§2342-2344.3.)

After the adjustments have been entered on Worksheet B, Part II, column 25, subtract the amounts in column 25 from the amounts in column 24, and enter the resulting amounts in column 26 for each line. The total costs entered in column 26, line 202 must equal the total costs entered in column 2A, line 202.

On Worksheet B, Part II, columns 19 through 23, lines 30 through 194 are shaded because the full amount of nonphysician anesthetists and medical education costs is obtained from Worksheet B, Part I, columns 19 through 23. Enter these amounts on line 200 for cross footing purposes. For example, if column 20 is subscripted for additional education cost centers qualifying as educational pass through costs (see the instructions for Worksheet A, lines 20 through 23), the subscripted column(s) must be shaded similarly to columns 20 through 23.
Since capital-related cost, non-physician anesthetists, and approved education programs are not included in the operating cost per discharge, columns 19 through 23, lines 30 through 194 are shaded on Worksheet B, Part II, for all lines except 19 through 23, 200, 201, and 202. These are the only lines and columns where an approved educational cost center can be shown. For purposes of this paragraph only, the statistic for line 200 is the sum of the statistics on lines 30 through 117 and 190 through 194 on Worksheet B-1 for the same column. Enter these amounts on line 200 for cross footing purposes. Use line 200 of Worksheet B-1, columns 19 through 23, for this purpose in the allocation of capital-related cost on Worksheet B, Part II. Use the statistic on line 200 together with the statistics on lines 19 through 23 of Worksheet B-1 to allocate columns 19 through 23 of Worksheet B, Part II. If column 20 is subscripted for additional education cost centers qualifying as educational pass through costs (see the instructions for Worksheet A, lines 20 through 23), the subscripted column(s) must be shaded similarly to columns 20 through 23.

The total for each column includes lines 200 and 201 for cross footing purposes.

Transfer:

From Worksheet B, Part II, Column 26 To Worksheet D, Part I

Line 30 - Adults and Pediatrics Column l, line 30 for the hospital

Lines 31-35 - Intensive Care Column 1, lines 31 through 35
Type Inpatient Hospital Units

Line 40 - IPF Subprovider Column l, line 40

Line 41 - IRF Subprovider Column l, line 41

Line 42 - Subprovider Column l, line 42

Line 43 - Nursery Column 1, line 43 for titles V and XIX

From Worksheet B, Part II, Column 26 To Worksheet D-1, Part III

Line 44 - SNF Line 75 for the SNF

Sum of lines 44 and 45 Line 75 for the NF

From Worksheet B, Part II, Column 26 To Worksheet D, Part II

Lines 50-76 - Ancillary Services Column l, lines 50-76

Lines 90, 91, subscripts of 92, and 93 - Outpatient Service Cost

Lines 94, 95, and 98 - Other Reimbursable Cost Centers

Lines 50-98

To Worksheet C, Part II, Column 2

Lines 50-98
4022. WORKSHEET B-2 - POST STEP-DOWN ADJUSTMENTS

This worksheet provides an explanation of the post step down adjustments reported in column 25 of Worksheets B, Parts I and II, and L-1.

Column Descriptions

Column 1--Enter a brief description of the post step down adjustment.

Column 2--Make post step down adjustments on Worksheets B, Parts I and II, and L-1. Enter the worksheet part to which the post step down adjustment applies. For lines 74 and/or 94 remove the amount for Epoetin and Aranesp reported on Worksheet S-5 lines 13, 14, 17, and 18.

Use the codes below to identify the worksheet in which the adjustment applies:

<table>
<thead>
<tr>
<th>Code</th>
<th>Worksheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>B, Part I</td>
</tr>
<tr>
<td>2</td>
<td>B, Part II</td>
</tr>
<tr>
<td>3</td>
<td>L-1, Part I</td>
</tr>
</tbody>
</table>

Column 3--Enter the worksheet line number to which the adjustment applies.

Column 4--Enter the amount of the adjustment. Transfer these amounts to the appropriate lines on Worksheets B, Parts I, and II, or L-1, column 25.

Line Descriptions

Line 1--Enter the amount of the EPO adjustment for the renal dialysis inpatient department from Worksheet S-5, line 13.

Line 2--Enter the amount of the EPO adjustment for the home dialysis program from Worksheet S-5, line 14.

Line 3--Enter the amount of the Aranesp adjustment for the renal dialysis inpatient department from Worksheet S-5, line 17.

Line 4--Enter the amount of the Aranesp adjustment for the home dialysis program from Worksheet S-5, line 18.

Lines 5 - 59--Enter any additional adjustments that are required under the Medicare principles of reimbursement. Label the lines appropriately to indicate the nature of the required adjustments. If the number of blank lines is not sufficient, use additional Worksheets B-2.
4023. WORKSHEET C - COMPUTATION OF RATIO OF COST TO CHARGES AND OUTPATIENT CAPITAL REDUCTION

4023.1 Computation of Ratio of Cost to Charges--This worksheet computes the ratio of cost to charges for inpatient services, ancillary services, outpatient services, and other reimbursable services. All charges entered on this worksheet must comply with Pub. 15-I, sections 2202.4 and 2203. This ratio is used on Worksheet D, Part V, for titles V and XIX and for title XVIII; Worksheet D-3; Worksheet D-4; Worksheet H-3, Part II; and Worksheet J-2, Part II, to determine the program's share of ancillary service costs in accordance with 42 CFR 413.53. This worksheet is also needed to determine the adjusted total costs used on Worksheet D-1 because of your status as IPPS, TEFRA, or other.

42 CFR 413.106(f)(3) provides that the costs of therapy services furnished under arrangements to a hospital inpatient are exempt from the guidelines for physical therapy and respiratory therapy if such costs are subject to the provisions of 42 CFR 413.40 (rate of increase ceiling) or 42 CFR Part 412 (inpatient prospective payment). However, therapy services furnished under arrangements to CAHs are subject to the provisions of 413.106.

42 CFR 405.482(a)(2) provides that RCE limits do not apply to the costs of physician compensation attributable to furnishing inpatient hospital services (provider component) paid for under 42 CFR Part 412ff.

To facilitate the cost finding methodology, apply the therapy limits and RCE limits to total departmental costs. This worksheet provides the mechanism for adjusting the costs after cost finding to comply with 42 CFR 413.106(f)(3) and 42 CFR 415.70(a)(2). This is done by computing a series of ratios in columns 9 through 11. In column 9, a ratio referred to as the "cost or other ratio" is computed based on the ratio of total reasonable cost to total charges. This ratio is used by you or your components not subject to IPPS or TEFRA (e.g., hospital-based SNFs and CAHs). Also use this ratio for Part B services still subject to cost reimbursement. In column 10, compute a TEFRA inpatient ratio. This ratio reflects the add-back of RT/PT limitations to total cost since TEFRA inpatient costs are not subject to these limits. (TEFRA inpatient services are subject to RCE limits.) In column 11, compute an IPPS inpatient ratio. This ratio reflects the add-back of RT/PT and RCE limitations to total cost since inpatient hospital services covered by IPPS are not subject to any of these limitations.

Column Descriptions

The following provider components may be subject to 42 CFR 413.40 or 42 CFR 412.1(a)ff:

- Hospital Part A inpatient services for title XVIII,
- Hospital subprovider Part A inpatient services for title XVIII,
- Hospital inpatient services for titles V and XIX, and
- Hospital subprovider services for titles V and XIX.

All components or portions of components not subject to IPPS, IPF PPS, IRF PPS, LTC PPS, or TEFRA, e.g., CAH services, are classified as "Cost or Other."

The following matrix summarizes the columns completed for Cost or Other, TEFRA Inpatient, and IPPS:

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Columns</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient routine service cost centers</td>
<td>Cost or Other</td>
</tr>
<tr>
<td>(lines 30-46)</td>
<td>TEFRA Inpatient</td>
</tr>
<tr>
<td></td>
<td>IPPS, IPF-PPS, IRF-PPS Inpatient</td>
</tr>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>1-3</td>
</tr>
<tr>
<td></td>
<td>1-5</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient ancillary (lines 50-93)</td>
<td>1, 8, 9</td>
<td>1-3, 8-10</td>
<td>1-9, 11</td>
<td>1-9, 11</td>
</tr>
<tr>
<td>Other Reimbursable (lines 94-101)</td>
<td>1, 8, 9</td>
<td>1-3, 8-10</td>
<td>1-9, 11</td>
<td>1-9, 11</td>
</tr>
<tr>
<td>Special Purpose (lines 105-117)</td>
<td>1, 8, 9</td>
<td>1-3, 8-10</td>
<td>1-9, 11</td>
<td>1-9, 11</td>
</tr>
</tbody>
</table>

**Column 1**--Enter on each line the amount from the corresponding line of Worksheet B, Part I, column 26. Transfer the amount on line 92 from Worksheet D-1, Part IV, line 89, if you do not have a distinct observation bed area. If you have a distinct observation bed area, subscript line 92 into line 92.01, and transfer the appropriate amount from Worksheet B, Part I, column 26. In a complex comprised of an acute care hospital with an excluded unit(s) (excluded from IPPS), only the acute care hospital may report observation bed costs. For RHC/FQHC costs identified on lines 88 and 89, respectively, no cost or charges are reported on this worksheet for the RHC/FQHC. However, any services provided by the RHC/FQHC outside the benefits package for those clinics are reported by the hospital in its appropriate ancillary cost center, but not in the RHC/FQHC cost center lines 88 and 89. Do not bring forward any cost center with a credit balance from Worksheet B, Part I, column 26. However, report the charges applicable to such cost centers with a credit balance in column 6 of the appropriate line on Worksheet C, Part I.

**Column 2**--Enter the amount of therapy limits applied to the cost center on lines 65 to 68. Obtain these amounts from Worksheet A-8, lines 23, 24, 30 and 31 respectively.

**NOTE:** Complete this column only when the hospital or subprovider is subject to PPS or TEFRA rate of increasing ceiling (see 42 CFR subpart N and P, respectively). If the hospital and all subproviders have correctly indicated that their payment system is in the "other" category on Worksheet S-2, do not complete columns 2 through 5, 10, and 11.

**Column 3**--Enter on each cost center line the sum of columns 1 and 2.

**Column 4**--Only complete this section if you or your subproviders are subject to IPPS, IPF PPS, IRF PPS, or LTC PPS. Enter on each line the amount of the RCE disallowance. Obtain these amounts from the sum of the amounts for the corresponding line on Worksheet A-8-2, column 17.

**Column 5**--Complete this section only if you or your subproviders are subject to PPS. Enter on each cost center line the sum of the amounts entered in columns 3 and 4.

**Columns 6 and 7**--Enter on each cost center line the total inpatient and outpatient gross patient charges including charity care for that cost center. Include in the appropriate cost centers items reimbursed on a fee schedule (e.g., DME, oxygen, prosthetics, and orthotics). DME, oxygen, and orthotic and prosthetic devices (except for enteral and parental nutrients and intraocular lenses furnished by providers) are paid by the Part B contractor or the regional home health contractor on the basis of the lower of the supplier’s actual charge or a fee schedule. Therefore, do not include Medicare charges applicable to these items in the Medicare charges reported on Worksheet D-3 and Worksheet D, Part V. However, include your standard customary charges for these items in total charges reported on Worksheet C, Part I. This is necessary to avoid the need to split your organizational cost centers such as medical supplies between those items paid on a fee basis and those items subject to cost reimbursement.
NOTE: For line 90, any ancillary service billed as clinic services must be reclassified to the appropriate ancillary cost center, e.g., radiology-diagnostic, PBP clinical lab services - program only. A similar adjustment must be made to program charges.

Enter on line 92 all observation bed charges for observation beds in the inpatient routine care area of the hospital. These charges relate to all payer classes and include those observation bed charges for patients released as outpatients and those patients admitted as inpatients. If you have a distinct observation unit, report your gross charges on line 92.01 (which was subscripted on Worksheet A).

If the total charges for all patients for a department include a charge for the provider-based physician's professional component, then total and program charges used on Worksheets D, D-2, D-3, and D-4 must also include the PBP’s professional component charge in order to correctly apportion costs to the program. Similarly, when total charges on Worksheet C, Part I, for a department are for provider services only, charges on Worksheets D, D-2, D-3, and D-4 must also include provider services only. When reporting charges for a complex, e.g., hospital, subprovider, SNF, charges for like services must be uniform. (See CMS Pub. 15-1, §§2203 and 2314 for the exception dealing with grossing up of charges.)

When certain services are furnished under arrangements and an adjustment is made on Worksheet A-8 to gross up costs, gross up the related charges entered on Worksheet C, Part I, in accordance with CMS Pub. 15-1, §2314. If no adjustment is made on Worksheet A-8, show only the charges you actually billed on Worksheet C, Part I.

NOTE: Any cost center that includes CRNA charges must exclude these charges unless the hospital qualifies for the rural exception as outlined in §4010. All cost centers for which CRNA costs are excluded on Worksheet A-8 must also exclude the charges associated with these costs.

| Column 8 | Enter the total of columns 6 and 7. |
| Column 9, lines 50 through 98 | Always complete this column. Divide the cost for each cost center in column 1 by the total charges for the cost center in column 8 to determine the ratio of total cost to total charges (referred to as the "Cost or Other" ratio) for that cost center. Enter the resultant departmental ratios in this column. Round ratios to 6 decimal places. |
| Column 10, lines 50 through 98 | Complete this section only when the hospital or its subprovider is subject to the TEFRA rate of increase ceiling. (See 42 CFR 413.40.) Divide the amount reported in column 3 (which represents the total cost adjusted for the add-back of amounts excluded on Worksheet A-8 for the RT/PT limits) for each cost center by the total charges for the cost center in column 8. This computation determines the RT/PT adjusted ratio of cost to charges (referred to as the TEFRA inpatient ratio) for each cost center. Enter the resultant departmental ratio. Round ratios to 6 decimal places. |
| Column 11, lines 50 through 98 | Complete this section only when the hospital is subject to IPPS or LTC PPS or when its subprovider is subject to its respective PPS reimbursement methodology. (See 42 CFR 412.1(a) through 412.125, 42 CFR subparts O, N, and P, respectively). Divide the amount reported in column 5 (which represents the total cost adjusted for the add-back of amounts excluded on Worksheet A-8 for the RT/PT and the RCE limits) for each cost center by the total charges for the cost center in column 8. This computation determines the RCE/RT/PT adjusted ratio of cost to charges (referred to as the PPS
inpatient ratio) for each cost center. Enter the resultant departmental ratio. Round ratios to 6 decimal places.

Line Descriptions

Lines 30 through 117--These cost centers have the same line numbers as the respective cost centers on Worksheets A, B, and B-1. This design facilitates referencing throughout the cost report. Therefore, if you have subscripted any lines on those worksheets, you must subscript the same lines on this worksheet.

NOTE: The worksheet line numbers start at line 30 because of the line referencing feature.

Line 201--Enter the amounts from line 92. Calculate the observation bed cost on line 92 using the routine cost per diem from Worksheet D-1 because it is part of routine costs and as such has been included in the amounts reported on line 30 for the hospital. Therefore, in order to arrive at the total allowable costs, subtract this cost to avoid reporting these costs twice.

Line 202--For each column, subtract line 201 from line 200, and enter the result.

NOTE: Since the charges on line 61 are also included on line 60, laboratory, the total charges on line 200 are overstated by the amount on line 61.

Transfer Referencing

Costs--The costs of the inpatient routine service cost centers are transferred:

From Worksheet C (Columns 1, 3, or 5) To

| Line 30 | Wkst. D-1, Part I, Line 21 |
| Lines 31 - 36 | Wkst. D-1, Part II, Lines 43-47 |
| Line 40, 41, 42 and subscripts | Separate Wkst. D-1, Part I, Line 21 |
| Line 43 (titles V and XIX only) | Wkst. D-1, Part II, Line 42 |
| Line 44 (title XVIII only) | Separate Wkst. D-1, Part I, Line 21 |
| Line 45 and subscripts (titles V and XIX only) | Separate Wkst. D-1, Part I, Line 21 |

Charges--Transfer the total charges for each of lines 50 through 98, column 8, to Worksheet D, Part IV, column 7, lines as appropriate.

Ratios

Cost or Other Ratios--The "Cost or Other" ratio is transferred from column 9:

For To

Hospital, subprovider, SNF, NF, swing bed-SNF, and swing bed-NF:

1. Inpatient ancillary services for titles V, XVIII, Part A, and XIX Wkst. D-3, column 1, for each cost center

Ancillary services furnished by the hospital-based HHA Wkst. H-3, Part II, column 1, line as appropriate
For

Hospital-based CMHC (titles V, XVIII, and XIX) shared ancillary services

TEFRA Inpatient Ratio--Transfer the TEFRA inpatient ratio on lines 50 through 94 and 96 through 98 from column 10 for hospital or subprovider components for titles V, XVIII, Part A, and XIX inpatient services subject to the TEFRA rate of increase ceiling (see 42 CFR 413.40) to Worksheet D-3, column 1 for each cost center.

PPS Inpatient Ratio--Transfer the PPS inpatient ratio on lines 50 through 94 and 96 through 98 from column 11 for hospital or subprovider components for titles V, XVIII, Part A, and XIX inpatient services subject to IPPS (see 42 CFR 412.1(a) through 412.125) to Worksheet D-3, column 1 for each cost center. The transfer of the PPS inpatient ratio also applies when the facility is an IPF subject to IPF PPS, a LTCH subject to LTCH PPS, or an IRF subject to IRF PPS (see 42 CFR subpart N, O, and P, respectively).

4023.2 Part II - Calculation of Outpatient Services Cost to Charge Ratios Net of Reductions for Medicaid Only.--This worksheet is not applicable for title XVIII. It is only applicable for select state Medicaid programs. This worksheet computes the outpatient cost to charge ratios reflecting the following:

- The percentage of capital reduction as identified on Worksheet S-2, line 95, the applicable column.

- The reduction in reasonable costs of hospital outpatient services (other than the capital-related costs of such services (also known as operating reduction)) is based upon the percentage entered on Worksheet S-2, line 97, the applicable column.

Column Descriptions

Column 1--Enter the amounts for each cost center from Worksheet B, Part I, column 26, as appropriate. Transfer the amount on line 92 from Worksheet D-1, line 89 for the hospital and if you use inpatient routine beds as observation beds. If you have a distinct observation bed area, add subscripted line 92.01 and transfer the appropriate amount from Worksheet B, Part I, column 26. Do not bring forward costs in any cost center with a credit balance from Worksheet B, Part I, column 26.

Column 2--Enter the sum of the amounts for each cost center from Worksheet B, Part II, as appropriate. Do not bring forward costs in any cost center with a credit balance on Worksheet B, Part I, Worksheet B, Part II. For line 92, enter the amounts from Worksheet D-1, Part IV, column 5, sum of line 90. Combine the hospital and subprovider amounts if applicable.

Column 3--For each line, subtract column 2 from column 1, and enter the result.

Column 4--Multiply column 2 by the appropriate capital reduction percentage, and enter the result.

Column 5--Multiply column 3 by the outpatient reasonable cost reduction percentage, and enter the result.

Column 6--Subtract columns 4 and 5 from column 1, and enter the result.

Column 7--Enter the total charges from Worksheet C, Part I, column 8.

Column 8--Divide column 6 by column 7, and enter the result.
Worksheet D consists of the following six parts:

- **Part I** - Apportionment of Inpatient Routine Service Capital Costs
- **Part II** - Apportionment of Inpatient Ancillary Service Capital Costs
- **Part III** - Apportionment of Inpatient Routine Service Other Pass Through Costs
- **Part IV** - Apportionment of Inpatient/Outpatient Ancillary Service Other Pass Through Costs
- **Part V** - Apportionment of Medical and Other Health Services Costs

At the top of each part, indicate by checking the appropriate boxes the health care program, provider component, and the payment system, as applicable, for which the part is prepared.

**NOTE:** Only hospital components subject to PPS or TEFRA complete Worksheet D, Parts I through IV. CAHs do not complete Parts I through IV. Hospital based SNF and NF providers are added to the D, Part III and will also complete a separate Worksheet D, Part IV.

**Line Descriptions for Parts I Through V**

- Lines 30 through 43 (for Parts I and III) and lines 44 and 45 (for Part III) and 50 through 98 (for Parts II, IV, and V)--These cost centers have the same line numbers as the respective cost centers on Worksheets A, B, B-1, and C. This design facilitates referencing throughout the cost report.

4024.1 **Part I - Apportionment of Inpatient Routine Service Capital Costs**--This part computes the amount of capital-related costs applicable to hospital inpatient routine service costs. Complete only one Worksheet D, Part I, for each title. Report hospital and subprovider information on the same worksheet, lines as appropriate. Complete this part for all payment methods.

**Column 1**--Enter on each line the capital-related cost for each cost center, as appropriate. Obtain this amount from Worksheet B, Part II, column 26.

**Column 2**--Compute the amount of the swing bed adjustment. If you have a swing bed agreement or have elected the swing bed optional method of reimbursement, determine the amount for the cost center in which the swing beds are located by multiplying the amounts in column 1 by the ratio of the amount entered on Worksheet D-1, line 26, to the amount entered on Worksheet D-1, line 21.

**Column 3**--For each line, subtract the amount, if any, in column 2 from the amount in column 1, and enter the result.

**Column 4**--Enter on each line the total patient days, excluding swing bed days, for that cost center. For line 30, enter the total days reported on Worksheet S-3, Part I, column 8, the sum of lines 1 and 28. For lines 31 through 43, enter the days from Worksheet S-3, Part I, column 8, lines 8 through 12, 13, and 16-18 (as applicable), respectively.

**Column 5**--Divide the capital costs of each cost center in column 3 by the total patient days in column 4 for each line to determine the capital per diem cost. Enter the resultant per diem cost in column 5.

**Column 6**--Enter the program inpatient days for the applicable cost centers. For line 30, enter the days reported on Worksheet S-3, Part I, columns 5, 6, or 7, as appropriate, line 1. For lines 31 through 43, enter the days from Worksheet S-3, Part I, columns 5, 6, or 7 as appropriate, lines 8 through 12, 13, and 16-18 (as applicable), respectively.
NOTE: When you place overflow general care patients temporarily in an intensive care type inpatient hospital unit because all beds available for general care patients are occupied, count the days as intensive care type inpatient hospital days for purposes of computing the intensive care type inpatient hospital unit per diem. However, count the program days as general routine days in computing program reimbursement. (See CMS Pub. 15-1, §2217.) Add any program days for general care patients of the component who temporarily occupied beds in an intensive care or other special care unit to line 30, and decrease the appropriate intensive care or other special care unit by those days.

Column 7--Multiply the per diem in column 5 by the inpatient program days in column 6 to determine the program’s share of capital costs applicable to inpatient routine services, as applicable.

4024.2 Part II - Apportionment of Inpatient Ancillary Service Capital Costs--This worksheet is provided to compute the amount of capital costs applicable to hospital inpatient ancillary services for titles V, XVIII, Part A, and XIX. Complete a separate copy of this worksheet for each subprovider for titles V, XVIII, Part A, and XIX, as applicable. In this case, enter the subprovider component number in addition to showing the provider number.

Make no entries on this worksheet for any costs centers with a negative balance on Worksheet B, Part I, column 26.

Column 1--Enter on each line the capital-related costs for each cost center, as appropriate. Obtain this amount from Worksheet B, Part II, column 26. For the hospital component or subprovider, if applicable, enter on line 92 the amount from Worksheet D-1, Part IV, column 1, line 90.

Column 2--Enter on each line the total charges applicable to each cost center as shown on Worksheet C, Part I, column 8.

Column 3--Divide the capital cost of each cost center in column 1 by the charges in column 2 for each line to determine the cost to charge ratio. Round the ratios to six decimal places, e.g., round 0321514 to .032151. Enter the resultant departmental ratio in column 3.

Column 4--Enter on each line the appropriate title V, XVIII, Part A, or XIX inpatient charges from Worksheet D-3, column 2. For title XVIII, enter on line 92 the observation bed charges applicable to title XVIII patients subsequently admitted after being treated in the observation area. Enter on line 96 the Medicare charges for medical equipment rented by an inpatient. The charges are reimbursed under the DRG. However, you are entitled to the capital-related cost pass through applicable to this medical equipment.

NOTE: Program charges for PPS providers are reported in the cost reporting period in which the discharge is reported. TEFRA providers report charges in the cost reporting period in which they occur.

Do not include in Medicare charges any charges identified as MSP/LCC.

Column 5--Multiply the capital ratio in column 3 by the program charges in column 4 to determine the program’s share of capital costs applicable to titles V, XVIII, Part A, or XIX inpatient ancillary services, as appropriate.
This part computes the amount of pass through costs other than capital applicable to hospital inpatient routine service costs. Determine capital-related inpatient routine service costs on Worksheet D, Part I. Complete only one Worksheet D, Part III for each title. Report hospital, subprovider, hospital-based SNF and NF/ICF-MR (if applicable) information on the same worksheet, lines as appropriate. SNFs are now required to report medical education costs as a pass through cost.

Column 1--Enter on each line (after taking into consideration any post step down adjustments applicable to medical education costs made after cost finding) the medical education cost for nursing school (Worksheet S-2, Part I, line 62 is yes). Obtain these amounts from Worksheet B, Part I, column 20, plus or minus post step down adjustments (reported on Worksheet B-2) applicable to medical education costs for nursing school.

Column 2--Enter on each line (after taking into consideration any post step down adjustments applicable to medical education costs made after cost finding) the medical education cost for paramedical education (allied health) (Worksheet S-2, Part I, line 62 is yes). Obtain these amounts from Worksheet B, Part I, column 23, plus or minus post step down adjustments (reported on Worksheet B-2) applicable to medical education costs for paramedical education.

Column 3--This column represents all other medical education costs not identified in columns 1 through 2.

NOTE: If you qualify for the exception in 42 CFR 413.77, because this is the first cost reporting period in which you are training residents in approved programs and the residents were not on duty during the first month of this cost reporting period, then all direct graduate medical education costs are reimbursed as a pass through based on reasonable cost. Enter in column 3 the amount from Worksheet B, Part I, sum of columns 21 and 22 plus or minus post step down adjustments (reported on Worksheet B-2) applicable to medical graduate education costs.

Column 4--Compute the amount of the swing bed adjustment. If you have a swing bed agreement, determine the amount for the cost center in which the swing beds are located by multiplying the sum of the amounts in columns 1 through 3 by the ratio of the amount entered on Worksheet D-1, line 26 to the amount entered on Worksheet D-1, line 21.

Column 5--Enter the sum of columns 1 through 3 (including subscripts) minus column 4.

Column 6--Enter on each line the total patient days, excluding swing bed days, for that cost center. Transfer these amounts from the appropriate Worksheet D, Part I, column 4. For SNFs enter total patient days from worksheet S-3, Part I, column 8, line 19.

Column 7--Enter the per diem cost for each line by dividing the cost of each cost center in column 5 by the total patient days in column 6.

Column 8--Enter the program inpatient days for the applicable cost centers. Transfer these amounts from the appropriate Worksheet D, Part I, column 6. For SNF (line 44) enter the program days from worksheet S-3, Part I, column 6, line 19.

Column 9--Multiply the per diem cost in column 7 by the inpatient program days in column 8 to determine the program's share of pass through costs applicable to inpatient routine services, as applicable. Transfer the sum of the amounts on lines 30 through 35 and 43 to Worksheet D-1, line 50 for the hospital. If you are a title XVIII hospital paid under IPPS, also transfer this sum to Worksheet E, Part A, line 57. Transfer the amounts on lines 40 through 42 to the appropriate Worksheet D-1.
line 50 for the subprovider. Also transfer the amount on line 40 to Worksheet E-3, Part II, line 28 and the amount on line 41 to Worksheet E-3, Part III, line 29. For hospital-based SNF, NF or ICF/MR that follow Medicare principles, transfer the amount in column 9, line 44 to Worksheet E-3, Part VI, line 2 or for NF or ICF/MR to Worksheet E-3, Part VII, line 22, as applicable.

4024.4 Part IV - Apportionment of Inpatient/Outpatient Ancillary Service Other Pass Through Costs--The TEFRA rate of increase limitation applies to inpatient operating costs. In order to determine inpatient operating costs, it is necessary to exclude capital-related and medical education costs as these costs are reimbursed separately. Hospitals and subprovider components subject to IPPS must also direct medical education costs as these costs are reimbursed separately. Determine capital-related inpatient ancillary costs on Worksheet D, Part II. SNFs are required to report medical education costs as a pass through cost. Prepare a separate Worksheet D, Part IV for the SNF and NF or ICF/MR (if applicable). Hospital payment for outpatient services are made prospectively with the exception of certain pass through costs identified on this worksheet.

This worksheet is provided to compute the amount of pass through costs other than capital applicable to hospital inpatient and outpatient ancillary services for titles V, XVIII, Part A, and XIX. Complete a separate copy of this worksheet for each subprovider for titles V, XVIII, Part A, and XIX, as applicable. In this case, enter the subprovider component number in addition to showing the provider number.

Make no entries on this worksheet for any costs centers with a negative balance on Worksheet B, Part I, column 26.

Column 1--Enter on each line (after any adjustments made after cost finding) the nonphysician anesthetist cost for hospitals and components qualifying for the exception to the CRNA fee schedule. (See §4010, line 19 description for more information.) Obtain this amount from Worksheet B, Part I, column 19 plus or minus any adjustments reported on Worksheet B, Part I, column 25 for nonphysician anesthetist.

Column 2--Enter on each line (after taking into consideration any adjustments made in column 25 of Worksheet B, Part I) the medical education costs for the nursing school (Worksheet S-2, Part I, line 62 is yes). Obtain this amount from Worksheet B, Part I, column 20, plus or minus post step down adjustments made on Worksheet B, Part I, column 25 applicable to direct medical education costs for the nursing school. For the hospital only, enter on line 92, observation beds, the amount from Worksheet D-1, Part IV, column 5, line 91.

Column 3--Enter on each line (after taking into consideration any adjustments made in column 25 of Worksheet B, Part I) the medical education costs for paramedical education (Worksheet S-2, Part I, line 62 is “Y” for yes). Obtain this amount from Worksheet B, Part I, column 23, plus or minus post step down adjustments made on Worksheet B, Part I, column 25 applicable to direct medical education costs for paramedical education. For the hospital component only, enter on line 92 the observation bed amount from Worksheet D-1, Part IV, column 5, line 92.

If you answered yes to question 62 on Worksheet S-2, Part I, report in column 2 nursing school costs, and/or column 3 allied health costs (paramedical education).

Column 4--This column represents all other graduate medical education costs not identified in columns 1 through 3. For the hospital only, enter on line 92, observation beds, the amount from Worksheet D-1, Part IV, column 5, line 93.
NOTE: If you qualify for the exception in 42 CFR 413.77(e) because this is the first cost reporting period in which you are training residents in approved programs and the residents were not on duty during the first month of this cost reporting period, then all direct graduate medical education costs for interns and residents in approved programs are reimbursed as a pass through based on reasonable cost. Enter the amount from Worksheet B, Part I, sum of columns 21 and 22 plus or minus post step down adjustments (reported on Worksheet B-2) applicable to graduate medical education costs.

Column 5--This column represents total inpatient other pass-through costs. Enter on each appropriate line the sum of the amounts entered on the corresponding lines in columns 1 through 4 and applicable subscripts.

Column 6--This column represents outpatient other pass-through costs. Enter on each appropriate line the sum of the amounts entered on the corresponding lines in columns 2, 3 and 4 and applicable subscripts.

Column 7--Enter on each line the charges applicable to each cost center as shown on Worksheet C, Part I, column 8.

Column 8--Divide the cost of each cost center in column 5 by the charges in column 7 for each line to determine the cost/charge ratio. Round the ratios to six decimal places, e.g., round .0321514 to .032151. Enter the resultant departmental ratio in column 8.

Column 9--This column computes the outpatient ratio of cost to charges. Divide the cost of each cost center in column 6 by the charges in column 7 for each line to determine the cost/charge ratio. Round the ratios to six decimal places, e.g., round .0321514 to .032151. Enter the resultant departmental ratio in column 9.

Column 10--Enter on each line titles V, XVIII, Part A, or XIX inpatient charges from Worksheet D-3. Do not include in Medicare charges any charges identified as MSP/LCC.

Column 11--Multiply the ratio in column 8 by the charges in column 10 to determine the program's share of pass through costs applicable to titles V, XVIII, Part A, or XIX inpatient ancillary services, as appropriate.

For hospitals, CAHs and subproviders transfer column 11, line 200 to Worksheet D-1, Part II, column 1, line 51. If you are an IPPS hospital or subprovider, also transfer this amount to Worksheet E, Part A, line 58. For SNFs for title XVIII transfer the amount on line 200 to Worksheet E-3, Part VI, line 3 or titles V and XIX, SNFs, NFs and ICF/MRs to Worksheet E-3, Part VII, line 22, as applicable.

Column 12--Enter on each line titles XVIII, Part B, V or XIX (if applicable) outpatient charges from Worksheet D, Part V, column 2 and applicable subscripts. Do not include in Medicare charges any charges identified as MSP/LCC.

Column 13--Multiply the ratio in column 9 by the charges in column 12 to determine the program's share of pass through costs applicable to titles XVIII, Part B, V or XIX (if applicable) outpatient ancillary services, as appropriate.

For hospitals, IPPS hospitals, CAHs and subproviders transfer column 13, line 200 to Worksheet E, Part B, line 9.

4024.5 Part V - Apportionment of Medical and Other Health Services Costs--This worksheet provides for the apportionment of costs applicable to hospital outpatient services reimbursable under titles V, XVIII, and XIX. Title XVIII is reimbursed in accordance with 42 CFR 413.53. For services rendered on and after August 1, 2000, outpatient services are subject to outpatient PPS.
Enter in the appropriate cost center the program charges from the PS&R or from provider records. Providers exempt from outpatient PPS (i.e., CAHs), complete columns 3, 4, 6 and 7. All other providers subscript columns 2 and 5 as necessary. Include charges for vaccine, i.e., pneumococcal, flu, hepatitis, and osteoporosis as indicated on line 73 below.

Exclude charges for which costs were excluded on Worksheet A-8. For example, CRNA costs reimbursed on a fee schedule are excluded from total cost on Worksheet A-8. For titles V and XIX, enter the appropriate outpatient service charges.

NOTE: Do not enter CORF, OPT, OSP, OOT, or CMHC charges on Worksheet D, Part V. Report only charges for CMHCs on Worksheet J-2.

For title XVIII, complete a separate Worksheet D, Part V, for each provider component as applicable. Enter the applicable component number in addition to the hospital provider number. Make no entries in columns 5 through 7 of this worksheet for any cost centers with a negative balance on Worksheet B, Part I, column 26. However, complete columns 1 through 4 for such cost centers.

**Column 1** -- Enter on each line in column 1 the ratio from the corresponding line on Worksheet C, column 9.

**Columns 2 through 4** -- General Instructions -- Do not include in Medicare charges any charges identified as MSP/LCC.

**Column 2 - PPS Reimbursed Services** -- Enter the charges for services rendered which are subject to the prospective payment system. These charges should not include services paid under the fee schedule such as physical therapy, speech pathology or occupational therapy. Create separate subscripted column (e.g. 2.01, 2.02) when a cost reporting period overlaps the effective dates for the various transitional corridor payments and/or when a provider experiences a geographic recategorization from urban to rural. However, no subscripting is required when a provider geographically reclassifies from rural to urban. The subscripting of this column will directly correspond to the subscripts of Worksheet E, Part B, lines 2 through 8.

Do not include in any column services excluded from OPPS because they are paid under another fee schedule, e.g., rehabilitation services and clinical diagnostic lab.

**Column 3 - Cost Reimbursed Services Subject to Deductibles and Coinsurance** -- Enter the charges for services rendered which are subject to cost reimbursement. This includes services rendered by CAHs.

Enter the charges for drugs and supplies related to ESRD dialysis (excluding EPO and Aranesp, and any drugs or supplies paid under the composite rate), and corneal tissue.

**Column 4 - Cost Reimbursed Services Not Subject to Deductibles and Coinsurance** -- Vaccine Cost Apportionment -- This column provides for the apportionment of costs which are not subject to deductible and coinsurance i.e., Pneumococcal, Influenza, Hepatitis B and Osteoporosis. Enter such charges for services which are not subject to deductible and coinsurance.
Column 5--Multiply the charges in column 2 and subscripts, if necessary, by the ratios in column 1, and enter the result. Line 200 equals the sum of lines 50 through 98.

Column 6--Multiply the charges in column 3 by the ratios in column 1, and enter the result. Line 200 equals the sum of lines 50 through 98.

Column 7--Multiply the charges in column 4 by the ratios in column 1, and enter the result. Line 200 equals the sum of lines 50 through 98.

Line Descriptions

Line 60--Generally, for title XVIII, Medicare outpatient covered clinical laboratory services are paid on a fee basis, and should not be included on this line. Outpatient CAH clinical laboratory services will be paid on a reasonable cost basis not subject to deductibles and coinsurance. In addition, hospital outpatient laboratory testing by a hospital laboratory with fewer than 50 beds in a qualified rural area will also be paid on a reasonable cost basis not subject to deductibles and coinsurance, for cost reporting periods beginning on or after July 1, 2010, but before July 1, 2011 (Patient Protection and Affordable Care Act of 2010, section 3122). For title V and XIX purposes, follow applicable State program instructions.

For CAHs, outpatient clinical laboratory diagnostic tests are paid at 101 percent of reasonable costs, and the beneficiary is not required to be physically present in the CAH at the time the specimen is collected. As such, enter the corresponding charges on this line. See MIPPA 2008, section 148 and CR 6395, transmittal 1729, dated May 8, 2009.

Line 61--Enter the program charges for provider clinical laboratory tests for which the provider reimburses the pathologist. See §4010 for a more complete description on the use of this cost center. For title XVIII, do not include charges for outpatient clinical diagnostic laboratory services. For titles V and XIX purposes, follow applicable State program instructions.

NOTE: Since the charges on line 61 are also included on line 60, laboratory, reduce the total charges to prevent double counting. Make this adjustment on line 201.

Line 71--Enter in columns 2 and 3 the charges for medical supplies charged to patients which are not paid on a fee schedule. Do not report the charges for prosthetics and orthotics.

Line 72--Enter in columns 2 and 3 the charges for implantable devices charged to patients which are not paid on a fee schedule. Do not report the charges for prosthetics and orthotics.

Line 73--Enter the program charges for drugs charged to patients. Enter in column 2 charges for vaccines and drugs reimbursed at 100 percent under OPPS. Include in column 3 charges for drugs paid at 80 percent of cost subject to deductibles and coinsurance, such as osteoporosis drugs and drugs paid under OPPS such as hepatitis vaccines. Include in column 4 vaccine charges for vaccines reimbursed at 100 percent of cost such as pneumococcal and influenza vaccines not subject to deductibles and coinsurance.

Line 74--The only renal dialysis services entered on this line are for inpatients that are not reimbursed under the composite rate regulations. (See 42 CFR 413.170.) Therefore, include only inpatient Part B charges on this line in column 3. Enter the related costs in column 6.
Line 75--Enter in column 3 the outpatient ASC facility charges and Part B charges for the hospital nondistinct part ambulatory surgery center. These charges represent the ASC facility charge only (i.e., in lieu of operating or recovery room charges), and do not include charges for the ancillary services provided to the patient.

Lines 88 - 93--Use these lines for outpatient service cost centers.

**NOTE:** For lines 88, 89 and 93, any ancillary service billed as clinic, RHC, or FQHC services must be reclassified to the appropriate ancillary cost center, e.g., radiology-diagnostic, PBP clinical lab services - program only. A similar adjustment must be made to program charges.

Line 92--Enter in column 2 the title XVIII Part B charges for observation beds. These are the charges for patients who were treated in the nondistinct observation beds and released. These patients were not admitted as inpatients.

Line 94--The only home program dialysis services which are cost reimbursed are those rendered to beneficiaries who have elected the option to deal directly with Medicare. Home program dialysis services reimbursed under the composite rate regulation (see 42 CFR 413.170) are not included on this line. This line includes costs applicable to equipment-related expenses only.

Line 95--For PPS hospital providers ambulance service are reimbursed under the ambulance fee schedule. As such, do not report charges for ambulance services rendered (column 2 for non PPS hospitals).

However, for CAHs eligible for cost reimbursement for ambulance services (billed as exempt from the ambulance fee schedule), charges for ambulance services on line 95 are transferred from your records or PS&R report type 85C. Enter charges in column 3 and multiply column 1 times column 3. Enter the result in column 6.

Lines 96 and 97--For title XVIII, DME is paid on a fee schedule through the contractor and, therefore, is not paid through the cost report.

Line 200--Enter the sum of lines 50 through 98.

Line 201--Enter in columns 3 and 4 program charges for provider clinical laboratory tests where the physician bills the provider for program patients only. Obtain this amount from line 58.

Line 202--Enter in columns 3, 4, 6 and 7 and subscripts, the amount on line 200 plus or minus the amounts on line 201, if applicable.

Transfer Referencing: For title XVIII, transfer the sum of the amounts in columns 3 and 4 and applicable subscripts, line 202 to Worksheet E, Part B, line 12 (ancillary services charges). Make no transfers of swing bed charges to Worksheet E-2 since no LCC comparison is made.

For titles V and XIX (other than IPPS), transfer the sum of the amounts in columns 2, 3 and /or 4 plus subscripts as applicable, line 202 plus the amount from Worksheet D-3, column 2, line 202 to the appropriate Worksheet E-3, Part VII, line 9.

For titles V and XIX (under IPPS), transfer the amount in columns 2, 3 and /or 4 plus subscripts as applicable, line 202 to the appropriate Worksheet E-3, Part VII, line 9.
NOTE: If the amount on line 202 includes charges for professional patient care services of provider-based physicians, eliminate the amount of the professional component charges from the total charges, and transfer the net amount as indicated. Submit a schedule showing these computations with the cost report.

Transfer References

<table>
<thead>
<tr>
<th>From Wkst. D, Part V</th>
<th>Title XVIII, Part B</th>
<th>Titles V or XIX or Title XVIII, Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swing Bed</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Column 6, line 202 and column 7, N/A line 73 and subscripts
- Wkst. E, Part B, col. 1 ( & subscripts), line 1

Columns 5, line 202
- N/A
- Wkst. E, Part B, col. 1 ( & subscripts), line 2

Sum of columns 3 and 4 (SNF only), line 202
- N/A
- Wkst. E, Part B, line 12 or Wkst. E-3, Part VII, col. 1, line 9 for titles V or XIX

Sum of column 6 and 7 (SNF only) line 202
- Wkst E-2 col. 2, line 3
- Wkst. E, Part B, line 1 or Wkst. E-3, Part VII, col. 1, line 2 for titles V or XIX
This worksheet provides for the computation of hospital inpatient operating cost in accordance with 42 CFR 413.53 (determination of cost of services to beneficiaries), 42 CFR 413.40 (ceiling on rate of hospital cost increases), and 42 CFR 412.1 through 412.125 (prospective payment). All providers must complete this worksheet.

Complete a separate copy of this worksheet for the hospital (including CAH), each subprovider, hospital-based SNF, and hospital-based other nursing facility. Also, complete a separate copy of this worksheet for each health care program under which inpatient operating costs are computed. When this worksheet is completed for a component, show both the hospital and component numbers.

At the top of each page, indicate by checking the appropriate line the health care program, provider component, and the payment system for which the page is prepared.

Worksheet D-1 consists of the following four parts:

- Part I - All Provider Components
- Part II - Hospital and Subproviders Only
- Part III - Skilled Nursing Facility, Other Nursing Facility, and ICF/MR Only
- Part IV - Computation of Observation Bed Pass Through Cost

NOTE: If you have made a swing bed election for your certified SNF, treat the SNF costs and patient days as though they were hospital swing bed-SNF type costs and patient days on Parts I and II of this worksheet. Do not complete Part III for the SNF. (See CMS Pub. 15-1, §2230.9B.)

Definitions

The following definitions apply to days used on this worksheet.

Inpatient Day--The number of days of care charged to a beneficiary for inpatient hospital services is always in documented units of full days. A day begins at midnight and ends 24 hours later. Use the midnight to midnight method in reporting the days of care for beneficiaries even if the hospital uses a different definition for statistical or other purposes.

A part of a day, including the day of admission, counts as a full day. However, do not count the day of discharge or death, or a day on which a patient begins a leave of absence, as a day. If both admission and discharge or death occur on the same day, consider the day a day of admission and count it as one inpatient day.

Include a maternity patient in the labor/delivery room ancillary area at midnight in the census of the inpatient routine (general or intensive) care area only if the patient has occupied an inpatient routine bed at some time since admission. Count no days of inpatient routine care for a maternity patient who is discharged (or dies) without ever occupying an inpatient routine bed. However, once a maternity patient has occupied an inpatient routine bed, at each subsequent census include the patient in the census of the inpatient routine care area to which she is assigned, even if the patient is located in an ancillary area (labor/delivery room or another ancillary area) at midnight. In some cases, a maternity patient may occupy an inpatient bed only on the day of discharge if the day of discharge differs from the day of admission. For purposes of apportioning the cost of inpatient routine care, count this single day of routine care as the day of admission (to routine care) and discharge. This day is considered as one day of inpatient routine care. (See CMS Pub. 15-1, §2205.2.)
When an inpatient is occupying any other ancillary area (e.g., surgery or radiology) at the census taking hour prior to occupying an inpatient bed, do not record the patient’s occupancy in the ancillary area as an inpatient day in the ancillary area. However, include the patient in the inpatient census of the routine care area.

When the patient occupies a bed in more than one patient care area in one day, count the inpatient day only in the patient care area in which the patient was located at the census taking hour.

**Newborn Inpatient Day**--Newborn inpatient days are the days that an infant occupies a newborn bed in the nursery. Include an infant remaining in the hospital after the mother is discharged who does not occupy a newborn bed in the nursery, an infant delivered outside the hospital and later admitted to the hospital but not occupying a newborn bed in the nursery, or an infant admitted or transferred out of the nursery for an illness in inpatient days. Also, include an infant born in and remaining in the hospital and occupying a newborn bed in the nursery after the mother is discharged in newborn inpatient days.

**Private Room Inpatient Day**--Private room inpatient days are the days that an inpatient occupies a private room. If you have only private rooms, report your days statistic as general inpatient days. Inpatient private room days are used for computing any private room differential adjustment on Worksheet D-1, Part I if you have a mixture of different type rooms to accommodate patients. Do not count swing bed-SNF or swing bed-NF type services rendered in a private room as private room days.

**Inpatient Swing Bed Days**--Inpatient swing bed days are the days applicable to swing bed-SNF or swing bed-NF type services. See 413.53(a)(2)

**Intensive Care Type Inpatient Days**--Intensive care type inpatient days are those days applicable to services rendered in intensive care type inpatient hospital units. These units must meet the requirements specified in CMS Pub. 15-1, §2202.7.II.A.

**NOTE:** When you place overflow general care patients temporarily in an intensive care type inpatient hospital unit because all beds available for general care patients are occupied, count the days as intensive care type inpatient hospital days for purposes of computing the intensive care type inpatient hospital unit per diem. However, count the program days as general routine days in computing program reimbursement. (See CMS Pub. 15-1, §2217.)

**Observation Beds**--Observation beds, for purposes of this worksheet, are those beds in general routine areas of the hospital which are not organized as a distinct, separately staffed observation area and which are used to house patients for observation. These beds need not be used full time for observation patients. These beds are not to be confused with a subintensive care unit (i.e., definitive observation unit, a stepdown from intensive care reported as an inpatient cost center following surgical intensive care (line 34)). If you have a distinct observation bed unit (an outpatient cost center), report the costs of this unit on the subscripted line 92.01 on Worksheet A.

4025.1 Part I - All Provider Components--This part provides for the computation of the total general inpatient routine service cost net of swing bed cost and private room cost differential for each separate provider component. When this worksheet is completed for a component, show both the hospital and component numbers.

