



North Carolina Department of Health and Human Services
Division of Medical Assistance

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December 12, 2014

TO: North Carolina Medicaid Hospitals

SUBJECT: Treatment of Hospital Provider Assessment (Provider Tax) in Medicaid Cost Reports

This Memorandum clarifies and replaces the November 10, 2014 Memorandum on the same subject. Clarifications from the earlier memorandum are identified beginning on Page 7 below.

On March 26, 2012, CMS approved the North Carolina State Plan Amendment (SPA) #11-003 which, in part, implemented a provider assessment (provider tax) program for North Carolina Medicaid hospitals. The effective date of this SPA was January 1, 2011. The Division of Medical Assistance (DMA) must be able to accurately and uniformly identify provider tax expense in the Medicaid cost reports for the purpose of setting rates, performing calculations necessary for the annual DSH/MRI/GAP Model, performing the annual Disproportionate Share Hospital (DSH) independent audit, and evaluating cost settlement. This objective is accomplished by establishing a unique cost center and set of accumulated cost statistics for the Medicaid Hospital Provider Tax.

To accomplish this objective, DMA requires the following steps for cost reports submitted on or after November 10, 2014.

1. On the Medicaid CMS 2552-10, under the Administrative & General (A&G) cost center (5.00), establish a subscribed cost center and name it "Medicaid Hospital Provider Tax". An example would be cost center Line Number 5.02 or 5.03. Hospitals vary in their operational requirements for subscribing A&G; therefore, DMA is not requiring a specific subscribed line number. Instead, DMA requires that the subscribed cost center for Medicaid Hospital Provider Tax sequentially follows the identification of standard A&G expense.

Example:

Line 5.01 Other Administrative & General

Line 5.02 Medicaid Hospital Provider Tax

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Should Not Be:
Line 5.01 Medicaid Hospital Provider Tax
Line 5.02 Other Administrative & General

DMA does not require the use of CMS 2552-10 software from a specific vendor; however, for illustrative purposes, DMA currently uses CMS 2552-10 software from HFS, and the above objective can be accomplished as shown in Attachment 1.

2. Following Step 1, establish accumulated cost statistics for the newly subscribed cost center “Medicaid Provider Tax Expense”.

For illustrative purposes with HFS, the above objective can be accomplished as shown in Attachment 2.

3. Following Step 2, Open the Form Worksheet B-1 – Cost Allocation – Statistical Basis. The Medicaid Hospital Provider Tax is based on hospital expense and should not be allocated via statistics to non-hospital cost centers such as Rural Health Clinic, Hospice, Home Health, Skilled Nursing Facility, etc. For each of the non-hospital cost centers, force the accumulated cost statistic to zero (\$0) so that it will not allocate cost.

For illustrative purposes with HFS, the above objective can be accomplished as shown in Attachment 2.

4. The DSH / MRI / GAP plan is developed and executed based on a federal fiscal year of 10/1 – 9/30. Providers who incur Medicaid Hospital Provider Tax expense shall file a workpaper with their Medicaid Hospital cost report that reconciles the amount of provider tax expense identified in the CMS 2552-10 Medicaid cost report (Worksheet A) to the DSH / MRI / GAP Plan(s) which cover the cost reporting period.



Exhibit 1. Establish Cost Center. One method to do this in HFS is to use Cost Center and Statistics Set Up Function in the Edit Function Dropdown Box

The screenshot shows the MCRIF32 software interface. The title bar reads "MCRIF32 - 2552-10 - Version 5.6.155.0 - [A - Trial Balance of Expenses?]. The menu bar includes File, Edit, New Forms, Options, Tools, Window, and Help. The Edit menu is open, showing options: Cut (Ctrl+X), Copy (Ctrl+C), Paste (Ctrl+V), Add Lines..., Delete Lines..., Cost Center and Statistics Set Up..., and Move/Change/Combine Cost Centers... An arrow points from the text above to the 'Cost Center and Statistics Set Up...' option.

The main window displays a table with the following columns: Cost Center Description, Salaries (1.00), Other (2.00), Total (col. 1 + col. 2) (3.00), Reclassifications (See A-6) (4.00), Reclassified Trial Balance (col. 3 + col. 4) (5.00), Adjustments (See A-8) (6.00), and Net Expenses For Allocation (7.00). The table is divided into two sections: GENERAL SERVICE COST CENTERS and INPATIENT ROUTINE SERVICE COST CENTERS.

