



Palmetto GBA.
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A/B MAC Jurisdiction 11
North Carolina, South Carolina,
Virginia, West Virginia,
Home Health and Hospice

The following presentation does not establish Palmetto GBA – Provider Audit Policy. Please reference the contact information included in the materials for any guidance regarding established Palmetto GBA Audit Policy.



Palmetto GBA Provider Audit Medicare Update

Scott Neely, Audit - Palmetto GBA

November 15, 2011



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CMS Updates



CMS Updates

- Status of Cost Report Holds
 - SSI
 - Outlier
- ACA Claims Reprocessing
- HITECH Audit Expectations
- Routine Services Under Arrangement
- Paramedical Education
- Hospice Caps



CMS Updates

□ **Status of CMS Holds:**

- Hospital cost reports continue to be on hold for SSI
 - Reports are on hold pending receipt of revised SSI factors and implementation instructions from CMS. We do not have a projected release date.
- SSI Recalculations
 - CMS does appear to be releasing older SSI recalculation requests
 - CMS has asked for a listing of requests that have yet to be completed
 - CMS has stated providers can request realignment once the new SSI ratios are issued



CMS Updates

□ **Status of CMS Holds:**

■ **Outlier Reconciliation**

- CMS has released cost reports from the Outlier hold status
- Outlier reconciliation reviews are performed as part of the settlement process
- Due to the SSI hold many cost reports have yet to be profiled for outlier reconciliation



CMS Updates

□ **ACA Claims Reprocessing**

- Thousands of claims have been reprocessed, most very minor – pennies to a dollar or two
- Little to no impact until you consider impacts on Bad Debt reporting
 - Minor coinsurance differences have been noted
 - Will variances be considered errors and extrapolated in determining bad debt adjustments?
 - Will third parties be required to reprocess claims?
 - Administrative burden is costly for providers, Medicare contractors and third party payors



CMS Updates

□ **ACA Claims Reprocessing**

■ Possible solutions:

- Correct bad debt listings for changes in coinsurance amounts
- Amended cost reports not required due to immaterial amount
- No expectation for 3rd part reprocessing
- Note ACA variances as immaterial differences on workpaper and pass further review

■ CMS Reality:

- All of the above solutions have been submitted to CMS for consideration
- CMS has not issued a position on the issue – CMS Audit Division to confer with CMS Policy regarding issue
- Issue is on hold for now



CMS Updates

HITECH Audit Expectations

- CMS has yet to release audit instructions for the EHR provisions
- Charity Care documentation expectations remain unknown at this time
- CMS is aware that providers and contractors are awaiting guidance
 - CMS states that they are working on it



CMS Updates

Hospital Routine Services Under Arrangement

- Only therapeutic and diagnostic services may be furnished outside the hospital “under arrangement”
- Routine services must be provided by the hospital
 - Routine services furnished in the hospital to its inpatients are considered as being provided by the hospital
 - If they are provided outside the hospital it is considered to be provided under arrangement
- CMS expects hospitals to work towards ensuring compliance with the new requirements during FY2012
- Beginning FY2013 hospitals will need to be in full compliance
 - CMS will provide further guidance during a later Change Request



CMS Updates

Paramedical Education

□ **Provider-operated means:**

■ 42 CFR 413.78(f)

- Directly incurs the costs of training
- Directly controls curriculum
- Controls administration and day to day activities of the program
- Employs the teaching staff
- Provides and controls both classroom and clinical training



CMS Updates

- NA& H Programs operated by related organizations, home office or other parties within a common health system such as schools of nursing or allied health in an academic healthcare system
 - Just because a school and a provider are under common ownership or the same Tax ID # does NOT mean the school and provider are one and the same. The program would NOT be provider operated in such cases.
 - **CMS Clarification:** okay if home office holds the accreditation as long as the hospital itself is actually operating the program
 - **CMS Clarification:** okay if more than one hospital operates the program as long as it is hospital-operated; each hospital may only claim time training students at their facility



CMS Updates

Hospice Cap

Medicare reimbursement to hospices is limited. There are two caps that apply to the hospice benefit:

1. The number of days of inpatient care the hospice may furnish is limited to not more than 20 percent of total patient care days (the inpatient cap);
2. An aggregate payment amount that a Medicare hospice provider may receive in Medicare payments for services provided in the cap year is limited to the cap amount times the number of beneficiaries who initially elected the benefit in that period.