**Line Descriptions**

Lines 1 through 16--Inpatient days reported, unless specifically stated, exclude days applicable to newborn and intensive care type patient stays. Report separately the required statistics for the hospital, each subprovider, hospital-based SNF, hospital-based other nursing facility and ICF/MR. Obtain the information from your records and/or Worksheet S-3, Part I, columns and lines as indicated.
Line 1--Enter the total general routine inpatient days, including private room days, swing bed days, observation bed days, and hospice days, as applicable. Do not include routine care days rendered in an intensive care type inpatient hospital unit. Enter the total days from Worksheet S-3, Part I, column 8 for the component and lines as indicated: hospitals from lines 7 and 28; subproviders from lines 16 through 18, as applicable, and 28.01, if applicable; SNFs from line 19; and NFs from line 20. If you answered yes to line 92 of Worksheet S-2, the NF days come from line 19 for the SNF level of care and line 20 for the NF level of care, and you will need to prepare a separate Worksheet D-1 for each level of care for title XIX.

Line 2--Enter the total general routine inpatient days. Include private room days and exclude swing bed and newborn days. Hospitals and enter the sum of the days entered on Worksheet S-3, Part I, column 8, lines 1 and 28. Subproviders, SNFs, and NFs enter the days from line 1 of this worksheet.

Line 3--Enter the total private room days excluding swing bed private room days.

Line 4--Enter the number of days reported on line 2 less the number of days reported on line 3.

NOTE: For purposes of this computation, the program does not distinguish between semi-private and ward accommodations. (See CMS Pub. 15-1, §2207.3.)

Line 5--Enter the total swing bed-SNF type inpatient days, including private room days, through December 31 of your cost reporting period. If you are on a calendar year end, report all swing bed-SNF type inpatient days.

Line 6--Enter the total swing bed-SNF type inpatient days, including private room days, after December 31 of your cost reporting period. If you are on a calendar year end, enter zero. The sum of lines 5 and 6 equals Worksheet S-3 Part I, line 5, column 8.

Line 7--Enter the total swing bed-NF type inpatient days, including private room days, through December 31 of your cost reporting period. If you are on a calendar year end, report all swing bed-NF type inpatient days. This line includes title V, title XIX, and all other payers.

Line 8--Enter the total swing bed-NF type inpatient days, including private room days, after December 31 of your cost reporting period. If you are on a calendar year end, enter zero. This line includes title V, title XIX, and all other payers. The sum of lines 7 and 8 equals Worksheet S-3, Part I, line 6, column 8.

NOTE: Obtain the amounts entered on lines 5 and 7 from your records.

Line 9--Enter the total program general routine inpatient days as follows:

<table>
<thead>
<tr>
<th>Type of Provider</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Wkst. S-3, Part I, cols. 5, 6, or 7, line 1</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Wkst. S-3, Part I, cols. 5, 6, or 7, line 16, 17, or 18 as applicable</td>
</tr>
<tr>
<td>SNF</td>
<td>Wkst. S-3, Part I, cols. 5, 6, or 7, line 19</td>
</tr>
<tr>
<td>NF</td>
<td>Wkst. S-3, Part I, cols. 5, 6, or 7, for SNF only level of care; line 19. If line 93 of Wkst S-2 is a “Y”, two D-1s must be completed for title XIX using line 19 for SNF level of care and line 20 for the NF level of care; or line 20 only for NF level of care.</td>
</tr>
</tbody>
</table>
Include private room days and exclude swing bed and newborn days for each provider component. Add any program days for general care patients of the component who temporarily occupied beds in an intensive care or other special care unit. (See CMS Pub. 15-1, §2217.)

**NOTE:** If Worksheet S-2, line 92 columns 1 or 2, as applicable is “Y” for yes, then Worksheet D-1 for title XIX (for the SNF and NF component) must be completed. The results are to be combined and transferred to title XIX SNF, Worksheet E-3, Part VII, line 1.

**Line 10**--Enter the title XVIII swing bed-SNF type inpatient days, including private room days, through December 31 of your cost reporting period. If you are on a calendar year end, report all program swing bed-SNF type inpatient days. Combine titles V and XIX for all SNF lines if your State recognizes only SNF level of care.

**Line 11**--Enter the title XVIII swing bed-SNF type inpatient days, including private room days, after December 31 of your cost reporting period. If you are on a calendar year end, enter zero.

**Line 12**--Enter the total titles V or XIX swing bed-NF type inpatient days, including private room days, through December 31 of your cost reporting period. If you are on a calendar year end, report all program swing bed-NF type inpatient days.

**Line 13**--Enter the total titles V or XIX swing bed-NF type inpatient days, including private room days, after December 31 of your reporting period. If you are on a calendar year end, enter zero.

**NOTE:** If you are participating in both titles XVIII and XIX, complete, at a minimum, a separate Worksheet D-1, Part I, for title XIX, lines 9, 12, and 13. If these data are not supplied, the cost report is considered incomplete and is rejected.

**Line 14**--Enter the total medically necessary private room days applicable to the program, excluding swing bed days, for each provider component.

**Line 15**--Enter, for titles V or XIX only, the total nursery inpatient days from Worksheet S-3, Part I, column 8, line 13.

**Line 16**--Enter, for titles V or XIX only, the total nursery inpatient days applicable to the program from Worksheet S-3, Part I, columns 5 and 7, respectively, line 13.

**Lines 17 through 27**--These lines provide for the carve out of reasonable cost of extended care services furnished by a swing bed hospital. Under the carve out method, the total costs attributable to SNF type and NF type routine services furnished to all classes of patients are subtracted from total general inpatient routine service costs before computing the average cost per diem for general routine hospital care. The rates on lines 17 through 20 are supplied by your contractor.

**Line 17**--Enter the Medicare swing-bed SNF rate applicable to the calendar year in which inpatient days on line 5 occurred. If the swing-bed SNF rate for the prior calendar year is higher, enter that rate instead. (See CMS Pub. 15-1, §2230ff.) Critical access hospitals do not complete this line.
Line 18--Enter the Medicare swing-bed SNF rate applicable to the calendar year in which inpatient days on line 6 occurred. If the swing-bed SNF rate for the prior calendar year is higher, enter that rate instead. (See CMS Pub. 15-1, §2230ff.) Critical access hospitals do not complete this line.

Line 19--Enter the average Statewide rate per patient day paid under the State Medicaid plan for routine services furnished by nursing facilities (other than NFs for the mentally retarded) in that State. This rate is approximated by taking the average rate from the prior calendar year (i.e. the calendar year preceding the year relating to inpatient days reported on line 7), updated to approximate the current year rate. Obtain the proper rate from your contractor.

Line 20--Enter the average Statewide rate per patient day paid under the State Medicaid plan for routine services furnished by nursing facilities (other than NFs for the mentally retarded) in that State. This rate is approximated by taking the average rate from the prior calendar year (i.e. the calendar year preceding the year relating to inpatient days reported on line 8), updated to approximate the current year rate. Obtain the proper rate from your contractor.

Line 21--Enter the total general inpatient routine service costs for the applicable provider component.

For titles V, XVIII, and XIX, enter the amounts from Worksheet C, Part I, line 30 for adults and pediatrics or lines 40, 41, or 42, as applicable for the subprovider, as appropriate:

- **COST or OTHER**
  - Inpatient - Column 1 (includes CAHs)
- **TEFRA**
  - Inpatient - Column 3 (includes cancer and children’s hospitals)
- **PPS**
  - Inpatient - Column 5 (includes acute, IPFs, IRFs, & LTCHs)

**SNF/NF Inpatient Routine**--For title XVIII, transfer this amount from Worksheet C, Part I, column 5, line 44 (SNF). For titles V and XIX, transfer this amount from Worksheet B, Part I, column 26, line 45 (NF) or 45.01 ICF/MR.

Line 22--Enter the product of the days on line 5 multiplied by the amount on line 17.

Line 23--Enter the product of the days on line 6 multiplied by the amount on line 18.

Line 24--Enter the product of the days on line 7 multiplied by the amount on line 19.

Line 25--Enter the product of the days on line 8 multiplied by the amount on line 20.

Line 26--Enter the sum of the amounts on lines 22 through 25. This amount represents the total reasonable cost for swing bed-SNF type and NF type inpatient services.

For critical access hospitals, subtract the sum of lines 24 and 25 from the amount reported on line 21. Divide that result by the patient days equal to lines 2, 5, and 6 above to arrive at a per diem (Retain this amount for the calculation required on lines 38, 64 and 65). Multiply the per diem by the total days reported on lines 5 and 6. Add that result to the amounts reported on lines 24 and 25.

Line 27--Subtract the amount on line 26 from the amount on line 21. This amount represents the general inpatient routine service cost net of swing bed-SNF type and NF type inpatient costs.

Lines 28 through 41--All providers must complete lines 28 through 41. PPS providers complete these lines for data purposes only. However, if line 3 equals line 2 above you are not to complete these lines.

Line 28--Enter the total charges for general inpatient routine services, excluding charges for swing bed-SNF type and NF type inpatient services (from your records).
| Line 29 | Enter the total charges for private room accommodations, excluding charges for private room accommodations for swing bed-SNF type and NF type inpatient services (from your records). |
| Line 30 | Enter the total charges for semi-private room and ward accommodations, excluding semi-private room accommodation charges for swing bed-SNF type and NF type services (from your records). |
| Line 31 | Enter the general inpatient routine cost to charge ratio (rounded to six decimal places) by dividing the total inpatient general routine service costs (line 27) by the total inpatient general routine service charges (line 28). |
| Line 32 | Enter the average per diem charge (rounded to two decimal places) for private room accommodations by dividing the amount on line 29 by the days on line 3. |
| Line 33 | Enter the average per diem charge (rounded to two decimal places) for semi-private accommodations by dividing the amount on line 30 by the days on line 4. |
| Line 34 | Subtract the average per diem charge for all semi-private accommodations (line 33) from the average per diem charge for all private room accommodations (line 32) to determine the average per diem private room charge differential. If a negative amount results from this computation, enter zero on line 34. |
| Line 35 | Multiply the average per diem private room charge differential (line 34) by the inpatient general routine cost to charge ratio (line 31) to determine the average per diem private room cost differential (rounded to two decimal places). |
| Line 36 | Multiply the average per diem private room cost differential (line 35) by the private room accommodation days (excluding private room accommodation days applicable to swing bed-SNF type and NF type services) (line 3) to determine the total private room accommodation cost differential adjustment. |
| Line 37 | Subtract the private room cost differential adjustment (line 36) from the general inpatient routine service cost net of swing bed-SNF type and NF type costs (line 27) to determine the adjusted general inpatient routine service cost net of swing bed-SNF type service costs, NF type service costs, and the private room accommodation cost differential adjustment. If line 3 equals line 2, enter the amount from line 27 above. |

**4025.2 Part II - Hospital and Subproviders Only**—This part provides for the apportionment of inpatient operating costs to titles V, XVIII, and XIX and the calculation of program excludable cost for all hospitals and subproviders. For hospitals reimbursed under TEFRA, it provides for the application of a ceiling on the rate of cost increase for the hospital and subproviders. When the worksheet is completed for a component, show both the hospital and component numbers.

CAHs are also required to complete this worksheet.

**Line Descriptions**

**Line 38**—For non-IPPS providers, (includes CAHs), divide the adjusted general inpatient routine service cost (line 37) by the total general inpatient routine service days including private room (excluding swing bed and newborn) days (line 2) to determine the general inpatient routine service average cost per diem (rounded to two decimal places).

For PPS providers (includes IRFs, IPFs, and LTCHs under 100 percent PPS), divide the sum of lines 36 and 37 by the inpatient days reported on line 2.
For CAHs the per diem, unless there is an adjustment for private room differential, should be equal
to the per diem calculated in the formula on line 26. If this is a CAH and there is a private room
differential, process as a non-PPS provider,

**Line 39**--Multiply the total program inpatient days including private room (excluding swing bed and
newborn) days (line 9) by the adjusted general inpatient routine service average cost per diem (line
38) to determine the general inpatient service cost applicable to the program.

**Line 40**--Multiply the medically necessary private room (excluding swing bed) days applicable to the
program (line 14) by the average per diem private room cost differential (line 35) to determine the
reimbursable medically necessary private room cost applicable to the program. PPS providers
including IRF, IPF and LTCH, reimbursed at 100 percent Federal rate enter zero.

**Line 41**--Add lines 39 and 40 to determine the total general inpatient routine service cost applicable
to the program.

**Line 42**--This line is for titles V and XIX only and provides for the apportionment of your inpatient
routine service cost of the nursery, as appropriate.

**Column 1**--Enter the total inpatient cost applicable to the nursery from Worksheet C, Part I, line 43.

<table>
<thead>
<tr>
<th>TEFRA, COST, or OTHER Inpatient</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPS Inpatient, or IPF, IRF and LTCH PPS</td>
<td>Column 5</td>
</tr>
</tbody>
</table>

**Column 2**--Enter the total inpatient days applicable to the nursery from line 15.

**Column 3**--Divide the total inpatient cost in column 1 by the total inpatient days in column 2
(rounded to two decimal places).

**Column 4**--Enter the program nursery days from line 16.

**Column 5**--Multiply the average per diem cost in column 3 by the program nursery days in column 4.

**Lines 43 through 47**--These lines provide for the apportionment of the hospital inpatient routine
service cost of intensive care type inpatient hospital units (excluding nursery) to the program.

**Column 1**--Enter on the appropriate line the total inpatient routine cost applicable to each of the
indicated intensive care type inpatient hospital units from Worksheet C, Part I, lines 31 through 35,
as appropriate.

<table>
<thead>
<tr>
<th>TEFRA, COST, or OTHER Inpatient</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>PPS Inpatient, or IPF, IRF and LTCH PPS</td>
<td>Column 5</td>
</tr>
</tbody>
</table>

**Column 2**--Enter on the appropriate line the total inpatient days applicable to each of the indicated
intensive care type inpatient units. Transfer these inpatient days from Worksheet S-3, Part I, column
8, lines 8 through 12, as appropriate.

**Column 3**--For each line, divide the total inpatient cost in column 1 by the total inpatient days in
column 2 (rounded to two decimal places).

**Column 4**--Enter on the appropriate line the program days applicable to each of the indicated
intensive care type inpatient hospital units. Transfer these inpatient days from Worksheet S-3, Part I,
columns 5, 6, or 7, as appropriate, lines 8 through 12.
NOTE: When you place overflow general care patients temporarily in an intensive care type inpatient hospital unit because all beds available for general care patients are occupied, count the days as intensive care type unit days for the purpose of computing the intensive care type unit per diem. The days are included in column 2. However, count the program days as general routine days in computing program reimbursement. Enter the program days on line 9 and not in column 4, lines 43 through 47, as applicable. (See CMS Pub. 15-1, §2217.)

Column 5--Multiply the average cost per diem in column 3 by the program days in column 4.

Line 48--Enter the total program inpatient ancillary service cost from the appropriate Worksheet D-3, column 3, line 200.

Line 49--Enter the sum of the amounts on lines 41 through 48. When this worksheet is completed for components, neither subject to prospective payment, nor subject to the target rate of increase ceiling (i.e., "Other" box is checked), transfer this amount to Worksheet E-3, Part V, line 1 or Part VII, line 1, as appropriate. Do not complete lines 50-63.

For all inclusive rate providers (Method E) apply the percentage to the sum of the aforementioned lines (lines 41 through 48) based on the provider type designated on Worksheet S-2, column 4, line 3 (see Pub. 15-15-1, section 2208).

Lines 50-53--These lines compute total program inpatient operating cost less program capital-related, nonphysician anesthetists, and approved medical education costs. Complete these lines for all provider components.

Line 50--Enter on the appropriate worksheet the total pass through costs including capital-related costs applicable to program inpatient routine services. Transfer capital-related inpatient routine cost from Worksheet D, Part I, column 7, sum of lines 30 through 35 and line 43 for the hospital, and line 40, 41, or 42, as applicable, for the subprovider. Add that amount to the other pass through costs from Worksheet D, Part III, column 9, sum of lines 30 through 35 and line 43 for the hospital, and line 40, 41, or 42, as applicable, for the subprovider.

Line 51--Enter the total pass through costs including capital-related costs applicable to program inpatient ancillary services. Transfer capital-related inpatient ancillary costs from Worksheet D, Part II, column 5, line 200. Add that amount to the other pass through costs from Worksheet D, Part IV, column 11, line 200.

Line 52--Enter the sum of lines 50 and 51.

Line 53--Enter total program inpatient operating cost (line 49) less program capital-related, nonphysician anesthetists (if appropriate), and approved medical education costs (line 52).

Lines 54 through 63--Except for those hospitals specified below, all hospitals (and distinct part hospital units) excluded from prospective payment are reimbursed under cost reimbursement principles and are subject to the ceiling on the rate of hospital cost increases (TEFRA). (See 42 CFR 413.40.) CAHs do not complete these lines as reimbursement is based on reasonable cost. The following hospitals are reimbursed under special provisions and, therefore, are not generally subject to TEFRA or prospective payment:

- Hospitals reimbursed under approved State cost control systems (see 42 CFR 403.205 through 403.258);
- Nonparticipating hospitals furnishing emergency services to Medicare beneficiaries.
For your components subject to the prospective payment system or not otherwise subject to the rate of increase ceiling as specified above, make no entries on lines 54 through 63.

**NOTE:** A new non-PPS hospital or subprovider (Lines 85 and/or 86 of Worksheet S-2 with a “Y” response) is cost reimbursed for all cost reporting periods through the end of its first 12 month cost reporting period. The 12 month cost reporting period also becomes the TEFRA base period unless an exemption under 42 CFR 413.40 (f) is granted. If such an exemption is granted, cost reimbursement continues through the end of the exemption period. The last 12 month period of the exemption is the TEFRA base period. New providers will be paid the lower of their inpatient operating costs per case or 110 percent of the national median of the target amounts for similar provider types.

**Line 54**—Enter the number of program discharges including deaths (excluding newborn and DOAs) for the component from Worksheet S-3, Part I, columns 12 through 14 (as appropriate), lines 14 and 16 through 18 (as appropriate). A patient discharge, including death, is a formal release of a patient.

**Line 55**—Enter the target amount per discharge as obtained from your contractor. The target amount establishes a limitation on allowable rates of increase for hospital inpatient operating cost. The rate of increase ceiling limits the amount by which your inpatient operating cost may increase from one cost reporting period to the next. (See 42 CFR 413.40.)

**Line 56**—Multiply the number of discharges on line 54 by the target amount per discharge on line 55 to determine the rate of increase ceiling.

**Line 57**—Subtract line 53 from line 56 to determine the difference between adjusted inpatient operating cost and the target amount.

**Line 58 through 62**—This line provides incentive payments when your cost per discharge for the cost reporting period subject to the ceiling is less than the applicable target amount per discharge. In addition bonus payments are provided for hospitals who have received PPS exempt payments for three or more previous cost reporting periods and whose operating costs are less than the target amount, expected costs (lesser of actual costs or the target amount for the previous year), or trended costs (lesser of actual operating costs or the target amount in 1996; or for hospitals where its third full cost reporting period was after 1996 the inpatient operating cost per discharge), updated and compounded by the market basket. It also provides for an adjustment when the cost per discharge exceeds the applicable target amount per discharge. If line 57 is zero, enter zero on lines 58 through 62. New providers skip lines 58 through 62 and go to line 63.

**Line 58**—If line 57 is a positive amount (actual inpatient operating cost is less than the target amount), enter on line 58 the lesser of 15 percent of line 57 or 2 percent of line 56. If line 57 is negative, do not complete line 58 (leave blank), however, complete line 62 for calculation of any adjustments to the operating costs.

**Line 59**—Enter the inpatient operating cost per discharge updated and compounded by the market basket for each year through the current reporting year.

**Line 60**—Enter from the prior year cost report, the lesser of the hospital’s inpatient operating cost per discharge (line 53/line 54) or line 55, updated by the market basket.
Line 61--If (line 53/line 54) is less than the lower of lines 55, 59 or 60, enter the lesser of 50 percent of the amount by which operating costs (line 53) are less than expected costs (line 54 times line 60), or 1 percent of the target amount (line 56); otherwise enter zero. (42 CFR 413.40(d)(4)(i))

Line 62--If line 57 is a negative amount (actual inpatient operating cost is greater than the target amount) and line 53 is greater than 110 percent of line 56, enter on this line the lesser of (1) or (2): (1) 50 percent of the result of (line 53 minus 110 percent of line 56) or (2) 10 percent of line 56; otherwise enter zero. (42 CFR 413.40(d)(3))

Line 63--Allowable Cost Plus incentive Payment--If line 57 is a positive amount, enter the sum of lines 52, 53, 58 and 61 (if applicable). If line 57 is a negative amount enter the sum of lines 52, 56, and 62. If line 57 is zero, enter the sum of lines 52 and 56. New providers enter the lesser of lines 53 or 56 plus line 52.

Line 64--Enter the amount of Medicare swing bed-SNF type inpatient routine cost through December 31 of the cost reporting period. Determine this amount by multiplying the program swing bed-SNF type inpatient days on line 10 by the rate used on line 17. For CAHs multiply line 10 times the per diem calculated on line 38.

Line 65--Enter the amount of Medicare swing bed-SNF type inpatient routine cost for the period after December 31 of the cost reporting period. Determine this amount by multiplying the program swing bed-SNF type inpatient days on line 11 by the rate used on line 18. For CAHs multiply line 11 times the per diem calculated on line 38.

Line 66--Enter the sum of lines 64 and 65. For CAHs only transfer this amount to Worksheet E-2, column 1, line 1.

Line 67--Enter the amount of titles V or XIX swing bed-NF type inpatient routine cost through December 31 of the cost reporting period. Determine this amount by multiplying the program swing bed-NF type inpatient days on line 12 by the rate used on line 19.

Line 68--Enter the amount of titles V or XIX swing bed-NF type inpatient routine cost for the period after December 31 of the cost reporting period. Determine this amount by multiplying the program swing bed-NF type inpatient days on line 13 by the rate used on line 20.

Line 69--Enter the sum of lines 67 and 68. Transfer this amount to the appropriate Worksheet E-2, column 1, line 2. If your state recognizes only one level of care obtain the amount from line 66.

4025.3 Part III - Skilled Nursing Facility, Other Nursing Facility, and Intermediate Care Facility/Mental Retardation Only--This part provides for the apportionment of inpatient operating costs to titles V, XVIII, and XIX. Hospital-based SNFs complete lines 70 through 74 and 83 through 86 for data purposes only as SNFs are reimbursed under SNF PPS for title XVIII. Complete lines 70-89 for titles V and XIX. When this worksheet is completed for a component, show both the hospital and component numbers. Any reference to the nursing facility will also apply to the intermediate care facility/mental retardation unit.

Line Descriptions

Line 70--Enter the hospital-based SNF or other nursing facility routine service cost from Part I, line 37.

Line 71--Calculate the adjusted general inpatient routine service cost per diem by dividing the amount on line 70 by inpatient days, including private room days, shown on Part I, line 2.

Line 72--Calculate the routine service cost by multiplying the program inpatient days, including the private room days in Part I, line 9, by the per diem amount on line 71.
Line 73--Calculate the medically necessary private room cost applicable to the program by multiplying the days shown in Part I, line 14 by the per diem in Part I, line 35.

Line 74--Add lines 72 and 73 to determine the total reasonable program general inpatient routine service cost.

Lines 75 - 82--Apportionment of Inpatient Operating Costs for Other Nursing Facilities (NF)--These lines are used for titles V and/or XIX only. For title XVIII Medicare, skip lines 75 through 82 and continue with line 83.

Line 75--Enter the capital-related cost allocated to the general inpatient routine service cost center. For titles V and XIX, transfer this amount from Worksheet B, Part II, column 26, line 45 (NF).

Line 76--Calculate the per diem capital-related cost by dividing the amount on line 75 by the days in Part I, line 9.

Line 77--Calculate the program capital-related cost by multiplying line 76 by the days in Part I, line 9.

Line 78--Calculate the inpatient routine service cost by subtracting line 77 from line 74.

Line 79--Enter the aggregate charges to beneficiaries for excess costs obtained from your records.

Line 80--Enter the total program routine service cost for comparison to the cost limitation. Obtain this amount by subtracting line 79 from line 78.

Line 81--Enter the inpatient routine service cost per diem limitation. This amount is provided by your state contractor.

Line 82--Enter the inpatient routine service cost limitation. Obtain this amount by multiplying the number of inpatient days shown on Part I, line 9 by the cost per diem limitation on line 81.

Line 83--For titles V and XIX, enter the amount of reimbursable inpatient routine service cost determined by adding line 77 to the lesser of line 80 or line 82. If you are a provider not subject to the inpatient routine service cost limit, enter the sum of lines 77 and 80. For title XVIII, enter the amount from line 74.

Line 84--Enter the program ancillary service amount from Worksheet D-3, column 3, line 200.

Line 85--Enter (only when Worksheet D-1 is used for a hospital-based SNF and NF) the applicable program's share of the reasonable compensation paid to physicians for services on utilization review committees to an SNF and/or NF. Include the amount eliminated from total costs on Worksheet A-8, line 25. If the utilization review costs are for more than one program, the sum of all the Worksheet D-1 amounts reported on this line must equal the amount adjusted on Worksheet A-8, line 25.

Line 86--Calculate the total program inpatient operating cost by adding the amounts on lines 83 through 85. Transfer this amount to the appropriate Worksheet E-3, Part VII, line 1 except for SNFs subject to SNF PPS. For NF and ICF/MR, transfer this amount to Worksheet E-3, Part VII, line 1 for titles V and XIX.
**Part IV - Computation of Observation Bed Pass Through Cost**--This part provides for the computation of the total observation bed costs and the portion of costs subject to reimbursement as a pass through cost for observation beds that are only in the general acute care routine area of the hospital. For title XIX, insert the amount calculated for title XVIII for the hospital, if applicable. To avoid duplication of reporting observation bed costs, do not transfer the title XIX amount to Worksheet C.

**Line 87**--Enter the total observation bed days from your records. Total observation days for the hospital should equal the days computed on Worksheet S-3, Part I, column 8, line 28.

**Line 88**--Calculate the result of general inpatient routine cost on line 27 divided by line 2.

**Line 89**--Multiply the number of days on line 87 by the cost per diem on line 88 and enter the result. Transfer this amount to Worksheet C, Parts I and II, column 1, line 92.

**Lines 90 - 93**--These lines compute the observation bed costs used to apportion the routine pass through costs and capital-related costs associated with observation beds for PPS and TEFRA providers. Subscript lines 90 through 93 to correspond to specific medical education programs reported on Worksheet D, Part III, columns 1, 2, and 3, respectively.

**Column 1**--For line 90, transfer the amount from Worksheet D, Part I, column 1, line 30 for the hospital and line 40, 41, or 42 for the subprovider, if applicable. For line 91 through 93 and subscripts, respectively, enter the cost from Worksheet D, Part III, columns 1, 2 and 3 and subscripts, respectively, line 30 or line 40, 41, or 42 for the subprovider, if applicable.

**Column 2**--Enter on each line the general inpatient routine cost from line 27. Enter the same amount on each line.

**Column 3**--Divide column 1 by column 2 for each line, and enter the result. If there are no costs in column 1, enter 0 in column 3.

**Column 4**--Enter the total observation cost from line 89. Enter the same amount on each line.

**Column 5**--Multiply the ratio in column 3 by the amount in column 4. Use this cost to apportion routine pass through costs associated with observation beds on Worksheet D, Parts II and IV.

Transfer the amount in column 5:

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wkst. D-1, Part IV</td>
<td>Wkst. D, Part II</td>
<td>Wkst D, Part IV</td>
</tr>
<tr>
<td>Col. 5, line 90</td>
<td>Col. 1, line 92</td>
<td></td>
</tr>
<tr>
<td>Col. 5, line 91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Col. 5, line 92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Col. 5, line 93</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4026. WORKSHEET D-2 - APPORTIONMENT OF COST OF SERVICES RENDERED BY INTERNS AND RESIDENTS

4026.1 Part I - Not in Approved Teaching Program.--Use this part only if you have interns and residents who are not in an approved teaching program. (See CMS Pub. 15-1, chapter 4.) If you have more than one hospital-based outpatient rehabilitation provider, subscript line 17 to accommodate reporting data for each.

Column 1--Enter the percentage of time that interns and residents are assigned to each of the indicated patient care areas on lines 1 through 19 and 21 through 26 (from your records).

Column 2--Enter on line 1 the total cost of services rendered in all patient care areas from Worksheet B, Part I, column 26, line 100. Multiply the amount in column 1 by the total cost in column 2, line 1. Enter the resulting amounts on the appropriate lines in column 2.

Inpatient

Column 3--Enter the total inpatient days applicable to the various patient care areas of the complex.

<table>
<thead>
<tr>
<th>Description</th>
<th>Enter in Col. 3</th>
<th>Inpatient Days From Worksheet D-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults &amp; Pediatrics</td>
<td>line 2</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>Intensive Care Unit</td>
<td>line 3</td>
<td>Part II, col. 2, line 43</td>
</tr>
<tr>
<td>Coronary Care Unit</td>
<td>line 4</td>
<td>Part II, col. 2, line 44</td>
</tr>
<tr>
<td>Burn Intensive Care Unit</td>
<td>line 5</td>
<td>Part II, col. 2, line 45</td>
</tr>
<tr>
<td>Surgical Intensive Care Unit</td>
<td>line 6</td>
<td>Part II, col. 2, line 46</td>
</tr>
<tr>
<td>Other Intensive Care Type Unit</td>
<td>line 7</td>
<td>Part II, col. 2, line 47</td>
</tr>
<tr>
<td>Nursery</td>
<td>line 8</td>
<td>S-3, Part I, col. 8, line 13</td>
</tr>
<tr>
<td>IPF - Inpatient Routine</td>
<td>line 10</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>IPF - Inpatient Routine</td>
<td>line 11</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>Subprovider</td>
<td>line 12</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>SNF</td>
<td>line 13</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>NF</td>
<td>line 14</td>
<td>Part I, col. 1, line 1</td>
</tr>
</tbody>
</table>

Column 4--Divide the allocated expenses in column 2 by the inpatient days in column 3 to arrive at the average per diem cost for each cost center.

For swing bed-SNF or swing bed-NF facilities, transfer the per diem amount in column 4, line 2, to Worksheet E-2, column 1 (for titles V and XIX) or column 2 (for title XVIII), line 4.
Columns 5, 6, and 7--Enter in the appropriate column the health care program inpatient days for each patient care area.

Titles V and XIX

<table>
<thead>
<tr>
<th>Description</th>
<th>Enter in column 5 for title V or column 7 for title XIX</th>
<th>From Worksheet D-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults &amp; Pediatrics</td>
<td>line 2</td>
<td>Part I, col. 1, line 9</td>
</tr>
<tr>
<td>Intensive Care Unit</td>
<td>line 3</td>
<td>Part II, col. 4, line 43</td>
</tr>
<tr>
<td>Coronary Care Unit</td>
<td>line 4</td>
<td>Part II, col. 4, line 44</td>
</tr>
<tr>
<td>Burn Intensive Care Unit</td>
<td>line 5</td>
<td>Part II, col. 4, line 45</td>
</tr>
<tr>
<td>Surgical Intensive Care Type Unit</td>
<td>line 6</td>
<td>Part II, col. 4, line 46</td>
</tr>
<tr>
<td>Other Intensive Care Type Unit</td>
<td>line 7</td>
<td>Part II, col. 4, line 47</td>
</tr>
<tr>
<td>Nursery</td>
<td>line 8</td>
<td>Part II, col. 4, line 42</td>
</tr>
<tr>
<td>IPF - Inpatient Routine</td>
<td>line 10</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>IRF - Inpatient Routine</td>
<td>line 11</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>Subprovider</td>
<td>line 12</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>SNF</td>
<td>line 13</td>
<td>Part I, col. 1, line 1</td>
</tr>
<tr>
<td>NF</td>
<td>line 14</td>
<td>Part I, col. 1, line 1</td>
</tr>
</tbody>
</table>

Title XVIII--Enter in column 6, lines 2 through 13, as appropriate, the total number of days in which beneficiaries were inpatients of the provider and had Medicare Part B coverage. Such days are determined without regard to whether Part A benefits were available. Submit a reconciliation with the cost report demonstrating the computation of Medicare Part B inpatient days. The following reconciliation format is recommended:

<table>
<thead>
<tr>
<th>Part A Coverage</th>
<th>Medicare Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Center</td>
<td>Part A Inpatient plus Only Days minus But No Part B = Part B</td>
</tr>
<tr>
<td>Center</td>
<td>Part A Coverage Days Coverage Days</td>
</tr>
</tbody>
</table>

Part A Inpatient Days--Enter the Medicare Part A inpatient days from Worksheet D-1.

<table>
<thead>
<tr>
<th>Cost Center</th>
<th>From Worksheet D-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults &amp; Pediatrics</td>
<td>Part I, column 1, line 9</td>
</tr>
<tr>
<td>Intensive Care Unit</td>
<td>Part II, column 4, line 43</td>
</tr>
<tr>
<td>Coronary Care Unit</td>
<td>Part II, column 4, line 44</td>
</tr>
<tr>
<td>Burn Intensive Care Type Unit</td>
<td>Part II, column 4, line 45</td>
</tr>
<tr>
<td>Surgical Intensive Care Type Unit</td>
<td>Part II, column 4, line 46</td>
</tr>
<tr>
<td>Other Intensive Care Type Unit</td>
<td>Part II, column 4, line 47</td>
</tr>
<tr>
<td>IPF - Inpatient Routine</td>
<td>Part I, column 1, line 9</td>
</tr>
<tr>
<td>IRF - Inpatient Routine</td>
<td>Part I, column 1, line 9</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Part I, column 1, line 9</td>
</tr>
<tr>
<td>Skilled Nursing Facility</td>
<td>Part I, column 1, line 9</td>
</tr>
</tbody>
</table>

Part B Only Days--Enter the total number of days from your records in which inpatients were covered under Medicare Part B but did not have Part A benefits available.

No Part B Days--Enter the total number of days from your records in which inpatients were covered under Medicare Part A but did not have Part B benefits available.
Columns 8, 9, and 10--Multiply the average cost per day in column 4 by the health care program days in columns 5, 6, and 7, respectively. Enter the resulting amounts in columns 8, 9, and 10, as appropriate, for each cost center.

Outpatient

Column 3--Enter the total charges applicable to each outpatient service area. Obtain the total charges from Worksheet C, column 8, lines 88 through 93.

Column 4--Compute the total outpatient cost to charge ratio by dividing costs in column 2 by charges in column 3 for each cost center.

Columns 5, 6, and 7--Enter in these columns program charges for outpatient services. Do not include in Medicare charges any charges identified as MSP/LCC.

Titles V and XIX:

<table>
<thead>
<tr>
<th>Description</th>
<th>Enter in col. 5 for title V or col. 7 for title XIX</th>
<th>Worksheet D-3, col. 2</th>
<th>Worksheet D, Part V, sum of cols. 3 - 4 (&amp; applicable subscripts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHC</td>
<td>line 21</td>
<td>line 88</td>
<td>line 88</td>
</tr>
<tr>
<td>FQHC</td>
<td>line 22</td>
<td>line 89</td>
<td>line 89</td>
</tr>
<tr>
<td>Clinic</td>
<td>line 23</td>
<td>line 90</td>
<td>line 90</td>
</tr>
<tr>
<td>Emergency</td>
<td>line 24</td>
<td>line 91</td>
<td>line 91</td>
</tr>
<tr>
<td>Observation Beds</td>
<td>line 25</td>
<td>line 92</td>
<td>line 92</td>
</tr>
<tr>
<td>Other Outpatient</td>
<td>line 26</td>
<td>line 93</td>
<td>line 93</td>
</tr>
</tbody>
</table>

Title XVIII:

<table>
<thead>
<tr>
<th>Description</th>
<th>Enter in col. 6 for Title XVIII</th>
<th>Worksheet D-3, col. 2</th>
<th>Worksheet D, Part V cols. 3 - 4 (&amp; applicable subscripts)</th>
<th>Less Part A Only Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>RHC</td>
<td>line 21</td>
<td>line 88</td>
<td>plus line 88 minus</td>
<td>From</td>
</tr>
<tr>
<td>FQHC</td>
<td>line 22</td>
<td>line 89</td>
<td>plus line 89 minus</td>
<td>Provider</td>
</tr>
<tr>
<td>Clinic</td>
<td>line 23</td>
<td>line 90</td>
<td>plus line 90 minus</td>
<td>Records</td>
</tr>
<tr>
<td>Emergency</td>
<td>line 24</td>
<td>line 91</td>
<td>plus line 91 minus</td>
<td></td>
</tr>
<tr>
<td>Observation Beds</td>
<td>line 25</td>
<td>line 92</td>
<td>plus line 92 minus</td>
<td></td>
</tr>
<tr>
<td>Other Outpatient</td>
<td>line 26</td>
<td>line 93</td>
<td>plus line 93 minus</td>
<td></td>
</tr>
</tbody>
</table>

NOTE: Submit a reconciliation worksheet with the cost report showing the computations used for the charges for column 6.

If you have subproviders, the amounts entered in these columns are the sum of the hospital and subprovider Worksheets D-3 and D, Part V.

Columns 8, 9, and 10--Compute program outpatient costs for titles V and XIX and title XVIII, Part B cost by multiplying the cost to charge ratio in column 4 by the program outpatient charges in columns 5, 6, and 7. Enter the resulting amounts in columns 8, 9, and 10, as appropriate, for each cost center.

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Transfer program expenses.

From Title V (Column 8)/Title XIX (Column 10)

Hospital: Sum of lines 9 and 27  TO  Worksheet E-3, Part VII, line 19
Subprovider: lines 10-12, as applicable  TO  Worksheet E-3, Part VII, line 19
Other Nursing Facility: line 14  TO  Worksheet E-3, Part VII, line 19

From Title XVIII (Column 9) (only if Part II is not utilized)

Hospital: Sum of lines 9 and 27  TO  Worksheet E, Part B, line 22
Subprovider: line 10-12, as applicable  TO  Worksheet E, Part B, line 22
Skilled Nursing Facility: line 13  TO  Worksheet E, Part B, line 22

4026.2  Part II - In An Approved Teaching Program (Title XVIII, Part B Inpatient Routine Costs Only)--This part provides for reimbursement for inpatient routine services rendered by interns and residents in approved teaching programs to Medicare beneficiaries who have Part B coverage and are not entitled to benefits under Part A. (See CMS Pub. 15-1, chapter 4, and §2120.) Do not complete this section unless you qualify for the new teaching hospital exception for graduate medical education payments in 42 CFR 413.77(e)(1).

Column 1--Enter the amounts allocated in the cost finding process to the indicated cost centers. Obtain these amounts from Worksheet B, Part I, sum of the amounts in columns 21 and 22, as adjusted for any post stepdown adjustments applicable to interns and residents in approved teaching programs.

Column 2--Enter the adjustment for interns and residents costs applicable to swing bed services but allocated to hospital routine cost. Compute these amounts as follows:

<table>
<thead>
<tr>
<th>Swing Inpatient Bed Amount</th>
<th>Interns and Residents Costs Allocated to Adults &amp; Pediatrics</th>
<th>Times</th>
<th>Total Swing Bed Days divided by Days</th>
<th>Total Swing Bed Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>For line 30 (SNF)</td>
<td>Wkst. D-2, col. 1, line 29</td>
<td></td>
<td>Wkst. D-1, sum of lines 5 and 6</td>
<td>Wkst. D-1, line 1</td>
</tr>
<tr>
<td>For line 31 (NF)</td>
<td>Wkst. D-2, col. 1, line 29</td>
<td></td>
<td>Wkst. D-1, sum of lines 7 and 8</td>
<td>Wkst. D-1, line 1</td>
</tr>
</tbody>
</table>

The amount subtracted from line 29 must equal the sum of the amounts computed for lines 30 and 31.
If you have swing beds in your IPF subprovider, complete line 38 to adjust for swing bed costs. Compute the swing bed amounts as explained above except that the interns and residents costs allocated to adults and pediatrics (line 38) comes from Worksheet D-2, column 1, line 38. The amount subtracted from line 38 must equal the sum of subscripts of line 38, as applicable. If you have swing beds in your IRF subprovider, complete line 39 to adjust for swing bed costs. Compute the swing bed amounts as explained above except that the interns and residents costs allocated to adults and pediatrics (line 39) comes from Worksheet D-2, column 1, line 39. The amount subtracted from line 39 must equal the sum of subscripts of line 39, as applicable.

**Column 3**--Enter on lines 29 and 38 through 40, as applicable, the amounts in column 1 minus the amount in column 2. Enter on line 30 the amount from column 2. Enter on lines 32 through 36 and 41 the amounts from column 1.

**Column 4**--Enter the total inpatient days applicable to the various patient care areas of the complex. (See instructions for Part I, column 3. For line 30, this is from Worksheet D-1, sum of lines 5 and 6.)

**Column 5**--Divide the allocated expense in column 3 by the inpatient days in column 4 to arrive at the average per diem cost for each cost center.

**Column 6**--Enter on lines 29, 30, 32 through 36, and 38 through 41, as applicable, the total number of days in which inpatients were covered under Medicare Part B but did not have Part A benefits available.

**Column 7**--Multiply the average per diem cost in column 5 by the number of inpatient days in column 6 to arrive at the expense applicable to title XVIII for each cost center. Transfer the amount on line 30, or lines 38 through 40 if you are a subprovider with a swing bed, to Worksheet E-2, column 2, line 6.

For columns 1, 3, and 7, enter on line 37 the sum of the amounts on line 29 plus the sum of the amounts on lines 32 through 36.

Transfer the expenses on lines 37 through 41 to the appropriate lines on Part III, column 4, whenever you complete both Parts I and II.

However, when only Part II is completed, transfer the amount entered in column 7, lines 37 through 41 to Worksheet E, Part B, line 2, as appropriate.

4026.3 Part III - Summary for Title XVIII (To be completed only if both Parts I and II are used)--
Do not complete this section unless you qualify for the exception for graduate medical education payments in 42 CFR 413.77(e)(1). This part is applicable to Medicare only and is provided to summarize the amounts apportioned to the program in Parts I and II. This part is completed only if both Parts I and II are used.

Transfer title XVIII expenses.

<table>
<thead>
<tr>
<th>Description</th>
<th>From Column 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Line 45</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Line 46-48</td>
</tr>
<tr>
<td>SNF</td>
<td>Line 49</td>
</tr>
</tbody>
</table>

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All providers must complete this worksheet including CAHs. (See Worksheet S-2, line 105.) At the top of the worksheet, indicate by checking the appropriate lines the health care program, provider component, and the payment system for which the worksheet is prepared. When reporting Medicare charges on the appropriate lines and columns, do not include Medicare charges identified as MSP/LCC.

**Line Descriptions**

**Lines 30 through 35** -- Enter the program charges from the PS&R or your records (hospital only).

**Lines 40 through 42** -- Enter in column 2 the inpatient program charges for subproviders. For the subprovider component do not complete lines 30-35. For the Hospital component do not complete lines 40-42.

**Lines 50 through 98** -- These cost centers have the same line numbers as the respective cost centers on Worksheets A, B, B-1, and C. This design facilitates referencing throughout the cost report.

**NOTE:** The worksheet line numbers start with line 50 because of this referencing feature.

**Line 200** -- Enter the total of the amounts in columns 2 and 3, lines 50 through 94 and 96 through 98.

In accordance with 42 CFR 413.53, this worksheet provides for the apportionment of cost applicable to hospital inpatient services reimbursable under titles V, XVIII, Part A, and XIX. Complete a separate copy of this worksheet for each subprovider, hospital-based SNF, swing bed-SNF, swing bed-NF, and hospital-based NF for titles V, XVIII, Part A, and XIX, as applicable. Enter the provider number of the component in addition to the hospital provider number when the worksheet is completed for a component.

**Column 1** -- Enter the ratio of cost to charges developed for each cost center from Worksheet C. The ratios in columns 10 and 11 of Worksheet C are used only for hospital or subprovider components for titles V, XVIII, Part A, and XIX inpatient services subject to the TEFRA rate of increase ceiling (see 42 CFR 413.40) or PPS (see 42 CFR 412, Subpart N, O, or P), respectively. Use the ratios in column 9 in all other cases.

**NOTE:** Make no entries in columns 1 and 3 for any cost center with a negative balance on Worksheet B, Part I, column 26. However, complete column 2 for such cost centers.

**Column 2** -- Enter from the PS&R or your records the indicated program inpatient charges for the appropriate cost centers. The hospital program inpatient charges exclude inpatient charges for swing bed services. If gross combined charges for professional and provider components were used on Worksheet C to determine the ratios entered in column 1 of this worksheet, then enter gross combined charges applicable to each health care program in column 2. If charges for provider component only were used, then use only the health care program charges for provider component in column 2.

**NOTE:** Certified transplant centers (CTCs) have final settlement made based on the hospital’s cost report. 42 CFR 413.40(c)(iii) states that organ acquisition costs incurred by hospitals approved as CTCs are reimbursed on a reasonable cost basis. Other hospitals that excise organs for transplant are no longer paid for this activity directly by Medicare. They must receive payment from the organ procurement organization (OPO) or CTC. Therefore, hospitals which are not CTCs do not have any program reimbursable costs or charges for organ acquisition services. CTCs complete Worksheet D-4 for all organ acquisition costs.
Lines 40 - 42--Enter in column 2 the inpatient program charges for the subproviders’ component only. For subprovider components do not complete lines 30-35 and 43. For a Hospital complex do not complete lines 40-42.

Line 43--Enter the charges for your nursery department for which you were reimbursed. Complete this for Medicaid services only.

Line 61--Enter the program charges for your clinical laboratory tests for which you reimburse the pathologist. See the instructions for Worksheet A (see §4010) for a more complete discussion on the use of this cost center.

NOTE: Since the charges on line 61 are also included on line 60, laboratory, you must reduce total charges to prevent double counting. Make this adjustment on line 201.

Line 73--Enter only the program charges for drugs charged to patients that are not paid a predetermined amount.

Lines 88 through 93--Use these lines for outpatient service cost centers.

NOTE: For lines 88 through 90 and 93, any ancillary service billed as clinic, RHC, or FQHC services must be reclassified to the appropriate ancillary cost center, e.g., radiology - diagnostic, PBP clinical lab services - program only.

Lines 92 and/or 92.01, are completed for observation bed services if the patient was subsequently admitted as an inpatient, where applicable, for all hospitals, i.e., acute care hospitals, freestanding rehabilitation hospitals, psychiatric hospitals, etc. Subproviders with separate provider numbers from the main hospital (no alpha character in the provider number) may report observation bed costs if a separate outpatient department is maintained within the subprovider unit.

Lines 96 and 97--Do not enter program charges for oxygen rented or sold as the fee schedule applies for these services.

Line 201--Enter in column 2 program charges for your clinical laboratory tests when the physician bills you for program patients only. Obtain this amount from line 61.

Line 202--Enter in column 2 the amount on line 200 less the amount on line 201.

Transfer the amount in column 2, line 202, as follows.

For title XVIII, Part A (other reimbursement), transfer the amount to Worksheet E-3, Part V, line 8. Do not transfer this amount if you are reimbursed under PPS or TEFRA. No transfers of swing bed charges are made to Worksheet E-2 since no LCC comparison is made. For titles V and XIX (if not a PPS provider), transfer the amount plus the amount from Worksheet D, Part V, sum of columns 3 and 4, line 202, to Worksheet E-3, Part VII, column 1, line 9.

NOTE: If the amount on line 202 includes charges for professional patient care services of provider-based physicians, eliminate the amount of the professional component charges from the total charges and transfer the net amount as indicated. Submit a schedule showing these computations with the cost report.
Column 3--Multiply the indicated program charges in column 2 by the ratio in column 1 to determine the program inpatient expenses.