Cost Center Description	Salaries (1.00)	Other (2.00)	Total (col. 1 + col. 2) (3.00)	Reclassifications (See A-6) (4.00)	Reclassified Trial Balance (col. 3 + col. 4) (5.00)	Adjustments (See A-8) (6.00)	Net Expenses For Allocation (7.00)
GENERAL SERVICE COST CENTERS							
1.00 00100 CAP REL COSTS-BLDG & FIXT		0	0	0	0	0	1.00
2.00 00200 CAP REL COSTS-MVBLE EQUIP		0	0	0	0	0	2.00
3.00 00300 OTHER CAP REL COSTS		0	0	0	0	0	3.00
4.00 00400 EMPLOYEE BENEFITS DEPARTMENT	30,000,000	10,000,000	40,000,000	0	40,000,000	0	4.00
5.00 00500 ADMINISTRATIVE & GENERAL	30,000,000	55,000,000	85,000,000	0	85,000,000	0	5.00
6.00 00600 MAINTENANCE & REPAIRS	0	0	0	0	0	0	6.00
7.00 00700 OPERATION OF PLANT	10,000,000	300,000	10,300,000	0	10,300,000	0	7.00
8.00 00800 LAUNDRY & LINEN SERVICE	1,000,000	1,000,000	2,000,000	0	2,000,000	0	8.00
9.00 00900 HOUSEKEEPING	2,500,000	2,500,000	5,000,000	0	5,000,000	0	9.00
10.00 01000 DIETARY	1,000,000	4,000,000	5,000,000	0	5,000,000	0	10.00
11.00 01100 CAFETERIA	100,000	900,000	1,000,000	0	1,000,000	0	11.00
12.00 01200 MAINTENANCE OF PERSONNEL	300,000	1,000,000	1,300,000	0	1,300,000	0	12.00
13.00 01300 NURSING ADMINISTRATION	0	0	0	0	0	0	13.00
14.00 01400 CENTRAL SERVICES & SUPPLY	0	0	0	0	0	0	14.00
15.00 01500 PHARMACY	0	0	0	0	0	0	15.00
16.00 01600 MEDICAL RECORDS & LIBRARY	0	0	0	0	0	0	16.00
17.00 01700 SOCIAL SERVICE	0	0	0	0	0	0	17.00
18.00 01850 OTHER GENERAL SERVICE (SPECIFY)	0	0	0	0	0	0	18.00
19.00 01900 NONPHYSICIAN ANESTHETISTS	0	0	0	0	0	0	19.00
20.00 02000 NURSING SCHOOL	0	0	0	0	0	0	20.00
21.00 02100 I&R SERVICES-SALARY & FRINGES APPRVD	0	0	0	0	0	0	21.00
22.00 02200 I&R SERVICES-OTHER PRGM COSTS APPRVD	0	0	0	0	0	0	22.00
23.00 02300 PARAMED ED PRGM-(SPECIFY)	0	0	0	0	0	0	23.00
INPATIENT ROUTINE SERVICE COST CENTERS							
30.00 03000 ADULTS & PEDIATRICS	40,000,000	13,000,000	53,000,000	0	53,000,000	0	30.00
31.00 03100 INTENSIVE CARE UNIT	0	0	0	0	0	0	31.00
32.00 03200 CORONARY CARE UNIT	0	0	0	0	0	0	32.00
33.00 03300 BURN INTENSIVE CARE UNIT	0	0	0	0	0	0	33.00
34.00 03400 SURGICAL INTENSIVE CARE UNIT	0	0	0	0	0	0	34.00
40.00 04000 SUBPROVIDER - IPF	0	0	0	0	0	0	40.00
41.00 04100 SUBPROVIDER - IRF	0	0	0	0	0	0	41.00
42.00 04200 SUBPROVIDER	0	0	0	0	0	0	42.00
43.00 04300 NURSERY	0	0	0	0	0	0	43.00
44.00 04400 SKILLED NURSING FACILITY	0	0	0	0	0	0	44.00
45.00 04500 NURSING FACILITY	0	0	0	0	0	0	45.00

The status bar at the bottom shows: Copyright 2006-2014 by Charles H. Briggs. All rights reserved. 2552-10 C:\Users\jimflowers\Desktop\Tax Test 3.mcrx



Exhibit 1. Add two (2) "Other Administrative & General" subscribed cost center to A&G (5.00); in this example, the subscribed cost centers have been added as 5.01 and 5.02. The first subscribed cost center will replace the standard Administrative & General cost center (5.00). Rename the second subscribed cost center to "Medicaid Hospital Provider Tax".

