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HILTON SAN DIEGO BAYFRONT



Medicare Cost Reports: Problems and Solutions

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Financial Disclosure



Mr. Stephens has had financial relationships over the past 12 months with:

- Amgen, Inc.
- American Renal Associates
- Biogen-IDEc, Inc.
- Medical Technology & Practice Patterns Institute, Inc.
- National Renal Administrators Association
- Renal Services Exchange
- Sansome Partners
- SNG Dialysis



Cost Reports



Major Sources of Discrepancies in Renal Cost Reports

Type	Definition	Example	Possible Solution(s)
Definitional	Due to lack of clear instructions from CMS and the MACs	Direct Patient Care not defined in CR instructions	CMS defines in revised instructions which staff types and activities to include
Translational	Due to variations in translation from corporate accounts to cost report forms	Expenses only sometimes tracked in corporate accounts by Modality	Modify cost accounting systems to track expenses by modality
Transcriptive	Data entry errors	Negative values in debit fields, text in numeric fields	Better edits in CR software or in MAC review

Cost Reports



- Some Problem Areas in Cost Reporting:
 - Cost Allocations by Modality
 - Incorrect classification of contract services (e.g. – labs)
 - Negative values
 - Medical Director Fees
 - ESA Unit, ESA Drug Name Reporting
 - Other Labels (e.g. – Medical Directors)
 - F Schedules



Inconsistent Labeling



ESA Drug Names Reported in Worksheet S-1, 2012-2014

AMGEN
ARANESPO
ARANSEP
ARENESP
DARBEPOETIN
EPO
EPO & OMONTYS
EPO 26431000
EPO(UNITS)
EPO/NESP
EPOETEIN
EPOETIM
EPOETIN
EPOETIN & OMONTYS
EPOTEIN
ESA
NAN
OMNTYS
OMOMTYS
OSMONTYS
PEGINESATIDE
PROCRIT

Sample “Medical Director” Labels from Worksheet A-4

**MEDICAL DIRECTOR #
ASST MEDICAL DIRECTOR
ASST. MEDICAL DERECTOR
ASST. MEDICAL DIRECTOR
CO MEDICAL DIRECTOR
CO-MEDICAL DIRECTOR
MD ADMINISTRATOR
MED DIRECTOR
MEDIAL DIRECTOR
MEDICAL ADMINISTRATOR
MEDICAL DIR
MEDICAL DIRECOR ADULTS
MEDICAL DIRECOTR
MEDICAL DIRECTION
MEDICAL DRECTOR
MEDICLA DIRECTOR
MEMBER (MEDICAL DIRECTOR)
OWNER / MEDICAL DIRECTOR
OWNER / MEDICAL DIRECTOR / ADMINISTR
OWNER/MEDICAL DIRECTOR
PD MEDICAL DIRECTOR
PRESIDENT & MEDICAL DIRECTOR

Sample Raw Statistics from 2015 Cost Reports (No Data Cleaning)

