

electronic file or the manually prepared cost report.

The purpose of these changes was to reduce the burden on providers and ensure the accuracy of the data contained in the electronic file. However, we also needed to ensure the electronic cost report is not altered once it leaves the provider. Thus, in conjunction with the changes made based on public comments, we implemented several changes designed to preserve the integrity of the electronic cost report once the provider files it with the intermediary. We required in § 413.24(f)(4)(ii) that the provider's software must be capable of disclosing that changes have been made to the cost report file after the provider has submitted it to the intermediary. We stated that electronic cost reporting software will be modified so that the cost report will calculate a "hash total," that is, a number representing the sum of the worksheet totals contained in the provider's as-filed cost report. If any data in the electronic file are changed after the hash total is calculated, the electronic file will disclose that a change has been made. We also required that an intermediary may not alter a cost report once it has been filed by a hospital and must reject any cost report that does not pass all specified edits and return it to the provider for correction.

Because providers may not have anticipated the changes needed to preserve the integrity of the cost report, we solicited comments on the requirement in § 413.24(f)(4)(ii) that all cost reporting software must be able to disclose changes made to the electronic file after the provider has submitted its cost report to the intermediary.

II. Discussion of Public Comments

In response to the May 25, 1994 final rule with comment period, we received three timely items of correspondence related to the requirement that cost reporting software be able to detect changes to the electronic cost report after the provider has submitted it to the intermediary.

Comment: One commenter pointed out that a strict interpretation of the requirement in § 413.24(f)(4)(ii) that the "intermediary may not alter the cost report once it has been filed by the hospital" would mean that the intermediary could not make audit adjustments to the provider's as-filed electronic cost report. Another commenter asked whether the intermediary can adjust the cost report for additional information not required for acceptability but needed in such cases as Hospital Cost Report

Information System (HCRIS) preparation.

Response: We did not intend to imply that the intermediary may not make audit adjustments to a provider's cost report. To clarify this point, we are revising § 413.24(f)(4)(ii) to state that the as-filed cost report may not be altered, but the intermediary must make a working copy of the as-filed cost report to be used for the settlement process.

Specifically, we are revising § 413.24(f)(4)(ii) to require that—

- The fiscal intermediary store the hospital's as-filed electronic cost report and not alter that file for any reason.
- The fiscal intermediary make a working copy of the as-filed electronic cost report to be used, as necessary, throughout the settlement process (that is, desk review, processing audit adjustments, final settlement, etc).

The fiscal intermediary may also employ a working copy of the as-filed electronic cost report for making any adjustments needed for HCRIS purposes.

Comment: Two commenters suggested that, to maintain the integrity of the provider's electronic file, HCFA should require the establishment of a print file submitted on diskette as a substitute for the hard copy cost report. Another commenter supported the use of "hash totals" in the electronic cost report (ECR) if the vendors are able to create ECR files that cannot be edited without detection. The commenter suggested that the "hash totals" in the ECR be printed in cost report text and on the hard copy certification page. The commenter also indicated that time and date stamps on the ECR file and printed cost report are not useful.

Response: As stated in the final rule with comment period, hospitals are no longer required to submit hard copies of the cost report in addition to the electronic file. We agree with the commenters' suggestion that an electronic file containing the complete printed text of the provider's cost report should be submitted in place of the hard copy. Since the ASCII file contains input data only, the print file will be helpful in settling discrepancies between the fiscal intermediary's settlement amounts and the provider's settlement amounts. Therefore, we intend to publish in the Provider Reimbursement Manual (HCFA Pub. 15-II) the requirement that providers submit an electronic file containing the entire printed text and an encryption file (hash totals) of the provider's cost report in addition to the ASCII file used for electronic cost reporting.

We disagree that the time and date stamps on the electronic cost report are

not useful. The time and date stamps on the electronic cost report file must agree with the certification page that accompanies the electronic cost report file. This requirement assures us that the cost report has been reviewed and accepted and has not been altered after certification by the signing officer. This requirement coupled with the encryption file will ensure that the integrity of the file has been maintained.

Comment: One commenter suggested that the regulation mention what the responsibility of each of the 11 vendors will be to maintain consistency between software programs, particularly in the implementation of edits. The commenter indicated that if the ADR vendor establishes additional edits not specified by HCFA, the electronic cost report file created by the provider's software vendor system may result in rejection by the intermediary. This possibility places an undue burden on the provider who filed under the assumption that all errors were detected and corrected before submission.

Response: All vendors will be responsible for providing their clients with the software to create a print file, an encryption file, and the electronic cost report file. In addition, the three Automated Desk Review (ADR) vendors are responsible for developing a software program that will accept the filing of all three files, as mentioned above, with the intermediary. All of the software programs will maintain consistent edits that, when specified edits are failed, will result in the intermediary rejecting the cost report. These edits are established by HCFA and published in section 130 of the Provider Reimbursement Manual (HCFA Pub. 15-II). An ADR vendor may establish additional edits, but failure to meet such edits may not result in rejection of the cost report by the intermediary.

III. Technical Changes

We received several inquiries implying that it is unclear in the regulations when an electronic cost report is considered timely filed. Therefore, in § 413.24(f)(4)(ii), we are clarifying that, for purposes of the due date requirements specified in § 413.24(f)(2), an electronic cost report is not considered to be filed until it is accepted by the intermediary.

In the May 25, 1994 final rule with comment period, we eliminated the requirement that providers file a hard copy of the cost report. We stated that effective for cost reporting periods ending on or after October 1, 1994, this requirement is replaced with the submittal of a hard copy of a settlement