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The Milestone (on) Times

Some News That's Fit to Print

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Dear Caryn,

This month, we are featuring our recently completed MD Anderson Cancer Center at St. Luke's Episcopal Hospital in Sugar Land, Texas, and we have an update on Medicare Cost Reporting from guest author Becky Dolin. We are also introducing you to the newest member of our staff, Merrill Stanley. Of course, you may unsubscribe at any time if you do not wish to receive future mailings. Just use the "Unsubscribe" button at the bottom of the page.



"Accelerating" Cancer Treatment in Sugar Land

Milestone was the Owner's Representative on behalf of [St. Luke's Episcopal Health System](#) for the recently completed [M. D. Anderson Cancer Center](#) at St. Luke's Sugar Land Hospital. The project included the build-out of an existing shell space in the hospital's adjacent medical office building. Additionally, two linear accelerator vaults and one high dose rate vault were added onto the east side of the first floor of the building.

The project consists of nearly 34,000 usable square feet on the first and second floor of the MOB, including areas for radiation, medical and surgical oncology, as well as ancillary and support space for other functions such as hospitality and conference rooms. Sitework revisions were made to accommodate the building addition, including paving, grading, and utilities.



[m-Architects](#) of Houston, Texas was engaged by M. D. Anderson Cancer Center to develop plans, specifications and interior design services for their Radiation Oncology and Infusion Therapy Programs. MEP engineering services were provided by [SSR Engineering](#) of Houston, Texas. Structural engineering services were provided by [Haynes Whaley Associates](#). [Linbeck](#) was the Construction Manager and General Contractor for the Cancer Center build-out in addition to the Hospital and MOB.

Update - Medicare Cost Reporting



Becky Dolin, our guest author for this month's edition of our newsletter, is the owner of [Health Financial Systems](#). HFS has provided Medicare Cost Reporting software since 1981. Here is her brief update on Medicare Cost Reporting.

"A Medicare Cost Report is filed by all hospitals, skilled nursing facilities, home health agencies, end stage renal disease facilities, hospices, rural health clinics, federally qualified health clinics and community mental health facilities that receive Medicare funding. The idea behind the cost report is to disclose a service provider's costs, wrap up the year's worth of claims, calculate additional payments and then calculate the total amount owed to the Provider and to the Medicare program. Hospitals used to be reimbursed based on the costs reported, but many years ago the reimbursement to hospitals changed to a Prospective Payment System.

There is a misconception that the Cost Report is not as important in a PPS environment. First, hospitals under the PPS system are currently reimbursed on a cost basis for approximately 10% of their services. Direct Graduate Medical Education, Organ Acquisition, Allied Health Services, Non-Physician Anesthetists, Bad Debt and Blood Clotting Factors remain completely cost reimbursed. Critical Access Hospitals remain cost reimbursed as well.

In addition, Medicare Cost Report data is the basis for CMS (Centers for

Medicare and Medicaid Services) Market Basket Updates and Medicare Payment Adequacy Analysis. Data from the report is also used for the DRG (Diagnosis Related Group) Relative Weight Calculation. CMS has said that the Medicare Cost Report is "The Only Comprehensive Data Source for Cost Reimbursement and Downstream Payment Updates."

CMS market baskets are used to update payment rates and cost limits in the various CMS prospective payment systems. Payment adequacy analysis is used as a tool to examine if Medicare is paying fair and efficient rates for different classes of providers, for different types of services, and for Medicare relative to non-Medicare. CMS has transitioned most charge-based DRGs to cost-based DRGs. The transition to cost-based DRGs has happened in the last couple of years and demands that every hospital look closely at how costs are grouped and reported on the cost report. Facilities need to realize that their cost reports affect their payments in many ways.

CMS wants to improve the quality of data that is submitted on Medicare Cost Reports. PPS 100-20 One-Time Notification was sent out requiring the Medicare Administrative Contractors to educate providers regarding the specific way that CMS uses Medicare Cost Report data.

<http://www.cms.hhs.gov/transmittals/downloads/R362OTN.pdf> The Office of the Actuary (OACT) has been investigating whether the current "special" provider audits conducted on freestanding End Stage Kidney Disease (ESRD) facilities by Fiscal Intermediaries and Medicare Administrative Contractors (FIs/MACs) have any material impact on the numbers that are used in OACT's ESRD market basket calculations. Preliminary results appear to indicate that data quality has improved. Could that mean that hospitals will soon require special provider audits as well?

The goal is to have valid Medicare Cost Report data submitted by all hospitals. The healthcare industry needs to make sure that CMS, MEDPAC and Congress have accurate data to make decisions regarding our nation's healthcare" - *Becky Dolin*

Milestone Now Offers 6-Pack



Milestone is excited to announce that Merrill Stanley has joined their growing firm.

As the sixth member of the Milestone team, Merrill brings over fourteen years of experience in project development and program management in the non-profit healthcare and higher education industries.

Formerly with the Irvine Team and Century Development, Merrill has worked on numerous projects for the Memorial Hermann Healthcare System including their Heart & Vascular Institute.

Welcome to Milestone, Merrill!

We hope you've enjoyed this issue of our newsletter. Be sure to check out our [website](#) once in a while and check out our [blog](#) postings.

If you would like additional information about Milestone Project Management, or to give us feedback on this newsletter, please email us at info@mpmlc.com.

Sincerely,



MILESTONE PROJECT MANAGEMENT

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