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# Medicare

## Provider Reimbursement Manual

### Part 2, Provider Cost Reporting Forms and Instructions, Chapter 29, Form CMS-222-92

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

**Transmittal 6**

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**HEADER SECTION NUMBERS**

2907.2 – 2909.2  
2990

**PAGES TO INSERT**

29-9 - 29-12 (4 pp.)  
29-309 - 29-313 (5 pp.)

**PAGES TO DELETE**

29-9 - 29-12 (4 pp.)  
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**NEW/REVISED MATERIAL--EFFECTIVE DATE: for cost reporting periods ending on or after March 31, 2002.**

This transmittal modifies Section 2908.1, lines 8 through 18 and Section 2990, Worksheet C, Part I and II to accommodate the cost report year wherein the possibility exists that three (3) per visit payment limits may apply.

Also, this transmittal adds line 24.01 to Worksheet C, Part II to allow for the compilation of statistical data on bad debts for dual eligible beneficiaries.

Further, this transmittal corrects a typographical error on line 6, Supplemental Worksheet B-1. Line 6 should read (Worksheet A, Column 7, Line 25) and not Line 50.

**DISCLAIMER: The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.**

Column 4.--This is the minimum number of facility visits the personnel in each staff position are expected to furnish. Enter the product of column 1 and column 3.

Column 5.--Enter the greater of the visits **from** column 2 or column 4. Intermediaries have the authority to waive the productivity guideline in cases where you have demonstrated reasonable justification for not meeting the standard. In such cases, the intermediary could set any number of visits as reasonable (not just your actual visits) if an exception is granted. For example, if the guideline number is 4200 visits and you have only furnished 1000 visits, the intermediary need not accept the 1000 visits but could permit 2500 visits to be used in the calculation.

Line 4.--Enter the total of lines 1 through 3.

Line 8.--Enter the total of lines 4 through 7.

Line 9.--Enter the number of visits furnished to facility patients by physicians under agreement with you. Physicians services under agreements with you are (1) all medical services performed at your site by a physician who is not the owner or an employee of the facility, and (2) medical services performed at a location other than your site by such a physician for which the physician is compensated by you. While all physician services at your site are included in RHC/FQHC services, physician services furnished in other locations by physicians who are not on your full time staff are paid to you only if your agreement with the physician provides for compensation for such services.

2907.2 Part II - Determination of Total Allowable Cost Applicable To RHC/FQHC Services.--Use Part II to determine the amount of overhead cost applicable to RHC/FQHC services.

Line 10.--Enter the cost of RHC/FQHC services (excluding overhead) from Worksheet A, column 7, line 25.

Line 11.--Enter the cost of services (other than RHC/FQHC services) excluding overhead from Worksheet A, column 7, sum of lines 57 and 61.

Line 12.--Enter the cost of all services (excluding overhead). It is the sum of lines 10 and 11.

Line 13.--Enter the percentage of RHC/FQHC services. This percentage is determined by dividing the amount on line 10 (the cost of RHC/FQHC services) by the amount on line 12 (the cost of all services, excluding overhead).

Line 14.--Enter the total overhead costs incurred from Worksheet A, column 7, line 50. It is the sum of facility costs and administrative overhead costs.

Line 15.--Enter the overhead amount applicable to RHC/FQHC services. It is determined by multiplying the amount on line 13 (the percentage of RHC/FQHC services) by the amount on line 14 (total overhead).

Line 16.--Enter the total allowable cost of RHC/FQHC services. It is the sum of line 10 (cost of RHC/FQHC services other than overhead services) and line 15 (overhead services applicable to RHC/FQHC services).

**2908. WORKSHEET C - DETERMINATION OF MEDICARE PAYMENT**

Use this worksheet to determine the interim all inclusive rate of payment and the total Medicare payment due you for the reporting period.

**2908.1 Part I - Determination of Rate For RHC/FQHC Services.**--Use Part I to calculate the cost per visit for RHC/FQHC services and to apply the screening guideline established by CMS on your health care staff productivity.

Line 1.--Enter the total allowable cost from Worksheet B, Part II, line 16.

Line 2.--Enter the total cost of pneumococcal and influenza vaccine from Supplemental Worksheet B-1, line 15.

Line 3.--Subtract the amount on line 2 from the amount on line 1 and enter the result.

Line 4.--Enter the greater of the minimum or actual visits by the health care staff from Worksheet B, Part I, column 5, line 8.

Line 5.--Enter the visits made by physicians under agreement from Worksheet B, Part I, column 5, line 9.

Line 6.--Enter the total adjusted visits (sum of lines 4 and 5).

Line 7.--Enter the adjusted cost per visit. This is determined by dividing the amount on line 3 by the visits on line 6.

