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		<b>Effective Date: 09-27-11</b>
		<b>Retires Policy Dated: 03-01-10</b>
		<b>Previous Versions Dated: 08-17-04; 04-01-98*</b>

**I. SCOPE:**

This policy applies to (1) Tenet Healthcare Corporation and its wholly-owned subsidiaries and affiliates (each, an “Affiliate”); (2) any other entity or organization in which Tenet Healthcare Corporation or an Affiliate owns a direct or indirect equity interest greater than 50%; and (3) any hospital or healthcare facility in which Tenet Healthcare Corporation or an Affiliate either manages or controls the day-to-day operations of the facility (each, a “Tenet Facility”) (collectively, “Tenet”).

**II. PURPOSE:**

The purpose of this policy is to establish the responsibilities of the Tenet Facility and Conifer Revenue Cycle Service (Conifer) in connection with the preparation of the annual cost reports required by the Medicare, Medicaid and TRICARE programs.

**III. POLICY:**

The responsibility for the preparation of all required cost reports for Tenet Facilities rests with the Government Programs Department (“Department”). Under no circumstances is a Cost Report for a Tenet Facility to be prepared, filed, or amended by anyone other than the Department without the express written permission of the Department Vice President.

All communication with the Medicare Administrative Contractor(s) and state agencies relative to the Cost Reports must be through the Department.

The requirements for preparing Cost Reports are set forth in statutes, regulations, instructions and other guidance promulgated by the respective payers. Tenet Facility Cost Reports must be prepared in accordance with those regulations and instructions.

All Tenet Facilities are required to complete the Annual Cost Report Package within 6 weeks (or less as specified for specific reimbursement areas, such as GME, IME or organ transplants) of the Tenet Facility’s cost report fiscal year end.<sup>1</sup>

With very few exceptions, the financial and statistical information reported in the cost report is to be based on the books and records<sup>2</sup> of the reporting Tenet Facility.


Each Tenet Facility will maintain its books and records in accordance with all applicable Tenet Accounting and Record Retention Policies.

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\*The policy dated 03-01-10 inadvertently did not include the previous version dates of 08-17-04 and 04-01-98.


<sup>1</sup>All Tenet Facilities have calendar year ends of 12/31 for financial reporting purposes. For Medicare, Medicaid and other third-party cost reporting purposes, certain Tenet Facilities have cost report year ends that coincide with their calendar year end of 12/31 while others have cost report year ends of 5/31.

<sup>2</sup>“Books and Records” includes, but is not limited to, the financial records and all supporting records, payroll records, billing and collection records, time studies and surveys, contracts, governing board records, and the annual cost report package.

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#### IV. PROCEDURES:

- A. The Department will use the general ledger of the Tenet Facility for the cost reporting period as the source of financial information reported in the Cost Reports, including, but not limited to revenue and expense information. In doing so, the Department, unless advised to the contrary, assumes that all financial transactions have been recorded in a manner consistent with the applicable Tenet Accounting Policies.
- B. In general, cost reporting instructions require the reporting of revenue and expense at the departmental level. In order to ensure that revenue and expense is properly classified and reported on the Cost Report(s), *any* departure from the standard Tenet Chart of Accounts must be communicated in writing to the Department's Sr. Director of Cost Reporting Services. This notification may be made during the cost reporting period, or on the appropriate schedule in the annual cost report package. This includes, but is not limited to, the use of nonstandard accounts, the recording of revenue and expense in accounts other than those prescribed by Tenet Accounting Policies, the direct assignment, fragmentation, componentization or isolation of revenue or expense not permitted by Tenet Accounting Policies, or the recording of transactions in cost centers or accounts that would result in an incorrect matching of revenue and expense, or in any way compromise the reliance on the general ledger for cost reporting.
- C. Cost reporting instructions require the use of current and accurate statistics. Periodically, but not less frequently than annually, the Department will require an update to the required Cost Report allocation statistics. Each Tenet Facility is required to maintain the required statistics in an auditable form and to complete the survey(s) in a timely, accurate manner. The required statistical data must be maintained on a current basis, and the underlying support for the statistics must be maintained by the Tenet Facility in accordance with Tenet's record retention policy.
- D. Other surveys, including, but not limited to the survey to determine the allowable portion of Public Relations, and those required by the Centers for Medicare and Medicaid Services (CMS) or other agencies, will generally be sent to the Tenet Facility Chief Financial Officer (CFO) by the Department on an annual basis. Each facility is required to complete the required survey(s) and return them to the Department within the timeframe(s) specified. The underlying support for the information reported on the survey(s) must be maintained by the Tenet Facility in accordance with [Administrative Policy AD 1.11 Records Management](#).
- E. Periodically, but not less frequently than annually, the Department will submit statistical and other surveys, as considered necessary for the completion of the Cost Reports or other required filings, to the CFO of each Tenet Facility or other


