

3519. 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 listed on Worksheet A, column 6. These adjustments, which are required under the Medicare principles of reimbursement, are made on the basis of 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 workpapers used to compute a cost adjustment. Once an adjustment to an expense is made on the basis of cost, you may not determine the required adjustment to the expense on the basis of revenue in future cost reporting periods. Enter the following symbols in column 1 to indicate the basis for adjustment: "A" for cost, and "B" for amount received. Line descriptions indicate the more common activities which affect allowable costs or which result in costs incurred for reasons other than patient care and, thus, require adjustments.

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 which 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.

Line 5.--For patient telephones, either make an adjustment on this line or establish a nonreimbursable cost center. When line 5 is used, base the adjustment on cost. Revenue cannot be used. (See HCFA Pub. 15-I, §2328.)

Line 8.--Enter the adjustment amount from Worksheet A-8-2, column 18. Amounts paid to SNF-based physicians for general SNF services rendered are not included in these adjustments. (See HCFA Pub. 15-I, §§2108 - 2108.11.)

Line 9.--Enter allowable home office costs which have been allocated to the SNF and which are not already included in your cost report. Use additional lines to the extent that various SNF cost centers are affected. (See HCFA Pub. 15-I, §§2150 - 2153.)

Line 11.--Obtain the amount from your records.

Line 12.--Obtain the amount from Part B, column 6 of Worksheet A-8-1. Note that Worksheet A-8-1 represents the detail of the various cost centers on Worksheet A, which must be adjusted.

Line 13.--An adjustment is required for nonallowable patient personal laundry.

Line 14.--Enter the amount received from the sale of meals to employees. This income offsets the dietary expense.

Line 15.--Enter the cost of meals provided for non-employees. This amount offsets the allowable dietary costs.

Line 20.--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 HCFA Pub. 15-I,§2110.2.)

Line 21.--Enter the interest expense imposed by the intermediary on Medicare overpayments to you. Also, enter the interest expense on borrowing made to repay Medicare overpayments to you. (See HCFA Pub 15-I, chapter 2.)

For therapy services provided on or after April 10, 1998, complete lines 22-25, as follows:

Line 22.--Enter the adjustment for speech therapy services in excess of the limitation for the SNF from Worksheet A-8-5, Part VII, line 77. Subscript this line to report the adjustment for speech therapy for each subprovider as follows:

Line 22.10. --Enter the adjustment for speech therapy in excess of the limitation for all SNF-based CORF services from Worksheet A-8-5, Part VII, sum of lines 78-78.90, if line 78 is subscripted; otherwise, enter the amount from line 78.

Line 22.20.--Enter the adjustment for speech therapy in excess of the limitation for all SNF-based CMHC services from Worksheet A-8-5, Part VII, sum of lines 79-79.90, if line 79 is subscripted; otherwise, enter the amount from line 79.

Line 22.30.--Enter the adjustment for speech therapy in excess of the limitation for all SNF-based OPT services from Worksheet A-8-5, Part VII, sum of lines 80-80.90, if line 80 is subscripted; otherwise, enter the amount from line 80.

Line 22.50.---Enter the adjustment for speech therapy in excess of the limitation for all SNF-based HHA services from Worksheet A-8-5, Part VII, sum of lines 81-81.90, if line 81 is subscripted; otherwise, enter the amount from line 81.

Line 23.--For services provided on or after April 10, 1998, add the adjustment for occupational therapy in excess of the limitation for the SNF from Worksheet A-8-5, Part VII, line 77. Subscript this line to report the adjustment for occupational therapy for each subprovider as follows:

Line 23.10. --Enter the adjustment for occupational therapy in excess of the limitation for all SNF-based CORF services from Worksheet A-8-5, Part VII, sum of lines 78-78.90, if line 78 is subscripted; otherwise, enter the amount from line 78.

Line 23.20.--Enter the adjustment for occupational therapy in excess of the limitation for all SNF-based CMHC services from Worksheet A-8-5, Part VII, sum of lines 79-79.90, if line 79 is subscripted; otherwise, enter the amount from line 79.

Line 23.30.--Enter the adjustment for occupational therapy in excess of the limitation for all SNF-based OPT services from Worksheet A-8-5, Part VII, sum of lines 80-80.90, if line 80 is subscripted; otherwise, enter the amount from line 80.

Line 23.50.--Enter the adjustment for occupational therapy in excess of the limitation for all SNF-based HHA services from Worksheet A-8-5, Part VII, sum of lines 81-81.90, if line 81 is subscribed; otherwise, enter the amount from line 81. For HHA services provided prior to April 10, 1998, also add the amount from Worksheet A-8-3, Part VII, line 63 and enter on this line.

Line 24.--Enter the amount for an adjustment for respiratory therapy in excess of limitation for the SNF. Obtain the amount from Worksheet A-8-4, Part V, line 46, for services provided before April 10, 1998. Obtain the amount from Worksheet A-8-5, Part VII, line 77, for services provided on or after April 10, 1998. For providers with cost reporting periods which straddle the April 10, 1998 implementation date, line 24 should be a combination of the amounts from Worksheet A-8-4, Part V, line 46 and Worksheet A-8-5, Part VII, line 77. Subscript this line to report the adjustment for respiratory therapy services for each subprovider, as follows:

Line 24.10. --Enter the adjustment for respiratory therapy in excess of the limitation for all SNF-based CORF services from Worksheet A-8-5, Part VII, sum of lines 78-78.90, if line 78 is subscribed; otherwise, enter the amount from line 78.

