>> The next segment is understanding the data. So, we'll talk a little bit about cost report processing, recognize some key issues with how processing impacts the data files, and then understand options to deal with some of these issues. I've mentioned before that each provider has to submit a cost report and they have to do that every year. And they're--generally speaking, you'll find cost reports that are there that have a fiscal year begin and end date that will represent an annual time frame, 12 months. However, you can find that a provider has submitted a partial year cost report. And some circumstances under which you would see this would be if there is a change in the provider's fiscal year, change in ownership status, a low or no Medicare utilization, meaning that the person or the person--the provider indicated that they have a low Medicare utilization and in combination with something else like they initiated with the Medicare program during midyear so they would have a shorter provider cost report. The implication is that when you look at the report file, you will find multiple cost reports per provider per year. And so then when you're working with the files, you need to determine what you want do about it, how do you want to use these reports, and which one should you use. What you'll see in the report file is you could have hospitals looking at their provider number where you see multiple report record numbers. And this indicates how often does it happen, is it a real issue or not. So, you'll notice that it's really only 1 percent of the time where you'll find more than one cost report for a given fiscal year. So, most of the time, you should see a 12-month cost report. Sometimes, you could see more than one and usually its--provider has a partial year, six--say a six month or some less--sometime, less than 12 months and then a 12-month cost report. That's most likely what happens. So, this pie chart shows you for federal year, fiscal year 2011, 81 percent of the time, it had to do with a fiscal year change. And the way that I could tell that was looking at, you know, was there any other changes happening in the RPT file for a given cost report and provider. And for 81 percent of the time, it was only a fiscal year change that was happening where I could see that they changed from January through December through July through June or something like that. Other 14 percent of the time, it was an ownership status change where I could see clearly that there was a time period, a partial year cost report under one ownership status, and then it changed to something else and it was another partial year under the new ownership status. And then finally, its initial or last cost report. That's--that can be used if someone is--someone--if a provider is switching say from an acute care facility to a critical access hospital or to a long-term care hospital, provider type, they would--they would indicate that they're submitting an initial cost report as a long-term care hospital. So, you might see partial years in initial or last cost report. And then, you might not know. You might not know what they're--what the--what happened to them. So, options for handling--what do you do with this? Most of the time, if you're looking at it and you have multiple, you know, there's a partial year and a full year, you could easily just decide, I'm just going to use the full year, it's easier. But you do have to do something with them either combine them and take some kinds of average depending on what variables they're looking at or just work with one and drop the other. The ownership status changes--I put this up here. This is my opinion. It's going to depend on your research and what you're doing with the data files.

I feel like an ownership status change. It's--it could be fundamental different accounting or how people report things based on who owns it. And so, therefore, you might want to consider picking one over the other. However, this is your decision as to how you would like to handle those cases where you have ownership changes and partial years. The low or no Medicare utilization, there's a variable in the RPT file to indicate whether or not the provider is submitting low or no Medicare utilization in which case all you might see would be the provider number, the name, and some variables in the RPT file but you may not see much of anything else in the alpha file or numeric file. So, if that's the case and you have pretty much nothing for a cost report, you might want to check the RPT file to see that this provider submit a low or no Medicare utilization cost report. And then finally with initiating or terminating, you may only have partial year to begin with and that's all you have available. So, you might have to adjust the years that you're going to be using. But all of these again are found within the RPT file. So, these variables, there are--the fiscal year begin and end dates low or no Medicare utilization and initiating and terminating provider ownership status changes. That one is called the provider control type code. So, I know that that doesn't--control type code doesn't seem like a very meaningful variable but that's what that variable indicates. Again, just to reiterate that there are quarterly updates to the data files. So, everything is overwritten each quarter. Changes in the status code indicate changes to the data files. And it's not easy to identify the changes within each download unless you have a download from the last quarter, a download from this quarter, and then you start looking at it on a variable by variable level to determine, do a compare to figure out what changes happened. All you could easily identify is looking at what's called the report status code so something like is this the as submitted code, the first or as submitted cost report, the first one. Was it settled with audit, without audit? So, those would indicate that between downloads if you had the previous information, you could tell if something had been updated. So here, the order of the status codes which indicates the cost report if there were changes made, as submitted is the lowest and that's one. Settled with audit, without audit is two. Settled with audit is three. Reopened is four and amended is five in the data file. Just to give you a sense as to what this means, as submitted is usually the first one that goes in. Settled without audit means that yes, the provider and the MAC determine that there's no issues with the cost report and they agree with what the settlement summary is, so we settled without any audit. Settled with audit means that something didn't fly with the MAC and that they needed to audit some type of information. You may not know what but there was something that the MAC needed to double check on, and then they had agreed with the settlement. Reopened--reopened means that that the cost report after it was settled, something happened that cost either the provider or the MAC to determine that they want to reopen it to fix something. This can happen. Let me give you an example. I work for a hospital and the person that submitted the cost report had been going along. Everything was fine. There was a major remodel down at the hospital. Changed all the square footage of the units and so it was very large remodel. The much of how cost gets allocated to units is based on the square footage of the unit. And what this person had failed to do was make adjustments to the square footage in the cost reports for this change

