



**Department  
of Health**

**Office of  
Health Insurance  
Programs**

# **2019 Institutional Cost Report (ICR)**

**NYS Department of Health  
Division of Finance & Rate Setting  
Bureau of Hospital & Clinic Rate Setting**

June 16, 2020

# Agenda

- **Software, Support & Filing Procedures**
- **2019 ICR Audit Fees**
- **Health Commerce System**
- **Department of Health Public Website**
- **Cost Reporting Accuracy**
- **2019 ICR Updates / Clarifications**
- **New ICR Schedules**
- **Questions**



# Software, Support & Filing Procedures

## ➤ Obtaining Software and Support

- **Software will be available for download from the Health Financial Systems (HFS) website.**

*Note: The Department will provide hospitals with the URL, Username and Password using the Health Commerce System (HCS).*

- **ICR problem resolution and questions:**

- [Hospital.ICR@health.ny.gov](mailto:Hospital.ICR@health.ny.gov)

***Note: please do not send via secure email – DOH security prohibits these emails***

- For problem resolution, send your “four-pack” files (CR, IC, B\_, T\_) to this address. The files will then be forwarded to HFS, if necessary.



# Software, Support & Filing Procedures (Cont'd)

## ➤ Electronic Filing Procedures

- **DH file (HCS electronic submission) :**
  - Due date: Friday, July 31, 2020
  - Extended due to COVID-19 emergency
- **Electronic submission of documents within 5 Business days of electronic DH file submission:**
  - Signed CFO/CEO certification
  - Edit Report (Initialed with explanations)
  - Final *Audited* Financial Statements
    - ✓ “Draft” statements cannot be used for audit purposes

# Software, Support & Filing Procedures (Cont'd)

## ➤ Electronic Filing Procedures (Cont'd)

- Email files to: [AFS@health.ny.gov](mailto:AFS@health.ny.gov)

*Note: please do not send via secure email – DOH security prohibits these emails*

- **Signed CFO/CEO Certification:**

- File named with 7 digit operating certificate number and “\_CFO”  
Example: 1234567\_CFO

- **Edit Report (initialed with explanations):**

- File named with 7 digit operating certificate number and “\_Edits”  
Example: 1234567\_Edits

- **Audited Financial Statements:**

- File named with 7 digit operating certificate number and “\_AFS”  
Example: 1234567\_AFS

# 2019 ICR Audit Fees

- Due at time of filing
- Same fee schedule as previous years
  - The fee schedule may be subject to change for 2020
- Same payment process as previous years
- Email notification to be released for facility-specific fees
- Fee schedule: [http://www.health.ny.gov/facilities/hospital/audit\\_fee/](http://www.health.ny.gov/facilities/hospital/audit_fee/)

❖ *Note: For the 2018 ICR audit, hospitals with a field audit for DSH are not scheduled for a 2018 ICR field audit.*

# Health Commerce System (HCS)

- **Website:** [https://commerce.health.state.ny.us/public/hcs\\_login.html](https://commerce.health.state.ny.us/public/hcs_login.html)
- **Communication Tool**
  - Secure network for posting provider information
  - Keep email address current
    - ❖ Facility's responsibility
    - ❖ Email blast separate from public website electronic mailing list
- **HCS Help Contact**
  - Commerce Accounts Management Unit (CAMU) Help Desk:  
1-866-529-1890 or [camu@its.ny.gov](mailto:camu@its.ny.gov)
    - ❖ HCS accounts
    - ❖ Password resets
    - ❖ Removal of employee
- **HCS Access Contact**
  - Hospital Fee-for-Service Rate Unit: [HospFFSunit@health.ny.gov](mailto:HospFFSunit@health.ny.gov)
    - ❖ Receiving access to the ICR (or other hospital applications)
    - ❖ Rate related questions