Transfer column 3, line 200, as follows:

<table>
<thead>
<tr>
<th>Type of Provider</th>
<th>TO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Wkst. D-1, Part II, col. 1, line 48</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Wkst. D-1, Part II, col. 1, line 48</td>
</tr>
<tr>
<td>SNF</td>
<td>Wkst. D-1, Part III, col. 1, line 84</td>
</tr>
<tr>
<td>NF</td>
<td>Wkst. D-1, Part III, col. 1, line 84</td>
</tr>
<tr>
<td>Swing Bed-SNF</td>
<td>Wkst. E-2, col. 1, line 3</td>
</tr>
<tr>
<td>Swing Bed-NF</td>
<td>Wkst. E-2, col. 1, line 3</td>
</tr>
</tbody>
</table>
4028. WORKSHEET D-4 - COMPUTATION OF ORGAN ACQUISITION COSTS AND CHARGES FOR HOSPITALS WHICH ARE CERTIFIED TRANSPLANT CENTERS

Only certified transplant centers (CTCs) are reimbursed directly by the Medicare program for organ acquisition cost. This worksheet provides for the computation and accumulation of organ acquisition costs and charges for CTCs. Check the appropriate box (heart, liver, lung, pancreas, intestine, kidney, islet, or other organs - specify) to determine which organ acquisition cost is being computed. Use a separate worksheet for each type of organ.

Hospitals that are not CTCs are not reimbursed by the Medicare program for organ acquisition costs and do not complete this worksheet. Such hospitals have to obtain revenue by the sale of any organs excised to an organ procurement organization (OPO) or CTC.

Worksheet D-4 consists of the following four parts:

Part I - Computation of Organ Acquisition Cost (Inpatient Routine and Ancillary Services)
Part II - Computation of Organ Acquisition Cost (Other than Inpatient Routine and Ancillary Service Costs)
Part III - Summary of Costs and Charges
Part IV - Statistics

4028.1 Part I - Computation of Organ Acquisition Costs (Inpatient Routine and Ancillary Services)--

Lines 1 through 7--These lines provide for the computation of inpatient routine service costs applicable to organ acquisition and for the accumulation of inpatient routine service charges for organ acquisition.

Column 1--Enter on lines 1 through 6, as appropriate, the inpatient routine charges applicable to organ acquisition. Enter on line 7 the sum of the amounts reported on lines 1 through 6.

Column 2--Enter on lines 1 through 6, as appropriate, the average per diem cost from Worksheet D-1:

<table>
<thead>
<tr>
<th>Description</th>
<th>To Worksheet D-4, Part I, Col. 2</th>
<th>From Worksheet D-1, Part II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adults &amp; Pediatrics</td>
<td>line 1</td>
<td>col. 1, line 38</td>
</tr>
<tr>
<td>Intensive Care</td>
<td>line 2</td>
<td>col. 3, line 43</td>
</tr>
<tr>
<td>Coronary Care</td>
<td>line 3</td>
<td>col. 3, line 44</td>
</tr>
<tr>
<td>Burn Intensive Care Type Unit</td>
<td>line 4</td>
<td>col. 3, line 45</td>
</tr>
<tr>
<td>Surgical Intensive Care Type Unit</td>
<td>line 5</td>
<td>col. 3, line 46</td>
</tr>
<tr>
<td>Other Intensive Care Type Unit</td>
<td>line 6</td>
<td>col. 3, line 47</td>
</tr>
</tbody>
</table>

Column 3--Enter from your records on lines 1 through 6, as appropriate, total organ acquisition days (Medicare and non-Medicare). An organ acquisition day is an inpatient day of care rendered to an organ donor patient who is hospitalized for the surgical removal of an organ for transplant or a day of care rendered to a cadaver in an inpatient routine service area for the purpose of surgical removal of its organs for transplant. Enter on line 7 the sum of the days on lines 1 through 6.

Column 4--Enter on lines 1 through 6, as appropriate, the amount in column 2 multiplied by the amount in column 3. Enter on line 7 the sum of lines 1 through 6.
Lines 8 - 40--These lines provide for the computation of ancillary service cost applicable to organ acquisition. These lines also provide for the accumulation of inpatient and outpatient organ acquisition ancillary charges.

Column 1--Enter on lines 8 through 40 the "cost or other" cost to charges ratio from Worksheet C, column 9.

Column 2--Enter from your records inpatient and outpatient organ acquisition ancillary charges. Enter on line 41 the sum of lines 8 through 40.

Column 3--Enter on lines 8 through 40 the organ acquisition costs. Compute this amount by multiplying the ratio in column 1 by the amount in column 2 for each cost center. Enter on line 41 the sum of lines 8 through 40.

4028.2 Part II - Computation of Organ Acquisition Costs (Other Than Inpatient Routine and Ancillary Service Costs)--

Lines 42 - 47--Use these lines to apportion the cost of inpatient services attributable to organ acquisitions rendered in each of the inpatient routine areas by interns and residents not in an approved teaching program.

Column 1--Enter on the appropriate lines the average per diem cost of interns and residents not in an approved teaching program in each of the inpatient routine areas. Obtain these amounts from Worksheet D-2, Part I, column 4, lines as indicated.

Column 2--Enter the number of organ acquisition days in each of the inpatient routine areas from Part I, column 3, lines 1 through 6, as appropriate.

Column 3--Multiply the per diem amount in column 1 by the number of days in column 2 for each cost center.

Line 48--For columns 2 and 3, enter the sum of lines 42 through 47.

Lines 49 - 54--These lines provide for the computation of the cost of outpatient services attributable to organ acquisitions rendered in each of the outpatient service areas by interns and residents not in an approved teaching program.

Column 1--Enter on the appropriate lines the organ acquisition charges in each of the outpatient service areas. Obtain these amounts from Part I, column 2, lines 35 through 40, as appropriate.

Column 2--Enter the ratio of the outpatient costs of interns and residents not in an approved teaching program to the hospital outpatient service charges in each of the outpatient service areas. Obtain these ratios from Worksheet D-2, Part I, column 4, lines as indicated.

Column 3--Multiply the charges in column 1 by the ratios in column 2 for each cost center. Enter the sum of lines 49 through 54 on line 55.
4028.3 Part III - Summary of Costs and Charges

Line 56--Enter in column 1 the sum of the costs in Part I, column 4, line 7 and column 3, line 41. Enter in column 3 the sum of the charges in Part I, column 1, line 7 and column 2, line 41.

Line 57--Enter in column 1 the cost of inpatient services of interns and residents not in an approved teaching program from Part II, column 3, line 48. Enter in column 3 your charges for the services for which the cost is entered in column 1. If you do not charge separately for the services of interns and residents, enter zero in column 3.

Line 58--Enter in column 1 the cost of outpatient services of interns and residents not in an approved teaching program from Part II, column 3, line 54. Enter in column 3 the provider charges for the services for which the cost is entered in column 1. If you do not charge separately for the services of interns and residents, enter zero in column 3.

Line 59--Enter in column 1 the direct organ acquisition costs and allocated general service costs from Worksheet B, Part I, column 26, lines 105, 106, 107, 108, 109, 110, or 111, whichever is applicable.

These direct costs include, but are not limited to, the cost of services purchased under arrangements or billed directly to you for:

- Fees for physician services (preadmission donor and recipient tissue typing),
- Costs for organs acquired from other providers or organ procurement organizations,
- Transportation costs of organs,
- Organ recipient registration fees,
- Surgeon’s fees for excising cadaveric organs, and
- Tissue typing services furnished by independent laboratories.

NOTE: Transportation costs to ship organs outside of the United States are not an allowable cost.

If you have a schedule of charges which represents the various direct organ acquisition costs included in column 1, enter in column 3 the total of the charges which are applicable to the costs in column 1. However, if you have no such schedule of charges, enter the amount from column 1 in column 3.

Line 60--If you have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter in columns 1 and 3 the amount from Worksheet(s) D-5, Part II, column 3, lines 24 through 31, as applicable.

Line 61--Enter in columns 1 and 3 the sum of lines 56 through 60. This amount must be equal to or greater than the amount reported on line 66 (revenues for organs sold).

Line 62--Enter the number of total usable organs (this includes all organs applicable to this worksheet except those that could not be transplanted). For islets since the number of islets cells injected into a recipient will vary depending the patient, enter the number of patients who received islets injections. Each patient is allowed a maximum of two islet injections per inpatient stay.
Line 63—Enter total usable organs (line 62) less the sum of organs sent to military hospitals (without a reciprocal sharing agreement with the Organ Procurement Organization (OPO) in effect prior to March 3, 1988 and approved by the contractor), to veterans’ hospitals, organs sent outside the United States, and organs transplanted into non-Medicare beneficiaries. Include organs that had partial payments by a primary insurance payer in addition to Medicare. Do not include organs that were totally paid by primary insurance other than Medicare, as they are non-Medicare. Do not include organs procured from a non-certified OPO.

Line 64—Enter line 63 divided by line 62.

Line 65—Enter in column 1 the amount in column 2, line 64 multiplied by the amount in column 1, line 61. Enter in column 3 the amount in column 2, line 64 multiplied by the amount in column 3, line 61.

Line 66—Enter in columns 1 and 3 the total revenue applicable to:

- Organs (included on line 63) furnished to other providers and organs sent to procurement organizations and others;
- Organs sent to OPOs, military hospitals with a reciprocal sharing agreement with the OPO in effect prior to March 3, 1988, and approved by the contractor, and organs sent to transplant centers; and
- Organs that were partially reimbursed by another primary insurer other than Medicare and were included on line 63

NOTE: When the primary payer makes a single payment for the transplant and acquisition, it is necessary to prorate the amount received between the transplant and the acquisition based on the charges submitted to the payer. Report the primary payer amounts applicable to organ transplants on Worksheet E, Part A, line 60. Report the primary payer amounts applicable to organ acquisition on this line.

Line 67—Enter the amount entered on line 65 minus the amount on line 66.

Line 68—Enter in all columns the total amount of organ acquisition charges billed to Medicare under Part B. This occurs when organs are transplanted into Medicare beneficiaries who, on the day of transplantation, are not entitled to Part A benefits. This computation reflects an adjustment between Medicare Part A and Part B costs and charges so that the amount added under Part B is the same amount subtracted under Part A.

Line 69—For columns 1 and 3 subtract line 68 from line 67. For columns 2 and 4 transfer that amount from line 68.
Part IV - Statistics.--

Lines 70 - 84--The data entered are data applicable to living donors (column 1) and cadaveric donors (column 2). Use column 1 (living related) for kidney, partial liver, and partial lung transplants. If you complete this worksheet for hearts, pancreases, intestines, whole livers, whole lungs, or islets do not complete column 1.

Line 74--Enter the sum of lines 70 through 73.

Lines 75 - 82--Enter in columns 1 and 2 the appropriate number of organs sold (or transplanted). Enter in column 3 the revenue applicable to organs furnished to other providers, organ procurement organizations and others, and for organs transplanted into non-Medicare patients. Such revenues must be determined under the accrual method of accounting. If organs are transplanted into non-Medicare patients who are not liable for payment on a charge basis, and as such there is no revenue applicable to the related organ acquisitions, the amount entered on these lines must also include an amount representing the acquisition cost of the organs transplanted into such patients. Determine this amount by multiplying the average cost of organ acquisition by the number of organs transplanted into non-Medicare patients not liable for payment on a charge basis.

Compute the average cost of organ acquisition by dividing the total cost of organ acquisition (including the inpatient routine service costs and the inpatient ancillary service costs applicable to organ acquisitions) by the total number of organs transplanted into all patients and furnished to others. If the average cost cannot be determined in the manner described, then use the appropriate standard organ acquisition charge in lieu of the average cost.

Line 83--Enter in columns 1 and 2 the applicable number of unusable organs.

Line 84--Enter the sum of lines 75 through 83. These totals equal the totals on line 74, columns 1 and 2.
4029. **WORKSHEET D-5 - APPORTIONMENT OF COST FOR THE SERVICES OF TEACHING PHYSICIANS**

This worksheet provides for the computation of the RCE limit by medical specialty and for the apportionment of reimbursable adjusted cost to titles V, XVIII, and XIX for the direct medical and surgical services, including the supervision of interns and residents, rendered by physicians to patients in a teaching hospital which makes the election described in CMS Pub. 15-1, §2148.

**NOTE:** CAHs do not complete this worksheet.

If such election is made, direct medical and surgical services to program patients, including supervision of interns and residents, rendered in a teaching hospital by physicians on the hospital staff are reimbursable as provider services on a reasonable cost basis. In addition, certain medical school costs may be reimbursed. Payments for services donated by volunteer physicians to program patients are made to a fund designated by the organized medical staff the teaching hospital or medical school.

Limits on the amount of physician compensation which may be recognized as a reasonable provider cost are imposed in accordance with 42 CFR 415.70.

Worksheet D-5 consists of two parts:

- Part I - Reasonable Compensation Equivalent Computation
- Part II - Apportionment of Cost for the Services of Teaching Physicians

4029.1 **Part I - Reasonable Compensation Equivalent Computation**—This part provides for the computation of the RCE limit by medical specialty of the physician on the hospital staff or physician on the medical school faculty. Complete separate parts for the hospital staff physicians and for physicians on the medical school faculty. This part must be completed by applicable hospitals.

42 CFR 415.70(a)(2) provides that limits established under this section do not apply to costs of physician compensation attributable to furnishing inpatient hospital services paid for under the prospective payment system. (See 42 CFR Part 412.)

Limits established under this section apply to inpatient services subject to the TEFRA rate of increase ceiling (see 42 CFR 413.40), outpatient services for all titles, and to title XVIII, Part B inpatient services.

42 CFR 415.162 provides for the reimbursement of direct medical and surgical services to patients, including supervision of interns and residents, rendered in a teaching hospital by physicians on the faculty of a medical school where the hospital exercises the election as provided in 42 CFR 415.160.

Where several physicians work in the same specialty, see CMS Pub. 15-1, §2182.6C for a discussion of applying the RCE limit in the aggregate for the specialty versus on an individual basis to each of the physicians in the specialty.

When RCE limits are applied on an individual basis to each physician in a medical specialty, prepare a supporting worksheet identical in columnar format to Worksheet D-5, Part I, for each medical specialty. Enter on the first line under columns 1 and 9 the line number applicable to the medical specialty (as displayed on Worksheet D-5, Part I). Enter the name of the medical specialty on the first line in columns 2 and 10. Following the first line, use a separate line to compute the adjusted cost of physician’s direct medical and surgical services (column 16) for each physician.
Enter the total amount from column 16 of the supporting worksheet in column 16 of the line on Worksheet D-5, Part I, corresponding to the medical specialty for which the supporting worksheet is prepared. If the individual physician method is used, list each physician using an individual identifier that is not necessarily the name or social security number of the physician (e.g., Dr. A, Dr. B). However, the identity of the physician must be made available to your contractor.

**NOTE:** The method used on Worksheet D-5 (i.e., aggregate or individual physician) must be the same as the method used on Worksheet A-8-2.

**Column Descriptions**

**Column 3**--Enter for each medical specialty the amount of the total cost included in Worksheet A-8-2, column 3. When the individual physician method is used, enter in column 3 of the supporting worksheet the amount included on Worksheet A-8-2, column 3, for that physician.

**Column 4**--Enter for each medical specialty the amount of the cost included in Worksheet A-8-2, column 4, for the direct medical and surgical services, including the supervision of interns and residents by physicians on the hospital staff or by physicians on the faculty of a medical school, as appropriate.

If the individual physician method is used, enter in column 4 of the supporting worksheet the amount included on Worksheet A-8-2, column 4, for the indicated physician.

**Column 5**--Enter for each line of data the reasonable compensation equivalent (RCE) limit applicable to the physician’s compensation. The amount entered is the limit applicable to the physician specialty as published in CMS Pub. 15-1, §2182.6 before any allowable adjustments.

Section §2182.6.F of CMS Pub. 15-1 contains Table I - Estimates of FTE Annual Average Net Compensation Levels for 1984. Obtain the RCE applicable to the specialty from this table. If the physician specialty is not identified in the table, use the RCE for the total category in the table. The beginning date of the cost reporting period determines which calendar year (CY) RCE is used. Your location governs which of the three geographical categories are applicable: non-metropolitan areas, metropolitan areas less than one million, or metropolitan areas greater than one million.

**Column 6**--Enter the physician’s hours allocated to professional services (i.e., professional component hours) in all components (e.g., hospitals, subproviders) of the health care complex. If the physician is paid for unused vacation, unused sick leave, etc., exclude the hours so paid from the hours entered in this column. Time records or other documentation that supports this allocation must be available for verification by your contractor upon request. (See CMS Pub. 15-1, §2182.3E.)

**Column 7**--Enter the unadjusted RCE limit for each line of data. This amount is the product of the RCE amount entered in column 5 and the ratio of the physician’s professional component hours entered in column 6 to 2080 hours.

**Column 8**--Enter for each line of data five percent of the amounts entered in column 7.

**Column 11**--You may adjust upward, up to five percent of the computed limit (column 8), the computed RCE limit in column 7 to take into consideration the actual costs of membership for physicians in professional societies and continuing education paid by the provider or medical school.

Enter for each line of data the actual amounts of these expenses paid by the provider or medical school.

**Column 12**--Enter for each line of data the result of multiplying column 4 by column 11 and dividing by column 3.
Column 13--You may also adjust upward the computed RCE limit in column 7 to reflect the actual malpractice expense incurred by the provider or by the medical school, as appropriate, for the services of a physician or group of physicians to provider patients. In making this adjustment, your contractor determines the ratio of that portion of compensated physician time spent in furnishing services in the provider (both to the provider and to provider patients) to the physician’s total working time and adjusts the total malpractice expense proportionately.

Enter for each line of data the actual amounts of these malpractice expenses paid by the provider (or medical school, if applicable).

Column 14--Enter for each line of data the result of multiplying column 4 by column 13 and dividing by column 3.

Column 15--Enter for each line of data the sum of columns 7 and 14 plus the lesser of columns 8 or 12.

Column 16--Enter for each line of data the adjusted cost of direct medical and surgical services, including the supervision of interns and residents (i.e., the lesser of column 4 or column 15).

Line Descriptions

Line 11--Total the amounts in columns 3 through 8 and 11 through 16.

4029.2 Part II - Apportionment of Cost for Services of Teaching Physicians--This part provides for the computation and apportionment of reimbursable cost to titles V, XVIII, and XIX for the adjusted direct medical and surgical services, including the supervision of interns and residents, rendered by physicians to patients in a teaching hospital which makes the election described in CMS Pub. 15-1, §2148. Complete this part for the hospital and each subprovider.

Line Descriptions

Line 1--Enter in the appropriate column the adjusted cost of direct medical and surgical services, including the supervision of interns and residents, rendered to all patients by physicians on the hospital staff (column 1) and by physicians on the medical school faculty (column 2), as determined in accordance with CMS Pub. 15-1, §2148. Transfer these amounts from Part I, column 16, line 11. Enter the same amount on each component’s copy of Part II.

Line 2--Enter in column 1 the sum of the inpatient days and the outpatient visit days for all patients in the health care complex. Compute these days in the manner described in CMS Pub. 15-1, §2218.C. Enter in column 2 the same number of days as entered in column 1. Make the same entries on each copy of Part II.

Line 3--Enter the result obtained by dividing the cost of services on line 1 by the sum of the days on line 2 for each category of physicians.

Lines 4 through 17--Enter in column 1, on the appropriate line, the reimbursable days and outpatient visit days for titles V, XVIII, and XIX for the applicable component of the health care complex. Lines 10 through 17 contain the total of the title XVIII organ acquisition days and outpatient visit days. Enter in column 2 the same number of days as entered in column 1. Compute these days from your records in the manner described in CMS Pub. 15-1, §2218.C.

Lines 18 through 31--Enter on the appropriate line the result of multiplying the days entered on lines 4 through 17 by the average cost per diem from line 3. Enter the total of columns 1 and 2 in column 3 for each line. The total becomes a part of the reimbursement settlement through the transfers denoted on this worksheet.
WORKSHEET E - CALCULATION OF REIMBURSEMENT SETTLEMENT

Worksheet E, Parts A and B, calculate title XVIII settlement for inpatient hospital services under inpatient PPS (IPPS) and title XVIII (Part B) settlement for medical and other health services. Worksheet E-3 computes title XVIII, Part A settlement for non-IPPS hospitals, settlements under titles V and XIX, and settlements for title XVIII SNFs reimbursed under a prospective payment system. Worksheet E-4 computes total direct graduate medical education costs.

Worksheet E consists of the following two parts:

Part A - Inpatient Hospital Services Under PPS
Part B - Medical and Other Health Services

Application of Lesser of Reasonable Cost or Customary Charges: Worksheet E, Part B allows for the computation of the lesser of reasonable costs or customary charges (LCC), where applicable, for services covered under Part B. Make a separate computation on each of these worksheets. In addition, make separate computations to determine whether the services on any or all of these worksheets are exempt from LCC. For example, the provider may meet the nominality test for the services on Worksheet E, Part B and, therefore, be exempt from LCC only for these services.

For those provider Part B services exempt from LCC for this reason, reimbursement for the affected services is based on 80 percent of reasonable cost net of the Part B deductible amounts.

Part A - Inpatient Hospital Services Under IPPS--

NOTE: For SCH/MDH status change and/or geographical reclassification (see 42 CFR 412.102/103) subscript column 1 for lines 1-3, 19, 25, 26, 31, and 40-48. If you responded “1” and “2” or “2” and “1”, respectively to Worksheet S-2, Part I, questions 26 and 27 which indicated your facility experienced a change in geographic classification status during the year, subscript column 1 and report the payments before the reclassification in column 1 and on or after the reclassification in column 1.01.

Enter on lines 1 through 3 in column 1 the applicable payment data for the period applicable to SCH status. Enter on lines 1 through 3 in column 1.01 the payment data for the period in which the provider did not retain SCH status. The data for lines 1 through 3 must be obtained from the provider’s records or the PS&R.

Line Descriptions

Line 1--The amount entered on this line is computed as the sum of the Federal operating portion (DRG payment) paid for PPS discharges during the cost reporting period and the DRG payments made for PPS transfers during the cost reporting period.

Line 2--Enter the amount of outlier payments made for PPS discharges during the period. See 42 CFR 412, Subpart F for a discussion of these items.

Line 3--Hospitals receive payments for indirect medical education for managed care patients based on the DRG payment that would have been made if the service had not been a managed care service. The PS&R will capture in conjunction with the PPS PRICER the simulated payments. Enter the total managed care “simulated payments” from the PS&R.

Line 4--Enter the result of dividing the number of bed days available (Worksheet S-3, Part I, column 2, line 14) by the number of days in the cost reporting period (365 or 366 in case of leap year). Do not include statistics associated with an excluded unit (subprovider).

NOTE: Reduce the bed days available by swing bed days (Worksheet S-3, Part I, column 8, sum of lines 5 and 6), and the number of observation days (Worksheet S-3, Part I, column 8, line 28).
Indirect Medical Educational Adjustment Calculation for Hospitals—Calculate the IME adjustment only if you answered “yes” to line 55 on Worksheet S-2 and complete lines 5 to 29 as applicable. (See 42 CFR 412.105.) Hospitals that incur indirect costs for graduate medical education programs are eligible for an additional payment as defined in 42 CFR 412.105(d). This section calculates the additional payment by applying the applicable multiplier of the adjustment factor for such hospitals.

Calculation of the adjusted cap in accordance with 42 CFR 412.105(f):

Line 5—Enter the FTE count for allopathic and osteopathic programs for the most recent cost reporting period ending on or before December 31, 1996. (42 CFR 412.105(f)(1)(iv).) Adjust this count for the 30 percent increase for qualified rural hospitals and also adjust for any increases due to primary care residents that were on approved leaves of absence. (42 CFR 412.105(f)(1)(iv) and (xi) respectively.) Temporarily reduce the FTE count of a hospital that closed a program(s), if the regulations at 42 CFR 412.105(f)(1)(ix) are applicable. (effective 10/1/2001, see 42 CFR 413.79(h)(3)(ii)).

Line 6—Enter the FTE count for allopathic and osteopathic programs which meet the criteria for an adjustment to the cap for new programs in accordance with 42 CFR 413.79(e). For hospitals qualifying for a cap adjustment under 42 CFR 413.79(e)(1), the cap is effective beginning with the fourth program year of the first new program accredited or begun on or after January 1, 1995. For hospitals qualifying for a cap adjustment under 42 CFR 413.79(e)(2), the cap for each new program accredited is effective in the fourth program year of each of those new programs (see 66 FR, August 1, 2001, page 39881). The cap adjustment reported on this line should not include any resident FTEs that were already included in the cap on line 5. Also enter here the allopathic or osteopathic FTE count for residents in all years of a rural track program that meet the criteria for an add-on to the cap under 42 CFR 412.105(f)(1)(x). (If the rural track program is a new program under 42 CFR 413.79 and qualifies for a cap adjustment under 42 CFR 413.79(e)(1) or (3), do not report FTE residents in the rural track program on this line until the fourth program year. Report these FTEs on line 15.

Line 7—Enter the adjustment (increase or decrease) to the FTE count for allopathic and osteopathic programs for affiliated programs in accordance with 42 CFR 413.75(b), 413.79(c)(2)(iv) and Vol. 64 Federal Register, May 12, 1998, page 26340 and Vol. 67 Federal Register, page 50069, August 1, 2002.

Line 8—Reduced IME FTE Cap—Enter the reduction to the IME cap as specified under 42 CFR §413.79(c)(3). (Worksheet S-2, line 60, column 2 is “Y”.)

Line 9—Enter the sum of lines 5 through 7 minus line 8. However, if the resulting IME cap is less than zero (0), enter zero (0) on this line.

Calculation of the allowable current year FTEs:

Line 10—Enter the FTE count for allopathic and osteopathic programs in the current year from your records. Do not include residents in the initial years of the new program, which means that the program has not yet completed one cycle of the program (i.e., “period of years,” or the minimum accredited length of the program). (42 CFR 412.105(f)(1)(iv) and/or (f)(1)(v).) Contact your contractor for instructions on how to complete this line if you have a new program for which the period of years is less than or more than three years.

Line 11—Enter the FTE count for residents in dental and podiatric programs.

Line 12—Enter the result of the lesser of line 9, or line 10 added to line 11.

Line 13—Enter the total allowable FTE count for the prior year, either from Form 2552-96 line 3.14 or from Form 2552-10 line 12, as applicable. Do not include residents in the initial years of the program that are exempt from the rolling average under 42 CFR 412.105(f)(1)(v). However, if the period of years during which the FTE residents in any of your new training programs were exempted...
from the rolling average has expired (see 42 CFR 412.105(f)(1)(v)), enter on this line the allowable FTE count from line 12 plus the count of previously new FTE residents in that specific program that were added to line 15 of the prior year’s cost report (line 3.17 if the prior year cost report was the 2552-96). If you were not training any residents in approved teaching programs in the prior year, make no entry.

**Line 14**--Enter the total allowable FTE count for the penultimate year, either from Form 2552-96 line 3.14, or Form 2552-10 line 12, as applicable. If you were not training any residents in approved programs in the penultimate year, make no entry. Do not include residents in the initial years of the program that are exempt from the rolling average under 42 CFR 412.105(f)(1)(v). However, if the period of years during which the FTE residents in any of your new training programs were exempted from the rolling average has expired (see 42 CFR 412.105(f)(1)(v)), enter on this line the allowable FTE count from line 12 plus the count of previously new FTE residents in that specific program that were added to line 15 of the penultimate year’s cost report. (line 3.17 if the prior year cost report was the 2552-96).

**Line 15**--Enter in the sum of lines 12 through 14 divided by three.

**Line 16**--Enter the number of FTE residents in the initial years of the program that meet the rolling average exception. (See 42 CFR 412.105(f)(1)(v))

**Line 17**--Enter, effective 10/1/2001, the additional FTEs associated with a temporary adjustment for residents that were displaced by program or hospital closure, (See 42 CFR 412.105(f)(1)(v)).

**Line 18**--Enter the sum of lines 15, 16 and 17.

**Line 19**--Enter the current year resident to bed ratio. Line 15 divided by line 4.

**Line 20**--In general, enter from the prior year cost report the intern and resident to bed ratio by dividing line 12 by line 4 (divide line 3.14 by line 3 if the prior year cost report was the 2552-96). However, if the provider is participating in training residents in a new medical residency training program(s) under 42 CFR 413.79(e), add to the numerator of the prior year intern and resident to bed ratio the number of FTE residents in the current cost reporting period that are in the initial period of years of a new program (i.e., the period of years is the minimum accredited length of the program). If the provider is participating in a Medicare GME affiliation agreement under 42 CFR 413.79(f), and the provider increased its current year FTE cap and current year FTE count due to this affiliation agreement, identify the lower of: a) the difference between the current year numerator and the prior year numerator, and b) the number by which the FTE cap increased per the affiliation agreement, and add the lower of these two numbers to the prior year’s numerator (see FR Vol. 66, No. 148 dated August 1, 2001, page 39880). Effective for cost reporting periods beginning on or after 10/1/02, if the current year is the first cost reporting period in which a receiving hospital trains FTE residents displaced by the closure of another hospital or program, then also adjust the numerator of the prior year ratio for the number of current year FTE residents that were displaced by hospital or program closure (42 CFR 412.105(a)(1)(iii)). Also, in the cost reporting period following the last year the receiving hospital’s FTE cap is temporarily adjusted for the displaced residents, adjust the numerator of the prior year ratio by subtracting the displaced FTE residents reported on line 15 (line 3.17 if the prior year cost report was the 2552-96) of the prior year’s cost report. (42 CFR 412.105 (a)(1)(iv).)

**Line 21**--Enter the lesser of lines 19 or 20.

**Line 22**--Calculate the IME payment adjustment as follows: Multiply the appropriate multiplier of the adjustment factor (currently 1.35) times \(((1 + \text{line 21}) \text{ to the .405 power}) - 1\} \text{ times } \{\text{the sum of line 1 + line 3}\).
IME Adjustment Calculation for the Add-on—Computation of IME payments for additional allopathic and osteopathic resident cap slots received under 42 CFR §412.105(f)(1)(iv)(C)—Complete lines 23 through 28 only where Worksheet S-2, line 61, column 2, is “Y”.

Line 23—Section 422 IME FTE Cap—Enter the number of allopathic and osteopathic IME FTE residents cap slots the hospital received under 42 CFR §412.105(f)(1)(iv)(C).

Line 24—IME FTE Resident Count Over the Cap—Subtract line 9 from line 10 and enter the result here. If the result is zero or negative, the hospital does not need to use the 422 IME cap. Therefore, do not complete lines 23 through 28.

Line 25—Section 422 Allowable IME FTE Resident Count—If the count on line 24 is greater than zero, enter the lower of line 23 or line 24.

Line 26—Resident to Bed Ratio for Section 422—Divide line 25 by line 4.

Line 27—IME Adjustment Factor for Section 422 IME Residents—Enter the result of the following: .66 times \([/(1 + \text{line 26}) \text{ to the } .405 \text{ power} - 1]\).

Line 28—IME Add On Adjustment—Enter the sum of lines 1 and 3, multiplied by the factor on line 27.

Line 29—Total IME Payment—Enter the sum of lines 22 and 28.

Disproportionate Share Adjustment—Section 1886(d)(5)(F) of the Act, as implemented by 42 CFR 412.106, requires additional Medicare payments to hospitals with a disproportionate share of low income patients. Calculate the amount of the Medicare disproportionate share adjustment on lines 30 through 34. Complete this portion only if you are an IPPS hospital and answered yes to line 22, column 1 of Worksheet S-2.

Line 30—Enter the percentage of SSI recipient patient days to Medicare Part A patient days. (Obtain the percentage from your contractor.)

Line 31—Enter the percentage resulting from the calculation of Medicaid patient days (Worksheet S-3, Part I, column 7, line 14 plus line 2, minus the sum of lines 5 and 6, plus column 7, line 32) to total days reported on Worksheet S-3, column 8, line 14, plus column 8, line 32, minus the sum of lines 5 and 6. Increase total days by any employee discount days reported on worksheet S-3, Part I, column 8, line 30.

Line 32—Add lines 30 and 31 to equal the hospital’s DSH patient percentage.

Line 33—Compare the percentage on line 32 with the criteria described in 42 CFR 412.106(c) and (d). Enter the payment adjustment factor calculated in accordance with 42 CFR 412.106(d). Hospitals qualifying for DSH in accordance with 42 CFR 412.106(c)(2) (Pickle Amendment hospitals), if Worksheet S-2, line 22, column 2 is “Y” for yes, enter 35.00 percent on line 33.

In addition, for MDH providers the rural 12 percent DSH payment cap is no longer applicable.

Line 34—Multiply line 33 by the line 1.

Lines 35-39—Reserved for future use.

Additional Payment for High Percentage of ESRD Beneficiary Discharges—Calculate the additional payment amount allowable for a high percentage of ESRD beneficiary discharges pursuant to 42 CFR 412.104. When the average weekly cost per dialysis treatment changes within a cost reporting period, create an additional column (column 2) for lines 41 and 45.


Line 42--Divide line 41, sum of columns 1 and 2 by line 40. If the result is less than 10 percent, you do not qualify for the ESRD adjustment.

Line 43--Enter the total Medicare ESRD inpatient days excluding MS-DRGs 652, 682, 683, 684, and 685, as applicable.

Line 44--Enter the average length of stay expressed as a ratio to 7 days. Divide line 43 by line 41, sum of columns 1 and 2, and divide that result by 7 days.

Line 45--Enter the average weekly cost per dialysis treatment of $405.45 ($135.15 times the average weekly number of treatments (3)). See CR 6679, Transmittal 113, dated October 30, 2009. This amount is subject to change on an annual basis. Consult the appropriate CMS change request for future rates.

Line 46--Enter the ESRD payment adjustment (line 44, column 1 times line 45, column 1 times line 41, column 1 plus, if applicable, line 44, column 1 times line 45, column 2 times line 41, column 2).

Line 47--Enter the sum of lines 1, 2, 29, 34 (subscripted columns), and 46.

Line 48--Sole community hospitals are paid the highest rate of the Federal payment rate, the hospital-specific rate (HSR) determined based on a Federal fiscal year 1982 base period (see 42 CFR 412.73), or the hospital-specific rate determined based on a Federal fiscal year 1987 base period. (See 42 CFR 412.75.) Medicare dependent hospitals are paid the highest of the Federal payment rate, or the Federal rate plus 75 percent of the amount of the excess over the Federal rate of the highest rate for the 1982, 1987, 2002, or 2006 base period hospital specific rate. For SCHs and Medicare dependent/small rural hospitals, enter the applicable hospital-specific payments.

For sole community hospitals only, the hospital-specific payment amount entered on this line is supplied by your contractor. Calculate it by multiplying the sum of the DRG weights for the period (per the PS&R) by the final per discharge hospital-specific rate for the period. For new hospital providers established after 1987, do not complete this line. Use the hospital specific rate based on the higher of the cost reporting periods beginning in FY 1982, 1987, or 1996.

Additionally, for sole community hospitals only (effective for cost reporting periods beginning on or after January 1, 2009), use the hospital specific rate based on the higher of the cost reporting periods beginning in FY 1982, 1987, 1996, or 2006. (See 42 CFR 412.78.)

For MDH discharges occurring on or after October 1, 2006, and before October 1, 2012, an MDH can use a FY 2002 hospital specific rate.

Line 49--For SCHs, enter the greater of line 47 or 48. For MDH discharges occurring on or after October 1, 2006, and before October 1, 2012, if line 47 is greater than line 48, enter the amount on line 47. Where line 48 is greater than line 47, enter the amount on line 47, plus 75 percent of the amount that line 48 exceeds line 47. Hospitals not qualifying as SCH or MDH providers will enter the amount from line 47.

For hospitals subscribing column 1 of line 47 due to a change in geographic location, this computation will be computed separately for each column, and the sum of the calculations will be...
entered in column 1 of this line.

Line 50--Enter the payment for inpatient program capital costs from Worksheet L, Part I, line 12; or Part II, line 5, as applicable.

Line 51--Enter the special exceptions payment for inpatient program capital, if applicable pursuant to 42 CFR 412.348(g) by entering the result of Worksheet L, Part III, line 13 less Worksheet L, Part III, line 17. If this amount is negative, enter zero on this line.

Line 52--Enter the amount from Worksheet E-4, line 49. Complete this line only for the hospital component.

Obtain the payment amounts for lines 53 and 54 from your contractor.

Line 53--Enter the amount of Nursing and Allied Health Managed Care payments if applicable.

Line 54--Enter the special add-on payment for new technologies (PM A-02-124, change request 2301, dated December 13, 2002).

Line 55--Enter the net organ acquisition cost from Worksheet(s) D-4, Part III, column 1, line 69.

Line 56--Enter the cost of teaching physicians from Worksheet D-5, Part II, column 3, line 20.

Line 57--Enter on the appropriate Worksheet E, Part A, the routine service other pass through costs from Worksheet D, Part III, column 9, lines 30 through 35 for the hospital and lines 40 through 42 as applicable for the subproviders.

Line 58--Enter the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.

Line 59--Enter the sum of lines 49 through 58.

Line 60--Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, treat the services as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted by you in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 60. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less applicable deductible and coinsurance. Credit primary payer payment toward the beneficiary's
deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 60 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance. Do not enter primary payer payments credited toward the beneficiary's deductible and coinsurance on line 60.

Enter the primary payer amounts applicable to organ transplants. However, do not enter the primary payer amounts applicable to organ acquisitions. Report these amounts on Worksheet D-4, Part III, line 66.

If you are subject to PPS, include the covered days and charges in the program days and charges, and include the total days and charges in the total days and charges for inpatient and pass through cost apportionment. Furthermore, include the DRG amounts applicable to the patient stay on line 1. Enter the primary payer payment on line 60 to the extent that the primary payer payment is not credited toward the beneficiary's deductible and coinsurance. Do not enter primary payer payments credited toward the beneficiary's deductibles.

**Line 61**--Enter the result of line 59 minus line 60.

**Line 62**--Enter from the PS&R or your records the deductibles billed to program patients.

**Line 63**--Enter from the PS&R or your records the coinsurance billed to program patients.

**Line 64**--Enter the program allowable bad debts, reduced by the bad debt recoveries. If recoveries exceed the current year's bad debts, line 64 and 65 will be negative.

**Line 65**--Enter the result of line 64 (including negative amounts) times 70 percent.

**Line 66**--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. These amounts must also be reported on line 64.

**Line 67**--Enter the sum of lines 61 and 65 minus the sum of lines 62 and 63.

**Line 68**--Enter the partial or full credits received from manufacturers for replaced devices applicable to MS-DRGs listed in Change Request 5860, transmittal 1509, dated May 9, 2008.

**Line 69**--Enter the total outlier reconciliation amount by entering the sum of lines 92, 93, 95, and 96. Only contractors complete this line.

**Line 70**--Enter any other adjustments. For example, enter an adjustment resulting from changing the recording of vacation pay from cash basis to accrual basis. (See Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 70.95 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

Effective for cost reporting periods which end during Federal fiscal years 2011 and 2012, enter on line 70.96 the additional payment in accordance with the Health Care and Education Reconciliation Act (HCERA) of 2010, §1109 which establishes an additional payment (one payment for each year) for qualifying providers under section 1886(d) of the Act. Identify the line label as “HCERA Payment.” This payment must also be recorded on Worksheet E-1 as an interim payment.

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Effective for discharges occurring during Federal fiscal years 2011 and 2012, enter on lines 70.97 through 70.99 the additional payment in accordance with ACA of 2010, §§3125 and 10314 which amends §1886(d)(12) of the Act (as implemented by 42 CFR 412.101) which establishes a temporary improvement to the Medicare inpatient hospital payment adjustment for low volume hospitals. Identify the line label as “Low Volume Adjustment Payment.” Where multiple low volume payments apply to different portions of one cost reporting period, identify the label as “Low Volume Adjustment Payment-1” increasing the number by one for each additional payment that applies. For discharges occurring during Federal fiscal years 2013 and subsequent, enter the standard low volume adjustment payment. Identify this line label as “Low Volume Adjustment Payment.” Where multiple standard low volume payments apply to different portions of one cost reporting period, identify the label as “Low Volume Adjustment Payment-1” increasing the number by one for each additional payment that applies. The low volume adjustment payment must also be recorded on Worksheet E-1 as an interim payment.

**Line 71**--Enter the amount due you (i.e., the sum of the amounts on line 67 plus or minus lines 69 and 70 minus line 68).

**Line 72**--Enter the total interim payments (received or receivable) from Worksheet E-1, column 2, line 4. For contractor final settlements, enter the amount reported on Worksheet E-1, column 2, line 5.99 on line 73. Include in interim payment the amount received as the estimated nursing and allied health managed care payments.

**Line 74**--Enter line 71 minus the sum of lines 72 and 73. Transfer to Worksheet S, Part III.

**Line 75**--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations for this line.

Lines 76 through 89 were intentionally skipped to accommodate future revisions to this worksheet.

**DO NOT COMPLETE THE REMAINDER OF WORKSHEET E, PART A. LINES 90 THROUGH 96 ARE FOR CONTRACTOR USE ONLY.**

**Line 90**--Enter the original operating outlier amount from line 2 sum of all columns of this worksheet.

**Line 91**--Enter the original capital outlier amount from Worksheet L, part I, line 2.

**Line 92**--Enter the operating outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 3, §20.1.2.5 - §20.1.2.7.

**Line 93**--Enter the capital outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 3, §20.1.2.5 - §20.1.2.7.

**Line 94**--Enter the interest rate used to calculate the time value of money. (See CMS Pub. 100-4, Chapter 3, §20.1.2.5 - §20.1.2.7.)

**Line 95**--Enter the operating time value of money for operating related expenses.

**Line 96**--Enter the capital time value of money for capital related expenses.

**NOTE:** If a cost report is reopened more than one time, subscript lines 90 through 96, respectively, one time for each time the cost report is reopened.
4030.2 Part B - Medical and Other Health Services--Use Worksheet E, Part B, to calculate reimbursement settlement for hospitals, subproviders, and SNFs.

Use a separate copy of Worksheet E, Part B, for each of these reporting situations. If you have more than one hospital-based subprovider, complete a separate worksheet for each facility. Enter check marks in the appropriate spaces at the top of each page of Worksheet E to indicate the component program for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers. For purposes of prospective payment for outpatient services, complete subscripted column 1.01 for lines 2 through 8 only and make a separate transitional corridor payment or geographic reclassification (urban to rural only) (42 CFR 412.103 and 412.230) calculation for the appropriate periods. This may result in multiple subscripted columns. Order the subscripted columns chronologically as the transition dates or geographic reclassification corresponds to your fiscal year. The dates should also agree with the format on Worksheet D, Part V, columns 2, 2.01, 2.02 and 2.03, etcetera, if applicable.

NOTE: If you are not a cancer or children’s hospital or covered by ACA section 3121, do not complete lines 2 and 5 through 8.

Line Descriptions

Line 1--Enter the cost of medical and other health services for title XVIII, Part B. This amount also includes the cost of ancillary services furnished to inpatients under the medical and other health services benefit of Medicare Part B. These services are covered in this manner for Medicare beneficiaries with Part B coverage only when Part A benefits are not available. Obtain this amount from Worksheet D, Part V, line 202, columns 6 and 7, for hospitals and enter in column 1. For SNFs transfer the amount from Worksheet D, Part V, columns 6 and 7.

CAHs are not subject to transitional corridor payments, therefore lines 2 through 9 do not apply to CAHs. Transfer Worksheet D, Part V, columns 6 and 7, line 202.

Line 2--Enter the medical and other health services for services from Worksheet D, Part V, column 5 and applicable subscripts, line 202. Subtract from this amount outpatient pass through costs reported on Worksheet D, Part IV, line 200, column 13.

Line 3--Enter the gross PPS payments received including payment for drugs and device pass through payments.

Line 4--Enter the amount of outlier payments made for outpatient PPS services rendered during the cost reporting period.

Contractors only, add or subtract as applicable to the gross PPS payments the total outlier reconciliation amount from line 94.

Line 5--Enter the hospital specific payment to cost ratio provided by your contractor. If a new provider does not file a full cost report for a cost reporting period that ends prior to January 1, 2001, the provider is not eligible for transitional corridor payments and should enter zero (0) on this line. (See PMA-01-51)

Line 6--Enter the result of line 2 times line 5.

If the sum of lines 3 and 4 is < line 6 complete lines 7 and 8, otherwise do not complete lines 7 and 8.

Line 7--Enter the result of the sum of lines 3 and 4 divided by line 6.
Line 8--Enter the transitional corridor payment amount calculated based on the following:

   a. If the sum of lines 3 and 4 is < line 6 and Worksheet S-2, line 3, column 4 response is 3 or 7 (cancer or children’s hospital), enter the result of line 6 minus the sum of lines 3 and 4.

In accordance with ACA 2010, section 3121, the outpatient hold harmless provision is effective for services from January 1, 2010 through December 31, 2010 to rural hospitals with 100 or fewer beds and to all SCHs (and EACHs) regardless of bed size.

   a. For services rendered January 1, 2010 through December 31, 2010, if Worksheet S-2, line 120, columns 1 or 2 is “Y”, enter 85 percent of the result of line 6 minus the sum of lines 3 and 4.

Line 9--Enter the pass through amount from worksheet D, Part IV, column 13, line 200.

Line 10--If you are an approved CTC, enter the cost of organ acquisition from Worksheet D-4, Part III, column 2, line 69 when Worksheet E is completed for the hospital or the hospital component of a health care complex. Make no entry on line 10 in other situations because the Medicare program reimburses only CTCs for organ acquisition costs.

Line 11--Enter the sum of lines 1 and 10.

Computation of Lesser of Reasonable Cost or Customary Charges--You are paid the lesser of the reasonable cost of services furnished to beneficiaries or the customary charges made by you for the same services. This part provides for the computation of the lesser of reasonable cost as defined in 42 CFR 413.13(d) or customary charges as defined in 42 CFR 413.13(e).

NOTE: CAHs are not subject to the computation of the lesser of reasonable costs or customary charges. If the component is an CAH, do not complete lines 12 through 20. Instead, enter on line 21 the amount computed on line 11.

Line Descriptions

NOTE: If the medical and other health services reported here qualify for exemption from the application of LCC (see §4030), also enter the total reasonable cost from line 11 directly on line 21. Still complete lines 6 through 16 to insure that you meet one of the criteria for this exemption.

Lines 12 through 20--These lines provide for the accumulation of charges which relate to the reasonable cost on line 11.

Do not include on these lines: (1) the portion of charges applicable to the excess cost of luxury items or services (see CMS Pub. 15-1, §2104.3) and (2) charges to beneficiaries for excess costs. (See CMS Pub. 15-1, §§2570-2577.)

Line 12--For total charges for medical and other services, enter the sum of Worksheet D, Part V, columns 3 and 4, line 202.

NOTE: If the amounts on Worksheet D, Part V include charges for professional services, eliminate the amount of the professional component from the charges entered on line 12. Submit a schedule showing these computations with the cost report.

Line 13--When Worksheet E is completed for a CTC hospital component for title XVIII, enter the organ acquisition charges from Worksheet D-4, Part III, column 4, line 69.
Line 14--Enter the sum of lines 12 and 13.

Lines 15 through 18--These lines provide for the reduction of program charges when you do not actually impose such charges in the case of most patients liable for payment for services on a charge basis or fail to make reasonable efforts to collect such charges from those patients. If line 17 is greater than zero, multiply line 14 by line 17, and enter the result on line 18. If you impose these charges and make reasonable efforts to collect the charges from patients liable for payment for services on a charge basis, you are not required to complete lines 15 through 17. Enter on line 18 the amount from line 14. In no instance may the customary charges on line 18 exceed the actual charges on line 14. (See 42 CFR 413.13(e).)

Line 19--Enter the excess of the customary charges over the reasonable cost. If line 18 exceeds the line 11, enter the difference.

Line 20--Enter the excess of reasonable cost over the customary charges. If line 11, exceeds line 18, enter the difference.

Line 21--Enter the amount from line 11, less any amount on reported on line 20 for hospital/services subject to LCC.

For hospital/services that are not subject to LCC in accordance with 42 CFR 413.13 (e.g., CAHs or nominal charge public or private hospitals identified on Worksheet S-2, lines 155-161), enter the reasonable costs from line 11.

For CAHs enter on this line 101 percent of line 11.

Line 22--Enter the cost of services rendered by interns and residents as follows from Worksheet D-2.