CMS Updates

Hospice Beneficiary Cap

- Cap determinations have historically impacted free-standing hospices; limited impacted to provider-based facilities
- CMS issued TDL-11367 (6-14-11) regarding the implementation of CMS Ruling 1355-R
- CMS suspended beneficiary cap calculations on March 24, 2011 (TDL 11253)
- CMS ruling (1355-R) requires recalculation of beneficiary caps under appeal using new method
- Hospice Wage Index for 2012 published in the FR on August 4, 2011 (76 FR 47302) includes new cap calculations



CMS Updates

Hospice Cap Methods

- Streamline Method (previously used)
 - Beneficiary is counted during initial election year 9/27- 9/28 and only prorated if transferred
- Proportional Method (CMS ruling)
 - Beneficiary is prorated across all cap periods and all providers
 - New cap period from 11/1 – 10/31 used



CMS Updates

CMS Ruling 1355

- ❑ Effective April 14, 2011
- ❑ Applies to all cap years ending on or before Oct. 31, 2011
- ❑ All providers that appealed method used to count beneficiaries
- ❑ Proportional method will be used
- ❑ The whole and fractional shares of beneficiary time in cap year are summarized to compute cap
- ❑ 3-year reopening rule will apply



CMS Updates

Cap Calculations to Resume

- ❑ CMS temporarily suspended cap calculations due to adverse court decisions
- ❑ Instructions will be issued **very** soon to resume Cap calculations
- ❑ Hospices can elect proportional method in 2011 or can keep streamlined method for 2011
- ❑ New PS&R Reports available to provide beneficiary count using both methods



CMS Updates

New Rules for CAP Years Ending on or after 2012 (8/04/11 FR)

- ❑ Patient-by-patient proportional method used
- ❑ CMS does not plan to recalculate 2011 data
- ❑ Hospices can make a one-time election to continue using streamlined method
- ❑ Providers can not change from proportional to streamlined method
- ❑ Transition period from 9/28 to 10/31 will occur
 - CMS plans to issue instructions in a TDL and also include in 100-04, Chapter 11



CMS Updates

New PS&R Hospice Beneficiary CAP Reports Available

Hospitals may count time residents spend training in nonhospital sites for direct GME and IME if the hospital:

- Released on June 4 and updated in August
- Data available from August 2007 to present
- Reports can be used for streamline or patient-by-patient proportional



CMS Updates

PS&R Hospice Beneficiary CAP Reports

- ❑ Hospice Beneficiary Count Summary (only report directly available to providers)
- ❑ Hospice Beneficiary Utilization Detail Report
- ❑ Hospice Beneficiary Count Detail
- ❑ Hospice Beneficiary Allocation Summary
- ❑ Hospice Beneficiary Count (Fully Pro-Rated)
- ❑ Hospice Beneficiary Allocation Summary (Fully Pro-Rated)



CMS Updates

Provision	Dem "Super Committee" Recommendations	President's Plan for Economic Growth and Deficit Reduction
Post-acute provider payments	One or two year market basket freeze (SNF, IRF, LTCH and HHAs)	Reduce payment rates 2014-2021
HHA rebasing	Rebase with 2014-2015 phase in instead of ACA 4-year period	
Increase SNF cost sharing	Co-pay of 5% on inpatient deductible per day for each of the first 20 days of SNF care.	
Recoup FY11 SNF overpayment	While CMS has proposed 11.1% reduction in SNF payments to account for implementation of RUG-IV, this proposal would recover FY 2011 overpayments	
New SNF value-based purchasing/readmissions program	Implements SNF VBP in non-budget neutral manner	Reduce SNF payments up to 3% for SNF facilities with high percentage of preventable hospital readmissions beginning in 2015.
HHA co-pay	10% copayment for each episode	\$100 copayment for HHA services per episode (5 or more visits) beginning in 2017
Rural hospital payment add-ons	Reduce or eliminate special payment provisions for CAH/MDH/SCH	CAH reimbursement at 100% cost for CAHs more than 10 miles from nearest hospital
Bad debts	Eliminate or phase down bad debt payments	Reduce to 25% for all eligible providers over 3-years beginning in 2013
Graduate medical education	Lower reimbursement for IME, lower or freeze DGME payments for all hospitals or hospitals in high cost areas	Reduce IME by 10% beginning in 2013
Recoup overpayments from IPPS documentation and coding improvements	Require recoup of documentation and coding overpayments from FY 2010-2012	
Equal payments for certain conditions in IRF and SNF		Reduce some IRF payments to SNF levels
Encourage appropriate use of IRF		Re-establish 75% threshold for patients with designated medical conditions that require rehabilitation.



