

## **FREQUENTLY ASKED QUESTIONS**

### **Guidance**

#### **for**

### **FY2018 EOHHS Community Hospital Reinvestment Trust Fund for Acute Care Hospitals**

#### **REGULATION #: 101 CMR 701.00 ADMINISTRATIVE BULLETIN #: 18-05**

**Issue Date: March 28, 2018**

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The following are responses to questions of general interest that serve to clarify 101 CMR 701.00 and Administrative Bulletin 18-05 pertaining to the Community Hospital Reinvestment Trust Fund (CHRTF) funding. Please note that terms defined in the regulation and administrative bulletin have the same meanings when appearing in this document.

**Question 1:** What constitutes an independent operational and financial audit as required by 101 CMR 701.04(2)(a)?

**Answer:** An independent operational and financial audit is an objective assessment conducted to identify investment opportunities that will increase the sustainability and efficiency of the acute care hospital. The audit process may be broad or narrow in scope, must not be biased towards any particular conclusion, and must be demonstrably objective, meaning that the recommendations for particular investments must be based on research and facts gathered during the audit. The recommended investments must improve or continue health care services that benefit the uninsured, underinsured, or MassHealth population.

**Question 2:** Does an independent operational and financial audit required by 101 CMR 701.04(2)(a) need to be conducted by a third party?

**Answer:** No, the independent audit does not need to be conducted by a third party. For example, it may be conducted by an internal workgroup or committee at the acute care hospital. However, the acute care hospital must be able to demonstrate the objectivity of the audit.

**Question 3:** What constitutes permissible use of CHRTF funding?

**Answer:** An acute care hospital must use CHRTF funding to pay for an independent operational and financial audit as required by 101 CMR 701.04(2)(a), unless the hospital has previously conducted such an audit as described in the answer to Question 4 below. If a hospital has previously conducted an independent audit, as described in the answer to Question 4 below, or if a hospital has unspent CHRTF funding after such an audit has been completed, the hospital must use all unspent

CHRTF funding to implement steps identified in the audit for improving or continuing health care services that benefit the uninsured, underinsured, or MassHealth populations. No other uses of CHRTF funding are permissible.

**Question 4:** If a hospital has previously conducted an independent operational and financial audit in accordance with 101 CMR 701.04(2)(a), does the hospital have to conduct another audit?

**Answer:** No, a hospital that has previously conducted an independent operational and financial audit is not required to conduct another audit, provided the hospital can demonstrate that the previous audit satisfies the requirements of such an audit, as described in 101 CMR 701.00, Administrative Bulletin 18-05, and this document, including the requirements that the audit process is objective and that the audit recommends steps to improve or continue health care services that benefit the uninsured, underinsured, or MassHealth population.

**Question 5:** Can a hospital that either has previously conducted an independent operational and financial audit or is currently conducting such an audit in accordance with 101 CMR 701.04(2)(a) use CHRTF funds to pay for the audit?

**Answer:** A hospital that either has previously conducted an independent operational and financial audit or is currently conducting such an audit may only use CHRTF funds to pay for such an audit if the hospital has not already paid for the services to be paid for using CHRTF funds. For instance, if a hospital has engaged an auditor who is currently auditing the hospital, the hospital may not attribute CHRTF funds to an invoice from the auditor that has already been paid. However, the hospital may use CHRTF funds to pay an invoice that it has received but not yet paid, provided the audit satisfies the applicable requirements described in 101 CMR 701.00, Administrative Bulletin 18-05, and this document.

**Question 6:** How must a hospital that has previously conducted an independent operational and financial audit in accordance with 101 CMR 701.04(2)(a) use CHRTF funds?

**Answer:** If a hospital has previously conducted an independent audit meeting all applicable requirements, as described in Question 4 above, the hospital must use CHRTF funding to cover any unpaid costs of the previously conducted audit, subject to the limitations described in Question 5 above, or, if no payments are made to cover such unpaid costs of the previously conducted audit or if a hospital has unspent CHRTF funding after covering such unpaid audit costs, the hospital must use all unspent CHRTF funding to implement steps identified in the audit for improving or continuing health care services that benefit the uninsured, underinsured, or MassHealth population.

**Question 7:** Acute care hospitals may need assistance to determine whether a particular expenditure constitutes a permissible use of CHRTF funds, for instance, whether a planned or past assessment constitutes an independent operational and financial audit in accordance with 101 CMR 701.04(2)(a), or whether implementing a

particular audit requirement is permissible. Will EOHHS assist hospitals with such determinations?

**Answer:** EOHHS will work collaboratively and individually with each hospital that seeks clarification on whether payments for their independent audit or to implement steps recommended by the audit are acceptable uses of CHRTF funds. Hospitals may seek such clarification before or while spending CHRTF funds. EOHHS intends to continually work with hospitals to determine appropriate uses for CHRTF funds.

**Question 8:** If a hospital cannot determine a permissible use for CHRTF funds, whether or not the hospital has sought assistance from EOHHS as described in Question 7, what will happen to the funds the hospital has already received?

**Answer:** EOHHS expects to be able to work with hospitals to find an appropriate use for CHRTF funds before any spending occurs. However, if such a use cannot be identified, a hospital will return the funds to EOHHS. The returned funds will then be placed back into the Trust Fund and will be available for disbursement in the next CHRTF funding cycle.

**Question 9:** Is it permissible for a single individual or entity to audit two or more affiliated acute care hospitals receiving CHRTF funds, for instance, pursuant to a single contract between the hospitals' parent organization and the auditor?

**Answer:** Yes, provided (1) that each individual hospital can document the actual use of its CHRTF funds to demonstrate that the use was permissible as described in Question 3 above; and (2) that an independent operational and financial audit satisfying all applicable requirements of such an audit is conducted for each individual hospital location.

**Question 10:** When is the due date for the submission of the attestation form and how must it be submitted?

**Answer:** The attestation form is due no later than 5 p.m. on Thursday, April 19, 2018. Forms must be e-mailed to Stephanie Buckler at [Stephanie.buckler@massmail.state.ma.us](mailto:Stephanie.buckler@massmail.state.ma.us)

**Question 11:** What will happen if a hospital does not submit an attestation form by the required due date of April 19, 2018?

**Answer:** If a hospital does not submit an attestation form by the required due date, the hospital will no longer be eligible to receive CHRTF funding for fiscal year 2018. The funding allocated for the hospital will remain in the trust fund and will be available for disbursement in the next CHRTF funding cycle.

**Question 12:** Will EOHHS provide a FY18 Final Report template?

**Answer:** The FY18 Final Report template is included as Attachment B in Administrative Bulletin 18-05.

**Question 13:** Will third parties have access to hospitals' CHRTF Final Reports?

**Answer:** EOHHS does not intend to publish CHRTF Final Reports. EOHHS will report on CHRTF activities to the Centers for Medicare and Medicaid (CMS) for federal claiming purposes. EOHHS will provide copies of the CHRTF Final Reports if CMS requests them or if EOHHS is required to produce them under the state public records law.

**Question 14:** By what date must a hospital spend its FY2018 CHRTF funds?

**Answer:** Hospitals must spend FY2018 CHRTF funds by June 30, 2019.