



STATE OF WEST VIRGINIA
HEALTH CARE COST REVIEW AUTHORITY

SALLY K. RICHARDSON
Chairperson
LARRY C. FIZER
Board Member
WILLIAM L. GILLIGAN
Board Member

JOHN D. ROCKEFELLER IV,
Governor

June 8, 1984

The Honorable A. James Manchin
Secretary of State
State of West Virginia
State Capitol Complex
Charleston, West Virginia 25305

Dear Mr. Manchin:

Re: Permanent filing of Procedural
and Legislative Rules

Pursuant to West Virginia Code, §§29A-3-4, 9, please file the enclosed "Statement of Policy: Hospital Cost Containment Methodology" and "Procedural Rules for the Projecting of Gross Revenues for Hospitals, Setting the Amount of Net Revenue Over Expenditures for Hospitals, and Setting Schedules of Rates for Hospitals, Chapter 16-29B, Series III (1984)" both dated June 8, 1984, as proposed permanent rules.

These rules are filed with your office pursuant to West Virginia Code, §§29A-3-4, 9, so as to continue the formal rule-making procedures of Article 3, Chapter 29A of the Code heretofore started, on April 16, 1984. This draft replaces the draft filed with your office on April 16, 1984, and all future references should be made to this June 8, 1984, revision. Please be advised that public hearings on these rules will be held at 1:30 PM, Monday, July 9, 1984, in Room 607, Building 6, State Capitol Complex, Charleston, West Virginia. Persons wishing to comment on the rules must do so in writing. They may tender their written comments during the public hearing or by mailing them to the Authority at the address noted in the letterhead.

Please publish this notice in the State Register.

Sincerely,

Sally K. Richardson
Sally K. Richardson
Chairperson

SKR/maj

FILED IN THE OFFICE OF
A. JAMES MANCHIN
SECRETARY OF STATE

THIS DATE June 8, 1984
Administrative Law Division

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June 8, 1984

PROCEDURAL RULES

WEST VIRGINIA
HEALTH CARE COST REVIEW AUTHORITY

Procedural Rules for the Projecting of Gross Revenues for Hospitals,
Setting the Amount of Net Revenue Over Expenditures for Hospitals,
and Setting Schedules of Rates for Hospitals

Chapter 16-29B
Series III
(1984)

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Chapter 16-29B
Series III
(1984)

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PROCEDURAL RULES

WEST VIRGINIA HEALTH CARE COST REVIEW AUTHORITY

Chapter 16-29B
Series III
(1984)

Subject: Procedural Rules for the Projecting of Gross Revenues for Hospitals, Setting the Amount of Net Revenue Over Expenditures for Hospitals, and Setting Schedules of Rates for Hospitals

Section 1. General.

1.01. Scope. These procedural rules set the procedure to be used to ascertain appropriate projections of gross revenues for hospitals, to set the amount of net revenue over expenditures that is appropriate for the effective operation of each hospital, and to set initial and later rate schedules for each hospital. The procedural rules also set forth time periods for the submission of applications by hospitals pertaining to rate schedules, increases therein, and for subsequent actions on the applications including hearings in contested cases. These procedural rules supplement the Health Care Cost Review Authority Act, West Virginia Code, §16-29B-1 et seq., and the West Virginia Administrative Procedures Act, West Virginia Code, §29A-1-1 et seq., and must be read in conjunction with those Acts.

1.02. Authority. These procedural rules are issued under the Authority of the Health Care Cost Review Authority Act, West Virginia Code, §16-29B-1 et seq., the Administrative Procedures Act, West Virginia Code, §§29A-2-9, 15, and the Freedom of Information Act, West Virginia Code, §29B-1-3.

1.03. Filing Date. These procedural rules were promulgated on _____, and were filed in the Office of the Secretary of State on _____.

1.04. Effective Date. These rules become effective upon _____.

Section 2. Definitions. As used in these rules, all terms have the same meaning as provided in the definition section of the Health Care Cost Review Authority Act, West Virginia Code, §16-29B-3. Definitions of additional terms are set forth below and whenever those terms are used, the following definitions apply, except where the context may expressly otherwise require.

2.01. Act means the West Virginia Health Care Cost Review Authority Act, West Virginia Code, §16-29B-1 et seq.

2.02. Authority means the West Virginia Health Care Cost Review Authority, an autonomous division within the State Department of Health.

2.03. Gross Revenue means a hospital's gross patient revenue plus all operating and non-operating revenues from whatever source.

2.04. Hospital means:

(a) a facility subject to licensure as such under the provisions of West Virginia Code, §16-5B-1 et seq.; or

(b) any acute care facility operated by the state government which is primarily engaged in providing to inpatients, by or under the supervision of physicians, diagnostic and therapeutic services for medical diagnosis, treatment and care of injured, disabled or sick persons;

but, in either event, does not include state mental health facilities, facilities primarily engaged in rendering psychiatric diagnosis, treatment, and care, or state long-term care facilities.

2.05. Methodology means the Hospital Cost Containment Methodology, together with all of its appendices. The Methodology is a statement of policy by which the Board will make its decisions in rate-setting matters and is being filed concurrently with these procedural rules as a legislative rule pursuant to West Virginia Code, §§29A-1-2(d), (i) and §29A-3-15.

Section 3. Revenues Paid by and Rates Set for Federal Medicare and Medicaid Programs. Until such time as agreements are entered into by the Board with the Secretary of the United States Department of Health and Human Services so that department and affected state agencies allow reimbursement to hospitals subject to the provisions of this article in accordance with rates approved by the Board for services provided for by that department, nothing in these rules shall be interpreted or construed so as to allow the Board to affect revenues paid by or rates set for the Federal Medicare and Medicaid programs. Rather, until such agreements

are entered into, the Board shall set rates of payments only for all other payors.

Section 4. Initial Schedule of Rates.

