

2022 ICAHN Annual Conference

November 10, 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Agenda Overview

- CAH Conditions of Participation Updates
- Home Office Cost Report
- Hot Topics
- COVID-19 Pandemic Related Issues
- Rural Health Clinic Issues





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CAH Conditions of Participation Changes



CAH Conditions of Participation

- OPPS Final Rule – 11/4/2022
- Clarify the definition of a “primary” road
 - Roads that are part of the national or interstate highway system or are a numbered highway
 - Nonfederal highways that are numbered and have at least two lanes each way
- Certification reviews streamlines
 - If no new hospitals opened within 50 miles recertification is immediate
 - If a new hospital, then review of mileage standard



CAH Conditions of Participation

- Patient Rights
 - Notice of rights
 - Exercise of rights
 - Privacy, safety, & confidentiality of patient records
 - Use of restraints & seclusion with training
 - Death reporting
 - Patient Visitation rights



CAH Conditions of Participation

- System focused provisions
 - Unified & integrated medical staff shared by multiple hospitals
 - Unified & integrated infection prevention/control & antibiotic programs (if permitted by state law)





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Home Office Cost Statement CMS-287-22

Home Office Cost Report

- Transmittal 1 published 10/28/2022
 - Effective for cost reporting periods beginning on or after October 1, 2022
 - Added electronic signature provisions
 - Worksheets re-named to match the Hospital form set
 - Will Home Offices be added to the CMS portal, MCR eF?



Home Office Cost Reports

- CMS will no longer allow corporate or similar home office related costs unless a home office cost report is filed
 - Includes wage index data
- HO cost report required with provider cost report submissions effective 10/01/2019 FYEs forward



Home Offices

- A chain organization consists of a group of two or more health care facilities which are owned, leased, or through any other device, controlled by one organization (Provider Reimbursement Manual 1 (PRM–1), CMS Pub. 15–1, Chapter 21, Section 2150).



Home Offices

- 41684-5 Federal Register /Vol. 83, No. 160 / Friday August 17, 2018 / Rules and Regulations (excerpt): In addition, there are home offices or chain organizations that are not completing a Home Office Cost Statement to support the costs they are allocating to the provider cost reports. Lack of this documentation should result in a disallowance of costs.





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Hot Topics:



Hot Topics

Unique Cost Centers and B-1 statistical bases

- Is only applicable to overhead departments lines 1.00 to 29.00 on the cost report
- Normally must request in writing and receive approval 90 days before the end of your current cost reporting period to be effective for that period
- Periodic evaluation of B-1 statistics is good as operations change over time



Hot Topics

Unique Cost Centers and B-1 statistical bases

- CMS is cracking down on the MACs for not having these “approvals”
- MACs are asking for the approval letters even though they issued them
- MACs will give you a management letter comment if no letter to support they “approved”
- If no letter recommend you send one requesting approval again and retroactive from the last unaudited cost report to current



Hot Topics

Unique Cost Centers and B-1 statistical bases

- Line 14.00 Central Services & Supply and line 15.00 Pharmacy are mandatory per CMS
- The direct costs of the actual chargeable supply and drugs can be directly assigned or reclassified to lines 71.00 and 73.00 but the other “overhead” such as salaries and other expenses but must be reported on lines 14.00 and 15.00
- Even if you allocate line 14.00 100% to line 71.00 and line 15.00 100% to line 73.00; CMS is insisting on these mandatory overhead cost centers



Hot Topics

Unique Cost Centers

- Line 19.00 CRNA's is mandatory per CMS
- The direct costs of the actual CRNAs (salaried or contracted) can be directly assigned or reclassified to line 19
- Even if you offset the CRNA costs 100% or allocate it 100% to Anesthesia



Hot Topics

Capital Related Costs – MME allocation

- CMS changed the wording in the instructions to the CR so that “square feet” is no longer allowed to allocate this costs but must use actual “dollar value” instead. All providers were “reverted” to the default per CMS with this instruction change.
- Test impact and request whichever is still most beneficial to the provider
- Be proactive – otherwise MAC might force you to use something not beneficial



Hot Topics

- Required Ancillary Cost Centers
 - Must breakout PT/OT/ST (per PRRB case)
 - Questioning no Recovery Room or Anesthesia if you have Operating Room cost center
 - Questioning why no CT Scan, MRI or Nuclear Medicine if all is in line 54
 - Questioning why no Implantable devices if you have revenue codes 275, 276, 278 and 624.
 - MACs are acting like only one department can be grouped to an ancillary cost center



