

 HAWAII HEALTH SYSTEMS CORPORATION <i>"Touching Lives Everyday"</i> Policies	Department: Corporate Finance	Policy No.: FIN 0032
	Issued by: Kelley Roberson COO & CFO	Revision No.: NA
Subject: PREPARING, SUBMITTING, AND MANAGING COST REPORTS	Approved by:  HHSC Board of Directors By Raymond Ono Its: Secretary/Treasurer	Effective Date: January 29, 2009
		Supersedes Policy: NA
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- I. **PURPOSE AND SCOPE:** To establish and define the policy and responsibilities of HHSC Corporate Board of Directors and HHSC Regional System Boards of Directors relating to preparing, submitting, and final settlement of Medicare and Medicaid Cost Reports with Fiscal Intermediaries.
- II. **DEFINITION.** The Medicare, Medicaid, and HMSA 65C Plus cost reports are due to fiscal intermediary annually on the last day of the fifth month following the end of the fiscal year for providers participating in these programs. The cost report worksheets summarize the provider costs and charges associated with providing services in accordance with the cost report instructions for the fiscal year and allocate costs to the respective programs based on program charges. The cost report determines amounts owed to program or provider based on the cost reports information in compliance with Centers for Medicare and Medicaid Services (CMS) regulations. Upon audit of the information contained in the cost report, the fiscal intermediary submits a Notice of Program Reimbursement (NPR) which is a final determination of payment. The provider has 180 days of the NPR notice date to appeal the final settlement.
- III. **STATEMENT OF POLICY:** It is the policy of HHSC that any HHSC activity required to submit cost reports, to the federal government for Medicare, to the state government for Medicaid, or to managed care contractors acting as agents for federal Medicare or state Medicaid programs, shall submit cost reports in accordance with program specific instructions for an acceptable cost report submission package by the due dates. Each facility is responsible to submit complete, timely and accurate cost reports, and shall aggressively pursue appeals and settlements when appropriate and material amounts are identified in accordance with CMS regulations.
- IV. **PRESCRIBED AND OPERATING PRINCIPLES.** Management at all levels of HHSC shall assure that financial and billing information are properly recorded and maintained timely and accurately so that HHSC facilities obtain the highest reimbursements for the care they provide, and that medical record and billing information are supported by appropriate documentation supporting the services

provided. It is the policy of HHSC to review the interim rate setting to minimize amount of cost report settlement payments or refunds after end of each fiscal year. HHSC and its regions shall maintain professional staff of appropriate skill level to assure the reasonableness of the financial, statistical information submitted on the cost reports, compliant with federal requirements. This mission shall be carried out in an efficient and cost effective manner for the benefit of all HHSC regions.

- V. IMPLEMENTATION OF POLICY.** In collaboration with Regions, HHSC Corporate leadership shall publish procedures for preparing, submitting and managing cost report in accordance with this policy.
- 1. Cost Report Review Procedures.** In collaboration with Regions, HHSC Corporate Management shall publish procedures for the review of Medicare or Medicaid cost reports for accurate presentation of the facility's operations, compliance with applicable regulations, and adequate documentation to support the costs claimed. Procedures shall provide for completion of cost reports in time for adequate presentation and explanation of information and findings to Regional leaders who will approve reports.
 - 2. Cost Report Errors Procedures.** In collaboration with Regions, HHSC Corporate Management shall publish procedures for reporting errors on cost reports discovered subsequent to filing the Medicare or Medicaid cost report. Procedures shall provide for timely development of cost reports so that errors or issues can be resolved with Regional leaders and staff so that timely, accurate reports can be presented to Regional leaders for approval.
 - 3. Cost Report Work paper Documentation procedures.** In collaboration with Regions, HHSC Management shall publish procedures for developing appropriate documentation of information included in Medicare and Medicaid cost reports.
 - 4. Directives and Advisories.** The HHSC Corporate COO/CFO and staff shall from time to time issue appropriate guidance to supplement this policy and published cost report procedures. Regional leaders and managers shall operate in accordance with such directives and advisories.
- VI. INTERNAL RESOURCES:** The HHSC COO & CFO shall hire and maintain adequate professional staffing to prepare and submit accurate, timely cost reports for HHSC regions and facilities and to manage appeal processes and provide staff training and support to regions and facilities.
- VII. APPLICABILITY:** All HHSC regions and facilities and staff and all HHSC Corporate staff.
- VIII. Regional Policies.** Regional System Boards of Directors are authorized to issue regional policies consistent with this policy.

IX. REFERENCE: HRS Chapter 323F, Federal and State laws and directives.