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**Health Services Cost Review Commission**

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To: Chief Financial Officers of all Hospitals with June 30 and August 31, 2018 Fiscal Years

From: Dennis Phelps  
Associate Director- Audit & Compliance

Date: September 11, 2018

RE: HSCRC Annual Filing

The due date for the HSCRC Annual Report of Revenue and Volume (Annual Report) is once again approaching. Please note the following important elements of the Annual Report:

A. Due Date

The HSCRC Annual Report is required to be submitted to the Commission with 120 days after the end of the each hospital's fiscal year. The due date for this year's submission for hospitals with June 30<sup>th</sup> and August 31<sup>st</sup> year ends are October 29 and January 2, 2019 respectively. There is no 7 day grace period. Any hospital that cannot meet its deadline must submit a written request for an extension to Katie Wunderlich, Executive Director of the HSCRC, prior to the deadline, outlining the reasons for the extension request.

- Ensure that a copy of the hospital's credit and collection policy is submitted with the Annual Report and sent to the Commission by the due date.
- An electronic version of the Annual Report must be submitted in addition to 2 paper copies. Ensure that the electronic filing of the Annual Report has been reconciled to the paper copy. Electronic and paper copies that differ will be considered substantially inaccurate and subject to a \$1,000 per day fine.
- Any revisions to the Annual Filing must be made to both the paper and electronic version. Please submit 2 paper copies of any revisions marked "Revised" with the date the revision was made and the changes highlighted. The revised electronic submission should also yellow highlight the revised entries.
- Schedules UCS, RVS, ORS, CFA, H4A, GR, H1, H4, P5, D21A and AHA-R will not be required to be submitted with the year's Annual Report. They should be marked "N/A" on the Annual Report check-off sheet.

- Schedules RC, RE-R and G have been added to the electronic submission model.
- The attached revised instructions and HSCRC- Physician Category Code List should be used to complete Schedule UR6-A.
- The attached Reporting Schedule and Desk Audit should be utilized before your Annual Report is submitted.

If you have any questions on the annual submission, please call William Hoff at 410-764-3448.

Schedule UR6A – Physicians Part B Services - Detail 1.30

Overview 1.31

Schedule UR6A is provided to enable hospitals to identify and report the Physicians Part B Services costs, revenue, and FTEs reported on Schedule UR6 by Physician Category. The information reported on Schedule UR6A must agree with the information reported on Schedule UR6 Physicians Part B Services. The Physician Categories to be used in this report are those listed in the **HSCRC - Physician Category Code List**.

Round the expenses and revenue in Columns 3 through 6 to one decimal place (nearest hundred), e.g., 66,428.93 is entered as 66.4.

Round the FTE data in Column 8 to 1 decimal place, e.g., 22,612 hours divided by 2080 = 10.9.

Detailed Instructions 1.32

Heading Section

Institution Name Line

Enter on this line the complete name of the reporting hospital.

Institution Number Line

Enter on this line the number assigned to the reporting hospital. The assigned number corresponds to the last 4 digits of the reporting hospital's Medicare Provider Number, e.g., 0099.

Base Year Line

Enter on this line the year for which the data is reported.

Column 1 – Physician Category Code

Enter on the appropriate lines the Physician Category Code provided in the **HSCRC - Physician Category Code List**.

Column 2 – Physician Description

Enter on the appropriate lines the Physician Description, from the **HSCRC - Physician Category Code List**, that matches the Physician Category Code.

Column 3 - Salaries and Fringe Benefits

Enter on the appropriate lines the Salaries and Fringe Benefits Expenses reported on Schedule UR6 for this category of physician.

Column 4 - Other Expenses

Enter on the appropriate lines the direct expenses other than salaries and fringe benefits reported on Schedule UR6 for this category of physician, **as well as allocations of expenses from schedules OADP, Cs, and UA. These expenses should be included in the expenses of each applicable physician category. If these expenses cannot be attributed to a specific physician category, they should be allocated evenly across all physician categories.**

Column 5 - Total Expenses

Enter on the appropriate lines the sum of Column 3, salaries and fringe benefits Column 3 and Column 4, other expenses.

Column 6 - Revenue

Enter on the appropriate lines the revenue reported on Schedule UR6 for this category of physician.

