

4050. WORKSHEET I-3 - DIRECT AND INDIRECT RENAL DIALYSIS COST ALLOCATION - STATISTICAL BASIS

To accomplish the allocation of your direct and indirect costs reported on Worksheet I-1 to the different services provided in the department, you must maintain renal department statistics. To facilitate the allocation process, the format of Worksheets I-2 and I-3 is identical.

Line 1--Transfer the amounts on Worksheet I-2, line 1, columns 1 through 10 to Worksheet I-3, line 1, columns 1 through 10.

Lines 2 through 16--Enter on these lines and in the appropriate columns, the statistic for allocating costs to the appropriate line item. The statistical basis used in each column is defined in the column heading and on Worksheet I-1.

NOTE: If you wish to change your allocation basis for a particular general cost center, you must receive written approval from your contractor before the start of your cost reporting period for which the alternative method is used. (See §4017 for Worksheets B and B-1.)

Line 12--Enter, in the area provided, the number of inpatient dialysis treatments furnished during the cost reporting period.

Line 17--Add the statistical basis for each column, except columns 9 and 10.

Line 18--Calculate the unit cost multiplier by dividing the amount on line 1 by the total statistical basis on line 17 for each column. Multiply the unit cost multiplier by the statistical base, and enter the cost on the appropriate line and column number on Worksheet I-2.

Column Descriptions

Column 1--Use the square footage of the renal department to allocate capital and maintenance building costs.

Column 2--Use percentage of time to allocate capital and maintenance equipment costs.

Columns 3 and 4--Use paid hours to allocate registered nurses and direct patient care salary.

Column 5--Use total direct patient care salaries in columns 4 and 5 of Worksheet I-2 to allocate employee benefits.

Columns 6, 7, and 7.01--Use cost of requisitions to allocate drug, medical supplies, and pediatric medical supplies.

Column 8--Use routine laboratory charges to allocate laboratory costs.

Column 10--Use subtotal costs in column 9, Worksheet I-2 to allocate overhead cost. To compute the unit cost multiplier, transfer the amount from Worksheet I-2, line 17, column 9, to Worksheet I-3, line 17, column 10. Do not allocate overhead costs to lines 14 or 15.

4051. WORKSHEET I-4 - COMPUTATION OF AVERAGE COST PER TREATMENT FOR OUTPATIENT RENAL DIALYSIS

This worksheet records the apportionment of total outpatient cost to the types of dialysis treatment furnished by you and shows the computation of expenses of dialysis items and services that you furnished to Medicare dialysis patients. This information is used for overall program evaluation, determining the appropriateness of program reimbursement rates, and meeting statutory requirements for determining the cost of ESRD care.

Complete separate worksheets to report the costs of the renal dialysis department and the home program dialysis department.

If you have more than one renal dialysis and/or home program dialysis department, submit one Worksheet I-4 combining the renal dialysis departments and/or one Worksheet I-4 combining the home dialysis departments as only one average payment composite rate will apply to each modality. Enter on the combined Worksheet I-4 each provider's satellite number if you are separately certified as a satellite facility.

In accordance with section 1881(b)(12)(A) of the Act, as added by section 623(d)(1) of MMA 2003, the ESRD payment is replaced by a calculated ESRD composite rate. Section 153(b) of MIPPA amended section 1881(b) of the Act effective for services rendered on or after January 1, 2011, the calculated ESRD composite rate is replaced by an ESRD bundled payment system.

For cost reporting periods that straddle January 1, 2011, report the rates for each modality on Worksheet I-4 as follows: For the portion of the cost reporting period prior to January 1, 2011, enter the average composite rate for each modality in column 7. For the portion of the cost reporting period on and after January 1, 2011, enter the average ESRD PPS payment rate for each modality in column 7.02. For cost reporting periods that straddle January 1, 2012, January 1, 2013, and January 1, 2014, report the average ESRD PPS payment rate for each modality on Worksheet I-4 as follows: For the portion of the cost reporting period prior to January 1, enter the average ESRD PPS payment rate for each modality in column 7.01. For the portion of the cost reporting period on and after January 1, enter the average ESRD PPS payment rate for each modality in column 7.02.

