

Line 17.98--Enter the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See CMS Pub. 15-1, chapter 1, §§136-136.16 and 42 CFR 413.134(d)(3)(i).) This line is identified as "Recovery of accelerated depreciation."

Line 17.99--Enter any demonstration payment adjustment amounts for demonstration projects in which the provider participated where the demonstration adjustment amounts are subject to the sequestration adjustment. Obtain this amount from the PS&R.

Line 18--Enter the sum of lines 14, 15, and 16, plus or minus line 17, and minus lines 17.50, 17.98, and 17.99.

Line 18.01--For cost reporting periods that overlap or begin on or after April 1, 2013, calculate the sequestration adjustment amount as follows: [(2 percent times (total days in the cost reporting period that occur during the sequestration period, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places) times line 18]. Do not apply the sequestration calculation when gross reimbursement (line 18) is less than zero. In accordance with §3709 of the CARES Act, as amended by §102 of the CAA 2021, §1 of Public Law 117-7, and §2 of the PAMA 2021, do not apply the sequestration adjustment to the period of May 1, 2020, through March 31, 2022. In accordance with §2 of the PAMA 2021, for cost reporting periods that overlap or begin on or after April 1, 2022, calculate the sequestration adjustment amount for the period of April 1, 2022, through June 30, 2022, as follows: [(1 percent times (total days in the cost reporting period that occur from April 1, 2022, through June 30, 2022, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places), times lines 18]; and for cost reporting periods that overlap or begin on or after July 1, 2022, calculate the sequestration adjustment amount as follows: [(2 percent times (total days in the cost reporting period that occur on or after July 1 2022, through the end of the cost reporting period, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places) times line 18].

Line 18.02--Enter any demonstration payment adjustment amounts for demonstration projects in which the provider participated where the demonstration adjustment amounts are not subject to the sequestration adjustment. Obtain this amount from the PS&R.

Line 19--Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 20 the amount on line 5.99.

Line 20--Contractor use only: Report the amount from Worksheet E-1, column 2, line 5.99.

Line 21--Enter line 18 minus the sum of lines 18.01, 18.02, 19, and 20. Transfer this amount to Worksheet S, Part III, line 1.

Line 22--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying a reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See CMS Pub. 15-2, chapter 1, §115.2.) Attach a schedule showing the details and computations.

**4033.2 Part II - Calculation of Medicare Reimbursement Settlement Under IPF PPS.**--Use Worksheet E-3, Part II, to calculate Medicare reimbursement settlement under IPF PPS for hospitals and subproviders. (See 42 CFR 412, Subpart N.)

Use a separate copy of Worksheet E-3, Part II, for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part II, to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

Line Descriptions

Line 1--Enter the net Federal IPF PPS payment. This amount excludes payments for outliers, electroconvulsive therapy (ECT), and the teaching adjustment. Obtain this information from the PS&R and/or your records.

Line 2--Enter the net IPF outlier payment. Obtain this from the PS&R and/or your accounting books records.

Line 3--Enter the net IPF payments for ECT. Obtain this from the PS&R and/or your accounting books and records.

**NOTE:** Complete only line 4 or line 5, but not both.

Line 4--For providers that trained residents in the most recent **cost reporting period filed on or before November 15, 2004** (response on Worksheet S-2, Part I, line 71, column 1, is "Y" for yes), enter the unweighted FTE resident count for the most recent cost reporting period filed on or before November 15, 2004. See 69 FR 66922 (November 4, 2004) for a detailed explanation.

Line 4.01--For IPFs that qualify to receive a temporary adjustment to the FTE cap, enter the additional unweighted FTE count for residents that were displaced by program or hospital closure, which you would not be able to count without a temporary cap adjustment under 42 CFR 412.424(d)(1)(iii)(F)(1) or (2).

Line 5--If the response to Worksheet S-2, Part I, line 71, column 2, is "Y" and your facility did not train residents in the most recent cost report filed before November 15, 2004, but qualifies to receive a cap adjustment under 42 CFR 412.424(d)(1)(iii)(D), enter the new program cap adjustment on this line. Do not complete this line until the new program growth period has ended using the method described in 42 CFR 413.79(e)(1)(i) and (ii). For new programs started prior to October 1, 2012, if your fiscal year end does not correspond to the program year end, and this cost reporting period includes the beginning of the fourth program year following the new program growth period of the first new program, then prorate the cap adjustment accordingly. For facilities that participate in training residents in a new program for the first time on or after October 1, 2012, consistent with the regulations at 42 CFR 413.79(e)(1), complete this line effective beginning with the facility's cost reporting period that coincides with or follows the start of the sixth program year of the first new program started (see 79 FR 50110 (August 22, 2014)).