4.01. Commencing Reviews. The Authority shall commence review activities for hospitals in accordance with the beginning of each hospital's fiscal year. Appendix "A", contains a chart which group the various hospitals by their fiscal year beginning dates. Appendix "B" contains charts listing the dates for each group to have completed certain tasks in order to obtain an initial schedule of rates. A hospital's review commences upon receipt of a notice from the board informing it that the hospital's review process has begun or upon sixty (60) days prior to the start of its fiscal year, whichever is later. Upon commencement of its review, a hospital may not change the rates it charges for its services to non-medicare or non-medicaid patients without the prior approval of the board.

4.02. Time Periods for Filing of Applications. At least thirty (30) days prior to the beginning date of each hospital's next fiscal year following the emergency effective date of these rules, such hospital shall file its application and a proposed budget for that fiscal year. The application shall contain the information specified in Section 5.

The application and proposed budget must be received by the Authority on or before the thirtieth day in order for there to be an effective filing.

4.03. Authority's Approval of Gross Revenue Limit. Upon receipt of the hospital's application and proposed budget, the Authority's staff shall submit to the Board a proposed gross revenue limit for that hospital. The Board shall, within fifteen (15) days after the start of the hospital's fiscal year, issue a final order setting the hospital's gross revenue limit; except that, if the application and proposed budget are received less than thirty (30) days before the start of the hospital's fiscal year, the Authority may extend the review process and the issuance of the final order to forty-five (45) days from the date the application is received. The hospital's community shall be notified by the Authority of the final order through an announcement in the media. Upon the Authority's staff's request, a conference may be held among the hospital's officials, the staff, and any interested persons at any time prior to issuance of the order.

4.04. Revised Proposed Budget and Schedule of Rates. The final order setting the gross revenue limit shall be sent to the hospital by registered mail, return receipt requested. The hospital may implement a new schedule of rates based on the gross revenue limit after receiving the final order setting such limit. Within forty-five (45) days of receipt of the final

order, the hospital shall file a revised proposed budget which takes into account the gross revenue limit set by the Board and shall also file a schedule of rates which is predicated upon that gross revenue limit. To be effectively filed, the revised proposed budget and schedule of rates must be actually received by the Board on or before the aforesaid forty-fifth day. Within thirty (30) days of receipt of the revised proposed budget and the schedule of rates, the Board shall issue a final order accepting, rejecting, or modifying the hospital's budget and schedule of rates for the impending fiscal year. The final order shall be sent to the hospital by registered mail. The hospital's community shall be notified by the Authority of the final order through an announcement in the media.

4.05. Priority of Gross Revenue Limit. Should a conflict arise between the gross revenue limit set by the board and the revenue generated or anticipated by the schedule of rates, the gross revenue limit shall take precedence and the hospital shall take actions to reduce its schedule of rates. The hospital must notify the board of the reductions made by the hospital. Nothing in this subsection is intended to apply to a situation where greater utilization than was anticipated results in the generation or anticipation of the excess gross revenue. Moreover, the board reserves the right to review the hospital's compliance with its final orders and to direct changes in the schedule of rates, following notice and an opportunity for hearing, if such action is warranted.

4.06. Notice of Contest. Should the hospital or an interested party claiming to be an affected party wish to contest a final order, the hospital or the interested party must file a written notice with the Board within twenty (20) days of the hospital's receipt of the final order. The written notice must be received by the Authority on or before the twentieth day in order for there to be an effective filing. The written notice must specifically state the basis for the hospital's or interested party's disagreement with the Board's final order. The written notice shall also set forth with specificity the facts upon which the hospital or interested party will rely to prove its case. If no written notice is timely filed, the proposed schedule of rates and gross revenue limit shall go into effect sixty (60) days from the date of issuance of the final order or earlier if the hospital wishes.

4.07. Hearing on Notice of Contest. Upon receipt of a written notice of contest, the Board shall schedule a hearing upon the matters in disagreement. The hearing shall be held no earlier than ten (10) days after receipt by the Board of the written notice of contest. The hearing shall be conducted pursuant to the provisions of West Virginia Code, §16-29B-12 and §29A-5-1 et seq. In addition, the

Rules of Procedure for Contested Case Hearings and Declaratory Rulings,

Chapter 16-1, Series I (1983) heretofore promulgated by the West Virginia Board of Health on December 30, 1982, are incorporated herein by reference and shall supplement the aforesaid code provisions.

The board or the hearing examiner may schedule and require attendance at a pre-hearing conference to be conducted by an officer appointed for that purpose by the board. The purposes of the pre-hearing conference shall be similar to the purposes of Rule 16, West Virginia Rules of Civil Procedure. Within ninety (90) days after the Board first submitted the contested final order, the Board shall issue a final order on the matters which were in disagreement at the hearing.

4.08. Appeals from Board's Final Order Following Hearing.

Should the hospital or interested party wish to further contest the Board's final order following a hearing, the hospital or interested party shall file its appeal pursuant to the provisions of West Virginia Code, §16-29B-13.

4.09. Rates During Hearings and Appeals. In the event the Board modifies the request of a hospital for a change in its rates so that the hospital obtains only a partial increase in its rate schedule,

the hospital shall have the right to accept the benefits of the partial increase in rates and charge its purchasers accordingly without in any way adversely affecting or waiving its right to contest or appeal that portion of the decision and final order of the Board which denied the remainder of the requested rate increase. Similarly, if an interested party contests or appeals the decision and final order of the Board, the hospital may charge its purchasers in accordance with the Board's decision and final order until the final order is subsequently modified by the Board or other appellate agency.

