

TRACKING AND REPORTING VOLUNTEER ACTIVITIES ON THE MEDICARE HOSPICE COST & DATA REPORT (CMS-FORM 1984-14)

PURPOSE OF THIS REPORT

The Health Group, LLC is pleased to provide this report, and additional reports, in an attempt to assist healthcare providers, including hospices, make quality financial and compliance-related information available to the Centers for Medicare & Medicaid Services. The healthcare industry is best served when providers submit quality information that may be used for adding or modifying regulations and/or reimbursement modifications.

REPORT OVERVIEW

The revisions to the Hospice Cost & Data Report effective for cost reporting years beginning on or after October 1, 2014 require hospices to modify the manner in which volunteer services coordination and volunteer program costs, as well as hours are accumulated and reported. The Health Group, LLC prepares hundreds of cost reports for hospices annually. Based on our experience preparing and reviewing these reports, we have prepared this report to assist hospices and cost report preparers in improving this element of the revised Hospice Cost & Data Report (CMS-Form 1984-14). Hospices are encouraged to discuss tracking volunteer-related costs and data accumulation with those individuals responsible for completion of their respective cost report(s).

This report is not intended to provide guidance on meeting the five percent requirement or cost-savings requirement included in the Conditions of Participation, although these requirements may be referred to throughout this report. Numerous articles and reports have been developed by national and state organizations, as well as other authors regarding these matters. Readers are encouraged to review information available online as well as information available at www.nhpco.org (National Hospice and Palliative Care Organization) and www.nahc.org (National Association for Home Care & Hospice).

THE HEALTH GROUP, LLC

The Health Group, LLC provides financial and compliance-related consulting services to healthcare providers across the country, including hospices. Our affiliate, Cuppett & Associates, PLLC provides accounting, financial reporting, and tax compliance services with a significant focus on healthcare providers.

Education to healthcare providers and consultants is a significant focus of our activities. This education includes complimentary email news services on healthcare issues and national educational programming. To secure access to this information please contact us at contact@healthgroup.com. You can also visit us on Facebook or at www.healthgroup.com.

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The provision of volunteer services is required by the Medicare program in order to secure participation in the Medicare program and, accordingly, bill Medicare for hospice services to qualifying Medicare program beneficiaries. The requirement is provided in the Conditions of Participation as follows:

§418.78 Conditions of Participation – Volunteers

“The hospice must use volunteers to the extent specified in paragraph (e) of this section. These volunteers must be used in defined roles and under the supervision of a designated hospice employee.

- (a) **Standard: Training.** The hospice must maintain, document, and provide volunteer orientation and training that is consistent with the hospice industry standards.
- (b) **Standard: Role.** Volunteers must be used in day-to-day administrative and/or direct patient care roles.
- (c) **Standard: Recruiting and retaining.** The hospice must document and demonstrate viable and ongoing efforts to recruit and retain volunteers.
- (d) **Standard: Cost saving.** The hospice must document the cost savings achieved through the use of volunteers. Documentation must include the following:
 - 1. The identification of each position that is occupied by the volunteer.
 - 2. The work time spent by volunteers occupying those positions.
 - 3. Estimates of the dollar costs that the hospice would have incurred if paid employees occupied the positions identified in paragraph (d)(1) of this section for the amount of time specified in paragraph (d)(2) of this section.
- (e) **Standard: Level of activity.** Volunteers must provide day-to-day administrative and/or direct patient care services in an amount that, at a minimum, equals 5 percent of the total patient care hours of all hospice employees and contracted staff. The hospice must maintain records on the use of volunteers for patient care and administrative activities, including the type of services and time worked.”

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(n.) is generally considered an altruistic activity and is intended to promote good or improve human quality of life. In return, this activity produces a feeling of self-worth and respect; however, there is no financial gain.

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Understanding the Practical Application of §418.78 and the Cost Report

Volunteer Services Coordinator (Director) – Volunteers and volunteer services are required to be provided under the supervision of a designated hospice employee (Volunteer Services Coordinator, Volunteer Services Director, or other appropriate position description).

