

4019. WORKSHEET A-8-3 - REASONABLE COST DETERMINATION FOR THERAPY SERVICES FURNISHED BY OUTSIDE SUPPLIERS

This worksheet provides for the computation of any needed adjustments to costs applicable to therapy services furnished by outside suppliers in CAHs. Therapy services rendered by non-CAH providers are either subject to fee schedule reimbursement or the corresponding PPS reimbursement. Consequently, only CAHs complete this worksheet. The information required on this worksheet provides, in the aggregate, all data for therapy services furnished by all outside suppliers in determining the reasonableness of therapy costs.

If you contract with an outside supplier for therapy services, the potential for limitation and the amount of payment you receive depend on several factors:

- An initial test to determine whether these services are categorized as intermittent part time or full-time services;
- The location where the services are rendered (i.e., at your site or an alternate site).
- Whether detailed time and mileage records are maintained by the outside supplier;
- Add-ons for supervisory functions, aides, overtime, equipment and supplies; and
- Contractor determinations of reasonableness of rates charged by the supplier compared with the going rates in the area.

4019.1 Part I - General Information.--This part provides for furnishing certain information concerning therapy services furnished by outside suppliers.

Line 1--Enter the number of weeks that services were performed on site. Count only those weeks during which a supervisor, therapist or an assistant was on site. (See CMS Pub. 15-1, chapter 14.)

Line 2--Multiply the amount on line 1 by 15 hours per week. This calculation is used to determine whether services are full-time or intermittent part-time.

Line 3--Enter the number of days in which the supervisor or therapist (only report the therapists for respiratory therapy) was on site. Count only one day when both the supervisor and therapist were at the site during the same day.

Line 4--Enter the number of days in which the therapy assistant (PT, OT, or SP only) was on site. Do not include days when either the supervisor or therapist was also at the site during the same day.

NOTE: Count an unduplicated day for each day the contractor has at least one employee on site. For example, if the contractor furnishes a supervisor, therapist and assistant on one day, count one therapist day. If the contractor provides two assistants on one day (and no supervisors or therapists), count one assistant day.

Line 5--Enter the number of unduplicated visits made by the supervisor or therapist. Count only one visit when both the supervisor and therapist were present during the same visit.

Line 6--Enter the number of unduplicated visits made by the therapy assistant. Do not include in the count the visits when either the supervisor or therapist was present during the same visit.

Line 7--Enter the standard travel expense rate applicable. (See CMS Pub. 15-1, chapter 14.)

Line 8--Enter the optional travel expense rate applicable. (See CMS Pub. 15-1, chapter 14.) Use this rate only for services for which time records are available.

Line 9--Enter in the appropriate columns the total number of hours worked for each category.

Line 10--Enter in each column the appropriate adjusted hourly salary equivalency amount (AHSEA). This amount is the prevailing hourly salary rate plus the fringe benefit and expense factor described in CMS Pub. 15-1, chapter 14. This amount is determined on a periodic basis for appropriate geographical areas and is published as an exhibit at the end of CMS Pub. 15-1, chapter 14. Use the appropriate exhibit for the period of this cost report.

Enter in column 1 the supervisory AHSEA, adjusted for administrative and supervisory responsibilities. Determine this amount in accordance with the provisions of CMS Pub. 15-1, chapter 14, §1412.5. Enter in columns 2, 3, and 4 (for therapists, assistants, aides, and trainees respectively), the AHSEA from either the appropriate exhibit found in CMS Pub. 15-1, chapter 14 or from the latest publication of rates. If the going hourly rate for assistants in the area is unobtainable, use no more than 75 percent of the therapist AHSEA. The cost of services of a therapy aide or trainee is evaluated at the hourly rate, not to exceed the hourly rate paid to your employees of comparable classification and/or qualification, e.g., nurses' aides. (See CMS Pub. 15-1, chapter 14, §1412.2.)

Line 11--Enter the standard travel allowance equal to one half of the AHSEA. Enter in columns 1 and 2, one half of the amount in column 2, line 10. Enter in column 3, one half of the amount in column 3, line 10. (See CMS Pub. 15-1, chapter 14, §1402.4.)

