4029. WORKSHEET D-5 - APPORTIONMENT OF COST FOR PHYSICIANS' SERVICES IN A TEACHING HOSPITAL

A teaching hospital engaged in an approved GME residency program in accordance with 42 CFR 415.152, may elect to receive payment on a reasonable cost basis for the direct medical and surgical services of its physicians in lieu of fee schedule payments that might otherwise be made for these services. These services, and the supervision of interns and residents furnishing care to individual beneficiaries, are covered as hospital services for which Medicare pays the hospital on a reasonable cost basis. Teaching hospitals that have elected to be paid for these services on a reasonable cost basis in accordance with 42 CFR 415.160, are subject to RCEs. This worksheet provides for the computation of the RCE limits by medical specialty and the apportionment of reimbursable adjusted cost to titles V, XVIII, and XIX, in accordance with 4 CFR 415.162 and CMS Pub. 15-1, chapter 21, §2148.

NOTE: CAHs do not complete this worksheet.

If such election is made, direct medical and surgical services to program patients, including supervision of interns and residents, rendered in a teaching hospital by physicians on the hospital staff are reimbursable as provider services on a reasonable cost basis. In addition, certain medical school costs may be reimbursed. Payments for services donated by volunteer physicians to program patients are made to a fund designated by the organized medical staff the teaching hospital or medical school.

Limits on the amount of physician compensation which may be recognized as a reasonable provider cost are imposed in accordance with 42 CFR 415.70.

Worksheet D-5 consists of four parts:

- Part I - Reasonable Compensation Equivalent Computation for Cost Reporting Periods Ending Before June 30, 2014
- Part II - Apportionment of Cost for Physicians' Services in a Teaching Hospital for Cost Reporting Periods Ending Before June 30, 2014
- Part III - Reasonable Compensation Equivalent Computation for Cost Reporting Periods Ending On or After June 30, 2014
- Part IV - Apportionment of Cost for Physicians' Services in a Teaching Hospital for Cost Reporting Periods Ending On or After June 30, 2014

Effective for cost reporting periods ending on or after June 30, 2014, do not complete Worksheet D-5, Parts I and II, but complete Worksheet D-5, Parts III and IV.

4029.1 Part I - Reasonable Compensation Equivalent Computation for Cost Reporting Periods Ending Before June 30, 2014.--This part provides for the computation of the RCE limit by medical specialty of the physician on the hospital staff or physician on the medical school faculty. Complete separate parts for the hospital staff physicians and for physicians on the medical staff faculty. This part must be completed by applicable hospitals for cost reporting periods ending before June 30, 2014.

Where several physicians work in the same specialty, see CMS Pub. 15-1, chapter 21, §2182.6C, for a discussion of applying the RCE limit in the aggregate for the specialty versus on an individual basis to each of the physicians in the specialty.

When RCE limits are applied on an individual basis to each physician in a medical specialty, prepare a supporting worksheet identical in columnar format to Worksheet D-5, Part I, for each medical specialty. Enter on the first line under columns 1 and 9, the line number applicable to the medical specialty (as displayed on Worksheet D-5, Part I). Enter the name of the medical specialty on the first line in columns 2 and 10. Following the first line, use a separate line to compute the adjusted cost of physician's direct medical and surgical services (column 16) for each physician.

Enter the total amount from column 16 of the supporting worksheet in column 16 of the line on Worksheet D-5, Part I, corresponding to the medical specialty for which the supporting worksheet is prepared. If the individual physician method is used, list each physician using an individual identifier that is not the name or social security number of the physician (e.g., Dr. A, Dr. B). However, the identity of the physician must be made available to your contractor.

NOTE: The method used on Worksheet D-5 (i.e., aggregate or individual physician) must be the same as the method used on Worksheet A-8-2.

Column Descriptions

Column 3--Enter for each medical specialty the amount of the total cost included in Worksheet A-8-2, column 3. When the individual physician method is used, enter in column 3 of the supporting worksheet the amount included on Worksheet A-8-2, column 3, for that physician.

