

4162. WORKSHEET K-5 - ALLOCATION OF GENERAL SERVICE COSTS TO HOSPICE COST CENTERS

Use this worksheet only if you operate a certified SNF-based hospice as part of your complex. If you have more than one SNF-based hospice, complete a separate worksheet for each facility.

4162.1 Part I - Allocation of General Service Costs to Hospice Cost Centers.--Worksheet K-5, Part I, provides for the allocation of the expenses of each general service cost center of the SNF to those cost centers which receive the services.

Obtain the total direct expenses (column 0, line 34) from Worksheet A, column 7, line 83. Obtain the cost center allocation (column 0, lines 1 through 33) from Worksheet K-4 part I column 7, lines as indicated. The amounts on line 34, columns 0 through 16 must agree with the corresponding amounts on Worksheet B, Part I, columns 0 through 16, line 83. Calculate the amounts entered on lines 1 through 33, columns 1 through 16.

Line 35.--Enter the unit cost multiplier (column 16, line 1), divided by the sum of column 16, line 34 minus column 16, line 1, rounded to 6 decimal places. Multiply each amount in column 16, lines 2 through 33, by the unit cost multiplier, and enter the result on the corresponding line of column 17.

In column 16, Part I, enter the total of columns 4A through 15.

In column 17, Part I, for lines 2 through 33, multiply the amount in column 16 by the unit cost multiplier on line 35, column 17, and enter the result in this column. On line 34, enter the total of the amounts on lines 2 through 33. The total on line 34 equals the amount in column 16, line 1.

In column 18, Part I, enter on lines 2 through 33 the sum of columns 16 and 17. The total on line 34 equals the total in column 16, line 34.

4162.2 Part II - Allocation of General Service Costs to Hospice Cost Centers - Statistical Basis.--Worksheet K-5, Part II provides for the proration of the statistical data needed to equitably allocate the expenses of the general service cost centers on Worksheet K-5, Part I.

NOTE: A change in order of allocation and/or allocation statistics is appropriate for the current cost reporting period if received by the contractor, in writing, within 90 days prior to the end of the cost reporting period. The contractor has 60 days to make a decision or the change is automatically accepted. The change must be shown to more accurately allocate the overhead cost, or if the change is as accurate, should be changed due to simplification of maintaining the statistics. The provider must include with the request all supporting documentation and a thorough explanation of why the alternative approach should be used. If a change in statistics is requested, the provider must maintain both sets of statistics until an approval is made. If the request is denied, the provider must use the previously approved methodology. (See CMS Pub. 15-1, §2313.)

If there is a change in ownership, the new owners may request that the contractor approve a change of allocation basis in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, §2313.)

Lines 1 through 33.--On Worksheet K-5, Part II, for all cost centers to which the general service cost center is being allocated, enter that portion of the total statistical base applicable to each.

Line 34.--Enter the total of lines 1 through 33 for each column. The total in each column must be the same as shown for the corresponding column on Worksheet B-1, line 83.

Line 35.--Enter the total expenses for the cost center allocated. Obtain this amount from Worksheet B, Part I, columns as indicated, line 83.

Line 36.--Enter the unit cost multiplier which is obtained by dividing the cost entered on line 35 by the total statistic entered in the same column on line 34. Round the unit cost multiplier to six decimal places.

Multiply the unit cost multiplier by that portion of the total statistics applicable to each cost center receiving the services. Enter the result of each computation on Worksheet K-5, Part I, in the corresponding column and line.

After the unit cost multiplier has been applied to all the cost centers receiving the services, the total cost (Part I, line 34) must equal the total cost on line 34, Part II.

Perform the preceding procedures for each general service cost center.

4162.3 Part III- Computation of Total Hospice Shared Costs.--This worksheet provides for the shared therapy, drugs, or medical supplies from the SNF to the hospice.

Column Description

Column 1.--Where applicable, enter in column 1 the cost to charge ratio from Worksheet C, column 3, lines as indicated.

Column 2.--Where SNF departments provide services to the hospice, enter on the appropriate lines the charges from the provider's records, applicable to the SNF-based hospice.

Column 3.--Multiply the amount in column 2 by the ratios in column 1 and enter the result in column 3.

Line 9.--Sum of column 3 lines 1 through 8.