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# CMS Manual System

## Pub. 100-20 One-Time Notification

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Department of Health &  
Human Services (DHHS)  
Centers for Medicare &  
Medicaid Services (CMS)

Transmittal 92

Date: JULY 2, 2004

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### CHANGE REQUEST 3353

**SUMMARY OF CHANGES:** Change Request (CR) 3247, Transmittal 87, issued on May 26, 2004, contained instructions for the submission of a hospital's timely request to its fiscal intermediary (FI) related to P.L. 108-173, Section 422, "Redistribution of Unused Resident Positions." This One-Time Notification (OTN) provides additional instructions to FIs related to this section.

**REVISED MATERIAL - EFFECTIVE DATE: July 12, 2004**

**IMPLEMENTATION DATE: July 16, 2004**

#### II. CHANGES IN MANUAL INSTRUCTIONS:

(R = REVISED, N = NEW, D = DELETED)

R/N/D	CHAPTER/SECTION/SUBSECTION/TITLE
N/A	

#### III. FUNDING: Medicare contractors only:

Contractors may submit a Supplement Budget Request for MMA funding.

#### IV. ATTACHMENTS:

	Business Requirements
	Manual Instruction
	Confidential Requirements
X	One-Time Notification
	Recurring Update Notification

## Attachment - One-Time Notification

Pub. 100-20	Transmittal: 92	Date: July 2, 2004	Change Request 3353
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**SUBJECT: Additional Instructions Related to the “Redistribution of Unused Resident Positions,” Section 422 of the Medicare Modernization Act of 2003 (MMA), P.L. 108-173, for Purposes of Graduate Medical Education (GME) Payments**

### I. GENERAL INFORMATION

**A. Background:** Change Request (CR) 3247, Transmittal 87, issued on May 26, 2004, contained instructions for the submission of a hospital’s timely request to its fiscal intermediary (FI) related to P.L. 108-173, Section 422, “Redistribution of Unused Resident Positions.” This One-Time Notification (OTN) provides additional instructions to FIs related to this section.

**B. Policy:** In accordance with CR 3247, providers are to submit timely notification related to P.L. 108-173, Section 422, “Redistribution of Unused Resident Positions” on or before June 14, 2004. Upon receipt of such a timely request FIs are to do the following:

#### Excel file – Summary of timely requests

FIs shall complete and submit to The Centers for Medicare & Medicaid Services (CMS) an Excel file consisting of two worksheets. Worksheet A shall be used to identify all providers who submitted a timely request to use the cost reporting period including July 1, 2003, to determine its residents counts, due to an expansion of an existing residency training program that was not reflected on the most recent settled cost report. In addition, this worksheet shall identify if the provider requested to have the number of unweighted allopathic and osteopathic FTE residents reflected in its cost reporting period that includes July 1, 2003, adjusted to reflect residents in a newly approved program. Worksheet B shall identify providers who submitted a timely request to adjust the resident counts in the most recent cost reporting period ending on or before September 30, 2002, to reflect residents in a newly approved program.

Worksheet A shall be completed by entering the following data for each provider that submitted a timely request to utilize the cost report that includes July 1, 2003: provider number; provider name; provider’s fiscal year end; date request received; fiscal year end of most recent settled cost report as of April 30, 2004; the allopathic and osteopathic Direct Graduate Medical Education (DGME) and Indirect Medical Education (IME) FTE caps and unweighted DGME and IME FTE count for that cost report; the unweighted DGME and IME FTE count for the cost report including July 1, 2003 (as submitted by the provider if the cost report is not available). If a provider also requested to increase the FTEs for the cost report including July 1, 2003, to reflect residents in a newly approved program, include the name of the new program, number of approved residency slots for the new program, and if more than one hospital serves as the training site for residents in the new

program, the number of FTE residents for the new program which are training at the requesting hospital.

Worksheet B shall be completed by entering the following data for each provider that submitted a timely request to adjust the resident counts in the most recent cost reporting period ending on or before September 30, 2002, to reflect residents in a newly approved program: provider number; provider name; provider's fiscal year end; date request received; name of the new program, number of approved residency slots for the new program, and if more than one hospital serves as the training site for residents in the new program, the number of FTE residents for the new program which are training at the requesting hospital.

A blank copy of the Excel file has been attached to this OTN. Notify Dorothy Braunsar if you have any problems with this file. The completed excel file shall be sent to Dan Driscoll at [Ddriscill@cms.hhs.gov](mailto:Ddriscill@cms.hhs.gov) and Dorothy Braunsar at [Dbraunsar@cms.hhs.gov](mailto:Dbraunsar@cms.hhs.gov) as well as the FI's Regional Office on or before July 12, 2004.

*Audits of cost reporting periods that include July 1, 2003*

If a hospital submits a timely request to utilize the cost report that includes July 1, 2003, to determine its resident count due to an expansion of an existing residency training program, section 422 requires that this data be audited. CMS has prepared an audit program to review the FTE counts for the purpose of meeting this requirement. This audit program will be distributed under separate cover. FIs are to perform resident cap audits utilizing this audit program for each provider that made a timely request to use the cost reporting period including July 1, 2003, for the purpose of determining its resident counts. These audits must be completed by April 15, 2005. In performing these resident cap audits, FIs shall comply with the following guidelines: give the provider 2 weeks notice if a field audit is to be performed; include in this notice a request for any documentation needed to perform the audit; all subsequent documentation requests shall be in writing and must give the provider 2 weeks to supply the information; give the provider any proposed adjustments to its resident counts in writing with copies of the adjustment workpapers; give the provider 5 working days to review and comment on the proposed adjustments, notify the provider in writing that there are no administrative or appeal rights related to the redistribution of residents determination made under section 422. FIs do not need to issue Notices of Program Reimbursement (NPRs) at the completion of these resident audits. However, any adjustments to resident counts determined in these audits should be considered when the NPR for settlement of the cost report is issued.