Columns 1 through 3 refer to total outpatient statistics (i.e., to all outpatient dialysis services furnished) whether reimbursed directly by the program or not.

Column 1--Enter on the appropriate lines the total number of outpatient treatments/patient weeks by renal dialysis department or home program department. These statistics include all treatments furnished to all patients in the outpatient renal department, both Medicare and non-Medicare.

Column 2--Enter on the appropriate lines the total cost transferred from Worksheet I-2, column 11, lines as appropriate. Transfer from Worksheet I-2, the sum of lines 2 and 2.01, column 11, to line 1, column 2. Transfer from Worksheet I-2, the sum of lines 3 and 3.01, column 11, to line 2, column 2.

For cost reporting periods beginning on or after January 1, 2023, transfer total cost as follows:

<u>From Worksheet I-2, column 11:</u>	<u>To Worksheet I-4, column 2:</u>
Sum of lines 2 and 2.02	Line 1
Line 2.01	Line 1.01
Sum of lines 3 and 3.02	Line 2
Line 3.01	Line 2.01
Sum of lines 4 and 4.01	Line 3
Sum of lines 5 and 5.01	Line 4
Sum of lines 6 and 6.01	Line 5
Sum of lines 7 and 7.01	Line 6
Sum of lines 8 and 8.01	Line 7
Sum of lines 9 and 9.01	Line 8
Sum of lines 10 and 10.01	Line 9
Sum of lines 11 and 11.01	Line 10

Column 3--Determine the amounts entered on the appropriate lines by dividing the cost entered on each line in column 2 by the number of treatments entered on each line in column 1.

Line 9--Report continuous ambulatory peritoneal dialysis (CAPD) in terms of weeks. Compute patient weeks by totaling the number of weeks each Method I patient was dialyzed at home using CAPD.

Line 10--Report continuous cycling peritoneal dialysis (CCPD) in terms of weeks. Compute patient weeks by totaling the number of weeks each Method I patient was dialyzed at home by CCPD.

Medicare Treatments

Columns 4 through 7 refer only to treatments furnished to Medicare beneficiaries that were billed to the facility and reimbursed by the program directly. (Amounts entered in these columns are reconcilable to your records.)

Column 4--Enter on the appropriate lines the number of treatments billed to the Medicare program directly. Obtain this information from your records and/or the PS&R. For cost reporting periods that straddle January 1, 2011, enter on column 4 the total number of treatments or patient weeks billed to Medicare for services rendered prior to January 1, 2011.

Column 4.01--For cost reporting periods that straddle January 1, 2012, January 1, 2013, or January 1, 2014, enter the total number of treatments or patient weeks billed to Medicare for services rendered prior to January 1.

Column 4.02--For cost reporting periods that straddle or begin January 1, 2011, January 1, 2012, or January 1, 2013, enter the total number of treatments or patient weeks billed to Medicare for services rendered on and after January 1. For cost reporting periods that straddle January 1, 2014, enter the total number of treatments or patient weeks billed to Medicare for services rendered on and after January 1.

For cost reporting periods beginning on or after January 1, 2014, enter the number of ESRD PPS treatments billed to Medicare in column 4 and eliminate columns 4.01 and 4.02.

Column 5--Determine the amounts entered on the appropriate lines by multiplying the number of treatments entered on each line in column 4 by the average cost per treatment entered on the corresponding line in column 3. For cost reporting periods that straddle or begin on or after January 1, 2011, enter total expenses determined by multiplying the sum of columns 4, 4.01, and 4.02, by the average cost per treatment entered on each corresponding line in column 3. Transfer the total expenses from this column, line 11 to Worksheet I-5, line 1. If you complete a Worksheet I-4 for renal dialysis and a Worksheet I-4 for home dialysis, add the sum of the cost from this column, line 11, and transfer the total to Worksheet I-5, line 1.

