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# **Rural Health Clinic Cost Report and Reimbursement**

# Agenda

- Items Needed to Complete RHC Worksheets
- Allowable vs. Non-allowable Costs
- Qualifying RHC Visits
- Payroll Reports and FTEs
- Productivity Standards
- Cost Per Visit
- Examples of AIR Calculations
- Medicare Pneumococcal & Influenza Vaccine Reimbursement
- Areas of Focus and Opportunity

# Items Needed to Complete RHC Worksheets

1. General RHC information (address, hours of operation)
2. Trial Balance & Financials
3. PS&R Summary Reports
4. Detail Payroll Reports by Position by Pay Code
5. Detail Visits Report

Practitioner	Practitioner Type	CPT Code	CPT4 Desc	Date	Patient	Patient Name	Payor	Item Quantity	Charge
Doe, John	Physician	99214	E/M Detail	6/27/2022	XXXX	Smith, Jane	Medicaid	1	150

- Pneumococcal and Flu Logs (if not included in detail visits report)
6. Cost of Pneumococcal and Flu vaccines
  7. Contracts for any Contracted Physician or Mid-levels
  8. Medicare Bad Debt Logs

# Allowable vs. Non-allowable Costs

1. Typical allowable RHC costs can be found at 42 CFR 405, these include:
  - Compensation for physicians and mid-level providers (salaried and contract)
  - Compensation for nursing staff
  - Cost for overhead staff: administration, billers, registration personnel, housekeeping, maintenance, etc.
    - If expenses are recorded at the Hospital overhead level, important to make sure appropriate allocations on WS B-1 are utilized or consider direct A-6 reclassifications to move cost
  - Medical supply expense
  - Other administration expenses: office supplies, accounting fees, legal fees, employee benefits
  - Facility costs: interest, depreciation, rent, insurance, utilities

# Allowable vs. Non-allowable Costs / WS M-1

## 1. Non-allowable Costs:

- Telehealth\*
- DME
- Retail Pharmacy
- Advertising
- Non-RHC hours of the clinic
- Lab/X-Ray services billed under Hospital
- Time physicians spends in the Hospital or providing other Non-RHC services

2. When determining allowable vs non-allowable cost, make sure you have supporting documentation or appropriate allocation methods: review contracts, request time studies, review the visits information, verify RHC operational hours, review physician schedules

3. Remember to exclude benefits costs for any non-allowable services as well

# Qualifying RHC Visits

Per Medicare Benefit Policy Manual Chapter 13, an RHC “visit is a medically-necessary medical or mental health visit, or a qualified preventative health visit. The visit must be a face-to-face (one-on-one) encounter between the patient and a physician, NP, PA, CNM, CP, or a CSW during which time, one or more RHC or FQHC services are rendered.

# Qualifying RHC Visits

In addition, Chapter 13 also covers the location of a qualifying RHC visit:

1. An RHC visit may take place in:

- the RHC
- the patient's residence (including an assisted living facility)
- a Medicare-covered Part A SNF (see Pub. 100-04, Medicare Claims Processing Manual, chapter 6, section 20.1.1)
- the scene of an accident
- Hospice patient

2. An RHC visit may not take place in:

- an inpatient or outpatient department of a hospital, including a CAH, or;
- a facility which has specific requirements that preclude RHC or FQHC visits (e.g., a Medicare comprehensive outpatient rehabilitation facility, etc.)

# Qualifying RHC Visits

3. We advise spending a significant amount of time reviewing the detail report to verify visits are counted accurately
  - Review for duplicates and remove as necessary
  - If an E/M level service and procedures are performed during the same visit that should only count as one visit
  - Exclude telehealth visits unless they are mental health
4. Situations that may result in more than one visit count for a patient:
  - If the patient returns after an initial countable visit due to an unrelated illness or injury
  - Patient has a medical visit and a mental health visit
  - Patient has an Initial Preventive Physical Exam (IPPE) and a medical and/or mental health visit on the same day
5. Visits for contracted physicians that do not furnish services to patients on a regular ongoing basis can be report on line 9 of WS M-2 and are not subject to the productivity standards



# Payroll Reports & FTEs

1. The FTE amounts reported for providers and mid-levels should be the time spent seeing patients or scheduled to see patients and does not include administrative time
2. Generate and review a detail payroll report by position by pay code
  - Remove any hours not associated with hours spent seeing patients (PTO, Holiday, bereavement, etc.)
  - Remove all non-RHC time (services provided in hospital, etc.)
3. Compare visit totals to FTE by provider to verify totals appear reasonable

# Productivity Standards

- Physician: 1 FTE = 4,200 Visits
- Physician Assistant: 1 FTE = 2,100 Visits
- Nurse Practitioner: 1 FTE = 2,100 Visits
- Productivity standard is applied in aggregate
- Total visits will be compared to the total minimum productivity standard based on FTE and the greater of the visits in aggregate is used.