# Department of Health Public Website

## ➤ Information posted for ICR (New)

[http://health.ny.gov/facilities/hospital/rate\\_setting/centers/index.htm](http://health.ny.gov/facilities/hospital/rate_setting/centers/index.htm)

## ➤ Information posted for Inpatient Rates and Weights

<http://www.health.ny.gov/facilities/hospital/reimbursement/apr-drg/>

## ➤ Information posted for APG Rates and Weights

[http://www.health.ny.gov/health\\_care/medicaid/rates/apg/](http://www.health.ny.gov/health_care/medicaid/rates/apg/)

## ➤ Electronic Mailing List Subscriptions

<https://www.health.ny.gov/facilities/hospital/reimbursement/apr-drg/listserv/>

[http://www.health.ny.gov/health\\_care/medicaid/rates/listserv/](http://www.health.ny.gov/health_care/medicaid/rates/listserv/)





# Cost Reporting Accuracy

## ➤ Importance of Data Integrity

- Rate Setting
- Financial Analysis
- Upper Payment Limit (UPL) / Disproportionate Share Limit (DSH)
- Pool Distributions

## ➤ ICR Instructions

- Updated to incorporate prior Q&As and provide clarifications

## ➤ Q&As

- Provides information that is not directly tied to the cost report and not incorporated into the instructions.

# Cost Reporting Accuracy

## ➤ Data Integrity

- Many new edits
  - Some fatal, most non-fatal/informational
  - Help provide direction that something *may be* reported incorrectly
  - Edit will not result if data does not trigger it
- Examples
  - Exhibit 32, 33 & 34 – Negative uncompensated care collections
  - Exhibit 33 – Visits excluding inpatient admissions > visits including [fatal]
  - Exhibit 41 – Compare to Statement of Cash Flows in Exhibit 25
  - Exhibit 46 – Negative surcharge and assessment payments
  - Exhibit 51 – Negative total charges or costs for RCCs



# 2019 ICR Updates / Clarifications

## ➤ Updates / Clarifications for 2019

- Reporting: Rural Health Center (RHC) Cost Centers
- Reporting: Article 16 (OPWDD) Clinic Cost Center
- Exhibit 30: Inpatient Dual-eligible & Swing Beds (Update)
- Exhibit 42: Waiver of Depreciation Funding (Update)
- Exhibit 46: Revenue by Service Area (Update & Clarification)
- Exhibit 52 (Update & Clarification)
- Exhibit 53 (Update)



# 2019 ICR Updates / Clarifications

## ➤ Reporting

- Rural Health Center (RHC)
  - For NYS, RHC = Federally Qualified Health Center (FQHC)
  - RHC cost center works the same as the FQHC for NYS
  - ICR lines 467-471 & 461-465, Exhibit 46 Charge Codes 4896-4900 & 4890-4894, MSC 287
- Article 16 (OPWDD) Clinic Cost Center
  - ICR line 466, Exhibit 46 Charge Code 4895, MSC 261



# 2019 ICR Updates / Clarifications

## ➤ Exhibit 30 – Inpatient and Swing Bed Statistics (Update)

- Inpatient Dual-Eligible Statistics
  - Report total days and discharges only
    - ✓ Eliminated some reported data
  - Include ALC days
- Swing Bed Statistics
  - Expanded hard-coded payor names



# 2019 ICR Updates / Clarifications

## ➤ Exhibit 42 – Waiver of Depreciation Funding (Update)

- Active only when Exhibit 41 results in unfunded depreciation penalty
  - Even though Exhibit 42 may be active, the proposed waiver amount will not be accepted during the audit process unless a complete justification of the waiver request is provided (text box Exhibit 42)
  - Justification provides the basis as to why the Department should accept the Exhibit 42 waiver request
- Depreciation Funding Schedule (Sections A & B)
  - Provides for input of other depreciation and cash flow
- Waiver Eligibility Schedule (Section D)
  - If AFS does not report salaries or taxes payable – ability to input data provided