4.10. Notice to the Community. Contemporaneously with the filing of the application and proposed budget pursuant to Section 4.02, the hospital shall also cause to be published in a newspaper of general circulation in the county in which the hospital is located a legal advertisement setting forth the fact that the hospital is applying to the Board for the setting of its initial rate schedule. The legal advertisement shall summarize the effect of the requested relief and shall further state that any person desiring to inspect the application and proposed budget may do so at the hospital during the hospital's regular business hours. Also, the legal advertisement shall advise the public that any person who claims to be an interested person in the

proceedings for the setting of the initial rate schedule must file, prior to the start of the hospital's fiscal year, with the Authority a written notice setting forth the interested person's name, address, and the facts relied upon to establish his or her interest. The Authority will then send notices of all proceedings and copies of all orders to those persons deemed to be interested in the matter.

Section 5. Applications. Each hospital which must file an application pursuant to Section 4.02 shall include in that application the forms appended to these rules. The forms are to be completed pursuant to their instructions. Any additional information which the hospital believes will be useful to the Board may be submitted to the Board together with the application. The proposed budget must contain not only all usual information under generally accepted accounting principles for a budget, but must also contain a full and specific statement of all assumptions relied upon in preparing the budget.

Section 6. Changes in the Schedule of Rates. Pursuant to West Virginia Code, §16-29B-21(b), in the event that a hospital wishes to change or amend its schedule of rates after the initial schedule of rates is set pursuant to Section 4 of these rules (including any rate changes desired

prior to the start of the hospital's second fiscal year following the effective date of these rules), the hospital must file an application and proposed budget with the Authority.

6.01. Application and Proposed Budget. The application shall contain information requested on forms provided by the Authority. In addition, the hospital must provide, in a written report, the information described in West Virginia Code, §16-29B-21(b)(2). The proposed budget must contain not only all usual information under generally accepted accounting principles for a budget, but must also contain a full and specific statement of all assumptions relied upon in preparing the budget. The hospital may also submit such additional information as it wishes.

6.02. Public Hearing. Upon receipt of the application and proposed budget, the Board, if it considers necessary, may hold a public hearing on any proposed change or amendment. Such hearing shall be held no later than forty-five (45) days after receipt of the application and proposed budget.

6.03. Review by the Board. Upon receipt of the hospital's application and proposed budget, the Authority's staff shall submit to the Board a

proposed gross revenue limit for that hospital. The Authority's staff may also request a conference with the hospital's officials and any interested persons. Thereafter, the Board shall issue a final order setting the hospital's gross revenue limit. The order shall be sent by certified mail, return receipt requested, to the hospital. Within forty-five (45) days of receiving the final order, the hospital shall file with the Board a revised proposed budget and a proposed schedule of rates, each of which shall be drafted in accordance with the gross revenue limit set by the Board. Thereafter, the Board shall issue a final order setting the hospital's budget and schedule of rates. The final order shall specify the effective date of any proposed changes. The final order shall be sent by certified mail, return receipt requested, to the hospital. The hospital's community shall be notified of the final order through an announcement in the local media.

The final order on any proposed change or amendment shall not be issued more than one hundred and eighty days from the date of filing of the application and proposed budget with the Board. If the Board fails to complete its review of the proposed change within the time period specified for the review, the proposed change shall be deemed to have been approved by the Board.

6.04. Notice of Contest. Should the hospital or an interested party claiming to be an affected party wish to contest a final order, the hospital or the interested party must file a written notice with the Board within twenty (20) days of the hospital's receipt of the final order. The written notice must be received by the Authority on or before the twentieth day in order for there to be an effective filing. The written notice must specifically state the basis for the hospital's or interested party's disagreement with the Board's final order. The written notice shall also set forth with specificity the facts upon which the hospital or interested party will rely to prove its case. If no written notice is timely filed, the final order shall be effective on the date specified within the final order.

6.05. Hearing on Notice of Contest. Upon receipt of a written notice of contest, the Board shall schedule a hearing upon the matters in disagreement. The hearing shall be held no earlier than ten (10) days after receipt by the Board of the written notice of contest. The hearing shall be conducted pursuant to the provisions of West Virginia Code, §16-29B-12 and §29A-5-1 et seq. In addition, the Rules of Procedure for Contested Case Hearings and Declaratory Rulings,

Chapter 16-1, Series I (1983) heretofore promulgated by the West Virginia Board of Health on December 30, 1982, are incorporated herein by reference and shall supplement the aforesaid code provisions. The board or the hearing examiner may schedule and require attendance at a pre-hearing conference to be conducted by an officer appointed for that purpose by the board. The purposes of the pre-hearing conference shall be similar to the purposes of Rule 16, West Virginia Rules of Civil Procedure. Within ninety (90) days after the hospital's receipt of the contested final order, the Board shall issue a final order on the matters which were in disagreement at the hearing.

6.06. Appeals from Board's Final Order Following Hearing. Should the hospital or interested party wish to further contest the Board's final order following a hearing, the hospital or interested party shall file its appeal pursuant to the provisions of West Virginia Code, §16-29B-13.

6.07. Rates During Hearings and Appeals. In the event the Board modifies the request of a hospital for a change in its rates so that the hospital obtains only a partial increase in its rate schedule, the hospital shall have the right to accept the benefits of the partial

increase in rates and charge its purchasers accordingly without in any way adversely affecting or waiving its right to contest or appeal that portion of the decision and final order of the Board which denied the remainder of the requested rate increase. Similarly, if an interested party contests or appeals the decision and final order of the Board, the hospital may charge its purchasers in accordance with the Board's decision and final order until the final order is subsequently modified by the Board or other appellate agency.

