

<b>DEPARTMENT:</b> Reimbursement	<b>POLICY DESCRIPTION:</b> Disclosure Procedure
<b>PAGE:</b> 1 of 2	<b>REPLACES POLICY DATED:</b> 4/22/98, 12/15/99, 7/1/06, 1/24/09
<b>EFFECTIVE DATE:</b> October 1, 2020	<b>REFERENCE NUMBER:</b> RB.008
<b>APPROVED BY:</b> Ethics and Compliance Policy Committee	

<p><b>SCOPE:</b> Reimbursement Department, all Company Facilities that file cost reports, Parallon and all other Corporate Subsidiaries and Departments.</p>
<p><b>PURPOSE:</b> To ensure Medicare cost reports are filed with complete and adequate disclosure.</p>
<p><b>POLICY:</b> A transmittal letter will accompany all filed Medicare cost reports to notify the Fiscal Intermediary/Medicare Administrative Contractor (FI/MAC) of the following issues:</p> <ul style="list-style-type: none"> <li>▪ Medicare reserves for financial statement purposes</li> <li>▪ Changes in cost reporting from the prior year</li> <li>▪ New issues or complex transactions for current cost reporting period</li> <li>▪ Protested Items (Supplemental Schedule A)</li> </ul>
<p><b>PROCEDURE:</b></p> <p>It is the Company's policy to disclose to intermediaries all information to which such intermediaries are entitled under the Medicare Program disclosure requirements or other information which may be useful to facilitate their finalization of the Medicare cost report. Specifically, items that would be covered under the following specific categories are to be disclosed in the transmittal letter.</p> <ol style="list-style-type: none"> <li>1. Medicare Reserves for Financial Statement Purposes The issues and aggregate dollar amount of reserves, and the portions of those reserves attributed to estimates and uncertainties, identified when preparing the filed cost report, are to be disclosed in the transmittal letter. The transmittal letter must also include a disclosure statement for each item that is included in the aggregate reserve amount.</li> <li>2. Changes in Cost Reporting From The Prior Year Issues that would be perceived as a change from prior period cost reports are to be disclosed regardless of the settlement impact. Examples of such changes could be, but are not limited to, changes in allocation basis or changes in the treatment of specific costs.</li> <li>3. New Issues or Complex Transactions for Current Cost Reporting Period Issues that would be perceived as new issues for the current cost reporting period are to be disclosed regardless of the settlement impact. Examples of such issues could be, but are not limited to, the addition of a new unit, the establishment of new programs within the facility, and claiming reimbursement for components not previously claimed (<i>i.e.</i>, Disproportionate Share Payments).  Complex transactions are those issues that are unique to the Company and where the Medicare principles for reporting such issues may be ambiguous. Example wording to describe such transactions is to be provided under the direction of the VP of Reimbursement or his/her designee.</li> <li>4. Protested Items</li> </ol>

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All issues reported on the protest line of the cost report to protect the hospital's appeal rights must be disclosed in the transmittal letter. Issues included on the protest line are those issues where the Company disagrees with the cost report treatment required by Medicare regulations or program instruction, and/or the FI/MAC has previously reviewed and made adjustments for specific issues that the Company disagrees with treatment of those issues. The amount included on the protest line must be supported with the appropriate schedules and worksheets. For the Company's policy on reporting protested items refer to Protested Items Policy, RB.006.

A transmittal letter will accompany the filed cost report and the required enclosures such as the working trial balance and support for adjustments and reclassifications. Standard transmittal language may be used and modified as necessary for a particular facility. Also, as stated in the Submission of the Medicare Cost Report Policy, RB.007, the transmittal letter and disclosures should be presented to the facility CEO or CFO prior to filing the Medicare cost report.

**REFERENCES:**

1. Transmittal No. 12, Provider Reimbursement Manual Part II
2. Reimbursement Manual Policy, [RB.001](#)
3. Protested Items Policy, [RB.006](#)
4. Submission of the Medicare Cost Report Policy, [RB.007](#)