The screenshot shows the 'Cost Center and Statistic Set Up' window in MCRIF32. The main window lists various cost centers with columns for Line, Code, Cost Center Description, Stat Code, and Stat Label. A secondary window is open, showing details for 'Line: 5.02'. This window includes a list of cost centers and a section for adding new ones. An arrow points to the 'Add' button, and another arrow points to the 'Line: 5.02' field. The background window shows a list of cost centers, with '5.01' and '5.02' highlighted, indicating they have been added to the system.

Line	Code	Cost Center Description	Stat Code	Stat Label
1.00	00100	CAP REL COSTS-BLDG & FXT	1	SQUARE FEET
2.00	00200	CAP REL COSTS-MVBLE EQUIP	2	DOLLAR VALUE
3.00	00300	OTHER CAP REL COSTS		
4.00	00400	EMPLOYEE BENEFITS DEPARTMENT	4	GROSS SALARIES
5.00	00500	ADMINISTRATIVE & GENERAL	-5	ACCUM. COST
5.01	00590	OTHER ADMINISTRATIVE AND GENERAL	-5	ACCUM. COST
5.02	00591	MEDICAID HOSPITAL PROVIDER TAX	-5	ACCUM. COST
6.00	00600	MAINTENANCE & REPAIRS	1	SQUARE FEET
7.00	00700	OPERATION OF PLANT	1	SQUARE FEET
8.00	00800	LAUNDRY & LINEN SERVICE	8	POUNDS OF LAUNDRY
9.00	00900	HOUSEKEEPING	9	HOURS OF SERVICE
10.00	01000	DIETARY	10	MEALS SERVED
11.00	01100	CAFETERIA	11	MEALS SERVED
12.00	01200	MAINTENANCE OF PERSONNEL	12	NUMBER HOUSED
13.00	01300	NURSING ADMINISTRATION	13	DIRECT NURS. HRS.
14.00	01400	CENTRAL SERVICES & SUPPLY	14	COSTED REQUIS.
15.00	01500	PHARMACY	15	COSTED REQUIS.
16.00	01600	MEDICAL RECORDS & LIBRARY	16	TIME SPENT
17.00	01700	SOCIAL SERVICE	17	TIME SPENT
18.00	01850	OTHER GENERAL SERVICE (SPECIFY)	18	TIME SPENT
19.00	01900	NONPHYSICIAN ANESTHETISTS	19	ASSIGNED TIME
20.00	02000	NURSING SCHOOL	20	ASSIGNED TIME

Exhibit 1. Delete the original Administrative & General cost center (Line 5.00). Use the newly subscribed “Other Administrative & General” cost center (Line 5.01 in this example) as the standard A&G cost center. If you do not delete the original A&G Cost Center (5.00) after subscribing, the program will create a Level 1 Error.

Line	Code	Cost Center Description	Stat Code	Stat Label
1.00	00100	CAP REL COSTS-BLDG & FXT	1	SQUARE FEET
2.00	00200	CAP REL COSTS-MVBLE EQUIP	2	DOLLAR VALUE
3.00	00300	OTHER CAP REL COSTS		
4.00	00400	EMPLOYEE BENEFITS DEPARTMENT	4	GROSS SALARIES
5.00	00500	ADMINISTRATIVE & GENERAL	-5	ACCUM. COST
5.01	00590	OTHER ADMINISTRATIVE AND GENERAL	-5	ACCUM. COST
5.02	00591	MEDICAID HOSPITAL PROVIDER TAX	-5	ACCUM. COST
6.00	00600	MAINTENANCE & REPAIRS	1	SQUARE FEET
7.00	00700	OPERATION OF PLANT	1	SQUARE FEET
8.00	00800	LAUNDRY & LINEN SERVICE	8	POUNDS OF LAUNDRY
9.00	00900	HOUSEKEEPING	9	HOURS OF SERVICE
10.00	01000	DIETARY	10	MEALS SERVED
11.00	01100	CAFETERIA	11	MEALS SERVED
12.00	01200	MAINTENANCE OF PERSONNEL	12	NUMBER HOUSED
13.00	01300	NURSING ADMINISTRATION	13	DIRECT NURS. HRS.
14.00	01400	CENTRAL SERVICES & SUPPLY	14	COSTED REQUIS.
15.00	01500	PHARMACY	15	COSTED REQUIS.
16.00	01600	MEDICAL RECORDS & LIBRARY	16	TIME SPENT
17.00	01700	SOCIAL SERVICE	17	TIME SPENT
18.00	01850	OTHER GENERAL SERVICE (SPECIFY)	18	TIME SPENT
19.00	01900	NONPHYSICIAN ANESTHETISTS	19	ASSIGNED TIME
20.00	02000	NURSING SCHOOL	20	ASSIGNED TIME

