

Program Memorandum Intermediaries

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

Transmittal A-02-095

Date: OCTOBER 4, 2002

CHANGE REQUEST 2389

SUBJECT: Production Dates for the Provider Statistical and Reimbursement (PS&R) Report and Extension of Due Date for Filing Provider Cost Reports for Providers Having Their Claims Processed by the Arkansas Part A Standard System (APASS) and Request for Wage Data for the FY 2004 Wage Index.

The purpose of this Program Memorandum (PM) is to inform all fiscal intermediaries (FIs) and providers that are having their claims processed by the (APASS) maintainer of the release timelines for the Provider Statistical and Reimbursement (PS&R) report program, and the due dates for provider cost reports. In addition, the PM also provides information relative to the collection of wage data for the FY 2004 wage index for APASS providers that have not filed their cost reports because of the filing extensions in this PM.

Provider Cost Reports

All hospitals (Form CMS-2552-96, except critical access hospitals), skilled nursing facilities (SNFs) (Form CMS-2540-96) with a provider based home health agency, home health agencies (Form CMS-1728-94), and community mental health centers (Form CMS 2088-92) are required to adhere to the cost report due dates recorded in the chart below. The chart also includes information pertaining to the FIs' responsibility to produce PS&R reports and the dates the reports are to be forwarded to the providers. The cost report due dates are based on allowing the providers 38 days to complete the cost report plus an allowance of seven days for the postal service to deliver the PS&R. Critical access hospitals, except for those with provider based HHAs, will continue to file cost reports in accordance with timelines defined in 42 CFR 413.24(f)(2) and CMS Pub.15-2, chapter 100, §104. Providers that have their claims processed by FISS must file their Medicare cost reports in accordance with the timelines defined in PM A-01-149.

Cost Reporting Year Ending Dates	PS&R Mailed to Provider by Dates	Cost Report Due Dates
August, 2000-December, 2000	October 21, 2002	December 5, 2002
January, 2001-June, 2001	November 11, 2002	December 26, 2002
July, 2001-September, 2001	December 2, 2002	January 16, 2003
October, 2001-December, 2001	December 23, 2002	February 7, 2003
January, 2002-March, 2002	January 13, 2003	February 27, 2003
April, 2002-June, 2002	February 3, 2003	March 20, 2003
July, 2002-September, 2002	February 24, 2003	April 10, 2003

FIs that are also functioning as regional home health intermediaries (RHHIs) will need to transmit electronically to the audit intermediaries (AIs) all PS&R related information at least five business days before the dates identified in the column labeled "PS&R Mailed to Provider by Dates".

This PM does not preclude a provider from filing cost reports timely, and basing the filing of the cost report on the provider's own records and claims data. Intermediaries should exercise caution when issuing tentative settlements in the absence of the PS&R.

Special Request for Wage Data for Purposes of the FY 2004 Wage Index

We are requesting fiscal intermediaries to contact and collect Worksheet S-3, Part II wage data from hospitals that have not filed their cost reports because of the filing extensions in this PM (see attached letter to hospitals). This request applies only to hospitals with cost reporting periods beginning during FY 2000 (that is, beginning on or after October 1, 1999, and before October 1, 2000). Hospitals must submit their cost reports, or portions of their cost reports (see below for details), to their intermediaries by November 4, 2002. Intermediaries must review and submit the data to CMS by **December 16, 2002**. The FY 2004 wage index will be calculated using data from cost reporting periods beginning during FY 2000.

Hospitals may elect one of the following four options for submitting their wage data:

1. A hospital may officially file its entire FY 2000 cost report by November 4, 2002, using the hospital's own records and claims data. (Intermediaries should exercise caution when issuing tentative settlements in the absence of the PS&R). If the intermediary issues tentative settlement, once the PS&R is available, and if there is a material difference in settlement, the intermediary must accommodate any possible underpayments or initiate a retroactive payment. In calculating the FY 2004 wage index, CMS will use wage data that are available within the specified timeframes for developing the wage index. **The final date for hospitals to request adjustments to Worksheet S-3, Part II for purposes of the FY 2004 wage index will be February 10, 2003.**

The intermediary must desk review the wage data and send the data, in *hdt* format, to CMS's Wage Index Team, either as a file attachment via e-mail or on a diskette via overnight delivery (see addresses below). The intermediary must also transmit the data directly to HCRIS.

2. A hospital may submit an **unofficial** electronic version of its FY 2000 cost report to its intermediary by November 4, 2002, excluding only the sections pertaining to the outpatient prospective payment system (that is, Schedule D, Part V and Schedule E, Part B). **The unofficial cost report will be used for wage index purposes only.** The intermediary **MUST NOT** transmit the unofficial cost report to HCRIS. The intermediary must desk review the wage data and input the wage data onto a Worksheet S-3 Excel spreadsheet. (CMS will e-mail the spreadsheet to the intermediary wage index contacts.) The intermediary must send the completed electronic spreadsheet to CMS's Wage Index Team as an e-mail file attachment or on a diskette through overnight delivery (see addresses below).

Hospitals electing this option must officially file their entire cost reports by the dates specified above. However, **wage data adjustments included in cost reports filed after February 10, 2003 will not be included in the FY 2004 wage index.**

3. A hospital may submit to its intermediary by November 4, 2002: Worksheets A, A-6, A-8, A-8-2, Exhibit 7 of Form CMS-339, a manual Worksheet S-3 spreadsheet (as mentioned in Option 2 above), and other necessary supporting documentation for purposes of the wage index. The intermediary must desk review the wage data and send the hospital's manual Worksheet S-3 to CMS (see addresses below).

