



December 6, 2012

Dear Clients:

The primary reason for today's update is to release Transmittal #3 of the 2552-10. HFS was approved for Transmittal #3 on 11/27/2012, but we were required to incorporate additional CMS changes before we could release it. Those changes have been incorporated in this release. This transmittal codifies many changes that were in interim communications from CMS, and already included in our Transmittal #2 software that has been available (Version 2.44.135.0). Below we will list all changes and show which are new in this release.

Transmittal #3 is effective for 6/30/2012 FYEs and after. CMS has directed MAC's processing acceptance on 6/30/2012 files right now, to accept files prepared with Transmittal #2 of the 2552-10. If you submit a 6/30/2012 FYE (and all subsequent FYE) after December 6, 2012, you MUST submit it on Transmittal #3 software, our version 3.1.135.0 (or later). Just calculate your existing report in version 3.1.135.0, and it will be in T.3 format.

HFS is offering 2 WebEx sessions to go over the 2552-10 Transmittal #3. These are free of charge and open to all users. Registered users will be awarded 1 CPE. I hope you join us.

### Session #1

HFS Training for Hospital (2552-10) T. 3 Changes  
10.00am (PST)\1.00pm (EST) -Thursday, December 13, 2012  
Session Number: 622 704 552  
To register for this session please [click here](#)

### Session #2

HFS Training for Hospital (2552-10) T. 3 Changes  
8.00am (PST)\11.00am (EST) -Thursday, December 20, 2012  
Session Number: 625 590 919  
To register for this session please [click here](#)

### **Release Notes**

#### **Hospital, 2552-10, version 3.1.135.0:**

This is our initial release of Transmittal #3 for the 2552-10, and as such, listed below is a summary of the changes from Transmittal #2. All of the items listed here are **ALREADY INCLUDED** in our Transmittal #2 software, current version 2.44.135.0, via CMS interim communications, and were simply codified in Transmittal #3. HFS HELP, CMS Instructions, has been updated to reflect the Transmittal #3 changes.



- W/S S-2 part I, added column 2 to line 27 to facilitate the collection of a geographic reclassification date, if applicable.
- Clarifies line 46 to ask if providers are eligible for the additional payment exception for extraordinary circumstances pursuant to 42 CFR 412.348(f).
- W/S S-2 part I, clarifies lines 63 through 65 to collect data associated with residents training in nonprovider settings in accordance with section 5504 of the Patient Protection and Affordable Care Act of 2010 (ACA). CMS also clarified that these FTEs need NOT be reported on S-2 part I, if they are NOT claimed in the cost report on E part A or E-4.
- W/S S-2 part I, added column 3, to line 115 for the All Inclusive Rate percentage (93% or 98%), which is used on our AIR Screen, line 4 (Forms, Open, appears after W/S D-1).
- W/S S-2 part I, added lines 118.01 and 118.02 to collect non-propriety malpractice information and removes the requirement to answer the malpractice question on line 119.
- W/S S-2 part I, revised line 120 to implement section 308 of the Temporary Payroll Tax Cut Continuation Act of 2011 and section 3002 the Middle Class Tax Relief and Job Creation Act of 2012, extending outpatient hold harmless payments for services rendered through February 29, 2012 regardless of bed size for sole community hospitals (SCHs) (and essential access community hospitals (EACHs)) and for services from March 1, 2012 through December 31, 2012 for all SCHs and EACHs with 100 or fewer beds.
- W/S S-2 part II, added lines 41 through 43 to capture cost report preparer information.
- W/S S-3, part II, added lines 4.01 and 7.01 as hardcoded lines to capture the costs of Part A teaching physicians and, Contracted interns and residents in an approved program, respectively.
- W/S S-3, part II, added line 22.01 as a hardcoded line to capture the wage related costs for Part A teaching physicians.
- W/S S-3, Part III - Revises line 1 to include lines 4.01 and 7.01 in the calculation.
- W/S S-3, part V - Clarifies the instructions for contract labor costs and benefit costs (this is in HFS HELP, CMS Instructions).
- W/S S-10 revised lines 8, 12 and 16 to ensure the proper arithmetic operation for the calculation for net revenues and costs.
- W/S A, revised column 1 instructions to reflect the inclusion of all salary amounts paid for vacation, holiday, sick, other paid-time-off (PTO), severance, and bonus pay to eliminate the necessity of applying adjustments to Worksheet S-3, Part II, column 1.
- W/S D, part IV, eliminated the use of column 1, as certified registered nurse anesthetists (CRNA) services are billed and paid through claims processing and are now included on Worksheet D, Part V.
- W/S D, part V, revised the instructions for column 2 (and applicable subscripts) to accommodate section 308 of the Temporary Payroll Tax Cut Continuation Act of 2011 and section 3002 the Middle Class Tax Relief and Job Creation Act of 2012, extending outpatient hold harmless payments for services for SCHs and EACHs (i.e. must split charges if SCH and over 100 beds, and FY overlaps 2/29/2012).
- W/S D, part V, revised the instructions for columns 2 and 5, respectively, and applicable subscripts, to accommodate section 3138 of ACA establishing the use of a predetermined payment to cost ratio (PCR) for cancer hospitals to calculate the transitional outpatient payment (TOPS) effective for services rendered beginning January 1, 2012. The PCR will be published and is subject to change each calendar year (i.e. must split charges if FY overlaps January 1st).
- W/S D-1, part I, revised line 4 (semi-private room days), to automate the calculation of semi-private room days to ensure that line 4 is exclusive of swing bed semi-private room days and observation bed days.



