

level-1 edit or included incomplete documentation). When the cost report is rejected, it is deemed an unacceptable submission and treated as if a report had never been filed. The intermediary would also inform the provider of the consequences of filing a late cost report, that is, interest would be assessed on all overpayments. Furthermore, if a provider does not file its cost report timely, all interim payments advanced for the period are considered overpayments, and the provider's interim payments would be suspended. Given the additional filing time, we believe providers should have sufficient time to complete and submit an acceptable cost report. Thus, we proposed to suspend all payments if the cost report is not filed within the 5-month timeframe. The provider should make the necessary corrections to the cost report and resubmit the cost report to the intermediary as quickly as possible.

### C. Related Issues

As a result of the proposed regulation changes, the timing of provider reminder letters, PS&R Summary Reports and the submission of HCRIS data would also be affected. Therefore, we stated our intention to revise the Medicare Intermediary Manual and the PRM as necessary to account for these changes.

- **Reminder Letters.** Because we proposed to lengthen the amount of time a provider has to file its cost report, we also indicated that we would change the deadline for the intermediaries to send reminder letters to providers to notify them that cost reports are due. The revised deadline would be by the end of the fourth month after the close of the cost reporting period. The reminder letter may be sent at the same time an intermediary sends the PS&R Summary Report to the providers, but an intermediary may not send the reminder letter before sending the PS&R Summary Report. The reminder letter will inform the provider that if the cost report is not received by the end of the fifth month following the close of the cost reporting period (or 150 days, whichever is applicable), the provider's interim payments will be suspended in their entirety the following day, rather than just reduced (as the Medicare Intermediary Manual now provides).

- **PS&R Summary Report.** In conjunction with the change in the cost report due dates, we also stated our intention to revise our Manual instructions to extend the time that HCFA allows the intermediaries to furnish the PS&R Summary Report to providers. Intermediaries would be

required to furnish the PS&R Summary Report by the last day of the fourth month following the end of the provider's cost reporting period, instead of 60 days following the end of the provider's cost reporting period, as is currently the practice. For cost reporting periods ending on a day other than the last day of a month, intermediaries would be required to furnish the PS&R Summary Report by the 120th day following the end of a provider's cost reporting period. If the provider receives the PS&R Summary Report later than the last day of the fourth month (or the 120th day, if applicable) following the end of its cost reporting period, the provider would have 30 days from receipt to file its cost report. Thus, under the proposed policy, a provider still would have 30 days after receipt of the PS&R Summary Report to complete and submit the cost report to the intermediary.

- **HCRIS Data.** Presently, the intermediary must submit HCRIS data to HCFA within either 180 days of the end of the hospital cost reporting period or 60 days of receipt of the cost report from the provider, whichever is later. In conjunction with the proposed extension of the deadline for filing a cost report, we indicated that we would revise the Medicare Intermediary Manual to instruct intermediaries to submit HCRIS data to HCFA within 210 days of the last day of the hospital cost reporting period.

In addition, we stated our intention to revise our Manual instructions to specify that if the intermediary is late in sending the PS&R Summary Report to the providers, the amount of time for the intermediary to submit the HCRIS data would be reduced by the same number of days the PS&R Summary Report was late. For example, if the intermediary sends the PS&R Summary Report to the provider 10 days late, the provider would still have 30 days from receipt of the PS&R Summary Report to file its cost report. However, the time remaining for the intermediary to submit the HCRIS data would be reduced by a corresponding 10 days (that is, from 60 to 50 days following receipt of the cost report.) In such cases, the intermediary still would have a total of 210 days from the end of the hospital cost reporting period to submit HCRIS data to HCFA.

As noted above, the overall effect of the proposal to extend the time frame for providers to file cost reports would be that HCFA would not have access to updated HCRIS data until 210 days after the end of a given cost reporting period. This change would not delay significantly the availability of the

analytical files (which are updated quarterly) in HCRIS, and it should improve the accuracy of initial cost report data.

### III. Discussion of Public Comments

We received 43 timely comments on the May 25, 1994 proposed rule (59 FR 26998) from providers, intermediaries, certified public accounting firms, and others. In general, commenters expressed strong support for our proposals. Specific questions raised by commenters are addressed below.

**Comment:** Many commenters asked when the new deadline for filing cost reports would take effect.

**Response:** This final rule is effective June 27, 1995. How the new 5-month deadline affects individual providers will depend on when a provider's cost reporting period ends. That is, a provider with a cost reporting period that ends before the effective date of this final rule must file its report on or before the last day of the third month following the close of the period covered by the report. A provider with a cost reporting period that ends on or after the effective date of this final rule must file its cost report on or before the last day of the fifth month following the close of the period covered by the report (or, if applicable, within 150 days of the last day of the cost reporting period).

**Comment:** One commenter asked that we clarify when a cost report is considered to be filed, for purposes of meeting the filing deadline. The commenter believes that the timeliness of a cost report should be determined based on when a provider sends the report rather than when the intermediary receives it. The commenter also requested clarification on when the 30-day period begins for an intermediary to determine the acceptability of a cost report.

**Response:** In accordance with section 2219.4C of the Medicare Intermediary Manual, a cost report must be postmarked by its due date to be considered timely filed. This requirement applies regardless of whether the provider furnishes a hard copy of its cost report or a diskette version. If a cost report is due on a Saturday, Sunday, or Federal holiday, the cost report is considered timely filed if postmarked by the following work day.

The 30 days for an intermediary to determine the acceptability of a cost report begins on the date that the intermediary receives the cost report, rather than the date the provider files it. (We generally allow up to a 7-day grace period between the postmarked date and the date the cost report is received