Introduction to Medicare Cost Reports

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Overview

 What are the Medicare cost reports?
 Which types of facilities submit cost reports?
 What types of research can be conducted with the cost reports?
Medicare Cost Reports

A series of forms that collect descriptive, financial, and statistical data to determine:

- Medicare over or underpaid the provider
  - Facility that cares for Medicare patients
  - Facility receives Medicare payment
- Collect information for use in setting prospective payment rates
  - Wage Index
  - DSH adjustment
  - IME/GME
  - Outliers
Medicare Cost Reports

- Cost report process happens outside of care delivery
Medicare Cost Reports

- Providers submit cost reports annually
- Cost reports are available for institutional providers
  - Not required for physicians or other non-institutional providers
- The only national data available for all types of providers (non-profit, for-profit, government)
Medicare Cost Reports

The worksheets collect the following types of information:

- Facility characteristics (ownership status, type of facility)
- Statistical
- Financial
- Cost
- Charge
- Wage Index information
# Medicare Cost Reports

## Example of Hospital Form 2552-10, Worksheet S-3, Part I

<table>
<thead>
<tr>
<th>Component</th>
<th>Worksheet A Line No.</th>
<th>No. of Beds</th>
<th>Bed Days Available</th>
<th>CAH Hours</th>
<th>Title V</th>
<th>Title XVIII</th>
<th>Title XIX</th>
<th>Total All Patients</th>
<th>Total Intens &amp; Residents</th>
<th>Employees On Payroll</th>
<th>Nonpaid Workers</th>
<th>Discharges</th>
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</thead>
<tbody>
<tr>
<td>1. Hospital Adults &amp; Peds. (columns 5, 6, 7 and 8 exclude Swing Bed, Observation Bed and Hospice days)</td>
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<td>4. HMO IRF Subprovider</td>
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<td>5. Hospital Adults &amp; Peds. Swing Bed SNF</td>
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<td>6. Hospital Adults &amp; Peds. Swing Bed NF</td>
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<td>7. Total Adults and Peds. (exclude observation beds) (see instructions)</td>
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<td>9. Coronary Care Unit</td>
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<td>10. Burn Intensive Care Unit</td>
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<td>11. Surgical Intensive Care Unit</td>
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<td>12. Other Special Care</td>
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<td>13. Nursery</td>
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<td>14. Total (see instructions)</td>
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<td>16. Subprovider - IPF</td>
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Medicare Cost Reports

- View worksheet examples submitted for Hospitals
  - S-3, Part 1 (Statistical)
  - S-10 (Uncompensated Care)
  - C, Part 1 (Cost and charges)
  - E, Part A (Settlement summary)
  - G-3 (Financial)
Medicare Cost Reports

Types of Facilities Submitting Cost Reports

- Hospitals
- Skilled Nursing Facilities
- Home Health Care Agencies
- Hospices
- Renal Dialysis
- Independent Rural Health Clinic and Freestanding Federally Qualified Health Center
Medicare Cost Reports

Types of Facilities Submitting Cost Reports

- Facilities that submit cost reports but they are not currently available as a downloadable file.
  - Organ Procurement Organization and Tissue Typing Laboratory
Medicare Cost Reports

Types of Facilities Not Included

- Cost reports are NOT required and therefore, NOT available for the following providers.
  - Federal Hospitals
    » Veterans Hospitals
    » Indian Health Services Hospitals
  - Some children’s hospitals
  - Emergency Hospital (hospitals outside of the US)

- Represents about 10% of all hospitals
Medicare Cost Reports

Types of Research

- Examine facility characteristics

- Determine financial health of a facility

- Calculate cost
Medicare Cost Reports

Types of Research

- Examine facility characteristics
  - Facility size (beds)
  - Teaching facility
  - Ownership (for-profit, non-profit, government)
  - Total Beds
  - Total Patient Days
  - Total Discharges

- Most found on Worksheet S-3, Part I
Medicare Cost Reports

Types of Research

- Determine financial health of a facility
  - Revenues
  - Expenses
  - Net income (or loss)
  - Payer Mix (Medicare, Medicaid, All Other)
  - Bad debt
    » Charity Care/Uncompensated care collected for Hospitals

- Worksheet G-3, S-3, Part I, and S-10
Medicare Cost Reports

Types of Research

- **Calculate cost**
  - Cost information will vary by the facility submitting the information
    - Hospitals submit cost and charge information
    - SNFs submit cost per day
    - HHA submit cost per visit
    - Hospice submit cost per day
    - Renal Dialysis submit cost per treatment
    - Rural Health Clinics submit cost per visit
  - Total costs for all patients
  - Medicare costs
Medicare Cost Reports

Types of Research that can NOT be conducted

- Physician ‘cost’
  - Physicians don’t submit cost reports
- Discharges and cost by MS-DRG or other specific procedure
  - Cost reports collect general information by cost center
- Detailed payer mix (discharges, revenues)
  - Cost reports collect discharges and revenues for Medicare, Medicaid, and Total
Medicare Cost Reports Summary

- Annual data available
- Available for institutional providers
- Includes facility characteristics, financial information, and cost and charges
- The only national data available for all types of providers (non-profit, for-profit, government)