Centers for Medicare & Medicaid Services, HHS

§ 412.77 Determination of the hospital-specific rate for inpatient operating costs for sole community hospitals based on a Federal fiscal year 1996 base period.

(a) Applicability. (1) This section applies to a hospital that has been designated as a sole community hospital, as described in §412.92. If the 1996 hospital-specific rate exceeds the rate that would otherwise apply, that is, either the Federal rate under §412.64 (or under §412.63 for periods prior to FY 2005) or the hospital-specific rates for either FY 1982 under §412.73 or FY 1987 under §412.75, this 1996 rate will be used in the payment formula set forth in §412.92(d)(1).

(2) This section applies only to cost reporting periods beginning on or after October 1, 2000.

(3) The formula for determining the hospital-specific costs for hospitals described under paragraph (a)(1) of this section is set forth in paragraph (f) of this section.

(b) Based costs for hospitals subject to fiscal year 1996 rebasing—(1) General rule. Except as provided in paragraph (b)(2) of this section, for each hospital eligible under paragraph (a) of this section, the intermediary determines the hospital’s Medicare Part A allowable inpatient operating costs, as described in §412.2(c), for the 12-month or longer cost reporting period ending on or after September 30, 1996 and before September 30, 1997, and computes the hospital-specific rate for purposes of determining prospective payment rates for inpatient operating costs as determined under §412.92(d).

(2) Exceptions. (i) If the hospital’s last cost reporting period ending before September 30, 1997 is for less than 12 months, the base period is the hospital’s most recent 12-month or longer cost reporting period ending before the short period report.

(ii) If the hospital does not have a cost reporting period ending on or after September 30, 1996 and before September 30, 1997, and does have a cost reporting period beginning on or after October 1, 1995 and before October 1, 1996, that cost reporting period is the base period unless the cost reporting period is for less than 12 months. If that cost reporting period is for less than 12 months, the base period is the hospital’s most recent 12-month or longer cost reporting period ending before the short period report.

(iii) If a hospital has no cost reporting period beginning in fiscal year 1996, the hospital will not have a hospital-specific rate based on fiscal year 1996.

(c) Costs on a per discharge basis. The intermediary determines the hospital’s average base-period operating cost per discharge by dividing the total operating costs by the number of discharges in the base period. For purposes of this section, a transfer as defined in §412.4(b) is considered to be a discharge.