Line	Code	Description	Stat Code	Stat Label
00540		NONPATIENT TELEPHONES	10	
00550		DATA PROCESSING	10	
00560		PURCHASING RECEIVING AND STORES	10	
00570		ADMITTING	10	
00580		CASHIERING/ACCOUNTS RECEIVABLE	10	
00590		OTHER ADMINISTRATIVE AND GENERAL	8	



Exhibit 2. Create Accumulated Cost as the statistic for Medicaid Hospital Provider Tax. From the same Cost Center and Statistics function, select the Stat Codes tab. Place cursor in the Stat Code cell adjacent to the newly created subscribed cost center, Medicaid Hospital Provider Tax. Choose a new Stat Code Number which is not currently one of the defaults or one already in use by the provider. In the example below, DMA chose “6”. Using HFS as an example, the use of a negative sign ‘-’ preceding the Stat Code forces it to use accumulated cost. Rename the Stat Label as “Accum Cost With Force Zero”.

The screenshot displays the 'Cost Center and Statistic Set Up' window in the MCRIF32 software. The 'Stat Codes' tab is selected, showing a list of codes and labels. A new entry with code '-6' and label 'ACCUM. COST WITH FORCE ZERO' is highlighted. Arrows point to this entry and the 'Stat Codes' tab. The background shows a list of cost centers.

Line	Code	Cost Center Description	Stat Code	Stat Label
1.00	00100	CAP REL COSTS-BLDG & FIXT	1	SQUARE FEET
2.00	00200	CAP REL COSTS-MVBLE EQUIP	2	DOLLAR VALUE
3.00	00300	OTHER CAP REL COSTS		
4.00	00400	EMPLOYEE BENEFITS DEPARTMENT	4	GROSS SALARIES
5.01	00590	OTHER ADMINISTRATIVE AND GENERAL	-5	ACCUM. COST
5.02	00591	MEDICAID HOSPITAL PROVIDER TAX	-6	ACCUM. COST WITH FORCE ZERO
6.00	00600	MAINTENANCE & REPAIRS	1	SQUARE FEET
7.00	00700	OPERATION OF PLANT	1	SQUARE FEET
8.00	00800	LAUNDRY & LINEN SERVICE	8	POUNDS OF LAUNDRY
9.00	00900	HOUSEKEEPING	9	HOURS OF SERVICE
10.00	01000	DIETARY	10	MEALS SERVED
11.00	01100	CAFETERIA	11	MEALS SERVED
12.00	01200	MAINTENANCE OF PERSONNEL	12	NUMBER HOUSED
13.00	01300	NURSING ADMINISTRATION	13	DIRECT NURS. HRS.
14.00	01400	CENTRAL SERVICES & SUPPLY	14	COSTED REQUIS.
15.00	01500	PHARMACY	15	COSTED REQUIS.
16.00	01600	MEDICAL RECORDS & LIBRARY	16	TIME SPENT
17.00	01700	SOCIAL SERVICE	17	TIME SPENT
18.00	01850	OTHER GENERAL SERVICE (SPECIFY)	18	TIME SPENT
19.00	01900	NONPHYSICIAN ANESTHETISTS	19	ASSIGNED TIME
20.00	02000	NURSING SCHOOL	20	ASSIGNED TIME
21.00	02100	I&R SERVICES-SALARY & FRINGES APPRVD	21	ASSIGNED TIME

Stat Codes List:

Code	Label
1	SQUARE FEET
2	DOLLAR VALUE
4	GROSS SALARIES
-5	ACCUM. COST
-6	ACCUM. COST WITH...

Legend:

- S = Gross Salaries
- C = Gross Charges
- I = Inpatient Charges
- O = Outpatient Charges
- P = Total Patient Days
- Negative Number = Accumulated Cost



Exhibit 3. Input standard A&G expense on Worksheet A, Line 5.01 and the Hospital Provider Tax Expense on Line 5.02. In this example, the provider tax was \$1,000,000 and originally part of A&G Other, \$55,000,000 in Exhibit 1.

