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# Medicare

## Provider Reimbursement Manual

### Part 2, Provider Cost Reporting Forms and Instructions, Chapter 1, General

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

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<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
132 – 140 (Cont.)	1-11 - 1-13 (3 pp.)	1-11 - 1-15 (4 pp.)

**CLARIFICATION – EFFECTIVE DATE: Not applicable**

Section 140, Acceptance /Rejection of Cost Reports, clarifies instructions to providers and intermediaries concerning the acceptance and rejection of cost reports that were issued with Transmittal 21.

**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.**

Effective for cost reporting periods ending on or after September 30, 1994, all electronically submitted files must be accompanied by Worksheet S (computer generated), which must electronically print the date and time the electronic file was encrypted and replicate the encryption coding in the ECR file parallel and to the left of the officer or administrator of provider(s) signature block. The purpose of the encryption coding is to give further assurance to the integrity of the ECR file beyond the date and time stamp requirement. This Worksheet S must also contain the penalty and certification statements attesting to the validity of the data submitted to the intermediary (Part I) and the data required in the settlement summary (Part II). The signature block of the officer or administrator must contain an original signature. A facsimile or stamped copy of the signature is unacceptable. (See 42 CFR 413.24(f)(4)(iv).)

For cost reporting periods ending on or after September 30, 1994, hospitals and health care complexes who use a CMS approved vendor program must submit a print image file (an electronic picture image of the entire cost report) with their electronic cost report (ECR) file. The print image file must be in ASCII format. For those providers who create print image files which are too large to be placed on a diskette with the ECR file, a compression program must be employed. Your software vendor either provides this program or instructs you on obtaining the necessary software, where applicable. The compressed file must be self extracting. For cost reporting periods ending on or after December 31, 1994, all print image files must contain the encryption coding both in the print image file and on Worksheet S just below the ECR encryption code. The order of processing these files should be ECR creation, print image creation, and Worksheet S.

Effective for cost reporting periods ending on or after September 30, 1994, until further notice, CMS no longer supplies free software for electronic filing of the Form CMS-2552 cost report. Providers who previously used the free software will be given a waiver for cost reporting periods ending on or after September 30, 1994, and prior to October 1, 1997, if required. If waiver is required after this period, providers may apply under §130.3.

### 132. ELECTRONIC SUBMISSION OF SNF AND HHA COST REPORTS

Effective for cost reporting periods ending on or after March 31, 2000, for SNFs and HHAs, submit a diskette of the electronic cost report (utilizing an approved vendor system) to your intermediary. The electronic cost report is considered the official cost report by the intermediary. A hard copy of the cost report is no longer required to be submitted to your intermediary. However, providers that do not use a CMS approved vendor system and use the CMS provided free software, must submit a completed hard copy of the cost report to the intermediary. The intermediary has been instructed to reject all electronic cost reports that fail level 1 edits. (See §130.2.)

If you do not use CMS approved cost reporting vendors systems for the SNFs and HHAs, CMS provides you with free software which produces a standardized output file (consisting of input data and various check figures) for electronic submission to any intermediary. This software does not, however, produce a completed cost report. Contact your intermediary to obtain the software.

All electronically submitted files must be accompanied by Worksheet S (computer generated), which must electronically print the date and time the electronic file was encrypted and replicate the encryption coding in the ECR file parallel and to the left of the officer or administrator of provider(s) signature block. The purpose of the encryption coding is to give further assurance to the integrity of the ECR file beyond the date and time stamp requirement. This Worksheet S must also contain the penalty and certification statements attesting to the validity of the data submitted to the intermediary (Part I) and the data required in the settlement summary (Part II). The signature block of the officer or administrator must contain an original signature. A facsimile or stamped copy of the signature is unacceptable. (See 42 CFR 413.24 (f) (4) (iv) and §131.)

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## 140. ACCEPTANCE/REJECTION OF COST REPORTS

The intermediary has 30 days from the date of receipt of the provider's cost report to make a determination of acceptability. In order for a cost report to be acceptable, a provider must complete and submit the required cost reporting forms, including all required signatures to the intermediary.

An acceptable cost report from providers filing electronic cost reports (ECRs) means that all the following items have been included in the submission:

1. A diskette of the ECR utilizing a CMS-approved vendor with the current specification date submitted.
2. An ECR that passes all level 1 edits.
3. A submitted print image file of the cost report except when using CMS free software.
4. The certification page (Worksheet S) of the ECR file with the actual signature of an officer (administrator or chief financial officer).
5. An exact match of the encryption code, date and time for the ECR displayed on the certification page to that of the ECR file encryption code, date and time.
6. An exact match of the encryption code, date and time for the print image displayed on the certification page to that of the print image file encryption code, date and time except when using CMS free software.
7. For teaching hospitals, a complete Intern and Resident Information System (IRIS) diskette that will pass all IRIS system edits.
8. The settlement summary on the electronic certification page agrees with the settlement summary on the Medicare cost report produced from the electronic file.
9. A completed, signed and submitted Form CMS-339 (Formally HCFA-339).

An acceptable cost report from providers that do not file ECRs means that all the following items have been included in the submission:

1. A completed and legible cost report on the proper forms.
2. A general information and certification page which includes the original signature of an officer (administrator or chief financial officer).
3. A completed, signed, and submitted Form CMS-339 with an original signature

If the cost report does not contain the information/documentation described in Items 1-9 or 1-3 above, the intermediary will reject the cost report immediately. However, if the cost report diskette is bad or damaged, the intermediary will not reject the cost report immediately but will return it with instructions that a good diskette must be resubmitted within 15 days from the date of the letter. The intermediary will mail this letter shortly after receipt of the cost report because the cost report must still be accepted or rejected within 30 days from the date of the original cost report submission (i.e., the 15-days to resubmit a bad or damaged diskette does not extend the acceptability period to 45 days). If a good diskette is not received within 15 days from the date of the request letter, the intermediary will reject the cost report.

If the submitted cost report is considered unacceptable for reasons other than a bad or damaged cost report diskette, or because a good cost report diskette is not resubmitted by the provider within 15 days of the request letter, the intermediary returns the cost report to the provider with a letter explaining the reasons for rejection. If the due date for the cost report has expired, the intermediary will institute withholding of the interim payments and/or assessment of interest and penalties and issue a demand letter as soon as possible but no later than 30 days after the due date of the cost report.

Additionally, the intermediary is to verify that, where appropriate, the provider has also submitted the following items with its cost report:

1. Correctly updated graduate medical education (GME) per resident amounts.
2. All applicable documentation required per Form CMS-2552-96.
3. All required documentation per Form CMS-339.
4. Documentation supporting exceptions to level 2 ECR and hospital cost report information system(HCRIS) edits.
5. A copy of the working trial balance.
6. A copy of the audited financial statements where applicable.
7. The supporting documentation for reclassifications, adjustments, related organizations, contracted therapists, and protested items, where applicable.

If any of those items are not submitted with the cost report, the intermediary will request that the provider submit significant missing documentation/information within a certain time-frame. The intermediary will adjust the tentative settlement amount to disallow the reimbursement affected if the provider does not submit the requested documentation/information.