

Baystate Franklin Medical Center

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August 31, 2009

Charlene Frizzera
Acting Administrator
Centers for Medicare & Medicaid Services
Hubert H. Humphrey Building
200 Independence Avenue, S.W., Room 445-G
Washington, DC 20201

RE: Document Identifier CMS-2552-10, Hospital and Health Care Complexes Cost Report and Supporting Regulations

Dear Ms. Frizzera:

Baystate Franklin Medical Center appreciates the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) proposed modifications to the Medicare hospital cost report, Form 2552-10, published in the July 2 Federal Register.

COMMENTS ON SPECIFIC WORKSHEETS

Worksheet S-2, Part I

CMS proposes to add lines 21 and 22 on Medicaid days to Worksheet S-2, Part I. However, the purpose of these lines is not explained in the accompanying instructions, and they do not flow to any other worksheets, such as Worksheet E, Part A, line 28, which captures Medicaid days that are used in the DSH calculation. Baystate Franklin Medical Center suggests that CMS clarify the purpose of these data and their potential relationship to the DSH calculation. In addition, in the proposed hospital cost report, the instructions for Worksheet S-2, Part I, lines 21 and 22 (Medicaid days) and Worksheet S-3, Columns 5-7 (as it relates to the reporting of Medicaid days), do not provide consistent definitions of Medicaid days. Baystate Franklin Medical Center urges CMS to provide a consistent definition of Medicaid days between these two worksheets.

Worksheet S-3, Part II

CMS proposes to add an instruction to Worksheet S-3, Part II, Line 28 indicating that home office contract labor cannot be added to contract administrative and general costs for the wage index. CMS should use consistent contract labor rules for both hospitals and home office to arrive at an approximate wage index. This new instruction unduly penalizes hospitals with home office costs, as they will not be able to claim legal, consulting and similar fees paid by the home office. This will force hospital systems to contract for administrative and general services at the individual hospital level in order to

claim the costs for wage index purposes. Therefore, Baystate Franklin Medical Center urges CMS to remove this proposed new instruction from the cost report.

Worksheet S-3, Part V

CMS proposes to create a new Contract Labor and Benefit Cost Worksheet S-3, Part V that will require hospitals to report the portion of contractor costs attributable to labor and the portion attributable to benefits, separately. This information is not collected as part of hospitals' normal business activities as hospitals pay contractors a flat rate and are not privy to the breakout between labor and benefits. Contractors themselves are likely unable to accurately determine this division. Also, reporting these components separately will not affect the level of allowable costs reported on the cost report. Therefore, Baystate Franklin Medical Center urges CMS to eliminate this proposed worksheet from the 2552-10 cost report.

Worksheet S-10

To improve the data it collects on hospital uncompensated care, CMS proposes major changes to the hospital uncompensated care worksheet, Worksheet S-10. To ensure this worksheet accurately captures the level of uncompensated care that hospitals are providing, Baystate Franklin Medical Center would like to make some recommendations relative to CMS' proposed changes:

Cost of Non-Medicare Uncompensated Care, Line 30 - Currently the unreimbursed costs of state and local indigent care programs, the Children's Health Insurance Program (CHIP) and Medicaid, are included in the calculation of total uncompensated care cost on Worksheet S-10. On the proposed Worksheet S-10, these costs (reported on lines 8, 12 and 16) are not included as part of the total cost of non-Medicare uncompensated care on line 30. CMS includes only the costs of charity care (line 23) and non-Medicare bad-debt expense (line 29) in its determination of total uncompensated care cost (line 30). Baystate Franklin Medical Center is very concerned that CMS removed the unreimbursed costs of state and local indigent care programs (CHIP and Medicaid) from total uncompensated care costs reported on this worksheet.

Baystate Franklin Medical Center strongly urges CMS to add a line at the bottom of Worksheet S-10 that reflects total uncompensated care costs. This line should include all of the subtotal components of program uncompensated costs (lines 8, 12 and 16), charity care costs (line 23) and bad-debt costs (line 29).

Cost to Charge Ratio (CCR), Line 1 - Worksheet S-10, Line 1 calculates a CCR that is applied to charge data throughout the worksheet, including charity care charges (line 19) and non-Medicare bad debt (line 28), to reduce charges to cost. The CCR is based on data from Worksheet C and includes only Medicare-reimbursable costs. Since the vast majority of charity care is provided to non-Medicare patients and non-Medicare bad debt is, by definition, not incurred for Medicare beneficiaries, the CCR applied to these charges should include the hospital's full costs as opposed to only Medicare-reimbursable costs. Otherwise the true costs of providing charity care and non-Medicare bad debt will

be understated. Therefore, Baystate Franklin Medical Center urges CMS to add line 1.01 to Worksheet S-10, which would calculate a second CCR based on the hospital's full costs, and applied to lines 19 and 28.

Cost of Charity Care, Lines 19 through 23 - CMS is proposing that charity care costs be calculated by starting with the patient's total initial obligation/charge. This calculation would require hospitals to maintain information on the total initial obligation/charge for the patient, whether or not the patient was approved for full or partial charity care, any patient payments that were made and whether or not the patient had insurance.

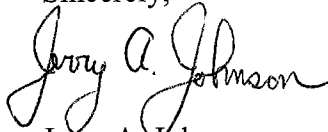
The Internal Revenue Service, Form 990, Schedule H, requires that charity care be reported as the amount of charity care charges the hospital has "written off." This is consistent with hospital accounting systems/general ledgers and complies with generally accepted accounting principles.

CMS' proposed method of calculating the cost of charity care is inconsistent with other Federal government charity care data collection requirements. Baystate Franklin Medical Center urges CMS to calculate charity care costs by starting with the amount of charges the hospital has written off.

Reconciliation of Capital Cost Centers, Worksheet A-7 – Baystate Franklin Medical Center recommends that CMS eliminate Worksheet A-7. This worksheet is complex, time consuming and no longer provides relevant data in the current reimbursement environment. If CMS is unwilling to eliminate Worksheet A-7, it should include Column 10 (which it had proposed to eliminate) in Worksheet A-6, because Worksheet A-7 uses the data in that column.

Thank you for your attention to our concerns. If you have any questions, please contact me at 413-794-7924.

Sincerely,

A handwritten signature in black ink that reads "Jerry A. Johnson". The signature is written in a cursive, flowing style.

Jerry A. Johnson
Director, Payment Systems