- W/S E part A, added line 33 (allowable disproportionate share percentage) to the lines that may subscript column 1 for SCH and Medicare dependent hospital (MDH) status change and/or geographical reclassification.
- W/S E part A, added subscripted line 2.01 to accommodate the operating outlier reconciliation amount from line 92. This line is for use by contractors only.
- W/S E part A, revised line 69 instructions to exclude and relocate the operating outlier reconciliation to line 2.01, and to include the time value of money for operating expenses, the capital outlier reconciliation amount and time value of money for capital related expenses.
- W/S E part B, revised the instructions to subscript column 1 to accommodate section 3138 of ACA establishing the use of a predetermined PCR for cancer hospitals to calculate the TOPS effective for services rendered beginning January 1, 2012. The PCR will be published and is subject to change each calendar year.
- W/S E part B, revised line 1 to accommodate the TOPS calculation for EACHs regardless of bed size and rural hospitals with 100 or fewer beds whose cost report overlaps December 31, 2011.
- W/S E part B, revised line 5 to identify the PCR for calendar year 2012 (i.e. for Cancer hospitals).
- W/S E part B, revised line 8 to perform the actual TOPS calculation for SCHs and EACHs in accordance with the revision indicated on Worksheet S-2, line 120 above.
- W/S E-1 part I, revised line 8 instructions to include the notice of program reimbursement (NPR) date in column 2.
- W/S E-1 part II, revised the opening instructions to convey that this section is to be completed by contractor only (except line 30).
- W/S E-3 part II, added line 4.01 (cap increase) to accommodate the input of the unweighted full time equivalent (FTE) count for residents that were displaced by program or hospital closure, which would not be counted without a temporary cap adjustment under §412.424(d)(1)(iii)(F)(1) or (2). Effective for cost reporting periods beginning on or after July 1, 2011.
- W/S E-3 part II, revised line 9 to include line 5.01 and applicable subscripts in the calculation of the resident count for the medical education adjustment.
- W/S E-3 part II, revised line 28 to convey completion for freestanding inpatient rehabilitation facilities (IRF) only, not an IRF unit.
- W/S E-3 part IV, revised line 18 to convey completion for freestanding long-term care hospitals (LTCH) only.
- W/S E-3 part VI, revised line 5 to convey that it is not to be used since vaccine costs are included on line 1 of Worksheet E, Part B.
- W/S E-3 part VII, revised lines 5, 8-11, 17, 18, 21, 27, 29, 31 and adds a note prior to line 22 to clarify the instructions for the calculation of the Medicaid reimbursement.
- W/S E-4, revised line 26 to append title XIX instructions for inpatient days to facilitate the computation of patient load.
- W/S E-4, clarified line 27 to indicate that the amount input in columns 1 and 2 must be identical.
- W/S E-4, clarified line 30 to indicate the amount on this line is the reduction for direct graduate medical education (GME) payments for Medicare managed care (Medicare+Choice).
- W/S H-5 part I, revised line 8 instructions to include the notice of program reimbursement (NPR) date in column 2.
- W/S I-5 part I, clarified the computation of line 10.
- W/S J-4 part I, revised line 8 instructions to include the notice of program reimbursement (NPR) date in column 2.