Lines 12 and 13--Enter the number of travel hours and number of miles driven, respectively, if time records of visits are kept. (See CMS Pub. 15-1, chapter 14, §§1402.5 and 1403.1.) Subscript this line into two categories of provider site and provider offsite as necessary. For example, report line 12 - provider site and line 12.01 - provider offsite.

NOTE: There is no travel allowance for aides employed by outside suppliers.

4019.2 Part II - Salary Equivalency Computation--This part provides for the computation of the full-time or intermittent part-time salary equivalency.

When you furnish therapy services from outside suppliers to health care program patients 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 cost of the health care program portion. Where you can gross up costs and charges in accordance with provisions of CMS Pub. 15-1, chapter 23, §2314, complete Part II, lines 14 through 20, and 23, in all cases and lines 21 and 22, where appropriate. See §4016 and CMS Pub. 15-1, chapter 23, §2314 for instructions regarding grossing up costs and charges. However, where you cannot gross up costs and charges, complete lines 14 through 20, and 23.

Line 14 through 20--To compute the total salary equivalency allowance amounts, multiply the total hours worked (line 9) by the adjusted hourly salary equivalency amount for supervisors, therapists, assistants, aides and trainees (for respiratory therapy only).

Line 17--Enter the sum of lines 14 and 15 for respiratory therapy, or sum of lines 14 through 16 for all others.

Line 20--Enter the sum of lines 17 through 19 for respiratory therapy, or sum of lines 17 and 18 for all other.

Lines 21 and 22--If the sum of hours in columns 1 and 2 for respiratory therapy, or columns 1 through 3 for all others, line 9, is less than or equal to the product found on line 2, complete these lines. (See the exception above where you cannot gross up costs and charges, and services are provided to program patients only.)

Line 21--Enter the result of line 17 divided by the sum of columns 1 and 2, line 9, for respiratory therapy, or columns 1 through 3, line 9, for all others.

Line 22--Enter the result of line 2 times line 21.

Line 23--If there are no entries on lines 21 and 22, enter the amount on line 20. Otherwise, enter the sum of the amounts on lines 18, 19, and 22 for respiratory therapy, or lines 18 and 22 for all others.

4019.3 Part III - Standard and Optional Travel Allowance and Travel Expense Computation - Provider Site--This part provides for the computation of the standard and optional travel allowance and travel expense for services rendered on site.

Lines 24 through 28--Complete these lines for the computation of the standard travel allowance and standard travel expense for therapy services performed at your site. One standard travel allowance is recognized for each day an outside supplier performs skilled therapy services at your site. For example, if a contracting organization sends three therapists to you each day, only one travel allowance is recognized per day. (See CMS Pub. 15-1, chapter 14, §1403.1, for a discussion of standard travel allowance and §1412.6 for a discussion of standard travel expense.)

Line 24--Include the standard travel allowance for supervisors and therapists. This standard travel allowance for supervisors does not take into account the additional allowance for administrative and supervisory responsibilities. (See CMS Pub. 15-1, chapter 14, §1402.4.)

Line 25--Include the standard travel allowance for assistants for physical therapy, occupational therapy, and speech pathology.

Line 26--Enter the amount from line 24 for respiratory therapy, or the sum of lines 24 and 25 for physical therapy, occupational therapy, or speech pathology.

Line 27--Enter the result of line 7 times line 3 for respiratory therapy, or line 7 times the sum of lines 3 and 4 for all others.

Lines 29 through 35--Complete these lines for computing the optional travel allowance and expense when proper records are maintained.

Line 31--Enter the amount on line 29 for respiratory therapy or the sum of lines 29 and 30 for all others.

Line 32--Enter the result of line 8 times the sum of columns 1 and 2, line 13, for respiratory therapy, or columns 1, 2, and 3, line 13, for all other.

Lines 33 through 35--Enter an amount in one of these lines depending on the method utilized.