E.H.R. Depreciation Offsets

Reconciling Allowed E.H.R. Costs = Deprecation Offsets

- Most all E.H.R. audits determining the amount of allowable costs are finished
- MACs are not always updating the E.H.R. depreciation offsets for assets disallowed
- MACs sometimes changed the useful lives (even though it was a moot point) which means their offsets will not match yours unless a lapsing schedule was done
- Disposals of E.H.R. assets will impact the offsets



E.H.R. Depreciation Offsets

An ongoing Reconciliation is necessary

2011 E.H.R. Assets Approved	3,198,123	NPR 07/27/2016
2011 E.H.R. Depreciation Offset	(686,447)	NPR 07/27/2016
2012 E.H.R. Assets Approved	23,114	NPR 07/27/2016
2012 E.H.R. Depreciation Offset	(652,259)	NPR 07/27/2016
2013 E.H.R. Assets Approved	415,670	NPR 09/29/2016
2013 E.H.R. Depreciation Offset	(678,014)	NPR 09/29/2016
2014 E.H.R. Assets Approved	134,015	NPR 09/23/2016
2014 E.H.R. Depreciation Offset	(862,619)	NPR 09/23/2016
2015 E.H.R. Depreciation Offset	(747,540)	NPR 04/11/2017
2016 E.H.R. Depreciation Offset	(162,389)	As-Filed
2017 E.H.R. Depreciation Offset	-	As-Filed
	<hr/>	
	(18,346)	



Retail 340B Costs

Offset verses Non-Reimbursable Cost Center

- CMS sent WPS an email indicating an offset of the 340B retail pharmacy drug and other related costs is allowable rather than a non-reimbursable cost center
- If material and was a NRCC in prior years re-opening requests to change maybe a worthwhile endeavor
- Some MACs are now questioning why not a NRCC?



Meaning Useful Reporting

Must report the meaningful use attestation status in the cost report – but status is no longer publicly available

- Worksheet S-2 line 167 asks if you are a meaningful user under §1886(n)
 - Answering “N” no longer triggers the 1% reduction in costs penalty alone
- Worksheet S-2 line 168.01 asks if you have a hardship exception must be “Y” if line 167 is “N” to avoid the 1% reduction penalty
- MACs are proposing to change the answer on line 167 & 168.01 to “N” – **TRIGGERS THE PENALTY**



CAH Desk Reviews/Audits

- CMS has requested that the MACs “do more” in regard to audit activity
- NGS has taken this to heart – massive data request for CAH’s
- Get your consultants involved
 - Fishing expeditions = audit adjustments



MAC Management Letters

- These comments are often not reviewed by MAC managers
- Many comments are blatantly wrong or a single instance error
- Do NOT ignore these they can lead to future adjustments
- Can be referred to DOJ for compliance issues





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COVID-19 Pandemic Related Issues



Waivers & Extensions

- PHE has been extended and is effective through January 11, 2023.
- CMS will give a 60-day notice before the PHE ends stated in a letter to the governors.
- Waivers webpage last updated 10/13/2023.



Waivers & Extensions

- Cost Report extensions are still available due to the pandemic.
 - Most MACs will give 60 days maximum
 - COVID must be the reason in the request
- RHC productivity standard exemptions are available due to the pandemic.
 - COVID must be the reason in the request



Waivers & Extensions

- PPS Hospital's having issues discharging to post-acute care
- CAH's having issues with 96-hour rule
 - CoP and required to maintain CAH status
 - Excludes Nursery & Swing-Bed hours
 - Excludes Distinct part psych/rehab units





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Rural Health Clinic Issues

Rural Health Clinics

- Telehealth visits can be billed during calendar 2022 and paid \$97.24 per visit.
- Telehealth visits must be removed from your total visits
- Telehealth related costs must be offset
- Remember to remove applicable FTE for telehealth visits from productivity standard calculation



RHC Ceilings Cap

- Standard cap is \$113 in 2022
- Provider-based RHCs cap is based on 2020 costs
 - Currently no definition/instruction on how this will be calculated for non-calendar yearend providers
 - MACs using 2020 cost report for now
 - Will it incorporate an exemption to the productivity standard?



RHC Ceilings Cap

- Consolidated RHCs and new caps
 - RHCs already approved for consolidated status will continue
 - New RHCs will not be allowed to be consolidated as they will have separate caps from the consolidated RHCs
 - CMS to issue more clarifications



Rural Health Clinics Vaccines

- COVID-19 vaccines paid at costs for Medicare and Medicare Managed
 - Both vaccine costs and administration
- Monoclonal Antibody Products paid at costs for Medicare and Medicare Managed
 - Both product costs and administration



Thank you!

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