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Memorandum

To: Hospital Administrators
Hospital CFO's
Consultants

From : D. Parker Haddix 
Chairman

Date: April 4, 2000

Re: CBM-DC - Reporting
Policy Statement **2000-4**

Beginning with the FY2001 rate applications, the following items are **NOT** to be reported on the CBM-DC form but should be reported as an **expense** item:

- 1- Any amounts given as a discount or waived as co-pays or deductibles under any employee health care benefit plan (i.e. self-insurance plan or third party payor plan).
- 2- Any amount accepted by the hospital as a settlement in a legal case (i.e. car accident) that is less than the full charge.
- 3- Any amount accepted as a discount for an out-of-state third party payer. For example: Patient A is traveling through West Virginia on vacation and needs hospital care. The hospital does not have a contract with Patient A's insurance carrier and will probably never have another patient from this

insurance carrier. The hospital agrees to accept what Patient A's insurance carrier will pay.

- 4- Any discount granted to a patient who pays his own health care. For example: Patient B does not have health insurance but pays for his health care needs. The hospital grants a discount to Patient B for prompt (cash) payment.
- 5- Any amount the hospital writes off as settlement for a potential malpractice claim.

►► **Addition Information** ◀◀

For CBM-DC budgeting purposes – All discounts should be reported on the CBM-DC to correspond with the discount stated in the contract. **EXCEPTION:** Still convert per diems, flat reimbursements to a percentage. If the contract is for a straight 10% discount with no per diems or flat reimbursements, then 10% should be reflected on the CBM-DC. Therefore, **do not include** reimbursements which are denied by third-party payors (i.e. medically unnecessary) on the CBM-DC for the **budget** year.