Such hospitals must file their entire cost reports by the dates specified above. **Wage data adjustments included in cost reports filed after February 10, 2003, will not be included in the FY 2004 wage index.**

4. A hospital having more than one cost reporting period beginning during FY 2000 may elect to allow CMS to use the wage data from a short period cost report that is already filed. For example, a hospital filed a cost report that began October 1, 1999, and ended December 31, 1999. The hospital also has a cost report that began January 1, 2000, and ended September 30, 2000, that it has not filed due to the extension provided by this PM. The hospital in this example may request the intermediary to use its wage data from the cost reporting period ending December 31, 1999, for the FY 2004 wage index. **CMS will not allow a hospital to substitute the short period cost report wage data when the PS&Rs become available for development of the later period cost report.** Intermediaries must provide the CMS Wage Index Team a listing of hospitals requesting the use of their short period FY 2000 cost reports, including the

hospitals' provider numbers and their cost reporting period begin and end dates.

The intermediary must desk review the short period cost report wage data and send the data, in *hdt* format, to CMS's Wage Index Team, either as a file attachment via e-mail or on a diskette via overnight delivery (see addresses below).

Intermediaries should immediately, upon receipt of this PM, send the attached letter to hospitals affected by this PM. Hospitals must inform their intermediaries by October 18, 2002, regarding the option they have selected.

Electronic Mail Address

BPD-DPPS@cms.hhs.gov

Overnight Mail Address

Centers for Medicare & Medicaid Services
c/o Wage Index Team, CMM/HAPG/DAC
Room C4-08-06
7500 Security Boulevard
Baltimore, Maryland 21244-1850

ATTACHMENT

The *effective date* for this PM is October 4, 2002.

The *implementation date* for this PM is October 4, 2002.

The instructions contained in this PM should be implemented within your current operating budget.

This PM may be discarded after October 31, 2003.

If you have any business function questions, contact Edward Tregoe (410-786-6827) or Tom Talbott (401-786-4592). Questions related to the wage index should be addressed to the wage index team (410-786-4548).

If you have any programming/technical questions, please contact Mike O'Leary (410-786-6432).

(LETTER TO HOSPITALS)

ATTACHMENT

Subject: Special Request for Wage Data for Purposes of the FY 2004 Wage Index

Dear [HOSPITAL CONTACT]:

The Centers for Medicare & Medicaid Services (CMS) has requested fiscal intermediaries (FIs) to contact hospitals with cost reporting periods beginning during FY 2000 (that is, beginning on or after October 1, 1999, and before October 1, 2000) that have not filed their cost reports because of the filing extensions provided by Transmittal Number A-02-095. CMS is requesting these hospitals to submit their FY 2000 cost reports, or portions of their cost reports (see below for details), to their Fiscal Intermediaries (FIs) by November 4, 2002, so that the hospitals' wage data may be included in the FY 2004 wage index. A hospital's failure to submit a cost report could result in a misrepresentation of wage costs for the labor market area and could negatively impact the wage index value for all hospitals geographically located in or reclassifying to the area.

CMS is providing four options for hospitals to submit their FY 2000 cost report wage data:

Option 1

A hospital may officially file its entire FY 2000 cost report by November 4, 2002, using the hospital's own records and claims data. If the FI issues tentative settlement, once the PS&R is available, and if there is a material difference in settlement, the FI will accommodate any possible underpayments or initiate a retroactive payment. In calculating the FY 2004 wage index, CMS will use wage data that are available within the specified timeframes for developing the wage index. **The final date for hospitals to request adjustments to Worksheet S-3, Part II for purposes of the FY 2004 wage index will be February 10, 2003.**

Option 2

A hospital may submit an **unofficial** electronic version of its FY 2000 cost report to its FI by November 4, 2002, excluding only the sections pertaining to the outpatient prospective payment system (that is, Schedule D, Part V and Schedule E, Part B). **The unofficial cost report will be used for wage index purposes only.**

Hospitals electing this option must officially file their entire cost reports by the dates specified in Transmittal Number [THIS PM'S TRANSMITTAL NUMBER]. However, **wage data adjustments included in cost reports filed after February 10, 2003 will not be included in the FY 2004 wage index.**

Option 3

A hospital may submit to its FI by November 4, 2002: Worksheets A, A-6, A-8, A-8-2, Exhibit 7 of Form CMS-339, a completed manual Worksheet S-3 spreadsheet (request spreadsheet from FI), and other necessary supporting documentation for purposes of the wage index. Hospitals electing this option must file their entire cost reports by the dates specified in Transmittal Number [THIS PM'S TRANSMITTAL NUMBER]. **Wage data adjustments included in cost reports filed after February 10, 2003 will not be included in the FY 2004 wage index.**

Option 4

A hospital having more than one cost reporting period beginning during FY 2000 may elect to allow CMS to use the wage data from a short period cost report that is already filed. For example, a hospital filed a cost report that began October 1, 1999, and ended December 31, 1999. The hospital also has a cost report that began January 1, 2000, and ended September 30, 2000, that it has not filed due to the extension provided by Transmittal Number A-02-095. The hospital in this example may request the FI to use its wage data from the cost reporting period

ending December 31, 1999, for the FY 2004 wage index. **CMS will not allow a hospital to substitute the short period cost report wage data when the PS&Rs become available for development of the later period cost report.**

Please contact me [OR DESIGNEE] ([FI's PHONE NUMBER]) at your earliest convenience to discuss these options and your intentions. CMS requires that you notify us by October 18, 2002, regarding the option you have selected.

Sincerely,

[FI CONTACT]