Column 7 – Hospital Based

Enter an X in this column line for physicians that are Hospital Based (For the purposes of this report only House Staff, Pathologists, Radiologists, Anesthesiologists, **and Emergency Department physicians** are considered to be “Hospital Based.”). If your hospital has both Hospital Based and non-Hospital Based physicians in the same physician category, use one line for Hospital Based and a separate line for non-Hospital Based physicians.

Column 8 – FTEs

Enter on the appropriate lines the FTEs reported on Schedule UR6 for this category of physician.

The totals of Columns 3 through 5 shall agree with Line F Fiscal Year Adjusted Expenses reported on Schedule UR6 Physicians Part B Services. The total of Column 6 shall agree with Line G Base Year Revenue reported on Schedule UR6 Physicians Part B Services. The total of Column 8 shall agree with Line A No. of FTEs Base Year reported on Schedule UR6 Physicians Part B Services.

**HSCRC - PHYSICIAN CATEGORY CODE LIST**

<u>Code</u>	<u>Physician Description</u>
XX	HOSPITALIST
1	GENERAL PRACTICE
2	GENERAL SURGERY
4	OTOLARYNGOLOGY
5	ANESTHESIOLOGY
6	CARDIOLOGY
7	DERMATOLOGY
8	FAMILY PRACTICE
9	INTERVENTIONAL PAIN MANAGEMENT
10	GASTROENTEROLOGY
11	INTERNAL MEDICINE
12	OSTEOPATHIC MANIPULATIVE MEDICINE
13	NEUROLOGY
14	NEUROSURGERY
16	OBSTETRICS & GYNECOLOGY
17	HOSPICE & PALLIATIVE CARE
18	OPHTHALMOLOGY
19	ORAL SURGERY
20	ORTHOPEDIC SURGERY
22	PATHOLOGY
23	SPORTS MEDICINE
24	PLASTIC & RECONSTRUCTIVE SURGERY
25	PHYSICAL MEDICINE & REHABILITATION
26	PSYCHIATRY
29	PULMONARY DISEASE
30	DIAGNOSTIC RADIOLOGY
33	THORACIC SURGERY
34	UROLOGY
37	PEDIATRIC MEDICINE
38	GERIATRIC MEDICINE
39	NEPHROLOGY
40	HAND SURGERY
44	INFECTIOUS DISEASE
46	ENDOCRINOLOGY
48	PODIATRY
66	RHEUMATOLOGY
72	PAIN MANAGEMENT
77	VASCULAR SURGERY
78	CARDIAC SURGERY
79	ADDICTION MEDICINE
81	CRITICAL CARE MEDICINE
82	HEMATOLOGY
83	HEMATOLOGY - ONCOLOGY
84	PREVENTIVE MEDICINE
85	MAXILLOFACIAL SURGERY
86	NEUROPSYCHIATRY
90	MEDICAL ONCOLOGY
91	SURGICAL ONCOLOGY
92	RADIATION ONCOLOGY
93	EMERGENCY MEDICINE
94	INTERVENTIONAL RADIOLOGY
98	GYNECOLOGICAL ONCOLOGY
C3	INTERVENTIONAL CARDIOLOGY
CO	SLEEP MEDICINE
ZZ	OTHER*

\* Provide detailed description

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Hospital Name: \_\_\_\_\_  
Hospital Number: \_\_\_\_\_  
Fiscal Year Ending: \_\_\_\_\_  
Date Completed: \_\_\_\_\_

This desk review audit is designed to accomplish the following:

- Verify the accuracy of the submitted base year expenses to Schedule RE and reconciliation of Schedule RE to the hospital's financial statements.
- Reconcile the monthly volume reports to the Annual Filing.
- A review of the special audit performed by the hospital's independent accountants.
- Preparation of an audit report highlighting problems incurred during the desk audit and recommendations on how to correct problems found.