# 2019 ICR Updates / Clarifications

## ➤ Exhibit 42 – Waiver of Depreciation Funding (Cont'd)

- Status of unfunded depreciation penalty after Exhibit 42 is completed
  - If qualified for a full waiver on Exhibit 42 and a complete justification for the request is provided, then waiver request process is completed
  - If there is still a remaining penalty:
    - ✓ Department reviews during audit and may reduce penalty
    - ✓ Hospital will be notified by auditor of penalty reduction
    - ✓ If penalty reduced, include in post-audit ICR resubmission
  - Any remaining penalty flows to ICR Schedule 3 (Capital Schedule)



# 2019 ICR Updates / Clarifications

## ➤ Exhibit 46 - Revenue by Service Area

- Expanded Primary Payor reporting for a hospital's defined "Charity Care"
  - Hospital provided financial assistance for an encounter where Charity Care was not the Primary Payor
    - ✓ Line 382 – Medicaid FFS
    - ✓ Line 386 – PHSP/HMO Medicaid
    - ✓ Line 383 – Insured
    - ✓ Line 391 – Uninsured/Self-Pay
- For a hospital's defined "Charity Care" that does not meet the Charity Care encounter definition (see next screen for Charity Care definition)





# 2019 ICR Updates / Clarifications

## ➤ Revenue by Service Area (Cont'd):

### Charity Care reporting affects Exhibits 32, 33, 34 and 46

- A Charity Care encounter is:
  - Financial Assistance with NO Insurance
  - Charity (Free, Hill-Burton) is the Primary Payor
  - One determination of insured or not insured for the entire admission/account (cannot split charges)
  - An individual's insurance does not cover any of the services received
- A Charity Care encounter is NOT:
  - A coverage limit or benefits exhaustion during the service
  - A denial for hospital errors (timely billing, pre-authorization, etc.)
  - A partial write-off after insurance



# 2019 ICR Updates / Clarifications

## ➤ **Exhibit 52: Effect on Exhibits 32 & 33**

- Exhibit 32 – Patient Days & Discharges by Source of Payment
  - MSC selection limited to Inpatient defined MSCs used on Exhibit 52 or MSC 959 (non-reimbursable)
  - DOH-certified exempt units should not be combined with MSC 201 or 216
  - If no MSC assigned, assumes MSC 959
- Exhibit 33 – Statistical Data & Patient Visits by Source of Payment
  - MSC selection limited to Outpatient defined MSCs used on Exhibit 52 or MSC 959 (non-reimbursable)
  - If no MSC assigned, assumes MSC 959



# 2019 ICR Updates / Clarifications

## ➤ **Exhibit 52 – Medicaid Allocated Cost Service Code Assignment**

- Medicaid Service Code (MSC) Assignments
  - Every cost center with costs requires a MSC assignment
  - MSC 959: Non-Reimbursable / Non-Billable / Not Included in Rate Development
    - ❖ Means: The Hospital Rate Setting bureau does not use in rate setting nor has the data been requested to be discretely identified for another Office/Agency.
  - No MSC assigned for a variable cost center, assumes MSC 959 – editable

## ➤ **Exhibit 53: Medicaid Service Code Assignment Summary**

- Addressed any formula issues and sections that were previously greyed-out in error
- Review for missing services, costs, revenue or statistics
- Review for unusual values or ratios



# New ICR Schedules

## ➤ **The ICR Schedules require:**

- MSCs assigned to statistics, costs & charges
- Change to the charge basis for transfer costs, if applicable
- The ICR software will automatically calculate the schedules

## ➤ **ICR Schedule 1 – Allowable Costs**

- ICR Schedule 1A – Service Area Transfer Summary
- ICR Schedule 1B – Transfers by Service Area

