



**Health Financial
Systems**

W/S S-10 Implementation Delayed Per 2017 IPPS Final Rule

Dear HFS Hospital Clients:

On Friday July 29, 2016 we issued an email highlighting CMS Transmittal number 1681 to Publication 100-20 that provided guidance for accepting FY 2014 amended cost reports from hospitals requesting to revise Worksheet S-10 in light of CMS's proposal to begin using Worksheet S-10 data to determine uncompensated care payments starting in FY 2018.

On August 2, 2016 CMS published the FY 2017 Final Rule and in this rule they delayed the implementation of using the Worksheet S-10. Below is an excerpt relating to this with the link to the final rule also shown below.

At this time, we are not finalizing a future transition to using Worksheet S-10 data to determine the amounts and distribution of uncompensated care payments. Specifically, we had proposed to use a 3-year transition beginning in FY 2018 where we use a combination of Worksheet S-10 and proxy data until FY 2020 when all data used in computing the uncompensated care payment amounts to be distributed would come from Worksheet S-10. In light of public comments, we believe it would be appropriate to institute certain additional quality control and data improvement measures to the Worksheet S-10 instructions and data prior to moving forward with incorporation of Worksheet S-10 data into the calculation of Factor 3. Consequently, we are not finalizing our proposal to begin to incorporate Worksheet S-10 data into the computation of Factor 3 for FY 2018. In light of the significant concerns expressed by commenters regarding the Worksheet S-10 data, we are postponing the decision regarding when to begin incorporating data from Worksheet S-10 and proceeding with revisions to the cost report instructions for Worksheet S-10. We expect data from the revised Worksheet S-10 to be available to use in the calculation of Factor 3 in the near future, and no later than FY 2021. With regard to how Factor 3 will be computed in FY 2018 and subsequent years, we intend to explore whether there is an appropriate proxy for uncompensated care that could be used to calculate Factor 3 until we determine that data from the revised Worksheet S-10 can be used for this purpose. We will undertake further notice-and-comment rulemaking to address the issue of the appropriate data to use to determine Factor 3 for FY 2018 and subsequent fiscal

years.

<https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-18476.pdf>

If you have any questions or problems with the above, please let us know.

Thanks,
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