<table>
<thead>
<tr>
<th>Provider/Component</th>
<th>Title XVIII</th>
<th>Title XVIII</th>
<th>Title XVIII</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Part I, col. 9, line 9 plus lines 10, 11 or 12; or Part II, col. 7, line 37; or Part III, col. 6, line 45</td>
<td>Part I, col. 9, lines 10, 11 or 12; or Part II, col. 7, line 37; or Part III, col. 6, line 45</td>
<td>Part I, col. 9, line 13; or Part II, line 41; or Part III, col. 6, line 49</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Part II, col. 7, or Part III, col. 6, line 46, 47 or 48</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skilled Nursing Facility</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Line 23--For hospitals or subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost (see 42 CFR 415.160 and CMS Pub. 15-1, §2148), enter the amount from Worksheet D-5, Part II, column 3, line 21.

Line 24--Enter the sum of lines 3, 4, 8, and 9, all columns.

Computation of reimbursement Settlement

Line 25--Enter the Part B deductibles and the Part B coinsurance billed to Medicare beneficiaries. DO NOT INCLUDE deductibles or coinsurance billed to program patients for physicians' professional services. If a hospital bills beneficiaries a discounted amount for coinsurance enter on this line the full coinsurance amount not the discounted amount.

Line 26--Enter the deductible and coinsurance relating to the amounts reported on line 24.

NOTE: If these services are exempt from LCC as a result of charges being equal to or less than 60 percent of cost (refer to Worksheet S-2, lines 155-161 columns 1-5, as applicable), enter the Part B deductibles billed to program beneficiaries only. Do not enter any Part B coinsurance. For CAHs enter the deductibles on line 25 and the coinsurance on line 26.
Line 27--Subtract lines 25 and 26 from lines 21 and 24 respectively. Add to that result the sum of lines 22 and 23.

**NOTE:** If these services are exempt from LCC, line 21 minus line 25 times 80 percent plus lines 22 and 23. Add to that result line 24 minus line 26.

For critical access hospitals (CAHs), enter the lesser of (line 21 minus the sum of lines 25 and 26) or 80 percent times the result of (line 21 minus line 25 minus 101% of lab cost (Worksheet D, Part V, column 6, lines 60, 61, and subscripts) minus 101% of vaccine cost (Worksheet D, Part V, column 7, line 73). Add back the aforementioned lab and vaccine cost). Add to that result the sum of lines 22 and 23.

Line 28--Enter in column 1 the amount from Worksheet E-4, line 50. Complete this line for the hospital component only.

Line 29--Enter in column 1 the amount from Worksheet E-4, line 36. Complete this line for the hospital component only.

Line 30--Enter in column 1 the sum of columns 1 and 1.01, lines 27 through 29.

Line 31--Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, the services are treated as if they were non-program services for cost reporting purposes only. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient charges in total charges but not in program charges. In this situation, enter no primary payer payment on line 31. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less applicable deductible and coinsurance. Credit primary payer payment toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered charges in program charges, and include the charges in charges for cost apportionment purposes. Enter the primary payer payment on line 31 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance. Primary payer payments credited toward the beneficiary's deductible and coinsurance are not entered on line 31.

Line 32--Enter line 30 minus line 31.
Line 33--Enter the amount of allowable bad debts for deductibles and coinsurance for ESRD services reimbursed under the composite rate system from Worksheet I-5, line 11.

Allowable bad debts (Exclude bad debts for professional services)

Line 34--Enter from your records allowable bad debts for deductibles and coinsurance net of recoveries for other services, excluding professional services. Do not include ESRD bad debts. These are reported on line 33. Bad debts associated with ambulance services rendered (since these costs are reimbursed on a fee basis) are not allowable. If recoveries exceed the current year’s bad debts, line 34 and 35 will be negative.

Line 35--Multiply the amount (including negative amounts) on line 34 by 70 percent (hospitals and subproviders only). The reduction does not apply to Critical Access Hospitals.

Line 36--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 34.

Line 37--Enter the sum of lines 32, 33 and 34 or 35 (hospitals and subproviders only).

Line 38--Enter the MSP-LCC reconciliation amount. Obtain this amount from the PS&R.

Line 39--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 39.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

Line 40--Enter the result of line 37, plus or minus line 39 minus line 38.

Line 41--Enter interim payments from Worksheet E-1, column 4, line 4. For contractor final settlements, enter the amount reported on line 5.99 on line 42. For contractor purposes it will be necessary to make a reclassification of the bi-weekly pass through payments from Part A to Part B and report that Part B portion on line 42. Maintain the necessary documentation to support the amount of the reclassification.

Line 43--Enter line 40 minus the sum of lines 41 and 42. Transfer this amount to Worksheet S, Part III, column 3, line as appropriate.

Line 44--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations for this line.

Lines 45 through 89 were intentionally skipped to accommodate future revisions to this worksheet.
DO NOT COMPLETE THE REMAINDER OF WORKSHEET E, PART B. LINES 90 THROUGH 94 ARE FOR CONTRACTOR USE ONLY.

Line 90--Enter the original outlier amount from line 4 (sum of all columns) prior to the inclusion of line 94 of Worksheet E, Part B.

Line 91--Enter the outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 4, §10.7.2.2 - §10.7.2.4.

Line 92--Enter the rate used to calculate the time value of money. (See CMS Pub. 100-4, Chapter 4, §10.7.2.2 - §10.7.2.4.)

Line 93--Enter the time value of money.

Line 94--Enter sum of lines 91 and 93.

NOTE: If a cost report is reopened more than one time, subscript lines 90 through 93, respectively, one time for each time the cost report is reopened.

4031. WORKSHEET E-1 - ANALYSIS OF PAYMENTS TO PROVIDERS FOR SERVICES RENDERED

4031.1 Part I - Analysis of Payments to Providers for Services Rendered--

Complete this worksheet for each component of the health care complex which has a separate provider or subprovider number as shown on Worksheet S-2. If you have more than one hospital-based subprovider, complete a separate worksheet for each facility. When the worksheet is completed for a component, show both the hospital provider number and the component number. Complete this worksheet for only Medicare interim payments by the contractor. Do not complete it for purposes of reporting interim payments for titles V or XIX or for reporting payments made under the composite rate for ESRD services. Providers paid on an interim basis on periodic interim payment (PIP) adjust the interim payments for MSP/LCC claims.

The following components use the indicated worksheet instead of Worksheet E-1:

- Hospital-based HHAs use Worksheet H-5.
- Hospital-based outpatient rehabilitation facilities use Worksheet J-4.

The column headings designate two categories of payments:

Columns 1 and 2 - Inpatient Part A
Columns 3 and 4 - Part B

Complete lines 1 through 4. The remainder of the worksheet is completed by your contractor. All amounts reported on this worksheet must be for services, the costs of which are included in this cost report.

NOTE: When completing the heading, enter the provider number and the component number which corresponds to the provider, subprovider, SNF, or swing bed-SNF which you indicated.

DO NOT reduce any interim payments by recoveries as result of medical review adjustments where the recoveries were based on a sample percentage applied to the universe of claims reviewed and the PS&R was not also adjusted.

DO NOT include fee-schedule payments for ambulance services rendered.
Line Descriptions

Line 1--Enter the total Medicare interim payments paid to you (excluding payments made under the composite rate for ESRD services), including amounts paid under PPS. The amount entered must reflect the sum of all interim payments paid on individual bills (net of adjustment bills) for services rendered in this cost reporting period. The amount entered must also include amounts withheld from your interim payments due to an offset against overpayments applicable to the prior cost reporting periods. Do not include (1) any retroactive lump sum adjustment amounts based on a subsequent revision of the interim rate, (2) tentative or net settlement amounts, or (3) interim payments payable. If you are reimbursed under the periodic interim payment method of reimbursement, enter the periodic interim payments received for this cost reporting period.

Line 2--Enter the total Medicare interim payments (excluding payments made under the ESRD composite rate) payable on individual bills.

Since the cost in the cost report is on an accrual basis, this line represents the amount of services rendered in the cost reporting period but not paid as of the end of the cost reporting period.

Also, include in column 4 the total Medicare payments payable for servicing home program renal dialysis equipment when the provider elected 100 percent cost reimbursement.

Line 3--Enter the amount of each retroactive lump sum adjustment and the applicable date.

Enter on line 3.49 the amount(s) received in accordance with (HCERA) of 2010, §1109. See instructions for Worksheet E, Part A line 70. This amount must equal the amount on Worksheet E, Part A, line 70.96.

Line 4--Enter the total amount of the interim payments (sum of lines 1, 2, and 3.99). Transfer as follows:

<table>
<thead>
<tr>
<th>Reimbursement Method</th>
<th>From Column</th>
<th>Transfer To</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part B Payments</td>
<td>4</td>
<td>Wkst. E, Part B, line 41</td>
</tr>
<tr>
<td>IPPS</td>
<td>2</td>
<td>Wkst. E, Part A, line 72</td>
</tr>
<tr>
<td>TEFRA</td>
<td>2</td>
<td>Wkst. E-3, Part I, line 19</td>
</tr>
<tr>
<td>IPF PPS</td>
<td>2</td>
<td>Wkst. E-3, Part II, line 32</td>
</tr>
<tr>
<td>IRF PPS</td>
<td>2</td>
<td>Wkst. E-3, Part III, line 33</td>
</tr>
<tr>
<td>LTC PPS</td>
<td>2</td>
<td>Wkst. E-3, Part IV, line 23</td>
</tr>
<tr>
<td>Cost</td>
<td>2</td>
<td>Wkst. E-3, Part V, line 31</td>
</tr>
<tr>
<td>SNF PPS Title XVIII</td>
<td>2</td>
<td>Wkst. E-3, Part VI, line 16</td>
</tr>
</tbody>
</table>

NOTE: For a swing bed-SNF, transfer the column 2, line 4, and column 4, line 4, amounts to Worksheet E-2, columns 1 and 2, line 20, respectively.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET E-1. LINES 5 THROUGH 8 ARE FOR CONTRACTOR USE ONLY.

Line 5--List separately each settlement payment after the cost report is received together with the date of payment. If the cost report is reopened after the NPR has been issued, continue to report all settlement payments after the cost report is received separately on this line.
Line 6--Enter the net settlement amount (balance due the provider or balance due the program). Obtain the amounts as follows:

<table>
<thead>
<tr>
<th>Worksheet E-1, Column as Indicated</th>
<th>From Settlement Worksheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Wkst. E, Part A, line 74</td>
</tr>
<tr>
<td>4</td>
<td>Wkst. E, Part B, line 43</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part I, line 21</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part II, line 34</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part III, line 35</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part IV, line 25</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part V, line 33</td>
</tr>
<tr>
<td>2</td>
<td>Wkst. E-3, Part VI, line 18</td>
</tr>
</tbody>
</table>

For swing bed-SNF services, column 2 must equal Worksheet E-2, column 1, line 22. Column 4 must equal Worksheet E-2, column 2, line 22.

**NOTE:** On lines 3, 5, and 6, when a provider to program amount is due, show the amount and date on which the provider agrees to the amount of repayment even though total repayment is not accomplished until a later date.

Line 7--Enter in columns 2 and 4 the sum of lines 4 through 6. Enter amounts due the program as a negative number. This amount must agree with amount due provider reported on Worksheet E, Part A, line 71; Worksheet E, Part B, line 40; Worksheet E-2, line 19; Worksheet E-3, Part I, line 18; Worksheet E-3, Part II, line 31; Worksheet E-3, Part III, line 32; Worksheet E-3, Part IV, line 22; Worksheet E-3, Part V, line 30; and Worksheet E-3, Part VI, line 15.

Line 8--Enter the contractor name and the contractor number in columns 1 and 2, respectively.

4031.2 Part II - Calculation of Reimbursement Settlement for Health Information Technology--

In accordance with the American Recovery and Reinvestment Act (ARRA) of 2009, section 4102, inpatient acute care services under IPPS (providers subject to section 1886(d) of the Act) and CAHs are eligible for health information technology (HIT) payments. This section captures relevant data and records all HIT interim payments paid by the contractor to the provider and corresponding adjustments.

Data Collection Required for the Health Information Technology Calculation--

Line 1--As defined in ARRA, section 4102, transfer the total hospital discharges from Worksheet S-3, Part I, column 15, line 14.

Line 2--Transfer the Medicare days from Worksheet S-3, Part I, column 6, sum of lines 1 and 8 through 12.

Line 3--Transfer the Medicare HMO days from Worksheet S-3, Part I, column 6, line 2.

Line 4--Transfer the total inpatient bed days from Worksheet S-3, Part I, column 8, sum of lines 1 and 8 through 12.

Line 5--Transfer the hospital charges from Worksheet C, Part I, column 8, line 200.

Line 6--Transfer the hospital charity care charges from Worksheet S-10, column 3, line 20.
Line 7--CAHs only, transfer the reasonable costs to purchase certified HIT technology from Worksheet S-2, Part I, line 168.

Line 8--Calculate and enter the HIT payment in accordance with ARRA, section 4102 as indicated below. This line can be overridden by the contractor in instances where the provider’s circumstances require a customized HIT calculation.

For CAHs, if Worksheet S-2, lines 105 and 167 are both “Y” for yes, enter the result of \(\{(H1)/(\text{line 4} \times H2)\} + .20\) times the amount on Worksheet S-2, Part I, line 168. (Note: the result of \(\{(H1)/(\text{line 4} \times H2)\} + .20\) cannot exceed 100 percent.) The resulting amount must be fully expensed in the current reporting period. \(H1 = \text{Line 2 plus line 3.}\) \(H2 = \text{Total charges from Worksheet C, Part I, column 8, line 200 minus charity care charges from Worksheet S-10, column 3, line 20 divided by Worksheet C, Part I, column 8, line 200.}\)

OR

For acute care IPPS hospitals (§1886(d) of the Act), if Worksheet S-2, line 105 is “N” for no and line 167 is “Y” for yes, enter the result of \(\{(2,000,000.00 + H1) \times \{(H2)/(\text{line 4} \times H3)\} \times H4\}\). The resulting amount must be fully expensed in the current reporting period. \(H1 = \text{If line 1 equals 1,150 through 23,000 discharges, then multiply 200 times line 1. If line 1 is less than 1,150 discharges then H1 equals 0 (zero). If line 1 is greater than or equal to 23,000 discharges then H1 = 23,000.}\) \(H2 = \text{Line 2 plus line 3.}\) \(H3 = \text{Total charges from Worksheet C, Part I, column 8, line 200 minus charity care charges from Worksheet S-10, column 3, line 20 divided by Worksheet C, Part I, column 8, line 200.}\) \(H4 = \text{The transition factor from Worksheet S-2, Part I, line 169.}\)

Lines 9 - 29--Reserved for future use.

Inpatient Hospital Services Under IPPS & CAH--

Line 30--Enter the initial (interim) payment(s) for HIT assets.

Line 31--Enter any other adjustments, as applicable. This line is for contractor use only.

Line 32--Balance Due Provider/(Program)--Calculate and enter the result of line 8 minus line 30, plus or minus line 31. Transfer this amount to Worksheet S, Part III, column 4, line 1.
4032. WORKSHEET E-2 - CALCULATION OF REIMBURSEMENT SETTLEMENT - SWING BEDS

This worksheet provides for the reimbursement calculation for swing bed services rendered to program patients under titles V, XVIII, and XIX. It provides for an accumulation of reimbursable costs determined on various worksheets within the cost report package. It also provides (under Part B) for the computation of the lesser of 80 percent of reasonable cost after deductibles or reasonable cost minus coinsurance and deductibles. These worksheets have been designed so that components must prepare a separate worksheet for swing bed-SNF title XVIII, Parts A and B, and separate worksheets for swing bed-NF for title V and title XIX. Use column 1 only on the worksheets for title V and title XIX. Indicate the use of each worksheet by checking the appropriate boxes.

Lines 1 through 9--Enter in the appropriate column on lines 1 through 7 the indicated costs for each component of the health care complex.

Line 1--Enter the cost of swing bed-SNF inpatient routine services transferred from Worksheet D-1, Part II, line 66 (title XVIII only). Since swing beds are paid on the basis of SNF PPS, enter the total PPS payments in column 1 or 2, as applicable, from the provider’s books and records or the PS&R. (See Vol. 67 FR 147 dated July 31, 2002 and PM A-02-016, change request 1666) CAHs transfer 101 percent of the amount from worksheet D-1, part II, line 66.

Do not use lines 2 and 3 for swing bed SNF PPS providers.

Line 2--Enter the cost of swing bed-NF inpatient routine services transferred from Worksheet D-1, Part II, line 69 (titles V and XIX only). Make no entry on line 2 when Worksheet E-2 is used for swing bed-SNF.

Line 3--Enter the amount of ancillary services. CAHs transfer for Title XVIII services 101 percent of the amounts from the applicable worksheets):

Title V from Worksheet D-3, col. 3, line 200
Title XVIII, Part A from Worksheet D-3, col. 3, line 200
Title XVIII, Part B from The sum of Worksheet D, Part V, col. 6, line 202 and Worksheet D, Part V, col. 7, line 73
Title XIX from Worksheet D-3, col. 3, line 200

Enter title XVIII, Part B amounts only in column 2. Enter all other amounts in column 1.

Line 4--Enter (in column 1 for titles V and XIX and in column 2 for title XVIII) the per diem cost for interns and residents not in an approved teaching program transferred from Worksheet D-2, Part I, column 4, line 2; or lines 10 through 12, as appropriate.

Line 5--For title XVIII, enter in column 1 the total number of days in which program swing bed-SNF patients were inpatients. Transfer these days from Worksheet D-1, Part I, sum of lines 10 and 11. For titles V or XIX, enter in column 1 the total number of days in which program swing bed-NF patients were inpatients. Transfer these days from Worksheet D-1, Part I, sum of lines 12 and 13. For title XVIII, enter in column 2 the total number of days in which Medicare swing bed beneficiaries were inpatients and had Medicare Part B coverage. Determine such days without regard to whether Part A benefits were available. Submit a reconciliation with the cost report demonstrating the computation of Medicare Part B inpatient days.
The following reconciliation format is recommended:

<table>
<thead>
<tr>
<th>Part A</th>
<th>Part B</th>
<th>Part A Coverage</th>
<th>Medicare Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Days</td>
<td>Plus Only Days</td>
<td>Minus But No Coverage</td>
<td>Days Coverage</td>
</tr>
</tbody>
</table>

NOTE: See §4026.1.

Line 6--Enter the amount on line 4 multiplied by the number of days recorded on line 5. Also, if the hospital qualifies for the exception for graduate medical education payments in 42 CFR 413.77(d)(1), enter the amount transferred from Worksheet D-2, Part II, column 7, line 30.

Line 7--If Worksheet E-2 is completed for a certified SNF, enter the applicable program's share of the reasonable compensation paid to physicians for services on utilization review committees applicable to the SNF.

Line 8--Enter the sum of lines 1 through 3, plus lines 6 and 7 for each column.

Line 9--Enter any amounts paid and/or payable by workmens' compensation and other primary payers. (See instructions to Worksheet E, Part A, line 60, in §4030.1 for further clarification.)

Line 10--Line 8 minus line 9.

Line 11--Enter the deductible billed to program patients. DO NOT INCLUDE deductible applicable to physician professional services. Obtain this amount from your records.

Line 12--Enter line 10 minus line 11.

Line 13--Enter from your records the amounts billed to program patients for coinsurance. DO NOT INCLUDE coinsurance billed to program patients for physician professional services.

Line 14--In column 2, enter 80 percent of the amount on line 12.

Line 15--Enter the lesser of line 12 less line 13 or line 14.

Line 16--Enter any other adjustments. For example, enter an adjustment from changing the recording of vacation pay from cash basis to accrual basis, etc. (See CMS Pub. 15-1, §2146.4.)

Line 17--When Worksheet E-2 is completed for Medicare, enter the amount of bad debts (net of bad debt recoveries) for billed deductibles and coinsurance (excluding bad debts for physician professional services and bad debts arising from covered services paid under a reasonable charge-based methodology or a fee-schedule) for Part A services in column 1 and for Part B services in column 2. If recoveries exceed the current year's bad debts, line 17 will be negative.

Line 18--Enter the gross reimbursable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 17.

Line 19--For title XVIII, Part A, enter in column 1 the sum of lines 15 and 17 plus or minus line 16. For title XVIII, Part B, enter in column 2 the sum of lines 15 and 17, plus or minus line 16. For titles V and XIX, enter in column 1 the sum of lines 15 and 17, plus or minus line 16.
Line 20--For title XVIII, enter in column 1 the amount from the appropriate Worksheet E-1, column 2, line 4, and enter in column 2 the amount from the appropriate Worksheet E-1, column 4, line 4. For contractor final settlement, report on line 21 the amount from line 5.99 for columns 2 and 4. For titles V and XIX, enter interim payments from your records.

Line 22--Enter the amount recorded on line 19 minus the sum of the amounts on lines 20 and 21. This amount shows the balance due you or the program. Transfer this amount to Worksheet S, Part III, columns as appropriate, lines 5 or 6 for the swing bed-SNF or the swing bed-NF, respectively.

Line 23--Enter the Medicare reimbursement effect of protested items. Estimate the reimbursement effect of the non-allowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the supporting details and computations for this line.
WORKSHEET E-3 - CALCULATION OF REIMBURSEMENT SETTLEMENT

The five parts of Worksheet E-3 are used to calculate reimbursement settlement:

- **Part I** - Calculation of Medicare Reimbursement Settlement Under TEFRA
- **Part II** - Calculation of Medicare Reimbursement Settlement Under IPF PPS
- **Part III** - Calculation of Medicare Reimbursement Settlement Under IRF PPS
- **Part IV** - Calculation of Medicare Reimbursement Settlement Under LTCH PPS
- **Part V** - Calculation of Reimbursement Settlement for Medicare Part A Services - Cost Reimbursement (CAHs)
- **Part VI** - Calculation of Reimbursement Settlement - All Other Health Services for Part A Services for Title XVIII PPS SNFs
- **Part VII** - Calculation of Reimbursement Settlement - All Other Health Services for Titles V or XIX Services

### Part I - Calculation of Medicare Reimbursement Settlement Under TEFRA

Use Worksheet E-3, Part I to calculate Medicare reimbursement settlement under TEFRA (includes cancer and children’s hospitals) for hospitals and subproviders.

Use a separate copy of Worksheet E-3, Part I for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part I to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

#### Line Descriptions

**Line 1** -- Enter (for TEFRA hospitals and subproviders) the amount from Worksheet D-1, Part II, line 63.

**Line 2** -- If you are an approved CTC, enter the cost of organ acquisition from Worksheet(s) D-4, Part III, column 1, line 69 when Worksheet E-3, Part I, is completed for the hospital (or the hospital component of a health care complex). Make no entry on line 2 in other situations because the Medicare program reimburses only CTCs for organ acquisition costs.

**Line 3** -- For hospitals or subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter the amount from Worksheet D-5, Part II, column 3, line 20.

**Line 4** -- Enter the sum of lines 1, 2 and 3.

**Line 5** -- Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full.)
This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 5. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges, and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 5 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance.

Do not enter on line 5 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 6--Enter line 4 minus line 5.

Line 7--Enter the Part A deductibles.

Line 8--Enter line 6 less line 7.

Line 9--Enter the Part A coinsurance. Include any primary payer amounts applied to Medicare beneficiaries coinsurance in situations where the primary payer payment does not fully satisfy the obligation of the beneficiary to the provider. Do not include any primary payer payments applied to Medicare beneficiary coinsurance in situations where the primary payer payment fully satisfies the obligation of the beneficiary to the provider.

Line 10--Enter the result of subtracting line 9 from line 8.

Line 11--Enter program allowable bad debts reduced by recoveries. If recoveries exceed the current year’s bad debts, lines 11 and 12 will be negative.

Line 12--Multiply the amount (including negative amounts) from line 11 by 70 percent.

Line 13--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 11.

Line 14--Enter the sum of lines 10 and 12.

Line 15--Enter the amount from Worksheet E-4, line 49 for the hospital component only.

Line 16--Enter the routine service other pass through costs from Worksheet D, Part III, column 9, line 30 for a freestanding facility or lines 40 through 42, as applicable, for the corresponding subproviders. Add to this amount the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.
Line 17--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, sequestration, etc, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 17.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

Line 18--Enter the sum of lines 14, 15, and 16 plus or minus line 17.

Line 19--Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 20 the amount on line 5.99.

Line 21--Enter line 18 minus the sum of lines 19 and 20. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 22--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.
Part II - Calculation of Medicare Reimbursement Settlement Under IPF PPS--Use Worksheet E-3, Part II to calculate Medicare reimbursement settlement under IPF PPS for hospitals and subproviders. (See 42 CFR 412, subpart N.)

Use a separate copy of Worksheet E-3, Part II for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part II to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

Line Descriptions

Line 1--Enter the net Federal IPF PPS payment. This amount excludes payments for outliers, electroconvulsive therapy (ECT), and the teaching adjustment. Obtain this information from the PS&R and/or your records.

Line 2--Enter the net IPF outlier payment. Obtain this from the PS&R and/or your accounting books records.

Line 3--Enter the net IPF payments for ECT. Obtain this from the PS&R and/or your accounting books and records.

NOTE: Complete only line 4 or line 5, but not both.

Line 4--For providers that trained residents in the most recent cost reporting period filed on or before November 15, 2004 (response on Worksheet S-2, line 71, column 1 is “Y” for yes), enter the unweighted FTE resident count for the most recent cost reporting period filed on or before November 15, 2004. See Federal Register, volume 69, FR 219, dated November 4, 2004, page 66922 for a detailed explanation.

Line 5--For providers that did not train residents in the most recent cost report filed before November 15, 2004, but qualify to receive a cap adjustment under §412.424(d)(1)(iii) for training residents in a newly accredited program(s) after that cost reporting period, enter the unweighted cap adjustment (response to Worksheet S-2, line 71, column 2 is “Y” for yes and column 3 contains a “4” or “5”). Do not complete this line until the fourth program year of the first new program. If your fiscal year end does not correspond to the program year end, and this current cost reporting period includes the beginning of the fourth program year of the first new program, then prorate the cap adjustment accordingly.

Line 6--Enter the current year unweighted FTE resident count for other than the FTEs in the first 3 program years of the first new program’s existence. If your fiscal year end does not correspond to the program year end and the current cost reporting period includes the beginning of the 4th program year of the first new program, then prorate the count accordingly.

Line 7--Enter the current year unweighted FTE count for residents in new programs. Complete this line only during the first 3 program years of the first new program’s existence. If your fiscal year end does not correspond with the program year end, and the current cost reporting period includes the beginning of the 4th program year of the first new program, then prorate the count accordingly.

Line 8--For providers that completed line 4, enter the lower of the FTE count on line 6 or the cap amount on line 4.

For providers that qualify to receive a cap adjustment under §412.424(d)(1)(iii) during the first 3 program years of the first new program’s existence, enter the FTE count from line 7.
Beginning with the 4th program year of the first new program’s existence, enter the lower of the FTE count on line 6 or the FTE count on line 5. Add to this count the FTEs on line 7 if your fiscal year end does not correspond with the teaching program year end, and this current cost reporting period includes the beginning of the 4th program year of the first new program.

Line 9--Enter the total IPF patient days divided by number of days in the cost reporting period (Worksheet S-3, column 8, line 1 (independent/freestanding) or 16 and applicable subscripts (subprovider/provider based) divided by the total number of days in cost reporting period). This is the average daily census.

Line 10--Enter the medical education adjustment factor by adding 1 to the ratio of line 8 to line 9. Raise that result to the power of .5150. Subtract 1 from this amount to calculate the medical education adjustment factor. This is expressed mathematically as \( \{(1 + \frac{\text{line 8}}{\text{line 9}})^{.5150} - 1\} \).

Line 11--Enter the medical education adjustment by multiplying line 1 by line 10.

Line 12--Enter the adjusted net IPF PPS payments by entering the sum of lines 1, 2, 3, and 11.

Line 13--Enter the amount of Nursing and Allied Health Managed Care payments, if applicable. Only complete this line if your facility is a freestanding/independent non-IPPS hospital that does not complete Worksheet E, Part A.

Line 14--If you are an approved CTC, enter the cost of organ acquisition from Worksheet(s) D-4, Part III, column 1, line 69 when Worksheet E-3, Part II, is completed for the freestanding/independent IPF (or the hospital based IPF/unit of a health care complex). Make no entry on line 14 in other situations because the Medicare program reimburses only CTCs for organ acquisition costs.

Line 15--For IPFs or IPF subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter the amount from Worksheet D-5, Part II, column 3, line 20.

Line 16--Enter the sum of lines 12, 13, 14 and 15.

Line 17--Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 17. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.
However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges, and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 17 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance.

Do not enter on line 17 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 18--Enter line 16 minus line 17.

Line 19--Enter the Part A deductibles.

Line 20--Enter line 18 minus line 19.

Line 21--Enter the Part A coinsurance. Include any primary payer amounts applied to Medicare beneficiaries coinsurance in situations where the primary payer payment does not fully satisfy the obligation of the beneficiary to the provider. Do not include any primary payer payments applied to Medicare beneficiary coinsurance in situations where the primary payer payment fully satisfies the obligation of the beneficiary to the provider.

Line 22--Enter the result of subtracting line 21 from line 20.

Line 23--Enter program allowable bad debts reduced by recoveries. If recoveries exceed the current year's bad debts, lines 23 and 24 will be negative.

Line 24--Multiply the amount (including negative amounts) from Line 23 by 70 percent.

Line 25--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 23.

Line 26--Enter the sum of lines 22 and 24.

Line 27--Enter the amount from Worksheet E-4, line 49 for the hospital component only.

Line 28--Enter the routine service other pass through costs from Worksheet D, Part III, column 9, line 30 for a freestanding facility or line 40 for the IPF subprovider. Add to this amount the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.

Line 29--Enter the outlier reconciliation amount by entering the sum of lines 51 and 53.

Line 30--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, sequestration, etc, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 30.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”
Line 31—Enter the sum of lines 26, and 28 plus or minus lines 29 and 30.

Line 32—Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 33 the amount on line 5.99.

Line 34—Enter line 31 minus the sum of lines 32 and 33. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 35—Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.

**DO NOT COMPLETE THE REMAINDER OF WORKSHEET E-3, PART II. LINES 50 THROUGH 53 ARE FOR CONTRACTOR USE ONLY.**

Line 50—Enter the original outlier amount from worksheet E-3, Part II, line 2.

Line 51—Enter the outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 3, §190.7.2.3 - §190.7.2.5.

Line 52—Enter the interest rate used to calculate the time value of money. (see CMS Pub. 100-4, Chapter 3, §190.7.2.3 - §190.7.2.5.)

Line 53—Enter the time value of money.

**NOTE:** If a cost report is reopened more than one time, subscript lines 50 through 53, respectively, one time for each time the cost report is reopened.
Part III - Calculation of Medicare Reimbursement Settlement Under IRF PPS--Use Worksheet E-3, Part III to calculate Medicare reimbursement settlement under IRF PPS for hospitals and subproviders. (See 42 CFR 412, subpart P.)

Use a separate copy of Worksheet E-3, Part III for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part III to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

Line Descriptions

Line 1--Enter the net Federal IRF PPS payment. The Federal payment includes short stay outlier amounts. Exclude low income patient (LIP) and outlier payments. Obtain this information from the PS&R and/or your records.

Line 2--Enter the Medicare SSI ratio from your contractor as applicable for a freestanding IRF (IRF hospital or facility) or a hospital based IRF (subprovider or subunit).

Line 3--IRF LIP payment, enter the result of \((1 + (\text{line 2}) + (\text{L1}/\text{L2}))\) to the .4613 power - 1\) times \((\text{line 1})\). \(\text{L1} = \text{IRF Medicaid Days from Worksheet S-3, Part I, column 7, lines 1 or 17 and subscripts as applicable plus Medicaid HMO days (S-3, Part I, column 7, line 2 (line 4 for IRF subproviders)).}\) \(\text{L2} = \text{IRF total days from Worksheet S-3, Part I, column 8, lines 1 or 17 and subscripts as applicable plus employee discount days (S-3, Part I, column 8, line 30 (line 31 for IRF subproviders)).}\)

Line 4--Enter the IRF outlier payment. Obtain this from the PS&R and/or your records.

NOTE: Complete only line 5 or line 6, but not both.

Line 5--For providers that trained residents in the most recent cost reporting period ending on or before November 15, 2004 (response to Worksheet S-2, Part I, line 76, column 1 is “Y” for yes), enter the unweighted FTE resident count for the most recent cost reporting period ending on or before November 15, 2004.

Line 6--For providers that did not train residents in the most recent cost reporting period ending on or before November 15, 2004, that qualify to receive a cap adjustment (see Vol. 70, FR 156, page 47929, dated August 15, 2005) for training residents in a newly accredited program(s) after that cost reporting period, enter the unweighted cap adjustment (response to Worksheet S-2, Part I, line 76, column 2 is “Y” for yes and column 3 contains a “4” or “5”). Do not complete this line until the fourth program year of the first new program. If your fiscal year end does not correspond to the program year end, and this current cost reporting period includes the beginning of the 4th program year of the first new program, then prorate the cap adjustment accordingly.

Line 7--Enter the current year unweighted FTE resident count for other than the FTEs in the first 3 program years of the first new program’s existence. If your fiscal year end does not correspond to the program year end and the current cost reporting period includes the beginning of the 4th program year of the first new program, then prorate the count accordingly.

Line 8--Enter the current year unweighted FTE count for residents in new programs. Complete this line only during the first 3 program years of the first new program’s existence. If your fiscal year end
does not correspond with the program year end, and the current cost reporting period includes the
beginning of the 4th program year of the first new program, then prorate the count accordingly.

Line 9—For providers that completed line 5, enter the lower of the FTE count on line 7 or the cap
amount on line 5.

For providers that qualify to receive a cap adjustment (see Vol. 70, FR 156, page 47929, dated
August 15, 2005), during the first 3 program years of the first new program’s existence enter the FTE
count from line 8.

Beginning with the 4th program year of the first new program’s existence, enter the lower of the FTE
count on line 7 or the FTE count on line 6. Add to this count the FTEs on line 8 if your fiscal year
end does not correspond with the teaching program year end, and this current cost reporting period
includes the beginning of the 4th program year of the first new program.

Line 10—Enter the total IRF patient days divided by number of days in the cost reporting period
(Worksheet S-3, column 8, line 1 (independent/freestanding) or 17 and applicable subscripts
(subprovider/provider based) divided by the total number of days in cost reporting period). This is
the average daily census.

Line 11—Enter the medical education adjustment factor by adding 1 to the ratio of line 9 to line 10.
Raise that result to the power of .6876. Subtract 1 from this amount to calculate the medical
education adjustment factor. This is expressed mathematically as \( (1 + \frac{\text{line 9}}{\text{line 10}})^{.6876} - 1 \).

Line 12—Enter the medical education adjustment by multiplying line 1 by line 11. Add this amount
to line 13.

Line 13—Enter the sum of lines 1, 3, 4 and 12.

Line 14—Enter the amount of Nursing and Allied Health Managed Care payments, if applicable.
Only complete this line if your facility is a freestanding/independent non-IPPS hospital that does not
complete Worksheet E, Part A.

Line 15—If you are an approved CTC, enter the cost of organ acquisition from Worksheet(s) D-4,
Part III, column 1, line 69 when Worksheet E-3, Part III, is completed for the freestanding/independent IRF (or the hospital based IRF/unit of a health care complex). Make no
entry on line 15 in other situations because the Medicare program reimburses only CTCs for organ
acquisition costs.

Line 16—For hospitals or subproviders that have elected to be reimbursed for the services of teaching
physicians on the basis of cost, enter the amount from Worksheet D-5, Part II, column 3, line 20.

Line 17—Enter the sum of lines 13, 14, 15 and 16.

Line 18—Enter the amounts paid or payable by workmens' compensation and other primary payers
when program liability is secondary to that of the primary payer. There are six situations under
which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.
Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 18. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges, and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 18 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance.

Do not enter on line 18 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 19--Enter line 17 minus line 18.

Line 20--Enter the Part A deductibles.

Line 21--Enter line 19 less line 20.

Line 22--Enter the Part A coinsurance. Include any primary payer amounts applied to Medicare beneficiaries coinsurance in situations where the primary payer payment does not fully satisfy the obligation of the beneficiary to the provider. Do not include any primary payer payments applied to Medicare beneficiary coinsurance in situations where the primary payer payment fully satisfies the obligation of the beneficiary to the provider.

Line 23--Enter the result of subtracting line 22 from line 21.

Line 24--Enter program allowable bad debts reduced by recoveries. If recoveries exceed the current year's bad debts, lines 24 and 25 will be negative.

Line 25--Multiply the amount (including negative amounts) from line 24 by 70 percent.

Line 26--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 24.

Line 27--Enter the sum of lines 23 and 25.

Line 28--Enter the amount from Worksheet E-4, line 49 for the hospital component only.

Line 29--Enter the routine service other pass through costs from Worksheet D, Part III, column 9, line 30 for a freestanding facility or line 41 for IRF the subproviders. Add to this amount the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.
Line 30--Enter the outlier reconciliation amount by entering the sum of lines 51 and 53.

Line 31--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, sequestration, etc, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 31.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136-136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

Line 32--Enter the sum of lines 27, 28, and 29 plus or minus lines 30 and 31.

Line 33--Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 34 the amount on line 5.99.

Line 35--Enter line 32 minus the sum of lines 33 and 34. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 36--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET E-3, PART III. LINES 50 THROUGH 53 ARE FOR CONTRACTOR USE ONLY.

Line 50--Enter the original outlier amount from worksheet E-3, Part III, line 4.

Line 51--Enter the outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 3, §140.2.8 - §140.2.10.

Line 52--Enter the interest rate used to calculate the time value of money. (see CMS Pub. 100-4, Chapter 3, §140.2.8 - §140.2.10)

Line 53--Enter the time value of money.

NOTE: If a cost report is reopened more than one time, subscript lines 50 through 53, respectively, one time for each time the cost report is reopened.
Part IV - Calculation of Medicare Reimbursement Settlement Under LTCH PPS--Use Worksheet E-3, Part IV to calculate Medicare reimbursement settlement under LTCH PPS for hospitals and subproviders. (See 42 CFR 412, subpart O.)

Use a separate copy of Worksheet E-3, Part IV for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part IV to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

**Line Descriptions**

**Line 1**--Enter the net Federal LTCH PPS payment including short stay outlier payments. Obtain this information from the PS&R and/or your records.

**Line 2**--Enter the high cost outlier payments. Obtain this from the PS&R and/or your records.

**Line 3**--Enter the sum of lines 1 and 2.

**Line 4**--Enter the amount of Nursing and Allied Health Managed Care payments, if applicable.

**Line 5**--If you are an approved CTC, enter the cost of organ acquisition from Worksheet(s) D-4, Part III, column 1, line 69 when Worksheet E-3, Part IV, is completed for the LTCH complex. Make no entry on line 5 in other situations because the Medicare program reimburses only CTCs for organ acquisition costs.

**Line 6**--For hospitals or subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter the amount from Worksheet D-5, Part II, column 3, line 20.

**Line 7**--Enter the sum of lines 3, 4, 5 and 6.

**Line 8**--Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 8. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.
However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges, and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 8 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance.

Do not enter on line 8 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 9--Enter line 7 minus line 8.

Line 10--Enter the Part A deductibles.

Line 11--Enter line 9 less line 10.

Line 12--Enter the Part A coinsurance. Include any primary payer amounts applied to Medicare beneficiaries coinsurance in situations where the primary payer payment does not fully satisfy the obligation of the beneficiary to the provider. Do not include any primary payer payments applied to Medicare beneficiary coinsurance in situations where the primary payer payment fully satisfies the obligation of the beneficiary to the provider.

Line 13--Enter the result of subtracting line 12 from line 11.

Line 14--Enter program allowable bad debts reduced by recoveries. If recoveries exceed the current year's bad debts, lines 14 and 15 will be negative.

Line 15--Multiply the amount (including negative amounts) from line 14 by 70 percent.

Line 16--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 14.

Line 17--Enter the sum of lines 13 and 15.

Line 18--Enter the amount from Worksheet E-4, line 49 for the hospital component only.

Line 19--Enter the routine service other pass through costs from Worksheet D, Part III, column 9, line 30 for a freestanding facility. Add to this amount the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.

Line 20--Enter the outlier reconciliation amount by entering the sum of lines 51 and 53.

Line 21--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, sequestration, etc, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 21.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”
Line 22--Enter the sum of lines 17, 18, and 19 plus or minus lines 20 and 21.

Line 23--Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 24 the amount on line 5.99.

Line 25--Enter line 22 minus the sum of lines 23 and 24. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 26--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET E-3, PART IV. LINES 50 THROUGH 53 ARE FOR CONTRACTOR USE ONLY.

Line 50--Enter the original outlier amount from worksheet E-3, Part IV, line 2.

Line 51--Enter the outlier reconciliation adjustment amount in accordance with CMS Pub. 100-4, Chapter 3, §150.26 - §150.28.

Line 52--Enter the interest rate used to calculate the time value of money. (see CMS Pub. 100-4, Chapter 3, §150.26 - §150.28)

Line 53--Enter the time value of money.

NOTE: If a cost report is reopened more than one time, subscript lines 50 through 53, respectively, one time for each time the cost report is reopened.
Part V - Calculation of Reimbursement Settlement for Medicare Part A Services - Cost Reimbursement (CAHs)--Use Worksheet E-3, Part V, to calculate reimbursement settlement for Medicare Part A services furnished by hospitals, including critical access hospitals, and subproviders under cost reimbursement (i.e., neither PPS nor TEFRA).

Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part V to indicate the component program for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

**Line Descriptions**

**Line 1**—Enter the appropriate inpatient operating costs:

- Hospital (CAH) or Subprovider - Worksheet D-1, Part II, line 49

**Line 2**—Enter the amount of Nursing and Allied Health Managed Care payments, if applicable. Only complete this line if your facility is a freestanding/ independent non-PPS provider or CAH that does not complete Worksheet E, Part A.

**Line 3**—If you are approved as a CTC, enter the cost of organ acquisition from Worksheet D-4, Part III, column 1, line 69 when this worksheet is completed for the hospital (or the hospital component of a health care complex). Make no entry on line 3 in other situations because the Medicare program reimburses only CTCs for organ acquisition costs.

**Line 4**—Enter the sum of lines 1 through 3.

**Line 5**—Enter the amounts paid or payable by workmens' compensation and other primary payers when program liability is secondary to that of the primary payer. There are six situations under which Medicare payment is secondary to a primary payer:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but not in program patient days and charges. In this situation, enter no primary payer payment on line 5. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system. However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 5 to the extent that
primary payer payment is not credited toward the beneficiary's deductible and coinsurance. Do not enter on line 5 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 6--Enter the amount on line 4 minus the amount on line 5. CAHs enter on this line 101 percent of the line 4 minus line 5.

**Computation of Lesser of Reasonable Cost or Customary Charges** -- You are paid the lesser of the reasonable cost of services furnished to beneficiaries or the customary charges made by you for the same services. This part provides for the computation of the lesser of reasonable cost as defined in 42 CFR 413.13(d) or customary charges as defined in 42 CFR 413.13(e). **CAHs are not subject to this provision for inpatient services.**

**Line Descriptions**

**NOTE:** CAHs does not complete lines 7 through 16.

**Lines 7 through 16**--These lines provide for the accumulation of charges which relate to the reasonable cost on line 6.

Do not include on these lines (1) the portion of charges applicable to the excess cost of luxury items or services (see CMS Pub. 15-1, §2104.3) and (2) your charges to beneficiaries for excess costs as described in CMS Pub. 15-1, §§2570-2577.

**Line 7**--Enter the program inpatient routine service charges from your records for the applicable component. Include charges for both routine and special care units. The amounts entered include covered late charges billed to the program when the patient's medical condition is the cause of the stay past the checkout time. Also, these amounts include charges relating to a stay in an intensive care type hospital unit for a few hours when your normal practice is to bill for the partial stay.

**Line 8**--Enter the total charges for inpatient ancillary services from Worksheet D-3, column 2, sum of lines 50 through 98.

**NOTE:** If the amounts on Worksheet D-3 include charges for professional services, eliminate the amount of the professional component from the charges entered on line 10. Submit a schedule showing these computations with the cost report.

**Line 9**--When Worksheet E-3, Part V is completed for a CTC hospital component, enter the organ acquisition charges from Worksheet D-4, Part III, line 69, column 3.

**Line 10**--Enter the sum of lines 7 through 9.

**Lines 11 through 14**--These lines provide for the reduction of program charges when you do not actually impose such charges (in the case of most patients liable for payment for services on a charge basis) or when you fail to make reasonable efforts to collect such charges from those patients. If line 13 is greater than zero, multiply line 10 by line 13, and enter the result on line 14. If you impose these charges and make reasonable efforts to collect the charges from patients liable for payment for services on a charge basis, you are not required to complete lines 11 through 13. Enter on line 14 the amount from line 10. In no instance may the customary charges on line 14 exceed the actual charges on line 10. (See 42 CFR 413.13(e).)

**Line 15**--Enter the excess of the customary charges on line 14 over the reasonable cost on line 6.

**Line 16**--Enter the excess of reasonable cost on line 6 over the customary charges on line 14. Transfer line 16 to line 21.
Computation of Reimbursement Settlement

Line 17--For hospitals or subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter amounts from Worksheet D-5, Part II, column 3, line 20.

Line 18--Enter the amount from Worksheet E-4, line 49. Complete for the hospital component only. CAHs do not complete this line.

Line 19--Enter the sum of lines 6, 17 and 18.

Line 20--Enter the Part A deductibles billed to Medicare beneficiaries.

Line 21--Enter the amount, if any, recorded on line 16. If you are a nominal charge provider, enter zero.

Line 22--Enter line 19 less the sum of lines 20 and 21.

Line 23--Enter from PS&R or your records the coinsurance billed to Medicare beneficiaries.

Line 24--Enter line 22 minus line 23.

Line 25--Enter from your records program allowable bad debts net of recoveries. If recoveries exceed the current year’s bad debts, lines 25 and 26 will be negative.

Line 26--Multiply the amount (including negative amounts) on line 25 by 70 percent. No reduction is required for critical access hospitals.

Line 27--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 25.

Line 28--Enter the sum of lines 24 and 25 or 26. Line 26 is applicable for hospitals and subproviders only.

Line 29--Enter any other adjustments. For example, if you change the recording of vacation pay from cash basis to accrual basis, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Enter on line 29.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

Line 30--Enter line 28, plus or minus line 29.

Line 31--Enter interim payments from Worksheet E-1, column 2, line 4. For contractor final settlement, report on line 32 the amount from line 5.99.

Line 33--Enter line 30 minus the sum of lines 31 and 32. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 34--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations for this line.
Part VI - Calculation of Reimbursement Settlement - All Other Health Services for Title XVIII Part A PPS SNF Services-- For title XVIII SNFs reimbursed under PPS, complete this part for settlement of Part A services. For Part B services, all SNFs complete Worksheet E, Part B.

When this part is completed for a component, show both the hospital and component numbers.

Computation of Net Costs of Covered Services

**Line Descriptions**

**Prospective Payment Amount**

**Line 1**--Compute the sum of the following amounts obtained your books and records or from the PS&R:

- The Resource Utilization Group (RUG) payments made for PPS discharges during the cost reporting period, and
- The RUG payments made for PPS transfers during the cost reporting period.

**Line 2**--Enter the amount from Worksheet D, Part III, column 9, line 44.

**Line 3**--Enter the amount from Worksheet D, Part IV, column 11, line 200.

**Line 4**--Enter the sum of lines 1 through 3.

**Line 5**--Enter the amount from Worksheet D, Part V, column 7, line 73.

**Line 6**--Enter any deductible amounts imposed.

**Line 7**--Enter any coinsurance amounts.

**Line 8**--Enter from your records program allowable bad debts for deductibles and coinsurance net of bad debt recoveries. If recoveries exceed the current year’s bad debts, lines 8 and 9 will be negative.

