

RHC Cost Reporting (Not Again!)

How to prepare for your next Cost Report

Most of us have just finished cost report season and the last thing we want to think about is another cost report, but this is the best time to prepare for the next cost report that is due. If you have ever met me, you probably figured out at 6'9, I played a lot of basketball growing up and through college. The coaches always told us the great players were made during the summer. That was when you put the work in to have a winning season. The same thing goes for RHC Cost Reports. Now, that the rush is over, summer is here and patient volume is somewhat lower in your clinic, it is a good time to look at how you operate and make improvements. As far as cost report go, some things that you can do to help prepare an accurate cost report are as follows:

1. Review your Chart of Accounts. As boring as that sounds, it will make your cost report go much smoother if your costs are segregated in the proper accounts. For instance, if you include salaries for physicians, NPs, PAs, Nurses, Office Personnel, Laboratory personnel, and Radiology in a separate account in the accounting system, your salary expense will better mirror the cost report. It is very important to identify expenses that are not reimbursable under the RHC program or not covered under the RHC benefit (ie. Laboratory, Technical Components, and Hospital services) and have a separate account for expenses related to the direct cost of providing those services. For example, separate all your laboratory supplies, reagents, professional fees and licenses, and Independent Lab fees paid in separate accounts, so they can be easily identified and placed in the non-RHC section of the cost report.
2. Pneumococcal and Influenza shots will soon be a part of the routine of the office and you are probably ordering the shots now if you provide them. (you are not required to). You should have a separate account in your accounting system to record the cost of Influenza and Pneumococcal shots separately. The cost of pneumococcal and especially Prevnar 13 and 23 has skyrocketed recently with the total cost of a pneumococcal shot running close to \$250 to \$300 per shot. It is more important than ever to have good documentation including copies of invoices for all influenza shots and pneumococcal shots and provide them to your cost report preparer. Make an extra copy now. Also, start with a Medicare Influenza log and a separate Medicare Pneumococcal log with the Patient Name, Medicare Number (HIC), and date you provided the shot only. Because the cost of these shots can be extremely high, some MACs will build the cost into your RHC rate and even pay you more than the maximum rate. You may want to look at your volume and see if that would improve cash flow if you have a lot of these shots.
3. Medicare Bad Debts. Remember that Medicare Bad Debts must be written off and collection efforts ceased in the cost report fiscal year end. Now is a good time to review your accounts receivable and clean up any old receivables and those Medicare co-payments and deductibles that are uncollectible written off. (if you have questions, Novitas does a great job explaining this here: https://www.novitas-solutions.com/webcenter/portal/MedicareJL/pagebyid? afrLoop=923003765173337& adf.ctrl-state=13nku2811d_46&contentId=00003685#!)
4. P S and R. If you have Medicare utilization, your clinic needs access to the IACS system through the EIDM portal. If you lose your credentials (it is really easy to do) or sign up too late, it will be difficult to receive the needed P S & R report from Medicare timely to file the cost report. Start now by getting your credentials and testing the system to ensure you have access to the proper reports for cost reporting. This link should help: https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/PSRR/index.html?redirect=/psrr/02_provider_community.asp
5. If you have low or no Medicare utilization, look at your cost reporting early and ask your cost report preparer about your options. This could save you a lot of time and money of cost reports, but you will not get a settlement (that is bad if you do flu and pnu shots) and the due dates are earlier. Ask before you miss the deadline.

There you go. Do these five things and next spring (assuming you are a 12/31 year-end) your cost reporting will go much easier and you will get everything owed to you from Medicare without having to rush and stress to have the proper information. Now, that is what I call a winning season.