MCRIF32 - 2552-10 - Version 5.6.155.0 - [A - Trial Balance of Expenses]

File Edit View Forms Options Tools Window Help

A - Trial Balance of Expenses

New Open Close Calculate Print Form Preview Form Cut Copy Paste Open Form Add Lines Delete Lines

Fiscal Year: 00/00/0000 to 00/00/0000 Not Calculated

× A - Trial Balance of Expenses

RECLASSIFICATION AND ADJUSTMENTS OF TRIAL BALANCE OF EXPENSES				Provider CCN:		Period From:		Worksheet A	
Line	Cost Center Description	Salaries	Other	Total (col. 1 + col. 2)	Reclassifications (See A-6)	Reclassified Trial Balance (col. 3 + col. 4)	Adjustments (See A-8)	Net Expenses For Allocation	
		1.00	2.00	3.00	4.00	5.00	6.00	7.00	
GENERAL SERVICE COST CENTERS									
1.00	00100 CAP REL COSTS-BLDG & FIXT		0	0	0	0	0	0	1.00
2.00	00200 CAP REL COSTS-MVBLE EQUIP		0	0	0	0	0	0	2.00
3.00	00300 OTHER CAP REL COSTS		0	0	0	0	0	0	3.00
4.00	00400 EMPLOYEE BENEFITS DEPARTMENT	30,000,000	10,000,000	40,000,000	0	40,000,000	0	40,000,000	4.00
5.01	00590 OTHER ADMINISTRATIVE AND GENERAL	30,000,000	54,000,000	84,000,000	0	84,000,000	0	84,000,000	5.01
5.02	00591 MEDICAID HOSPITAL PROVIDER TAX	0	1,000,000	1,000,000	0	1,000,000	0	1,000,000	5.02
6.00	00600 MAINTENANCE & REPAIRS		0	0	0	0	0	0	6.00
7.00	00700 OPERATION OF PLANT	10,000,000	300,000	10,300,000	0	10,300,000	0	10,300,000	7.00
8.00	00800 LAUNDRY & LINEN SERVICE	1,000,000	1,000,000	2,000,000	0	2,000,000	0	2,000,000	8.00
9.00	00900 HOUSEKEEPING	2,500,000	2,500,000	5,000,000	0	5,000,000	0	5,000,000	9.00
10.00	01000 DIETARY	1,000,000	4,000,000	5,000,000	0	5,000,000	0	5,000,000	10.00
11.00	01100 CAFETERIA	100,000	900,000	1,000,000	0	1,000,000	0	1,000,000	11.00
12.00	01200 MAINTENANCE OF PERSONNEL	300,000	1,000,000	1,300,000	0	1,300,000	0	1,300,000	12.00
13.00	01300 NURSING ADMINISTRATION	0	0	0	0	0	0	0	13.00
14.00	01400 CENTRAL SERVICES & SUPPLY	0	0	0	0	0	0	0	14.00
15.00	01500 PHARMACY	0	0	0	0	0	0	0	15.00
16.00	01600 MEDICAL RECORDS & LIBRARY	0	0	0	0	0	0	0	16.00
17.00	01700 SOCIAL SERVICE	0	0	0	0	0	0	0	17.00
18.00	01850 OTHER GENERAL SERVICE (SPECIFY)	0	0	0	0	0	0	0	18.00
19.00	01900 NONPHYSICIAN ANESTHETISTS	0	0	0	0	0	0	0	19.00
20.00	02000 NURSING SCHOOL	0	0	0	0	0	0	0	20.00
21.00	02100 I&R SERVICES-SALARY & FRINGES APPRVD	0	0	0	0	0	0	0	21.00
22.00	02200 I&R SERVICES-OTHER PRGM COSTS APPRVD	0	0	0	0	0	0	0	22.00
23.00	02300 PARAMED ED PRGM-(SPECIFY)	0	0	0	0	0	0	0	23.00
INPATIENT ROUTINE SERVICE COST CENTERS									
30.00	03000 ADULTS & PEDIATRICS	40,000,000	13,000,000	53,000,000	0	53,000,000	0	53,000,000	30.00
31.00	03100 INTENSIVE CARE UNIT	0	0	0	0	0	0	0	31.00
32.00	03200 CORONARY CARE UNIT	0	0	0	0	0	0	0	32.00
33.00	03300 BURN INTENSIVE CARE UNIT	0	0	0	0	0	0	0	33.00
34.00	03400 SURGICAL INTENSIVE CARE UNIT	0	0	0	0	0	0	0	34.00
40.00	04000 SUBPROVIDER - IPF	0	0	0	0	0	0	0	40.00
41.00	04100 SUBPROVIDER - IRF	0	0	0	0	0	0	0	41.00
42.00	04200 SUBPROVIDER	0	0	0	0	0	0	0	42.00
43.00	04300 NURSERY	0	0	0	0	0	0	0	43.00
44.00	04400 SKILLED NURSING FACILITY	0	0	0	0	0	0	0	44.00