**Line 9**--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 8.

**Line 10**--DRA 2005 SNF Bad Debt--Calculate this line as follows: \([(\text{line 8} - \text{line 9}) \times .7) + \text{line 9}\]. This is the adjusted SNF reimbursable bad debt in accordance with DRA 2005, section 5004.

**Line 11**--Enter the title XVIII reasonable compensation paid to physicians for services on utilization review committees to an SNF. Include the amount on this line in the amount eliminated from total costs on Worksheet A-8. Transfer this amount from Worksheet D-1, line 85.

**Line 12**--Enter the result of line 4 plus line 5 minus the sum of lines 6 and 7 plus lines 10 and 11.

**Line 13**--Enter the amounts paid or payable by workmens’ compensation and other primary payers where program liability is secondary to that of the primary payer for inpatient services. Enter only the primary payer amounts applicable to Part A routine and ancillary services.

**Line 14**--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, sequestration, etc, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.
Enter on line 14.99 the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See Pub. 15-1, §§136 - 136.16 and 42 CFR 413.134(d)(3)(i).) Identify this line as “Recovery of Accelerated Depreciation.”

**Line 15**--Enter the result of line 12, plus or minus 14, minus line 13.

**Line 16**--For title XVIII, enter the total interim payments from Worksheet E-1, column 2, line 4. For contractor final settlement, report on line 17 the amount from line 5.99.

**Line 18**--Enter line 15 minus the sum of the amounts on lines 16 and 17. Transfer this amount to Worksheet S, Part III, line as appropriate.

**Line 19**--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.
Part VII - Calculation of Reimbursement Settlement - All Other Health Services for Titles V or XIX Services--Worksheet E-3 calculates reimbursement for titles V or XIX services for hospitals, subproviders, other nursing facilities and ICF/MRs.

Use a separate copy of this part for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of this part to indicate the component and program for which it is used. When this part is completed for a component, show both the hospital and component numbers. Enter check marks in the appropriate spaces to indicate the applicable reimbursement method for inpatient services (e.g., TEFRA, OTHER).

Computation of Net Costs of Covered Services

Line Descriptions

Line 1--Enter the appropriate inpatient operating costs.

Cost Reimbursement

Hospital/CAH or Subprovider - Worksheet D-1, Part II, line 49
Skilled Nursing Facility, Other Nursing Facility, ICF/MR - Worksheet D-1, Part III, line 86. If Worksheet S-2, line 92 is answered “yes”, and multiple Worksheets D-1 are prepared, add the multiple Worksheets D-1 and enter the result.

TEFRA

Hospital or Subprovider - Worksheet D-1, Part II, line 63

NOTE: If you are a new provider reimbursed under TEFRA, use Worksheet D-1, Part II, line 49.

Line 2--Enter the cost of outpatient services for titles V or XIX which is the sum of Worksheet D, Part V, columns 6 and 7 and subscripts where applicable.

Line 3--For titles V and XIX, enter the amount paid or payable by the State program for organ acquisition.

Line 4--Enter the sum of lines 1 through 3.

Line 5--Enter the amounts paid or payable by workmens' compensation and other primary payers where program liability is secondary to that of the primary payer for inpatient services.

Line 6--Enter the primary payer amounts applicable to outpatient services for titles V and XIX.

Line 7--Enter line 4 minus the sum of lines 5 and 6.

Computation of Lesser of Reasonable Cost or Customary Charges--You are paid the lesser of the reasonable cost of services furnished to beneficiaries or your customary charges for the same services. This part provides for the computation of the lesser of reasonable cost as defined in 42 CFR 413.13(d) or customary charges as defined in 42 CFR 413.13(e).

Line Descriptions

Lines 8 through 11--These lines provide for the accumulation of charges which relate to the reasonable cost on line 7.
Do not include on these lines (1) the portion of charges applicable to the excess cost of luxury items or services (see CMS Pub. 15-1, §2104.3) and (2) your charges to beneficiaries for excess costs as described in CMS Pub. 15-1, §§2570-2577.

Line 8--Enter the program inpatient routine service charges from your records for the applicable component for titles V and XIX. This includes charges for both routine and special care units.

The amounts entered on line 8 include covered late charges billed to the program when the patient's medical condition is the cause of the stay past the checkout time. Also, these amounts include charges relating to a stay in an intensive care type hospital unit for a few hours when your normal practice is to bill for the partial stay.

Line 9--For titles V and XIX, enter the sum of the appropriate program ancillary charges from Worksheet D, Part V, columns 2, 3 and /or 4 plus subscripts as applicable, line 202 and Worksheet D-3, column 2, line 202.

Line 10--Enter for titles V and XIX the organ acquisition charges from line 3.

Line 11--Enter for titles V and XIX the amount of the incentive resulting from the target amount computation on Worksheet D-1, Part II, line 58, if applicable.

Line 12--Enter the sum of the amounts recorded on lines 8 through 11.

Lines 13 - 16--These lines provide for the reduction of program charges when you do not actually impose such charges (in the case of most patients liable for payment for services on a charge basis) or fail to make reasonable efforts to collect such charges from those patients. If line 15 is greater than zero, multiply line 12 by line 15, and enter the result on line 16. If you do impose these charges and make reasonable efforts to collect the charges from patients liable for payment for services on a charge basis, you are not required to complete lines 13 through 15. Enter on line 16 the amount from line 12. In no instance may the customary charges on line 16 exceed the actual charges on line 12.

Line 17--Enter the excess of the customary charges over the reasonable cost. If the amount on line 16 is greater than the amount on line 7, enter the excess.

Line 18--Enter the excess of total reasonable cost over the total customary charges. If the amount on line 7 exceeds the amount on line 16, enter the excess. Transfer this amount to line 23.

Line 19--Enter for titles V or XIX the cost of services rendered by interns and residents as follows from Worksheet D-2:

<table>
<thead>
<tr>
<th></th>
<th>Title V</th>
<th>Title XIX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital</td>
<td>Part I, col. 8, line 9 plus line 27</td>
<td>Part I, col. 10, line 9 plus line 27</td>
</tr>
<tr>
<td>Subprovider</td>
<td>Part I, col. 8, lines 10-12 as applicable</td>
<td>Part I, col. 10, lines 10-12 as applicable</td>
</tr>
<tr>
<td>Nursing Facility, ICF/MR</td>
<td>Part I, col. 8, line 14</td>
<td>Part I, col. 10, line 14</td>
</tr>
</tbody>
</table>

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Line 20--For hospitals or subproviders that have elected to be reimbursed for the services of teaching physicians on the basis of cost, enter the amounts from Worksheet D-5, Part II, column 3.

<table>
<thead>
<tr>
<th>Title V</th>
<th>Title XIX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of lines 18 and 19</td>
<td>Sum of lines 22 and 23</td>
</tr>
</tbody>
</table>

Line 21--Enter the amount from line 7.

Prospective Payment Amount

Line 22--Input the total PPS payments for titles V and/or XIX, as applicable. Obtain this from your books and records or the PS&R.

Line 23--Enter the amount of outlier payments made for PPS discharges during the period.

Line 24--Enter the payment for inpatient program capital costs from Worksheet L, Part I, line 12; or Part II, line 5, as applicable.

Line 25--Enter the result of Worksheet L, Part III, line 13 less Worksheet L, Part III, line 17. If this amount is negative, enter zero on this line.

Line 26--Enter the routine and ancillary service other pass through costs, respectively, from Worksheet D, Part III, column 9, line 45 and from Worksheet D, Part IV, column 11, line 200.

Line 27--Enter the sum of lines 22 through 26.

Line 28--For titles V and XIX only, enter the customary charges for PPS.

Line 29--For titles V and XIX PPS, enter the lesser of lines 27 or 28. For non PPS, enter the amount from line 30. For title XVIII, enter the amount from line 27.

Computation of Reimbursement Settlement

Line 30--Enter the amount, if any, from line 18.

Line 31--Enter the sum of lines 19 through 21 minus line 29.

Line 32--Enter any deductible amounts imposed.

Line 33--Enter any coinsurance amounts imposed.

Line 34--Enter from your records reimbursable bad debts for deductibles and coinsurance net of bad debt recoveries.
Line 35--Enter the reasonable compensation paid to physicians for services on utilization review committees to an SNF. Include the amount on this line in the amount eliminated from total costs on Worksheet A-8. Transfer this amount from Worksheet D-1, Part III, line 85.

Line 36--Enter the sum of lines 31, 34, and 35 minus the sum of lines 32 and 33.

Line 37--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to the accrual basis, enter the adjustment. (See CMS Pub. 15-1, §2146.4.) Specify the adjustment in the space provided.

Line 38--Enter the result of line 36 plus or minus line 37.

Line 39--Enter the amount from Worksheet E-4, line 31.

Line 40--Enter the sum of lines 38 and 39.

Line 41--For titles V and XIX, obtain interim payments from your records.

Line 42--Enter the result of line 40 minus line 41. Transfer this amount to Worksheet S, Part III, line as appropriate.

Line 43--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) Attach a schedule showing the details and computations.
WORKSHEET E-4 - DIRECT GRADUATE MEDICAL EDUCATION (GME) AND ESRD OUTPATIENT DIRECT MEDICAL EDUCATION COSTS

Use this worksheet to calculate each program's payment (i.e., titles XVIII, V, and XIX) for direct graduate medical education (GME) costs as determined under 42 CFR 413.75 through 413.83. This worksheet applies to the direct graduate medical education cost applicable to interns and residents in approved teaching programs in hospitals and hospital-based providers. Complete this worksheet if the response to line 55 of Worksheet S-2 is yes. The direct medical education costs of the nursing school and paramedical education programs continue to be paid on a reasonable cost basis as determined under 42 CFR 413.85. However, the nursing school and paramedical education costs, formerly paid through the ESRD composite rate as an exception, are paid on this worksheet on the basis of reasonable cost under 42 CFR 413.85. Effective for cost reporting periods beginning on or after October 1, 1997 the unweighted direct graduate medical education FTE is limited to the hospital’s FTE count for the most recent cost reporting period ending on or before December 31, 1996. This limit applies to allopathic and osteopathic residents but excludes dentistry and podiatry. The GME payment is also based on the inclusion of Medicare HMO patients treated in the hospital. This worksheet will also calculate payment for direct GME as determined under 42 CFR 413.79(c)(3) and (4) and IME as determined under 42 CFR 412.105(f)(1)(iv)(B) and (C) for hospitals that received an adjustment (reduction or increase) to their FTE resident caps for direct GME and/or IME under Section 422 of Public Law 108-173.

NOTE: Do not complete this worksheet for a cost reporting period prior to the base period used for calculating the per resident amount (PRA) in situations where the hospital did not train residents in approved residency training programs or did not participate in the Medicare program during the base period but either condition changed in a cost reporting period beginning on or after July 1, 1985. 42 CFR 413.77(e)(1) specified that in this situation, any GME costs for the cost reporting period prior to the base period are reimbursed on a reasonable cost basis. Also, do not complete this worksheet for residents training in the general acute care part of a CAH since the associated costs are reimbursed on a reasonable cost basis. However, complete this worksheet for residents training in an IPF or an IRF unit of a CAH.

Complete this worksheet if this is the first month in which residents were on duty during the first month of the cost reporting period or if residents were on duty during the entire prior cost reporting period. (See 42 CFR 413.77(d).)

This worksheet consists of five sections:

1. Computation of Total Direct GME Amount
2. Computation of Program Patient Load
3. Direct Medical Education Costs for ESRD Composite Rate - Title XVIII only
4. Apportionment of Medicare Reasonable Cost (title XVIII only)
5. Allocation of Medicare Direct GME Costs Between Part A and Part B

Computation of Total Direct GME Amount--This section computes the total approved amount.

Line Descriptions

Line 1--Enter the unweighted resident FTE count for allopathic and osteopathic programs for the most recent cost reporting period ending on or before December 31, 1996. If this cost report is less than a full 12 months, contact your contractor. (42 CFR 413.79(c)(2)) Also include here the 30 percent increase to the count for qualified rural hospitals (42 CFR 413.79(c)(2)(i)), and the increase due to primary care residents that were on approved leaves of absence (42 CFR 413.79(i)). Temporarily reduce the cap of a hospital that closed a program(s), if the regulations at 42 CFR 413.79(h)(3)(ii) are applicable. (Effective 10/1/2001.)
Line 2—Enter the reduction to the direct GME cap as specified under 42 CFR §413.79(c)(3).
(Worksheet S-2, Part I, line 60 is “Y”).

Line 3—Enter the unweighted resident FTE count for allopathic and osteopathic programs which
meet the criteria for an adjustment to the cap for new programs in accordance with 42 CFR
413.79(e). For hospitals qualifying for a cap adjustment under 42 CFR 413.79(e)(1), the cap is
effective beginning with the fourth program year of the first new program accredited or begun on or
after January 1, 1995. For hospitals qualifying for a cap adjustment under 42 CFR 413.79(e)(2), the
cap for each new program accredited or begun on or after January 1, 1995 and before August 6,
1997, is effective in the fourth program year of each of those new programs (see 66 FR August 1,
2001, 39881). The cap adjustment reported on this line should not include any resident FTEs that
were already included in the cap on line 1. Also enter the unweighted allopathic or osteopathic FTE
count for residents in all years of the rural track program that meet the criteria for an add-on to the
cap under 42 CFR 413.79(k). If the rural track program is a new program under 42 CFR 413.79(l)
and qualifies for a cap adjustment under 413.79(e)(1) or (e)(3), do not report FTE residents in the
rural track program on this line until the fourth program year of the rural track program. Report
these FTEs on line 15.

Line 4—Enter the adjustment (increase or decrease) for the unweighted resident FTE count for
allopathic or osteopathic programs for affiliated programs in accordance with 42 CFR 413.75(b),
413.79(f), and (63 FR 26 336 May 12, 1998)), and (67 FR 50069 August 1, 2002).

Line 5—Enter the sum of lines 1, 3, and 4, less line 2, to determine the FTE adjusted cap. However,
if the resulting cap is less than zero, enter zero on this line.

Line 6—Enter the unweighted resident FTE count for allopathic or osteopathic programs for the
current year from your records, other than those in the initial years of the program, i.e., the program
has not yet completed one cycle of the program (the “period of years” or the minimum accredited
length of the program. The residents in programs within the “period of years” are exempt from the
rolling average rules. (42 CFR 413.79(d)(5) and (e).) Contact your contractor for instructions on how
to complete this line if you have a new program for which the period of years is less than or greater
than 3 years.

Line 7—Enter the lesser of lines 5 or 6.

Line 8—Enter in column 1, the weighted FTE count for primary care physicians and OB/GYN
residents in an allopathic or osteopathic program for the current year other than those in the period of
years of the program that meet the criteria for an exception to the rolling average rules. Enter in
column 2, the weighted FTE count for all other physicians in an allopathic or osteopathic program
for the current year other than those in the initial years of the program that meet the criteria for an
exception to the rolling average rules. (42 CFR 413.79(d)(5) and (e)).

Line 9—If line 6 is less than or equal to line 5, enter the amounts from line 8, columns 1 and 2, in
columns 1 and 2 of this line. Otherwise, multiply the amount in each column of line 8 by (line 5/line
6). Enter in column 3 the sum of columns 1 and 2. (42 CFR 413.79(c)(2)(iii).)

Line 10—Enter in column 2 the weighted dental and podiatric resident FTE count for the current year.

Line 11—Enter in column 1, the amount from column 1, line 9. Enter in column 2, the sum of the
amounts in column 2, lines 9 and 10.

Line 12—Enter in column 1, the weighted FTE count for primary care residents for the prior year,
other than those in the initial years of the program that meet the criteria for an exception to the
averaging rules (42 CFR 413.79(d)(5). However, if the period of years during which the FTE
Residents in any of your new training programs were exempted from the rolling average has expired (see 42 CFR 413.79(d)(5)), also enter on this line the count of FTE residents in that specific primary care program included in Form 2552-96, line 3.22 or Form 2552-10, sum of lines 15 and 16 of the prior year’s cost report. If subject to the cap in the prior year Form 2552-96 cost report, report the result of line 3.07 times (line 3.04/line 3.05). If subject to the cap in the prior year Form 2552-10 cost report, report the result of column 1, line 8 times (line 5/line 6).

Enter in column 2, the weighted FTE count for nonprimary care residents for the prior year, other than those in the initial years of the program that meet the criteria for an exception to the averaging rules (42 CFR 413.79(d)(5)). However, if the period of years during which the FTE residents in any of your new training programs were exempted from the rolling average has expired (see 42 CFR 413.79(d)(5)), also enter on this line the count of FTE residents in that specific nonprimary care program included in Form 2552-96, line 3.16 or Form 2552-10, sum of lines 15 and 16 of the prior year’s cost report. If subject to the cap in the prior year Form 2552-96 cost report, report the result of line 3.08 times (line 3.04/line 3.05) plus line 3.11. If subject to the cap in the prior year Form 2552-10 cost report, report the result of column 2, line 8 times (line 5/line 6) plus line 10.

Line 13--Enter in column 1, the weighted FTE count for primary care residents for the cost reporting year before last, other than those in the initial years of the program that meet the criteria for an exception to the averaging rules (42 CFR 413.79(d)(5)). However, if the period of years during which the FTE residents in any of your new training programs were exempted from the rolling average has expired (see 42 CFR 413.79(d)(5)), also enter on this line the count of FTE residents in that specific primary care program included in Form 2552-96, line 3.22 or for 2552-10, sum of lines 15 and 16 of that year’s cost report. If subject to the cap in the year before last Form 2552-96 cost report, report the result of line 3.07 times (line 3.04/line 3.05) plus line 3.11. If subject to the cap in that year Form 2552-10 cost report, report the result of column 1, line 8 times (line 5/line 6).

Enter in column 2, the weighted FTE count for nonprimary care residents for the cost reporting year before last, other than those in the initial years of the program that meet the criteria for an exception to the averaging rules (42 CFR 413.79(d)(5)). However, if the period of years during which the FTE residents in any of your new training programs were exempted from the rolling average has expired (see 42 CFR 413.79(d)(5)), also enter on this line the count of FTE residents in that specific nonprimary care program included in Form 2552-96, line 3.16 or Form 2552-10, sum of lines 15 and 16 of that year’s cost report. If subject to the cap in the cost reporting year before last, Form 2552-96 cost report, report the result of line 3.08 times (line 3.04/line 3.05) plus line 3.11. If subject to the cap in that year Form 2552-10 cost report, report the result of column 2, line 8 times (line 5/line 6) plus line 10.

Line 14--Enter the rolling average FTE count in each column, by adding lines 11 through 13 and divide by 3.

Line 15--Enter the weighted number of FTE residents in the initial years of a program that meets the exception to the rolling average rules in column 1 for primary care and in column 2 for nonprimary care FTEs.

Line 16--Enter the temporary weighted adjustments for FTE residents that were displaced by program or hospital closure in column 1 for primary care and in column 2 for nonprimary care FTEs. (42 CFR 413.79(h).)

Line 17--Enter the sum of lines 14 through 16.

Line 18--Enter in column 1, the primary care and OB/GYN per resident amount. Enter in column 2, the nonprimary care per resident amount.

Line 19--Enter the result of multiplying lines 17 times line 18. Enter in column 3, the sum of columns 1 and 2.
Line 20--Section 422 Direct GME FTE Cap--Enter the number of unweighted allopathic and osteopathic direct GME FTE resident cap slots the hospital received under 42 CFR §413.79(c)(4).

Line 21--Direct GME FTE Resident Weighted Count Over/Under the Cap--Subtract line 7 from line 6 and enter the result here. If the result is zero or negative, the hospital does not need to use the direct GME 422 cap and lines 22 through 24 will not be completed.

Line 22--Section 422 Allowable Direct GME FTE Resident Count: If the count on line 21 is less than or equal to the count on line 20, then divide line 7 by line 6, and multiply by line 21. If the count on line 21 is greater than the count on line 20, then divide line 7 by line 6, and multiply by line 20.

Line 23--Enter the locality adjusted national average per resident amount as specified at 42 CFR section 413.77(g), inflated to the hospital’s cost reporting period.

Line 24--Enter the product of lines 22 and 23. This is the allowable section 422 GME cost.

Line 25--Enter the sum of lines 19 and 24. This is the total direct GME cost.

Computation of Program Patient Load--This section computes the ratio of program inpatient days to the total inpatient days. For this calculation, total inpatient days include inpatient days of the hospital along with its subproviders, including distinct part units excluded from the prospective payment system. Record hospital inpatient days of Medicare beneficiaries whose stays are paid by risk basis HMOs and organ acquisition days as non-Medicare days. Do not count inpatient days applicable to nursery, hospital-based SNFs and other nursing facilities, and other non-hospital level of care units for the purpose of determining the Medicare patient load.

Line Descriptions

Line 26--Enter in column 1, for title XVIII, the sum of the days reported on Worksheet S-3, Part I, column 6, lines 1, 8 through 12, and 16 through 18, as applicable. For titles V or XIX, enter the amounts from columns 5 or 7, respectively, sum of lines 1, 8 through 12, and 16 through 18, as applicable. Enter in column 2, Medicare managed care days from Worksheet S-3, Part I, column 6, lines 2, 3 and 4.

Line 27--Enter in columns 1 and 2, the sum of the days reported on Worksheet S-3, Part I, column 8, lines 1, 8 through 12, and 16 through 18 and subscripts as applicable.

Line 28--In each column, divide line 26 by line 27 and enter the result (expressed as a decimal).

Line 29--Multiply the amount on line 19, column 3, by the amount reported in each column of line 28.

Line 30--In column 2, enter the amount on line 29 multiplied by the reduction factor reported in the FR dated August 1, 2000, Vol. 65, section D and E, pages 47038 and 47039.

Line 31--Enter the sum of columns 1 and 2, line 29, less the amount in column 2, line 30.

Direct Medical Education Costs for ESRD Composite Rate Title XVIII Only--This section computes the title XVIII nursing school and paramedical education costs applicable to the ESRD composite rate. These costs are reimbursable based on the reasonable cost principles under 42 CFR 413.85 separate from the ESRD composite rate.

Line Descriptions

Line 32--Enter the amount from Worksheet B, Part I, sum of columns 20 and 23, lines 74 and 94.
Line 33--Enter the amount from Worksheet C, Part I, column 8, sum of lines 74 and 94. This amount represents the total charges for renal and home dialysis.

Line 34--Divide line 32 by line 33, and enter the result. This amount represents the ratio of ESRD direct medical education costs to total ESRD charges.

Line 35--Enter from your records the Medicare outpatient ESRD charges.

Line 36--Enter the result of multiplying line 34 by line 35. This represents the Medicare outpatient ESRD costs. Transfer this amount to Worksheet E, Part B, line 29.

Apportionment of Medicare Reasonable Cost of GME--This section determines the ratio of Medicare reasonable costs applicable to Part A and Part B. The allowable costs of GME on which the per resident amounts are established include GME costs attributable to the entire hospital complex (including non-hospital portions of a health care complex). Therefore, the reasonable costs used in the apportionment between Part A and Part B include the hospital, hospital-based providers, and distinct part units. Do not complete this section for titles V and XIX.

Line Descriptions

Line 37--Include the Part A reasonable cost for the entire hospital complex computed by adding the following amounts:

- Hospital and Subprovider(s) - Sum of each Worksheet D-1, line 49;
- Hospital-Based HHAs - Worksheet H-4, Part I, column 1, line 1;
- Swing Bed-SNF - Worksheet E-2, line 1, column 1;
- Hospital-Based PPS SNF - Sum of Worksheet D-1, line 74 and Worksheet E-3, Part VI, column 1, line 4.

Line 38--Enter the organ acquisition costs from Worksheet(s) D-4, Part III, column 1, line 69.

Line 39--Enter the cost of teaching physicians from Worksheet(s) D-5, Part II, column 3, line 20.

Line 40--Enter the total Medicare Part A primary payer amounts for the hospital complex from the applicable worksheets.

- PPS hospital and/or subproviders - Worksheet E, Part A, line 60;
- TEFRA hospital and/or subproviders - Worksheet E-3, Part I, line 5;
- IPF PPS hospital and/or subproviders - Worksheet E-3, Part II, line 17;
- IRF PPS hospital and/or subproviders - Worksheet E-3, Part III, line 18;
- LTC PPS hospital - Worksheet E-3, Part IV, line 8;
- Cost reimbursed hospital and/or subproviders - Worksheet E-3, Part V, line 5;
- Title XVIII SNF PPS subproviders - Worksheet E-3, Part VI, line 13;
**Hospital-based HHAs** - Each Worksheet H-4, Part I, column 1, line 9;

**Swing Bed SNF and/or NF** - Worksheet E-2, column 1, line 9; and

**Hospital-based PPS SNF** - Worksheet E-3, Part VI, column 1, line 13.

**Line 41**--Enter the sum of lines 37 through 39 minus line 40.

**Line 42**--Enter the Part B Medicare reasonable cost. Enter the sum of the amounts on each title XVIII Worksheet E, Part B, columns 1 and 1.01, sum of lines 1, 2, 9, 10, 22, and 23; Worksheet E-2, column 2, line 8; Worksheet H-4, Part I, sum of columns 2 and 3, line 1; Worksheet J-3, column 1, line 1; and Worksheet M-3, line 16.

**Line 43**--Enter the Part B primary payer amounts. Enter the sum of the amounts on each Worksheet E, Part B, line 31; Worksheet E-2, column 2, line 9; Worksheet H-4, Part I, sum of columns 2 and 3, line 9; and Worksheet J-3, line 4.

**Line 44**--Enter line 42 minus line 43

**Line 45**--Enter the sum of lines 41 and 44.

**Line 46**--Divide line 41 by line 45, and enter the result.

**Line 47**--Divide line 44 by line 45, and enter the result.

**Allocation of Medicare Direct GME Costs Between Part A and Part B**--Use this section to compute the GME payments for title XVIII, Part A and Part B, and to compute the total GME payments applicable to titles V and XIX.

**Line Descriptions**

**Line 48**--Enter the amount from line 31.

**Line 49**--Complete for title XVIII only. Multiply line 46 by line 48, and enter the result. If you are a hospital subject to IPPS, transfer this amount to Worksheet E, Part A, line 52. Although this amount includes the Part A GME payments for subproviders, for ease of computation, transfer this amount to the primary hospital component worksheet only. If you are freestanding facility subject to TEFRA, transfer this amount to Worksheet E-3, Part I, line 15. If you are a freestanding IPF PPS, transfer this amount to Worksheet E-3, Part II, line 27. If you are a freestanding IRF PPS, transfer this amount to Worksheet E-3, Part III, line 28. If you are a freestanding LTCH PPS, transfer this amount to Worksheet E-3, Part IV, line 18.

IPF or IRF subproviders of a CAH, transfer this amount to Worksheet E-3, Part II, line 27 or Worksheet E-3, Part III, line 28, respectively.

**Line 50**--Complete for title XVIII only. Multiply line 47 by line 48, and enter the result. Transfer this amount to Worksheet E, Part B, line 28. Although this amount includes the Part B GME payments for subproviders, for ease of computation, transfer this amount to the hospital component only.

**SECTIONS 4035 THROUGH 4039 ARE RESERVED FOR FUTURE USE.**
4040. FINANCIAL STATEMENT WORKSHEETS

Prepare these worksheets from your accounting books and records.

Complete all worksheets in the "G" series. Complete Worksheets G and G-1 if you maintain fund-type accounting records, complete separate amounts for General, Specific Purpose, Endowment and Plant funds on Worksheets G and G-1. If you do not maintain fund-type accounting records, complete the general fund column only. Cost reports received with incomplete G worksheets are returned to you for completion. If you do not follow this procedure, you are considered as having failed to file a cost report. Where applicable, Worksheets G, G-1, G-2 and G-3 must be consistent with financial statements prepared by Certified Public Accountants or Public Accountants.

4040.1 Worksheet G - Balance Sheet--If the lines on the Worksheet G are not sufficient, use lines 5 (Other receivables), 9 (Other current assets), 44 (Other current liabilities), and 49 (Other long term liabilities), as appropriate, to report the sum of account balances and adjustments. Maintain supporting documentation or subscript the appropriate lines.

Enter accumulated depreciation as a negative amount.

Column 1--General Fund--Use only this fund column when you do not maintain fund-type accounting records. This fund is similar to a general ledger account and records all assets and liabilities of the entity.

Column 2--Specific Purpose Fund--These accounts are used for funds held for specific purposes such as research and education.

Column 3--Endowment Fund--These accounts are for amounts restricted for endowment purposes.

Column 4--Plant Fund--These accounts are for amounts restricted for the replacement and expansion of the plant.

Line 1--Cash on Hand and in Banks--The amounts on this line represent the amount of cash on deposit in banks and immediately available for use in financing activities, amounts on hand for minor disbursements and amounts invested in savings accounts and certificates of deposit. Typical accounts would be cash, general checking accounts, payroll checking accounts, other checking accounts, imprest cash funds, saving accounts, certificates of deposit, treasury bills and treasury notes and other cash accounts.

Line 2--Temporary Investments--The amounts on this line represent current securities evidenced by certificates of ownership or indebtedness. Typical accounts would be marketable securities and other current investments.

Line 3--Notes Receivable--The amounts on this line represent current unpaid amounts evidenced by certificates of indebtedness.

Line 4--Accounts Receivable--Include on this line all unpaid inpatient and outpatient billings. Include direct billings to patients for deductibles, co-insurance and other patient chargeable items if they are not included elsewhere.

Line 6--Less: Allowance for Uncollectable Notes and Accounts--These are valuation (or contra-asset) accounts whose credit balances represent the estimated amount of uncollectible receivables from patients and third-party payers. Enter this amount as a negative.
Line 7--Inventory--Enter the costs of unused hospital supplies. Perpetual inventory records may be maintained and adjusted periodically to physical count. The extent of inventory control and detailed record-keeping will depend upon the size and organizational complexity of the hospital. Hospital inventories may be valued by any generally accepted method, but the method must be consistently applied from year to year.

Line 8--Prepaid Expenses--Enter the costs incurred which are properly chargeable to a future accounting period.

Line 9--Other Current Assets --These balances include other current assets not included in other asset categories.

Line 10--Due from Other Funds--There are four funds: General Fund, Specific Purpose Fund, Endowment Fund and Plant Fund. These are represented in columns 1 through 4, respectively. Amounts reported in each column should be the amount due from other funds in another column on Worksheet G, line 43 (Due to Other Funds).

The sum of the amounts on line 10, columns 1 through 4 must equal the sum of the amounts on line 43, columns 1 through 4.

Line 12--Land--This balance reflects the cost of land used in hospital operations. Included here is the cost of off-site sewer and water lines, public utility, charges for servicing the land, governmental assessments for street paving and sewers, the cost of permanent roadways and of grading of a non-depreciable nature. Unlike building and equipment, land does not deteriorate with use or with the passage of time, therefore, no depreciation is accumulated.

The cost of land includes (1) the cash purchase price, (2) closing costs such as title and attorney’s fees, (3) real estate broker’s commission, and (4) accrued property taxes and other liens on the land assumed by the purchaser.

Land 13--Land Improvements--Amounts on this line include structural additions made to land, such as driveways, parking lots, sidewalks; as well as the cost of shrubbery, fences and walls, landscaping, on-site sewer and water lines, and underground sprinklers. The cost of land improvements includes all expenditures necessary to make the improvements ready for their intended use.

Line 15--Buildings--This line includes the cost of all buildings and subsequent additions used in hospital operations (including purchase price, closing costs, (attorney fees, title insurance, etc.), and real estate broker commission). Included are all architectural, consulting and legal fees related to the acquisition or construction of buildings, and interest paid for construction financing.

Line 17--Leasehold Improvements--All expenditures for the improvement of a leasehold used in hospital operations are included on this line.

Line 19--Fixed Equipment--Include the cost of building equipment that has the following general characteristics:

1. Affixed to the building, not subject to transfer or removal.
2. A life of more than one year, but less than that of the building to which it is affixed.
3. Used in hospital operations.

Fixed equipment includes such items as boilers, generators, engines, pumps, and refrigeration machinery, wiring, electrical fixtures, plumbing, elevators, heating system, air conditioning system, etc.
Line 21--Automobiles and Trucks--Enter the cost of automobiles and trucks used in hospital operations.

Line 23--Major movable Equipment--Costs of equipment included on this line has the following general characteristics:

1. Ability to be moved, as distinguished from fixed equipment (but not automobiles or trucks).
2. A more or less fixed location in the building.
3. A unit cost large enough to justify the expense incident to control by means of an equipment ledger and greater than or equal to $5,000.
4. Sufficient individuality and size to make control feasible by means of identification tags.
5. A minimum life of usually three years or more.
6. Used in hospital operations.

Line 25--Minor Equipment-Depreciable--Costs of equipment included on this line has the following general characteristics:

1. Ability to be moved, as distinguished from fixed equipment.
2. A more or less fixed location in the building.
3. A unit cost large enough to justify the expense incident to control by means of an equipment ledger but less than $5,000.
4. Sufficient individuality and size to make control feasible by means of identification tags.
5. A minimum life of usually three years or more.
6. Used in hospital operations.

Line 27--Health Information Technology (HIT) Designated Assets--The amounts included here are the acquisition costs of HIT acquired assets in accordance with ARRA 2009, section 4102. Acute care hospitals are required to depreciate such assets in accordance with their applicable depreciation schedules. CAHs are required to identify such assets on this line, but do not depreciate such assets as they will be fully expensed during the year of acquisition.

Line 29--Minor Equipment-Nondepreciable--Costs of equipment included on this line has the following general characteristics:

1. Location generally not fixed; subject to requisition or use by various departments of the hospital.
2. Relatively small size.
3. Subject to storeroom control.
4. Fairly large number in use.
5. Generally a useful life of usually approximately three years or less.
6. Used in hospital operations.

Minor equipment includes such items as, but are not limited to wastebaskets, bed pans, syringes, catheters, basins, glassware, silverware, pots and pans, sheets, blankets, ladders, and surgical instruments.

Lines 14, 16, 18, 20, 22, 24, 26 and 28--Less Accumulated Depreciation--These balances, respectively, include the depreciation accumulated on the related assets used in hospital operations. Enter this amount as a negative.

Line 31--Investments--This field contains the cost of investments purchased with hospital funds and the fair market value (at date of donation) of securities donated to the hospital.

Line 32--Deposits on Leases--Report the amount of deposits on leases. This includes security deposits.
Line 33--Due to Owners/Officers--Report the amount loaned to the hospital by owners and/or officers.

Line 34--Other Assets--This is the amount of assets not reported on line 9 (other current assets) or any other line 1 through 33. This could include intangible assets such as goodwill, unamortized loan costs and other organization costs.

Line 35--Total Other Assets--Sum of lines 31 through 34.

Line 36--Total Assets--Sum of lines 11, 30 and 35.

Line 37--Accounts Payable--This amount reflects the amounts due trade creditors and others for supplies and services purchased.

Line 38--Salaries, Wages and Fees Payable--This amount reflects the actual or estimated liabilities of the hospital for salaries and wages/fees payable.

Line 39--Payroll Taxes Payable--This amount reflects the actual or estimated liabilities of the hospital for amounts payable for payroll taxes withheld from salaries and wages, payroll taxes to be paid by the hospital and other payroll deductions, such as hospitalization insurance premiums.

Line 40--Notes and Loans Payable (Short-Term)--The amounts on this line represent current amounts owing as evidenced by certificates of indebtedness coming due in the next 12 months.

Line 41--Deferred Income--Deferred income is received or accrued income which is applicable to services to be rendered within the next accounting period. Deferred income applicable to accounting periods extending beyond the next accounting period is included as other current liabilities. These amounts also reflect the effects of any timing differences between book and tax or third-party reimbursement accounting.

Line 42--Accelerated Payments--Accelerated payments are payments not yet due to be repaid to the contractor.

Line 43--Due to Other Funds--There are four funds: General Fund, Specific Purpose Fund, Endowment Fund and Plant Fund. These are in columns 1 through 4 respectively. Amounts are reported in the fund owing the amount. Each amount recorded as “due to” must also be reported on Worksheet G, line 10 (Due From Other Funds).

The sum of the amounts on line 10, columns 1 through 4 must equal the sum of the amounts on line 41, columns 1 through 4.

Line 44--Other Current Liabilities--This line is used to record any current liabilities not reported on lines 37 through 43.

Line 45--Total Current Liabilities--Enter the sum of lines 37 through 44.

Line 46--Mortgage Payable--This amounts reflects the long-term financing obligation used to purchase real estate/property.

Line 47--Notes Payable--These amounts reflect liabilities of the hospital to vendors, banks and other, evidenced by promissory notes due and payable longer than one year.
Line 48--Unsecured Loans--These amounts are not loaned on the basis of collateral.

Line 49--Other Long-Term Liabilities--This line is used to record any long-term liabilities not reported on lines 46 through 48.

Line 50--Total Long-Term Liabilities--Enter the sum of lines 46 through 49.

Line 51--Total Liabilities--Enter the sum of lines 45 and 50.

Line 52--General Fund Balance--This represents the difference between the total of General Fund assets and General Fund Liabilities in column 1. This amount usually equals the end of period fund balance on Worksheet G-1, column 2, line 19.

Line 53--Specific Purpose Fund--This represents the difference between the total of Specific Purpose Fund assets and Specific Purpose Fund Liabilities in column 2.

Line 54--Donor Created - Endowment Fund Balance - Restricted--The sum of the amounts on lines 54, 55 and 56, represent the difference between the total of Endowment Fund assets and Endowment Fund Liabilities in column 3.

Line 55--Donor Created - Endowment Fund Balance - Unrestricted.

Line 56--Governing Body Created - Endowment Fund Balance.

Line 57--Plant Fund Balance - Invested in Plant--The sum of the amounts on lines 57 and 58, represent the difference between the total of Plant Fund assets and Plant Fund Liabilities in column 4.

Line 58--Plant Fund Balance - Reserves for Plant Improvement, Replacement and Expansion--The credit balances of the restricted funds reported on lines 54 through 56, represent the net amount of each restricted fund’s assets available for its designated purpose. The accounts should be credited for all income earned on restricted fund assets, as well as gains on the disposal of such assets. If, however, such items are treated as General Fund income (considering legal requirements and donor intent), the restricted Fund Balance account is charged, and the Due to General Fund account credited, for such income.

For Investor-Owned Corporations, the accounts on lines 53 through 58 include stock, paid in capital and retained earnings. For Investor-Owned Partnerships, the amounts on lines 53 through 58 include capital and partner’s draw. For Investor-Owned - Division of a Corporation, the amounts on lines 53 through 58 include the division’s or subsidiary’s stock, paid in capital and divisional equity.

Line 59--Total Fund Balances--Enter the sum of lines 52 through 58.

Line 60--Total Liabilities and Fund Balances--Enter the sum of lines 51 and 59.

For each Fund, the amount on line 36 equals the amount on line 60.
Worksheet G-1 - Statement of Changes in Fund Balances--

Columns 1 and 2--General Fund.

Columns 3 and 4--Specific Purpose Fund--These accounts are used for funds held for specific purposes such as research and education.

Columns 5 and 6--Endowment Fund--These accounts are for amounts restricted for endowment purposes.

Columns 7 and 8--Plant Fund--These accounts are for amounts restricted for the replacement and expansion of the plant.

Line 1--Fund Balance at Beginning of Period--The fund balance at the beginning of the period comes from the prior year cost report Worksheet G-1, line 19, columns 2, 4, 6 and 8, respectively.

Line 2--Net Income--Transfer to column 2, the amount from Worksheet G-3, line 29. Columns 1, 3, 4, 5, 6, 7 and 8 are not completed.

Line 3--Total--For column 2, enter the sum of lines 1 and 2. Leave columns 1, 3, 5 and 7 blank. For columns 4, 6 and 8, bring down the amount on line 1.

Lines 4 through 9--Additions--Most income is included in the net income reported on line 2. Any increases affecting the fund balance not included in net income are reported on these lines. A description (not exceeding 36 characters) is entered for each entry on lines 4 through 9.

Line 10--Total Additions--In columns 2, 4, 6 and 8, enter the sum of lines 4 through 9 columns 1, 3, 5 and 7, respectively.

Line 11--Subtotals--Enter the sum of lines 3 and 10 for columns 2, 4, 6 and 8. Leave columns 1, 3, 5 and 7 blank.

Lines 12 through 17--Deductions--Most expenses are included in the net income reported on line 2. Any decreases affecting the fund balance not included in net income are reported on these lines. A description (not exceeding 36 characters) is entered for each entry on lines 12 through 17.

Line 18--Total Deductions--In columns 2, 4, 6 and 8, enter the sum of lines 12 through 17, columns 1, 3, 5 and 7, respectively.

Line 19--Fund Balance at the end of Period per Balance Sheet--Enter the result of line 11 minus line 18 for columns 2, 4, 6 and 8. Leave columns 1, 3, 5 and 7 blank. The amount in line 19, column 2 must agree with Worksheet G, line 52, column 1. The amount on line 19, column 4 must agree with Worksheet G, line 53, column 2. The amount on line 19, column 6 must agree with the sum of Worksheet G, column 3, lines 54 through 56. The amount on line 19, column 8 must agree with the sum of Worksheet G, column 4, lines 57 and 58.

These amounts will also be used to start next year’s Worksheet G-1.
4040.3 Worksheet G-2, Parts I & II - Statement of Patient Revenues and Operating Expenses--The worksheets require the reporting of total patient revenues for the entire facility and operating expenses for the entire facility. If cost report total revenues and total expenses differ from those on your filed financial statement, submit a reconciliation report with the cost report submission. If you have more than one hospital-based HHA and/or more than one outpatient rehabilitation provider, subscript the appropriate lines on Worksheet G-2, Part I, to report the revenue for each multiple based facility separately.

Part I - Patient Revenues--Enter total patient revenues associated with the appropriate cost centers on lines 1-9, 11-15, and 18-25.

Line 1--Hospital--Enter revenues generated by the hospital component of the complex. Obtain these amounts from your accounting books and/or records.

Line 2--Subprovider - IPF--Enter revenues generated by the IPF (also referred to as the IPF excluded unit) of the complex. Obtain this amount from your accounting books and/or records.

Line 3--Subprovider - IRF--Enter revenues generated by the IRF (also referred to as the IRF excluded unit) of the complex. Obtain this amount from your accounting books and/or records.

Line 4--Subprovider - Other--Enter revenues generated by components identified as subproviders of the complex that were not identified on lines 2 or 3. Subscript this line as necessary. Obtain these amounts from your accounting books and/or records.

Line 5--Swing Bed - SNF--Enter the swing bed - SNF revenue from your accounting books and/or records.

Line 6--Swing Bed - NF--Enter the swing bed - NF revenue from your accounting books and/or records.

Line 7--Skilled Nursing Facility--Enter the skilled nursing facility revenue from your accounting books and/or records.

Line 8--Nursing Facility--Enter the nursing facility revenue from your accounting books and/or records.

Line 9--Other Long Term Care-- Enter the revenue generated from other long term care subproviders from your accounting books and/or records. Subscript this line as necessary.

Line 10--Total General Inpatient Routine Care--Sum of lines 1 through 9.

Line 11--Intensive Care Unit--Enter the intensive care unit revenue from your accounting books and/or records.

Line 12--Coronary Care Unit--Enter the coronary care unit revenue from your accounting books and/or records.

Line 13--Burn Intensive Care Unit--Enter the burn intensive care unit revenue from your accounting books and/or records.

Line 14--Surgical Intensive Care Unit--Enter the surgical intensive care unit revenue from your accounting books and/or records.
Line 15--Other Special Care-- Enter all other intensive care unit revenue not identified on lines 11 through 14 from your accounting books and/or records. Subscript this line as necessary.

Line 16--Total Intensive Care Type Inpatient Hospital--Sum of lines 11 through 15.

Line 17--Total Inpatient Routine Care Services--Sum of lines 10 and 16.

Line 18--Ancillary Services--Enter in the appropriate column revenue from inpatient ancillary services and outpatient ancillary services from your accounting books and/or records.

Line 19--Outpatient Services--Enter in the appropriate column revenue from outpatient ancillary services from your accounting books and/or records.

Line 20--Home Health Agency-- Enter home health agency revenue from your accounting books and/or records. If there is more than one home health agency, include the revenues for all home health agencies on this line.

Line 21--Ambulance Services--Enter from your accounting books and/or records the revenue relative to the ambulance service cost reported on Worksheet A, line 95.

Line 22--Outpatient Rehabilitation Providers--Enter in column 2 only, the revenue generated from CMHC, CORF, outpatient therapy providers (OPTs, OOTs and OSPs), and any other outpatient rehabilitation providers. Subscript this to identify each outpatient rehabilitation provider separately. Obtain this information from your accounting books and/or records.

Line 23--Ambulatory Surgical Center(s)--Enter from your accounting books and/or records the revenue relative to the Ambulatory Surgical Center costs report on Worksheet A, lines 75 and 115.

Line 24--Hospice--Enter from your accounting books and/or records in the appropriate column, the revenue generated from hospice services rendered. If there is more than one hospice, include the revenues for all hospices on this line.

Line 25--Enter in the appropriate column all other revenues not identified on lines 18 through 24.

Line 26--Total Patient Revenues--Enter the sum of lines 17 through 25.

Column 3--For lines 1 - 26, enter the sum of columns 1 and 2, as applicable, in column 3.

Part II - Operating Expenses--Enter the expenses incurred that arise during the ordinary course of operating the hospital complex.

Line 27--Operating Expenses--This amount is transferred from Worksheet A, line 200, column 3.

Lines 28-33--Add (Specify)--Identify on these lines additional operating expenses not included in line 27.

Line 34--Total Additions--Enter on line 34, column 2, the sum of lines 28 to 33, column 1.

Lines 35-39--Deduct (specify)-- Identify on these lines deductions from operating expenses not accounted for included in line 27.

Line 40--Total Deductions--Enter on line 40, column 2, the sum of lines 35 to 39, column 1.

Line 41--Total Operating Expenses--Enter on line 41, column 2, the result of line 27, column 2 plus line 34, column 2, less line 40, column 2.
4040.4 Worksheet G-3 - Statement of Revenues and Expenses--
The worksheets require the reporting of total revenues for the entire facility and total operating expenses for the entire facility. If cost report total revenues and total expenses differ from those on your filed financial statement, submit a reconciliation report with the cost report submission.

Line 1--Total Patient Revenue--Transfer from Worksheet G-2, Part I, line 26, column 3.
Line 2--Less: Allowance and Discounts on Patient’s Accounts--Enter on this line total patient revenues not received. This includes:

- Provision for Bad Debts,
- Contractual Adjustments,
- Charity Discounts,
- Teaching Allowances,
- Policy Discounts,
- Administrative Adjustments, and
- Other Deductions from Revenue

Line 3--Net Patient Revenues--Subtract line 2 from line 1.
Line 4--Less: Total Operating Expenses--Transfer from Worksheet G-2, Part II, line 41.
Line 5--Net Income from Service to Patients--Subtract line 4 from line 3.

Lines 6-23--Enter on the appropriate line 6 through 23 all other revenue not reported on line 1. Obtain these amounts from your accounting books and/or records.

Line 24--Other (Specify)--Enter from hospital books. Enter all other revenue not reported on lines 6 through 23. Obtain this from your accounting books and/or records. Subscript this line as necessary.

Line 25--Total Other Income--Enter the sum of lines 6 through 24.
Line 26--Total--Enter the sum of lines 5 and 25.
Line 27--Other Expenses (Specify)--Enter all other expenses not reported on lines 6 through 24.
Line 28--Total Other Expenses--Enter the sum of lines 27 and subscripts.

Line 29--Net Income (or Loss) for the Period--Enter the result of line 26 minus line 28.
4041. WORKSHEET H - ANALYSIS OF PROVIDER-BASED HOME HEALTH AGENCY COSTS

This worksheet provides for the recording of direct HHA costs such as salaries, fringe benefits, transportation, and contracted services as well as other costs from your accounting books and records to arrive at the identifiable agency cost. This data is required by 42 CFR 413.20. It also provides for the necessary reclassifications and adjustments to certain accounts prior to the cost finding calculations. Obtain these direct costs from your records in columns 1, 2 and 4. All of the cost centers listed do not apply to all agencies.

