



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

April 16, 1984

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

*On file in  
Haley 11/1/89*

Dear Mr. Manchin:

Re: Emergency filing of Procedural and  
Legislative Rules

Pursuant to West Virginia Code, §29A-3-15(e), 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)" as emergency rules. The promulgation of these rules on an emergency basis is necessary to comply with a time limitation established by West Virginia Code, §§16-29B-10, 19. Moreover, emergency promulgation is necessary to prevent the substantial harm to the public interest due to increasing, unreasonable expenditures of economic resources for acute care hospital health services which the Legislature found to be occurring in this State and which the board of directors can only begin to address by immediate promulgation of these rules.

These rules are also filed with your office pursuant to West Virginia Code, §§29A-3-4, 9, so as to begin the formal rule-making procedures of Chapter 29A of the Code. Please be advised that public hearings on these rules, will be held at 1:00 P.M., on May 16, 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 hearings 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  
Chairperson

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

THIS DATE April 16, 1984  
Administrative Law Division

SKR/lq

Enclosures

STATE CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

TELEPHONE (304) 348-2678

April 16, 1984

*PROPOSED REGULATIONS*

~~Emergency Filing~~

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)

FILED IN THE OFFICE OF  
A. JAMES MANCHIN  
SECRETARY OF STATE  
THIS DATE *April 16, 1984*  
Administrative Law Division

WEST VIRGINIA HEALTH CARE COST REVIEW AUTHORITY

~~Emergency Planning~~

PROCEDURAL RULES

Procedural Rules for the Projecting of Gross Revenues for Hospitals,  
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and Setting Schedules of Rates for Hospitals

Chapter 16-29B  
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~~Emergency Filing~~

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

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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 must be read in conjunction with that Act.

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 April 16, 1984, and were filed in the Office of the Secretary of State on April 16, 1984.

1.04. Effective Date. These rules become effective upon filing under the emergency provisions of West Virginia Code, §29A-3-15, and shall remain in effect for a period of one hundred and eighty days, and each rule may be renewed for another one-hundred-and-eighty-day period pursuant to the provisions of that statute.

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.

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 thirty (30) days of receipt of the hospital's application and proposed budget, issue an initial order tentatively setting the hospital's gross revenue limit; except that, if the application and proposed budget are received more than sixty (60) days prior to the start of the hospital's next fiscal year, then the Board's thirty (30) day response period will not begin to elapse prior to sixty (60) days before the start of the hospital's next fiscal year.

4.04. Revised Proposed Budget and Schedule of Rates. The initial order setting the gross revenue limit shall be sent to the hospital by certified mail, return receipt requested. Within twenty (20) days of receipt of the initial 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 twentieth day. Within ten (10) days of receipt

of the revised proposed budget and the schedule of rates, the Board shall issue a final order setting 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 local media.

4.05. Notice of Contest. Should the hospital or an interested party claiming to be an affected party wish to contest the 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.

4.06. 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. Within ninety (90) days after the Board first submitted the proposed schedule of rates, the Board shall issue a final order on the matters which were in disagreement at the hearing.

4.07. 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.

4.08. 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.

4.09. 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 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. 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. Thereafter, the Board shall issue an initial order tentatively setting the hospital's gross revenue limit. The initial order shall be sent by certified mail, return receipt requested, to the hospital. Within thirty (30) days of receiving the initial 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 tentatively 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 change. 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 the final order setting the revised proposed budget and the schedule of rates, 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. Within ninety (90) days after the Board first submitted the proposed schedule of rates, 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 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 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.

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 are Maximums. 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.

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. 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. West Virginia University Hospital |
| 10. Monongalia General Hospital          | 21. Wetzel County 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                 |   |

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 sets revenue limit for Group 1 hospitals.
- (c) HCCRA requests information from Group 3 hospitals.

July 20, 1984

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

August 1, 1984

- (a) HCCRA approves final budget and rate schedule for Group 1 hospitals.
- (b) Group 2 hospitals submit requested information to HCCRA.
- (c) HCCRA requests information from Group 4 hospitals.

September 1, 1984

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

APPENDIX B  
(continued)

September 20, 1984

- (a) Group 2 hospitals submit a final budget and rate schedule to meet revenue limit.

October 1, 1984

- (a) HCCRA approves final budget and rate schedule for Group 2 hospitals.
- (b) Group 3 hospitals begin reporting on the uniform reporting system.
- (c) HCCRA sets revenue limit for Group 3 hospitals.
- (d) Group 4 hospitals provide HCCRA with requested information.
- (e) HCCRA requests information from Group 5 hospitals.

October 20, 1984

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

November 1, 1984

- (a) HCCRA approves final budget and rate schedule for Group 3 hospitals.
- (b) Group 4 hospitals begin reporting on the uniform reporting system.
- (c) HCCRA sets revenue limit for Group 4 hospitals.

November 20, 1984

- (a) Group 4 hospitals submit a final budget and rate schedule based on revenue limit.

December 1, 1984

- (a) HCCRA approves final budget and rate schedule for Group 4 hospitals.
- (b) Group 5 hospitals submit requested information to HCCRA.