Column 4--Enter for each medical specialty the amount of the cost included in Worksheet A-8-2, column 4, for the direct medical and surgical services, including the supervision of interns and residents by physicians on the hospital staff or by physicians on the faculty of a medical school, as appropriate.

If the individual physician method is used, enter in column 4 of the supporting worksheet the amount included on Worksheet A-8-2, column 4, for the indicated physician.

Column 5--Enter for each line of data the reasonable compensation equivalent (RCE) limit applicable to the physician's compensation. The amount entered is the limit applicable to the physician specialty. Obtain the RCE applicable to the specialty from the table listed in the 68 FR 45488 (August 1, 2003). If the physician specialty is not identified in the table, use the RCE for the total category in the table. The beginning date of the cost reporting period determines which calendar year (CY) RCE is used. Your location governs which of the three geographical categories are applicable: non-metropolitan areas, metropolitan areas less than one million, or metropolitan areas greater than one million.

Column 6--Enter the physician's hours allocated to professional services (i.e., professional component hours) in all components (e.g., hospitals, subproviders) of the health care complex. If the physician is paid for unused vacation, unused sick leave, etc., exclude the hours so paid from the hours entered in this column. Time records or other documentation that supports this allocation must be available for verification by your contractor upon request. (See CMS Pub. 15-1, chapter 21, §2182.3E.)

Column 7--Enter the unadjusted RCE limit for each line of data. This amount is the product of the RCE amount entered in column 5 and the ratio of the physician's professional component hours entered in column 6 to 2080 hours.

Column 8--Enter, for each line of data, five percent of the amounts entered in column 7.

Column 11--You may adjust upward, up to five percent of the computed limit (column 8), the computed RCE limit in column 7 to take into consideration the actual costs of membership for physicians in professional societies and continuing education paid by the provider or medical school.

Enter for each line of data the actual amounts of these expenses paid by the provider or medical school.

Column 12--Enter for each line of data, the result of multiplying column 4 by column 11 and dividing by column 3.

Column 13--You may also adjust upward the computed RCE limit in column 7 to reflect the actual malpractice expense incurred by the provider or by the medical school, as appropriate, for the services of a physician or group of physicians to provider patients.

Enter for each line of data the actual amounts of these malpractice expenses paid by the provider (or medical school, if applicable).

Column 14--Enter for each line of data, the result of multiplying column 4 by column 13, and dividing by column 3.

Column 15--Enter for each line of data, the sum of columns 7 and 14, plus the lesser of columns 8 or 12.

Column 16--Enter for each line of data, the adjusted cost of direct medical and surgical services, including the supervision of interns and residents (i.e., the lesser of column 4 or column 15).

Line Descriptions

Line 11--Total the amounts in columns 3 through 8, and 11 through 16.

4029.2 Part II - Apportionment of Cost for Physicians' Services in a Teaching Hospital for Cost Reporting Periods Ending Before June 30, 2014.--This part provides for the accumulation and apportionment of reimbursable cost for titles V, XVIII, and XIX using the aggregate per diem method of apportionment (see CMS Pub. 15-1, chapter 22, §2218) for the adjusted direct medical and surgical services, including the supervision of interns and residents, rendered by physicians to patients in a teaching hospital which makes the election described in CMS Pub. 15-1, chapter 21, §2148. Complete a separate Part II for the hospital and for each subprovider for cost reporting periods ending before June 30, 2014.

Line Descriptions

Line 1--Enter in the appropriate column, the adjusted cost of direct medical and surgical services, including the supervision of interns and residents, rendered to all patients by physicians on the hospital staff (column 1) and by physicians on the medical school faculty (column 2), as determined in accordance with CMS Pub. 15-1, chapter 21, §2148. Transfer these amounts from Part I, column 16, line 11. Enter the same amount on each component's Part II.

Line 2--Enter in column 1, the sum of the hospital inpatient days and the hospital outpatient visit days for all patients in the hospital and each hospital subprovider. Compute these days in the manner described in CMS Pub. 15-1, chapter 22, §2218.C. Enter in column 2, the same number of days as entered in column 1. Make the same entries on each component's Part II.