The HHA must maintain the records necessary to determine the split in salary (and employee-related benefits) between two or more cost centers and must adequately substantiate the method used to split the salary and employee-related benefits. These records must be available for audit by your contractor. Your contractor can accept or reject the method used to determine the split in salary. Any deviation or change in methodology to determine splits in salary and employee benefits must be requested in writing and approved by your contractor before any change is effectuated. Where approval of a method has been requested in writing and this approval has been received (prior to the beginning of the cost reporting period), the approved method remains in effect for the requested period and all subsequent periods until you request in writing to change to another method or until your contractor determines that the method is no longer valid due to changes in your operations.

Column 1--Enter all salaries and wages (a salary is gross amount paid to the employee before taxes and other items are withheld, including deferred compensation, overtime, incentive pay, and bonuses. (See CMS Pub. 15-1, chapter 21.) For the HHA in this column for the actual work performed within the specific area or cost center. For example, if the administrator spends 100 percent of his/her time in the HHA and performs skilled nursing care which accounts for 25 percent of that person’s time, then 75 percent of the administrator’s salary (and any employee-related benefits) is entered on line 5 (administrative and general-HHA) and 25 percent of the administrator’s salary (and any employee-related benefits) is entered on line 6 (skilled nursing care). Enter the sum of column 1, lines 1 through 23 on line 24.

Column 2--Enter all payroll-related employee benefits for the HHA in the appropriate cost center in this column. See CMS Pub. 15-1, §§2144 - 2145 for a definition of fringe benefits. Entries are made using the same basis as that used for reporting salaries and wages in column 1. Therefore, 75 percent of the administrator’s payroll-related fringe benefits is entered on line 5 (administrative and general - HHA) and 25 percent of the administrator’s payroll-related fringe benefits is entered on line 6 (skilled nursing care). Enter the sum of column 2, lines 1 through 23 on line 24.

Report payroll-related employee benefits in the cost center where the applicable employee’s compensation is reported. This assignment is performed on an actual basis or upon the following basis:

- FICA based on actual expense by cost center;
- Pension and retirement and health insurance (non union) based on gross salaries of participating individuals by cost centers;
- Union health and welfare based on gross salaries of participating union members by cost center; and
- All other payroll-related benefits based on gross salaries by cost center.
Include nonpayroll-related employee benefits in the administrative and general-HHA cost center. Costs for such items as personal education, recreation activities, and day care are included in the administrative and general-HHA cost center.

**Column 3**--If the transportation costs, i.e., owning or renting vehicles, public transportation expenses, or payments to employees for driving their private vehicles can be directly assigned to a particular cost center, enter those costs in the appropriate cost center. If these costs are not identifiable to a particular cost center, enter them on line 4. Enter the sum of column 3, lines 1 through 23 on line 24.

**Column 4**--Enter the contracted and purchased services amounts in the appropriate cost center in this column. If a contracted/purchased service covers more than one cost center, then include the amount applicable to each cost center on each affected cost center line. Enter the sum of column 4, lines 1 through 23 on line 24.

**Column 5**--From your books and records, enter on the applicable lines all other identifiable costs which have not been reported in columns 1 through 4. Enter the sum of column 5, lines 1 through 23 on line 24.

**Column 6**--Add the amounts in columns 1 through 5 for each cost center, and enter the totals in column 6.

**Column 7**--Enter any reclassifications among the cost center expenses listed in column 6 which are needed to effect proper cost allocation. This column need not be completed by all providers, but is completed only to the extent reclassifications are needed and appropriate in the particular circumstances. Show reductions to expenses as negative amounts.

**Column 8**--Add column 7 to column 6, and extend the net balances to column 8.

**Column 9**--In accordance with 42 CFR 413ff, enter on the appropriate lines the amounts of any adjustments to expenses required under the Medicare principles of reimbursement. (See §4016.)

**Column 10**--Adjust the amounts in column 8 by the amounts in column 9, and extend the net balance to column 10.

Transfer the amounts in column 10, lines 1 through 24, to the corresponding lines on Worksheet H-1, Part I, column 0.

**Line Descriptions**

Lines 1 and 2--These cost centers include depreciation, leases and rentals for the use of facilities and/or equipment, interest incurred in acquiring land or depreciable assets used for patient care, insurance on depreciable assets used for patient care, and taxes on land or depreciable assets used for patient care.

**Line 3**--Enter the direct expenses incurred in the operation and maintenance of the plant and equipment, maintaining general cleanliness and sanitation of the plant, and protecting employees, visitors, and agency property.

**Line 4**--Enter all of the cost of transportation except those costs previously directly assigned in column 3. This cost is allocated during the cost finding process.
Line 5--Use this cost center to record the expenses of several costs which benefit the entire facility. Examples include fiscal services, legal services, accounting, data processing, taxes, and malpractice costs.

Line 6--Skilled nursing care is a service that must be provided by or under the supervision of a registered nurse. The complexity of the service, as well as the condition of the patient, are factors to be considered when determining whether skilled nursing services are required. Additionally, the skilled nursing services must be required under the plan of treatment.

Line 7--Enter the direct costs of physical therapy services by or under the direction of a registered physical therapist as prescribed by a physician. The therapist provides evaluation, treatment planning, instruction, and consultation.

Line 8--These services include (1) teaching of compensatory techniques to permit an individual with a physical impairment or limitation to engage in daily activities; (2) evaluation of an individual's level of independent functioning; (3) selection and teaching of task-oriented therapeutic activities to restore sensory-integrative function; and (4) assessment of an individual's vocational potential, except when the assessment is related solely to vocational rehabilitation.

Line 9--These are services for the diagnosis and treatment of speech and language disorders that create difficulties in communication.

Line 10--These services include (1) assessment of the social and emotional factors related to the individual's illness, need for care, response to treatment, and adjustment to care furnished by the facility; (2) casework services to assist in resolving social or emotional problems that may have an adverse effect on the beneficiary's ability to respond to treatment; and (3) assessment of the relationship of the individual's medical and nursing requirements to his or her home situation, financial resources, and the community resources available upon discharge from facility care.

Line 11--Enter the cost of home health aide services. The primary function of a home health aide is the personal care of a patient. The services of a home health aide are given under the supervision of a registered professional nurse and, if appropriate, a physical, speech, or occupational therapist. The assignment of a home health aide to a case must be made in accordance with a written plan of treatment established by a physician which indicates the patient's need for personal care services. The specific personal care services to be provided by the home health aide must be determined by a registered professional nurse and not by the home health aide.

Line 12--The cost of medical supplies reported in this cost center are those costs which are directly identifiable supplies furnished to individual patients and for which a separate charge is made. These supplies are generally specified in the patient’s plan of treatment and furnished under the specific direction of the patient’s physician.

Medical supplies which are not reported on this line are those minor medical and surgical supplies which would not be expected to be specifically identified in the plan of treatment or for which a separate charge is not made. These supplies (e.g., cotton balls, alcohol prep) are items that are frequently furnished to patients in small quantities (even though in certain situations, these items may be used in greater quantity) and are reported in the administrative and general (A&G) cost center.

Line 13--Enter the costs of vaccines exclusive of the cost of administering the vaccines. A visit by an HHA nurse for the sole purpose of administering a vaccine is not covered as an HHA visit under the home health benefit, even though the patient may be an eligible home health beneficiary receiving services under a home health plan of treatment. Section 1862(a)(1)(B) of the Act excludes Medicare coverage of vaccines and their administration other than the Part B coverage contained in §1861 of the Act.
If the vaccine is administered in the course of an otherwise covered home health visit, the visit is covered as usual, but the cost and charges for the vaccine and its administration must be excluded from the cost and charges of the visit. The HHA is entitled to separate payment for the vaccine and its administration under the Part B vaccine benefit.

The cost of administering pneumococcal, influenza, and hepatitis B vaccines is reimbursed under the outpatient prospective payment system (OPPS), but the actual cost of the pneumococcal, influenza, and hepatitis B vaccines are cost reimbursed. Additionally, the cost of administering the osteoporosis drugs are included in the skilled nursing visit while the actual cost of the osteoporosis drug is reimbursed at reasonable cost.

Enter on this line the vaccine and drug cost (exclusive of the cost to administer these vaccines) incurred for pneumococcal, influenza, and hepatitis B vaccines as well as osteoporosis drugs.

Some of the expenses includable in this cost center are the costs of syringes, cotton balls, bandages, etc., but the cost of travel is not permissible as a cost of administering vaccines, nor is the travel cost includable in the A&G cost center. The travel cost is non-reimbursable. Attach a schedule detailing the methodology employed to develop the administration of these vaccines. These vaccines are reimbursable under Part B only.

**Line 14**—Enter the direct expenses incurred in renting or selling durable medical equipment (DME) items to the patient for the purpose of carrying out the plan of treatment. Also, include all the direct expenses incurred by you in requisitioning and issuing the DME to patients.

**Lines 15-23**—Lines 15-23 identify nonreimbursable services commonly provided by a home health agency. These include home dialysis aide services (line 15), respiratory therapy (line 16), private duty nursing (line 17), clinic (line 18), health promotion activities (line 19), day care program (line 20), home delivered meals program (line 21), and homemaker service (line 22). The cost of all other nonreimbursable services are aggregated on line 23. If you are reporting costs for telemedicine, these costs are to be reported on line 23.50. Use this line throughout all applicable worksheets.
4042. WORKSHEET H-1 - COST ALLOCATION - HHA GENERAL SERVICE COST

Worksheet H-1, Part I, provides for the allocation of the expenses of each HHA general service cost center to those cost centers which receive the services. The cost centers serviced by the general service cost centers include all cost centers within the home health agency, i.e., other general service cost centers, reimbursable cost centers, and nonreimbursable cost centers. Obtain the total direct expenses from Worksheet H, column 10. To facilitate transferring amounts from Worksheet H to Worksheet H-1, Part I, the same cost centers with corresponding line numbers (lines 1 through 24) are listed on both worksheets.

Worksheet H-1, Part II, provides for the proration of the statistical data needed to equitably allocate the expenses of the home health agency general service cost centers on Worksheet H-1, Part I. If there is a difference between the total accumulated costs reported on the Part II statistics and the total accumulated costs calculated on Part I, use the reconciliation column on Part II for reporting any adjustments. See §4020 for the appropriate usage of the reconciliation columns. For componentized A&G cost centers, the accumulated cost center line number must match the reconciliation column number.

To facilitate the allocation process, the general format of Parts I and II are identical. The column and line numbers for each general service cost center are identical on both parts. In addition, the line numbers for each general, reimbursable, and nonreimbursable cost centers are identical on the two parts of the worksheet. The cost centers and line numbers are also consistent with Worksheet H.

The statistical bases shown at the top of each column on Worksheet H-1, Part II, are the recommended bases of allocation of the cost centers indicated. If a different basis of allocation is used, the provider must indicate the basis of allocation actually used at the top of the column.

Most cost centers are allocated on different statistical bases. However, for those cost centers where the basis is the same (e.g., square feet), the total statistical base over which the costs are to be allocated will differ because of the prior elimination of cost centers that have been closed.

When closing the general service cost center, first close those cost centers that render the most services to and receive the least services from other cost centers. The cost centers are listed in this sequence from left to right on the worksheet. However, the circumstances of an agency may be such that a more accurate result is obtained by allocating to certain cost centers in a sequence different from that followed on these worksheets.

NOTE: An HHA wishing to change its allocation basis for a particular cost center or the order in which the cost centers are allocated must make a written request to its contractor for approval of the change and submit reasonable justification for such change prior to the beginning of the cost reporting period for which the change is to apply. The effective date of the change is the beginning of the cost reporting period for which the request has been made. (See CMS Pub. 15-1, chapter 23.) In requesting the change, the agency must establish that the alternate basis or sequence of allocation is more accurate than that indicated on the official form. A mere demonstration that a cost allocation is different is not adequate to establish that it is more accurate.

EXCEPTION: A small HHA, as defined in 42 CFR 413.24(d), does not have to request written permission to use the procedures outlined for small HHAs below.
On Worksheet H-1, Part II, enter on the first line in the column of the cost center the total statistics applicable to the cost center being allocated (e.g., in column 1, capital-related - buildings and fixtures, enter on line 1 the total square feet of the building on which depreciation was taken). Use accumulated cost for allocating administrative and general expenses.

Such statistical base does not include any statistics related to services furnished under arrangements except where both Medicare and non-Medicare costs of arranged for services are recorded in your records.

For all cost centers (below the cost center being allocated) to which the service rendered is being allocated, enter that portion of the total statistical base applicable to each. The total sum of the statistical base applied to each cost center receiving the services rendered must equal the total statistics entered on the first line.

Enter on Worksheet H-1, Part II, line 25, the total expenses of the cost center to be allocated. Obtain this amount from Worksheet H-1, Part I, from the same column, line 24. In the case of capital-related costs - buildings and fixtures, this amount is on Worksheet H-1, Part I, column 1, line 1. On Worksheet H-1 exclude from line 24 for each column the first line of that column which is used to compute the unit cost multiplier on line 26 of Worksheet H-1, Part II. On Worksheet H-1, Part I, the first line of each column and the corresponding line 24 of the column must match.

Divide the amount entered on Worksheet H-1, Part II, line 25 by the total statistical base entered in the same column on the first line. Enter the resulting unit cost multiplier on line 26. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistical base applicable to each cost center receiving the services rendered. Enter the result of each computation on Worksheet H-1, Part I, in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving costs, the total expenses (line 24) of all of the cost centers receiving the allocation on Worksheet H-1, Part I, must equal the amount entered on the first line of the cost center being allocated.

The preceding procedures must be performed for each general service cost center. Each cost center must be completed on both Part I and Part II before proceeding to the next cost center.

After all the costs of the general service cost centers have been allocated on Worksheet H-1, Part I, enter in column 6, line 24 the sum of the expenses on lines 6 through 23. The total expenses entered in column 6, line 24, equals the total expenses entered in column 0, line 24.

**Column Descriptions**

Column 1 -- Depreciation on buildings and fixtures and expenses pertaining to buildings and fixtures such as insurance, interest, rent, and real estate taxes are combined in this cost center to facilitate cost allocation. Allocate all expenses to the cost centers on the basis of square feet of area occupied. The square footage may be weighted if the person who occupies a certain area of space spends their time in more than one function. For example, if a person spends 10 percent of time in one function, 20 percent in another function, and 70 percent in still another function, the square footage may be weighted according to the percentages of 10 percent, 20 percent, and 70 percent to the applicable functions.
If an HHA occupies more than one building (e.g., several branch offices), it may allocate the depreciation and related expenses by building, using a supportive worksheet showing the detail allocation and transferring the accumulated costs by cost center to Worksheet B, column 2.

**Column 2**—Allocate all expenses (e.g., interest, personal property tax) for movable equipment to the appropriate cost centers on the basis of square feet of area occupied or dollar value.

**Column 3**—Allocate all expenses for plant operation and maintenance based on square feet or dollar value.

**Column 4**—The cost of vehicles owned or rented by the agency and all other transportation costs which were not directly assigned to another cost center on Worksheet H, column 3, is included in this cost center. Allocate this expense to the cost centers to which it applies on the basis of miles applicable to each cost center.

This basis of allocation is not mandatory and a provider may use weighted trips rather than actual miles as a basis of allocation for transportation costs which are not directly assigned. However, an HHA must request the use of the alternative method in accordance with CMS Pub. 15-1, §2313. The HHA must maintain adequate records to substantiate the use of this allocation.

**Column 5**—The A&G expenses are allocated on the basis of accumulated costs after reclassifications and adjustments. Therefore, obtain the amounts to be entered on Worksheet H-1, Part II, column 5, from Worksheet H-1, Part I, columns 0 through 4.

A negative cost center balance in the statistics for allocating A&G expenses causes an improper distribution of this overhead cost center. Negative balances are excluded from the allocation statistics when A&G expenses are allocated on the basis of accumulated cost.

A&G costs applicable to contracted services may be excluded from the total cost (Worksheet H-1, Part I, column 0) for purposes of determining the basis of allocation (Worksheet H-1, Part II, column 5) of the A&G costs. This procedure may be followed when the HHA contracts for services to be performed for the HHA and the contract identifies the A&G costs applicable to the purchased services. The contracted A&G costs must be added back to the applicable cost center after allocation of the HHA A&G cost before the reimbursable costs are transferred to Worksheet H-2. A separate worksheet must be included to display the breakout of the contracted A&G costs from the applicable cost centers before allocation and the adding back of these costs after allocation. Contractor approval does not have to be secured in order to use the above described method of cost finding for A&G.

**Column 6**—For lines 6 through 23, add the amounts on each line in columns 4A and 5, and enter the result for each line in this column.

**Line 24**—Add lines 1 through 23 of columns 0 and 6.

Transfer the amounts in column 6 to Worksheet H-2, Part I, column 0, as follows:

<table>
<thead>
<tr>
<th>From Worksheet H-1, Part I, Column 6</th>
<th>To Worksheet H-2, Part I, Column 0</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 6</td>
<td>Line 2</td>
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<td>From Worksheet H-1</td>
<td>To Worksheet H-2, Part I</td>
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<tr>
<td>Column 6</td>
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WORKSHEET H-2 - ALLOCATION OF GENERAL SERVICE COSTS TO HHA COST CENTERS

Use this worksheet only if you operate a certified hospital-based HHA as part of your complex. If you have more than one hospital-based HHA, complete a separate worksheet for each facility.

4043.1 Part I - Allocation of General Service Costs to HHA Cost Centers.--Worksheet H-2, Part I, provides for the allocation of the expenses of each general service cost center of the hospital to those cost centers which receive the services. Worksheet H-2, Part II provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet H-2, Part I.

Obtain the total direct expenses (column 0, line 20) from Worksheet A, column 7, line 101. Obtain the cost center allocation (column 0, lines 1 through 19) from Worksheet H-1, lines as indicated. The amounts on line 20, columns 0 through 23 and column 25 must agree with the corresponding amounts on Worksheet B, Part I, columns 0 through 23 and column 25, line 101. Complete the amounts entered on lines 1 through 19, columns 1 through 23 and column 25.

NOTE: Worksheet B, Part I, established the method used to reimburse direct graduate medical education cost (i.e., reasonable cost or the per resident amount). Therefore, this worksheet must follow that method. If Worksheet B, Part I, column 25, excluded the costs of interns and residents, column 25 on this worksheet must also exclude these costs.

4043.2 Part II - Allocation of General Service Costs to HHA Cost Centers -Statistical Basis--To facilitate the allocation process, the general format of Worksheet H-2, Parts I and II, is identical.

The statistical basis shown at the top of each column on Worksheet H-2, Part II, is the recommended basis of allocation of the cost center indicated.

NOTE: If you wish to change your allocation basis for a particular cost center, you must make a written request to your contractor for approval of the change and submit reasonable justification for such change prior to the beginning of the cost reporting period for which the change is to apply. The effective date of the change is the beginning of the cost reporting period for which the request has been made. (See CMS Pub. 15-1, §2313.)

If there is a change in ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, §2313.)

Lines 1 through 19--On Worksheet H-2, Part II, for all cost centers to which the general service cost center is being allocated, enter that portion of the total statistical base applicable to each.
Line 20--Enter the total of lines 1 through 19 for each column. The total in each column must be the same as shown for the corresponding column on Worksheet B-1, line 101.

Line 21--Enter the total expenses for the cost center allocated. Obtain this amount from Worksheet B, Part I, line 101, from the same column used to enter the statistical base on Worksheet H-2, Part II (e.g., in the case of capital-related cost buildings and fixtures, this amount is on Worksheet B, Part I, column 1, line 101).

Line 22--Enter the unit cost multiplier which is obtained by dividing the cost entered on line 21 by the total statistic entered in the same column on line 20. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services. Enter the result of each computation on Worksheet H-2, Part I, in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving the services, the total cost (line 20, Part I) must equal the total cost on line 21, Part II.

Perform the preceding procedures for each general service cost center.

In column 24, Part I, enter the total of columns 4A through 23.

In column 27, Part I, for lines 2 through 19, multiply the amount in column 26 by the unit cost multiplier on line 21, Part I, and enter the result in this column. On line 20, enter the total of the amounts on lines 2 through 19. The total on line 20 equals the amount in column 26, line 1.

In column 28, Part I, enter on lines 2 through 19 the sum of columns 26 and 27. The total on line 20 equals the total in column 27, line 20.
4044. WORKSHEET H-3 - APPORTIONMENT OF PATIENT SERVICE COSTS

This worksheet provides for the apportionment of home health patient service costs to titles V, XVIII, and XIX. Titles V and XIX use the columns identified as Part A for each program.

4044.1 Part I - Computation of the Aggregate Program Cost.--This part provides for the computation of the total cost and reasonable program cost by discipline based on program patient care visits as required by 42 CFR 413.20, 42 CFR 413.24 and 42 CFR 484.200. HHA services rendered on or after October 1, 2000, §1895 of the Social Security Act requires a home health agency to be paid based on a prospective payment system subject to periodic updates.

Cost Per Visit Computation

Column Descriptions

Column 1--Enter the cost for each discipline from Worksheet H-2, Part I, column 28, lines as indicated. Enter the total on line 7.

Column 2--Where the hospital complex maintains a separate department for any of the cost centers listed on this worksheet, and the departments provide services to patients of the hospital’s HHA, complete the amounts entered on lines 2 through 4 in accordance with the instructions contained in §4044.2. Enter the total on line 7.

Column 3--Enter the sum of columns 1 and 2.

Column 4--Enter the total agency visits from your records for each type of discipline on lines 1 through 6. Total visits reported in column 4 reflect visits rendered for the entire fiscal year and equal the visits reported on S-3, Part I, regardless of when the episode was completed.

Column 5--Compute the average cost per visit for each type of discipline. Divide the number of visits (column 4) into the cost (column 3) for each discipline.

Columns 6 and 9--To determine title XVIII, Part A, V, and XIX cost of service, multiply the number of Medicare covered visits in completed episodes made to beneficiaries (column 6) (from your records) by the average cost per visit amount in column 5 for each discipline. Enter the product in column 9.

NOTE: Statistics in column 7, lines 1 through 7, reflect statistics for services that are part of a home health plan, and thus not subject to deductibles and coinsurance. OBRA 1990 provides for the limited coverage of injectable drugs for osteoporosis. While covered as a home health benefit under Part B, these services are subject to deductibles and coinsurance. Report charges for osteoporosis injections in column 8, line 16, in addition to statistics for services that are not part of a home health plan.

Columns 7 and 10--To determine the Medicare Part B cost of service, not subject to deductibles and coinsurance, multiply the number of Medicare covered visits made in completed episodes to Part B beneficiaries (column 7) (from your records) by the average cost per visit amount in column 5 for each discipline. Enter the product in column 10. Note if the PS&R reports Part B services separately as “subject to and not subject to” deductibles and coinsurance, add the two reports together for each discipline.

Columns 6, 7, 9, 10 and 12--Enter visits and costs as applicable in columns 6, 7, 9, 10, and 12.
NOTE: The sum of visits reported in columns 6 and 7 must equal the corresponding amounts on Worksheet S-4, column 5, lines 21, 23, 25, 27, 29 and 31, respectively. These visits are reported for episodes completed during the fiscal year.

Columns 8 and 11--Do not use these columns.

Column 12--Enter the total program cost for each discipline (sum of columns 9 and 10). Add the amounts on lines 1 through 6, and enter this total on line 7.

Visits by CBSA--Lines 8 through 14--Enter for each CBSA by discipline the CBSA code for Medicare program visits reimbursed under HHA PPS for each discipline for lines 8 through 13. Subscript each discipline line to accommodate multiple CBSAs serviced by your home health agency.

Column Descriptions

Column 1--Enter the CBSA code in which the corresponding HHA visits were rendered for each discipline on lines 8 through 13.

Columns 2 and 3--Enter the visit count for each of the corresponding disciplines for each CBSA.

Column 4, lines 8 through 14--These lines are shaded to prevent data input.

Line 14--Enter the total program visits for each discipline by adding lines 8 through 13 and subscripts, and enter this total on line 14.

Supplies and Drugs Cost Computation.--Certain services covered by the program and furnished by a home health agency are not included in the cost per visit for apportionment purposes. Since an average cost per visit and HHA PPS do not apply to these items, develop and apply the ratio of total cost to total charges to program charges to arrive at the program cost for these services.

Column 1--Enter the facility costs in column 1, lines 15 and 16, from Worksheet H-2, Part I, column 28, lines 8 and 9, respectively.

Column 2--Enter the shared ancillary costs from Worksheet H-3, Part II, column 3, lines 4 and 5, respectively.

Columns 3 through 5--In column 3, enter the sum total of columns 1 and 2 on lines 15 and 16, respectively. Enter in column 4, lines 15 and 16, respectively, the total charges for such services in accordance with the instructions in §4041, lines 12 and 13. Develop a ratio of total cost (column 3) to total charges (column 4) (from your records), and enter this ratio in column 5.

Columns 6 through 8--Enter in the appropriate column the program charges for drugs and medical supplies charged to patients subject to cost reimbursement. The actual vaccine/drug cost for pneumococcal, influenza, hepatitis B and osteoporosis are cost reimbursed.

Do not enter charges for drugs and medical supplies subject to reimbursement on the basis of a fee schedule.
Line Descriptions for Columns 6 through 8

**Line 15**--Enter the program covered charges for medical supplies charged to patients for items not reimbursed on the basis of a fee schedule. Do not enter medical supply charges in columns 6, 7, and 8 subject to reimbursement on the basis of a fee schedule or OPPS as all medical supplies are covered under the HHA PPS benefit. If charges are reported on this line, only them for the services rendered in the current fiscal year regardless of when the episode is concluded.

**Line 16**--This line represents pneumococcal, influenza, and hepatitis B vaccine costs and injectable osteoporosis drugs, but not the administration of these medications. Enter the program covered charges for drugs charged to patients for items not reimbursed on the basis of a fee schedule or OPPS. Enter in column 7 the program charges for pneumococcal vaccine and influenza vaccine exclusive of their respective administration costs. Enter in column 8 the program charges for hepatitis B vaccine and injectable osteoporosis drugs exclusive of their respective administration costs.

**Columns 6 and 9**--To determine the Medicare cost, multiply the program charges (column 6) by the ratio (column 5) for each line. Enter the product in column 9.

**Columns 7 and 10**--To determine the Medicare Part B cost, multiply the Medicare charges (column 7) by the ratio (column 5) for each line. Enter the product in column 10.

**Columns 8 and 11**--To determine the Medicare Part B cost, multiply the Medicare charges (column 8) by the ratio (column 5) for each line. Enter the result in column 11.

**4044.2 Part II - Apportionment of Cost of HHA Services Furnished by Shared Hospital Departments.**--Use this part only where the hospital complex maintains a separate department for any of the cost centers listed on this worksheet, and the departments provide services to patients of the hospital's HHA. Subscript lines 1-5, as applicable, if subscripted on Worksheet C, Part I.

**Column 1**--Where applicable, enter in column 1 the cost to charge ratio from Worksheet C, Part I, column 9, lines as indicated.

**Column 2**--Where hospital departments provide services to the HHA, enter on the appropriate lines the charges applicable to the hospital-based home health agency.

**Column 3**--Multiply the amounts in column 2 by the ratios in column 1, and enter the result in column 3. Transfer the amounts in column 3 to Worksheet H-3, Part I as indicated. If lines 1-5 are subscripted, transfer the aggregate of each line.
This worksheet applies to title XVIII only and provides for the reimbursement calculation of Part A and Part B. This computation is required by 42 CFR 413.9, 42 CFR 413.13, and 42 CFR 413.30.

Worksheet H-4 consists of the following two parts:

Part I - Computation of the Lesser of Reasonable Cost or Customary Charges
Part II - Computation of HHA Reimbursement Settlement

4045.1 Part I - Computation of Lesser of Reasonable Cost or Customary Charges.--Services not paid based on a fee schedule or OPPS are paid the lesser of the reasonable cost of services furnished to beneficiaries or the customary charges made by the providers for the same services. This part provides for the computation of the lesser of reasonable cost as defined in 42 CFR 413.13(b) or customary charges as defined in the 42 CFR 413.13(e).

NOTE: Nominal charge providers are not subject to the lesser of cost or charges (LCC). Therefore, a nominal charge provider only completes lines 1, 2, and 9 of Part I. Transfer the resulting cost to line 10 of Part II.

Line Descriptions

Line 1--This line provides for the computation of reasonable cost reimbursed program services. Enter the cost of services from Worksheet H-3, Part I as follows:

<table>
<thead>
<tr>
<th>To Worksheet H-4, Line 1</th>
<th>From Worksheet H-3,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Col. 1, Part A</td>
<td>Part I, col. 9, line 16</td>
</tr>
<tr>
<td>Col. 2, Part B - Not subject to deductibles and coinsurance</td>
<td>Part I, col. 10, line 16</td>
</tr>
<tr>
<td>Col. 3, Part B - Subject to deductibles and coinsurance</td>
<td>Part I, col. 11, line 16</td>
</tr>
</tbody>
</table>

The above table reflects the transfer of the cost of pneumococcal and influenza vaccines from Worksheet H-3, Part I, column 10, line 16, to column 2 of this worksheet, and the cost of hepatitis B vaccines and injectable osteoporosis drugs from worksheet H-3, Part I, column 11, line 9 to column 3 of this worksheet.

Lines 2 through 6--These lines provide for the accumulation of charges which relate to the reasonable cost on line 1. Do not include on these lines (1) the portion of charges applicable to the excess costs of luxury items or services (see CMS Pub. 15-1, chapter 21) and (2) provider charges to beneficiaries for excess costs as described in CMS Pub. 15-1, §2570. When provider operating costs include amounts that flow from the provision of luxury items or services, such amounts are not allowable in computing reimbursable costs.

Enter only the charges for applicable Medicare covered pneumococcal, influenza and hepatitis B vaccines and injectable osteoporosis drugs which are all cost reimbursed.

Line 2--Enter from your records in the applicable column the program charges for Part A, Part B not subject to deductibles and coinsurance, and Part B subject to deductibles and coinsurance.
Enter in column 2 the charges for Medicare covered pneumococcal and influenza vaccines (from worksheet H-3, line 16, column 7). In column 3, enter the charges for Medicare covered hepatitis B vaccines and osteoporosis drugs (from worksheet H-3, line 16, column 8).

Lines 3 through 6—These lines provide for the reduction of program charges when the provider does not actually impose such charges (in the case of most patients liable for payment for services on a charge basis) or fails to make reasonable efforts to collect such charges from those patients. If line 5 is greater than zero, multiply line 2 by line 5, and enter the result on line 6. Providers which do impose these charges and make reasonable efforts to collect the charges from patients liable for payment for services on a charge basis are not required to complete lines 3, 4, and 5, but enter on line 6 the amount from line 2. (See 42 CFR 413.13(b).) In no instance may the customary charges on line 6 exceed the actual charges on line 2.

Line 7—Enter in each column the excess of total customary charges (line 6) over the total reasonable cost (line 1). In situations when, in any column, the total charges on line 6 are less than the total cost on line 1 of the applicable column, enter zero on line 7.

Line 8—Enter in each column the excess of total reasonable cost (line 1) over total customary charges (line 6). In situations when, in any column, the total cost on line 1 is less than the customary charges on line 6 of the applicable column, enter zero on line 8.

Line 9—Enter the amounts paid or payable by workmens' compensation and other primary payers where program liability is secondary to that of the primary payer. There are several situations under which program payment is secondary to a primary payer. Some of the most frequent situations in which the Medicare program is a secondary payer include:

- Workmens' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD beneficiary provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are considered to be nonprogram services. (The primary payment satisfies the beneficiary's liability when the provider accepts that payment as payment in full. The provider notes this on no-pay bills submitted in these situations.) The patient visits and charges are included in total patient visits and charges, but are not included in program patient visits and charges. In this situation, no primary payer payment is entered on line 9.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payer payment does not satisfy the beneficiary's liability, include the covered days and charges in both program visits and charges and total visits and charges for cost apportionment purposes. Enter the primary payment on line 9 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance. Do not enter on line 9 the primary payer payments that are credited toward the beneficiary's deductible and coinsurance. The primary payer rules are more fully explained in 42 CFR 411.
4045.2 Part II - Computation of HHA Reimbursement Settlement.--

Line 10--Enter in column 1 the amount in Part I, column 1, line 1 less the amount in column 1, line 9. Enter in column 2 the sum of the amounts from Part I, columns 2 and 3, line 1 less the sum of the amounts in columns 2 and 3 on line 9. This line will only include pneumococcal, influenza, hepatitis B and injectable osteoporosis drugs reduced by primary payor amounts.

Lines 11 through 24--Enter in column 1 only for lines 11 through 14, as applicable, the appropriate PPS reimbursement amount for each episode of care payment category as indicated on the worksheet. Enter in column 1 only on lines 15 and 16, as applicable, the appropriate PPS outlier reimbursement amount for each episode of care payment category as indicated on the worksheet. Enter on lines 18 through 20 the total DME, oxygen, prosthetics and orthotics payments, respectively, associated with home health PPS services (bill types 32 and 33). For lines 18 through 20 do not include any payments associated with services paid under bill type 34X. Obtain these amounts from your PS&R report.

Line 21--Enter in column 2 the Part B deductibles billed to program patients. Include any amounts of deductibles satisfied by primary payer payments.

NOTE: If the component qualifies as a nominal charge provider, enter 20 percent of costs subject to coinsurance on this line. Compute this amount by subtracting Part B deductibles on line 21 and primary payment amounts in column 3, line 9 from Part B costs subject to coinsurance in column 3, line 1. Multiply the resulting amount by 20 percent and enter it on this line.

Line 23--If there is an excess of reasonable cost over customary charges in any column on line 8, enter the amount of the excess in the appropriate column.

Line 25--Enter in column 2 all coinsurance billable to program beneficiaries including amounts satisfied by primary payer payments. Coinsurance is applicable for services reimbursable under §1832(a)(2) of the Act.

NOTE: If the component qualifies as a nominal charge provider, enter 20 percent of the costs subject to coinsurance on this line. Compute this amount by subtracting Part B deductibles on line 25 and primary payment amounts in column 3, line 9 from Part B costs subject to coinsurance in column 3, line 1. Multiply the resulting amount by 20 percent and enter it on this line.

Line 27--Enter the allowable bad debts in the appropriate columns. If recoveries exceed the current year’s bad debts, line 27 will be negative.

Line 28--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 27.

Line 29--Enter the result of line 26 plus 27.

Line 30--Enter any other adjustments. For example, enter an adjustment from changing the recording of vacation pay from the cash basis to accrual basis. (See CMS Pub. 15-1, §2146.4.)

Line 31--Enter the result of line 29 plus or minus line 30.

Line 32--Enter the interim payment amount from Worksheet H-5, line 4. For contractor final settlement, report on line 33 the amount from Worksheet H-5, line 5.99. For titles V and XIX, enter the interim payments from your records.
Line 34--The amounts show the balance due the provider or the program. Transfer to Worksheet S, Part III, line 9 as applicable.

Line 35--Enter the program reimbursement effect of protested items. The reimbursement effect of the nonallowable items is estimated by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See §115.2.) A schedule showing the supporting details and computations for this line must be attached.
4046. WORKSHEET H-5 - ANALYSIS OF PAYMENTS TO PROVIDER-BASED HOME HEALTH AGENCIES FOR SERVICES RENDERED TO PROGRAM BENEFICIARIES

Complete this worksheet for Medicare interim payments only. (See 42 CFR 413.64.)

The column headings designate two categories of payments: Part A and Part B.

Complete the identifying information on lines 1 through 4. The remainder of the worksheet is completed by your contractor. Do not include on this worksheet any payments made for DME or medical supplies charged to patients that are paid on the basis of a fee schedule.

Line Descriptions

Line 1--Enter the total Medicare interim payments paid to the HHA for cost and HHA PPS reimbursed services. The amount entered reflects payments for all episodes concluded in this fiscal year. Do not include any payments received for fee scheduled services. The amount entered reflects the sum of all interim payments paid on individual bills (net of adjustment bills) for services rendered in this cost reporting period. The amount entered includes amounts withheld from your interim payments due to an offset against overpayments applicable to prior cost reporting periods. It does not include any retroactive lump sum adjustment amounts based on a subsequent revision of the interim rate, or tentative or net settlement amounts, nor does it include interim payments payable. If you are reimbursed under the periodic interim payment method of reimbursement, enter the periodic interim payments received for this cost reporting period.

Line 2--Enter the total Medicare interim payments payable on individual bills. Since the cost in the cost report is on an accrual basis, this line represents the amount of services rendered in the cost reporting period, but not paid as of the end of the cost reporting period, and does not include payments reported on line 1.

Line 3--Enter the amount of each retroactive lump sum adjustment and the applicable date.

Line 4--Enter the total amount of the interim payments (sum of lines 1, 2, and 3.99). Transfer these totals to the appropriate column on Worksheet H-4, Part II, line 32.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET H-5. THE REMAINDER OF THE WORKSHEET IS COMPLETED BY YOUR CONTRACTOR.

Line 5--List separately each tentative settlement payment after desk review together with the date of payment. If the cost report is reopened after the Notice of Program Reimbursement (NPR) has been issued, report all settlement payments prior to the current reopening settlement on line 5.

Line 6--Enter in column 2 the amount on Worksheet H-4, Part II, column 1, line 34. Enter in column 4 the amount on Worksheet H-4, Part II, column 2, line 34.

Line 7--Enter the net settlement amount (balance due to you or balance due to the program) for the NPR, or, if this settlement is after a reopening of the NPR, for this reopening. Enter the total of the amounts on lines 4, 5.99, and 6.

NOTE: On lines 3, 5, and 6, when an amount is due from the provider to the program, show the amount and date on which you agree to the amount of repayment, even though total repayment is not accomplished until a later date.

Line 8--Enter the contractor name and the contractor number in columns 1 and 2, respectively.
4047. ANALYSIS OF RENAL DIALYSIS DEPARTMENT COSTS

This worksheet provides for the analysis of the direct and indirect expenses related to the renal dialysis cost centers, allocation of cost between inpatient and outpatient renal dialysis services where separate cost centers are not maintained, and the allocation of the cost to the various modes of outpatient dialysis treatment. The ancillary renal dialysis cost center is serviced by the general cost centers and includes all reimbursable cost centers within the provider organization which provide services to the renal dialysis department. The cost used in the analysis for the renal dialysis department is obtained, in part, from Worksheets A; B, Part I; and C. Complete a separate Worksheet I series for lines 74 and 94 of Worksheet A. In other words, complete one Worksheet I series for line 74 and one for line 94, if appropriate.

4048. WORKSHEET I-1 - ANALYSIS OF RENAL DIALYSIS DEPARTMENT COSTS

This part provides for recording the direct salaries and other direct expenses applicable to the total inpatient and outpatient renal dialysis cost center or outpatient renal dialysis cost center where you maintain a separate and distinct outpatient renal dialysis cost center. If you have more than one renal dialysis department, and/or more than one home dialysis department, submit one Worksheet I series combining the renal dialysis departments and a separate Worksheet I series combining the home dialysis departments. You must also have on file, as supporting documentation, a Worksheet I series for each renal dialysis department and for each home dialysis department along with the appropriate workpapers. File this documentation with exception requests in accordance with CMS Pub. 15-1, §2720. Do not combine the cost of the renal dialysis with home program dialysis reported separately on Worksheet A, lines 74 and 94.

This worksheet also provides for recording the indirect expenses applicable to the total renal or outpatient renal dialysis department obtained from Worksheet B, Part I, columns 1 through 23, line 74 as adjusted for post stepdown adjustments, if any. When completing a separate Worksheet I for home program dialysis, transfer the direct expenses from Worksheet B, Part I, columns 1 through 23, line 94. Do not combine the cost of the renal department with home program dialysis. These costs are listed separately on Worksheet A, lines 74 and 94, respectively.

Column Descriptions

Column 1--Enter on lines 1 through 8 the amounts included from Worksheet A, column 7 for salaries only. Enter on lines 10 through 16 and 18 through 26 the amounts from Worksheet B, Part I, all columns for lines 74 and 94. The subtotal on Worksheet I-1, line 27 agrees with the sum of Worksheet B, Part I, column 26, line 74 or line 94 if a home dialysis cost center was established and used on Worksheet A.

Column 2--This column lists the statistical bases for allocating costs on Worksheet I-3.

Column 3--Enter paid hours per type of staff listed on lines 1 through 6.

Column 4--Enter full time equivalents by dividing column 3 by 2080 hours.

Line Descriptions

Lines 1 through 6--Enter on these lines the direct patients care salaries after adjustments and reclassification that you reported in column 7 of Worksheet A. Direct patient care salary includes only the salary of staff providing direct patient care services. Also include fee paid to non-employees providing direct patient care services. Time spent furnishing administrative or management services by direct patient care personnel is reported on line 8, non-patient care salary.
Line 7--Include on this line amounts paid to physicians for their administrative services of managing the renal department. These payments are subject to the limitation contained in §2723.3 of CMS Pub. 15-1. Also include payments to physicians for their medical services if the box on line 21 of Worksheet S-5 is marked the initial method. A complete description of the initial method is in CMS Pub. 15-1, §2715. For a renal provider to be paid under the initial method, all renal physicians at the provider must elect the initial method. Under the initial method, renal physicians are paid by the provider for their routine renal medical services and the provider's composite payment rate is increased according to 42 CFR 414.313. No payment to physicians for patient medical services should appear on this line if the monthly capitation payment (MCP) box is marked on Worksheet S-5. Under the MCP, contractors pay physicians directly for their medical services.

Line 8--Enter the amount of salaries paid non-patient care personnel after reclassifications and adjustments that you report in column 7 of Worksheet A.

Lines 10 through 16--Include on the appropriate lines costs directly charged to the renal department after reclassifications and adjustments. Report other direct costs on line 16 that cannot be specifically identified on lines 11 through 15.

Lines 17--Add lines 9 through 16. This total in column 1 should agree with the total on Worksheet A, column 7 for line 74 or line 94, as appropriate.

Lines 18 through 26--Enter the allocated general service costs from Worksheet B, Part I, lines 74 or 94 as listed in the chart below.

**NOTE:** Line 25 should exclude the costs of EPO and Aranesp administered to ESRD patients in the renal department and home program identified on Worksheet B-2, lines 1, 2, 3 or 4.

<table>
<thead>
<tr>
<th>Worksheet I-1, Part I, Column 1, Line Number</th>
<th>General Service Cost Centers</th>
<th>Worksheet B, Part I, Lines 74 or 94, Columns</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>General Service Cost Centers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital-Related Costs-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Buildings and Fixtures</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Capital-Related Costs-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moveable Equipment</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Employee Benefits</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Administrative and General</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Maintenance &amp; Repairs, Operation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>of Plant and Housekeeping</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Medical Education Programs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum of 6, 7, and 9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sum of 20, 21, 22, 23, and 25 (medical education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>only)</td>
<td></td>
</tr>
<tr>
<td>Line</td>
<td>Description</td>
<td>Amount</td>
</tr>
<tr>
<td>------</td>
<td>--------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>24</td>
<td>Central Services &amp; Supplies</td>
<td>14</td>
</tr>
<tr>
<td>25</td>
<td>Pharmacy</td>
<td>15</td>
</tr>
<tr>
<td>26</td>
<td>Other Allocated Costs</td>
<td>Sum of 8, 10, 11, 12, 13, 16, 17, 18, and 19</td>
</tr>
</tbody>
</table>

**Line 27**—Add lines 18 through 26. This total should agree with the total on Worksheet B, column 26, line 74 or line 94 if a home dialysis cost center was established, less the adjustments for EPO and Aranesp reported on Worksheet B-2, lines 1, 2, 3, or 4 as appropriate.

**Lines 28, 29, and 30**—These lines provide for the allocation of costs associated with routine dialysis services furnished to renal patients from other ancillary departments. Enter the cost to charge ratio from Worksheet C, Part I, column 9. Payment for routine laboratory services, as defined in the Medicare Benefit Policy Manual (100-02 IOM), chapter 11 (ESRD), §30.2, is paid for under the composite payment rate. No separate payment is made for routine laboratory tests. The costs of these services are allocated to the renal department based on the provider’s laboratory cost to charge ratio from Worksheet C, Part I, column 9, line 60. Providers must maintain a log of routine laboratory charges for allocating routine laboratory costs to the renal department. The lab charges reported on Worksheet C do not include the lab charges for ESRD therefore those charges must be grossed up in accordance with Pub. 15-1, § 2314. The cost to charge ratio must be recalculated and applied against the charges reported in column 3 of this worksheet. Do not gross up ESRD charges. Instead, the cost to charge ratio for lab charges reported on Worksheet C will be used.

**Line 31**—Enter the sum lines 27 through 30.
4049. **WORKSHEET I-2 - ALLOCATION OF RENAL DEPARTMENT COSTS TO TREATMENT MODALITIES**

The purpose of this schedule is to allocate costs to the different services furnished in the renal department. Line 1 combines the costs reported on Worksheet I-1 for allocating costs to the different services furnished in the renal department.

**Line 1**—Add the costs from Worksheet I-1, and transfer these amounts to line 1 in the following manner:

<table>
<thead>
<tr>
<th>Worksheet I-2</th>
<th>Worksheet I-2 Column</th>
<th>Worksheet I-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital &amp; Main Building Costs</td>
<td>1</td>
<td>Sum of lines 11, 18, and 22</td>
</tr>
<tr>
<td>Capital, Machine &amp; Repair Costs</td>
<td>2</td>
<td>Sum of lines 12, 13, and 19</td>
</tr>
<tr>
<td>Registered Nurses Direct Patient Care Salary</td>
<td>3</td>
<td>Line 1</td>
</tr>
<tr>
<td>Other Direct Patient Care Salary</td>
<td>4</td>
<td>Sum of lines 2, 3, 4, 5, and 6</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>5</td>
<td>Sum of lines 10 and 20</td>
</tr>
<tr>
<td>Drugs</td>
<td>6</td>
<td>Sum of lines 15 and 25</td>
</tr>
<tr>
<td>Medical Supplies</td>
<td>7</td>
<td>Sum of lines 14 and 24</td>
</tr>
<tr>
<td>Routine Ancillary Services</td>
<td>8</td>
<td>Sum of lines 28, 29, and 30</td>
</tr>
<tr>
<td>Subtotal</td>
<td>9</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Overhead</td>
<td>10</td>
<td>Sum of lines 7, 8, 16, 21, and 26</td>
</tr>
</tbody>
</table>

Complete columns 1 through 8 and 10 in conjunction with Worksheet I-3, which contains the statistical bases for allocating costs to the proper lines. For each line item in columns 1 through 8 and 10, multiply the statistic entered in the corresponding line and column of Worksheet I-3 by the unit cost multiplier on line 18.

**Lines 2 through 11**—These lines identify the type of dialysis treatments that are paid for under the composite payment rate system. The total costs (column 11) for these individual dialysis services are transferred to Worksheet I-4.

Transfer the total on Worksheet I-2, column 11 to Worksheet I-4 per the following instructions.

From Worksheet I-2, Column 11  
To Worksheet I-4, Column 2

<table>
<thead>
<tr>
<th>Line 2</th>
<th>Line 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line 3</td>
<td>Line 2</td>
</tr>
<tr>
<td>Line 4</td>
<td>Line 3</td>
</tr>
<tr>
<td>Line 5</td>
<td>Line 4</td>
</tr>
<tr>
<td>Line 6</td>
<td>Line 5</td>
</tr>
<tr>
<td>Line 7</td>
<td>Line 6</td>
</tr>
<tr>
<td>Line 8</td>
<td>Line 7</td>
</tr>
<tr>
<td>Line 9</td>
<td>Line 8</td>
</tr>
<tr>
<td>Line 10</td>
<td>Line 9</td>
</tr>
<tr>
<td>Line 11</td>
<td>Line 10</td>
</tr>
</tbody>
</table>

Rev. 1
If you complete a Worksheet I-2 for the renal department and the home program dialysis department, complete a separate Worksheet I-4.

Lines 12 through 16--These services are not paid for under the composite payment rate system. Therefore, the costs of these services are not transferred to Worksheet I-4. Exclude these costs in the calculation of reimbursement composite payment rate bad debts. (See 42 CFR 413.170(e).)