# Cost Per Visit

The RHC payment limit per visit over an 8-year period is as follows:

- In 2021, after March 31, at \$100 per visit
- In 2022, at \$113 per visit
- In 2023, at \$126 per visit
- In 2024, at \$139 per visit
- In 2025, at \$152 per visit
- In 2026, at \$165 per visit
- In 2027, at \$178 per visit
- In 2028, at \$190 per visit

Always evaluate your cost per visit vs cap

In subsequent years, the limit will be updated annually by the MEI

See MLN Matters MM12185

# AIR Examples – Example 1 – FTEs

Position	FTE	Total Visits	Productivity Standard	Minimum Visits	Greater of Total or Standard
Physicians	1.00	4,000	4,200	4,200	
Physician Assistants	0.00	0	2,100	0	
Nurse Practitioners	1.00	2,000	2,100	2,100	
Subtotal	2.00	6,000		6,300	6,300
		Total allowable costs			1,100,000
		Less: Cost of Vaccine			(100,000)
		Total Allowable costs excl vaccine			1,000,000
		Cost per visit			158.73
Position	FTE	Total Visits	Productivity Standard	Minimum Visits	Greater of Total or Standard
Physicians	0.90	4,000	4,200	3,780	
Physician Assistants	0.00	0	2,100	0	
Nurse Practitioners	0.90	2,000	2,100	1,890	
Subtotal	1.80	6,000		5,670	6,000
		Total allowable costs			1,100,000
		Less: Cost of Vaccine			(100,000)
		Total Allowable costs excl vaccine			1,000,000
		Cost per visit			166.67

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# AIR Example 2 - Visits

Position	FTE	Total Visits	Productivity Standard	Minimum Visits	Greater of Total or Standard
Physicians	1.00	4,000	4,200	4,200	
Physician Assistants	0.00	0	2,100	0	
Nurse Practitioners	1.00	2,000	2,100	2,100	
Subtotal	2.00	6,000		6,300	6,300
Practice cost per visit \$200		Total allowable costs			1,260,000
		Less: Cost of Vaccine			(100,000)
		Total Allowable costs excl vaccine			1,160,000
		Cost per visit			184.13
Position	FTE	Total Visits	Productivity Standard	Minimum Visits	Greater of Total or Standard
Physicians	1.00	4,500	4,200	4,200	
Physician Assistants	0.00	0	2,100	0	
Nurse Practitioners	1.00	2,500	2,100	2,100	
Subtotal	2.00	7,000		6,300	7,000
		Total allowable costs			1,400,000
		Less: Cost of Vaccine			(100,000)
		Total Allowable costs excl vaccine			1,300,000
		Cost per visit			185.71

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# Medicare Pneumococcal & Influenza Reimbursement

1. Reimbursement for providing Medicare pneumococcal, flu, and COVID vaccines are paid through the cost report
  - Costs include vaccine costs, staff time, & overhead allocation
2. Medicare patient logs are needed to support vaccinations provided and should include at least the following:
  - Patient Name
  - HIC Number
  - Date of injection

# Medicare Pneumococcal & Influenza Reimbursement

## 3. Worksheet M-4

		Title XVIII	RHC I			
				Pneumococcal	Influenza	
				1.00	2.00	
1.00	Health care staff cost (from Wkst. M-1, col. 7, line 10)			100,000	100,000	1.00
2.00	Ratio of pneumococcal and influenza vaccine staff time to total health care staff time			0.000010	0.000020	2.00
3.00	Pneumococcal and influenza vaccine health care staff cost (line 1 x line 2)			1	2	3.00
4.00	Medical supplies cost - pneumococcal and influenza vaccine (from your records)			500	1,000	4.00
5.00	Direct cost of pneumococcal and influenza vaccine (line 3 plus line 4)			501	1,002	5.00
6.00	Total direct cost of the hospital-based RHC/FQHC (from Worksheet M-1, col. 7, line 22)			100,000	100,000	6.00
7.00	Total overhead (from Wkst. M-2, line 19)			10,000	10,000	7.00
8.00	Ratio of pneumococcal and influenza vaccine direct cost to total direct cost (line 5 divided by line 6)			0.005010	0.010020	8.00
9.00	Overhead cost - pneumococcal and influenza vaccine (line 7 x line 8)			50	100	9.00
10.00	Total pneumococcal and influenza vaccine cost and its (their) administration (sum of lines 5 and 9)			551	1,102	10.00
11.00	Total number of pneumococcal and influenza vaccine injections (from your records)			10	50	11.00
12.00	Cost per pneumococcal and influenza vaccine injection (line 10/line 11)			55.10	22.04	12.00
13.00	Number of pneumococcal and influenza vaccine injections administered to Program beneficiaries			5	10	13.00
14.00	Program cost of pneumococcal and influenza vaccine and its (their) administration (line 12 x line 13)			276	220	14.00
15.00	Total cost of pneumococcal and influenza vaccine and its (their) administration (sum of cols. 1 and 2, line 10) (transfer this amount to Wkst. M-3, line 2)				1,653	15.00
16.00	Total Program cost of pneumococcal and influenza vaccine and its (their) administration (sum of cols. 1 and 2, line 14) (transfer this amount to Wkst. M-3, line 21)				496	16.00

# Areas of Focus

## 1. Cost

- Have you captured/removed direct cost?
- Are you using reasonable allocations methods to identify and remove non-allowable costs?
- Did you remove telehealth costs?

## 2. Visits

- Are all “duplicate” visits removed?
- Are you counting only allowable visit codes?
- Are you able to review the visit location on the detail report and verify locations of service meet CMS requirements?



# Areas of Focus

## 3. Payroll Hours

- Have you included only the time the providers spent seeing patients?
- If a provider works at a non-RHC location or the Hospital, have you removed those hours?

## 4. Pneumococcal / Influenza

- Do you have logs supporting vaccines given?
- Does the vaccine cost appear reasonable?
- Are you allocating enough staffing time per vaccination given?

# Questions?

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