4019.4 Part IV - Standard and Optional Travel Allowance and Standard Travel Expense Computation - Services outside Provider Site--This part provides for the computation of the standard travel allowance, the standard travel expense, the optional travel allowance, and the optional travel expense. (See CMS Pub. 15-1, chapter 14, §§1402ff, 1403.1, and 1412.6.)

Lines 36 through 39--Complete these lines for the computation of the standard travel allowance and standard travel expense for therapy services performed in conjunction with offsite visits. Only use these lines if you do not use the optional method of computing travel. A standard travel allowance is recognized for each visit to a patient's residence. If services are furnished to more than one patient at the same location, only one standard travel allowance is permitted, regardless of the number of patients treated.

Lines 40 through 43--Complete the optional travel allowance and optional travel expense computations for physical therapy, occupational therapy, and speech pathology services in conjunction with home health services only. Compute the optional travel allowance on lines 40 through 42. Compute the optional travel expense on line 43.

Lines 44 through 46--Choose and complete only one of the options on lines 44 through 46. However, use lines 45 and 46 only if you maintain time records of visits. (See CMS Pub. 15-1, chapter 14, §1402.5.)

4019.5 Part V - Overtime Computation--This part provides for the computation of an overtime allowance when an individual employee of the outside supplier performs services for you in excess of your standard work week. No overtime allowance is given to a therapist who receives an additional allowance for supervisory or administrative duties. (See CMS Pub. 15-1, chapter 14, §1412.4.)

Line 47--Enter in the appropriate columns the total overtime hours worked. Where the total hours in column 5 are either zero or, equal to or greater than 2080, the overtime computation is not applicable. Make no further entries on lines 48 through 55 (If there is a short period prorate the hours). Enter zero in each column of line 56. Enter in column 5 the sum of the hours recorded in columns 1, 3 and 4 for respiratory therapy, and columns 1 through 3 for physical therapy, speech pathology, and occupational therapy.

Line 48--Enter in the appropriate column the overtime rate (the AHSEA from line 10, column as appropriate, multiplied by 1.5).

Line 50--Enter the percentage of overtime hours by class of employee. Determine this amount by dividing each column on line 47 by the total overtime hours in column 5, line 47.

Line 51--Use this line to allocate your standard work year for one full-time employee. Enter the numbers of hours in your standard work year for one full-time employee in column 5. Multiply the standard work-year in column 5 by the percentage on line 50 and enter the result in the corresponding columns.

Line 52--Enter in columns 1 through 3 for physical therapy, speech pathology, and occupational therapy the AHSEA from Part I, line 10, columns 2 through 4, as appropriate. Enter in columns 1, 3, and 4, the AHSEA from Part I, line 10, columns 2, 4, and 5, for respiratory therapy.

Line 56--Enter in column 5, the sum of the amounts recorded in columns 1, 3, and 4, for respiratory therapy, and columns 1 through 3, for physical therapy, speech pathology, and occupational therapy.

4019.6 Part VI - Computation of Therapy Limitation and Excess Cost Adjustment--This part provides for the calculation of the adjustment to the therapy service costs in determining the reasonableness of therapy cost.

Line 58--Enter the amount reported on lines 33, 34, or 35.

Line 59--Enter the amount reported on lines 44, 45, or 46.

Lines 61 and 62--When the outside supplier provides the equipment and supplies used in furnishing direct services to your patients, the actual cost of the equipment and supplies incurred by the outside supplier (as specified in CMS Pub. 15-1, chapter 14, §1412.1) is considered an additional allowance in computing the limitation.

Line 64--Enter the amounts paid and/or payable to the outside suppliers for the hospital, if applicable, for therapy services rendered during the period as reported in the cost report. This includes any payments for supplies, equipment use, overtime, or any other expenses related to supplying therapy services for you. Add all subscribed lines together for purposes of calculating the amount to be entered on this line.

Line 65--Enter the excess cost over the limitation (i.e., line 64 minus line 63). If the amount is negative, enter a zero. Transfer this amount to Worksheet A-8, line 23, for respiratory therapy; line 24, for physical therapy; line 30, for occupational therapy; and line 31, for speech pathology.