Lines 8 through 18.--Complete columns 1 and 2 of lines 8 through 18 to identify costs and visits affected by different payment limits during a cost reporting period. For lines 11 through 18, enter the sum of columns 1 and 2 in column 3. If only one payment limit is applicable during the cost reporting period or the cost per visit (line 7) is less than the payment limit (line 8), complete column 3 only. **Column 2 can be subscripted to accommodate the possibility of three per visit limits during a cost reporting period**

Line 8.--Enter the maximum rate per visit that can be received by you. Obtain this amount from **PM A-03-21** or from your intermediary.

Line 9.--Enter the lesser of the amount on line 7 or line 8.

**2908.2 Part II - Determination of Total Payment.**--Use Part II to determine the total Medicare payment due you for covered RHC/FQHC services furnished to Medicare beneficiaries during the reporting period.

Line 10.--Enter the rate for Medicare covered visits from line 9.

Line 11.--Enter the number of Medicare covered visits excluding visits subject to the outpatient mental health services limitation from your intermediary records.

Line 12.--Enter the subtotal of Medicare cost. This cost is determined by multiplying the rate per visit on line 10 by the number of visits on line 11 (the total number of covered Medicare beneficiary visits for RHC/FQHC services during the reporting period).

Line 13.--Enter the number of Medicare covered visits subject to the outpatient mental health services limitation from your intermediary records.

Line 14.--Enter the Medicare covered cost for outpatient mental health services by multiplying the rate per visit on line 10 by the number of visits on line 13.

Line 15.--Enter the limit adjustment. This is computed by multiplying the amount on line 14 by the outpatient mental health service limit of 62 1/2 percent. This limit applies only to therapeutic services not initial diagnostic services.

Line 16.--Enter the total Medicare cost. This is equal to the sum of the amounts on lines 12 and 15.

Line 17.--Enter the amount credited to the RHC's Medicare patients to satisfy their deductible liabilities on the visits on lines 11 and 13 as recorded by the intermediary from clinic bills processed during the reporting period. RHCs determine this amount from the interim payment lists provided by the intermediaries. FQHCs enter zero on this line as deductibles do not apply.

Line 18.--Enter the net Medicare cost. This is equal to the result of subtracting the amount on line 17 from the amount on line 16. Enter in column 3 the sum of the amounts in columns 1 and 2.

Line 19.--Enter 80 percent of the amount on line 18, column 3.

Line 20.--Enter the Medicare cost of pneumococcal and influenza vaccines and their administration from Worksheet B-1, line 16.

Line 21.--Enter the total reimbursable Medicare cost. This is equal to the sum of the amounts on lines 19 and 20.

Line 22.--Enter the total payments made to you for covered services furnished to Medicare beneficiaries during the reporting period (from intermediary records).

Line 23.--This is equal to the result of subtracting the amount on line 21 from the amount on line 22.

Line 24.--Enter your total reimbursable bad debts, net of recoveries, from your records.

Line 24.01.--Enter the gross reimbursable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. These amounts also are included on line 24.(4/1/2004b)

Line 25.--Enter the total amount due to/from the Medicare program (sum of lines 23 and 24). This is the amount of the payment reconciliation.

## 2909. SUPPLEMENTAL WORKSHEET A-2-1 - STATEMENT OF COSTS OF SERVICES FROM RELATED ORGANIZATIONS

In accordance with 42 CFR 413.17, cost applicable to services, facilities, and supplies furnished to you by organizations related to you by common ownership or control are includable in your allowable cost at the cost to the related organization subject to the exceptions outlined in 42 CFR 413.17(d). This worksheet provides for the computation of any needed adjustments to costs applicable to services, facilities, and supplies furnished to you by organizations related to you. In addition, certain information concerning the related organizations with which you have transacted business is shown. (See CMS Pub. 15-1, chapter 10.)

2909.1 Part I - Introduction.--If there are any costs included in Worksheet A which resulted from transactions with related organizations as defined in CMS Pub. 15-I, chapter 10, check the "Yes" box and complete Parts II and III.

If there are no costs included in Worksheet A which resulted from transactions with related organizations as defined in CMS Pub. 15-1, chapter 10, check the "No" box and do not complete the rest of the form.

2909.2 Part II - Costs Incurred and Adjustments Required.--Cost applicable to services, facilities, and supplies furnished to you by organizations related to you by common ownership or control are includable in your allowable cost at the cost to the related organizations. However, such cost must not exceed the amount a prudent and cost conscious buyer pays for comparable services, facilities, or supplies that are purchased elsewhere.

Complete each line as necessary and complete all columns for each of those lines.

Column 1.--Enter the line number from Worksheet A which corresponds to the cost center for which the adjustment is being made.

Column 2.--Enter the cost center from Worksheet A for which the adjustment is being made.

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associated with this instruction, click [here](#).**