6.08. Notice to the Community. Contemporaneously with the filing of the application and proposed budget pursuant to Section 6, the hospital shall also cause to be published in a newspaper of general circulation in the county in which the hospital is located a legal advertisement setting forth the fact that the hospital is applying to the Board for a change or amendment to its schedule of rates. The legal advertisement shall summarize the effect of the requested relief and shall further state that any person desiring to inspect the application and proposed budget may do so at the hospital during the hospital's regular business hours. Also, the legal advertisement shall advise the public that any person who claims to be an interested person in the proceedings for the changing or amending of the schedule of rates must file with the Authority a written notice setting forth the interested person's name, address, and the facts relied upon to establish his or

interest. The legal advertisement must inform the public that interested persons must file this notice within thirty (30) days of the hospital's filing of its application with the Authority or else the Authority will, except for good cause shown, deny the interested party's notice. The Authority will then send notices of all proceedings and copies of all orders to those persons deemed to be interested in the matter.

Section 7. Temporary Changes in a Hospital's Rates. The Legislative Rules for the Freeze on Hospital Rates and Granting of Temporary Rate Increases, Chapter 16-29B, Series II (1983), were drafted to implement Section 4 of the Act and to implement Section 21(c) of the Act insofar as it pertained to Section 4 of the Act. Those rules do not have applicability to the implementation of the hospital's initial rate schedule or to subsequent changes or amendments to that initial rate schedule.

7.01. Application for Temporary Rate Change. In the event a hospital desires to obtain a temporary change in its schedule of rates, the hospital shall submit an application to the Authority which addresses the criteria set forth in Section 21(c) of the Act. The application must state the facts in support of the temporary rate change with specificity and not in a conclusory fashion.

7.02. Immediate Effectiveness of Application. Upon receipt of the application for a temporary rate change, the Board shall review the application and decide whether or not to issue an order making the change effective immediately upon filing and in advance of review procedures. The board's decision may be treated as a final order and a hearing requested by the hospital or an interested party pursuant to Section 6.04, 6.05, and 6.06.

7.03. Preferential Review of Application. After receipt of the application for a temporary rate change, the Board shall extend preference to hospitals demonstrating immediate risk of insolvency, or demonstrating substantial financial hardship, to maintain accreditation or for emergency repairs which in the discretion of the Board justify temporary rate changes prior to the commencement of full review of the proposed rate change.

7.04. Full Review of Application. All applications for a temporary change in a hospital's schedule of rates shall be subject to full review by the Board in accordance with the principles stated in Section 6 et seq., of these rules; except that, the hospital shall cause the required legal advertisement to be published within seven (7) days of filing of the application for a temporary rate change and the hospital need not submit the information normally contained in a Section 6.01

application and proposed budget, unless such information is subsequently requested by the Board.

Section 8. Failure to Comply with Rules. Failure by a hospital or an interested party to comply with any of the requirements of these rules shall subject the hospital or the interested party to sanctions including the possibility of denial of all requested relief in an appropriate case. Failure by a hospital or an interested party to comply with the time limits set forth in these rules may also, in the discretion of the Board, cause the time limits to be extended and the failing party shall be deemed to have waived the time periods set forth in the Act and these rules or the Board may impose another appropriate sanction.

Section 9. Additional Information. Should the Board require additional information from a hospital or an interested party, then, in the discretion of the Board, the various time limits imposed by these rules shall be tolled until the information is received by the Board.

Section 10. Time Periods. In each instance in these rules where a time period is stated, the period is intended to be a maximum period.

In the event a given task is completed sooner than the stated period by the Authority, the Board, a hospital, or an interested party, then the next time period, if any, shall begin to elapse upon the actual completion date.

10.01. Calculation of Time Periods. Whenever in these rules the date by which some action is directed to be taken or accomplished would fall on a Saturday, Sunday, or a State Holiday, then the time for taking or accomplishing the action shall be extended to the next day which is not a Saturday, Sunday, or a State Holiday.

Section 11. Decisions and Records Available. Decisions and records of the Authority may be inspected in accordance with West Virginia Code, §29B-1-3, and may be copied at a charge of 25 cents per page.

Section 12. Compliance Reports. The board may require compliance reports from a hospital midway and three-quarters of the way through the hospital's fiscal year. The information requested for the compliance report shall be listed on forms to be provided by the board.

Section 13. Severability. If any provisions of these rules or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the provisions or applications of these rules which can be given effect without the invalid provisions or application and to this end the provisions of these rules are declared to be severable.

APPENDIX A

APPENDIX A

GROUP 1 HOSPITALS (FISCAL YEAR BEGINS JULY 1)

- | | |
|--|--------------------------------------|
| 1. Beckley Appalachian Regional Hospital | 12. Pocahontas Memorial Hospital |
| 2. Bluefield Community Hospital | 13. Potomac Valley Hospital |
| 3. Boone Memorial Hospital | 14. Preston Memorial Hospital |
| 4. Calhoun General Hospital | 15. Princeton Community Hospital |
| 5. Camden-Clark Memorial Hospital | 16. Summers County Hospital |
| 6. Grafton City Hospital | 17. Webster County Memorial Hospital |
| 7. Grant Memorial Hospital | 18. Weirton Medical Center |
| 8. Hampshire Memorial Hospital | 19. Welch Emergency Hospital |
| 9. Man Appalachian Regional Hospital | 20. Wetzel County Hospital |
| 10. Monongalia General Hospital | |
| 11. Morgan County War Memorial Hospital | |

GROUP 2 HOSPITALS (FISCAL YEAR BEGINS SEPTEMBER 1)

1. Greenbrier Valley Hospital
2. St. Luke's Hospital

GROUP 3 HOSPITALS (FISCAL YEAR BEGINS OCTOBER 1)

- | | |
|--|---|
| 1. Cabell-Huntington Hospital | 12. Reynolds Memorial Hospital |
| 2. Davis Memorial Hospital | 13. Roane General Hospital |
| 3. Herbert J. Thomas Memorial Hospital | 14. Sacred Heart Hospital |
| 4. Huntington Hospital | 15. St. Joseph's Hospital (Buckhannon) |
| 5. Jackson General Hospital | 16. St. Mary's Hospital |
| 6. Jefferson Memorial Hospital | 17. Stonewall Jackson Memorial Hospital |
| 7. Kanawha Valley Memorial Hospital | 18. United Hospital Center |
| 8. Memorial General Hospital | 19. Wheeling Hospital |
| 9. Ohio Valley Medical Center | 20. Williamson Memorial Hospital |
| 10. Pleasant Valley Hospital | 21. Wyoming General Hospital |
| 11. Putnam General Hospital | |

