

 <p><b>HAWAII HEALTH SYSTEMS</b> C O R P O R A T I O N <i>"Touching Lives Everyday"</i></p> <p><b>Policies and Procedures</b></p>	<p><b>Quality Through Compliance</b></p>	<p>Policy No.:</p> <p style="text-align: center;"><b>FIN 1009</b></p>
		<p>Revision No.:</p> <p style="text-align: center;">N/A</p>
<p>Subject:</p> <p><b>Cost Report Workpaper Documentation</b></p>	<p>Issued by:</p> <p>Corporate Compliance Committee</p>	<p>Effective Date:</p> <p>December 13, 1999</p>
	<p>Approved by:</p> <p>HHSC Board of Directors By: Carolyn Nii Its: Secretary/Treasurer</p>	<p>Supersedes Policy:</p> <p style="text-align: center;">N/A</p> <p>Page:</p> <p style="text-align: center;">1 of 2</p>

- I. OBJECTIVE:** To file cost reports based on adequate documentation that is auditable and verifiable.
- II. POLICY:** All data included in filed cost reports will be based on auditable, verifiable, and adequate documentation. Hospitals must provide adequate cost data for filing cost reports. This must be based on their financial and statistical records which must be capable of verification by auditors (internal and external). The cost data must be based on an approved method of cost finding and on the accrual basis of accounting.
- III. PROCEDURE:**
- A.** Adequate cost information must be obtained from the hospital's records to support claims for reimbursement by Medicare. The requirement of adequate data implies that the data is accurate and in sufficient detail to accomplish the objectives for which it is intended. In order to provide the required cost data and not impair comparability, financial and statistical records should be maintained in a manner consistent from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting or operational procedures if there is reason to effect such change.
- B.** This adequate documentation policy may encompass (but is not limited to) the following:
- Cost report workpapers.
  - Cost report cost center groupings, reclassifications and adjustments.
  - Trial balances.
  - Chart of accounts.
  - Provider and professional components of physician fees are supported by auditable physician time records. The HCFA-339 requires providers to furnish written allocation agreements for each provider-based physician.
  - Contract services, such as physical, speech and occupational therapies are supported by contracts and logs that reflect hours of service. Changes or new agreements in patient care services furnished through contractual arrangements are to be submitted with the HCFA-339.

- Purchased management and/or administrative services supported by contracts, descriptions of services, etc.
- Patient services for all payor types (inpatient and outpatient) supported by payor logs, reconciliations, PS&R's, etc.
- Allocation statistics (including current time studies, square footage surveys, etc.)
- Leases/Rental Agreements - A copy of all new leases/rental agreements are to be submitted with the HCFA-339.
- Debt Instruments/Agreements - A copy of all new debt instrument agreements are to be submitted with the HCFA-339.
- For Disproportionate Share providers, Medicaid eligible days.
- All related parties are identified on HCFA-339 submitted with the cost report and all related party charges are reduced to cost.
- Requests for exceptions to TEFRA (Tax Equity and Fiscal Responsibility Act of 1982) limits and the Routine Cost Limits are properly documented and supported by verifiable and auditable data.
- Allocations from Hawaii Health Systems Corporation (HHSC) home office cost report to individual hospital cost reports are accurately made and supportable by verifiable and auditable data.