The "Desk Audit" program consists of the following individual steps:

- Annual Filing to be submitted to the HSCRC
- Procedures for handling received annual rate reviews
- Review of computerized desk audit program error printouts
- Manual checks to be performed on the Annual Filing
- Reconciliation of revenue and statistics between the quarterly revenue of rate realignment schedules
- Manual review of rate realignment schedules
- Review of the HSCRC special audit report
- Summary

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I. Annual Reports to be submitted to the HSCRC

The following reports will be received from each hospital:

- Two (2) copies of the Annual Filing
- Two (2) copies of the audited financial statements
- One (1) copy of the special audit report due twenty (20) days after Annual Filing submitted

II. Procedures for handling received Annual Filing:

The commission's statistical clerk will maintain a control log of all required reports and will distribute the reports in the following manner.

- One (1) copy of the Annual Filing and hospital's financial statement to the "Public Reading File".
- One (1) copy of the Annual Filing, financial statement and special audit report to the "Master File".

**If any of the above schedules have not been submitted immediately contact the appropriate hospital personnel.**

Review the heading section on all submitted forms as follows:

- Verify the hospital name, number, and fiscal year dates are properly completed on all submitted schedules. (Note: Hospital number is found in Appendix B of the HSCRC Accounting and Budget Manual).
- Verify that for Schedule V1A thru V3D, J1 & J2 and M & MA that no changes have been made to the column service headings and department abbreviations.

Review all schedules to determine that the following guidelines have been followed:

- All statistics reported on schedules V1A thru V3D, JS1, JS2, H3A and M are reported in whole numbers.
- Insure that all expenses and FTEs reported are rounded to one (1) decimal place. (Ex. 362.5)

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Review the following schedules for the following common errors or omissions:

**Table of Context**

- Attestation from CFO

**Schedule V1**

- For each cost revenue line with statistics reported on Col. 2, Col. 1 must also be completed.
- For each revenue cost line where data is reported, Col. 5 must be completed.
- For each revenue cost center where data is reported, Col. 6 must be completed to three (3) decimal places.
- Trace total day statistics per Schedule V1, Col. 2 to the patient days statistics on Schedule D, Col. 1, lines D1 thru D14.

**Schedule V3**

- Trace base units reported in Col. 3 to their corresponding line on Schedule D, Col. 1.

**Schedule V5**

- Col.2 must be completed.
- On Schedule V2 & V5, Clinic should be reported in visits.

**Schedule OADP**

- Trace amounts per Col. 8 to their corresponding Schedule C, Col. 6, Lines C1 thru C15; Schedule D, Col. 6, Lines D1 thru D81; Schedule E1 thru E6, Col. 2; Schedule F1 thru F4 ; Schedules P2A thru P51 and Schedule UR1 thru UR6.
- Trace Col. 1 (FTE) to Schedule C, Col. 8, lines C1 thru C14 and to Schedule D, lines D1 thru D81, Col.9.



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**Schedule UA**

- Insure that UA Col. 5 & 6, Line C equals Schedule RE, Col. 1, Line Q.
- The depreciation/amortization & leases/rental expense should agree on both schedules. (UA Schedule - Line A, RE Schedule - Line Q)
- Insure that UA Col. 6, Line C equals Schedule H4, Col. 3, Line B. Col. 1, Line C, Malpractice, should be completed.
- Trace to Line Q, Supplemental Schedule 2 should detail Line A & Line Q

**Schedule P1A**

- Trace amounts per Col. 4 to their corresponding Schedule D, Col. 3 amounts. (If P1A is not found, see Physician Support Services on Schedule RC. If there is no total found this page should not be flagged as an error. )

**C Schedules**

- Col. 8 must be completed to five (5) decimal places. (\$485 as .00485)
- Col. 9 must be completed if Col. 2 is completed.
- Insure that Square Feet (volume data) reported on C5 (Plant Operations) and C6 (Housekeeping) are not the same. Plant Operations square feet is gross square feet and Housekeeping is net square feet.
- Trace the base unit amounts per Sch. C, Lines C1 thru C14 to their corresponding base unit amount on schedule JS1 & JS2.

**D Schedules**

- Col. 8 must be completed to five (5) decimal places. (\$485 as .00485)
- Col. 9 must be completed if Col. 2 & 3 are completed.
- Col. 5 must be completed if either Col. 1, 2, 3, or 4 is completed.
- Trace Col. 6 to the corresponding lines on Schedule OADP, Col. 8.
- MSS (D26) and CDS (D27), Col. 1 units should be carried over to V5, Line S (EIPA).

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**E & F Schedules**

- Column 3 must be completed.