Column 6--Total Program Payment--Enter the total program payment by the type of treatment for the reporting period. Since this amount is calculated on a patient basis and is case mix adjusted, the total program payment will be provider specific for each modality. For cost reporting periods that straddle January 1, 2011, enter in column 6, the total program payment by the type of treatment for services rendered prior to January 1, 2011. For cost reporting periods beginning on or after January 1, 2014, enter the total program payment by the type of treatment. Obtain this from the PS&R. Transfer the total from column 6, line 11, to Worksheet I-5, line 2, column 1.

Column 6.01--For cost reporting periods that straddle January 1, 2012, January 1, 2013, or January 1, 2014, enter the total program payment by the type of treatment for Medicare for services rendered prior to January 1. Obtain this from the PS&R. Transfer the total from column 6.01, line 11, to Worksheet I-5, line 2.01, column 1.

Column 6.02--For cost reporting periods that straddle or begin January 1, 2011, January 1, 2012, or January 1, 2013, enter the total program payment by the type of treatment for Medicare for services rendered on and after January 1. For cost reporting periods that straddle January 1, 2014, enter the total program payment by the type of treatment for services rendered on and after January 1. Obtain this from the PS&R. Transfer the total from column 6.02, line 11, to Worksheet I-5, line 2.02, column 1.

For cost reporting periods beginning on or after January 1, 2014, enter the total program payment by the type of treatment in column 6 and eliminate columns 6.01 and 6.02.

The ESRD Medicare payment rate is an average payment calculated based on the total Medicare payments by type of treatment divided by the total ESRD Medicare treatments.

Column 7--Average Payment Rate--For cost reporting periods that straddle January 1, 2011, for the portion of the cost reporting period prior to January 1, 2011, enter the total average payment rate by the type of treatment for the reporting period. Determine the amounts entered on the appropriate lines by dividing the total payments on each corresponding line in column 6 by the number of treatments entered on each line in column 4.

Column 7.01--For cost reporting periods that straddle January 1, 2012, January 1, 2013, or January 1, 2014, report the average ESRD PPS payment rate for each modality in column 7.01 for the portion of the cost reporting period prior to January 1 by entering the result of column 6.01 divided by column 4.01.

Column 7.02--For cost reporting periods that straddle or begin January 1, 2011, January 1, 2012, or January 1, 2013, report the average ESRD PPS payment rate for each modality in column 7.02 for the portion of the cost reporting period on and after January 1, by entering the result of column 6.02 divided by column 4.02. For cost reporting periods that straddle January 1, 2014, report the average ESRD PPS payment rate for each modality in column 7.02 for the portion of the cost reporting period on and after January 1.

The ESRD composite payment rates and the ESRD PPS payment rates are average payments calculated based on the total Medicare payments (by type of treatment) divided by the total corresponding ESRD treatments per the facility's PS&R data. For example, the total Medicare payment for hemodialysis is divided by the total ESRD hemodialysis treatments.

For cost reporting periods beginning on or after January 1, 2014, enter all ESRD PPS payment rates in column 7, and eliminate columns 7.01 and 7.02 and.

Line 11--Enter in columns 1 and 4 the sum total of lines 1 through 8. Enter in columns 2, 5, and 6 the sum total of lines 1 through 10.

Line 12--Report "total provider treatments" on this line. This line is informational only. This line will be used for contractor verification. Continuous cycling peritoneal dialysis (CCPD) and continuous ambulatory peritoneal dialysis (CAPD) are daily treatment modalities, and ESRD facilities are paid the equivalent of three hemodialysis treatments for each week that CCPD and CAPD treatments are provided.

Compute hemodialysis equivalent treatments for lines 9 and 10 by multiplying the number of weeks reported in column 1 by three treatments for each week. Add to this amount the treatments computed on line 11, column 1.