

## CMS Updates the Medicare Home Health Cost Report Form 1728-20

### ▪ *Special to NAHC Report by Dave Macke*

The Centers for Medicare and Medicaid Services (CMS) has issued two transmittals that implement a new Medicare Cost Report Form for Home Health Agencies. The new form set, known as Form 1728-20, was released on October 2, 2020, in Transmittal 1 in Chapter 47. This article will highlight some of the significant changes to the new form as well as review additional changes that CMS published in Transmittal 2 released on April 30, 2021.

### Highlights of New Cost Report Form (from Transmittal 1)

#### Worksheet S-3 – Census Statistics

- Visit and patient statistics, including unduplicated count are now separately reported for Medicare, Medicaid and All Other Patients. Previously Medicaid was included in All Other Patients.
- The number of visits and patients now need to be segregated for Skilled Nursing Care, Physical Therapy and Occupational Therapy. Skilled Nursing will now be separate for RN and LPN; Physical Therapy separate for PT and PTA's and Occupational Therapy separate for OT and COTA's.
- Direct costs on Worksheet A will need to be separately reported for salaries, transportation and contracted services.
- Worksheet S-3, Part I continue to be visits based on services rendered during the cost reporting period whereas Worksheet S-3, Part IV are based on episodes / payment periods ending in the cost reporting period.

#### Worksheet S-3, Part V – Occupational Wage Data

This worksheet is an attempt by the CMS to get specific wage and benefit data for each of the direct care cost centers. Wages and benefits will be separately reported for Nursing Supervisors, RN's, and LPN's. In addition, Physical Therapy Supervisors, Physical Therapists, Physical Therapy Assistants, Occupational Therapy Supervisors, Occupational Therapists, Occupational Therapy Assistants, Speech-Language Pathology Supervisor, Speech-Language Pathologists and Other Medical Staff. The same categories apply to any applicable contract labor costs. **It is very important to separate direct salary cost for W-2 wage employees from outside contract labor on your financial statements by these individual categories.** Medical Social Workers and Home Health Aides are not separately identified. The instructions for "Other Medical Staff" state direct care expenditures for clinicians not previously identified.

With the detailed reporting of wages and contract labor, the CMS is also requesting total paid hours for each of these categories. **The purpose of this Worksheet is to compute an average hourly wage for each occupational category.** There is a significant problem here with providers that compensate employees on a per visit basis and may not have paid hours. CMS instructions do not speak to this scenario. CMS believes that all agencies have paid hours information. This applies to employees as well as contract labor. Agencies will have to determine applicable paid hours.

## **Worksheet A – Trial Balance of Expenses**

There are new cost centers on Worksheet A to capture all of the new costs to match up the units of service and new overhead cost centers. It is important for providers to establish a detailed chart of accounts on their financial statements to facilitate proper reporting of expenses.

- Line 5 – Telecommunications Technology
- Line 7 – Nursing Administration
- Line 8 – Medical Records
- Lines 16 and 17 – Skilled Nursing Care – Separate cost for RN and LPN.
- Lines 18 and 19 – Physical Therapy – Separate cost for Therapists and Therapy Assistants.
- Lines 20 and 21 – Occupational Therapy – Separate cost for Therapists and Therapy Assistants.
- Line 25 – Medical Supplies Charged to Patients
- Line 26 – Drugs
- Line 27 – Cost of Administering Vaccines
- Line 29 – Disposable Devices
- Line 47 – Telehealth
- Line 48 – Advertising
- Line 49 – Fundraising

## **Worksheet C**

Previously the Vaccine Administration cost center ended at Worksheet B. This cost center will now flow to Worksheet C and will require that charges (billed revenue) be reported for Total All Patients and Medicare patients, which will show up on the PS&R report.

## **Worksheet F-1 – Statement of Revenue and Expenses**

Gross patient revenues and contractual allowances and discounts are now required to be separately reported for Medicare, Medicaid and All Other Patients, consistent with the reporting of patient visits on Worksheet S-3. Medicare and Medicaid Managed Care are to be reported as “All Other Patients”. Bad Debts should be included with Contractual Allowances and Discounts and not as an expense item.