Accordingly, all hospices must have a designated employee or, depending on the size of the hospice, an individual within the hospice that fulfills this supervisor responsibility. The Hospice Cost & Data Report (“Cost Report”) requires that costs associated with volunteer services coordination activities be separately reported. Hospices should segregate the salaries and wages of the Volunteer Services Coordinator in their accounting records. If this position is filled by an employee that provides services in addition to volunteer services coordination, a portion of the compensation of this individual should be designated as volunteer services coordination and that portion of the compensation reflected in the accounting records as volunteer services coordination salaries and wages.

Volunteer Services Coordination Supporting Staff – If a hospice employs supporting staff (administrative, clerical, etc.) who are devoted to volunteer services coordination activities, the salaries and wages of the supporting staff should be segregated in the accounting records as volunteer services coordination support, or recognized account title, thereby allowing these costs to be appropriately reported as volunteer services coordination in the Cost Report.

Other Volunteer Services Coordination Costs – Other volunteer services coordination costs, including, but not limited to the following, should be identified in the accounting records as other volunteer services coordination costs for appropriate reporting in the Cost Report:

1. Travel allowances paid to the Volunteer Services Coordinator and Volunteer Services Coordination Supporting Staff in fulfilling their oversight and supervisory responsibilities.
2. Costs associated with the recruitment and retention of volunteers including advertisements, paper and printing costs, training program costs, and associated items.

Peripheral Volunteer Costs

Certain costs associated with volunteers are handled differently by those individuals preparing Cost Reports. This inconsistency, although generally insignificant in amount, is caused by inadequate instructions to the Cost Report. CMS instructions to the Cost Report are as follows:

“Volunteer Service Coordination.--This cost center includes the cost of the overall coordination of service volunteers including their recruitment and training costs of volunteers.”

“Volunteer Program – This cost center includes costs of volunteer programs. (See CMS Pub 15-1, chapter 7)”

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The following represents how The Health Group, LLC generally reports certain peripheral volunteer costs in the cost report. Hospices should consult with their cost reporting advisor regarding the reporting of these costs.

Travel Allowances Paid to Hospice Volunteers – Travel allowances paid to volunteers are reported based on the nature of the travel where such are identified in the accounting records. This reporting, in our opinion, is consistent with the Conditions of Participation. Additionally, in response to comments made when the Conditions of Participation were last revised, CMS included “Hospice volunteers are permitted to fill any role within the hospice, provided that the volunteer filling the role meets the appropriate qualifications of this rule and any other applicable State and local requirements.” Examples of cost classifications for travel (mileage) allowances are as follow:

- Volunteer Administrative Travel – Administration and general expenses
- Travel to/from patient’s home, including nursing facility when facility is patient’s residence – Routine home care (Level of Care)
- Travel to/from hospital – General inpatient care (Level of Care)
- Marketing travel – Advertising (nonreimbursable cost center)
- Fundraising travel – Fundraising (nonreimbursable cost center)

Accordingly, we recommend that, if travel allowances are paid to volunteers, these travel allowances be segregated in the accounting records based on the nature of the travel.

Volunteer Recognition Events – Events held to recognize volunteers, whether held in conjunction with other administrative events, are reported as administrative and general expenses.

Costs	Gains
<ul style="list-style-type: none"> ■ Staff Salary ■ Staff Benefits ■ Travel ■ Training/Conferences ■ Supplies ■ Equipment ■ Volunteer Reimbursement ■ Incentives/Recognition ■ Marketing ■ Overhead 	<ul style="list-style-type: none"> ■ Cash Contributions ■ Value of Volunteer Time ■ Value of Pro Bono Service ■ Money saved due to increased efficiency ■ Value of benefit to society, community, or individual service beneficiary ■ In-kind Donations

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Tracking Volunteer Hours

Volunteers provide an array of activities and these volunteer services are provided at a variety of locations. CMS provided the following in response to comments made on the last revision to the Conditions of Participation.

