**Whether the MAC’s adjustment of the Provider’s settlement data using the Provider Statistical and Reimbursement (PS&R) Report was proper – Additional Claims.**

**A. Facts**

Pursuant to audit adjustment numbers 8, 9, 16, 17, 18, 20, 27, and 30 through 35 (Exhibit C-2), the MAC adjusted the Settlement data on the Provider’s cost report to agree to its determination based on the PS&R Report. The paid claims data (also called “settlement data”) was adjusted based on the Provider Statistical and Reimbursement (“PS&R”) report, which is a summarization of claims submitted by the Provider and processed by the MAC.

The Provider included the estimated reimbursement effect of understated Medicare Settlement Data in its filed Protested Amounts on its cost report. The MAC adjusted to remove these Protested Amounts in adjustments 21 and 28 (Exhibit C-2). See Exhibit C-3 for support of the filed Protested Amounts, specifically page 4 for the protested amounts related to Medicare Settlement Data.

The following statement was made in the Provider’s Final Position Paper (page 4) regarding its objections to these adjustments:

The Provider disputes the MAC’s adjustments to Medicare settlement data based on the fact there are additional paid claims which need to be included in the audited cost report based on the updated PS&R dated June 3, 2020.

The Provider contends there are additional claims that have been paid by the Medicare program that were not included in the MAC’s reconciliation of Medicare settlement data.

**B. Argument**

The MAC contends that it properly used the PS&R to settle the cost report in accordance with CMS Pub. 100-06, Chapter 8, Section 90 (Exhibit C-5). The PS&R is a computerized report used by all MACs for Medicare cost reporting purposes. The PS&R served as the best available source of Medicare settlement data for purposes of apportioning the allowable costs of services to beneficiaries and determining Program payments.

The Provider did not demonstrate with convincing or compelling evidence that the PS&R used by the MAC was inaccurate, erroneous, or unacceptable for cost reporting purposes, pursuant to the referenced Program instructions. Unless proven otherwise, the PS&R used by the MAC is sufficient for the intended purposes. The PS&R reports used had a paid through date of July 24, 2018 (as noted on the Adjustment Report for the above referenced adjustments, Exhibit C-2), so the reports included claims paid through over two years after the Provider’s fiscal year end. This is in excess of the 15 months after the end of the provider’s fiscal year discussed in CMS Pub. 100-06, Chapter 8, Section 90 (Exhibit C-5, page 2). The Provider has not shown that this was not a sufficient time period for all its claims to be processed.

Medicare regulations require that providers maintain sufficient financial records for proper determination of amounts payable under the Program. Specifically, 42 C.F.R. § 413.24(c) (Exhibit C-6) states:

**Adequacy of cost information***.* Adequate cost information must be obtained from the provider's records to support payments made for services furnished to beneficiaries. The requirement of adequacy of data implies that the data be accurate and in sufficient detail to accomplish the purposes for which it is intended. Adequate data capable of being audited is consistent with good business concepts and effective and efficient management of any organization, whether it is operated for profit or on a nonprofit basis. It is a reasonable expectation on the part of any agency paying for services on a cost-reimbursement basis. In order to provide the required cost data and not impair comparability, financial and statistical records should be maintained in a manner consistent from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedures if there is reason to effect such change.

The burden is on the Provider to support that the adjustments in question are not proper. The MAC asserts that the Provider has not substantiated its claim that the use of the information from the PS&R Report has not resulted in proper settlement of its cost report.

The Provider states in its Final Position Paper, on page 4:

To resolve this issue, the Provider has enclosed in Exhibit P-5, a reconciliation summary of the inpatient and outpatient settlement data to the updated PS&R with paid claims through June 3, 2020. The Provider requests that the MAC include the additional paid claims on the audited cost report for the inpatient and outpatient settlement data utilizing the updated PS&R through June 3, 2020.

The MAC will review this settlement data documentation submitted by the Provider. To the extent the Provider adequately documents its claim for additional Medicare settlement data per the PS&R, the MAC will agree to resolve this issue administratively.

**C. Conclusion**

The Provider has not submitted adequate documentation to support its contention that the MAC’s adjustment is erroneous. The MAC properly used the PS&R reports to settle the cost report in accordance with CMS instructions. The Board should affirm the MAC’s adjustment.