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Start Desktop 3:49 PM 12/9/2014



Exhibit 4. Adjust Accumulated Cost Statistic for Medicaid Hospital Provider Tax to remove apportionment to non-hospital cost centers. Open the Form Worksheet B-1 – Cost Allocation – Statistics. Using HFS CMS 2552-10 software as an example, select each cell in the Medicaid Hospital Provider Tax column with the non-hospital accumulated cost statistic (i.e. RHC, Non-Reimbursable Cost Centers, etc.). Right click and select the option of Force to Zero. This will allow the hospital statistics to use accumulated cost of the preceding columns but force the non-hospital cost centers to zero so they will not receive an apportionment of hospital provider tax. In HFS, the statistic will change color when forced to zero and will show as zero when recalculated.

To assure that hospital provider tax does not get stepped down as overhead to non-hospital cost centers, cells with statistics in the General Service Cost Center Lines of the Medicaid Hospital Provider Tax Column are adjusted by forcing to zero. See Exhibit 4A and 4B.

To assure that the hospital provider tax does not receive an overhead allocation from A&G, the Hospital Provider Tax Accumulated Cost cell in A&G is adjusted by forcing to zero. See Exhibit 4A and 4B.

Exhibit 4A (Before)

	Cost Center Description	ATED COSTS		Reconciliation	OTHER ADMINISTRATIVE AND GENERAL (ACCUM. COST)	Reconciliation	MEDICAID HOSPITAL PROVIDER TAX (ACCUM. COST WITH FORCE)	MAINTENANCE & REPAIRS (SQUARE FEET)	OPERATION OF PLANT (SQUARE FEET)	LA
		MVBLE EQUIP (DOLLAR VALUE)	EMPLOYEE BENEFITS DEPARTMENT (GROSS SALARIES)							
		2.00	4.00	5A.01	5.01	5A.02	5.02	6.00	7.00	
GENERAL SERVICE COST CENTERS										
1.00	00100									
2.00	00200	150								
4.00	00400		86,900,000							
5.01	00590		30,000,000	-97,808,970	108,291,030					
5.02	00591				1,000,000	-1,903,205	204,196,795			
6.00	00600							150		
7.00	00700		10,000,000		14,902,990		28,363,445			150
8.00	00800		1,000,000		2,460,299		4,682,453			
9.00	00900		2,500,000		6,150,748		11,706,134			
10.00	01000		1,000,000		5,460,299		10,392,068			
11.00	01100		100,000		1,046,030		1,990,810			
12.00	01200		300,000		1,438,090		2,736,980			
13.00	01300									
14.00	01400									
15.00	01500									
16.00	01600									
17.00	01700									
18.00	01850									
19.00	01900									
20.00	02000									
21.00	02100									
22.00	02200									
23.00	02300									
INPATIENT ROUTINE SERVICE COST CENTERS										
30.00	03000	50	40,000,000		71,411,976		135,911,601	50		50
31.00	03100									
32.00	03200									
33.00	03300									
34.00	03400									
40.00	04000									
41.00	04100									
42.00	04200									



Exhibit 4B (After) This shows Reconciliation Column 5A.01 and 5A.02 where applicable values have been forced to zero.

MCRIF32 - 2552-10 - Version 5.6.155.0 - [B-1 - Cost Allocation - Statistical Basis]

File Edit View Forms Options Tools Window Help

B-1 - Cost Allocation - Statistical Basis

New Open Close Calculate Print Form Preview Form Cut Copy Paste Open Form Add Lines Delete Lines