- W/S L part III and L-1 part I, clarified the reference to the additional payment exception for extraordinary circumstances is 42 CFR 412.348(f).
- W/S M-3, clarified the instructions for lines 15, 16 - 16.05, 19 and 20.
- W/S M-5, revised line 8 instructions to include the notice of program reimbursement (NPR) date in column 2.

The following NEW changes were made in Transmittal #3, NOT included in our T.2 software.

- W/S S-3 part IV, revised line 4 to provide guidance for developing pension cost for the wage index in the form of a new exhibit (Exhibit 3 - Wage Index Pension Cost Schedule) that must be used in the calculation of such costs. The result of this schedule is input on line 4 of Worksheet S-3, Part IV. Additionally, lines 3 (qualified and non-qualified pension plan cost) and 21 (executive deferred compensation) are shaded as these amounts must be included on line 4 (pension service cost) effective retroactive to transmittal 1. Exhibit #3 is a NEW worksheet for Pension costs.
- W/S S-8 line 15, added a new column 5 for Total Visits. This is used in the GME calculation on M-3, line 15.
- W/S S-10 revised line 1 calculation to deduct the observation bed costs from total costs to ensure that observation bed costs are only included once. Effective retroactive to transmittal 1. If you had Observation Bed Cost on W/S C part I, line 201, column 1, you will see a REDUCED RCC on W/S S-10, line 1, after calculating in T.3. This will affect the charity care calculation on S-10.
- W/S E part A, revised line 47 (subtotal) instructions to include line 2.01 in the calculation. If there was an amount on line 2.01 in your report, line 47 will now reflect it (most likely be less).
- W/S E part A, added a new exhibit (Exhibit 4 - Low Volume Cost Adjustment Calculation Schedule) and corresponding instructions to facilitate final settlement and provide guidance for the low volume adjustment calculation in accordance with sections 3125 and 10314 of ACA 2010, for discharges occurring during Federal fiscal years 2011 and 2012. The result of the exhibit will be applied to other adjustment lines 70.96, 70.97, and/or 70.98, as applicable. Exhibit #4 is a NEW worksheet.
- W/S M-1, line 20, column 1, is now a transfer from W/S B part I, line 88 or 89, column 21; and M-1 line 20, column 2 is a transfer from B part I, line 88 or 89, column 22. This is ONLY applicable if S-8 line 15, column 1 = "Y". If you had entered data on M-1 line 20, this will now be replaced with the B part I transfers, or zeroed if S-8 line 15, column 1 = "N".
- W/S M-3 line 15 calculation will change due to the new "Total Visits" column on S-8. If you had an amount on M-3 line 15, it most likely will change in T.3.