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entity for which a Cost Report is required. Such surveys will clearly state the purpose of the survey and a required due date.


- F. The Tenet Facility CFO will be notified of incomplete surveys in writing explaining the deficiencies, with a copy to the Tenet Regional Vice President of Finance.
- G. Failure to respond to the initial survey, or otherwise disregarding the survey request, will be documented. The Regional Vice President of Finance and the Hospital Chief Compliance Officer (HCO) will be notified of such failures to respond.
- H. The Annual Cost Report Package must be completed and returned in its entirety, with all required supporting documentation, including the certification statement signed by a Tenet Facility official<sup>3</sup> (see Attachment A below). The Cost Report(s) will not be submitted to the Payer(s) if the Tenet Facility certification has not been signed and dated by a Tenet Facility official.
  - 1. If a Tenet Facility has been divested and the CEO and/or CFO are no longer employed by Tenet, then an officer of Tenet<sup>4</sup>, as designated by Tenet policy, is required to sign the certification that data included in the Annual Cost Report Package is complete and accurate.
  - 2. The Tenet Facility CFO will be contacted if the Annual Cost Report Package is incomplete and the entire package may be returned for completion, which may result in the cost report not being timely filed. If necessary, the Regional Vice President of Finance and the Department Vice President will be copied on late or incomplete package notices issued by the Department.
- I. The Tenet Facility CFO is responsible for promptly advising the Department in writing (*i.e.*, memorandum, e-mail, or copies of pertinent correspondence or documents), with a copy to the Regional Operations Reimbursement Manager, of any changes in the operations of the Tenet Facility. This includes, but is not limited to, the addition (or deletion) of special units such as:
  - 1. Units for which an exemption from the Medicare Prospective Payment (*i.e.*, DRG) system has or will be sought;
  - 2. Skilled nursing (also referred to as “subacute” or transitional care) units requiring separate certification;

<sup>3</sup> Only the signature of the Tenet Facility Chief Executive Officer (CEO) or CFO is acceptable.

<sup>4</sup> Generally, this will be the Vice President of Finance for the region responsible for the divested/closed facility.

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3. Hospice programs;
  4. Any clinics, including without limitation physician clinics/practices, radiology clinics, “senior clinics,” Rural Health Clinics, Comprehensive Outpatient Rehabilitation Facilities (CORFs), physical therapy clinics, etc., ambulatory surgery centers, for which hospital-based status is either contemplated or requested;
  5. Any entities for which Medicare hospital-based status is not applied for or approved and for which a separate Cost Report is required. This includes home health agencies, Rural Health Clinics, CORFs, outpatient physical therapy clinics;
  6. The acquisition or relocation of any department to an offsite location;
  7. Other services, including without limitation physician practices, clinics, ASCs or other non-hospital entities for which the hospital administration has management responsibility; and
  8. Leases to any third-party for hospital space.
- J. The Tenet Facility CFO is responsible for ensuring that copies of all correspondence regarding provider numbers, certification dates, etc., for exempt units, home health agencies, clinics, etc., are promptly forwarded to the Department.
- K. The Tenet Facility CFO is responsible for ensuring that monthly time logs for all physician directorships are kept consistent with the provisions of Law Department Policy L-3 Medical Directorships. The time logs must be in auditable format and must clearly identify the administrative hours spent by the physician pursuant to the directorship contract. Copies of time logs will be required as part of the Annual Cost Report Package.
- L. The Tenet Facility CFO is responsible for ensuring that all critical data required for the accurate and timely completion of the Cost Report are maintained on an ongoing basis in accordance with [Administrative Policy AD 1.11, Records Management](#) and timely reported to the Department. Critical data in this regard include, but are not limited to:
1. All cost finding statistics;
  2. All periodic surveys requested by Government Programs;
  3. Any services provided by or payments made to individuals or third parties who have been excluded from by the Office of Inspector General of the


