

4902.90 WORKSHEET A-8 - ADJUSTMENTS TO EXPENSES

In accordance with 42 CFR 413.9(c)(3), if your operating costs include amounts not related to patient care (specifically not reimbursable under the program) or amounts flowing from the provision of luxury items or services (i.e., those items or services substantially in excess of or more expensive than those generally considered necessary for the provision of needed health services), such amounts are not allowable.

This worksheet provides for the adjustment in support of those items listed on Worksheet A, column 8. The adjustments that are required under the Medicare principles of reimbursement are made based on cost or amount received (revenue) only if the cost (including direct cost and all applicable overhead) cannot be determined. If the total direct and indirect cost can be determined, enter the cost. Submit with the cost report a copy of any work papers used to compute a cost adjustment. Once an adjustment to an expense is made based on cost, you cannot change the basis to revenue in any future cost reporting periods. Enter the following symbols in column 1 to indicate the basis for the adjustment: "A" for cost and "B" for amount received. For each adjustment, enter in column 4, the Worksheet A line number where the expense is reported. Line descriptions indicate the more common activities that affect allowable costs or that result in costs incurred for reasons other than patient care and, thus, require adjustment.

The types of adjustments entered on this worksheet are (1) those needed to adjust expenses to reflect actual expenses incurred; (2) those items which constitute recovery of expenses through sales, charges, fees, grants, gifts; (3) those items needed to adjust expenses in accordance with the Medicare principles of reimbursement; and (4) those items that are provided for separately in the cost apportionment process.

If an adjustment to an expense affects more than one cost center, record the adjustment to each cost center on a separate line on Worksheet A-8.

Lines 1 - Investment Income on Restricted Funds.--Enter the investment income to be applied against interest expense. (See CMS Pub. 15-1, chapter 2.)

Line 2 - Trade, Quantity, Time, and Other Discounts on Purchases.--Enter all discounts of expenses as reductions of the costs of whatever was purchased. (See 42 CFR 413.98 and CMS Pub. 15-1, chapter 8.)

Line 3 - Rebates and Refunds of Expenses.--Enter all rebates/refunds of previous expense payments as they are reductions of the costs to which they relate. (See 42 CFR 413.98 and CMS Pub. 15-1, chapter 8.)

Line 4 - Rental of Provider Space by Suppliers.--Enter amounts paid by a supplier for the use of space or equipment in the SNF. (See CMS Pub. 15-1, chapter 8.)

Line 5 - Telephone Services.--Patient telephones, located in the patient's room, that are furnished solely for the personal comfort of the patient are not includable in allowable costs. Make an adjustment on this line or establish a nonreimbursable cost center. (See CMS Pub. 15-1, chapter 21, §2106.1)

Line 6 - Television and Radio Services.--Patient television and radio services, located in the patient's room, that are furnished solely for the personal comfort of the patient are not includable in allowable costs. Make an adjustment on this line or establish a nonreimbursable cost center. (See CMS Pub. 15-1, chapter 21, §2106.1)

Line 7 - Parking Lot.--Offset parking lot revenue in accordance with CMS Pub. 15-1, chapter 21, §2107.

Line 8 - Remuneration Applicable to Provider-Based Physician Adjustment.--Enter the adjustment amount from Worksheet A-8-2, column 17. (See CMS Pub. 15-1, §§2108 - 2108.11.)

Line 9 - Sale of scrap, waste, etc.--Enter the income from these items to adjust the applicable expense. (See CMS Pub. 15-1, chapter 23, §2328.)

Line 10 - Related Organization and Home Office Costs.--Transfer the amount from Worksheet A-8-1, Part I, line 100, column 7. Note that Worksheet A-8-1 provides the detail of the various cost centers on Worksheet A that must be adjusted.

Line 11 - Laundry and Linen Service.--An adjustment is required for non-allowable patient personal laundry if this cost is not included in the nonreimbursable cost center titled Items and Services Charged to Resident's Funds.

Line 12 - Revenue - Employee Meals.--Enter the amount received from the sale of meals to employees. This income offsets the dietary expense.

Line 13 - Cost of Meals - Guests.--Enter the cost of meals provided for non-employees. This amount offsets the allowable dietary costs.

Line 14 - Sale of Medical Supplies to Other than Patients.--Enter the amount received from the sale of medical supplies to other than patients to be offset against the central service and supplies cost center.

Line 15 - Sale of Drugs to Other than Patients.--Enter the amount received from the sale of drugs to other than patients to be offset against the pharmacy cost center.

Line 16 - Revenue - Copying Costs of Medical Records and Abstracts.--Revenue from reasonable, cost-based fees including the cost of labor, supplies and postage as set forth in 42 CFR 483.10(g). This amount offsets the allowable administrative and general costs.

Line 17 - Vending Machines.--Remove the direct cost plus applicable overhead of operating vending machines from allowable cost. If cost cannot be calculated, then income received may be used.

Line 18 - Income from Imposition of Interest, Finance or Penalty Charges.--Enter the cash received from imposition of interest, finance, or penalty charges on overdue receivables. This income must offset the allowable administrative and general costs. (See CMS Pub. 15-1, chapter 21, §2110.2.)

Line 19 - Interest Expense on Medicare Overpayments and Borrowing to Repay Medicare Overpayments.--Enter the interest expense imposed by the contractor on Medicare overpayments to you. Also, enter the interest expense on borrowing made to repay Medicare overpayments to you. (See CMS Pub. 15-1, chapter 2.)

Lines 20 and 21 - Depreciation Buildings and Fixtures/Movable Equipment.--When depreciation expense computed in accordance with the Medicare principles of reimbursement differs from depreciation expenses per your books, enter the difference on line 20 and/or line 21. (See CMS Pub. 15-1, chapter 1.)

Line 22 - Short Term Inpatient Hospice Care.--Enter the amount received from a hospice that has contracted with the SNF to provide short term inpatient care for pain control, symptom management, or respite services for a patient who has elected the hospice benefit.

Line 23 - Hospice Non-Core Contracted Services.--Enter the amount received from a hospice with which the SNF has a contract to provide non-core hospice services.

Line 24.--Enter any additional adjustments which are required under the Medicare principles of reimbursement. Appropriately label the lines to indicate the nature of the required adjustments.

NOTE: An example of an adjustment entered on these lines is the grossing up of costs in accordance with the provisions of CMS Pub. 15-1, chapter 23, §2314, and is explained below.

If you furnish ancillary services to Medicare beneficiaries under arrangements with others but simply arrange for such services for non-Medicare patients and do not pay the non-Medicare portion of such services, your books reflect only the costs of the program's portion. Therefore, allocation of indirect costs to a cost center that includes only the cost of the program portion results in excessive assignment of indirect costs to the program. Since services were also arranged for the non-Medicare patients, allocate part of the overhead costs to those groups.

In the foregoing situation, no indirect costs may be allocated to the cost center unless the contractor determines that you are able to gross up both the costs and the charges for services to non-Medicare patients so that both costs and charges for services to non-Medicare patients are recorded as if you had provided such services directly.

Line 100.--For column 2, enter the sum of lines 1 through 99. Transfer the amounts in column 2 to Worksheet A, column 8.