Line 58--If line 57 is a positive amount (actual inpatient operating cost is less than the target amount), enter on line 58 the lesser of 15 percent of line 57 or 2 percent of line 56.   If line 57 is negative, do not complete line 58 (leave blank); however, complete line 62 for calculation of any adjustments to the operating costs.

Line 59--Enter the hospital's trended cost:

- For a hospital for which its cost reporting period ending during FY 1996 was the third *or subsequent full cost reporting period, trended costs are the lesser of (line 53 divided by line 54), or the FY 1996 cost report Worksheet D-1, Part II, line 55 (target amount)* compounded forward for each succeeding fiscal year by the market basket.
- For all other hospitals, trended costs are the allowable inpatient operating costs per discharge (line 53 divided by line 54) from its third full cost reporting period compounded forward for each succeeding fiscal year by the market basket.

Line 60--Enter the hospital's expected cost, calculated as the lesser of the hospital's inpatient operating cost per discharge (line 53 divided by line 54) or the prior year cost report Worksheet D-1, Part II, sum of lines 55 and 55.01, updated by the market basket.

Line 61--Enter the continuous improvement bonus payment. If (line 53 divided by line 54) is less than the lowest of the sum of lines 55 and 55.01, or line 59, or line 60, enter the lesser of 50 percent of the amount by which operating costs (line 53) are less than expected costs (line 54 multiplied by line 60), or 1 percent of the target amount (line 56); otherwise enter zero.   (See 42 CFR 413.40(d)(4)(i).)

Line 62--If line 57 is a negative amount (actual inpatient operating cost is greater than the target amount) and line 53 is greater than 110 percent of line 56, enter on this line the lesser of (1) or (2): (1) 50 percent of the result of (line 53 minus 110 percent of line 56) or (2) 10 percent of line 56; otherwise enter zero. (See 42 CFR 413.40(d)(3).)

Line 63--Allowable Cost Plus Incentive Payment--If line 57 is a positive amount, enter the sum of lines 52, 53, 58, and 61 (if applicable). If line 57 is a negative amount, enter the sum of lines 52, 56, and 62. If line 57 is zero, enter the sum of lines 52 and 56. New providers and extended neoplastic disease care hospitals enter the lesser of lines 53 or 56, plus line 52.

Line 64--Enter the amount of Medicare swing-bed SNF-type inpatient routine cost through December 31 of the cost reporting period. Determine this amount by multiplying the program swing-bed SNF-type inpatient days on line 10, by the rate used on line 17. For CAHs multiply line 10, times the per diem calculated on line 38.

Line 65--Enter the amount of Medicare swing-bed SNF-type inpatient routine cost for the period after December 31 of the cost reporting period. Determine this amount by multiplying the program swing-bed SNF-type inpatient days on line 11, by the rate used on line 18. For CAHs multiply line 11, times the per diem calculated on line 38.

Line 66--Enter the sum of lines 64 and 65. For CAHs only transfer this amount to Worksheet E-2, column 1, line 1.

Line 67--Enter the amount of titles V or XIX swing-bed NF-type inpatient routine cost through December 31 of the cost reporting period. Determine this amount by multiplying the program swing-bed NF-type inpatient days on line 12, by the rate used on line 19.

Line 68--Enter the amount of titles V or XIX swing-bed NF-type inpatient routine cost for the period after December 31 of the cost reporting period. Determine this amount by multiplying the program swing-bed NF-type inpatient days on line 13, by the rate used on line 20.

Line 69--Enter the sum of lines 67 and 68. Transfer this amount to the appropriate Worksheet E-2, column 1, line 2. If your state recognizes only one level of care obtain the amount from line 66.

4025.3   Part III - SNF, NF, and ICF/IID Only.--This part provides for the apportionment of inpatient operating costs to titles V, XVIII, and XIX.   Hospital-based SNFs complete lines 70 through 74 and lines 83 through 86 for data purposes only as SNFs are reimbursed under SNF PPS for title XVIII.   Complete lines 70 through 89 for titles V and XIX.   When this worksheet is completed for a component, show both the hospital and component numbers.   Any reference to the nursing facility will also apply to the ICF/IID unit.

Line Descriptions

Line 70--Enter the hospital-based SNF or other nursing facility routine service cost from Part I, line 37.

Line 71--Calculate the adjusted general inpatient routine service cost per diem by dividing the amount on line 70, by inpatient days, including private room days, shown on Part I, line 2.

Line 72--Calculate the routine service cost by multiplying the program inpatient days, including the private room days in Part I, line 9, by the per diem amount on line 71.

Line 73--Calculate the medically necessary private room cost applicable to the program by multiplying the days shown in Part I, line 14, by the per diem in Part I, line 35.

