

## Eli's Hospice Insider

### Reimbursement: Get Ready To Make 2-Month Cap Window Or Face Payment Freeze

**Line up your IACS access as soon as possible.**

Don't forget you have a whole new cap-related duty on your plate this year, and a very short window of time in which to complete it.

**Reminder:** In the 2015 hospice final payment rule published in the Aug. 22, 2014 Federal Register, the **Centers for Medicare & Medicare Services** instructed hospices to calculate their own aggregate per patient caps, determine whether their Medicare reimbursement exceeds the cap, and refund any resulting overpayments □ all within five months of the Oct. 31 cap year end.

To make it even more complicated, CMS included a revision between the proposed and final rules, telling hospices that they could not calculate their cap amount until three months after the year end. The change aims at eliminating any gaming of the cap system by early reporting, CMS indicated in the rule.

Financial experts decried the new rule (see Hospice Insider Vol. 7, No. 11). For one thing, hospices now will have to calculate their own caps, when previously their Medicare Administrative Contractors had done it. CMS rebuffed numerous comment letter suggestions for MACs to continue the practice.

Calculating the cap isn't simple, notes accountant **Joshua Banach** of **FR&R Healthcare Consulting Inc.** The process includes these steps:

- **Access IACS.** Hospices must access cap information using their Individual Authorized Access to the CMS Computer Services (IACS) account □ the system they use to download their Provider Statistical and Reimbursement Report (PS&R). "Not all hospices are registered for, or know how to use, the PS&R system," protests **Brian Daucher** with law firm **Sheppard Mullin** in Costa Mesa, Calif. "All hospices should now make sure that their registration is active and that their staff is educated on its proper use."

**Take these steps:** To gain access to IACS, hospices must sign up for a user name, which involves selecting a Security Official to act as representative and submitting an **IRS** letter that matches the name and employer identification number as entered, Banach said in an education article for the **Illinois Homecare & Hospice Council**. If the application passes all edits, the Security Official will be approved and a user name and password will be granted. Only then can the Security Official access the PS&R.

- **Run these 2 reports.** Hospices must access two reports via IACS to calculate cap liability. "One is the summary PS&R report and the other is the hospice cap report, which is found in the 'special reports' section," Banach says.

In comments on the proposed regulation, "we suggested that CMS automate these calculations into one function and even send hospices the cap report automatically," Daucher grumbles. "CMS ignored this suggestion, leaving hospices to run both reports and make the correct technical calculations."

- **Know your methodology.** Before you can calculate the cap, you need to know whether you use the streamlined or proportional methodology. The streamlined methodology counts beneficiaries all in one year, or the newer proportional methodology prorates benes between years based on days of service (see Eli's HCW, Vol. XX, No. 37 Hospice Insider, Vol. 4, No. 12).
- **Do the math.** "The cap calculation is just allowances (product of provider Beneficiary Count and annual per

patient allowance [2014 = \$26,725.79] LESS Net Reimbursement (as shown on the Provider Summary Report)," Daucher says. "If allowances exceed revenue, no cap overpayment exists; by contrast, if revenues exceed allowances, the difference is considered a cap overpayment and is due to be refunded to CMS."

**Watch for:** CMS has said it will issue a pro forma worksheet hospices can use for the task, but it hasn't yet produced the document.

Note: See the new cap regulations in the final rule at [www.gpo.gov/fdsys/pkg/FR-2014-08-22/pdf/2014-18506.pdf](http://www.gpo.gov/fdsys/pkg/FR-2014-08-22/pdf/2014-18506.pdf).