Line 12.--Report inpatient costs. Inpatient dialysis services are paid under the DRG system for Medicare patients.

Line 13.--Report the costs of support services furnished to Method II home patients. Payment for Method II home patient dialysis services are subject to the rules in 42 CFR 414.330. Under Method II, a renal provider is only allowed to bill for support services and not dialysis equipment or supplies. Payment for support services is limited to the lower of the provider’s reasonable cost or the payment limit as defined in the regulation, which is $121.15 per patient per month. This amount includes payment for support services and routine laboratory tests furnished to home patients.

Line 14.--Report the direct costs of EPO net of discounts furnished in the renal department. Include all costs for patients receiving outpatient, home, or training dialysis treatments. This amount includes EPO cost furnished in the renal department or any other department if furnished to an end stage renal dialysis patient. Enter EPO amount for informational purposes only. This amount is not included in the total on line 17.

Line 15.--Report the direct costs of Aranesp net of discounts furnished in the renal department. Include all costs for patients receiving outpatient, home, or training dialysis treatments. This amount includes Aranesp cost furnished in the renal department or any other department if furnished to an end stage renal dialysis patient. Enter Aranesp amount for informational purposes only. This amount is not included in the total on line 17.

Line 16.--Report the costs of other services furnished and billed in the renal department that are paid for outside the composite payment rate.

Line 17--Add columns and enter totals. Since lines 14 and 15, column 9 are shaded, no costs for EPO and Aranesp are included in the total for line 17, column 9 and column 6, lines 14 and 15 should be excluded from total.

Line 18--Enter the amount of medical educational program costs from Worksheet I-1, line 23. Payment for medical educational program costs allocated to the renal department is not included in the composite payment rate.

Line 19--Add lines 17 and 18. This total agrees with the sum of Worksheet I-1, column 1, line 31.

Column Description

Columns 1 through 8--For each line, multiply the unit cost multiplier on Worksheet I-3, line 18 by the statistical base, and enter the result on the corresponding line and column on Worksheet I-2.

Column 9--Add columns 1 through 8 for each line, except lines 14 (EPO) and 15 (Aranesp), and enter the total.

Column 10--Multiply the unit cost multiplier on Worksheet I-3, column 10, line 18 by the line amounts in column 9 of Worksheet I-2, and enter the amount in column 10.

Column 11--Add columns 9 and 10 for each line, and enter the result.
4050. WORKSHEET I-3 - DIRECT AND INDIRECT RENAL DIALYSIS COST ALLOCATION - STATISTICAL BASIS

To accomplish the allocation of your direct and indirect costs reported on Worksheet I-1 to the different services provided in the department, you must maintain renal department statistics. To facilitate the allocation process, the format of Worksheets I-2 and I-3 is identical.

Line 1--Transfer the amounts on Worksheet I-2, line 1, columns 1 through 10 to Worksheet I-3, line 1, columns 1 through 10.

Lines 2 through 16--Enter on these lines and in the appropriate columns, the statistic for allocating costs to the appropriate line item. The statistical basis used in each column is defined in the column heading and on Worksheet I-1.

NOTE: If you wish to change your allocation basis for a particular general cost center, you must receive written approval from your contractor before the start of your cost reporting period for which the alternative method is used. (See §4017 for Worksheets B and B-1.)

Line 12--Enter, in the area provided, the number of inpatient dialysis treatments furnished during the cost reporting period.

Line 17--Add the statistical basis for each column, except columns 9 and 10.

Line 18--Calculate the unit cost multiplier by dividing the amount on line 1 by the total statistical basis on line 17 for each column. Multiply the unit cost multiplier by the statistical base, and enter the cost on the appropriate line and column number on Worksheet I-2.

Column Descriptions

Column 1--Use the square footage of the renal department to allocate capital and maintenance building costs.

Column 2--Use percentage of time to allocate capital and maintenance equipment costs.

Columns 3 and 4--Use paid hours to allocate registered nurses and direct patient care salary.

Column 5--Use total direct patient care salaries in columns 4 and 5 of Worksheet I-2 to allocate employee benefits.

Columns 6 and 7--Use cost of requisitions to allocate drug and medical supply costs.

Column 8--Use routine laboratory charges to allocate laboratory costs.

Column 10--Use subtotal costs in column 9, Worksheet I-2 to allocate overhead cost. To compute the unit cost multiplier, transfer the amount from Worksheet I-2, line 17, column 9 to Worksheet I-3, line 17, column 10. Do not allocate overhead costs to lines 14 (EPO) or 15 (Aranesp).
4051. WORKSHEET I-4 - COMPUTATION OF AVERAGE COST PER TREATMENT FOR OUTPATIENT RENAL DIALYSIS

This worksheet records the apportionment of total outpatient cost to the types of dialysis treatment furnished by you and shows the computation of expenses of dialysis items and services that you furnished to Medicare dialysis patients. This information is used for overall program evaluation, determining the appropriateness of program reimbursement rates, and meeting statutory requirements for determining the cost of ESRD care.

Complete a separate worksheet for reporting costs for the renal dialysis department and the home program dialysis department. Complete only one Worksheet I-4 as only one average composite rate will apply to each modality.

If you have more than one renal dialysis and/or home dialysis department, submit one Worksheet I-4 combining the renal dialysis departments and/or one Worksheet I-4 combining the home dialysis departments. You must also have on file, as supporting documentation, a Worksheet I-4 for each renal dialysis department and one for each home dialysis department with appropriate workpapers. File this documentation with exception requests in accordance with CMS Pub. 15-1, §2720. Enter on the combined Worksheet I-4 each provider’s satellite number if you are separately certified as a satellite facility.

In accordance with section 1881(b)(12)(A) of the Act, as added by section 623(d)(1) of MMA 2003, the ESRD payment is replaced by a calculated ESRD composite rate.

Columns 1 through 3 refer to total outpatient statistics, i.e., to all outpatient dialysis services furnished, whether reimbursed directly by the program or not.

Column 1--Enter on the appropriate lines the total number of outpatient treatments by type for all renal dialysis patients from your records. These statistics include all treatments furnished to all patients in the outpatient renal department, both Medicare and non-Medicare.

Column 2--Enter on the appropriate lines the total cost transferred from Worksheet I-2, columns 11, lines as appropriate.

Column 3--Determine the amounts entered on the appropriate lines by dividing the cost entered on each line in column 2 by the number of treatments entered on each line in column 1.

Line 9--Report continuous ambulatory peritoneal dialysis (CAPD) in terms of weeks. Compute patient weeks by totaling the number of weeks each Method I patient was dialyzed at home using CAPD.

Line 10--Report continuous cycling peritoneal dialysis (CCPD) in terms of weeks. Compute patient weeks by totaling the number of weeks each Method I patient was dialyzed at home by CCPD.

Medicare Treatments

Columns 4 through 7 refer only to treatments furnished to Medicare beneficiaries that were billed to the facility and reimbursed by the program directly. (Amounts entered in these columns are reconcilable to your records.)
Column 4--Enter on the appropriate lines the number of treatments billed to the Medicare program directly. Obtain this information from your records and/or the PS&R.

Column 5--Determine the amounts entered on the appropriate lines by multiplying the number of treatments entered on each line in column 4 by the average cost per treatment entered on the corresponding line in column 3. Transfer the total expenses from this column, line 11 to Worksheet I-5, line 1. If you complete separate Worksheets I-2 and I-3, add the sum of the cost from this column, line 11, and transfer the total to Worksheet I-5, line 1.

Column 6--Total Program Payment--Enter the total program payment by the type of treatment for the reporting period. Since this amount is calculated on a patient basis and is case mix adjusted, the total program payment will be provider specific for each modality.

The ESRD composite payment rate is an average payment calculated based on the total Medicare payments by type of treatment divided by the total ESRD treatments.

Column 7--Average Payment Rate--Enter the total average payment rate by the type of treatment for the reporting period. Determine the amounts entered on the appropriate lines by dividing the total payments on each corresponding line in column 6 by the number of treatments entered on each line in column 4.

Line 11--Enter in columns 1 and 4 the sum total of lines 1 through 8. Enter in columns 2, 5, 6 and 7 the sum total of lines 1 through 10.

Transfer the total payment from column 6, line 11 to Worksheet I-5, line 2.
This worksheet provides for the calculation of reimbursable Part B bad debts relating to outpatient renal dialysis treatments. If you have completed more than one Worksheet I-2 (i.e., one for renal dialysis department and one for home program dialysis), make a consolidated bad debt computation.

**Line 1**—Enter the amount from Worksheet I-4, column 5, line 11.

**Line 2**—Enter the amount from Worksheet I-4, column 6, line 11 (net of deductibles).

**Line 3**—Enter the amount shown in your records for deductibles billed to Medicare (Part B) for dialysis treatments.

**Line 4**—Enter the amount shown in your records for coinsurance billed to Medicare (Part B) for dialysis treatments.

The amounts on lines 3 and 4 must exclude coinsurance and deductible amounts for services other than dialysis treatments (e.g., Epoetin and Aranesp).

**Line 5**—Enter the uncollectible portion of the amounts entered on lines 3 and 4 reduced by any amount recovered during the cost reporting period.

**Line 6**—Reserved for future use.

**Line 7**—Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be included in the amount on line 5.

**Line 8**—Enter the sum of lines 3 and 4, less line 5.

**Line 9**—Subtract line 3 from line 2, and enter 80 percent of the difference.

**Line 10**—Subtract the sum of lines 8 and 9 from the lesser of lines 1 or 2, and enter the difference. If the result is negative, enter zero and do not complete line 11.

**Line 11**—Enter the lesser of line 5 or line 10. Transfer this amount to Worksheet E, Part B, line 33.
4053. WORKSHEET J-1 - ALLOCATION OF GENERAL SERVICE COSTS TO COMMUNITY MENTAL HEALTH CENTERS

Use this worksheet only if you operate as part of your complex a certified hospital-based community mental health center (CMHC) furnishing services to Medicare titles XVIII, title XIX, and V. Additionally, while comprehensive outpatient rehabilitation facilities (CORFs), outpatient rehabilitation facilities (ORFs) which generally furnish outpatient physical therapy (OPT), outpatient occupational therapy (OOT), or outpatient speech pathology (OSP) services, do not complete the J series worksheets they must complete the applicable Worksheet A cost center for the purpose of overhead allocation. Only those cost centers that represent services for which the facility is certified are used. If you have more than one hospital-based CMHC, complete a separate worksheet for each facility.

4053.1 Part I - Allocation of General Service Costs to Community Mental Health Center Cost Centers.--Worksheet J-1, Part I, provides for the allocation of the expenses of each general service cost center to those cost centers which receive the services. Obtain the total direct expenses (column 0, line 22) from Worksheet A, column 7, lines as appropriate:

<table>
<thead>
<tr>
<th>Component</th>
<th>From Worksheet A, Column 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMHC</td>
<td>line 99 and subscripts</td>
</tr>
</tbody>
</table>

Obtain the cost center allocation (column 0, lines 1 through 21) from your records. The amounts on line 22, columns 0 through 23 and column 25 must agree with the corresponding amounts on Worksheet B, Part I, columns 0 through 23 and column 25, lines as appropriate:

<table>
<thead>
<tr>
<th>Component</th>
<th>Worksheet B, Part I, Columns 0 through 23 and 25</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMHC</td>
<td>line 99 and subscripts</td>
</tr>
</tbody>
</table>

Complete the amounts entered on lines 1 through 21, columns 1 through 23 and column 25 in accordance with the instructions contained in §4053.2.

NOTE: Worksheet B, Part I, established the method used to reimburse direct graduate medical education cost (i.e., reasonable cost or the per resident amount). Therefore, this worksheet must follow that method. If Worksheet B, Part I, column 25, excluded the costs of interns and residents, column 25 on this worksheet must also exclude these costs.

Line 23--To calculate the unit cost multiplier for component administrative and general costs divide line 1 by the result of line 22 minus line 1 and round to six decimal places.

In column 24, Part I, enter the total of columns 4A through 23.

In column 27, Part I, for lines 2 through 21, multiply the amount in column 26 by the unit cost multiplier on line 23, Part I, and enter the result. On line 22, enter the total of the amounts on lines 2 through 21. The total on line 22 equals the amount in column 26, line 1.

In column 28, Part I, enter on lines 2 through 21 the sum of columns 26 and 27. The total on line 22 equals the total in column 26, line 22.

4053.2 Part II - Allocation of General Service Costs to Community Mental Health Center Cost Centers - Statistical Basis.--Worksheet J-1, Part II, provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet J-1, Part I. If there is a difference between the total accumulated costs reported on the Part II statistics and the total accumulated costs calculated on Part I, use the reconciliation column on Part II for reporting any

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adjustments. See §4020 for the appropriate usage of the reconciliation columns. For subscripted (componentized) A&G cost centers, the accumulated cost center line must match the reconciliation column number.

To facilitate the allocation process, the general format of Worksheet J-1, Parts I and II, is identical. The statistical basis shown at the top of each column on Worksheet J-1, Part II, is the recommended basis of allocation of the cost center indicated.

**NOTE:** If you wish to change your allocation basis for a particular cost center, you must make a written request to your contractor for approval of the change and submit reasonable justification for such change prior to the beginning of the cost reporting period for which the change is to apply. The effective date of the change is the beginning of the cost reporting period for which the request has been made. (See CMS Pub. 15-1, §2313.)

If there is a change in ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, §2313.)

Lines 1 through 21--On Worksheet J-1, Part II, for all cost centers to which the general service cost center is being allocated, enter that portion of the total statistical base applicable to each.

Line 22--Enter the total of lines 1 through 21 for each column. The total in each column must be the same as shown for the corresponding column on Worksheet B-1, lines as appropriate:

<table>
<thead>
<tr>
<th>Component</th>
<th>Worksheet B-1, Corresponding Column</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMHC</td>
<td>line 99</td>
</tr>
</tbody>
</table>

Line 23--Enter the total expenses for the cost center allocated. Obtain this amount from Worksheet B, Part I, lines as appropriate (see §4056.1), from the same column used to enter the statistical base on Worksheet J-1, Part II (e.g., for a CMHC provider, in the case of capital-related cost buildings and fixtures, this amount is on Worksheet B, Part I, column 1, line 99).

Line 24--Enter the unit cost multiplier which is obtained by dividing the cost entered on line 23 by the total statistic entered in the same column on line 22. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services. Enter the result of each computation on Worksheet J-1, Part I, in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving the services, the total cost (line 22, Part I) must equal the total cost on line 23, Part II.

Perform the preceding procedures for each general service cost center.
4054. WORKSHEET J-2 - COMPUTATION OF COMMUNITY MENTAL HEALTH CENTER PROVIDER COSTS

Use this worksheet only if you operate a hospital-based CMHC. If you have more than one hospital-based outpatient rehabilitation provider, complete a separate worksheet for each facility.

4054.1 Part I - Apportionment of CMHC Cost Centers

Column 1--Enter on each line the total cost for the cost center as previously computed on Worksheet J-1, Part I, column 28. To facilitate the apportionment process, the line numbers are the same on both worksheets. Do not transfer lines 19 and 20 from Worksheet J-1.

Column 2--Enter the charges for each cost center. Obtain the charges from your records.

Column 3--For each cost center, enter the ratio derived by dividing the cost in column 1 by the charges in column 2.

Columns 4, 6, and 8--For each cost center, enter the charges from your records for the component's title V, title XVIII, and title XIX patients, respectively. Not all facilities are eligible to participate in all programs.

Columns 5, 7, and 9--For each cost center, enter the costs obtained by multiplying the charges in columns 4, 6, and 8, by the ratio in column 3.

Line 20--Enter the totals of lines 1 through 19 in columns 1, 2, and 4 through 9.

4054.2 Part II - Apportionment of Cost of CMHC Services Furnished by Shared Hospital Departments

Use this part only when the hospital complex maintains a separate department for any of the cost centers listed on this worksheet, and the department provides services to patients of the hospital's outpatient rehabilitation provider.

Column 3--For each of the cost centers listed, enter the ratio of cost to charges that is shown on Worksheet C, Part I, column 9 from the appropriate line for each cost center.

Columns 4, 6, and 8--For each cost center, enter the charges from your records for title V, title XVIII, and title XIX CMHC patients, respectively.

Columns 5, 7, and 9--For each cost center, enter the costs obtained by multiplying the charges in columns 4, 6, and 8, respectively, by the ratio in column 3.

Line 28--Enter the totals for columns 4 through 9.

Line 29--Enter the total costs from Part I, columns 5, 7, and 9, line 20 plus columns 5, 7, and 9, line 28 respectively and transfer to Worksheet J-3, line 1.

4055. WORKSHEET J-3 - CALCULATION OF REIMBURSEMENT SETTLEMENT – COMMUNITY MENTAL HEALTH CENTER PROVIDER SERVICES

Submit a separate Worksheet J-3 for each title (V, XVIII, or XIX) under which reimbursement is claimed. If you have more than one hospital-based CMHC, complete a separate worksheet for each facility.

Line 1--Enter the cost of the component's services from Worksheet J-2, Part II, line 29 from columns 5, 7, or 9, as applicable (column 5 for title V, column 7 for title XVIII, and column 9 for title XIX).
Line 2--Enter the gross PPS payments received for services rendered during the cost reporting period excluding outliers. Obtain this amount from the PS&R and/or your records.

Line 3--Enter the total outliers payments received. Obtain this amount from the PS&R and/or your records.

Line 4--Enter the amounts paid and payable by workmens’ compensation and other primary payers where program liability is secondary to that of the primary payer (from your records).

Line 5--Title XVIII CMHCs enter the result obtained by subtracting line 4 from the sum of lines 2 and 3. Titles V and XIX providers not reimbursed under PPS enter the total reasonable costs by subtracting line 4 from line 1.

Line 6--Enter the charges for the applicable program services from Worksheet J-2, sum of Parts I and II, Columns 4, 6, and 8 as appropriate, lines 20 and 28.

Lines 7 through 10--These lines provide for the reduction of program charges where the provider does not actually impose such charges (in the case of most patients liable for payment for services on a charge basis) or fails to make reasonable efforts to collect such charges from those patients. If line 9 is greater than zero, enter on line 10 the product of multiplying the ratio on line 9 by line 6.

Do not include on these lines (1) the portion of charges applicable to the excess costs of luxury items or services (see CMS Pub. 15-1, §2104.3) and (2) provider charges to beneficiaries for excess costs as described in CMS Pub. 15-1, §2570. When provider operating costs include amounts that flow from the provision of luxury items or services, such amounts are not allowable in computing reimbursable costs.

Providers which do impose these charges and make reasonable efforts to collect the charges from patients liable for payment for services on a charge basis are not required to complete lines 7, 8, and 9, but enter on line 10 the amount from line 6. (See 42 CFR 413.13(b).) In no instance may the customary charges on line 10 exceed the actual charges on line 6.

Lines 11 and 12--Lines 11 and 12 provide for the computation of the lesser of reasonable cost as defined in 42 CFR 413.13(b) or customary charges as defined in 42 CFR 413.13(e).

Enter on line 11 the excess of total customary charges (line 10) over the total reasonable cost (line 5). In situations when in any column the total charges on line 10 are less than the total cost on line 5, enter zero (0) on line 11.

Enter on line 12 the excess of total reasonable cost (line 5) over total customary charges (line 10). In situations when in any column the total cost on line 5 is less than the customary charges on line 10, enter zero (0) on line 12.

NOTE: CMHCs and providers not subject to reasonable cost reimbursement do not complete lines 11 and 12.

Line 13--Enter the total reasonable costs form line 5.

Line 14--Enter the Part B deductibles billed to program patients (from your records) excluding coinsurance amounts.

Line 16--If there is an excess of reasonable cost over customary charges, enter the amount from line 12.

Line 18--CMHCs enter 0 (zero) as these services are reimbursed under PPS. For titles V and XIX, enter 100 percent less the applicable coinsurance.
Line 19--Enter the actual coinsurance billed to program patients (from your records).

Line 20--For title XVIII, enter the difference of line 17 minus line 19. For titles V and XIX, enter the difference of line 18 minus line 19.

Line 21--Enter allowable bad debts, net of recoveries, applicable to any deductibles and coinsurance (from your records). If recoveries exceed the current year’s bad debts, line 21 will be negative.

Line 22--This line is reserved for future use.

Line 23--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 21.

Line 24--CMHCs and other provider types enter the result of line 20 plus line 21.

Line 25--Enter any other adjustment. For example, if you change the recording of vacation pay from the cash basis to the accrual basis (see CMS Pub. 15-1 §2146.4), enter the adjustment. Specify the adjustment in the space provided.

Line 26--Enter the result of line 24 plus or minus line 25.

Line 27--Enter the total interim payments applicable to this cost reporting period. For title XVIII, transfer this amount from Worksheet J-4, column 2, line 4.

Line 28--For contractor final settlement, report on this line the amount from Worksheet J-4, line 5.99.

Line 29--Enter the balance due provider/program (line 26 minus lines 27 and 28), and transfer this amount to Worksheet S, Part III, columns as appropriate, lines as appropriate.

Line 30--Enter the program reimbursement effect of nonallowable cost report items which you are disputing. Compute the reimbursement effect in accordance with §115.2. Attach a schedule showing the supporting details and computation.
Complete this worksheet for Medicare interim payments only. If you have more than one hospital-based outpatient rehabilitation provider, complete a separate worksheet for each facility.

Complete the identifying information on lines 1 through 4. The remainder of the worksheet is completed by your contractor.

Line Descriptions

Line 1--Enter the total program interim payments paid to the outpatient rehabilitation provider. The amount entered reflects the sum of all interim payments paid on individual bills (net of adjustment bills) for services rendered in this cost reporting period. The amount entered includes amounts withheld from the component's interim payments due to an offset against overpayments to the component applicable to prior cost reporting periods. It does not include any retroactive lump sum adjustment amounts based on a subsequent revision of the interim rate, or tentative or net settlement amounts, nor does it include interim payments payable.

Line 2--Enter the total program interim payments payable on individual bills. Since the cost in the cost report is on an accrual basis, this line represents the amount of services rendered in the cost reporting period, but not paid as of the end of the cost reporting period. It does not include payments reported on line 1.

Line 3--Enter the amount of each retroactive lump sum adjustment and the applicable date.

Line 4--Transfer the total interim payments to the title XVIII Worksheet J-3, line 27.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET J-4. LINES 5 THROUGH 7 ARE FOR CONTRACTOR USE ONLY.

Line 5--List separately each tentative settlement payment after desk review together with the date of payment. If the cost report is reopened after the Notice of Program Reimbursement (NPR) has been issued, report all settlement payments prior to the current reopening settlement on line 5.

Line 6--Enter the net settlement amount (balance due to the provider or balance due to the program) for the NPR, or, if this settlement is after a reopening of the NPR, for this reopening.

NOTE: On lines 3, 5, and 6, when an amount is due from the provider to the program, show the amount and date on which the provider agrees to the amount of repayment, even though total repayment is not accomplished until a later date.

Line 7--Enter the sum of the amounts on lines 4, 5.99, and 6 in column 2. The amount in column 2 must equal the amount on Worksheet J-3, line 26.

Line 8--Enter the contractor name and the contractor number in columns 1 and 2, respectively.
4057. WORKSHEET K - ANALYSIS OF PROVIDER-BASED HOSPICE COSTS

In accordance with 42 CFR 413.20, the methods of determining costs payable under title XVIII involve making use of data available from the institution's basic accounts, as usually maintained, to arrive at equitable and proper payment for services. The K series Worksheets must be completed by all hospital-based hospices. This worksheet provides for recording the trial balance of expense accounts from your accounting books and records. It also provides for reclassification and adjustments to certain accounts. The cost centers on this worksheet are listed in a manner, which facilitates the transfer of the various cost center data to the cost finding worksheets (e.g., on Worksheets K, K-4, Parts I & II, the line numbers are consistent, and the total line is set at 39). Not all of the cost centers listed apply to all providers using these forms.

Column 1--Obtain salaries to be reported from Worksheet K-1, column 9, line 3-38.

Column 2--Obtain employee benefits to be reported from Worksheet K-2 column 9, lines 3-38.

Column 3--If the transportation costs, i.e., owning or renting vehicles, public transportation expenses, or payments to employees for driving their private vehicles can be directly identified to a particular cost center, enter those costs in the appropriate cost center. If these costs are not identified to a particular cost center enter them on line 27.

Column 4--Obtain the contracted services to be reported from Worksheet K-3, col. 9, lines 3-38.

Column 5--Enter in the applicable lines all costs which have not been reported in columns 1 through 4.

Column 6--Enter the sum of columns 1 through 5 for each cost center.

Column 7--Enter any reclassifications among cost center expenses in column 6 which are needed to effect proper cost allocation. This column need not be completed by all providers, but is completed only to the extent reclassifications are needed and appropriate in the particular circumstances. Show reductions to expenses as negative amounts.

Column 8--Adjust the amounts entered in column 6 by the amounts in column 7 (increases and decreases) and extend the net balances to column 8. The total of column 8, line 39 must equal the total of column 6, line 39.

Column 9--In accordance with 42 CFR 413ff, enter on the appropriate lines the amounts of any adjustments to expenses required under Medicare principles of reimbursements. (See §4016.)

Column 10--Adjust the amounts in column 8 by the amounts in column 9, (increases or decreases) and extend the net balances to column 10.

Transfer the amount in column 10, line 1 through 38 to the corresponding lines on Worksheet K-4, Part I, column 0, lines 1 through 38.

LINE DESCRIPTIONS

Lines 1 and 2--Capital Related Cost - Buildings and Fixtures and Capital Related Cost - Movable Equipment--These cost centers should include depreciation, leases and rentals for the use of the facilities and/or equipment, interest incurred in acquiring land and depreciable assets used for patient care, insurance on depreciable assets used for patient care and taxes on land or depreciable assets used for patient care.
Do not include in these cost centers the following costs: costs incurred for the repair or maintenance of equipment or facilities; amounts included in the rentals or lease or lease payments for repair and/or maintenance agreements; interest expense incurred to borrow working capital or for any purpose other than the acquisition of land or depreciable assets used for patient care; general liability of depreciable assets; or taxes other than those assessed on the basis of some valuation of land or depreciable assets used for patient care.

**Line 3--Plant Operation and Maintenance**--This cost center contains the direct expenses incurred in the operation and maintenance of the plant and equipment, maintaining general cleanliness and sanitation of plant, and protecting the employees, visitors, and agency property.

Plant Operation and Maintenance include the maintenance and service of utility systems such as heat, light, water, air conditioning and air treatment. This cost center also includes the cost of maintenance and repair of building, parking facilities and equipment, painting, elevator maintenance, performance of minor renovation of buildings, and equipment. The maintenance of grounds such as landscape and paved areas, streets on the property, sidewalk, fenced areas, fencing, external recreation areas and parking facilities are part of this cost center. The care or cleaning of the interior physical plant, including the care of floors, walls, ceilings, partitions, windows (inside and outside), fixtures and furnishings, and emptying of trash containers, as well as the costs of similar services purchased from an outside organization which maintains the safety and well-being of personnel, visitors and the provider’s facilities, are all included in this cost center.

**Line 4--Transportation-Staff**--Enter all of the cost of transportation except those costs previously directly assigned in column 3. This cost is allocated during the cost finding process.

**Line 5--Volunteer Service Coordination**--Enter all of the cost associated with the coordination of service volunteers. This includes recruitment and training costs.

**Line 6--Administrative and General**--Use this cost center to record expenses of several costs which benefit the entire facility. If the option to componentize (also known as fragmentation or subscripting) administrative and general costs into more than one cost center is elected, eliminate line 6. Componentized A&G lines must begin with subscripted line 6.01 and continue in sequential order (i.e., 6.01 A&G shared costs, 6.02 A&G reimbursable costs, etcetera) Examples include fiscal services, legal services, accounting, data processing, taxes, and malpractice costs.

**Line 7--Inpatient - General Care**--This cost center includes costs applicable to patients who receive this level of care because their condition is such that they can no longer be maintained at home. Generally, they require pain control or management of acute and severe clinical problems which cannot be managed in other settings. The costs incurred on this line are those direct costs of furnishing routine and ancillary services associated with inpatient general care for which other provisions are not made on this worksheet.

Costs incurred by a hospice in furnishing direct patient care services to patients receiving general inpatient care either directly from the hospice or under a contractual arrangement in an inpatient facility is to be included in the visiting service costs section.

For a hospice that maintains its own inpatient beds, these costs include (but are not limited to) the costs of furnishing 24 hours nursing care within the facility, patient meals, laundry and linen services, and housekeeping. Plant operation and maintenance cost would be recorded on line 3.

For a hospice that does not maintain its own inpatient beds, but furnishes inpatient general care through a contractual arrangement with another facility, record contracted/purchased costs on Worksheet K-3. Do not include any costs associated with providing direct patient care. These costs are recorded in the visiting services section.
Line 8--Inpatient - Respite Care--This cost center includes costs applicable to patients who receive this level of care on an intermittent, nonroutine and occasional basis. The costs included on this line are those direct costs of furnishing routine and ancillary services associated with inpatient respite care for which other provisions are not made on this worksheet. Costs incurred by the hospice in furnishing direct patient care services to patients receiving inpatient respite care either directly by the hospice or under a contractual arrangement in an inpatient facility are to be included in visiting service costs section.

For a hospice that maintains its own inpatient beds, these costs include (but are not limited to) the costs of furnishing 24 hours nursing care within the facility, patient meals, laundry and linen services and housekeeping. Plant operation and maintenance costs would be recorded on line 3.

For a hospice that does not maintain its own inpatient beds, but furnishes inpatient respite care through a contractual arrangement with another facility, record contracted/purchased costs on Worksheet K-3. Do not include any costs associated with providing direct patient care. These costs are recorded in the visiting service costs section.

Line 9--Physician Services--In addition to the palliation and management of terminal illness and related conditions, hospice physician services also include meeting the general medical needs of the patients to the extent that these needs are not met by the attending physician. The amount entered on this line includes costs incurred by the hospice or amounts billed through the hospice for physicians’ direct patient care services.

Line 10--Nursing Care--Generally, nursing services are provided as specified in the plan of care by or under the supervision of a registered nurse at the patient’s residence.

Line 11--Nursing Care-Continuous Home Care--Enter the continuous home care portion of costs for nursing services provided by a registered nurse, licensed practical nurse, or licensed vocational nurse as specified in the plan of care by or under the supervision of a registered nurse at the patient’s residence.

Line 12--Physical Therapy--Physical therapy is the provision of physical or corrective treatment of bodily or mental conditions by the use of physical, chemical, and other properties of heat, light, water, electricity, sound massage, and therapeutic exercise by or under the direction of a registered physical therapist as prescribed by a physician. Therapy and speech-language pathology services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 13--Occupational Therapy--Occupational therapy is the application of purposeful goal-oriented activity in the evaluation, diagnostic, for the persons whose function is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, and to maintain health. Therapy and speech-language pathology services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 14--Speech/Language Pathology--These are physician-prescribed services provided by or under the direction of a qualified speech–language pathologist to those with functionally impaired communications skills. This includes the evaluation and management of any existing disorders of the communication process centering entirely, or in part, on the reception and production of speech and language related to organic and/or nonorganic factors. Therapy and speech-language pathology services may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skills.

Line 15--Medical Social Services--This cost center includes only direct expenses incurred in providing Medical Social Services. Medical Social Services consist of counseling and assessment activities, which contribute meaningfully to the treatment of a patient’s condition. These services must be provided by a qualified social worker, under the direction of a physician.
Lines 16 - 18--Counseling--Counseling Services must be available to both the terminally ill individual and family members or other persons caring for the individual at home. Counseling, including dietary counseling, may be provided both for the purpose of training the individual's family or other care giver to provide care, and for the purpose of helping the individual and those caring for him or her to adjust to the individual's approaching death. This includes dietary, spiritual, and other counseling services provided while the individual is enrolled in the hospice. Costs associated with the provision of such counseling are accumulated in the appropriate counseling cost center. Costs associated with bereavement counseling are recorded on line 35.

Line 19--Home Health Aide And Homemaker--Enter the cost of home health aide and homemaker services. Home health aide services are provided under the general supervision of a registered professional nurse and may be provided by only individuals who have successfully completed a home health aide training and competency evaluation program or competency evaluation program as required in 42 CFR 484.36.

Home health aides may provide personal care services. Aides may also perform household services to maintain a safe and sanitary environment in areas of the home used by the patient, such as changing the bed or light cleaning and laundering essential to the comfort and cleanliness of the patient.

Homemaker services may include assistance in personal care, maintenance of a safe and healthy environment and services to enable the individual to carry out the plan of care.

Line 20--Home Health Aide and Homemaker-Continuous Home Care--Enter the continuous care portion of cost for home health aide and/or homemaker services provided as specified in the plan of care and under the supervision of a registered nurse.

Line 21--Other-- Enter on this line any other visiting cost which can not be appropriately identified in the services already listed.

Line 22--Drugs, Biological and Infusion Therapy--Only drugs as defined in §1861(t) of the Act and which are used primarily for the relief of pain and symptom control related to the individual's terminal illness are covered. The amount entered on this line includes costs incurred for drugs or biologicals provided to the patients while at home. If a pharmacist dispenses prescriptions and provides other services to patients while the patient is both at home and in an inpatient unit, a reasonable allocation of the pharmacist cost must be made and reported respectively on line 22 (drugs and Biologicals) and line 7 (Inpatient General Care) or line 8 (Inpatient Respite Care) of Worksheet K.

A hospice may, for example, use the number of prescriptions provided in each setting to make that allocation, or may use any other method that results in a reasonable allocation of the pharmacist’s cost in relation to the service rendered.

Infusion therapy may be used for palliative purposes if you determine that these services are needed for palliation. For the purposes of a hospice, infusion therapy is considered to be the therapeutic introduction of a fluid other than blood, such as saline solution, into a vein.

Line 23--Analgesics--Enter the cost of analgesics.

Line 24--Sedatives/Hypnotics--Enter the cost of sedatives/hypnotics.

Line 25--Other Specify--Specify the type and enter the cost of any other drugs which cannot be appropriately identified in the drug cost center already listed.
Line 26--Durable Medical Equipment/Oxygen--Durable medical equipment as defined in 42 CFR 410.38 as well as other self-help and personal comfort items related to the palliation or management of the patient’s terminal illness are covered. Equipment is provided by the hospice for use in the patient’s home while he or she is under hospice care.

Line 27--Patient Transportation--Enter all of the cost of transportation except those costs previously directly assigned in column 3. This cost is allocated during the cost finding process.

Line 28--Imaging Services--Enter the cost of imaging services including MRI.

Line 29--Labs and Diagnostics--Enter the cost of laboratory and diagnostic tests.

Line 30--Medical Supplies--The cost of medical supplies reported in this cost center are those costs which are directly identifiable supplies furnished to individual patients. These supplies are generally specified in the patient's plan of treatment and furnished under the specific direction of the patient's physician.

Line 31--Outpatient Service--Use this line for any outpatient services costs not captured elsewhere. This cost can include the cost of an emergency room department.

Lines 32 - 33--Radiation Therapy and Chemotherapy--Radiation, chemotherapy and other modalities may be used for palliative purposes if you determine that these services are needed for palliation. This determination is based on the patient’s condition and your care giving philosophy.

Line 34--Other--Enter any additional costs involved in providing visiting services which has not been provided for in the previous lines.

Lines 35 - 38--Hospice Non Reimbursable Service--Enter in the appropriate lines the applicable costs. Bereavement program costs consists of counseling services provided to the individual’s family after the individual’s death. In accordance with §1814 (i)(1)(A) of the Social security Act bereavement counseling is a required hospice service, but it is not reimbursable.

Line 39--Total--Line 39 column 10, should agree with Worksheet A, line 116, column 7.

4058. WORKSHEET K-1 - COMPENSATION ANALYSIS - SALARIES AND WAGES

Enter all salaries and wages for the hospice on this worksheet for the actual work performed within the specific area or cost center in accordance with the column headings. For example, if the administrator also performs visiting services which account for 25 percent of that person's time, then enter 75 percent of the administrator's salary on line 6 (A&G) and 25 percent of the administrator's salary enter on line 10 (nursing care).

The records necessary to determine the split in salary between two or more cost centers must be maintained by the hospice and must adequately substantiate the method used to split the salary. These records must be available for audit by the contractor and the contractor can accept or reject the method used to determine the split in salary. When approval of a method has been requested in writing and this approval has been received prior to the beginning of a cost reporting period, the approved method remains in effect for the requested period and all subsequent periods until you request in writing to change to another method or until the contractor determines that the method is no longer valid due to changes in your operations.
Definitions

Salary--This is gross salary paid to the employee before taxes and other items are withheld, includes deferred compensation, overtime, incentive pay, and bonuses. (See CMS Pub. 15-1, Chapter 21.)

Administrator (Column 1)--

Possible Titles: President, Chief Executive Officer

Duties: This position is the highest occupational level in the agency. This individual is the chief management official in the agency. The administrator develops and guides the organization by taking responsibility for planning, organizing, implementing, and evaluating. The administrator is responsible for the application and implementation of established policies. The administrator may act as a liaison among the governing body, the medical staff, and any departments.

The administrator provides for personnel policies and practices that adequately support sound patient care and maintains accurate and complete personnel records. The administrator implements the control and effective utilization of the physical and financial resources of the provider.

Director (Column 2)--

Possible Titles: Medical Director, Director of Nursing, or Executive Director

Duties: The medical director is responsible for helping to establish and assure that the quality of medical care is appraised and maintained. This individual advises the chief executive officer on medical and administrative problems and investigates and studies new developments in medical practices and techniques.

The nursing director is responsible for establishing the objectives for the department of nursing. This individual administers the department of nursing and directs and delegates management of professional and ancillary nursing personnel.

Medical Social Worker (Column 3)--This individual is a person who has at least a bachelor's degree from a school accredited or approved by the council of social work education. These services must be under the direction of a physician and must be provided by a qualified social worker.

Supervisors (Column 4)--Employees in this classification are primarily involved in the direction, supervision, and coordination of the hospice activities.

When a supervisor performs two or more functions, e.g., supervision of nurses and home health aides, the salaries and wages must be split in proportion with the percent of the supervisor's time spent in each cost center, provided the hospice maintains the proper records (continuous time records) to support the split. If continuous time records are not maintained by the hospice, enter the entire salary of the supervisor on line 6 (A&G) and allocate to all cost centers through stepdown. However, if the supervisor's salary is all lumped in one cost center, e.g., nursing care, and the supervisor's title coincides with this cost center, e.g., nursing supervisor, no adjustment is required.

Total Therapists (Column 6)--Include in column 6, on the line indicated, the cost attributable to the following services:

- Physical therapy  - line 12
- Occupational therapy  - line 13
- Speech pathology  - line 14
Therapy and speech-language pathology may be provided for purposes of symptom control or to enable the individual to maintain activities of daily living and basic functional skill.

Physical therapy is the provision of physical or corrective treatment of bodily or mental conditions by the use of physical, chemical, and other properties of heat, light, water, electricity, sound, massage, and therapeutic exercise by or under the direction of a registered physical therapist as prescribed by a physician.

Occupational therapy is the application of purposeful, goal-oriented activity in the evaluation, diagnosis, and/or treatment of persons whose ability to work is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, or the aging process, in order to achieve optimum functioning, to prevent disability, and to maintain health.

Speech-language pathology is the provision of services to persons with impaired functional communications skills by or under the direction of a qualified speech-language pathologist as prescribed by a physician. This includes the evaluation and management of any existing disorders of the communication process centering entirely, or in part, on the reception and production of speech and language related to organic and/or nonorganic factors.

Aides (Column 7)--Included in this classification are specially trained personnel employed for providing personal care services to patients. These employees are subject to Federal wage and hour laws. This function is performed by specially trained personnel who assist individuals in carrying out physician instructions and established plans of care. The reason for the home health aide services must be to provide hands-on, personal care services under the supervision of a registered professional nurse.

Aides may provide personal care services and household services to maintain a safe and sanitary environment in areas of the home used by the patient, such as changing the bed or light cleaning and laundering essential to the comfort and cleanliness of the patient. Additional services include, but are not limited to, assisting the patient with activities of daily living.

All Other (Column 8)--Employees in this classification are those not included in columns 1 - 7. Included in this classification are dietary, spiritual, and other counselors. Counseling Services must be available to both the terminally ill individual and the family members or other persons caring for the individual at home. Counseling, including dietary counseling, may be provided both for the purpose of training the individual's family or other care giver to provide care, and for the purpose of helping the individual and those caring for him or her to adjust to the individual's approaching death. This includes dietary, spiritual and other counseling services provided while the individual is enrolled in the hospice.

Total (Column 9)--Add the amounts of each cost center, columns 1 through 8, and enter the total in column 9. Transfer these totals to Worksheet K, column 1, lines as applicable. To facilitate transferring amounts from Worksheet K-1 to Worksheet K, the same cost centers with corresponding line numbers are listed on both worksheets. Not all of the cost centers are applicable to all agencies. Therefore, use only those cost centers applicable to your hospice.

4059. WORKSHEET K-2 - COMPENSATION ANALYSIS – EMPLOYEE BENEFITS (PAYROLL RELATED)

Enter all payroll-related employee benefits for the hospice on this worksheet. See CMS Pub. 15-1, Chapter 20, for a definition of fringe benefits. Use the same basis as that used for reporting salaries and wages on Worksheet K-1. Therefore, using the same example as given for Worksheet K-1, enter
75 percent of the administrator's payroll-related fringe benefits on line 6 (A&G) and enter 25 percent of the administrator's payroll-related fringe benefits on line 10 (nursing care). Payroll-related employee benefits must be reported in the cost center in which the applicable employee's compensation is reported.

This assignment can be performed on an actual basis or the following basis:

- FICA - actual expense by cost center;
- Pension and retirement and health insurance (nonunion) (gross salaries of participating individuals by cost center);
- Union health and welfare (gross salaries of participating union members by cost center);
  and
- All other payroll-related benefits (gross salaries by cost center). Include non payroll-related employee benefits in the A&G cost center, e.g., cost for personal education, recreation activities, and day care.

Add the amounts of each cost center, columns 1 through 8, and enter the total in column 9. Transfer these totals to Worksheet K, column 2, corresponding lines. To facilitate transferring amounts from Worksheet K-2 to Worksheet K, the same cost centers with corresponding line numbers are listed on both worksheets.

4060. WORKSHEET K-3 - HOSPICE COMPENSATION ANALYSIS - CONTRACTED SERVICES/PURCHASED SERVICES.

The hospice may contract with another entity for the provision of non-core hospice services. However, nursing care, medical social services and counseling are core hospice services and must routinely be provided directly by hospice employees. Supplemental services may be contracted in order to meet unusual staffing needs that cannot be anticipated and that occur so infrequently it would not be practical to hire additional staff to fill these needs. You may also contract to obtain physician specialty services. If contracting is used for any services, maintain professional, financial and administrative responsibility for the services and assure that all staff meet the regulatory qualification requirements.

Enter on this worksheet all contracted and/or purchased services for the hospice. Enter the contracted/purchased cost on the appropriate cost center line within the column heading which best describes the type of services purchased. Costs associated with contracting for general inpatient or respite care would be recorded on this worksheet. For example, where physical therapy services are purchased, enter the contract cost of the therapist in column 6, line 12. If a contracted/purchased service covers more than one cost center, then the amount applicable to each cost center is included on each affected cost center line. Add the amounts of each cost center, columns 1 through 8, and enter the total in column 9. Transfer these totals to Worksheet K, column 4, corresponding lines. To facilitate transferring amounts from Worksheet K-3 to Worksheet K, the same cost centers with corresponding line numbers are listed on both worksheets.
Worksheet K-4 provides for the allocation of the expenses of each general service cost center to those cost centers, which receive the services. The cost centers serviced by the general service cost centers include all cost centers within the provider organization, i.e., other general service cost centers, reimbursable cost centers, nonreimbursable cost centers. Obtain the total direct expenses from Worksheet K, column 10. To facilitate transferring amounts from Worksheet K to Worksheet K-4, Part I, the same cost centers with corresponding line numbers (lines 3 through 39) are listed on both worksheets.

Worksheet K-4, Part II, provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet K-4, Part I.

To facilitate the allocation process, the general format of Worksheets K-4, Parts I & II are identical. The column and line numbers for each general service cost center are identical on the two worksheets. In addition, the line numbers for each general, reimbursable, nonreimbursable, and special purpose cost centers are identical on the two worksheets. The cost centers and line numbers are also consistent with Worksheets K, K-1, K-2, and K-3.

The statistical bases shown at the top of each column on Worksheet K-4, Part II are the recommended bases of allocation of the cost centers indicated. If a different basis of allocation is used, the provider must indicate the basis of allocation actually used at the top of the column.

Most cost centers are allocated on different statistical bases. However, for those cost centers where the basis is the same (e.g., square feet), the total statistical base over which the costs are to be allocated will differ because of the prior elimination of cost centers that have been closed.

Close the general service cost centers in accordance with 42 CFR 413.24(d)(1) which states, in part, that the cost of nonrevenue-producing cost centers serving the greatest number of other centers, while receiving benefits from the least number of centers, is apportioned first. This is clarified in CMS Pub. 15-1, §2306.1, which further clarify the order of allocation for stepdown purposes. Consequently, first close those cost centers that render the most services to and receive the least services from other cost centers. The cost centers are listed in this sequence from left to right on the worksheet. However, the circumstances of an agency may be such that a more accurate result is obtained by allocating to certain cost centers in a sequence different from that followed on these worksheets.

NOTE: A change in order of allocation and/or allocation statistics is appropriate for the current fiscal year cost if received by the contractor, in writing, within 90 days prior to the end of that fiscal year. The contractor has 60 days to make a decision or the change is automatically accepted. The change must be shown to more accurately allocate the overhead or, if the allocation is accurate, it should be changed due to simplification of maintaining the statistics. If a change in statistics is made, the provider must maintain both sets of statistics until an approval is made. If both sets are not maintained and the request is denied, the provider reverts back to the previously approved methodology. The provider must include with the request all supporting documentation and a thorough explanation of why the alternative approach should be used. (See CMS Pub. 15-1, §2313.)

If the amount of any cost center on Worksheet K, column 10, has a credit balance, show this amount as a credit balance on Worksheet K-4, Part I, column 0. Allocate the costs from the applicable overhead cost centers in the normal manner to the cost center showing a credit balance. After
receiving costs from the applicable overhead cost centers, if a general service cost center has a credit balance at the point it is allocated, do not allocate the general service cost center. Rather, enter the credit balance on the first line of the column and on line 39. This enables column 6, line 39, to crossfoot to columns 0 and 5A, line 39. After receiving costs from the applicable overhead cost centers, if a revenue producing cost center has a credit balance on Worksheet K-4, Part I, column 6, do not carry forward a credit balance to any worksheet.

On Worksheet K-4, Part II, enter on the first line in the column of the cost center the total statistics applicable to the cost center being allocated (e.g., in column 1, capital-related cost - buildings and fixtures, enter on line 1 the total square feet of the building on which depreciation was taken). Use accumulated cost for allocating administrative and general expenses.

Such statistical base does not include any statistics related to services furnished under arrangements except where both Medicare and non-Medicare costs of arranged-for services are recorded in your records.

For all cost centers (below the cost center being allocated) to which the service rendered is being allocated, enter that portion of the total statistical base applicable to each.

The total sum of the statistical base applied to each cost center receiving the services rendered must equal the total statistics entered on the first line.

Enter on Worksheet K-4, Part II, line 39, the total expenses of the cost center to be allocated. Obtain this amount from Worksheet K-4, Part I from the same column and line number of the same column. In the case of capital-related costs - buildings and fixtures, this amount is on Worksheet K-4, Part I, column 1, line 1.

Divide the amount entered on line 39 by the total statistical base entered in the same column on the first line. Enter the resulting unit cost multiplier on line 40. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistical base applicable to each cost center receiving the services rendered. Enter the result of each computation on Worksheet K-4, Part I in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving costs, the total expenses (line 39) of all of the cost centers receiving the allocation on Worksheet K-4, Part I, must equal the amount entered on the first line of the cost center being allocated.