Fiscal Year: 00/00/0000 to 00/00/0000 Calculated

A - Trial Balance of Expenses B-1 - Cost Allocation - Statistical Basis

COST ALLOCATION - STATISTICAL BASIS

	Cost Center Description	CAPITAL RELATED COSTS		EMPLOYEE BENEFITS DEPARTMENT (GROSS SALARIES)	Reconciliation	OTHER ADMINISTRATIVE AND GENERAL (ACCUM. COST)	Reconciliation	MEDICAID HOSPITAL PROVIDER TAX (ACCUM. COST WITH FORCE)	MAINTENANCE & REPAIRS (SQUARE FEET)
		BLDG & FIXT (SQUARE FEET)	MVBLE EQUIP (DOLLAR VALUE)						
		1.00	2.00	4.00	5A.01	5.01	5A.02	5.02	6.00
GENERAL SERVICE COST CENTERS									
1.00	00100	150							
2.00	00200		150						
4.00	00400	0	0	86,900,000					
5.01	00590	0	0	30,000,000	-97,808,970	107,291,030			
5.02	00591	0	0	0	-1,000,000	0	-1,000,000	144,963,293	
6.00	00600	0	0	0	0	0	0	0	150
7.00	00700	0	0	10,000,000	0	14,902,990	-28,488,898	0	0
8.00	00800	0	0	1,000,000	0	2,460,299	-4,703,164	0	0
9.00	00900	0	0	2,500,000	0	6,150,748	-11,757,911	0	0
10.00	01000	0	0	1,000,000	0	5,460,299	-10,438,033	0	0
11.00	01100	0	0	100,000	0	1,046,030	-1,999,615	0	0
12.00	01200	0	0	300,000	0	1,438,090	-2,749,086	0	0
13.00	01300	0	0	0	0	0	0	0	0
14.00	01400	0	0	0	0	0	0	0	0
15.00	01500	0	0	0	0	0	0	0	0
16.00	01600	0	0	0	0	0	0	0	0
17.00	01700	0	0	0	0	0	0	0	0
18.00	01850	0	0	0	0	0	0	0	0
19.00	01900	0	0	0	0	0	0	0	0
20.00	02000	0	0	0	0	0	0	0	0
21.00	02100	0	0	0	0	0	0	0	0
22.00	02200	0	0	0	0	0	0	0	0
23.00	02300	0	0	0	0	0	0	0	0
INPATIENT ROUTINE SERVICE COST CENTERS									
30.00	03000	50	50	40,000,000	0	71,411,976	0	136,512,776	50
31.00	03100	0	0	0	0	0	0	0	0
32.00	03200	0	0	0	0	0	0	0	0
33.00	03300	0	0	0	0	0	0	0	0
34.00	03400	0	0	0	0	0	0	0	0
40.00	04000	0	0	0	0	0	0	0	0
41.00	04100	0	0	0	0	0	0	0	0
42.00	04200	0	0	0	0	0	0	0	0

B-1 - Cost Allocation - Statistical Basis 2552-10 C:\Users\jimflowers\Desktop\Tax Test 3.mcrx

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Exhibit 4C and 4D continue the example showing where the accumulated cost statistic for a Non-Hospital cost center (RHC in this example) has been forced to zero.

Exhibit 4C (Before)

The screenshot shows the MCRIF32 software interface. The title bar reads "MCRIF32 - 2552-10 - Version 5.6.155.0 - [B-1 - Cost Allocation - Statistical Basis]". The menu bar includes File, Edit, View, Forms, Options, Tools, Window, and Help. The toolbar contains buttons for New, Open, Close, Calculate, Print Form, Preview Form, Cut, Copy, Paste, Open Form, Add Lines, and Delete Lines. The status bar shows "Fiscal Year: 00/00/0000 to 00/00/0000" and "Calculated".

The main window displays a table titled "COST ALLOCATION - STATISTICAL BASIS". The table has columns for Cost Center Description, MVBLE EQUIP (DOLLAR VALUE), EMPLOYEE BENEFITS DEPARTMENT (GROSS SALARIES), Reconciliation (5A.01), OTHER ADMINISTRATIVE AND GENERAL (ACCUM. COST), Reconciliation (5A.02), MEDICAID HOSPITAL PROVIDER TAX (ACCUM. COST WITH FORCE TO ZERO), MAINTENANCE & REPAIRS (SQUARE FEET), OPERATION OF PLANT (SQUARE FEET), and LA. The table lists various cost centers, including "WHOLE BLOOD & PACKED RED BLOOD CELLS" through "HEART ACQUISITION".

A context menu is open over the table, with the "Force to Zero" option selected. The menu options are: Cut, Copy, Paste, Force to Zero, Override with Value..., Remove Override, and Create Adjustment... The "Force to Zero" option is highlighted, indicating that the user is about to force the accumulated cost for a selected cost center to zero.

At the bottom of the window, the copyright notice reads "Copyright 2006-2014 by Charles H. Briggs. All rights reserved." and the file path is "C:\Users\jimflowers\Desktop\Tax Test 3.mcrx". The taskbar shows the Start button, several application icons, and the system clock displaying "4:01 PM 12/9/2014".