Line 6--Enter the current year unweighted FTE resident count excluding FTEs in the new program growth period as determined using the method described in 42 CFR 413.79(e)(1)(i) and (ii). FTEs in the new program growth period are reported on line 7. For new programs started prior to October 1, 2012, if your fiscal year end does not correspond to the program year end, and this cost reporting period includes the beginning of the fourth program year following the new program growth period of the first new program, then prorate the FTE count accordingly. For facilities that began participating in training residents in a new program for the first time on or after October 1, 2012, consistent with the regulations at 42 CFR 413.79(e)(1), include FTE residents in a new program on this line if this cost reporting period is the cost reporting period that coincides with or follows the start of the sixth program year of the first new program started (i.e., the initial years) (see 79 FR 50110 (August 22, 2014)). Continue to report FTE residents on this line in subsequent cost reporting periods.

Line 7--Enter the current year unweighted FTE count for residents in the new program growth period. Complete this line only during the new program growth period of the first new program's existence. For new programs started prior to October 1, 2012, if your fiscal year end does not correspond to the program year end, and this cost reporting period includes the beginning of the fourth program year following the new program growth period of the first new program, then prorate the FTE count accordingly. For facilities that began participating in training residents in a new program for the first time on or after October 1, 2012, if your fiscal year end does not correspond to the program year end, and this cost reporting period includes the beginning of the

sixth program year following the new program growth period of the first new program, then prorate the FTE count accordingly. (See 42 CFR 413.79(e)(1).)

Line 8--For providers that completed line 4, enter the lower of the FTE count on line 6 or the sum of the cap amounts on lines 4 and 4.01.

For providers that qualify to receive a cap adjustment under 42 CFR 412.424(d)(1)(iii)(D) during the new program growth period of the first new program's existence, enter the FTE count from line 7.

For new programs started prior to October 1, 2012, beginning with the program year following the new program growth period of the first new program's existence, enter the lower of the FTE count on line 6 or the FTE count on line 5. Add to this count the FTEs on line 7 if your fiscal year end does not correspond with the program year end, and this cost reporting period includes the beginning of the fourth program year following the new program growth period of the first new program. For new programs started on or after October 1, 2012, effective beginning with the facility's cost reporting period that coincides with or follows the start of the sixth program year of the first new program started, enter the lower of the FTE count on line 6 or the FTE count on line 5. Add to this count the FTEs on line 7 if your fiscal year end does not correspond with the program year end, and this cost reporting period includes the beginning of the sixth program year following the new program growth period of the first new program.

Beginning with the program year that does not coincide with but follows the new program growth period of the first new program's existence, enter the lower of the FTE count on line 6 or the FTE count on line 5.

Line 9--Enter the total IPF patient days divided by the number of days in the cost reporting period (Worksheet S-3, Part I, column 8, line 1 (independent/freestanding), or 16, and applicable subscripts (subprovider/provider based), divided by the total number of days in cost reporting period). This is the average daily census.

Line 10--Enter the teaching adjustment factor by adding 1 to the ratio of line 8 to line 9. Raise that result to the power of .5150. Subtract 1 from this amount to calculate the teaching adjustment factor. This is expressed mathematically as  $\{(1 + (\text{line 8} / \text{line 9})) \text{ to the } .5150 \text{ power} - 1\}$ . In accordance with 85 FR 27567-27568 (May 8, 2020), for cost reporting periods ending after February 29, 2020, and beginning on or before May 11, 2023 (the end of the COVID-19 Public Health Emergency), enter the higher of the calculated teaching adjustment factor or the teaching adjustment factor for the cost reporting period immediately preceding February 29, 2020.

Line 11--Enter the teaching adjustment by multiplying line 1 by line 10.

Line 12--Enter the adjusted net IPF PPS payments by entering the sum of lines 1, 2, 3, and 11.

Line 13--Enter the amount of NAHE managed care payments, if applicable. Only complete this line if your facility is a freestanding/independent IPF PPS hospital or a freestanding/independent IPF PPS hospital with an IRF PPS subprovider (i.e., enter the NAHE managed care payment for the IPF PPS hospital plus the NAHE managed care payments for the IRF PPS subprovider).

Line 14--DO NOT USE THIS LINE.

Line 15--Teaching IPFs or IPF subproviders participating in an approved GME program, electing to be reimbursed for services of physicians on the basis of reasonable cost (see 42 CFR 415.160 and CMS Pub. 15-1, chapter 21, §2148), enter the cost of physicians. For cost reporting periods ending before June 30, 2014, transfer the amount from Worksheet D-5, Part II, column 3, line 20. For cost reporting periods ending on or after June 30, 2014, transfer the amount from Worksheet D-5, Part IV, line 20.

Line 16--Enter the sum of lines 12, 13, 14, and 15.

Line 17--Enter the amounts paid or payable by primary payers (when program liability is secondary to that of a primary payer) such as:

- Workers' compensation,
- No fault coverage,
- General liability coverage,
- Working aged provisions,
- Disability provisions, and
- Working ESRD provisions.