Line 74--Add lines 72 and 73 to determine the total reasonable program general inpatient routine service cost.

Lines 75 through 82--Apportionment of Inpatient Operating Costs for Other Nursing Facilities (NF)--These lines are used for titles V and/or XIX only. For title XVIII Medicare, skip lines 75 through 82, and continue with line 83.

Line 75--Enter the capital-related cost allocated to the general inpatient routine service cost center. For titles V and XIX, transfer this amount from Worksheet B, Part II, column 26, line 45 (NF).

Line 76--Calculate the per diem capital-related cost by dividing the amount on line 75 by the days in Part I, line 2.

Line 77--Calculate the program capital-related cost by multiplying line 76 by the days in Part I, line 9.

Line 78--Calculate the inpatient routine service cost by subtracting line 77 from line 74.

Line 79--Enter the aggregate charges to beneficiaries for excess costs obtained from your records.

Line 80--Enter the total program routine service cost for comparison to the cost limitation. Obtain this amount by subtracting line 79 from line 78.

Line 81--Enter the inpatient routine service cost per diem limitation. This amount is provided by your state contractor.

Line 82--Enter the inpatient routine service cost limitation. Obtain this amount by multiplying the number of inpatient days shown on Part I, line 9, by the cost per diem limitation on line 81.

Line 83--For titles V and XIX, enter the amount of reimbursable inpatient routine service cost determined by adding line 77 to the lesser of line 80 or line 82. If you are a provider not subject to the inpatient routine service cost limit, enter the sum of lines 77 and 80. For title XVIII, enter the amount from line 74.

Line 84-- Enter the program ancillary service amount from Worksheet D-3, column 3, line 200.

Line 85--Enter (only when Worksheet D-1 is used for a hospital-based SNF and NF) the applicable program's share of the reasonable compensation paid to physicians for services on utilization review committees to an SNF and/or NF. Include the amount eliminated from total costs on Worksheet A-8, line 25. If the utilization review costs are for more than one program, the sum of all the Worksheet D-1 amounts reported on this line must equal the amount adjusted on Worksheet A-8, line 25.

Line 86--Calculate the total program inpatient operating cost by adding the amounts on lines 83 through 85. Transfer this amount to the appropriate Worksheet E-3, Part VII, line 1, except for SNFs subject to SNF PPS. For NF and ICF/IID, transfer this amount to Worksheet E-3, Part VII, line 1, for titles V and XIX.

4025.4   Part IV - Computation of Observation Bed Pass-Through Cost.--This part provides for the computation of the total observation bed costs and the portion of costs subject to reimbursement as a pass-through cost for observation beds that are only in the general acute care routine area of the hospital. CAHs are required to complete this worksheet. For title XIX, insert the amount calculated for title XVIII for the hospital, if applicable. To avoid duplication of reporting observation bed costs, do not transfer the title XIX amount to Worksheet C.

Line 87--Transfer the total observation bed days from Worksheet S-3, Part I, column 8, line 28. NOTE: Observation days are only recognized and reported in the inpatient routine area of the hospital.

Line 88--Calculate the result of general inpatient routine cost on line 27 divided by line 2.

Line 89--Multiply the number of days on line 87 by the cost per diem on line 88 and enter the result. Transfer this amount to Worksheet C, Parts I and II, column 1, line 92.

Lines 90 through 93--These lines compute the observation bed costs used to apportion the routine pass-through costs and capital-related costs associated with observation beds for PPS, TEFRA, and new children's and new cancer providers. Lines 90 through 93 correspond to specific medical education programs reported on Worksheet D, Part III, columns 1, 2, and 3, respectively.

Column 1--For line 90, transfer the amount from Worksheet D, Part I, column 1, line 30, for the hospital. For line 91 through 93, enter the cost from Worksheet D, Part III, columns 1, 2 and 3, line 30.

Column 2--Enter on each line the general inpatient routine cost from line 21. Enter the same amount on each line.

Column 3--Divide column 1 by column 2, for each line, and enter the result. If there are no costs in column 1, enter 0 in column 3.

Column 4--Enter the total observation cost from line 89. Enter the same amount on each line.

Column 5--Multiply the ratio in column 3 by the amount in column 4. Use this cost to apportion routine pass-through costs associated with observation beds on Worksheet D, Parts II and IV.

Transfer the amount in column 5:

From Wkst. D-1, Part IV	To Wkst. D, Part II	To Wkst D, Part IV
Col. 5, line 90	Col. 1, line 92	
Col. 5, line 91		Col. 2, line 92
Col. 5, line 92		Col. 3, line 92
Col. 5, line 93		Col. 4, line 92