

4021. WORKSHEET B, PART II - ALLOCATION OF CAPITAL-RELATED COSTS

This worksheet provides for the determination of direct and indirect capital-related costs allocated to those cost centers which receive the services. The cost centers serviced by the general service cost centers include all cost centers within your organization, other general service cost centers, inpatient routine service cost centers, ancillary service cost centers, outpatient service cost centers, other reimbursable cost centers, special purpose cost centers, and nonreimbursable cost centers. Hospitals receiving 100 percent Federal rate for IPPS capital payments complete Worksheet B, Part II in its entirety.

NOTE: Unless there is a change in ownership or the provider has elected the alternative method described in §4017, the hospital must continue the same cost finding methods (including its cost finding bases) in effect in the hospital's prior cost reporting period. If there is a change in ownership, the new owners may request that the contractor approve a change in order to be consistent with their established cost finding practices. (See CMS Pub. 15-1, chapter 23, §2313.)

Part II is completed by all IPPS hospitals and IPPS excluded hospitals which were part of a complex subject to IPPS. Freestanding hospitals excluded from IPPS are not required to complete Part II.

See the instructions for Worksheet A, lines 1 and 2, for a discussion of capital-related costs.

Use these worksheets in conjunction with Worksheets B, Part I and B-1. The format and allocation process employed are identical to that used on Worksheets B, Part I, and B-1. Any cost centers, subscripted lines, and/or columns added to Worksheet A are also added to Worksheet B, Part II, in the same sequence.

Column 0--Where capital-related costs have been directly assigned to specific cost centers on Worksheet A, column 7, in accordance with CMS Pub. 15-1, chapter 23, §2307, enter in this column those amounts directly assigned from your records. Where you include cost incurred by a related organization, the portion of these costs that are capital-related costs is considered directly assigned capital-related costs of the applicable cost center. For example, if you are part of a chain organization that includes some costs incurred by the home office of the chain organization in your A&G cost center, the amount so included represents capital-related costs included in this column.

Columns 1 and 2--Obtain the amounts entered in columns 1 and 2, lines 4 through 199, from the corresponding columns and lines on Worksheet B, Part I.

Column 2A--Enter the sum of columns 0 through 2 for each line.

Enter on line 204 of Worksheet B-1 for each column the capital-related costs allocated. Report these costs on the first line of each column on Worksheet B, Part II. (See exceptions below.) Complete a unit cost multiplier for each column by dividing the amount on line 204 of Worksheet B-1 by the statistic reported on the first line of the same column. Enter the unit cost multiplier on line 205 and round to six decimal places, e.g., .0622438 is rounded to .062244. The allocation process on Worksheet B, Part II, is identical to that used on Worksheets B, Part I, and B-1.

Multiply the unit cost multipliers on line 205 by the portion of the total statistic on Worksheet B-1 applicable to each cost center. Enter the result of each computation on Worksheet B, Part II, respectively, in the corresponding column and line.

After the unit cost multipliers have been applied to all the cost centers, the total cost on Worksheet B, Part II, line 202, of all the cost centers receiving the allocation must equal the amount allocated on the first line of the column. However, this is not true in circumstances described in the second paragraph of exceptions below. Perform these procedures for each general service cost center. Complete the column for each cost center on Worksheets B-1 and B, Part II, before proceeding to the column for the next cost center.

EXCEPTIONS: When a general service cost center is not allocated on Worksheet B, Part I, because it has a negative balance at the point it is to be allocated, the capital-related cost for the same general service cost center on Worksheet B, Part II, is not allocated. Enter the total capital-related cost on line 201, the negative cost center line. This enables column 2A, line 202, to cross foot to column 26, line 202, if no intern and resident cost or post step-down adjustments are identified in column 25. Otherwise column 2A, line 202, will cross foot to line 24.

When a general service cost center has a negative direct cost balance on Worksheet B, Part I, column 0, and the negative balance becomes positive through the cost allocation process, adjust the amount of capital-related cost determined on Worksheet B, Part II, for that general cost center to reflect the amount allocated on Worksheet B, Part I. Determine the adjusted amounts of capital-related cost allocated on Worksheet B, Part II, by dividing the capital-related cost by the total indirect cost allocated to the specific cost center on Worksheet B, Part I. (Do not include the negative direct cost.) Then multiply that ratio by the net amount allocated on Worksheet B, Part I, for that specific cost center. For cross footing purposes, enter the adjusted capital-related costs on the first line of the column and the differences between the total capital-related cost and the adjusted capital-related cost on line 201 of Worksheet B, Part II. This enables column 2A, line 202, to cross foot to column 26, line 202, if no intern and resident cost or post step-down adjustments are identified in column 25. Otherwise column 2A, line 202, will cross foot to line 24.