Palmetto GBA Updates

J11 MAC Transition
Amended Cost Reports
Wage Index Work Plan
PS&R Reports
Contact Information



Palmetto GBA Update

J11 MAC Transition – Part A

- ❑ NC/VA/WV fully transitioned
- ❑ Significant NC backlog of work
- ❑ VA/WV providers will mainly be worked through a subcontract arrangement with previous contractor
- ❑ Operating on a May 21 – May 20 fiscal period



Palmetto GBA Update

□ Amended Cost Reports

- Reviewed for acceptance on a case-by-case basis
 - Status of desk review or audit may determine whether we will accept an amended cost report
- Required for significant changes/updates to a previously filed cost report
- **Threshold for amending cost report: +/- \$5,000**



Palmetto GBA Updates

Wage Index Work Plan

- 12/5/11: Deadline for providers to submit requested revisions to the wage index and occupational mix data
- 12/6/11: Desk reviews for both wage index and occupational mix are started. Current year desk reviews are assigned to the same team that performed the prior review
- 2/8/12: Desk reviews are completed and adjustment reports are submitted to providers. Draft wage data and occupational mix data are submitted to CMS for compilation and posting as PUF files
- 3/5/12: Deadline for providers to refute desk review adjustments and submit supporting documentation for their position
- 4/11/12: Deadline for review and revision of previously proposed adjustments; final submission of wage data to CMS
- **Note:** See the wage index time table submitted with the wage index letters for additional dates related to the wage index process



Palmetto GBA Updates

PS&R Reports

- ❑ CMS reports a median run time of 2 minutes for PSR Summary and 5 minutes for detail
- ❑ PSR Support requests has dropped significantly
- ❑ Registration remains low
- ❑ Improved chain provider registration process
- ❑ SO can now access PSR summaries
- ❑ CMS no longer requiring MACs to provide PSR reports; no cost report extensions



Palmetto GBA Updates

PS&R Contact Info

- PSR Website contains links to log-in screen, FAQs, IACS, User Manuals, Quick Guides, Registration tips
 - www.cms.hhs.gov/PSRR
- Web-based training at PSR Website
- IACS issues:
 - EUSSupport@cgi.com
 - 1-866-484-8049
- Contact contractor if you have an issue with the PSR data



Palmetto GBA Update

Contact Information



Palmetto GBA Update

□ **Key Contact Information**

■ For filing of Cost Reports

Courier Service

Palmetto GBA

Attn: Cost Report Acceptance (AG-330)

2300 Springdale Drive, Building One

Camden, SC 29020-1728

U.S. Postal Service

Palmetto GBA

Attn: Cost Report Acceptance (AG-330)

Post Office Box 100144

Columbia, SC 29202-3144



Palmetto GBA Update

□ Key Contact Information

■ HITECH Issues/Hospice Caps

- Jim Peebles at jim.peebles@palmettogba.com or (803) 382-6118

Courier Service

Palmetto GBA

Attn: Jim Peebles, Manager (AG-330)

2300 Springdale Drive, Building One

Camden, SC 29020-1728

U.S. Postal Service

Palmetto GBA

Attn: Jim Peebles, Manager (AG-330)

Post Office Box 100144

Columbia, SC 29202-3144



Palmetto GBA Update

□ Wage Index Activities

□ Initial Point of Contact

- Daniel Rossman, Supervisor
Provider Audit (AG-320)

Regular Mail

P.O. Box 100144
Columbia, SC 29202-3144

(803) 382-6141 (direct line)

(803) 935-0226 (fax)

Daniel.Rossman@palmettogba.com

Courier Mail

2300 Springdale Drive, Bldg One
Camden, SC 29020-1728

- Assigned auditor/supervisor for discussion regarding specific issues raised during our review



Palmetto GBA Update

□ Key Contact Information

■ Provider Audit

- Issues relating to the cost report, desk reviews, audits, and settlements

Palmetto GBA

Provider Audit, AG-320

Post Office Box 100144

Columbia SC 29202-3144

Contact:

Scott Neely (*or assigned manager*)

Manager, Provider Audit

(803) 763-5526 (direct line)

(803) 935-0226 (fax)

Scott.Neely@palmettogba.com



Palmetto GBA Update

□ **Key Contact Information**

■ **Provider Audit**

□ Filing of Cost Report Appeals and Reopenings

Palmetto GBA

Cost Report Appeals and Reopenings, AG-380

Post Office Box 100144

Columbia SC 29202-3144

Contact:

Cecile Huggins

Supervisor, Provider Appeals and Reopenings

(803) 382-6242 (direct line)

(803) 935-0248 (fax)

Cecile.Huggins@palmettogba.com



Palmetto GBA Update

- Contact Information for Cost Report Appeal and Reopening Requests
 - Two new email addresses have been created for the electronic submission of cost report appeals and cost report reopening requests:
 - Filing of Cost Report Appeals
 - CostReport.Appeals@palmettogba.com
 - Filing of Cost Report Reopenings
 - CostReport.Reopening@palmettogba.com



Palmetto GBA Update

- PRRB appeals correspondence that providers send to the Blue Cross and Blue Shield Association should now be sent via e-mail to
“ImageNow_SGI@BCBSA.com.”
 - In the Subject line, reference the case number first, followed by the case name, followed by the nature of the correspondence.
 - For example:
Subject: PRRB Case No. 10-9999; ABC Hospital; Provider Preliminary Position Paper
- There is no need to send a paper copy.