

## Eli's Hospice Insider

### Finance: New Cost Report Requirement For Chains Takes Effect In October

**Don't ignore it just because it's in the hospital rule.**

Stay alert to a new cost reporting mandate included in the 2019 hospital inpatient payment rule, if you belong to a chain organization.

"Each contractor servicing a provider in a chain must be furnished with a detailed Home Office Cost Statement as a basis for reimbursing the provider for cost allocations from a home office or chain organization," the **Centers for Medicare & Medicaid Services** says in the rule. "However, many cost reports that have home office costs allocated to them are submitted without a Home Office Cost Statement." Plus, "there are home offices or chain organizations that are not completing a Home Office Cost Statement to support the costs they are allocating to the provider cost reports."

Furthermore, "it is our understanding that some providers paid under a PPS mistakenly believe that a Home Office Cost Statement is no longer required," CMS adds.

**Result:** "Lack of this documentation should result in a disallowance of costs," CMS says. Beginning on or after Oct. 1, "for providers claiming costs on their cost report that are allocated from a home office or chain organization, a cost report will be rejected for lack of supporting documentation if it does not include a Home Office Cost Statement completed by the home office or chain organization that corresponds to the amounts allocated ... to the provider's cost report."

In a change from the proposal, it will be the responsibility of the home office or chain organization to submit the statement, not the individual agency. Also, if a home office has a different fiscal year time period than the individual agency, the cost statement must correspond only "to a portion of the amount reported in the provider's cost report," adds the final rule published in the Aug. 17 Federal Register.

This change "impacts reporting by all provider types that have established a home office and/or are part of a chain organization" - including hospice providers, notes consulting firm **The Health Group** in Morgantown, West Virginia.