Generally, when payment by the primary payer satisfies the total liability of the program beneficiary, for cost reporting purposes only, the services are treated as if they were non-program services. (The primary payment satisfies the beneficiary's liability when you accept that payment as payment in full. This is noted on no-pay bills submitted in these situations.) Include the patient days and charges in total patient days and charges but do not include them in program patient days and charges. In this situation, enter no primary payer payment on line 17. In addition, exclude amounts paid by other primary payers for outpatient dialysis services reimbursed under the composite rate system.

However, when the payment by the primary payer does not satisfy the beneficiary's obligation, the program pays the lesser of (a) the amount it otherwise pays (without regard to the primary payer payment or deductible and coinsurance) less the primary payer payment, or (b) the amount it otherwise pays (without regard to primary payer payment or deductibles and coinsurance) less applicable deductible and coinsurance. Primary payer payment is credited toward the beneficiary's deductible and coinsurance obligation.

When the primary payment does not satisfy the beneficiary's liability, include the covered days and charges in program days and charges, and include the total days and charges in total days and charges for cost apportionment purposes. Enter the primary payer payment on line 17 to the extent that primary payer payment is not credited toward the beneficiary's deductible and coinsurance.

Do not enter on line 17 primary payer payments credited toward the beneficiary's deductible and coinsurance.

Line 18--Enter line 16 minus line 17.

Line 19--Enter the Part A deductibles.

Line 20--Enter line 18 minus line 19.

Line 21--Enter the Part A coinsurance.

Line 22--Enter the result of subtracting line 21 from line 20.

Line 23--Enter program allowable bad debts reduced by recoveries. If recoveries exceed the current year's bad debts, lines 23 and 24 will be negative. (See 42 CFR 413.89.)

Line 24--Multiply the amount (including negative amounts) from line 23 by 70 percent for cost reporting periods beginning prior to October 1, 2012, and 65 percent for cost reporting periods that begin on or after October 1, 2012.

Line 25--Enter the gross allowable bad debts for dual eligible beneficiaries. This amount is reported for statistical purposes only. This amount must also be reported on line 23.

Line 26--Enter the sum of lines 22 and 24.

Line 27--Enter the amount from the applicable Worksheet E-4, line 49, for the freestanding IPF hospital or the CAH-based IPF excluded unit. Do not complete this line for a hospital-based IPF excluded unit.

Line 28--Enter the routine service other pass through costs from Worksheet D, Part III, column 9, line 30, for a freestanding facility or line 40 for the IPF subprovider. Add to this amount the ancillary service other pass through costs from Worksheet D, Part IV, column 11, line 200.

Line 29--Enter the outlier reconciliation amount by entering the sum of lines 51 and 53.

Line 30--Enter any other adjustments. For example, if you change the recording of vacation pay from the cash basis to accrual basis, etc., enter the adjustment. (See CMS Pub. 15-1, chapter 21, §2146.4.) Specify the adjustment in the space provided. See line 30.98 to report the recovery of accelerated depreciation.

Line 30.50--Enter the Pioneer ACO demonstration payment adjustment amount. Obtain this amount from the PS&R. Do not use this line for services rendered on or after January 1, 2017. Report any ACO demonstration payment adjustments for services on or after January 1, 2017, on line 30.99 or line 31.02, accordingly.

Line 30.98--Enter the program share of any recovery of accelerated depreciation applicable to prior periods resulting from your termination or a decrease in Medicare utilization. (See CMS Pub. 15-1, chapter 1, §§136 through 136.16 and 42 CFR 413.134(d)(3)(i).) This line is identified as "Recovery of accelerated depreciation."

Line 30.99--Enter any demonstration payment adjustment amounts for demonstration projects in which the provider participated where the demonstration adjustment amounts are subject to the sequestration adjustment. Obtain this amount from the PS&R.

Line 31--Enter the sum of lines 26 through 28 plus or minus lines 29 and 30, and minus lines 30.50, 30.98 and 30.99.

Line 31.01--For cost reporting periods that overlap or begin on or after April 1, 2013, calculate the sequestration adjustment amount as follows: [(2 percent times (total days in the cost reporting period that occur during the sequestration period, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places) times line 31]. Do not apply the sequestration calculation when gross reimbursement (line 31) is less than zero. In accordance with §3709 of the CARES Act, as amended by §102 of the CAA 2021, §1 of Public Law 117-7, and §2 of the PAMA 2021, do not apply the sequestration adjustment to the period of May 1, 2020, through December 31, 2021. In accordance with §2 of the PAMA 2021, for cost reporting periods that overlap or begin on or after April 1, 2022, calculate the sequestration adjustment amount for the period of April 1, 2022, through June 30, 2022, as follows: [(1 percent times (total days in the cost reporting period that occur from April 1, 2022, through June 30, 2022, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places), times line 31]; and for cost reporting periods that overlap or begin on or after July 1, 2022, calculate the sequestration adjustment amount as follows: [(2 percent times (total days in the cost reporting period that occur on or after July 1, 2022, through the end of the cost reporting period, divided by total days in the entire cost reporting period, rounded to six decimal places), rounded to four decimal places) times line 31].