“We understand that traveling, providing care or services, documenting information, and calling patients all consume volunteer time, and we agree that the time may be used in calculating the level of volunteer activity in a hospice. If a hospice chooses to include any of these areas that are directly related to providing direct patient care or administrative services in its percentage calculation of volunteer hours, it must ensure that the time spent by its paid employees and contractors for the same activity is also included in the calculation.”

Hospices need to track hours in a manner different than in the past as a result of the revised Hospice Cost & Data Report (CMS-Form 1984-14). These changes are the result of required costing by level of care (“LOC”). Hours should be tracked as follows:

Level 1 – Position of volunteer (all volunteers should be identified by position)

- RN
- LPN
- Aide and Homemaker
- PT
- Spiritual Counselor
- Clerical and Support
- Etc.

Level 2 – Nature of the Activities (volunteer hours should be captured by nature of the activities)

- Patient care support
- Administrative
- Marketing
- Fundraising
- Etc.

Level 3 – Location of Activities (volunteer hours should be captured by location of the volunteer)

- Office
- Patient’s residence
- Nursing home
- Hospital
- Traveling
- Other

Accordingly, volunteer hours, which are used for the allocation of volunteer services coordination costs on the Cost Report can be summarized by position, nature of the activities, and location of the activities. This summary provides the cost report preparer with the information needed to report volunteer hours on Worksheet B-1 and thereby improve the accuracy of the cost report submission.

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Problem with Allocation of Costs on Cost Report

A significant issue with the revised cost report revolves around the order in which general service costs are allocated. Administrative and general costs are allocated to activities of the hospice, including level of care (“LOC”) prior to the allocation of volunteer services coordination costs, which are allocated based on the volunteer hours (discussed above).

For many hospices, a significant portion of volunteer hours are administrative in nature. Accordingly, no volunteer services coordination costs get allocated to administrative and general expenses of the hospice.

Several cost report preparers have made formal requests to alter the order of the allocation of volunteer services coordination costs so that these costs are allocated prior to the allocation of administrative and general expenses. Some of the requests have been approved, some requests received no response (implied approval) and some requests have been denied.

In an attempt to improve the accuracy and quality of the cost report submission, The Health Group, LLC has generally reclassified a portion of volunteer services coordination costs to administrative and general costs on the basis of volunteer hours. By doing this, the remaining volunteer services coordination costs are allocated based on volunteer hours, excluding volunteer hours for administrative-general activities inasmuch as administrative and general costs have been previously allocated to other activities and cannot receive the allocation of any additional costs.

This process results in substantial improvement in the allocation of volunteer services coordination costs over the alternative, unless approval has been received to change the order in which administrative and support service costs are allocated.

Example: Assume a hospice has 1,000 total volunteer hours of which 400 were classified as administrative-general hours. On Worksheet A, 40% of total volunteer services coordination costs would be reclassified from volunteer services coordination costs to administrative and general costs. The remaining 60% of the volunteer services coordination costs would remain and be allocated on Worksheet B using the remaining 600 volunteer hours based on the summarized volunteer hours that excludes the administrative and general volunteer hours.

Level 1 or Level 2 Cost Report Error

When CMS was proposing changes to the Hospice Cost & Data Report, it was originally proposed that a failure to report costs as volunteer services coordination would constitute a Level 1 Error. Cost reports with Level 1 Errors are not acceptable cost report submissions.

The final cost report moved the failure to report volunteer services coordination costs to a Level 2 Error, meaning that a cost report could be submitted. Inasmuch as every hospice must have a volunteer services coordination activity (Conditions of Participation) and our concern regarding the quality of cost report submissions, we will continue to encourage CMS to make the failure to report volunteer services coordination costs a Level 1 error.

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The quality of cost report submissions is critically important as the information secured from these reports will be used for modification of hospice payment rates in the future.



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