GROUP 4 HOSPITALS (FISCAL YEAR BEGINS NOVEMBER 1)

1. Guyan Valley Hospital

GROUP 5 HOSPITALS (FISCAL YEAR BEGINS JANUARY 1)

- | | |
|-------------------------------------|---|
| 1. Beckley Hospital, Inc. | 12. Logan General Hospital |
| 2. Braxton County Memorial Hospital | 13. Montgomery General Hospital |
| 3. Broaddus Hospital | 14. Plateau Medical Center |
| 4. Charleston Area Medical Center | 15. Raleigh General Hospital |
| 5. City Hospital | 16. St. Francis Hospital |
| 6. E. C. Leonard Memorial Hospital | 17. St. Joseph's Hospital (Parkersburg) |
| 7. Eye and Ear Clinic of Charleston | 18. Sistersville General Hospital |
| 8. Fairmont General Hospital | 19. Summersville Memorial Hospital |
| 9. Frank E. Pick Memorial Hospital | 20. Tucker County Hospital |
| 10. Guthrie Memorial Hospital | 21. Weirton Osteopathic Hospital |
| 11. Holden Hospital | 22. West Virginia University Hospital |

GROUP 6 HOSPITALS (FISCAL YEAR BEGINS APRIL 1)

1. Stevens Clinic Hospital

APPENDIX B

APPENDIX B

April 1, 1984

- (a) HCCRA requests information from Group 1 hospitals.

June 1, 1984

- (a) Group 1 hospitals submit requested information to HCCRA.
- (b) HCCRA requests information from Group 2 hospitals.

July 1, 1984

- (a) Group 1 hospitals begin reporting on the uniform reporting system.
- (b) HCCRA requests information from Group 3 hospitals.

July 16, 1984

- (a) HCCRA sets revenue limit for Group 1 hospitals.

August 1, 1984

- (a) Group 2 hospitals submit requested information to HCCRA.
- (b) HCCRA requests information from Group 4 hospitals.

August 30, 1984

- (a) Group 1 hospitals submit a final budget and rate schedule to meet revenue limit.

September 1, 1984

- (a) Group 2 hospitals begin reporting on the uniform reporting system.
- (b) Group 3 hospitals submit requested information to HCCRA.

APPENDIX B (Continued)

September 17, 1984

- (a) HCCRA sets revenue limit for Group 2 hospitals.

September 30, 1984

- (a) HCCRA approves final budget and rate schedule for Group 1 hospitals.

October 1, 1984

- (a) Group 3 hospitals begin reporting on the uniform reporting system.
- (b) Group 4 hospitals provide HCCRA with requested information.
- (c) HCCRA requests information from Group 5 hospitals.

October 15, 1984

- (a) HCCRA sets revenue limit for Group 3 hospitals.

November 1, 1984

- (a) Group 2 hospitals submit a final budget and rate schedule to meet revenue limit.
- (b) Group 4 hospitals begin reporting on the uniform reporting system.

November 15, 1984

- (a) HCCRA sets revenue limit for Group 4 hospitals.

November 29, 1984

- (a) Group 3 hospitals submit a final budget and rate schedule based on revenue limit.

APPENDIX B (Continued)

December 1, 1984

- (a) HCCRA approves final budget and rate schedule for Group 2 hospitals.
- (b) Group 5 hospitals submit requested information to HCCRA.

December 31, 1984

- (a) HCCRA approves final budget and rate schedule for Group 3 hospitals.
- (b) Group 4 hospitals submit a final budget and rate schedule based on revenue limit.

January 1, 1985

- (a) Group 5 hospitals begin reporting on the uniform reporting system.
- (b) HCCRA requests information from Group 6 hospitals.

January 15, 1985

- (a) HCCRA sets revenue limit for Group 5 hospitals.

January 30, 1985

- (a) HCCRA approves final budget and rate schedule for Group 4 hospitals.

March 1, 1985

- (a) Group 5 hospitals submit a final budget and rate schedule to meet revenue limit.
- (b) Group 6 hospitals submit requested information to HCCRA.

APPENDIX B (Continued)

April 1, 1985

- (a) HCCRA approves final budget and rate schedule for Group 5 hospitals.
- (b) Group 6 hospitals begin reporting on the uniform reporting system.

April 15, 1985

- (a) HCCRA sets revenue limit for Group 6 hospitals.

May 30, 1985

- (a) Group 6 hospitals submit a final budget and rate schedule to meet revenue limit.

July 1, 1985

- (a) Authority approves final budget and rate schedule for Group 6 hospitals.

WEST VIRGINIA HEALTH CARE COST REVIEW AUTHORITY

Emergency Filing

PROCEDURAL RULES

Procedural Rules for the Projecting of Gross Revenues for Hospitals,
Setting the Amount of Net Revenue Over Expenditures for Hospitals,
and Setting Schedules of Rates for Hospitals

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Time periods for filing of applications, 4.02

IMPLEMENTATION SCHEDULE FOR PHASE ONE METHODOLOGY	1984												1985													
	APR 1	JUN 1	JUL 1	JUL 16	AUG 1	AUG 30	SEPT 1	SEPT 17	SEPT 30	OCT 1	OCT 15	NOV 1	NOV 15	NOV 29	DEC 1	DEC 31	JAN 1	JAN 15	JAN 30	MAR 1	APR 1	APR 15	MAY 30	JUL 1		
HCCRA Requests Information From Hospitals	1	2	3		4				5								6									
Hospitals Submit Requested Information		1			2	3			4						5						6					
Hospitals Begin Reporting on The Uniform Reporting System			1			2		3		4							5				6					
HCCRA Establishes Allowed Revenue Limit				1			2		3		4						5				6					
Hospitals Submit Budget and Rate Schedule Based on Allowed Revenue Limit					1					2		3			4						5		6			
HCCRA Approves Budget and Rate Schedule								1						2	3						4	5			6	