After all the capital-related costs of the general service cost centers have been allocated on Worksheet B, Part II, enter in column 24, the sum of columns 2A through 23, for lines 30 through 201.

When an adjustment to expenses is required after cost allocation, show the amount applicable to each cost center in column 25 of Worksheet B, Part II. Submit a supporting worksheet showing the computation of the adjustment in addition to completing Worksheet B-2.

Adjustments to expenses which may be required after cost allocation include (1) the allocation of available costs between the certified portion and the noncertified portion of a distinct part provider, and (2) costs attributable to unoccupied beds of a hospital with a restrictive admission policy. (See CMS Pub. 15-1, chapter 23, §§2342-2344.3.)

After the adjustments have been entered on Worksheet B, Part II, column 25, subtract the amounts in column 25 from the amounts in column 24, and enter the resulting amounts in column 26 for each line. The total costs entered in column 26, line 202, must equal the total costs entered in column 2A, line 202, if no intern and resident cost or post step-down adjustments are identified in column 25, otherwise column 2A, line 202, will equal line 24.

On Worksheet B, Part II, columns 19 through 23, lines 30 through 194, are shaded because the full amount of nonphysician anesthetists and medical education costs is obtained from Worksheet B, Part I, columns 19 through 23. Enter these amounts on line 200 for cross footing purposes. If column 20 is subscripted for additional education cost centers qualifying as educational pass-through costs (see the instructions for Worksheet A, lines 20 through 23), the subscripted column(s) must be shaded similarly to column 20.

Since capital-related cost, non-physician anesthetists, and approved education programs are not included in the operating cost per discharge, columns 19 through 23, lines 30 through 194, are shaded on Worksheet B, Part II, for all lines except lines 19 through 23, 200, 201, and 202. These are the only lines and columns where an approved educational cost center can be shown. For purposes of this paragraph only, the statistic for line 200 is the sum of the statistics on lines 30 through 117 and lines 190 through 194 on Worksheet B-1 for the same column. Enter these amounts on line 200 for cross footing purposes. Use line 200 of Worksheet B-1, columns 19 through 23, for this purpose in the allocation of capital-related cost on Worksheet B, Part II. Use the statistic on line 200 together with the statistics on lines 19 through 23 of Worksheet B-1 to allocate columns 19 through 23 of Worksheet B, Part II. If column 20 is subscripted for additional education cost centers qualifying as educational pass-through costs (see the instructions for Worksheet A, lines 20 through 23), the subscripted column(s) must be shaded similarly to columns 20 through 23.

The total for each column includes lines 200 and 201 for cross footing purposes.

Transfer:

<u>From Worksheet B, Part II, Column 26</u>	<u>To Worksheet D, Part I</u>
Line 30 - Adults and Pediatrics	Column 1, line 30 for the hospital
Lines 31 through 35 - Intensive Care Type Inpatient Hospital Units	Column 1, lines 31 through 35
Line 40 - IPF Subprovider	Column 1, line 40
Line 41 - IRF Subprovider	Column 1, line 41
Line 42 - Subprovider	Column 1, line 42
Line 43 - Nursery	Column 1, line 43 for titles V and XIX
 <u>From Worksheet B, Part II, Column 26</u>	 <u>To Worksheet D-1, Part III</u>
Line 44 - SNF	Line 75 for the SNF
Sum of lines 44 and 45	Line 75 for the NF
 <u>From Worksheet B, Part II, Column 26</u>	 <u>To Worksheet D, Part II</u>
Lines 50 through 78 - Ancillary Services	Column 1, lines 50 through 77
Lines 90, 91, 92 and its subscripts, and 93 - Outpatient Service Cost and its subscripts	Column 1, lines 90, 91, 92 and its subscripts, and 93 and its subscripts
Lines 94, 95, and 98 - Other Reimbursable Cost Centers	Column 1, lines 94, 95, and 98
 <u>From Worksheet B, Part II, Column 26</u>	 <u>To Worksheet C, Part II, Column 2</u>
Lines 50 through 98	Lines 50 through 98