

20.2 - Final Cost Report

(Rev. 30, 09-05-03)

All HCPPs must submit a final cost report and supporting documents to CMS no later than 120 days following the close of each reporting period that detail cost, utilization, and enrollment data for the entire reporting period. (See [42 CFR 417.810\(b\)](#)).

An extension of time to submit the report may be granted provided the HCPP requests such extension before the due date of the cost report and shows good cause for the extension. The final cost report shall be in the form and detail required by CMS. This report will be used to make final settlement for the contract period and should include, but is not limited to, the following:

- The per capita costs incurred for the provision of covered services to the HCPP's Medicare enrollees during the contract period, including costs incurred by another organization related to the HCPP through common ownership or control;
- The HCPP's methods of apportioning costs among Medicare and other enrollees, including nonenrolled patients receiving health care services on a fee-for-service or other basis; and
- Such information on enrollment and other data that CMS may require.

The total reasonable costs, which the HCPP incurs, that are related to administrative costs incurred by the HCPP in preparing the cost reports, and other data required by the program (other than costs related to reporting enrollment information) are included in Plan Administration. The CMS has the right to reject the final cost report if CMS believes there are significant deficiencies in the report.

Unless the HCPP requests and receives an extension of time for submitting the final cost report, CMS may consider the failure to report timely as evidence of a likely overpayment and may initiate recovery of amounts previously paid, reduce current interim payments, or both.

20.2.1 - Final Settlement Process for Medicare HCPPs

(Rev. 30, 09-05-03)

Final settlement with an HCPP is based on information in the cost report, subject to the Medicare program's standard audit and retroactive adjustment procedures. In addition, CMS retains the right to conduct an independent audit of the information contained in the final cost report.

Final settlement for HCPPs will equal the total reimbursable costs incurred by or on behalf of the HCPP throughout the contract period for furnishing covered care to the HCPP's Medicare enrollees (less applicable deductible and coinsurance). Once the final determination of reasonable costs is made, CMS will promptly notify the HCPP by sending a Notice of Program Reimbursement (NPR). This notice will:

- Explain CMS' determination regarding total reimbursement, including an explanation of the computation of overpayments or underpayments;
- Relate this determination to the HCPP's claimed total reimbursement;
- Explain differences between the HCPP's and CMS' determination; and
- Inform the HCPP of its right to have the determination reviewed at a hearing.

20.2.2 - Final Settlement Payment for Medicare HCPPs

(Rev. 30, 09-05-03)

If the final settlement determination is greater than payments already made to the HCPP through monthly capitation payments, an underpayment will be declared, and CMS will make a lump-sum payment to the HCPP.

Conversely, if the final settlement determination is less than the total payment made, the HCPP has been overpaid, and CMS must recover the overpayment.