Calculate - Modified the transfer of Medical Education costs from Worksheet B to Worksheets D, Parts II and IV, as applicable based on response to Worksheet S-2, Line 60. (D001-00-00593)

Calculate - Modified calculation of Low Volume Worksheet Line 15 in accordance with CMS directive. (D001-00-005609)

T.3 Calculate - CMS added column 2 to E-3 part VII to split I/P and O/P for Titles V and XIX. (D001-00-005584)

T.3 Calculate - T.3 changed S-10 line 1 RCC calc to use W/S C line 202 instead of line 200 (i.e. excluding Observation Bed Cost). (D001-00-005592)



T.3 Calculate - Modified the calculation of D-1 line 87 Observation Bed Days to the T18 Hospital component to not include subprovider days from worksheet S-3, Part I, Lines 28.01-28.03. These days on D-1 part IV, line 87, for the IPF and IRF components are no longer applicable. (D001-00-005594)

T.3 Calculate - Changed computation of E part A line 47 (subtotal) to include line 2.01 - outlier reconciliation amount. (D001-00-005595)

T.3 Calculate - M-3 line 15 calculation changed to use the ratio of visits from worksheet S-8 line 15, column 3 divided by column 5. (D001-00-005708)

T.3 Change - Added new Exhibit 3 to W/S S-3 part IV (Pension costs). (D001-00-005154)

T.3 Change - T.3 added line 4.01 (cap increase) to E-3 part II (FTE for displaced residents). Also revised the calculation of line 8 (subtotal) to include the new line 4.01. (D001-00-005596)

T.3 Change - T.3 added line 5.01 (cap increase) to E-3 part III (FTE for displaced residents). Also revised the calculation of line 9 (subtotal) to include the new line 5.01. (D001-00-005597)

T.3 Change - T.3 changed S-2 part I lines 24 and 25 description. Lines 24 and 25, columns 2 and 3, added the word UNPAID and PAID to the description. Line 27 added "Enter IN COLUMN 1". (D001-00-005611)

T.3 Change - T.3 changed E part A lines 2.01, 57, 69, and 90, labels. Line 2.01 is now: "Outlier Reconciliation Amount"; line 57 added parenthetical "(from W/S D part III, column 9, lines 30-35)"; line 69 is now: "Outlier payments reconciliation (Sum of lines 93, 95, and 96). (For SCH see instructions); for line 90, they added parenthetical "(see instructions)". (D001-00-005613)

T.3 Change - Updated the ECR Spec date for Transmittal #3. (D001-00-005642)

T.3 Edits - Added new edits 12660S, 12850S, 10500D, 10550D and 20550S. (D001-00-005598)

T.3 Edits - Edit 20750S was eliminated. Edits 10700, 10450S, 12030S, 12920S, 13375S, 10700A, 10100C, 10300E, 10350E, 10400E, 10650E, 10700E, 10150H, 10150M, 20500S, were all modified. (D001-00-005599)

T.3 Edits - Modified edit 12905S and added new edit 12906S. (D001-00-006191)

T.3 Worksheet Modification - Added column 5 to S-8 line 15. (D001-00-005591)

T.3 Worksheet Modification - Added caption to E-1 part II. E-1 part II has a new heading: "TO BE COMPLETED BY CONTRACTOR FOR NON STANDARD COST REPORTS". (D001-00-005614)

T.3 Worksheet Modification - Changed E-4 lines 21 and 27 labels. Line 21 is now: "Direct GME FTE unweighted resident count over cap (see instructions)"; line 27 added parenthetical "(see instructions)". (D001-00-005615)

Worksheet - Added a worksheet tab to Worksheet E, Part A for the Low Volume Payment calculation included in the instructions. (D001-00-005157)



Worksheet - Modified instructions (HFS Help) for worksheet S-2, Part I to reflect T-3 changes. (D001-00-005444)

Worksheet - Modified descriptions for Worksheet S-2, Part I, lines 46, 64 and 65. (D001-00-005606)

Worksheet - Modified descriptions for Worksheet S-2, Part I, lines 118.01 and 118.02. (D001-00-005608)

Worksheet - Modified descriptions for Worksheet S-2, Part I, line 120. (D001-00-005610)

Worksheet - Modified descriptions for Worksheet S-3, Part I, lines 3 and 4. (D001-00-005627)

Worksheet - The Total Cost (from W/S B Part I, Col. 26) was not flowing over to Line 117 of W/S C Part I, column 1. This is fixed. (D001-00-006173)

Screens/Printouts - modified/corrected various labels for T.3. (D#001-00-005971)