APPENDIX C

Institution Name _____ Fiscal Year _____

Institution Number _____ Budget Year _____

Check if Fourth Quarter Projection

	INPATIENT DAYS	SOURCE	PAYOR CLASSIFICATION			TOTAL
			MEDICARE	MEDICAID	ALL OTHER	
	<u>NUMBER OF PATIENTS</u>					
A	Fiscal Year Discharges	Records				
B	Projected Change	Budget				
C	Budget Year Discharges	A + B				
	<u>PATIENT DAYS</u>					
D	Fiscal Year Patient Days	Records				
E	Budget Year Patient Days	C x G				
	<u>AVERAGE LENGTH OF STAY</u>					
F	Fiscal Year Length of Stay	D + A				
G	Budget Year Length of Stay	Estimate				
	<u>BEDS AND OCCUPANCY</u>					
H	Licensed Beds - Fiscal Year	Records				
I	Licensed Beds - Budget Year	Budget				
J	Beds Set Up - Fiscal Year	Records				
K	Beds Set Up - Budget Year	Budget				
L	% Occupancy - Fiscal Year	D ÷ (Hx365)				
M	% Occupancy - Budget Year	E ÷ (Ix365)				

INPATIENT DAYS

R-1

INSTRUCTIONS:

Utilization data must be provided for three years. For each of the two previous years, complete Lines A, D, F, H, J, and L entering the appropriate numbers by payor classification. For Lines H - M, complete only the column labeled "TOTAL."

For the third year (FY-84), complete two copies of R-1. On one copy, use three quarters of actual data with projections for the fourth quarter. Complete a separate form with fourth-quarter projections only. For Lines A - G, enter the appropriate number by payor classification. For Lines H - M, complete only the column labeled "TOTAL."

NUMBER OF PATIENTS

- Line A Enter the number of discharges for the fiscal year.
- Line B Estimate budget year increase (decrease) in annual number of inpatient discharges.
- Line C Compute budget year discharges by adding the amounts in Lines A and B.

PATIENT DAYS

- Line D Enter the fiscal year patient days.
- Line E Multiply Line C (budget year discharges) by Line G (budget year length of stay).

AVERAGE LENGTH OF STAY

- Line F Compute the fiscal year average length of stay by dividing Line D (fiscal year patient days), by Line A, (fiscal year discharges).
- Line G Enter the projected budget average year length of stay based on historic utilization trends.

BEDS AND OCCUPANCY

- Line H Enter the number of average licensed beds for the fiscal year. In determining the average number of licensed beds, add the number of licensed beds at the beginning of each month and divide by twelve.

INPATIENT DAYS
(continued)

R-1

- Line I Enter the projected budget year average number of licensed beds.
- Line J Enter the number of beds set up for the fiscal year.
- Line K Enter the number of beds set up for the budget year.
- Line L Compute percent occupancy for fiscal year by dividing Line D, fiscal year patients, by the product of Line H, average licensed beds - fiscal year, multiplied by 365 days
(Line D) - (Line H x 365).
- Line M Compute percent occupancy for budget year by dividing Line E, budget year patient days, by the product of Line I, average licensed beds - budget year, multiplied by 365 days
(Line E) - (Line I x 365).

OUTPATIENT VISITS

R-2

Institution Name _____ Fiscal Year _____
 Institution Number _____ Budget Year _____

Check if Fourth Quarter Projection _____

	OUTPATIENT VISITS	SOURCE	PAYOR CLASSIFICATION			TOTAL
			MEDICARE	MEDICAID	ALL OTHER	
	<u>EMERGENCY ROOM</u>					
A	Base Year	Records				
B	Projected Change	Budget				
C	Total Visits	A + B				
	<u>CLINIC VISITS</u>					
D	Base Year	Records				
E	Projected Change	Budget				
F	Total Visits	D + E				
	<u>OTHER (specify)</u>					
G	Base Year	Records				
H	Projected Change	Budget				
I	Total Visits	G + H				
J	TOTAL	C + F + I				

OUTPATIENT VISITS

R-2

INSTRUCTIONS:

In accumulating data, provide visits not occasions of service. Data must be provided for three years. Complete Lines A, D, and G on Form R-2 for each of the two previous years. For the third year, complete two copies of Form R-2. On one copy, use three quarters of actual data with projections for the fourth quarter. Complete a separate form with fourth-quarter projections only.

- Line A Enter the number of Emergency Room visits by payor classification and the total number of these visits for the previous fiscal year.
- Line B Enter the projected change in Emergency Room visits for the next fiscal year by payor classification and enter the projected total change in the number of visits in the total column (last column).
- Line C Calculate the sum of Lines A and B and enter the total number of Emergency Room visits by payor classification. Next add the sum of Medicare, Medicaid, and all other payors and enter the result in the total column (last column).
- Line D Enter the number of clinic visits by payor classification and the total number of these visits for the previous fiscal year.
- Line E Enter the projected change in clinic visits for the next fiscal year by payor classification and enter the projected total change in the number of visits in the total column (last column).
- Line F Calculate the sum of Lines A and B and enter the total number of clinic visits by payor classification. Next add the sum of Medicare, Medicaid, and all other payors and enter the result in the total column (last column).
- Line G Enter the number of other visits by payor classification and the total number of these visits for the previous fiscal year.
- Line H Enter the projected change in other visits for the next fiscal year by payor classification and enter the projected total change in the number of visits in the total column (last column).