Line 24.20.--Enter the adjustment for respiratory therapy in excess of the limitation for all SNF-based CMHC services from Worksheet A-8-5, Part VII, sum of lines 79-79.90, if line 79 is subscribed; otherwise, enter the amount from line 79.

Line 24.30.--Enter the adjustment for respiratory therapy in excess of the limitation for all SNF-based OPT services from Worksheet A-8-5, Part VII, sum of lines 80-80.90, if line 80 is subscribed; otherwise, enter the amount from line 80.

Line 25.--Enter the adjustment for physical therapy in excess of the limitation for all SNF services. Obtain the amount from Worksheet A-8-3, Part VI, line 57 for services provided prior to April 10, 1998. For services provided on or after April 10, 1998, also enter the amount of physical therapy in excess of the limitation for SNF services from Worksheet A-8-5, Part VII, line 77. The adjustment will be the sum of these amounts. Subscript this line to report the adjustment for respiratory therapy services for each subprovider, as follows:

Line 25.10. --Enter the adjustment for physical therapy in excess of the limitation for all SNF-based CORF services from Worksheet A-8-5, Part VII, sum of lines 78-78.90, if line 78 is subscribed; otherwise, enter the amount from line 78.

Line 25.20.--Enter the adjustment for physical therapy in excess of the limitation for all SNF-based CMHC services from Worksheet A-8-5, Part VII, sum of lines 79-79.90, if line 79 is subscribed; otherwise, enter the amount from line 79.

Line 25.30.--Enter the adjustment for physical therapy in excess of the limitation for all SNF-based OPT services from Worksheet A-8-5, Part VII, sum of lines 80-80.90, if line 80 is subscribed; otherwise, enter the amount from line 80.

Line 25.50.--Enter the adjustment for physical therapy in excess of the limitation for all SNF-based HHA services from Worksheet A-8-5, Part VII, sum of lines 81-81.90, if line 81 is subscribed; otherwise, enter the amount from line 81. For HHA services provided prior to April 10, 1998, also add the amount from Worksheet A-8-3, Part VII, line 63 and enter on this line. The adjustment will be the sum of these amounts.

Line 26.--Obtain the amount from Worksheet A-8-3, Part VI, line 57 or Part VII, line 64, as appropriate.

NOTE: When an amount is entered on Worksheet A-8-3, Part VI, line 57, Part VII is not completed. Transfer the amount to Worksheet A-8, line 25, when applicable to the skilled nursing facility or to line 26 when applicable to the HHA. However, when one or more suppliers provide physical therapy services to you and to the HHA, allocate the excess cost between you and the HHA on Worksheet A-8-3, Part VII.

Line 28.--If the utilization review covers only Medicare patients, the costs of the physician services are removed from the utilization review costs and are shown as a direct reimbursement item of Worksheet E, Part I, line 5 or line 11 of Worksheet E, Part III for SNFs under PPS.

If the utilization review extends to beneficiaries under titles V or XIX, then providing that there is a sufficient documentation of physician activities, the costs of physician review services for the utilization review are a direct reimbursement item for each title under which reimbursement is claimed.

If the utilization review extends to more than the Medicare patients, but the records of the physician activities are not satisfactory for allocation purposes, then apportion the utilization review physician services cost among all the patients using the SNF. Accomplish this apportionment by including the cost of the physician services in the administrative and general costs.

| **The** reference on this form in column 4 has been changed to line 54.

Line 29.--When depreciation expense computed in accordance with the Medicare principles of reimbursement differs from depreciation expenses per your books, enter the difference on line 29 and/or line 30. (See HCFA Pub. 15-I, chapter 1.)

| Line 31.--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 provisions of HCFA Pub. 15-I, §2314, and is explained below.

If you furnish ancillary services to health care program patients under arrangements with others but simply arrange for such services for non-health care program patients and do not pay the non-health care program portion of such services, your books reflect only the costs of the health care program portion. Therefore, allocation of indirect costs to a cost center which includes only the cost of the health care program portion results in excessive assignment of indirect costs to the health care programs. Since services were also arranged for the non-health care program 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 intermediary determines that you are able to gross up both the costs and the charges for services to non-health care program patients so that both costs and charges for services to non-health care program patients are recorded as if you had provided such services directly.

The instructions for Worksheet A-6, line 12 explain the correct handling for any direct provider costs for services purchased under arrangement. The instructions for Worksheet B, Part I explain the circumstances when indirect costs are allocated to the cost of services purchased under arrangements. The instructions to Worksheet C explain the grossing up of charges for services purchased under arrangement.

Line 32.--Enter the amount on line 27 plus the sum of lines 28 through 31. TRANSFER THE AMOUNTS IN COLUMN 2 TO WORKSHEET A, COLUMN 6.