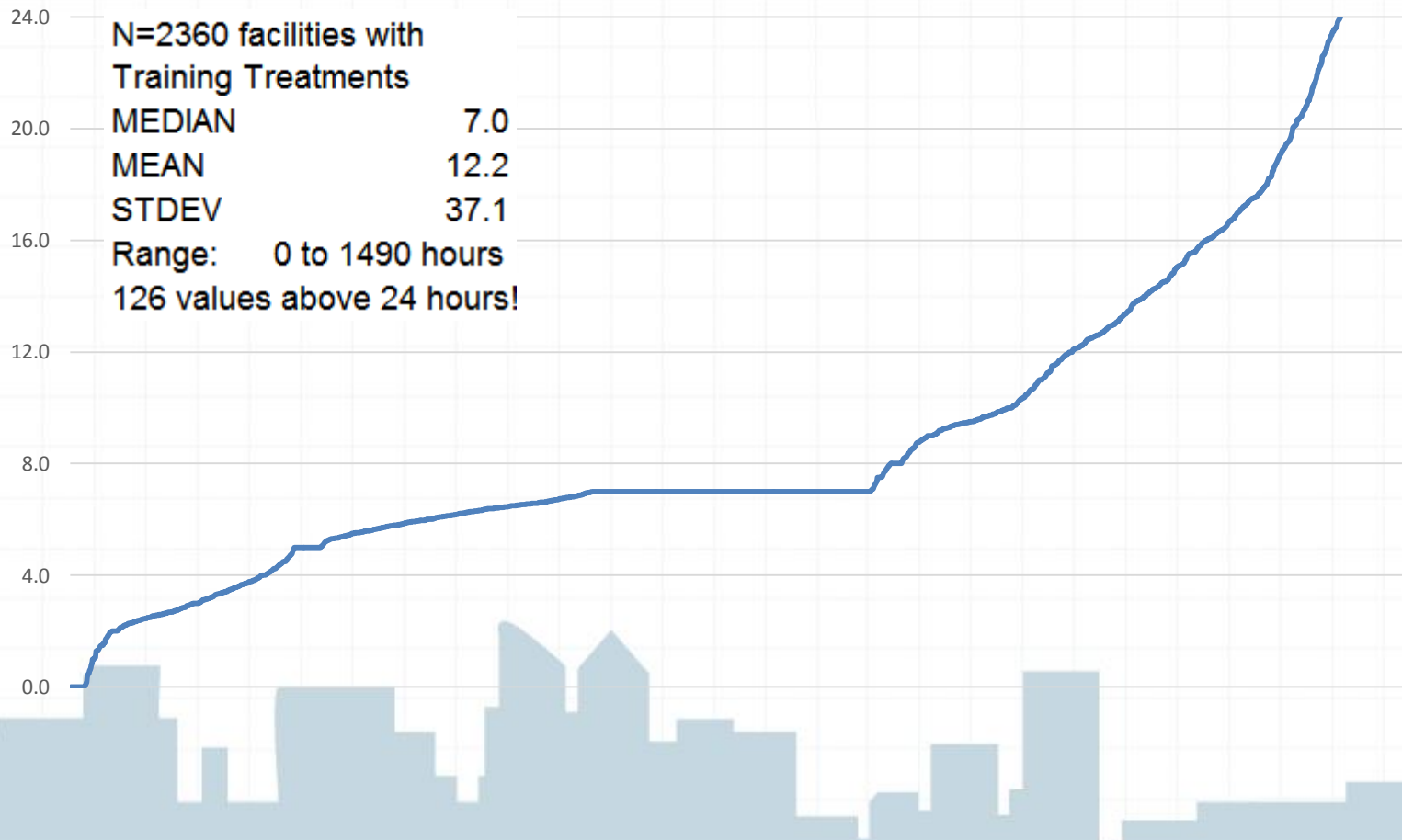
Statistic	Mean	Median	Standard Deviation	Min	Max
Staffing Ratios					
Patients Per RN	23	20	26	0	1,400
Patients Per Technician	57	13	400	0	16,800
DPC Staff Hours Per Treatment (Total)	4.5	2.3	8424.0	0.0	609,387
Average Hourly Salary for DPC (Total)	\$ 84.73	\$ 24.42	\$ 630.48	\$ -	\$ 16,380.21
Patient Census at 12/31/15					
	80.4	69.0	55.1	0.0	900.0
Costs per Treatment					
Cost Per Treatment (Total)	\$ 254.66	\$ 253.01	\$ 10,185.61	\$ 19.18	\$ 736,225.00
Salaries per Treatment (Total)	\$ 61.23	\$ 56.53	\$ 8,424.23	\$ -	\$ 609,387.00
ESA Cost per Treatment (Total)	\$ 27.39	\$ 27.40	\$ 19.93	\$ (2.84)	\$ 1,163.96
Drug Cost per Treatment (Total)	\$ 7.97	\$ 5.55	\$ 17.72	\$ (263.36)	\$ 741.31
Lab Cost per Treatment (Total)	\$ 6.33	\$ 4.84	\$ 3.95	\$ -	\$ 46.18
Operating Ratios					
Operating Margin %	-561%	17%	567667%	-40383900%	146734%
Net Revenue per Treatment	\$ 340.13	\$ 312.34	\$ 624.53	\$ (59.51)	\$ 43,393.50
Total Medicare Operating Margin	-436%	-2%	15134%	-846986%	84%
Days in Accts. Receivables	102.88	27.28	51502.25	(2,773)	3,662,775
Days in Payables	1802.75	9.72	1704184.40	(10,230)	121,236,940
ESA Utilization					
EPO Units/Treatment (1000s)	21.5	2.3	211.5	0.0	7572.6
Medical Director Compensation					
	\$ 105,660	\$ 88,600	\$ 95,342	\$ (670)	\$ 3,609,289

Training Add-on Costs Example



- *What CMS sees when looking at Cost Reports:*

Distribution of Reported 2015 Training Hours per Treatment



What Can We Do?



- **Governance Level: CMS/MAC Guidance**
 - Clearer Definitions
 - More Thorough Desk Reviews / Add Worksheet Edits (i.e. – F schedules)
 - Cost Report Audits (mandated)
 - Change Cost Report Forms? (proposed)

- **Industry Level: Reporting Standardization Efforts**
 - Cost Report Task Force / Workshops
 - Standard Reporting Templates

- **Facility Level: Check Your Data!**

- **Back-end Reporting: Data Cleaning**
 - NRAA/RSE Benchmarking Tool
 - Missing Data and Outlier Handling Standards