APPENDIX B  
(continued)

January 1, 1985

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

January 20, 1985

- (a) Group 5 hospitals submit a final budget and rate schedule to meet revenue limit.

February 1, 1985

- (a) HCCRA approves final budget and rate schedule for Group 5 hospitals.

March 1, 1985

- (a) Group 6 hospitals submit requested information to HCCRA.

April 1, 1985

- (a) Group 6 hospitals begin reporting on the uniform reporting system.
- (b) HCCRA sets revenue limit for Group 6 hospitals.

April 20, 1985

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

May 1, 1985

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

IMPLEMENTATION SCHEDULE FOR  
FOR PHASE ONE METHODOLOGY

	1984							1985												
	APR 1	JUN 1	JUL 1	JUL 20	AUG 1	SEP 1	SEP 20	OCT 1	OCT 20	NOV 1	NOV 20	DEC 1	JAN 1	JAN 20	FEB 1	MAR 1	APR 1	APR 20	MAY 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

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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Institution Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_ Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection

	INPATIENT DAYS	SOURCE	PAYOR CLASSIFICATION		
			MEDICARE	MEDICAID	ALL OTHER
	<u>NUMBER OF PATIENTS</u>				TOTAL
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 ÷ (I x 365)			
M	% Occupancy - Budget Year	E ÷ (I x 365)			

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).

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY

Institution Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_ Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection

JOB CLASSIFICATION	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
A Admitting - Discharge Clerk			
B Billing Clerk			
C Cashier - Business Office			
D Clerk/Typist			
E Computer Operator			
F Dietitian			
G EKG Technician			
H Executive Secretary			
I File Clerk			
J Food Service Helper (Dietary Aide I)			
K General Duty Nurse			
L Hospital Cleaner (Hskpg. Aide & Custodian)			
M Key Punch Operator (Class A)			
N Laboratory Assistant			

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY  
Page Two

R-3

Institution Name \_\_\_\_\_

Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_

Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection

JOB CLASSIFICATION	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
O Laboratory Technician I			
P Laboratory Technician II			
Q Licensed Physician Support Personnel			
R Licensed Practical Nurse			
S Mail and Messenger Clerk			
T Maintenance Helper			
U Maintenance Mechanic			
V Medical Records Clerk			
W Medical Records Technician ART			
X Medical Secretary			
Y Medical Social Worker (M.S.W.)			
Z Social Worker (B.S.)			

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY  
Page Three

Institution Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_ Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection

	JOB CLASSIFICATION	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
AA	Medical Technologist (ASCP)			
AB	Medical Transcriber			
AC	Nuclear Medicine Technician (Reg.)			
AD	Nurse Anesthetist			
AE	Nurse Practitioner/Clinician			
AF	Nursing Aide (Nursing Asst. I)			
AG	Nursing Aide (Nursing Asst. II)			
AI	Pharmacy Technician			
AI	Physical Therapist			
AJ	Radiologic Technician			
AK	Registrar: Emergency Room, Outpatient			
AL	Respiratory Therapy Technician (Non-Cert.)			
AM	Respiratory Therapy Technician (Cert.)			

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY  
Page Four

R-3

Institution Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_ Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection

JOB CLASSIFICATION	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
AN Secretary I			
AO Security Officer			
AP Special Procedures Technologist			
AQ Staff Pharmacist			
AR Stationary Engineer			
AS Surgical Technician (Cert.)			
AT Surgical Technician (Non-Cert.)			
AU Telephone Operator			
AV Ultrasound Technician			
AW Unit Clerk			

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY

R-3

Page Five

Institution Name \_\_\_\_\_ Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_ Budget Year \_\_\_\_\_

Check if Fourth Quarter Projection \_\_\_\_\_

JOB CLASSIFICATION	TOTAL WAGES	NUMBER OF FTE'S	AVERAGE SALARY PER FTE
AX Other Classifications (Specify)			
TOTALS			

NON-SUPERVISORY  
WAGE AND SALARY SUMMARY

R-3

INSTRUCTIONS:

To complete the Wage and Salary Summary, the following calculations must be performed.

All non-supervisory total wages must be divided among the job titles on the form. Any titles that are not included on the form, but included in the allocation must also be listed using Line AX - Other Classifications. The number of FTE's for each job classification must be listed in the appropriate column. The average salary per FTE should be calculated by dividing the total wages by the number of FTE's for each classification.

For explanations of the job classifications, refer to the definitions contained in the West Virginia Health Care Cost Review Authority Uniform Reporting Manual.

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.

