

ESRD - Flash Report for Electronic Reporting

May 27, 2005

This FLASH is being sent to provide you with notice and guidance with respect to the electronic requirement for an ESRD.

Background

42 CFR 413.24(f)(4) outlines the requirements for electronic submission of cost reports, which are further defined in the policy of PRM-II, §130ff. On August 22, 2003, CMS published a final rule in the Federal Register (Vol. 68 No 163) to add the requirement that for cost reporting periods ending on or after December 31, 2004, ESRD providers must submit cost reports currently required under the Medicare regulations in a standardized electronic format.

In order to implement and execute the electronic reporting specifications all CMS approved software systems must be compiled (secure and tamper proof) in order to maintain the integrity of the software program and minimize provider error and must also create an Electronic cost Reporting (ECR) file in American Standard Code for Information Interchange (ASCII) format.

Transition Period

There will be a transition period for ESRD providers. During the transition period of two years, the dual filing of the hard copy and the diskette are required. During the first transition period ESRD providers with cost reporting periods ending on or after 12/31/04 are required to submit the ECR file on diskette to their fiscal intermediaries (FIs), but the "hard copy" (paper copy) of those cost reports remains their official cost report. During the second transition period for the cost reporting periods ending 12/31/05 providers are required to submit the ECR file on diskette to their FIs, and a "hard copy" (paper copy) but the ECR for those cost reports will be their official cost report. (See PRM-II, § 132.)

Submission of ECR files

Effective for cost reporting periods ending **on or after 12/31/04**, ESRD providers must file the hard copy and the ECR file together. At that time, if a provider submits the hard copy cost report without the related ECR file, intermediaries must notify the provider in writing that they have fifteen (15) days to submit the file. If the provider does not submit the ECR file within the specified time period, a withholding of interim payments is authorized.

Note: The hard copy cost report must either be produced on a CMS approved vendor system, or completed manually on the official CMS worksheets in conjunction with CMS free software. Any computer-generated substitutes for cost reporting forms must have current CMS approval.

Facsimile worksheet S and encryption code

All electronically submitted ESRD files must be accompanied by Worksheet S (computer generated), which must electronically print the date and time the electronic file was encrypted and replicate the encryption coding in the ECR file parallel and to the left of the officer or administrator of provider(s) signature block. The purpose of the encryption coding is to give further assurance to the integrity of the

ECR file beyond the date and time stamp requirement. The Worksheet S must also contain the penalty and certification statements attesting to the validity of the data submitted to the fiscal intermediary (Part I) and the data required in the settlement summary (Part II). The signature block of the officer or administrator must contain an original signature. A facsimile or stamped copy of the signature is unacceptable. (See PRM-II, §131, for similar requirements for the hospital cost report.)

Matching printed encryption, date, and time with ECR file

During the first year of the transition period, providers whose ECR systems print the encryption coding on Worksheet S cannot be penalized with a cost report rejection if the printed code does not match the code in the ECR file and the PI file for the official copy is the hard copy. Similarly, if the date and time stamp displayed on Worksheet S does not exactly match the date and time of the ECR file and PI file, FIs cannot reject the cost report.

During the second year of transition if the provider has a printed encryption code and/or date and time stamp on Worksheet S, these should match exactly the code and/or date and time of the files. If any of these differ, the intermediary must notify the provider in writing that they have fifteen (15) days to re-submit a matched set, both hard copy and ECR file, with identical encryption code, date, and time on both the file and the printed Worksheet S. Intermediaries are authorized to withhold payments from providers who do not submit the corrected set of file and hard copy within the specified period.

Print image file

ESRD providers, who use a CMS approved vendor program, must submit a print image file (an electronic picture image of the entire cost report) with their electronic cost report (ECR) file and are required to submit a hard copy of the cost report. The print image file must be in ASCII format. For those providers who create print image files which are too large to be placed on a diskette with the ECR file, a compression program must be employed. The compressed file must be self extracting. A print image file must contain its own encryption coding both in the print image file and on Worksheet S just below the ECR encryption code. The order of processing these files should be ECR creation, print image creation, and Worksheet S.

Providers utilizing the CMS free software are not required to submit a print image file.

Delay or waiver of electronic filing for financial hardship

A provider may request a delay or waiver of the electronic submission requirement if this requirement would cause a financial hardship. The provider must submit a written request for delay or waiver with necessary supporting documentation to its intermediary no later than 30 days after the end of its cost reporting period. The intermediary reviews the request and forwards it, with a recommendation for approval or denial, to CMS central office within 30 days of receipt of the request. CMS central office either approves or denies the request and notifies the intermediary within 60 days of receipt of the request. (See 42 CFR 413.24(f)(4)(v).)

Free Software

If providers do not use CMS approved cost reporting vendors systems for the ESRDs, CMS provides them with free software which produces a standardized output file (consisting of input data and various check

figures) for electronic submission to any intermediary. This software does not, however, produce a completed cost report. Contact your FI to obtain the software.

Free software will be available to providers who show financial hardship. Financial hardship is defined as Gross Medicare reimbursement equal to or less than \$200,000 per cost reporting period.

Waiver of electronic filing for low or no Medicare utilization

Providers that are required to file less than a full cost report (that is, low or no Medicare utilization) will not file electronically, but will be required to request a waiver of the requirement to file electronically. The provider must submit a written request for waiver with necessary supporting documentation to its intermediary no later than 30 days after the end of its cost reporting period. Under the regulation, the intermediary reviews the request and forwards it, with a recommendation for approval or denial, to CMS central office within 30 days of receipt of the request. CMS central office either approves or denies the request and notifies the intermediary within 60 days of receipt of the request. (See 42 CFR 413.24(f)(4)(v).)

Since low utilization is common among ESRD providers, CMS delegates this review to the intermediary. A provider must submit a written request for waiver with necessary supporting documentation to its intermediary no later than 30 days after the end of its cost reporting period. The intermediary reviews the request, and if the provider clearly meets the criteria for a low or no Medicare utilization provider, the fiscal intermediary is authorized to approve the request directly within 30 days of receipt of the request. FIs must send a courtesy copy of such approval letters to CMS central office.