Line 31.02--Enter any demonstration payment adjustment amounts for demonstration projects in which the provider participated where the demonstration adjustment amounts are not subject to the sequestration adjustment. Obtain this amount from the PS&R.

Line 32--Enter the amount of interim payments from Worksheet E-1, column 2, line 4. For contractor final settlements, report on line 33 the amount on line 5.99.

Line 34--Enter line 31 minus the sum of lines 31.01, 31.02, 32 and 33. Transfer this amount to Worksheet S, Part III, line 1, or line 2, as appropriate.

Line 35--Enter the program reimbursement effect of protested items. Estimate the reimbursement effect of the nonallowable items by applying a reasonable methodology which closely approximates the actual effect of the item as if it had been determined through the normal cost finding process. (See CMS Pub. 15-1, chapter 1, §115.2.) Attach a schedule showing the details and computations.

**DO NOT COMPLETE THE REMAINDER OF WORKSHEET E-3, PART II. LINES 50 THROUGH 53, ARE FOR CONTRACTOR USE ONLY.**

Line 50--Enter the original outlier amount from Worksheet E-3, Part II, line 2.

Line 51--Enter the outlier reconciliation adjustment amount in accordance with CMS Pub. 100-04, chapter 3, §§190.7.2.3-190.7.2.5.

Line 52--Enter the interest rate used to calculate the time value of money. (See CMS Pub. 100-04, chapter 3, §§190.7.2.3-190.7.2.5.)

Line 53--Enter the time value of money.

4033.3 Part III - Calculation of Medicare Reimbursement Settlement Under IRF PPS--Use Worksheet E-3, Part III, to calculate Medicare reimbursement settlement under IRF PPS for hospitals and subproviders. (See 42 CFR 412, Subpart P.)

Use a separate copy of Worksheet E-3, Part III, for each of these reporting situations. Enter check marks in the appropriate spaces at the top of each page of Worksheet E-3, Part III, to indicate the component for which it is used. When the worksheet is completed for a component, show both the hospital and component numbers.

Line Descriptions

Line 1--Enter the net federal IRF PPS payment. The federal payment includes short stay outlier amounts. Exclude low income patient (LIP) and outlier payments. Obtain this information from the PS&R and/or your records.

In accordance with the 78 FR 47869 (August 6, 2013), effective for IRF discharges rendered on or after October 1, 2013, the IRF LIP adjustment factor is updated. Subscript column 1 for lines 1 and 3 for cost reporting periods that overlap October 1, 2013. Enter the net federal IRF PPS payments associated with IRF PPS discharges prior to October 1, 2013, in column 1 and the net federal IRF PPS payments associated with IRF PPS discharges on or after October 1, 2013, in column 1.01 to facilitate the calculation of the LIP adjustment on line 3, columns 1 and 1.01, respectively. Do not subscript column 1 for cost reporting periods beginning on or after October 1, 2013.

Line 2--Enter the Medicare SSI ratio from your contractor as applicable for a freestanding IRF (IRF hospital or facility) or a hospital based IRF (subprovider or subunit).

Line 3--Effective for cost reporting periods ending prior to October 1, 2013, enter the IRF LIP payment as the result of  $\{(1 + (\text{line } 2) + (L1/L2)) \text{ to the } .4613 \text{ power} - 1\} \text{ times } (\text{line } 1)$ . L1 = IRF Medicaid Days from Worksheet S-2, Part I, columns 1 through 6, line 25. L2 = IRF total days from Worksheet S-3, Part I, column 8, lines 1 or 17 as applicable plus employee discount days (Worksheet S-3, Part I, column 8, line 30 (line 31 for IRF subproviders)).

For cost reporting periods that overlap October 1, 2013, subscript column 1. To calculate the IRF LIP payment for discharges prior to October 1, 2013, enter in column 1 the result of  $\{(1 + (\text{line } 2) + (L1/L2)) \text{ to the } .4613 \text{ power} - 1\} \text{ times } (\text{line } 1, \text{ column } 1)$ . To calculate the IRF LIP payment for discharges on or after October 1, 2013, enter in column 1.01 the result of  $\{(1 + (\text{line } 2) + (L1/L2)) \text{ to the } .3177 \text{ power} - 1\} \text{ times } (\text{line } 1, \text{ column } 1.01)$ . Do not subscript column 1 for cost reporting periods beginning on or after October 1, 2013. To calculate the IRF LIP payment for