OUTPATIENT VISITS
(continued)

R-2

- Line I Calculate the sum of Lines A and B and enter the total number of other visits by payor classification. Next add the sums of Medicare, Medicaid, and all other payors and enter the result.
- Line J Total Lines C, F and I by payor classification. Next total Line J and enter the result in the total column (last column).

R-3
Modified

NON-SUPERVISORY
WAGE AND SALARY SUMMARY

Institution Name _____ Fiscal Year _____

Institution Number _____ Budget Year _____

	FISCAL YEAR	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
A	FY - 1982			
B	FY - 1983			
C	FY - 1984 (12 months)			
D	FY - 1984 (4th quarter)			

NON-SUPERVISORY
WAGE AND SALARY SUMMARY

INSTRUCTIONS:

Summary data must be provided for three years. For each of the two previous years, complete lines A and B using audited data (if available). For the third year, FY-84, complete two lines: On line C, provide one full year of data using three quarters of actual data and projections for the fourth quarter. On line D, provide fourth-quarter projections only.

FRINGE BENEFITS CALCULATION

R-4

Institution Name _____ Fiscal Year _____
 Institution Number _____ Budget Year _____

Check if Fourth Quarter Projection _____

	TYPE OF FRINGE BENEFIT	NON-SUPERVISORY	SUPERVISORY
A	FICA		
B	Unemployment Insurance Compensation (SUI & FUI)		
C	Workers' Compensation		
D	Group Health and Life Insurance and Union Health and Welfare		
E	Pension and Retirement		
F	Other Employee Benefits		
G	Sub-Total (A + B + C + D + E + F)		
H	Cafeteria, Parking, Etc., Loss		
I	Employee Benefits Included In Cafeteria, Parking, Etc., Loss		
J	Sub-Total (H + I)		
K	Holiday Pay		
L	Vacation Pay		
M	Sick Pay		
N	Total Fringe Benefits (G + J + K + L + M)		

FRINGE BENEFITS CALCULATION

R-4

INSTRUCTIONS:

The Fringe Benefits Calculation form allocates the cost of fringe benefits between non-supervisory and supervisory employees. For each line, separate the costs attributable to each group under its particular heading.

In completing Lines A-M, use actual amounts for supervisory and non-supervisory (if available). Where these records are not maintained, calculate by using proportions.

Calculation of non-supervisory proportion of fringe benefits: Calculate non-supervisory wages divided by total wages. Multiply by total dollar amount of each type of fringe benefit.

Calculation of supervisory proportion of fringe benefits: Calculate supervisory wages divided by total wages. Multiply by total dollar amount of each type of fringe benefit.

Data must be provided for three years. For each of the two previous years, complete the form using audited data (if available). For the third year (FY-84), complete two copies. On one copy use three quarters of actual data with projections for the fourth quarter. Complete a separate form with fourth-quarter projections only.

STATEMENT OF REVENUE AND EXPENSES

R-5A

Institution Name _____ Fiscal Year _____

Institution Number _____ Budget Year _____

Check if Fourth Quarter Projection _____

CLASSIFICATION	MEDICARE		MEDICAID		OTHER	TOTAL
	INPATIENT	OUTPATIENT	INPATIENT	OUTPATIENT		
1. Gross Patient Revenue	L	O	R	V	A	
2. Contractual Allowances	M	P	S	W	B	
3. Uncollectable Accounts					C	
4. Charity Care					D	
5. Net Patient Revenue			T		E	
6. Operating Expenses	N	Q	U	X	F	
7. Other Operating Revenue					G	
8. Non-Operating Revenue Interest					H	
9. Non-Operating Revenue Gifts					I	
10. Non-Operating Revenue Other					J	
11. Excess Revenue Over Expense					K	

INSTRUCTIONS:

Data must be provided for three years. For each of the two previous years, complete the forms using audited data (if available). For the third year (FY-84), complete two copies. On one copy, provide one full year of data using three quarters of actual data and projections for the fourth quarter. Complete a separate form with fourth-quarter projections only.

- A - E Enter all data requested from the Statement of Revenue and Expenses, source documents or hospital records.
- F Enter total operating expenses. This figure should include all taxes except State and Federal income tax. All data should come from the Statement of Revenue and Expenses, source documents or hospital records.
- G - K Enter all data requested from the Statement of Revenue and Expenses, source documents or hospital records.
- L Calculate and enter total gross patient charges from Medicare patients. Use Medicare Cost Report, Worksheet E, Part II, line titled "Total customary charges." Add inpatient charges, Part A, plus outpatient charges, Part B, 80%, (column 1 plus column 3).
- M Calculate contractual allowance associated with Medicare patients. Use Medicare Cost Report, Worksheet E, Part II. Add line titled "Excess of aggregate cost over aggregate charges" minus column 1 and column 3 from line titled "allowable return on equity capital."
- N Calculate operating expense associated with Medicare patients. Use Medicare Cost Report, Worksheet E, Part II, line titled "Cost of services." Add inpatient charges, Part A, plus outpatient charges, Part B, 80%, (column 1 plus column 3). Do not include allowable return on equity capital.
- O Enter total gross patient charges from Medicaid patients. Use Medicare Cost Report, Worksheet E-5, Part II, line titled "Total customary charges."
- P Calculate contractual allowance associated with Medicaid patients. Use Medicare Cost Report, Worksheet E-5, Part II. Add the line titled "Excess of customary charges over reasonable cost" minus the line titled "Allowable return on equity capital."
- Q Enter operating expense associated with Medicare patients. Use Medicare Cost Report, Worksheet E-5, Part II, line titled "Cost of services." Do not include allowable return on equity capital.
- R Enter amount of gross patient revenue for Medicaid outpatient services from hospital records.