**Schedule RC**

- Trace Unassigned Expenses (UA) on Line A, Col. 3 to Schedule UA, Line A, Col. 10.
- Trace Physicians Part B Service expenses on Line B, Col. 1 to Schedule P2, Line A, Col. 7.
- Trace Physician Support Services expenses on Line C, Col. 1 to Schedule P3, Line A, Col. 7.
- Trace Resident, Intern Services expenses on Line D, Col. 1 to Schedule P4 & P5, Line D, Col. 7.
- Trace Overhead Expenses on Line E, Col.3 to Schedule OES, Line P, Col. 1.
- Trace Patient Care Centers base year expenses to Schedule D, Col. 5, Lines D1 thru D81. (Add all D lines to get total)
- Trace Auxiliary base year expenses on Line G, Col. 3 to E Schedules, Line B, Col. 3.
- Trace Other Institution Programs base year expenses on Line H, Col. 3 to F Schedules, Line B, Col. 3.
- Trace Unregulated Services base year expenses on Line I, Col. 2 to Schedule UR1 thru UR15, Line B, Col. 3. (By adding totals excluding UR6 – Physicians Part B)
- Trace total operating expenses on Line M, Col. 3 to Schedule RE, Line S, Col. 3.
- Trace Non-operating expenses from Line N, Col. 3 to Schedule RE, Line V, Col. 3.

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**Schedule RE**

- Both Col. 1 & 2 must be completed.
- Line Z (Working Capital Ratio) must be completed.
- RE Col. 1, Lines A & C should equal Schedule V5, Col. 1, Line A. Inpatient revenue should agree on these schedules.
- RE Col. 1, Lines B & D should equal Schedule V5, Col. 1, Line H. Outpatient revenue should agree on these schedules.
- Compare amounts on AHA-R, Col. 1, Lines A, C, E, G, H, I, J, K & L with the corresponding lines on Schedule RE.
- Insure that Gross Revenue on Line E, Col. 1 agrees with Schedule PDA, Line A, Col. 3.
- Insure that Bad Debts/Uncompensated Care on Line F & G, Col. 1 agrees with Schedule PDA, Line G, Col. 3.

**Schedule JS1 and JS2**

- Col. 5 for ADM should be Schedule C3, SSS Total Expense Col. 7, for MSS should be Schedule C7, CSS Total Expense Col. 7; and for CDS should be Schedule C8, PHM Col. 7.
- Col.10 Lines MSS 56 & CDS 57 are calculated by adding Cols. 7 thru 11.

**Schedule J1 and J2**

- Schedule J1 – Line A, Columns 1 through 6, 11 and 12 Trace to applicable Schedule C, Column 7
- Schedule J1 – Line A Total of Column 8, AA and 9 should equal the total of the applicable schedule Cs, Column 7.

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**Schedule H1 thru H4**

- Schedule H1, Col. 10 must be completed.
- Schedule H1, Col. 10, Line B & C (principal and interest) should equal H4, Col. 1, Line A (debt service).
- Schedule H1, Col.10, Line D should equal Schedule H4, Col. 1, Line B.
- The rental & leases should equal.

**Schedule PDA**

- Schedule PDA needs a supplemental schedule if information is shown on Line E. (Detail of MCO Revenue)

**Schedule M and MA**

- Schedule M, Col.1 (OFC Direct) Total Direct Offsets to rates are limited to the amount of the Direct Offsets approved by the Commission in the hospital's most recent full rate setting. Approval Direct Offsets are rare.
- Schedule MA, Col.2, (Percentage Offsets) should be the result of multiplying the Other Financial Considerations percentage from Schedule G (Other Financial Considerations) Line S, Column 3 by the Level II Costs Schedule M, Column 11.

**Schedule OES**

- Trace General Service Centers, Col.3 to the C Schedules, Col. 3, Lines C1 thru C14.
- Trace Data Processing Expense (Line O) to Schedule OADP, Col.4, Line C1.

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**ACS Schedule**

Insure that Column 1, Line U (total costs) agrees with Schedule RE, Col. 1, Line S (expenses- HSCRC regulated).

If "Other" expense (Line T) is 20% or more than the Medical & Surgical Supplies (Line E) then the hospital needs to submit detail documentation to support the "Other" expense.