in the remodeling which fundamentally made huge impacts for the settlement summary for the particular hospital. And it was discovered within the hospital and therefore, we had asked to have the cost reports reopened. So, there is a period of time in which you can reopen a cost report and ask to have it changed. So, that was a case for an example of reopening. Amending is adding something to a cost report that hadn't been there previously that you need to add. This is looking at the status codes by fiscal year and just indicating kind of how it changes the farther, the older that or the newer data is a lot of as submitted and then as time goes on, your older files, the large majority becomes settled without audit. So, this is just to give you a sense of yes even though you may have a completed fiscal year for 2011, it's as submitted and you can count on, you know, as time goes on, things are going to change and there's going to be updates made. So, what do you do? I mean you're doing a research study and it's hard to keep downloading every quarter. I mean what--that's impossible.

^M00:10:02 I guess it depends on what it is that you're--the purpose is for your research but for most researchers, I would say, you have to, so that you can stay sane. Remain, just download a point in time cost report data set and work with that and then just tell everybody, I used this quarterly download for my research. Otherwise, you seriously have to download every quarter and then check the variable or variables that you're using to make sure that you've got the most up-to-date. I did describe the reopening circumstances and this is just to give you a little bit more detail on what that is. In theory, you should really only be seeing reopened cost reports. If they can be reopened for a period of up to three years past the settlement summary, and that's called the notice of program reimbursement. It's another variable that's in the RPT file if you're interested to see when they settled. If it's not reopened within three years, in theory, the cost reports are supposed to become final and not changed. So, you would think that years like 2007, I mean that should be far enough in the past that you shouldn't be seeing any changes going on with the cost reports. And then, as far as the manuals read, the only exception to this is supposed to be in the case of fraud. But let's take a look at this. So, this is fiscal year '96 cost reports and this was as of the March download 2013. I was tracking, you know, like how--how does this change over time as far as this 1996 cost report. As of 2002, it really shouldn't change at all, these status codes for this '96 cost report download. Yet, in 2002 when I looked at it, it started out, the status codes were in one spot and then in 2013, they finally leveled off. So, it seems to me that there is--there is something else going on that I'm not completely in tune with as far as the reopenings. It is supposed to be three years past the program reimbursement. So, this is more of what we had just talked about with the options. I'd say, take a point in time unless you have good reason to keep updating your--the variables that you're looking at. So, with at--we had talked about this earlier as far as the time lag. And the cost reports are due to the fiscal intermediaries five months after their close of their fiscal year. And however, usually we see a complete fiscal year file 12 to 18 months later for the most current year. The--when I looked at the fiscal year 2012, I had looked and used the March download. It was approximately 14 percent complete and that's basing it on how many cost reports were there based on a typical year. And

