
Program Memorandum Intermediaries

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

Transmittal A-02-083

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CHANGE REQUEST 2285

SUBJECT: System Tracking for Audit and Reimbursement (STAR) Instructions: End Stage Renal Disease (ESRD) Audits and Hospice Cost Reports

This Program Memorandum (PM) explains how fiscal intermediaries (FI) are to record information in STAR for the audit of ESRD facilities' cost reports and what limited processes FIs are to perform on hospice cost reports.

ESRD AUDITS

The Fiscal Year (FY) 2002 Budget and Performance Requirements (BPRs) instructed FIs to audit one third of all FY 2000 ESRD facilities' cost reports. This instruction has led to confusion about which ESRD facilities to audit and which cost report years ending to audit. FIs are to audit independent ESRD facilities with cost report years ending between January 1, 2000, and December 31, 2000. However, because of the confusion and the timing of this memorandum, we will accept audits of independent ESRD cost reports with cost report years ending between October 1, 1999, and September 30, 2002, as meeting the 2002 BPRs.

Section 4558 of the Balanced Budget Act (BBA) of 1997 requires that all ESRD facilities' cost reports be audited once every three years. In FY 2003, FIs will audit one third of independent and hospital based ESRD facilities with cost report years ending between January 1, 2001, and December 31, 2001. In FY 2004 and 2005, FIs will audit the remaining ESRD cost reports with years ending between January 1, 2001, and December 31, 2001. FIs may settle these ESRD cost reports before they are audited, rather than keeping them open for an extended period of time. If you decide to settle these cost reports, you must reopen them per 42 C.F.R. 405.1885(a), before beginning the audit.

To record an ESRD Audit in Multi-User STAR (MSTAR), you must enter on MSTAR Screen number four the ESRD Special Audit Start and Complete date for any ESRD facility audit completed as part of the 2002 BPRs. ESRD audits that are performed at the ESRD facility are either Audits or Focus Reviews. The ESRD Special Audit indicator should be marked with an "A" for audit and time charged to either Audit or Focus. The Contractor Audit and Settlement Report (CASR) will record every ESRD Special Audit Complete count on the ESRD Special Audit Information page and will provide detail on the ESRD Audit trail report. The information will be recorded on the Field Audit Extra screen in the appropriate column. In the case where you have entered an Audit Start or Audit Complete date, you will also get credit for these in the Audit Section of the CASR.

If no fieldwork is performed, all work is considered part of the desk review. In these cases, time should be charged to Desk Review and the ESRD Special Audit indicator should be coded with an "N". The ESRD Special Audit Start and Complete date must also be completed using the start and complete date of the desk review. This information will be recorded on the ESRD Special Audit trail report and on the Field Audit Extra screen. For ESRD audits, we are considering a desk review to meet the requirements of Section 4558 of the BBA. However, CASR will not count these desk reviews as audits.

HOSPICE

Existing program instructions require FIs to perform certain procedures to process and settle cost reports. Freestanding hospice facilities are required to file cost reports for informational purposes only. There is no settlement of a freestanding hospice cost report. Therefore, FIs should not perform desk reviews or audits on these cost reports and there are no plans to change STAR or CASR to track work performed on these cost reports.

For FY 2002, FIs should not have performed desk reviews, or audits or settlement of freestanding hospice cost reports. However, some FIs' budgets have been approved authorizing work to be done on hospice cost reports, and in fact, FIs have spent resources on these activities. Because we approved budgets, which included hospice cost report work, we will allow these FIs to adjust their CASR statistics to reflect work performed on hospice cost reports. To record this information in CASR for FY 2002, use the following procedures. FIs can adjust Column seven in CASR to record Desk Reviews, Focus Reviews, Audits, and Settlements for freestanding hospice providers. Unit counts can be obtained by running MSTAR Output Report Number 8 and limiting it to hospice providers, while Report Number 9 provides an audit trail to the counts. The STAR Timekeeping Reports will provide the Desk Review, Focus Reviews, Audit, and Settlement hours. The CASR99 Lotus or Excel worksheet can be adjusted to add hospice time to direct hours. Once CASR has been run, numbers in column seven can be manually changed before the upload using Dbase or in CASR after the extract has been successfully uploaded to the mainframe. Use the Notes section in CASR to explain how many Desk Reviews (Full and Limited), Focus Reviews, Audits, and Settlements are reported in Column seven and that are due to work performed on independent hospice facilities. The STAR Support Staff is available to assist you in generating reports or adjusting units and hours in CASR. Call either Pam Gaboury at (860) 659-4300 extension 228 or Bob Jarzbek on extension 233 for help.

For FY 2003, do not desk review, audit, or settle freestanding hospice cost reports. Follow those instructions in Change Request 1468, which are necessary to record the timeliness of filing an acceptable cost report and for HCRIS to accept the entity's cost report. To close out the hospice cost reports in STAR, enter the "cost report acceptance date" for the NPR date but do not send the hospice a NPR.

The *effective date* for this PM is October 1, 2002

The *implementation date* for this PM is October 1, 2002

These instructions should be implemented within your current operating budget.

This PM may be discarded after October 30, 2003.

If you have any questions, contact Daniel Driscoll 410 786-4555