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Department of Health and Human Services or by any applicable state from participation in federal health care programs; or by the General Services Administration from participation in federal procurement or nonprocurement programs;

4. Any and all information related to contracts with hospital-based physicians and physician directorship agreements;
5. Any payments made for physician directorship or hospital-based physician services not pursuant to an approved, signed agreement;
6. Any payments made pursuant to a physician relocation agreement that were not recorded in accordance with Tenet’s accounting policies governing such transactions; and
7. All information including but not limited to payments made to academic institutions, rotation schedules and resident cross-training records pursuant to an Academic Affiliation Agreement.

M. Conifer in its capacity to provide billing and collection services to the Hospitals is responsible for the following in connection with cost reporting:

1. Medicare Bad Debts
  - a. Ensure that amounts to be recorded as Medicare bad debts are for allowable deductibles and coinsurance amounts;
  - b. Ensure that the bad debt collection procedures are consistent with applicable Medicare regulations and instructions;
  - c. Ensure that the bad debt collection procedures are consistent with applicable Medicare regulations and instructions;
  - d. Ensure that all recoveries for amounts previously claimed as bad debts are properly identified; and
  - e. Ensure that all records required to support the Medicare bad debts are maintained in accordance with Tenet’s record retention policy, including, but not limited to:
    - a. Medicare and Medicaid remittance advices; and
    - b. Collection activity records.

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2. Medicare Disproportionate Share

Ensure that all records required to support Medicare and Medicaid Disproportionate Share Hospital (DSH) payments are maintained in accordance with [Administrative Policy AD 1.11, Records Management](#), including, but not limited to:

- a. Patient demographic data; and
- b. Medicaid remittance advices.

N. Auditing and Monitoring

Corporate Audit Services shall audit compliance with this policy during its routine audits.

O. Enforcement

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

**V. REFERENCES:**

- [42 CFR §413.24, et seq.](#)
- [Provider Reimbursement Manual \(CMS Pub. 15\), Parts I and II](#)
- Tenet Accounting Policies
- [Administrative Policy AD 1.11, Records Management](#)

**VI. ATTACHMENTS:**

- Attachment A: Cost Report Package Certification Statement

HOSPITAL NAME: \_\_\_\_\_

COST REPORT PERIOD ENDED: \_\_\_\_\_

**CERTIFICATION STATEMENT**

The Medicare, Medicaid, and TRICARE cost reports are prepared by the Government Programs Department based on the books and records of the hospital, including but not limited to, the general ledger, patient accounting records, and the attached Government Programs year-end cost report package. The integrity and accuracy of these records are the responsibility of the Chief Executive Officer and the hospital Chief Financial Officer of the hospital and your certification in that regard for the cost report period ended described above is required.

**CERTIFICATION BY OFFICER OR ADMINISTRATOR OF PROVIDER**

Misrepresentation or falsification of any information contained in the cost report may be punishable by criminal, civil and administrative action, fines and/or imprisonment under federal law. Furthermore, if services claimed in the cost report were provided or procured through the payment directly or indirectly of kickbacks to physicians or other parties, criminal, civil or administrative action, fines and/or imprisonment may result.

I HEREBY CERTIFY that I have examined the accompanying cost report package and to the best of my knowledge and belief, the information contained therein and in the books and records of the hospital is true and accurate, except as noted. I further certify that I am familiar with the laws and regulations regarding the provision of health care services and that the services for which we claim reimbursement during the cost reporting period are in compliance with such laws and regulations.

\_\_\_\_\_  
Signature of Officer or Administrator of Facility

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

**Please sign and date in blue ink.**