

Protest Improper Wage Index Rural Floor on FY 2017 Cost Report

Clients and friends:

As you work to prepare and finalize your hospital's FY 2017 Medicare cost report that is due at the end of February, we want to alert you to an action to take now that may protect your rights in the future. As was widely reported by MHA and in the trade press, the FY 2017 Medicare wage index rural floor for Massachusetts hospitals was understated due to CMS' refusal to correct identified errors in data submitted by Nantucket Cottage Hospital, the state's only rural hospital. The wage index rural floor was set at 1.1822 instead of the correct 1.2659. At least two group appeals were filed at the Provider Reimbursement Review Board (PRRB) contesting the setting of the improperly reduced rural floor. Since the PRRB cannot offer those hospitals relief by voiding a regulation, the issue has proceeded to federal district court in DC, where briefing has begun in the case.

We obviously do not have a crystal ball to predict whether the court litigation will have a favorable result for the hospitals, but, in case the matter does have a positive outcome through a decision or settlement, we recommend that any Massachusetts hospital that was adversely affected by the decreased rural floor preserve any existing rights to relief it may have by filing the wage index amount as a protested item on its FY 2017 cost report. To properly protest an item on the cost report a provider should follow the requirements of 42 CFR 413.24 (j) by: (1) including an estimate of the reimbursement amount for each self-disallowed item, and (2) attaching a separate work sheet that explains why the item was self-disallowed and describes how the estimated reimbursement amount in issue was calculated. Without preserving your rights your institution may be barred from seeking relief on this issue once its NPR for FY 2017 has issued.

We would be happy to discuss this recommendation with you in more detail and answer any questions you may have concerning how to preserve your hospital's rights. We look forward to hearing from you.



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