typically, there's about 6,000 cost reports that you'll see in a fiscal year file. So, it was 14 percent complete. Then when I just looked at it at June right before this workshop, it was about 53 percent complete. So, you know, it seems like it's on track for being, you know, maybe in another six months or so, it'll be 100 percent complete with all hospitals reporting a cost report for the fiscal year. This bar chart is looking at the time lags and the fiscal year end date and MAC receipt date, you can see, it's just tracking right on target. They are submitting their cost reports on time. However, it doesn't seem like that it gets passed to the Hicarus [phonetic] database in five months. We don't see that as submitted cost report there. As of the March download, I was looking at the fiscal year end date and then how many months it took it to get into the Hicarus database. And I think that I would need to change this slide somewhat because it might be a little misleading. Because with each change in status, it's marking the length of time of the cost report. So, if there was never any change in the cost report, it would probably state that there was, you know, five months lag. These in 2009 have lots of changes in their status and therefore, they'll--it's--it's growing as far as the number of months. So, I think this slide is maybe a little bit misleading but the main point is if you're looking for a complete fiscal year, you need to wait about 12 to 18 months before the current fiscal year or most recent fiscal year will be complete. And this is just options for what you do. You just have to understand when you might see the most complete file and you might need to adjust the years that you're using. The free-standing facilities versus the provider-based, on the download page, what I had noted as these are all free-standing facilities and the forms--we've talked about this before but if you're looking at free-standing and provider-based facilities, if you're looking for similar information, statistics, financial, characteristics, it may not be collected the same when you're looking at what's collected on the provider-based worksheets versus what the free-standing facilities complete. So, it's--you literally have to look at the forms themselves and make some judgment based on the manuals whether or not you're looking at similar information. Again, here is just the listing of the different facilities, free-standing versus provider-based, and noting how many different downloads you might have to use depending on which facility type you're interested in studying. So again, I feel sorry for the people that are studying Hospice care or world health clinics and have to look across four different downloads for each year of data. So, I often yet ask, well, how do you determine the reliability of the data? And I think that it kind of goes back to what Barb [assumed spelling] probably talked about yesterday. In fact, I know it's in her slides or get discussed about, you know, how--what can you count on? So, if it has to do with getting paid, it's usually fair to assume that that's pretty good. If it's audited or has to do with anything to do with the payment, so for example, the dates, your Medicare or Medicaid days that's used for disproportionate chair adjustments. If that's off, the adjustment is off. If it has to do with revenues or let me take that back, anything to do with the settlement summary, that could be counted on. So, statistical information, the payment, anything to do with the payment, intern resident ratios, those you can count on. If it doesn't have to do with any of that, for example, your financial information, worksheet G. OK, that's up for grabs. We don't know. It's--when you're

studying financial health of a facility, you really have no other place to go. We'll look at or I'll provide a resource for a document that MedPAC authored a few years ago. Dr. Nancy Kane had assisted with the report and it looked at different methods or sources of financial information on facilities, so where you could go to get data and cost reports was one. You have your SCC filings and there was one other source that's escaping me right now that is internal revenue service forms that you could look at. But the--only the cost reports had it for nonprofits, for-profits government, the--like local government county hospitals. Otherwise, the other SCC filings are IRS forms were only for certain ownership statuses like for-profits. So, the reliability of the data, I have a couple suggestions for where you could look to try to determine if the variables you're specifically interested in would be reliable, can count on it. Is it required? So then, you would go back to the reimbursement, the manuals. So, unfortunately, just like reading the federal register, I don't know how many of you ever looked there. But boy, you need a cup of coffee to read that. Similarly with the manuals here, if you want to look, you do have to dig in to the manuals and see what if it's required. Yes.
>> A data from the statistics, one the statistics worksheet, S10, for the uncompensated care.
>> Yeah.
>> I think that also an exception because less than half of the hospitals are reporting, those announced and they are not necessarily correct.
>> That's--yes, that is correct. That is a true. It is a required form. So, that's step one. Is it required or not? If it's not required, then, you know, you never know. It's, you know, like what incentive is there to fill it out. True, S10 is an uncompensated care worksheet. It is a required worksheet but yet we still find this to be true where there's missing information people aren't submitting it. What is the ramification of that, it's not tied to anything. It's not tied to the settlement summary or payment. It's there mainly for information--informational purposes to understand how much of their care is uncompensated to get some gage on that. And it's, you know, I don't know what your thoughts are. It seems like it's getting a little bit better with every year. You might argue with that but I know that when it was first submitted, it was really not good. And you couldn't count on having consistency with the reporting.
^M00:20:09 The--the other place that you could look is in the document that the provider reimbursement manual specifications document. Table six has a list of level one and two edits. So, what this means is that this is what's used by the Medicare administrative contractor to go through the cost report electronically to make sure certain fields have values. It may not--it may not have ranges on these values. It just might tell you that this has to have something in it. There has to be a provider number say or there has to be something listed for days, has to be a number between one and something. You know, so this could be a place where you could look for reliability of just checking. Does it--does anybody care about this variable? And again, so there's--the last point is very similar. It's the--it's looking at the level one and level two edits that are performed by the contractor. We've already discussed this but another way to determine whether or not it would be reliable is if it was used in the settlement summary so the information that's collected on worksheet E. And then also, just doing a check, how many missing values do you have? How

many extreme values do you have? We'll look at this later when we look at the cost and charge information because that's required and it's there. But boy, sometimes, you can get some values that you're like there is no possible way that this could be true that there's a cost of charge ratio of 150. So, that, you know, that's--that's in there. And then after all this, you might say, "OK. Well, now, why am I here again and why are we using this data?" So again, it's the only place where you can get some of this information for all ownership types. And so, that's why we'll continue to trudge through this and take a look at the data.