

4902.110 WORKSHEET A-8-2 - PROVIDER-BASED PHYSICIAN ADJUSTMENTS

In accordance with 42 CFR 413.9, 42 CFR 415.55, 42 CFR 415.60, 42 CFR 415.70, and 42 CFR 415.102(d) you may claim as allowable costs only those costs which you incur for physician services that benefit the general patient population. 42 CFR 415.70 imposes limits on the amount of physician compensation that may be recognized as a reasonable provider cost.

Worksheet A-8-2 provides for the computation of the allowable provider-based physician cost you incurred. The regulation at 42 CFR 415.60 provides that the physician compensation paid by you must be allocated between services to individual patients (professional services), services that benefit your patients generally (provider services), and nonreimbursable services such as research. Only provider services are includable in allowable cost on the cost report. This worksheet provides for application of the reasonable compensation equivalent (RCE) limits required by 42 CFR 415.70. The methodology used in this worksheet applies the RCE limit to the total physician compensation attributable to provider services that are included in the SNF PPS rate. These limits apply only to physicians who direct a provider department in which the physician's expertise is required or who furnish other services, such as participating in quality control activities.

NOTE: Where several physicians of the same specialty work in the same department, see CMS Pub. 15-1, chapter 21, §2182.6.C., for a discussion of applying the RCE limit in the aggregate for the specialty versus on an individual basis to each of the physicians in the department.

Column Descriptions

Column 1.--Enter the line numbers from Worksheet A for each cost center that contained compensation for physicians who are subject to RCE limits. Enter the line numbers in the same order as displayed on Worksheet A.

Column 2.--When RCE limits are applied on an individual basis to each physician, list each physician using an individual identifier that protects the identity or any protected health information (PHI) associated with the physician (e.g., Dr. A, Dr. B). The identity of the physician must be made available to your contractor upon request. Where the physicians are all included in the same cost center reported in column 1, the physicians must be reported on successive lines.

When the RCE limits are applied on an aggregate basis to a physician specialty, identify the physician specialty associated with the cost center identified in column 1. Each specialty must be separately reported. Where there are multiple specialties all included in the same cost center reported in column 1, each specialty must be reported on successive lines.

Columns 3 through 17.--When the aggregate method is used enter the data for each of these columns in the aggregate for each specialty included in the cost center reported in column 1. When the individual method is used, enter the data for each column on the individual physician identifier lines for each cost center reported in column 1.

Column 3--Total remuneration is total physician compensation including monetary payments, wage-related costs, deferred compensation, costs of physician membership in professional societies, continuing education, malpractice, and any other items of value (excluding office space or billing and collection services) that are furnished to a physician in return for the physician's services subject to the limitations set forth in 42 CFR 411, Subpart J. (see 42 CFR 415.60(a).) Report the total paid salaries and wages for each physician identified, or for each specialty if reporting in the aggregate, including overtime, vacation, holiday, sick, lunch, and other paid-time-off, severance, and bonuses.

Column 4--Enter the amount of total remuneration included in column 3 which is applicable to the physician's services to individual patients (professional component). These services are reimbursed by the Part B carrier in accordance with 42 CFR 415.102(a). The written allocation agreement between you and the physician specifying how the physician spends his or her time is the basis for this computation. (See 42 CFR 415.60(f).)

Column 5--Enter the amount of the total remuneration included in column 3, for each cost center, which is applicable to general services to you (provider component). The written allocation agreement is the basis for this computation. (See 42 CFR 415.60(f).)

NOTE: 42 CFR 415.60(b) requires that physician compensation be allocated between physician services to patients, to the provider, and nonallowable services such as research. Physicians' nonallowable services must not be included in columns 4 or 5. The instructions for column 18 ensure that the compensation for nonallowable services included in column 3 is eliminated on Worksheet A-8.

Column 6--Enter for each line of data, as applicable, the reasonable compensation equivalent (RCE) limit applicable to the physician's compensation included in that cost center. The amount entered is the limit applicable to the physician specialty as published in the Federal Register before any allowable adjustments. (See CMS Pub. 15-1, §2182)

Columns 7 and 8--Enter for each line of data the physician's hours which are allocated to professional services and provider services. For example, if a physician works 2080 hours per year and 50 percent of his/her time is spent on provider services, then enter 1040 in columns 7 and 8.

The hours entered are the actual hours for which the physician is compensated by you for furnishing services of a general benefit to your patients. If the physician is paid for unused vacation, unused sick leave, etc., exclude the hours so paid from the hours entered. Time records or other documentation that supports this allocation must be available for verification by your contractor upon request. (See CMS Pub. 15-1, §2182.3E.)

NOTE: 42 CFR 415.60(b) requires that physician compensation be allocated between physician services to patients, the provider, and nonallowable services such as research. Physicians' nonallowable services must not be included in columns 4 or 5.

Column 9--Enter the unadjusted RCE limit for each line of data. This amount is the product of the RCE amount entered in column 6 and the ratio of the physician's provider component hours entered in column 8 to 2080 hours.

Column 10--Enter for each line of data five percent of the amounts entered in column 9.

Column 11.-- The computed RCE limit in column 9 may be adjusted upward up to five percent to take into consideration the actual costs of membership for physicians in professional societies and continuing education paid by you subject to the limitations set forth in 42 CFR 411, Subpart J. Enter for each line of data the actual amounts of these expenses paid by you.

Column 12.--Enter for each line of data the result of multiplying the amount in column 5 by the amount in column 11 and dividing that amount by the amount in column 3.

Column 13.--The computed RCE limit in column 9 may also be adjusted upward to reflect the actual malpractice expense incurred by you for the physician's (or a group of physicians) services to your patients. Enter for each line of data the actual amounts of these malpractice expenses paid.

Column 14.--Enter for each line of data the result of multiplying the amount in column 5 by the amount in column 13 and dividing the result by the amount in column 3.

Column 15.--Enter for each line of data the sum of the amounts in columns 9 and 14 plus the lesser of the amounts in columns 10 or 12.

Column 16.--Compute the RCE disallowance for each cost center by subtracting the RCE limit in column 15 from your component remuneration in column 5. If the result is a negative amount, enter zero.

Column 17.--The adjustment for each cost center entered represents the provider-based physician elimination from costs entered on Worksheet A-8, column 2, line 8 and on Worksheet A, column 8 to each cost center affected. Compute the amount by deducting, for each cost center, the lesser of the amounts recorded in column 5 (provider component remuneration) or column 15 (adjusted RCE limit) from the total remuneration recorded in column 3.

Total Line 100.--Total the amounts in columns 3 through 5, and 7 through 17.