STATEMENT OF REVENUE AND EXPENSES
(continued)

R-5A

- S Enter amount of contractual allowance associated with Medicaid outpatient service from hospital records.
- T Enter amount of reimbursement associated with Medicaid outpatient service from hospital records.
- U Calculate amount of operating expense associated with Medicaid outpatient service. 1) Calculate ratio of cost to charges for outpatient services. Use Medicare Cost Report, Worksheet C, lines titled "Outpatient Service Cost Centers - clinic and emergency." Using column 1, add the quantity (clinic costs plus emergency costs) divide by the quantity (clinic charges plus emergency charges). 2) Multiply the resulting cost to charge ratio by line R and enter the result.
- V Calculate gross patient revenue for all other payors ($V=A-(L+O+R)$).
- W Calculate contractual allowance for all other payors ($W=B-(M+P+S)$).
- X Calculate operating expense for all other payors ($X=F-(N+Q+U)$).

DISTRIBUTION OF OPERATING EXPENSE

Institution Name _____ Fiscal Year _____

Institution Number _____ Budget Year _____

Check if Fourth Quarter Projection _____

CLASSIFICATION OF PAYOR	TOTAL	SUPERVISORY	NON-SUPERVISORY	ALL OTHER
Total	1)	6)	7)	8)
Medicare	2)	9)	10)	11)
Medicaid - Inpatient	3)	12)	13)	14)
Medicaid - Outpatient	4)	15)	16)	17)
All Other Payors	5)	18)	19)	20)

INSTRUCTIONS:

Data must be provided for three years. For each of the two previous years, complete the form using audited data (if available). For the third year (FY-84), complete two copies. On one copy use three quarters of actual data with projections for the fourth quarter. Complete a separate form with fourth quarter projections only. Ratios used for calculations should be rounded to four decimal places.

TOTAL OPERATING EXPENSE		SOURCE
1	Total operating expense	WVHCRA R-5A, Line F
2	Total Medicare expense	WVHCRA R-5A, Line N
3	Total Medicaid inpatient expense	WVHCRA R-5A, Line O
4	Total Medicaid outpatient expense	WVHCRA R-5A, Line U
5	Total Non-Medicare/Medicaid expense	Line 1 minus (Lines 2 + 3 + 4)
6	Total supervisory wages, salaries and fringe benefits	Records, Budget
7	Total non-supervisory wages, salaries and fringe benefits	Records, Budget
8	All other expenses	Line 1 minus (Lines 6 + 7)
9	Medicare portion of supervisory wages, salaries and fringe benefits	(Line 2 ÷ Line 1) x Line 6
10	Medicare portion of non-supervisory wages, salaries and fringe benefits	(Line 2 ÷ Line 1) x Line 7
11	Medicare portion of all other expenses	Line 2 - (Lines 9 + 10)
12	Medicaid inpatient portion of supervisory wages, salaries and fringe benefits	(Line 3 ÷ Line 1) x Line 6
13	Medicaid inpatient portion of non-supervisory wages, salaries and fringe benefits	(Line 3 ÷ Line 1) x Line 7
14	Medicaid inpatient portion of all other expenses	Line 3 minus (Lines 12 + 13)
15	Medicaid outpatient portion of supervisory wages, salaries and fringe benefits	(Line 4 ÷ Line 1) x Line 6
16	Medicaid outpatient portion of non-supervisory wages, salaries and fringe benefits	(Line 4 ÷ Line 1) x Line 7
17	Medicaid outpatient portion of all other expenses	Line 4 minus (Lines 15 + 16)
18	All other payors' portion of supervisory wages, salaries and fringe benefits	Line 6 minus (Lines 9 + 12 + 15)
19	All other payors' portion of non-supervisory wages, salaries and fringe benefits	Line 7 minus (Lines 10 + 13 + 16)
20	All other payors' portion of all other expenses	Line 8 minus (Lines 11 + 14 + 17)

CALCULATION OF ALLOWED REVENUE

R-5C

Institution Name _____

Fiscal Year _____

Institution Number _____

Budget Year _____

	OPERATING EXPENSES	SOURCE	TOTAL
1	Calculate expenses which exclude government expenses and non-supervisory wage, salary & fringe benefit expense	R-5B, Line 18 + 20	
2	Calculate allowance for Medicaid outpatient	R-5A, Line U - Line T	
3	Calculate charges for charity and uncollectable accounts	R-5A, Line C + Line D	
4	Calculate cost-to-charge ratio	R-5A, Line F - Line A	
5	Calculate allowance for charity and uncollectable accounts	R-5C, Line 3 x Line 4	
6	Calculate expense base	R-5C, Line 1 + Line 2 + Line 5	
7	Inflation factor	HCCRA	
8	Calculate inflated expense base	R-5C, (Line 6 x Line 7) + (Line 6)	
9	Charges for non-government contractual allowance	R-5A, Line W	
10	Total wages, salaries, and fringe benefits for non-supervisory personnel projected for next fiscal year	Budget for next fiscal year	
11	Calculate non-supervisory wages and fringe benefits for non-government patients	R-5C, (Line 10) x (R-5B, Line 19 - R-5B, Line 7)	
12	Calculate total revenue requirements	R-5C, Line 8 + Line 9 + Line 11	

CALCULATION OF ALLOWED REVENUE

Page Two

R-5C

Institution Name _____ Fiscal Year _____

Institution Number _____ Budget Year _____

	OPERATING EXPENSES	SOURCE	TOTAL
13	Fund balance	Records, budget	
14	Calculate return on equity	R-5C, Line 13 x inflation factor to be provided by HCCRA	
15	Total operating revenue	R-5A, Line G	
16	Interest income (excluding legally restricted interest income)	Records, budget	
17	Calculate allowed gross patient revenue before adjustments	R-5C, (Line 12 + Line 14) - (Line 15 + Line 16)	
18	Adjustments (for special considerations, etc.)	Supplied by HCCRA	
19	Total allowed gross patient revenue for non-Medicare and non-Medicaid	Supplied by HCCRA	