Medicare Cost Reports – It's Time to start paddling

WHY IS MY SETTLEMENT SO LOW?

When I was young, a group of college friends went whitewater rafting. All of us played on either the football or basketball team and our bravado vastly exceeded our abilities most of the time. This was one of them. We choose to not use a guide while rafting down the rapids used in the 96 Olympics. The result was a bunch of very wet football and basketball players and a half-drowned shrimp of a field goal kicker. (we found him about 500 yards downstream). Years later, my wife and I went down the same river and her being much wiser and sensible insisted we have a guide to raft the river. The trip as can be expected went without incident. The guide told us when to paddle and when to coast and we strategically weaved our way through the boulders, railroad trestles, and rapids with ease.

We guide many Rural Health Clinics through the cost reporting process and as your guide my recommendation is "It's time to start paddling." Most independent RHCs are on a calendar year-end which means their cost reports are due on May 31st of each year. We have basically 6 weeks to get everything necessary to file your cost reports and incorporate the many cost reporting changes due to the implementation of CMS-222-17 (the first major change in cost reporting forms in 25 years) into the cost reports. Your cost report preparer will need information on malpractice insurance, your payor mix by visits, additional ownership information, and other new information requirements. It is best to get started early and many of you have already. I know we have done several of the new cost reports and it is clear, they take more time. Your cost report preparer is having to set up a new electronic file for your cost report and learn new expanded cost centers for classification of expenses. The bottom line is now is the time to get your information to the person preparing your cost report so an accurate and timely cost report can be filed.

Once the cost report is completed the first thing, we have been hearing is "Why is my settlement so low" and we have heard people wanting to get out of the RHC program due to the low settlements. Let's take the settlement issue first. During 2018 many of the MACs and specifically Palmetto did a rate analysis of RHCs. As a result, many RHCs received an interim reimbursement rate higher than the cap of $83.45 and received an interim settlement check for money underpaid to the RHC up to that point. Many of these checks were substantial and were to cover the cost bad debts and pneumococcal and influenza shots. We must include those checks in the settlement data we submit on the cost report. This basically lowers the RHC Medicare settlement by the amount of the interim settlement and by the excess payment per visit over the Medicare cap. You basically get the money up front instead of waiting a year or more to receive it. This is actually a great thing for RHCs.

To address the issue of getting out of the RHC program due to the low settlement on the cost report, let's consider the main financial benefit of the RHC status. In most states, improved Medicaid reimbursement is the major financial benefit which is not reflected in the settlement of the Medicare cost report. Also, the Medicare RHC rate is attractive to provider-based RHCs and nurse practitioners and physician assistants in independent RHCs. Further proposed legislation (S.1037 - Rural Health Clinic Modernization Act of 2019) would modernize the RHC payment system and increase the Medicare maximum rate per visit to in excess of $100 per visit. So, basing the benefit of RHC status on the settlement from the Medicare cost report is probably not the best way to judge the benefit of RHC status. It is sort of like trying to navigate an Olympic whitewater venue without the benefit of an experienced guide. You are bound to get wet.

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