## ➤ **ICR Schedule 2 – Utilization**

- Inpatient & Outpatient Statistics by Payor

## ➤ **ICR Schedule 3 – Capital Cost & Distribution**

- Part 1 – Total Allowable Capital
- Part 2 – Distribution to Service Areas



# New ICR Schedules

## ➤ ICR Schedule 1 – Allowable Costs

- Order of operations: 1B then 1A, then 1
  - ICR Schedule 1B – Calculates Transfer Costs for 3 Service Areas
  - ICR Schedule 1A – Summarizes the ICR Schedule 1B Transfer Costs
  - ICR Schedule 1 – Calculates Allowable Costs after Transfer Costs
- 3 Transfer Service Areas:
  - Emergency Department
  - Clinic
  - CPEP



# New ICR Schedules

## ➤ ICR Schedule 1B: Calculates Transfer costs for 3 Service Areas

- Visits or Charges basis used for Allocation
  - If currently using Charges as the basis, will remain on Charges
    - ✓ Flag already set in the ICR
  - If using Visits as the basis, ability to test the Charges basis
  - Once an ICR is submitted using Charges, cannot switch to Visits
- Summarizes Charges or Visits based on MSC assignments  
(see exceptions – next slide)
  - Exhibit 46 for Charges (By Charge Code)
    - ✓ Line 002 Clinic, Line 003 ED, Line 014 CPEP
  - Exhibit 31A for Visits (By Cost Center)



# New ICR Schedules

## ➤ ICR Schedule 1B: Calculates Transfer costs for 3 Service Areas (Cont'd)

- Exceptions to MSC Assignment Summarization
  - The charges or visits totals used for the 3 Service Areas will be the following versus the hospital's MSC assignments:

<u>Service Area</u>	<u>Exhibit 31A Cost Center</u>	<u>Exhibit 46 Charge Code</u>
Clinic	235, 240, 291, 472	00026, 00383, 00387, 04901
Emergency	236, 260, 417	00027, 00030, 04846
CPEP	288	00385



# New ICR Schedules

- **ICR Schedule 1A – Summarizes the ICR Schedule 1B Transfer Costs**
  - Combines the 3 Service Areas:
    - Total Transfer Costs
    - Total Transfer Capital
  
- **ICR Schedule 1 – Calculates Allowable Costs after Transfer Costs**
  - Final Stepdown Costs (Exhibit 52 MSC coding)
  - Adds/Subtracts Transfer Costs (Schedule 1A)
  - Allowable Costs (Includes Capital)
  
- **Review for expected Allowable Costs**





# New ICR Schedules

## ➤ ICR Schedule 2 - Utilization

- Inpatient, Outpatient and Swing Bed Statistics by Payor
  - Source: Exhibits 32, 33 (Excl. Inpatient column) & 34
  - Based on MSC assignments
- Sums by MSC for each Service Area & Primary Payor
- Multiple totals provided
  - Totals exclude ADHC

## ➤ Review for expected Utilization



# New ICR Schedules

## ➤ ICR Schedule 3 – Capital Cost & Distribution

- Part 1 – Total Allowable Capital
  - Calculates Total Facility Reported Capital, Non-Projectable Capital & Allowable Capital
    - ✓ Based on capital-related costs, direct charge and variable capital
  - Adjusts Total Reported Capital for:
    - ✓ Property taxes and insurance
    - ✓ Unfunded Depreciation (net of waiver - Exhibit 42, if applicable)
    - ✓ Limitation on Major Moveable Equipment (Article 28)



# New ICR Schedules

- **ICR Schedule 3 – Capital Cost & Distribution (Cont'd)**
  - Part 2 – Distribution to Service Areas
    - Total Reported
      - ✓ Sums by MSC for each Service Area
        - Source: Exhibit 52 MSC assignments
    - Allocates Non-Projectable Capital & Major Moveable Equipment  
Limitation based on % to Total
    - Applies Transfer Capital Costs (ICR Schedule 1)
- **Review for expected Capital Cost & Distribution**





# Questions?

ICR Questions: [Hospital.ICR@health.ny.gov](mailto:Hospital.ICR@health.ny.gov)



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