The preceding procedures must be performed for each general service cost center. Each cost center must be completed on Worksheets K-4, Part I & II before proceeding to the next cost center.

After all the costs of the general service cost centers have been allocated on Worksheet K-4, Part I, enter in column 7 the sum of the expenses on lines 7 through 38. The total expenses entered in column 7, line 39, must equal the total expenses entered in column 0, line 39.

Column Descriptions

**Column 1** -- Depreciation on buildings and fixtures and expenses pertaining to buildings and fixtures such as insurance, interest, rent, and real estate taxes are combined in this cost center to facilitate cost allocation.
Allocate all expenses to the cost centers on the basis of square feet of area occupied. The square footage may be weighted if the person who occupies a certain area of space spends their time in more than one function. For example, if a person spends 10 percent of time in one function, 20 percent in another function, and 70 percent in still another function, the square footage may be weighted according to the percentages of 10 percent, 20 percent, and 70 percent to the applicable functions.

Column 2--Allocate all expenses (e.g., interest, and personal property tax) for movable equipment to the appropriate cost centers on the basis of square feet of area occupied or dollar value.

Column 4--The cost of vehicles owned or rented by the agency and all other transportation costs which were not directly assigned to another cost center on Worksheet K, column 3, is included in this cost center. Allocate this expense to the cost centers to which it applies on the basis of miles applicable to each cost center.

This basis of allocation is not mandatory and a provider may use weighted trips rather than actual miles as a basis of allocation for transportation costs, which are not directly assigned. However, a hospice must request the use of the alternative method in accordance with CMS Pub. 15-1, §2313. The hospice must maintain adequate records to substantiate the use of this allocation.

Column 6--The A&G expenses are allocated on the basis of accumulated costs after reclassifications and adjustments.

Therefore, obtain the amounts to be entered on Worksheet K-4, Part II, column 6, from Worksheet K-4, Part I, columns 0 through 5.

A negative cost center balance in the statistics for allocating A&G expenses causes an improper distribution of this overhead cost center. Negative balances are excluded from the allocation statistics when A&G expenses are allocated on the basis of accumulated cost.

A&G costs applicable to contracted services may be excluded from the total cost (Worksheet K-4, Part I, column 0) for purposes of determining the basis of allocation (Worksheet K-4, Part II, column 5) of the A&G costs. This procedure may be followed when the hospice contracts for services to be performed for the hospice and the contract identifies the A&G costs applicable to the purchased services.

The contracted A&G costs must be added back to the applicable cost center after allocation of the hospice A&G cost before the reimbursable costs are transferred to Worksheet K-5. A separate worksheet must be included to display the breakout of the contracted A&G costs from the applicable cost centers before allocation and the adding back of these costs after allocation. Contractor approval does not have to be secured in order to use the above described method of cost finding for A&G.

Worksheet K-4, Part II, Column 6A--Enter the costs attributable to the difference between the total accumulated cost reported on Worksheet K-4, Part I, column 5A, line 39 and the accumulated cost reported on Worksheet K-4, Part II, column 6, line 6. Enter any amounts reported on Worksheet K-4, Part I, column 5A for (1) any service provided under arrangements to program patients only that is not grossed up and (2) negative balances. Including these costs in the statistics for allocating administrative and general expenses causes an improper distribution of overhead.

In addition, report on line 6 the administrative and general costs reported on Worksheet K-4, Part I, column 6, line 6 since these costs are not included on Worksheet K-4, Part II, column 6 as an accumulated cost statistic.
The accumulated cost center line number must match the reconciliation column number. Include in the column number the alpha character "A", i.e., if the accumulated cost center for A&G is line 6 (A&G), the reconciliation column designation must be 6A.

Worksheet K-4, Part II, Column 6--The administrative and general expenses are allocated on the basis of accumulated costs. Therefore, enter the amount from Worksheet K-4, Part I, column 5A.

**WORKSHEET K-5 - ALLOCATION OF GENERAL SERVICE COSTS TO HOSPICE COST CENTERS**

This worksheet distributes the hospital’s overhead to the specific cost centers of the hospice.

**Part I - Allocation of General Service Costs to Hospice Cost Centers.**--Worksheet K-5, Part I, provides for the allocation of the expenses of each general service cost center of the hospital to those cost centers which receive the services. Worksheet K-5, Part II, provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet K-5, Part I.

Obtain the direct total expenses (column 0, lines 2 through 33) from worksheet K-4 Part I, lines 7 through 38. The amounts on columns 0 through 22 and column 24, line 34 must agree with the corresponding amounts on Worksheet B, Part I, columns 0 through 22 and column 24, line 116.

In column 23, enter the total of columns 4A through 22.

In column 26, for lines 2 through 33, multiply the amount in column 25 by the unit cost multiplier on line 35, and enter the result in this column. On line 34, enter the total of the amounts on lines 2 through 33. The total on line 34 equals the amount in column 25, line 1.

In column 27, enter on lines 2 through 33 the sum of columns 25 and 26. The total on line 34 equals the total in column 25, line 34.

**Part II - Allocation of General Service Costs to Hospice Cost Centers - Statistical Basis.**--To facilitate the allocation process, the general format of Worksheet K-5, Parts I and II, is identical.

The statistical basis shown at the top of each column on Worksheet K-5, Part II, is the recommended basis of allocation of the cost center indicated.

**NOTE:** If you wish to change your allocation basis for a particular cost center, you must make a written request to your contractor for approval of the change and submit reasonable justification for such change prior to the beginning of the cost reporting period for which the change is to apply. The effective date of the change is the beginning of the cost reporting period for which the request has been made. (See CMS Pub. 15-1, §2313.)

If there is a change in ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, §2313.)

Lines 1 through 33--On Worksheet K-5, Part II, for all cost centers to which the general service cost center is being allocated, enter that portion of the total statistical base applicable to each.

Line 34--Enter the total of lines 1 through 33 for each column. The total in each column must be the same as shown for the corresponding column on Worksheet B-1, line 116.
Line 35--Enter the total expenses for the cost center allocated. Obtain this amount from Worksheet B, Part I, columns as indicated, line 116.

Line 36--Enter the unit cost multiplier which is obtained by dividing the cost entered on line 35 by the total statistic entered in the same column on line 34. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services. Enter the result of each computation on Worksheet K-5, Part I, in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving the services, the total cost (Part I, line 34) must equal the total cost on line 34, Part II.

Perform the preceding procedures for each general service cost center.

4062.3 Part III - Computation of the Total Hospice Shared Costs.--This worksheet provides for the shared therapy, drugs, or medical supplies from the hospital to the hospice.

Column Description

Column 1--Where applicable, enter in column 1 the cost to charge ratio from Worksheet C, Part I column 9, lines as indicated.

Column 2--Where hospital departments provides services to the hospice, enter on the appropriate lines the charges, from the provider’s records, applicable to the hospital-based hospice.

Column 3--Multiply the amount in column 2 by the ratios in column 1 and enter the result in column 3.

Line 11--Sum of column 3 lines 1 through 10.

4063. WORKSHEET K-6 - CALCUALTION HOSPICE OF PER DIEM COST

Worksheet K-6 calculates the average cost per day for a hospice patient. It is only an average and should not be misconstrued as the absolute.

Line 1--Transfer the total cost from Worksheet K-5, Part I, column 27, line 34 less column 27, line 33, plus Worksheet K-5, Part III, column 3 line 11. This line reflects the true cost including shared cost and excluding any non-hospice related activity.

Line 2--Enter the total unduplicated days from Worksheet S-9, column 6, line 5.

Line 3--Calculate the aggregate cost per day by dividing the total cost from line 1 by the total number of days from line 2.

Line 4--Enter the unduplicated Medicare days from Worksheet S-9, column 1, line 5.

Line 5--Calculate the aggregate Medicare cost by multiplying the average cost from column 4, line 3 by the number of unduplicated Medicare days on column 1, line 4 to arrive at the average Medicare cost.

Line 6--Enter the unduplicated Medicaid days from Worksheet S-9, column 2, line 5.
Line 7--Calculate the aggregate Medicaid cost by multiplying the average cost from line 3 by the number of unduplicated Medicaid days on line 6 to arrive at the average Medicaid cost.

Line 8--Enter the unduplicated SNF days from Worksheet S-9, column 3, line 5.

Line 9--Calculate the aggregate SNF cost by multiplying the average cost from line 3 by the number of unduplicated SNF days on line 8 to arrive at the average SNF cost.

Line 10--Enter the unduplicated NF days from Worksheet S-9, column 4, line 5.

Line 11--Calculate the aggregate NF cost by multiplying the average cost from line 3 by the number of unduplicated NF days on line 10 to arrive at the average NF cost.

Line 12--Enter the unduplicated Other days from Worksheet S-9, column 5, line 5.

Line 13--Enter the Aggregate cost for other days by multiplying the average cost from line 3 by the number of unduplicated Other days on line 12 to arrive at the average other cost.
4064. WORKSHEET L - CALCULATION OF CAPITAL PAYMENT

Worksheet L, Parts I through III, calculate program settlement for PPS inpatient hospital capital-related costs in accordance with the final rule for payment of capital-related costs on a prospective payment system pursuant to 42 CFR 412, Subpart M. (See the August 30, 1991 Federal Register.) Only provider components paid under IPPS complete this worksheet.

Worksheet L consists of the following four parts:

   Part I - Fully Prospective Method
   Part II - Payment Under Reasonable Cost
   Part III - Computation of Exception Payments

COMPLETE ONLY PART I, II, OR III.

At the top of the worksheet, indicate by checking the applicable boxes the health care program, provider component, and the IPPS capital payment method for which the worksheet is prepared.

4064.1 Part I - Fully Prospective Method.--This part computes settlement under the fully prospective method only, as defined in 42 CFR 412.340. Use the fully prospective method for IPPS capital settlement when the hospital's base year hospital-specific rate is below the adjusted Federal rate and for IPPS hospitals with cost reporting periods beginning after the capital PPS transition.

Line Descriptions

Line 1--Enter the amount of the Federal rate portion of the capital DRG payments for other than outlier during the period.

Line 2--Enter the amount of the Federal rate portion of the capital outlier payments made for PPS discharges during the period. (See 42 CFR 412.312(c).)

Indirect Medical Education Adjustment

Lines 3 - 6

Line 3--Enter the result of dividing the sum of total patient days (Worksheet S-3, Part I, column 8, lines T4 and 30) by the number of days in the cost reporting period (365 or 366 in case of leap year). Do not include statistics associated with an excluded unit (subprovider).

NOTE: Reduce total patient days by nursery days (Worksheet S-3, Part I, column 8, line 13), and swing bed days (Worksheet S-3, Part I, column 8, lines 5 and 6).

Line 4--Obtain the intern and resident amount from Worksheet E, Part A, line 18. In addition, if the hospital received additional IME FTE resident cap slots under 42 CFR §413.79(c)(4) (Worksheet S-2, Part I, line 60, column 2, is “Y”) add the amount reported on Worksheet E, Part A, line 25.

Line 5--Enter the result of the following calculation: \( \left\{ e^{2.822 \times \text{line 4/line 3}} \right\} - 1 \) where \( e = 2.71828 \). (See 42 CFR 412.322(a)(3) for limitation of the percentage of I&Rs to average daily census. Line 4 divided by line 3 cannot exceed 1.5.

Line 6--Multiply line 5 by the sum of lines 1 and 2.
Capital Disproportionate Share Adjustment

Lines 7 - 11

Enter the amount of the Federal rate portion of the additional capital payment amounts relating to the disproportionate share adjustment. Complete these lines if you answered yes to line 45 on Worksheet S-2. (See 42 CFR 412.312(b)(3).) For hospitals qualifying for disproportionate share in accordance with 42 CFR 412.106(c)(2) (Pickle amendment hospitals), do not complete lines 7 through 9, and enter 11.89 percent on line 10.

Line 7--Enter the percentage of SSI recipient patient days (from your contractor or your records) to Medicare Part A patient days. This amount agrees with the amount reported on Worksheet E, Part A, line 30.

Line 8--Enter the percentage resulting from the calculation of Medicaid patient days (Worksheet S-3, Part I, column 7, line 14 plus line 2, plus Worksheet S-3, Part I, column 7, line 32, minus the sum of lines 5 and 6) to total days reported on Worksheet S-3, column 8, line 14 plus Worksheet S-3, Part I, line 32, column 8 minus the sum of lines 5 and 6. Increase total patient days by any employee discount days reported on worksheet S-3, Part I, column 8, line 30. This amount agrees with the amount reported on Worksheet E, Part A, line 31.

Line 9--Add lines 7 and 8, and enter the result.

Line 10--Enter the percentage that results from the following calculation: \((e^{0.2025 \times 9}) - 1\) where \(e\) equals 2.71828.

Line 11--Multiply line 10 by the sum of lines 1 and 2 and enter the result.

Line 12--Enter the sum of lines 1, 2, 6 and 11. For title XVIII, transfer this amount to Worksheet E, Part A, line 50.

4064.2 Part II - Payment Under Reasonable Cost.--This part computes capital settlement under reasonable cost principles subject to the reduction pursuant to 42 CFR 412.324(b). Use the reasonable cost method for capital settlement determinations for new providers under 42 CFR 412.324(b) for the first two years or for titles V or XIX determinations, if applicable. This part may also be completed for cost reporting periods beginning on or after October 1, 2002, for the first two years for new providers under 42 CFR 412.304(c)(2)(i) (response to Worksheet S-2, line 47, column 1 is “Y” and column 2 is “N”).

Line Descriptions

Line 1--Enter the amount of program inpatient routine service capital costs. This amount is the sum of the program inpatient routine capital costs from the appropriate Worksheet D, Part I, column 7, sum of the amounts on lines 30 through 35 and 43 for the hospital (lines 40 through 42 as applicable for the subprovider).

Line 2--Enter the amount of program inpatient ancillary capital costs. This amount is the sum of the amounts of program inpatient ancillary capital costs from the appropriate Worksheet D, Part II, column 5, line 200.

Line 3--Enter the sum of lines 1 and 2.

Line 4--Enter a reduction factor of 85 percent.

Line 5--Multiply line 3 by line 4. For title XVIII, transfer the amount to Worksheet E, Part A, line 50.

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Part III - Computation of Exception Payments.--This part computes minimum payment levels by class of provider with an additional special exception payment for hospitals paid under the fully prospective method pursuant to 42 CFR 412.348. Complete this part only if the provider component completed Part I of this worksheet. Complete this part only if the provider qualifies for the special exceptions payment pursuant to 42 CFR 412.348(g) (the facility indicates “Y” to question 46 on worksheet S-2).

Line 1--Enter the amount of program inpatient routine service and ancillary service capital costs. This amount is the sum of the program inpatient routine service capital costs from the appropriate Worksheet D, Part I, column 7, sum of lines 30 through 35 and 43 for the hospital, lines 40 through 42, as applicable for the subprovider, and program inpatient ancillary service capital costs from Worksheet D, Part II, column 5, line 200.

Line 2--Enter program inpatient capital costs for extraordinary circumstances as provided by 42 CFR 412.348(g), if applicable, from Worksheet L-1, sum of Part II, column 7, sum of lines 30 through 35 and 43 for the hospital; lines 40 through 42, as applicable for the subproviders; and Part III, column 5, line 200.

Line 3--Enter line 1 less line 2.

Line 4--Enter the appropriate minimum payment level percentage: The minimum payment levels for portions of cost reporting periods beginning on or after October 1, 2001 are:

- SCHs (located in either an urban or a rural area) - 90 percent;
- Urban hospitals with at least 100 beds and a disproportionate patient percentage of at least 20.2 percent - 80 percent; and
- All other hospitals - 70 percent.

For providers that qualify for the special exceptions payment pursuant to 42 CFR 412.348(g) the appropriate minimum payment level is 70 percent.

The minimum payment levels in subsequent transition years will be revised, if necessary, to keep total payments under the exceptions process at no more than 10 percent of capital prospective payments.

If you were an SCH during a portion of the cost reporting period, compute the minimum payment level percentage by dividing the number of days in your cost reporting period for which you were not an SCH (70 percent factor applicable) by the total number of days in the cost reporting period. Multiply that ratio by 70 percent. Divide the number of days in your cost reporting period for which you were an SCH (90 percent factor applicable) by the total number of days in the cost reporting period. Multiply that ratio by 90 percent. Add the amounts from steps 1 and 2 to compute the capital cost minimum payment level percentage. Display exception percentage in decimal format, e.g., 70 percent is displayed as .70 or 0.70.

Line 5--Enter the product of line 3 multiplied by line 4.

Line 6--Hospitals that did not qualify as sole community providers during the cost reporting period enter a reduction factor of 85 percent. SCHs enter 100 percent. If you were a sole community hospital during a portion of the cost reporting period, compute the capital cost reduction percentage by dividing the number of days in your cost reporting period for which you were not a sole community hospital (reduction factor applicable) by the total number of days in the cost reporting period. Multiply that ratio by 15 percent and subtract the amount from 100. Enter the resulting extraordinary circumstance percentage adjustment in decimal format, e.g., 85 percent is displayed as .85 or 0.85.
Line 7--Enter the product of line 2 multiplied by line 6.

Line 8--Enter the sum of lines 5 and 7.

Line 9--Enter the amount from Part I, line 12, if applicable.

Line 10--Enter line 8 less line 9.

Lines 11 through 14--A hospital is entitled to an additional payment if its capital payments for the cost reporting period is less than the applicable minimum payment level. The additional payment equals the difference between the applicable minimum payment level and the capital payments that the hospital would otherwise receive. This additional payment amount is reduced for any amounts by which the hospital’s cumulative payments exceed its cumulative minimum payment levels. The offsetting amounts will be determined based on the amounts by which the hospital’s cumulative payments exceed its cumulative minimum payment levels in the lesser of the preceding 10-year period or the period of time under which the hospital is subject to the prospective payment system for capital related costs.

A positive amount on line 10 represents the amount of capital payments under the minimum payment level in the current year. This amount must be offset for the amount by which the hospital’s cumulative payments exceed its cumulative minimum payment levels in prior years, as reported on line 11. If the net amount on line 12 remains a positive amount, this amount represents the current year’s additional payment for capital payments under the minimum payment level. Report this amount on line 13. If the net amount on line 12 is a negative amount, this amount represents the reduced amount by which the accumulated capital payment amounts exceeded the accumulated minimum payment levels. In this case, no additional payment is made in the current year. Transfer the amount on line 12 to line 14, and carry it forward to the following cost reporting period.

A negative amount on line 10 represents the amount of capital payments over the minimum payment level in the current year. Add any carry forward of prior years’ amounts of the hospital’s cumulative payments in excess of cumulative minimum payment levels, as reported on line 11, to the current year excess on line 12. The net amount on line 12 represents the total amount by which the accumulated capital payment amounts exceeded the accumulated minimum payment levels. No additional payment is made in the current year. Transfer the amount on line 12 to line 14, and carry it forward to the subsequent cost reporting period.

Line 11--The offsetting amounts will be determined based on the amounts by which the hospital’s cumulative payments exceed its cumulative minimum payment levels in the lesser of the preceding 10-year period or the period of time under which the hospital is subject to the prospective payment system for capital related costs. Enter the appropriate offset amount as computed pursuant to 42 CFR 412.312(e)(3).

Line 12--Enter the sum of lines 10 and 11.

Line 13--If the amount on line 12 is positive, enter the amount on this line.

Line 14--If the amount on line 12 is negative, enter the amount on this line.

Complete lines 15 through 17 only when line 12 is a positive amount.

Line 15--Enter the current years allowable operating and capital payments calculated from Worksheet E, Part A, line 47, plus the capital payments reported on line 9 above, minus 75 percent of the current year’s operating disproportionate share payment amount reported on Worksheet E, Part A, line 34.
Line 16--Current years operating and capital costs from worksheet D-1, line 49 minus the sum of D, Part III, lines 30 through 35, column 9 (PPS subproviders use lines 40 through 42, as applicable, column 9), and D, Part IV, column 11, line 200.

Line 17--Enter on this line the current year’s exception offset amount. This is computed as line 15 minus line 16. If this amount is negative, enter zero on this line. If the amount on line 13 is greater than line 17, transfer the amount on line 13, less any reported amount on line 17, to Worksheet E, Part A, line 51.

4065. WORKSHEET L-1 - ALLOCATION OF ALLOWABLE COSTS FOR EXTRAORDINARY CIRCUMSTANCES

This worksheet provides for the determination of direct and indirect capital-related costs associated with capital expenditures for extraordinary circumstances, allocated to inpatient operating costs. Only complete this worksheet for providers that qualify for an additional payment for extraordinary circumstances under 42 CFR 412.348(g) (the facility indicates “Y” to question 46 on worksheet S-2).

4065.1 Part I - Allocation of Allowable Capital Costs for Extraordinary Circumstances.--Use this part in conjunction with Worksheet B-I. The format and allocation process employed is similar to that used on Worksheets B, Part I and B-1. Any cost center subscripted lines and/or columns added to Worksheet B, Part I, are also added to this worksheet in the same sequence.

Column 0--Assign capital expenditures relating to extraordinary costs to specific cost centers on this worksheet, column 0. Enter on the appropriate lines those capital-related expenditure amounts relating to extraordinary costs which were directly assigned on Worksheet B, Part II. Enter on lines 3 and 4, as applicable, the remaining capital expenditure amounts relating to extraordinary costs which have not been directly assigned.

NOTE: Recognize capital expenditures relating to extraordinary costs as new capital-related costs.

Columns 1 through 23--Transfer amounts on the top lines of columns 1 and 2 from column 0, line as applicable. For example, transfer line 1, column 0 to line 1, column 1. For all other columns, the top line represents the cross total amount.

For each column, enter on line 197 of this worksheet, Part I, the total statistics of the cost center being allocated. Obtain this amount from Worksheet B-1 from the same column and line number used to allocate cost on this worksheet. (For example, obtain the amount of new capital-related costs - buildings and fixtures from Worksheet B-1, column 1, line 1.)

Divide the amount entered on line 197 by the total capital expenses entered in the same column on the first line. Enter the resulting unit cost multiplier on line 198. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services rendered. Report applicable cost center statistics on Worksheet B-1. Enter the result of each computation on this worksheet in the corresponding column and line. (See §4000.1 for rounding standards.)

After the unit cost multiplier has been applied to all the cost centers receiving the services rendered, the total cost (line 197) of all the cost centers receiving the allocation on this worksheet must equal the amount entered on the first line. Perform the preceding procedures for each general service cost center. Complete the column for one cost center before proceeding to the column for the next cost center.
After the capital-related costs of all the general service cost centers have been allocated, enter in column 24 the sum of columns 2A through 23 for lines 30 through 196. (See §4020 for exception regarding negative cost centers.)

When an adjustment is required to capital costs for extraordinary circumstances after cost allocation, show the amount applicable to each cost center in column 25. Submit a supporting schedule showing the computation of the adjustment.

Transfer From Worksheet:
L-1, Part I, Column 26
To Worksheet L-1, Part II

Line 30 - Adults and Pediatrics
Column 1, line 30 for the hospital

Lines 31 through 35 - Intensive Care Type Inpatient Hospital Units
Column 1, lines 31 through 35

Lines 40 through 42, as applicable - Subprovider
Column 1, lines 40 through 42, as applicable

Line 43 - Nursery
Column 1, line 43 for titles V and XIX

To Worksheet L-1, Part III

Lines 50 through 76 - Ancillary Services
Column 1, lines 50 through 76

Lines 88 through 91 and 93 - Outpatient Service Cost
Column 1, lines 88 through 91 and 93

Subscripts of line 92 - Distinct Part Observation Bed Units
Column 1, subscripts of line 92

Lines 88, 89, 94, 97, and 98
Column 1, lines 88, 89, 94, 97, and 98

4065.2 Part II - Computation of Program Inpatient Routine Service Capital Costs for Extraordinary Circumstances.--This part computes the amount of capital costs for extraordinary circumstances applicable to hospital inpatient routine service costs. Complete only one Worksheet L-1, Part II for each title. Report hospital and subprovider information on the same worksheet, lines as appropriate.

Column 1--Enter on each line the capital costs for extraordinary circumstances as appropriate. Obtain this amount from Worksheet L-1, Part I, column 26.

Column 2--Compute the amount of the swing bed adjustment. If you have a swing bed agreement or have elected the swing bed optional method of reimbursement, determine the amount for the cost center in which the swing beds are located by multiplying the amount in column 1 by the ratio of the amount entered on Worksheet D-1, line 26 to the amount entered on Worksheet D-1, line 21.

Column 3--Enter column 1 minus column 2.

Column 4--Enter on each line the total patient days, excluding swing bed days, by cost center from the corresponding lines of Worksheet D, Part I, column 4.
Column 5--Divide the cost of each cost center in column 3 by the total patient days in column 4 for each line to determine the per diem cost capital cost for extraordinary circumstances. Enter the resultant per diem cost in column 5.

Column 6--Enter the program inpatient days for the corresponding cost centers from Worksheet D, Part I, column 6.

Column 7--Multiply the per diem in column 5 by the inpatient program days in column 6 to determine the program’s share of capital costs for extraordinary circumstances applicable to inpatient routine services, as applicable, and enter the result.

4065.3 Part III - Computation of Program Inpatient Ancillary Service Capital Costs For Extraordinary Circumstances.--This part computes the program inpatient ancillary capital costs for extraordinary circumstances for titles V, XVIII, Part A, and XIX. Complete a separate copy of this part for the hospital and each subprovider for titles V, XVIII, Part A, and XIX, as applicable. In this case, enter the subprovider component number in addition to showing the provider number.

Make no entries on this worksheet for any costs centers with a negative balance on Worksheet B, Part I, column 26.

Column 1--Enter on each line the capital-related costs for each cost center as appropriate. Obtain this amount from Worksheet L-1, Part I, column 26.

NOTE: Compute capital costs for extraordinary circumstances relating to non-distinct observation bed units. To compute extraordinary circumstances relating to non-distinct observation bed units, develop a ratio of total observation bed costs to total general routine costs. Compute this ratio, rounded to six decimal places, by dividing the amount from Worksheet L-1, Part I, column 26, line 30 by the amount on Worksheet D-1, line 37. Then multiply this ratio by the general routine capital costs for extraordinary circumstances from Supplemental Worksheet L-1, Part I, column 26, line 30 to obtain the capital costs for extraordinary circumstances relating to non-distinct observation bed units for line 92, column 1. Transfer distinct part observation bed unit costs from Worksheet L-1, Part I, the appropriate subscript of column 26, line 92.

Column 2--Enter on each line the charges applicable to each cost center as shown on Worksheet C, Part I, column 6.

Column 3--Divide the cost of each cost center in column 1 by the charges in column 2 for each line to determine the cost/charge ratio. Round the ratios to six decimal places, e.g., round .0321514 to 032151. Enter the resultant departmental ratios in column 3.

Column 4--Enter on each line the appropriate titles V, XVIII, Part A, or XIX inpatient charges. Transfer these charges from the corresponding lines of Worksheet D, Part II, column 4.

Column 5--Multiply the ratio in column 3 by the charges in column 4 to determine the program’s share of capital costs for extraordinary circumstances applicable to titles V, XVIII, Part A, or XIX inpatient ancillary services, as appropriate.

4066. WORKSHEET M-1 - ANALYSIS OF PROVIDER-BASED RURAL HEALTH CLINIC/FEDERALLY QUALIFIED HEALTH CENTER COSTS

Use this worksheet only if you operate a certified rural health clinic (RHC) or federally qualified health center (FQHC). Use only those cost centers that represent services for which the facility is certified. If you have more than one provider-based RHC and/or FQHC, complete separate worksheets for each RHC and FQHC facility, unless the facility has received prior contractor approval to file a consolidated cost report (see CMS Pub. 100-4, chapter 9, §30).
This worksheet is for the recording of direct RHC and FQHC costs from your accounting books and records to arrive at the identifiable agency cost. This data is required by 42 CFR 413.20. The worksheet also provides for the necessary reclassifications and adjustments to certain accounts prior to the cost finding calculations.

Column Descriptions

Columns 1 through 3--The expenses listed in these columns must be in accordance with your accounting books and records. If the cost elements of a cost center are maintained separately on your books, a reconciliation of costs per the accounting books and records to those on this worksheet must be maintained by you and are subject to review by your contractor.

Enter on the appropriate lines in columns 1 through 3 the total expenses incurred during the reporting period. Detail the expenses as Salaries (column 1) and Other (column 2). The sum of columns 1 and 2 must equal column 3.

Column 4--Enter any reclassifications among the cost center expenses listed in column 3 which are needed to effect proper cost allocation. This column need not be completed by all providers, but is completed only to the extent recclassifications are needed and appropriate in the particular circumstances. See §4014 for examples of recclassifications that may be needed. Submit with the cost report copies of any work papers used to compute the recclassifications reported in this column.

The net total of the entries in column 4 must equal zero on line 30 if no recclassifications were reported on worksheet A, column 4, of the appropriate line 88 and/or 89.

Column 5--Add column 4 to column 3, and extend the net balances to column 5. The total of column 5 must equal the total of column 3 on line 30, if no recclassifications were reported on worksheet A, column 4, of the appropriate line 88 and/or 89.

Column 6--In accordance with 42 CFR 413ff, enter on the appropriate lines the amounts of any adjustments to expenses required under the Medicare principles of reimbursement. (See §4016.) Submit with the cost report copies of any work papers used to compute the adjustments reported in this column.

NOTE: The allowable cost of the services furnished by National Health Service Corp (NHSC) personnel may be included in your facility's costs. Obtain this amount from your contractor, and include this as an adjustment to the appropriate lines on column 6.

Column 7--Adjust the amounts in column 5 by the amounts in column 6, and extend the net balance to column 7. The total facility costs on line 32 must equal the net expenses for cost allocation on Worksheet A for the RHC/FQHC cost center.

Line Descriptions

Lines 1 through 9--Enter the costs of your health care staff.

Line 10--Enter the sum of the amounts on lines 1 through 9.

Line 11--Enter the cost of physician medical services furnished under agreement.

Line 12--Enter the expenses of physician supervisory services furnished under agreement.

Line 14--Enter the sum of the amounts on lines 11 through 13.

Lines 15 through 20--Enter the expenses of other health care costs.
Line 20--If you answered yes on Worksheet S-8, line 15 report on this line the amount of reimbursable graduate medical education costs from Worksheet B, Part I, sum of columns 21 and 22, lines 88 (RHC) and/or 89 (FQHC), as applicable. To claim GME the RHC/FQHC must have provided a "substantial amount" toward the cost of the intern and residents.

Line 21--Enter the sum of the amounts on lines 15 through 20.

Line 22--Enter the sum of the amounts on lines 10, 14, and 21. Reduce that result by the amount reported on line 20 if you are entitled to claim GME costs on line 20. Transfer this amount to Worksheet M-2, line 10.

Lines 23 through 27--Enter the expenses applicable to services that are not reimbursable under the RHC/FQHC benefit.

Line 27--If you have incurred non-allowable costs associated with graduated medical education, report on line 26 the non-allowable costs.

Line 28--Enter the sum of the amounts on lines 23 through 27. Transfer the total amount in column 7 to Worksheet M-2, line 11.

Line 29--Enter the overhead expenses directly costed to the facility. These expenses may include rent, insurance, interest on mortgage or loans, utilities, depreciation of buildings and fixtures, depreciation of equipment, housekeeping and maintenance expenses, and property taxes. Submit with the cost report supporting documentation to detail and compute the facility costs reported on this line.

Line 30--Enter the expenses related to the administration and management of the RHC/FQHC that are directly costed to the facility. These expenses may include office salaries, depreciation of office equipment, office supplies, legal fees, accounting fees, insurance, telephone service, fringe benefits, and payroll taxes. Submit with the cost report supporting documentation to detail and compute the administrative costs reported on this line.

Line 31--Enter the sum of the amounts on lines 29 and 30. Transfer the total amount in column 7 to Worksheet M-2, line 14.

Line 32--Enter the sum of the amounts on lines 22, 28, and 31. Do not include the amount reported on line 20 for GME. This is the total facility cost. This amount should agree with the amount reported for RHC and FQHC on Worksheet A, column 7 reduced by any amounts claimed on line 20 above.

4067. WORKSHEET M-2 - ALLOCATION OF OVERHEAD TO RHC/FQHC SERVICES

Use this worksheet only if you operate a certified provider-based RHC or FQHC as part of your complex. If you have more than one provider-based RHC and/or FQHC, complete a separate worksheet for each RHC and FQHC facility.

Visits and Productivity--Worksheet M-2 summarizes the number of facility visits furnished by the health care staff and calculates the number of visits to be used in the rate determination. Lines 1 through 9 list the types of practitioners (positions) for whom facility visits must be counted and reported.

Column descriptions

Column 1--Record the number of all full time equivalent (FTE) personnel in each of the applicable staff positions in the facility’s practice. (See CMS Pub. 27, §503 for a definition of FTEs).
Column 2--Record the total visits actually furnished to all patients by all personnel in each of the applicable staff positions in the reporting period. Count visits in accordance with instructions in 42 CFR 405.2401(b) defining a visit.

Column 3--Productivity standards established by CMS are applied as a guideline that reflects the total combined services of the staff. Apply a level of 4200 visits for each physician and a level of 2100 visits for each nonphysician practitioner. You are not subject to the productivity standards if you answered “Yes” to question 12 of Worksheet S-8. If so, then enter the revised standards established by you and your contractor.

Column 4--For lines 1 through 3, enter the product of column 1 and column 3. This is the minimum number of facility visits the personnel in each staff position are expected to furnish.

Column 5--On line 4, enter the greater of the subtotal of the actual visits in column 2 or the minimum visits in column 4.

Contractors have the authority to waive the productivity guideline in cases where you have demonstrated reasonable justification for not meeting the standard. In such cases, the contractor will substitute your actual visits if an exception is granted.

On lines 5 through 7 and 9, enter the actual number of visits for each type of position.

Line descriptions

Line 1--Enter the number of FTEs and total visits furnished to facility patients by staff physicians working at the facility on a regular ongoing basis. Also include on this line, physician data (FTEs and visits) for services furnished to facility patients by staff physicians working under contractual agreement with you on a regular ongoing basis in the RHC facility. These physicians are subject to productivity standards. (See 42 CFR 491.8.)

Line 8--Enter the total of lines 4 through 7.

Line 9--Enter the number of visits furnished to facility patients by physicians under agreement with you who do not furnish services to patients on a regular ongoing basis in the RHC facility. Physicians services under agreements with you are (1) all medical services performed at your site by a nonstaff physician who is not the owner or an employee of the facility, and (2) medical services performed at a location other than your site by such a physician for which the physician is compensated by you. While all physician services at your site are included in RHC/FQHC services, physician services furnished in other locations by physicians who are not on your full time staff are paid to you only if your agreement with the physician provides for compensation for such services.

Determination of Total Allowable Cost Applicable To RHC/FQHC Services.--Lines 10 through 18 determine the amount of the overhead costs incurred by both the parent provider and the facility which apply to RHC or FQHC services.

Line 10--Enter the cost of health care services from Worksheet M-1, column 7, line 22.

Line 11--Enter the total nonreimbursable costs from Worksheet M-1, column 7, line 28.

Line 12--Enter the sum of lines 10 and 11 for the cost of all services (excluding overhead).

Line 13--Enter the percentage of RHC or FQHC services. This percentage is determined by dividing the amount on line 10 (the cost of health care services) by the amount on line 12 (the cost of all services, excluding overhead).

Line 14--Enter the total facility overhead costs incurred from Worksheet M-1, column 7, line 31.
Line 15--Enter the overhead costs incurred by the parent provider allocated to the RHC/FQHC. This amount is the difference between the total costs after cost allocation on Worksheet B, Part I, column 26 and Worksheet B, Part I, column 0. If GME costs are claimed on line 20 of Worksheet M-1, do not include the GME costs allocated to the RHC/FQHC in columns 21 and 22 of Worksheet B, Part I.

Line 16--Enter the sum of lines 14 and 15 to determine the total overhead costs related to the RHC/FQHC.

Line 17--If you are claiming allowable GME cost (line 20 of worksheet M-1 completed), divide the total visits reported on line 15 of Worksheet S-8 by the total visits for the facility, sum of lines 8 and 9, column 5 above, multiply the result by line 16 above, and enter that amount. If you are not claiming GME enter -0-. 

Line 18--Subtract the amount on line 17 from line 16 and enter the result.

Line 19--Enter the overhead amount applicable to RHC/FQHC services. It is determined by multiplying the amount on line 13 (the ratio of RHC/FQHC services to total services) by the amount on line 18 (total overhead costs).

Line 20--Enter the total allowable cost of RHC/FQHC services. It is the sum of line 10 (cost of RHC/FQHC health care services) and line 19 (overhead costs applicable to RHC/FQHC services).

4068. WORKSHEET M-3 - CALCULATION OF REIMBURSEMENT SETTLEMENT FOR RHC/FQHC SERVICES

This worksheet applies to title XVIII only and provides for the reimbursement calculation. Use this worksheet to determine the interim all inclusive rate of payment and the total program payment due for the reporting period for each RHC or FQHC being reported.

Determination of Rate For RHC/FQHC Services.--Worksheet M-3 calculates the cost per visit for RHC/FQHC services and applies the screening guideline established by CMS on your health care staff productivity.

Line descriptions

Line 1--Enter the total allowable cost from Worksheet M-2, line 20.

Line 2--Report vaccine costs on this line from Worksheet M-4.

Line 3--Subtract the amount on line 2 from the amount on line 1 and enter the result.

Line 4--Enter the greater of the minimum or actual visits by the health care staff from Worksheet M-2, column 5, line 8.

Line 5--Enter the visits made by physicians under agreement from Worksheet M-2, column 5, line 9.

Line 6--Enter the total adjusted visits (sum of lines 4 and 5).

Line 7--Enter the adjusted cost per visit. This is determined by dividing the amount on line 3 by the visits on line 6.

For services rendered from January 1, 2010, through December 31, 2013, the maximum rate per visit entered on line 8 and the outpatient mental health treatment service limitation applied on line 14 both correspond to the same time period (partial calendar year). Consequently, both are entered in the same column and no further subscripting of the columns is necessary.
Lines 8 and 9—The limits are updated every January 1. However, the possibility exists that limits may also be updated other than on January 1. Complete columns 1, 2 and 3, if applicable (add a column 3 for lines 8-14 if the cost reporting overlaps 3 limit update periods) of lines 8 and 9 to identify costs and visits affected by different payment limits for a cost reporting period that overlaps January 1. If only one payment limit is applicable during the cost reporting period (calendar year reporting period), complete column 2 only.

Line 8—Enter the per visit payment limit. Obtain this amount from CMS Pub. 27, §505 or from your contractor.

NOTE: If you are based in a small rural hospital with less than 50 beds (the bed count is based on the same calculation used on Worksheet E, Part A, line 4), in accordance with 42 CFR §412.105(b), do not apply the per visit payment limit. Transfer the adjusted cost per visit (line 7) to line 9, columns 1 and/or 2.

NOTE: RHCs that are based in small urban hospital with less than 50 beds (as calculated above) will also be exempt from the per visit limit.

For RHCs based in small urban hospitals transfer the adjusted cost per visit (line 7) to line 9, column 1 and/or 2.

Line 9—Enter the lesser of the amount on line 7 or line 8.

Calculation of Settlement—Complete lines 10 through 29 to determine the total program payment due you for covered RHC/FQHC services furnished to program beneficiaries during the reporting period. Complete columns 1 and 2 of lines 10 through 14 to identify costs and visits affected by different payment limits during a cost reporting period.

Line descriptions

Line 10—Enter the number of program covered visits excluding visits subject to the outpatient mental health services limitation from your contractor records.

Line 11—Enter the subtotal of program cost. This cost is determined by multiplying the rate per visit on line 9 by the number of visits on line 10 (the total number of covered program beneficiary visits for RHC/FQHC services during the reporting period).

Line 12—Enter the number of program covered visits subject to the outpatient mental health services limitation from your contractor records.

Line 13—Enter the program covered cost for outpatient mental health services by multiplying the rate per visit on line 9 by the number of visits on line 12.

Line 14—Enter the limit adjustment. In accordance with MIPPA 2008, section 102, the outpatient mental health treatment service limitation applies as follows: For services rendered through December 31, 2009, the limitation is 62.50 percent; services from January 1, 2010, through December 31, 2011, the limitation is 68.75 percent; services from January 1, 2012, through December 31, 2012, the limitation is 75 percent; services from January 1, 2013 through December 31, 2013, the limitation is 81.25 percent; and services on or after January 1, 2014, the limitation is 100 percent. This is computed by multiplying the amount on line 13 by the corresponding outpatient mental health treatment service limit percentage. This limit applies only to therapeutic services, not initial diagnostic services.
Line 15--Enter the amount of GME pass through costs determined by dividing the (program intern and resident visits reported on Worksheet S-8, line 15 by the total visits reported on Worksheet M-2, column 5,) sum of lines 8 and 9. Multiply that result by the allowable GME costs equal to the sum of Worksheet M-1, column 7, line 20 and Worksheet M-2, line 17.

Line 16--Enter the total program cost. This is equal to the sum of the amounts in columns 1 and 2 (and 3 if applicable), lines 11, 14, and 15.

Line 17--Enter the primary payer amounts from your records.

Line 18--Enter the amount credited to the RHC's program patients to satisfy their deductible liabilities on the visits on lines 10 and 12 as recorded by the contractor from clinic bills processed during the reporting period. RHCs determine this amount from the interim payment lists provided by the contractor. FQHCs enter zero on this line as deductibles do not apply.

Line 19--Enter the net program cost, excluding vaccines. This is equal to the result of subtracting the amounts on lines 17 and 18 from the amount on line 16.

Line 20--For title XVIII, enter 80 percent of the amount on line 19.

Line 21--Enter the amount from Worksheet M-4, line 16.

Line 22--Enter the total allowable Medicare cost, sum of the amounts on lines 20 and 21.

Line 23--Enter your total allowable bad debts, net of recoveries, from your records. If recoveries exceed the current year’s bad debts, line 23 will be negative.

Line 24--Enter the gross reimbursable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 23.

Line 25--Enter any other adjustment. For example, if you change the recording of vacation pay from the cash basis to the accrual basis (see Pub. 15-1, §2146.4), enter the adjustment. Specify the adjustment in the space provided.

Line 26--This is the sum of lines 22 and 23 plus or minus line 25.

Line 27--Enter the total interim payments from Worksheet M-5 made to you for covered services furnished to program beneficiaries during the reporting period (from contractor records).

Line 28--For final settlement, report on line 28 the amount on line 5.99 of Worksheet M-5.

Line 29--Enter the total amount due to/from the program (line 26 minus line 27 and 28). Transfer this amount to Worksheet S, Part III, column 3, line 10 and/or 11 as applicable.

Line 30--Enter the program reimbursement effect of protested items. The reimbursement effect of the nonallowable items is estimated by applying reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal costfinding process. (See Pub. 15-1, §115.2.) A schedule showing the supporting details and computations must be attached.
The cost and administration of pneumococcal and influenza vaccine to Medicare beneficiaries are 100 percent reimbursable by Medicare. This worksheet provides for the computation of the cost of these vaccines. Additionally, only use this worksheet for vaccines rendered to patients who, at the time of receiving the vaccine(s), were not inpatients or outpatients of the parent provider. If a patient simultaneously received vaccine(s) with any Medicare covered services as an inpatient or outpatient, those vaccine costs are reimbursed through the parent provider and cannot be claimed by the RHC and FQHC.

To accommodate vaccines other than the seasonal influenza vaccines covered by Medicare, subscript column 2 (add column 2.01 and 2.02, if necessary). The data entered in all columns (1, 2, and applicable subscripts) for lines 4, 11, and 13 are mutually exclusive. That is, the vaccine costs, the total number of vaccines administered, and the total number of Medicare covered vaccines shall only be represented one time in the appropriate column.

Line 1--Enter the health care staff cost from Worksheet M-1, column 7, line 10.

Line 2--Enter the ratio of the estimated percentage of time involved in administering pneumococcal and influenza vaccine injections to the total health care staff time. Do not include physician service under agreement time in this calculation.

Line 3--Multiply the amount on line 1 by the amount on line 2 and enter the result.

Line 4--Enter the cost of the pneumococcal and influenza vaccine medical supplies from your records.

Line 5--Enter the sum of lines 3 and 4.

Line 6--Enter the amount from Worksheet M-1, column 7, line 22. This is your total direct cost of the facility.

Line 7--Enter the amount from Worksheet M-2, line 16.

Line 8--Divide the amount on line 5 by the amount on line 6 and enter the result.

Line 9--Multiply the amount on line 7 by the amount on line 8 and enter the result.

Line 10--Enter the sum of the amounts on lines 5 and 9.

Line 11--Enter the total number of pneumococcal and influenza vaccine injections from your records.

Line 12--Enter the cost per pneumococcal and influenza vaccine injections by dividing the amount on line 10 by the number on line 11.

Line 13--Enter the number of program pneumococcal and influenza vaccine injections from your records or the PS&R.

Line 14--Enter the program cost for vaccine injections by multiplying the amount on line 12 by the amount on line 13.

Line 15--Enter the total cost of pneumococcal and influenza vaccines and their administration by entering the sum of the amount in column 1, line 10 and the amount in column 2 (and applicable subscripts), line 10.
Transfer this amount to Worksheet M-3, line 2.

Line 16--Enter the Medicare cost of pneumococcal and influenza vaccines and their administration costs. This is equal to the sum of the amount in column 1, line 14 plus column 2 (and applicable subscripts), line 14.

Transfer the result to Worksheet M-3, line 21.

4070. WORKSHEET M-5 - ANALYSIS OF PAYMENTS TO HOSPITAL-BASED RHC/FQHC SERVICES RENDERED TO PROGRAM BENEFICIARIES

Complete this worksheet for Medicare interim payments only. If you have more than one hospital-based RHC/FQHC, complete a separate worksheet for each facility.

Complete the identifying information on lines 1 through 4. The remainder of the worksheet is completed by your contractor.

Line Descriptions

Line 1--Enter the total program interim payments paid to the outpatient rehabilitation provider. The amount entered reflects the sum of all interim payments paid on individual bills (net of adjustment bills) for services rendered in this cost reporting period. The amount entered includes amounts withheld from the component's interim payments due to an offset against overpayments to the component applicable to prior cost reporting periods. It does not include any retroactive lump sum adjustment amounts based on a subsequent revision of the interim rate, or tentative or net settlement amounts, nor does it include interim payments payable.

Line 2--Enter the total program interim payments payable on individual bills. Since the cost in the cost report is on an accrual basis, this line represents the amount of services rendered in the cost reporting period, but not paid as of the end of the cost reporting period. It does not include payments reported on line 1.

Line 3--Enter the amount of each retroactive lump sum adjustment and the applicable date.

Line 4--Transfer the total interim payments to the title XVIII Worksheet M-3, line 27.

DO NOT COMPLETE THE REMAINDER OF WORKSHEET M-5. LINES 5 THROUGH 7 ARE FOR CONTRACTOR USE ONLY.

Line 5--List separately each tentative settlement payment after desk review together with the date of payment. If the cost report is reopened after the Notice of Program Reimbursement (NPR) has been issued, report all settlement payments prior to the current reopening settlement on line 5.

Line 6--Enter the net settlement amount (balance due to the provider or balance due to the program) for the NPR, or, if this settlement is after a reopening of the NPR, for this reopening.

NOTE: On lines 3, 5, and 6, when an amount is due from the provider to the program, show the amount and date on which the provider agrees to the amount of repayment, even though total repayment is not accomplished until a later date.

Line 7--Enter the sum of the amounts on lines 4, 5.99, and 6 in column 2. The amount in column 2 must equal the amount on Worksheet M-3, line 26.

Line 8--Enter the contractor name and the contractor number in columns 1 and 2, respectively.
EXHIBIT 1 - Form CMS-2552-10 Worksheets

The following is a listing of the Form CMS-2552-10 worksheets and the page number location. Changes to worksheets are indicated by redline on this and the subsequent page for this transmittal. Where only the page number changes, no redlining is indicated.

<table>
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