**Line 31.50 has been created to separately report the aggregate revenue received for COVID-19 Public Health Emergency (PHE) funding including both Provider Relief Funds (PRF) and Small Business Association (SBA) Loan Forgiveness amounts.**

## **Worksheet A-7 and Worksheet F-2**

These worksheets have been deleted. Worksheet A-7 was the capital asset summary and Worksheet F-2 was the Fund Balance / Equity balance rollover from the prior year.

## **Changes in Transmittal 2 (Released April 30, 2021)**

CMS has issued revised Instructions for certain cost centers on Worksheet A.

Line 26 – Drugs—Enter the cost incurred for pneumococcal, influenza, hepatitis B vaccines and osteoporosis drugs. *Enter the cost for the COVID-19 vaccine and monoclonal antibody products to treat COVID-19, authorized and furnished for use during the COVID-19 public health emergency (PHE). The COVID-19 vaccine and monoclonal antibody product costs and its administration will be reimbursed in the same way influenza vaccine cost and its administration is reimbursed. When COVID-19 vaccine doses are provided by the government without charge, providers may only report the cost for the vaccine administration on line 27. In addition, Medicare will not provide payment for the monoclonal antibody products to treat COVID-19 that health care providers receive for free, as will be the case upon the product's initial availability in response to the COVID-19 PHE.*

Note: In that COVID vaccines are currently provided free of charge from the government, there may be costs in future years for COVID-19 vaccines.

Line 27 – Cost of Administering Vaccines—Enter the cost of administering pneumococcal, influenza, and hepatitis B vaccines. *Enter the cost incurred to administer the COVID-19 vaccine, and monoclonal antibody products to treat COVID-19, authorized for use during the COVID-19 PHE. All vaccine administration costs reported on this line are reimbursed under OPPS.*

### **Worksheet C Visits and Other Charges**

On Worksheet S-3, Part I and Worksheet S-3, Part IV, there is a difference in the reporting of visits. Worksheet S-3, Part I contains the new breakdown for LPN, PTA and COTA visits but they are not separately reported on Worksheet S-3, Part IV. Traditionally, Medicare visits on Worksheet C are equal to Worksheet S-3, Part IV. Since S-3, Part IV does not contain this detail, the Medicare visits on Worksheet C must be taken from the PS&R report. The Medicare visits by practitioner type are included in Report Type 329 of the PS&R report.

### **Vaccine Administration – OPPS Payments**

In the past, CMS has not collected Medicare payment data on the cost report for vaccine administrations. This is the amount that is reimbursed under the OPPS schedule. The OPPS payment amount will now be reported on Worksheet D for administration for all vaccines and the same amount will be included on Worksheet D-1, line for all Medicare Home Health payments as the net impact is zero. See the instructions below for Worksheet D.

Line 17 –Enter OPPS payment amounts for services rendered. This includes OPPS payments for the administration of pneumococcal, influenza, hepatitis B, *and COVID-19 vaccines, administration of monoclonal antibody products for treatment of COVID-19,* and disposable devices such as NPWT devices.

## **Worksheet F – Balance Sheet**

Two new lines have been created:

*Line 26.50 – Other fixed assets—Enter the costs of other fixed assets not identified on lines 11 through 26.*

*Line 30.50 – Other assets—Enter the balances of all other assets not identified and reported on lines 28 through 30. This could include intangible assets such as goodwill, unamortized loan costs and other organization costs.*

### **Summary**

These changes are all retroactive to cost reporting periods beginning on / after January 1, 2020. Some of this data may not readily available for the 2020 cost reports. This is especially true of the total paid hours for the Occupational Wage Data Survey. The concern is that CMS will have average hourly wage data that they could match up to 15-minute time billing. There is also concern that the average hourly wage data will not be accurate during the first year or two. We recommend that all agencies review the forms and instructions to determine what is needed for proper completion of the Medicare cost report.