FIs shall create an audit plan based on the thresholds provided in the audit program. This audit plan should identify the provider name, provider number, FYE, type of audit to be completed (desk or field), the estimated hours to complete each review, and the estimated start and completion date of each review. In preparing the audit plan, keep in mind that audits may be completed as desk or field audits, normal audit timelines have been modified, and that some of the cost reports may not be filed until November 30, 2004. (**Note:** Do not schedule or perform any audits of providers that are part of a Medicare GME affiliated group for the program year July 1, 2003 through June 30, 2004 until you receive further instructions.) The audit plan shall

be shall be sent to Dorothy Braunsar at [Dbraunsar@cms.hhs.gov](mailto:Dbraunsar@cms.hhs.gov) and the FI's Regional Office no later than August 3, 2004.

Budget

Once the audit plan has been prepared, FIs are to prepare a Supplement Budget Request (SBR) to request funding for these audits. The SBR must be submitted on or before August 3, 2004. Use the miscellaneous code, Program Management 17099 in submitting your SBR. Once approved you will be supplied with a special MMA code for reporting your actual expenditures.

Audits of most recent cost reporting period ending on or before September 30, 2002

Section 422 indicates that CMS may also perform audits of the resident counts reported on a hospital's most recent cost report ending on or before September 30, 2002, if that cost report has not been settled. FIs will be contacted separately to discuss the level of review required for providers where the most recent cost reporting period ending on or before September 30, 2002, will be used to determine the hospital's resident cap. CMS will take into consideration current FI workload in scheduling additional audits. Funding will be provided to complete these reviews.

System Tracking for Audit and Reimbursement (STAR)

FIs shall add a new line of business to record time for these activities in the STAR system. FIs shall activate the following four fields on Screen C to track the status of each resident cap audit.

<u>CURRENT FIELD</u>	<u>NEW FIELD NAME</u>	<u>DEFINITION</u>
Date07	GME DA ST	GME Desk Audit Start
Date08	GME DA CP	GME Desk Audit Complete
Date09	GME FA ST	GME Field Audit Start
Date10	GEM FA CP	GME Field Audit Complete

The workload and costs associated with these audits are not to be reported in CASR.

**C. Provider Education:** None.

**II. BUSINESS REQUIREMENTS**

*"Shall" denotes a mandatory requirement*

*"Should" denotes an optional requirement*

<b>Requirement #</b>	<b>Requirements</b>	<b>Responsibility</b>
3353.1	The FI shall complete the excel spreadsheet attached to this OTN with the required	FI

	information from the timely requests submitted by providers. The FI shall submit the completed spreadsheet to Dorothy Braunsar and Dan Discroll at CMS as well as the FI's Regional Office by July 12, 2004.	
3353.2	The FI shall complete an audit plan based on the resident cap audit program and submit this plan to <a href="mailto:Dbraunsar@cms.hhs.gov">Dbraunsar@cms.hhs.gov</a> and the FI's Regional Office by August 3, 2004.	FI
3353.3	The FI shall submit an SBR for activities related to this OTN by August 3, 2004.	FI
3353.4	The FI shall conduct either a desk or field audit using the resident count audit program for all providers that submitted a timely request to utilize the cost report that contains July 1, 2003 in determining the revision to the providers GME and IME FTE cap. The audits shall be completed by April 15, 2005.	FI
3353.5	When requested by CMS the FIs shall conduct either a desk or field audit using the resident count audit program of resident counts reported on specific providers cost reports ending on or before September 30, 2002.	FI
3353.6	The FI will activate four fields in STAR to account for time associated with the resident count audits.	FI

### III. SUPPORTING INFORMATION & POSSIBLE DESIGN CONSIDERATIONS

#### A. Other Instructions: N/A

X-Ref Requirement #	Instructions

#### B. Design Considerations: N/A

X-Ref Requirement #	Recommendation for Medicare System Requirements

#### C. Interfaces: N/A

#### D. Contractor Financial Reporting /Workload Impact: N/A

#### E. Dependencies: N/A

**F. Testing Considerations: N/A**

**IV. SCHEDULE, CONTACTS, AND FUNDING**

<p><b>Effective Date: July 12, 2004</b></p> <p><b>Implementation Date: July 16, 2004</b></p> <p><b>Pre-Implementation Contact(s):</b> Dorothy Braunsar, 410-786-4037 <a href="mailto:dbraunsar@cms.hhs.gov">dbraunsar@cms.hhs.gov</a>, and Daniel Driscoll, 410-786-4555 or <a href="mailto:ddriscoll@cms.hhs.gov">ddriscoll@cms.hhs.gov</a></p> <p><b>Post-Implementation Contact(s):</b> Dorothy Braunsar, 410-786-4037 or <a href="mailto:dbraunsar@cms.hhs.gov">dbraunsar@cms.hhs.gov</a>, and Daniel Driscoll, 410-786-4555 or <a href="mailto:ddriscoll@cms.hhs.gov">ddriscoll@cms.hhs.gov</a></p>	<p><b>Funding is available through the supplemental budget process for activities identified in this change request.</b></p>
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Attachment

**To download the Filename R92OTN2.zip associated with this instruction, click [here](#).**