Exhibit 4D (After)

MCRIF32 - 2552-10 - Version 5.6.155.0 - [B-1 - Cost Allocation - Statistical Basis]

File Edit View Forms Options Tools Window Help

B-1 - Cost Allocation - Statistical Bas

New Open Close Calculate Print Form Preview Form Cut Copy Paste Open Form Add Lines Delete Lines

Fiscal Year: 00/00/0000 to 00/00/0000 Calculated

A - Trial Balance of Expenses B-1 - Cost Allocation - Statistical Basis

COST ALLOCATION - STATISTICAL BASIS

	Cost Center Description	CAPITAL RELATED COSTS		EMPLOYEE BENEFITS DEPARTMENT (GROSS SALARIES)	Reconciliation	OTHER ADMINISTRATIVE AND GENERAL (ACCUM. COST)	Reconciliation	MEDICAID HOSPITAL PROVIDER TAX (ACCUM. COST WITH FORCE)	MAINTENANCE & REPAIRS (SQUARE FEET)	
		BLDG & FIXT (SQUARE FEET)	MVBLE EQUIP (DOLLAR VALUE)							
		1.00	2.00	4.00	5A.01	5.01	5A.02	5.02	6.00	
65.00	06500 RESPIRATORY THERAPY	0	0	0	0	0	0	0	0	
66.00	06600 PHYSICAL THERAPY	0	0	0	0	0	0	0	0	
67.00	06700 OCCUPATIONAL THERAPY	0	0	0	0	0	0	0	0	
68.00	06800 SPEECH PATHOLOGY	0	0	0	0	0	0	0	0	
69.00	06900 ELECTROCARDIOLOGY	0	0	0	0	0	0	0	0	
70.00	07000 ELECTROENCEPHALOGRAPHY	0	0	0	0	0	0	0	0	
71.00	07100 MEDICAL SUPPLIES CHARGED TO PATIENTS	0	0	0	0	0	0	0	0	
72.00	07200 IMPL. DEV. CHARGED TO PATIENTS	0	0	0	0	0	0	0	0	
73.00	07300 DRUGS CHARGED TO PATIENTS	0	0	0	0	0	0	0	0	
74.00	07400 RENAL DIALYSIS	0	0	0	0	0	0	0	0	
75.00	07500 ASC (NON-DISTINCT PART)	0	0	0	0	0	0	0	0	
OUTPATIENT SERVICE COST CENTERS										
88.00	08800 RURAL HEALTH CLINIC	50	50	1,000,000	0	1,960,299	-3,747,353	0	50	
89.00	08900 FEDERALLY QUALIFIED HEALTH CENTER	0	0	0	0	0	0	0	0	
90.00	09000 CLINIC	0	0	0	0	0	0	0	0	
91.00	09100 EMERGENCY	0	0	0	0	0	0	0	0	
92.00	09200 OBSERVATION BEDS (NON-DISTINCT PART)	0	0	0	0	0	0	0	0	
OTHER REIMBURSABLE COST CENTERS										
94.00	09400 HOME PROGRAM DIALYSIS	0	0	0	0	0	0	0	0	
95.00	09500 AMBULANCE SERVICES	0	0	0	0	0	0	0	0	
96.00	09600 DURABLE MEDICAL EQUIP-RENTED	0	0	0	0	0	0	0	0	
97.00	09700 DURABLE MEDICAL EQUIP-SOLD	0	0	0	0	0	0	0	0	
98.00	09800 OTHER REIMBURSABLE COST CENTERS	0	0	0	0	0	0	0	0	
99.00	09900 CMHC	0	0	0	0	0	0	0	0	
99.10	09910 CORF	0	0	0	0	0	0	0	0	
100.00	10000 I&R SERVICES-NOT APPRVD PRGM	0	0	0	0	0	0	0	0	
101.00	10100 HOME HEALTH AGENCY	0	0	0	0	0	0	0	0	
SPECIAL PURPOSE COST CENTERS										
105.00	10500 KIDNEY ACQUISITION	0	0	0	0	0	0	0	0	
106.00	10600 HEART ACQUISITION	0	0	0	0	0	0	0	0	
107.00	10700 LIVER ACQUISITION	0	0	0	0	0	0	0	0	
108.00	10800 LUNG ACQUISITION	0	0	0	0	0	0	0	0	
109.00	10900 PANCREAS ACQUISITION	0	0	0	0	0	0	0	0	

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