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. Uncollectible 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	

STATEMENT OF REVENUE AND EXPENSES

R-5A

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, use three quarters of actual data with 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" plus 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" plus 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

R-5B

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)

DISTRIBUTION OF OPERATING EXPENSE

R-5B

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 Q
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	Total gross patient revenue	R-5A, Line A	
2	Total operating expenses	R-5A, Line F	
3	Total wages, salaries and fringe benefits for non-supervisory personnel	R-5B, Line 7	
4	Calculate wage, salaries and fringe benefits for non-supervisory personnel as a percentage of total operating expense	Line 3 ÷ Line 2	
5	Total expenses for Medicare patients	R-5B, Line 2	
6	Total expenses for Medicaid patients	R-5B, Lines 3 + 4	
7	Calculate total government expenses	Lines 5 + 6	
8	Calculate non-Medicare/Medicaid expenses	Line 2 - Line 7	
9	Calculate expenses which exclude government expenses and non-supervisory wage, salaries and fringe benefit expense	R-5B, Lines 18 + 20	
10	Medicaid outpatient allowance	R-5A, Line U - Line T	
11	Total charges for charity care	R-5A, Line D	
12	Total charges for uncollectable accounts	R-5A, Line C	
13	Calculate cost to charge ratio	Line 2 ÷ Line 1	
14	Charity care and bad debt allowance	(Lines 11 + 12) x Line 13	
15	Expense base	Lines 9 + 10 + 14	

CALCULATION OF ALLOWED REVENUE

R-5C

Page Two

Institution Name \_\_\_\_\_

Fiscal Year \_\_\_\_\_

Institution Number \_\_\_\_\_

Budget Year \_\_\_\_\_

OPERATING EXPENSES		SOURCE	TOTAL
16	Inflation factor	Supplied by HCCRA	
17	Inflated expense base	Line 15 + (Lines 16 x 15)	
18	Total charges for non-government contractual allowances	R-5A, Line W	
19	Total wages, salaries and fringe benefits for non-supervisory personnel projected for next fiscal year	Budget for next fiscal year	
20	Calculate non-supervisory wages and fringe benefits for non-government patients	Line 19 times R-5B, Line 19 R-5B, Line 7	
21	Calculate total revenue requirements	Lines 17 + 18 + 20	
22	Fund balance	Records, Budget	
23	Calculate return on equity	Line 22 x Inflation factor to be provided by HCCRA	
24	Total other operating revenue	R-5A, Line G	
25	Interest income (excluding legally restricted interest income)	Records, Budget	
26	Calculate allowed gross patient revenue before adjustments	(Lines 21 + 23) minus (Lines 24 + 25)	
27	Adjustments (for special considerations, etc.)	Supplied by HCCRA	
28	Total allowed gross patient revenue for non-Medicare and non-Medicaid	Supplied by HCCRA	

FISCAL NOTE FOR PROPOSED RULES

Procedural Rules for the Projecting of Gross Revenues for Hospitals, Setting the Amount of Net Revenue over Expenditures for Hospitals,

Rule No. 16-29B, Series III

Subject and Setting Schedules of Rates for Hospitals\*

Type of Rule:  Legislative  Interpretive  Procedural

Agency Health Care Cost Review Authority Address State Capitol Complex

Charleston, WV 25305

Authorized Representative Bill J. Crouch Phone 348-2678

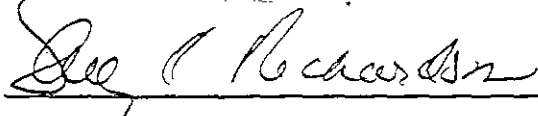
1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$	\$	\$	\$	\$
Personal Services			0	323,400	347,655
Current Expense			0	189,455	208,401
Repairs and Alterations			0	0	0
Equipment			0	10,554	0
Others					

2. Explanation of above estimates.

Personal Services includes 7 FTE professional (Rate Analysts) staff, 3 clerical staff, and 67% of the Board Members, General Counsel, and Executive Secretary's salaries. Current Expenses includes fringe benefits and operating expenses for the rate review section, court reporters, etc., and Equipment includes basic office equipment purchases for new staff.\*

3. Date April 16, 1984 Agency Health Care Cost Review Authority

Signature of Agency Head



Signature of Authorized Representative

\*The "Procedural Rules for the Projecting of Gross Revenues. . ." etc., should be read in conjunction with the Legislative Rules "Statement of Policy: Hospital Cost Containment Methodology". Because both sets of rules must be used conjointly, their fiscal impact cannot be separated. Therefore, the same Fiscal Note is attached to both sets of regulations.

STATEMENT OF ECONOMIC IMPACT OF PROPOSED RULES OR REGULATIONS

Agency 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  
Rule No. 16-29B, Series III      Subject for Hospitals

1. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government.

The Health Care Cost Review Authority would be required to make decisions on the reasonableness of each acute care hospital's budget and schedule of rates. Approximately 7 full-time professional staff will be utilized in the review process, as well as 3 FTE clerical staff.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

West Virginia Acute Care Hospitals would be limited in the rate of increase in charges to consumers. In general; hospital operating costs would be adjusted by reasonable inflation factors.

C. Economic Impact on Citizens/Public at Large.

These rules will result in a savings to the public by restraining the rate of increase in acute care hospital charges.

Date April 16, 1984      Agency Health Care Cost Review Authority

Signature of Agency Head



Signature of Authorized Representative

†The above amounts are approximately one-half of the Agency's budget, and are amounts that are directly related to the rate review process. Other agency functions such as maintaining a uniform reporting system, auditing, utilization review and quality assurance, and review of insurance filings will be funded from the remainder of the Agency's budget.