

traverse data obtained earlier in the day.”

10. On page 4990, in the third column, paragraph 5.1.1.3, in line 1, remove the word “velocity.”

11. On page 4990, in the second column, paragraph 5.1.1.5, in lines 2 and 3, remove the words “before sampling.”

12. On page 4992, in the first column, paragraph 5.1.2.2, in line 2, the words “and turn” are corrected to read “and seal the port. Turn.”

13. On page 4993, in the second column, paragraph 1.2, in line 7, the word “bathreduces” is corrected to read “bath reduces.”

14. On page 4993, in the second column, paragraph 2.2, in line 1, the words “Preciser Tensiometer: A Preciser” are corrected to read “Tensiometer: A.”

15. On page 4993, in the second column, paragraph 3.1, in lines 2 and 5, remove the words “Preciser.”

16. On page 4993, in the third column, paragraph 3.2.(b), in line 2, the figure “40” is corrected to read “45.”

17. On page 4993, in the third column, paragraph 4.2, in line 6, remove the word “Preciser.”

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DEPARTMENT OF HEALTH AND HUMAN SERVICES

Health Care Financing Administration

42 CFR Part 413

[BPD-689-F]

RIN 0938-AE80

Medicare Program; Uniform Electronic Cost Reporting System for Hospitals

AGENCY: Health Care Financing Administration (HCFA), HHS.

ACTION: Final rule.

SUMMARY: This final rule responds to comments on the May 25, 1994, final rule with comment period that implemented a standardized electronic cost reporting system for all hospitals under the Medicare program. In that rule, we solicited comments on the requirement that cost reporting software be able to detect changes made to the electronic file after the provider has submitted it to the fiscal intermediary. This final rule responds to comments on that requirement and clarifies that although changes to the “as-filed” electronic cost report are prohibited, an intermediary makes a working copy of the as-filed electronic cost report for use in the settlement process.

EFFECTIVE DATE: These regulations are effective on July 27, 1995.

FOR FURTHER INFORMATION CONTACT: Thomas Talbott (410) 966-4592.

SUPPLEMENTARY INFORMATION:

I. Background

A. General

Under Medicare, hospitals are paid for inpatient hospital services that they furnish to beneficiaries under Part A (Hospital Insurance). Currently, most hospitals are paid for their inpatient hospital services under the prospective payment systems for operating and capital costs in accordance with sections 1886(d) and (g) of the Social Security Act (the Act) and 42 CFR Part 412. Under these systems, Medicare payment is made at a predetermined, specific rate for each hospital discharge based on the information contained on actual bills submitted.

Section 1886(f)(1)(A) of the Act provides that the Secretary will maintain a system for reporting costs of hospitals paid under the prospective payment systems. Section 412.52 requires all hospitals participating in the prospective payment systems to meet the recordkeeping and cost reporting requirements of §§ 413.20 and 413.24, which include submitting a cost report for each 12-month period.

The hospitals and hospital units that are excluded from the prospective payment systems are generally paid an amount based on the reasonable cost of services furnished to beneficiaries. The inpatient operating costs of these hospitals and hospital units are subject to the ceiling on the rate of hospital cost increases in accordance with section 1886(b) of the Act and § 413.40.

Sections 1815(a) and 1833(e) of the Act provide that no payments will be made to a hospital unless it has furnished the information, requested by the Secretary, needed to determine the amount of payments due the hospital under the Medicare program. In general, hospitals submit this information through cost reports that cover a 12-month period.

All hospitals participating in the Medicare program, whether they are paid on a reasonable cost basis or under the prospective payment systems, are required under § 413.20(a) to “maintain sufficient financial records and statistical data for proper determination of costs payable under the program.” In addition, hospitals must use standardized definitions and follow accepted accounting, statistical, and reporting practices. Under the provisions of §§ 413.20(b) and 413.24(f), hospitals are required to submit cost

reports annually, with the reporting period based on the hospital’s accounting year.

Section 1886(f)(1)(B)(i) of the Act provides that the Secretary will place into effect a standardized electronic cost reporting format for hospitals under Medicare. This standardized electronic cost reporting format does not require any additional data from hospitals. Section 1886(f)(1)(B)(ii) of the Act provides that the Secretary may delay or waive the implementation of the electronic format in instances where such implementation would result in financial hardship for a hospital (for example, a hospital with a small percentage of inpatients entitled to Medicare benefits). These provisions apply to hospital cost reporting periods beginning on or after October 1, 1989.

B. Provisions of the August 19, 1991 Proposed Rule

On August 19, 1991, we published a proposed rule (56 FR 41110) to implement sections 1886(f)(1)(B)(i) and (ii) of the Act. We proposed that cost reports be submitted in a standardized electronic format. We proposed that the hospital’s cost report software must be able to produce a standardized output file in American Standard Code for Information Interchange (ASCII) format. We proposed that all intermediaries have the ability to read this standardized file and produce an accurate cost report. We proposed rules for suspension of Medicare payment if a hospital refuses to submit the cost report electronically. We also specified that if a hospital believes that implementation of the electronic submission requirement would cause a financial hardship, the hospital should submit a written request for a waiver or a delay of these requirements, with supporting documentation, to the hospital’s intermediary. See section III of the proposed rule (56 FR 41111 through 41112).

C. Provisions of the May 25, 1994 Final Rule With Comment Period

On May 25, 1994, we published a final rule with comment period to confirm the proposed regulations and respond to public comments on the proposed rule (59 FR 26960). As a result of public comments on the proposed rule, we eliminated the requirement that providers file a hard copy cost report in addition to the electronic file. Instead, we required that, in addition to the electronic file, a hospital must submit hard copies of a settlement summary, a statement of certain worksheet totals found in the electronic file, and a signed statement certifying the accuracy of the