CHAPTER 4650
DEPARTMENT OF HEALTH
HEALTH CARE COST INFORMATION SYSTEM

4650.0100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0102 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4650.0102 to 4650.0174, the following terms have the meanings given them.

Subp. 1a. **Accounting and financial reporting expenses.** "Accounting and financial reporting expenses" means all direct costs related to fiscal services, such as general accounting, budgeting, cost accounting, payroll accounting, accounts payable, and plant and equipment and inventory accounting. Direct costs include wages and benefits, supplies, purchased services, and other resources used in performing these accounting and financial reporting activities. Accounting and financial reporting expenses does not include management information systems costs.

Subp. 2. **Accounting period.** "Accounting period" means the fiscal year of a facility which is a period of 12 consecutive months established by the governing authority of a facility for purposes of accounting.

Subp. 3. **Admissions or adjusted admissions.** "Admissions" means the number of patients accepted for inpatient services in beds licensed for inpatient hospital care exclusive of normal newborn admissions. "Adjusted admissions" means the number of admissions plus the quantity obtained from multiplying the number of outpatient visits times the ratio of outpatient revenue per outpatient visit divided by inpatient revenue per admission.

Subp. 3a. **Admitting expenses.** "Admitting expenses" means all direct costs incurred in inpatient and outpatient admission or registration, whether scheduled or nonscheduled, and in the scheduling of admission times. Direct costs include wages and benefits, supplies, purchased services, and other resources used in performing these admitting activities.

Subp. 3b. **Aggregate rate.** "Aggregate rate" means the average gross patient revenue per adjusted admission for a full accounting period determined by dividing total gross patient revenue by the number of adjusted admissions.

Subp. 3c. **Ambulatory surgical procedures.** "Ambulatory surgical procedures" means all surgical services provided to patients on either a hospital outpatient setting or an outpatient surgical center licensed by the Department of Health pursuant to Minnesota Statutes, sections 144.50 to 144.58.

Subp. 4. **Applicant.** "Applicant" means a voluntary nonprofit reporting organization that has applied to the commissioner of health for approval or renewed approval of its reporting and review procedures.

Subp. 5. [Repealed, 19 SR 1419]

Subp. 6. **Bad debts.** "Bad debts" means the provision for actual or expected uncollectible receivables resulting from the extension of credit to patients. The amount should not include any amount attributable to a reclassification of any expenses incurred due to the provi-

sion of charity care. Income reductions due to charity allowances, and contractual allowances should be recorded as such in the records of a facility.

Subp. 7. [Repealed, 19 SR 1419]

Subp. 8. [Repealed, 19 SR 1419]

Subp. 9. **Charity care services.** "Charity care services" means the dollar amount of health care services provided to patients for which the provider did not charge or charged at a level below the reasonable cost of the service, because the provider determined that the patient was unable to pay part or any of its reasonable costs. Charity care services includes care provided to indigent patients, patients with inadequate or no insurance, or patients receiving costly treatment.

Subp. 9a. **Community and wellness education expenses.** "Community and wellness education expenses" means all direct costs related to wellness programs, health promotion, community education classes, support groups, and other outreach programs and health screening, included in a specific community or wellness education cost center or reclassified from other cost centers. Community and wellness education expenses does not include patient education programs. Direct costs include wages and benefits, supplies, purchased services, and other resources used in performing these community and wellness education activities.

Subp. 10. **Cost.** "Cost" means the amount, measured in cash and in–kind, services performed, or liability incurred, in consideration of goods or services received or to be received.

Subp. 11. [Repealed, 19 SR 1419]

Subp. 12. [Repealed, 19 SR 1419]

Subp. 12a. **Donations.** "Donations" means the value of goods and services, including in–kind donations, given to a facility by an individual or organization not in fulfillment of a legal obligation, with or without specific purpose, that will offset overall costs incurred by the facility in its operation.

Subp. 13. **Education expenses.** "Education expenses" means the net cost incurred by a facility of providing approved educational activities.

"Approved educational activities" means formally organized or planned programs of study operated or supported by an institution, as distinguished from "on–the–job," "in–service," or similar work–learning programs. The net cost of approved educational activities is the amount reported for this cost on the Medicare cost report under Code of Federal Regulations, title 42, section 413.20.

Subp. 14. **Emergency services.** "Emergency services" are those inpatient or outpatient hospital services or freestanding outpatient surgical center services that are necessary to prevent immediate loss of life or function due to the sudden onset of a severe medical condition.

Subp. 15. **Emergency visit.** "Emergency visit" means an acceptance of a patient by a facility for the purpose of providing emergency services in a distinct emergency service center.

Subp. 16. [Repealed, 19 SR 1419]

Subp. 17. **Expenses.** "Expenses" means costs that have been incurred in carrying on some activity and from which no benefit will extend beyond the period for which the expenses are recorded.

Subp. 18. **Facility.** "Facility" means an acute care hospital or a freestanding outpatient surgical center licensed according to Minnesota Statutes, sections 144.50 to 144.58.

Subp. 19. **Fiscal year.** "Fiscal year" means that period of 12 consecutive months established by the state for the conduct of its business.

Subp. 19a. **Full–time equivalent employee.** "Full–time equivalent employee" means an employee or any combination of employees that are reimbursed by the facility for 2,080 hours of employment per year.

Subp. 19b. **Government subsidies.** "Government subsidies" means an appropriation or allocation of money made by the government to a facility to offset the costs incurred by the facility for the provision of direct patient care or other operations in which the governmental entity desires to participate, or which is considered a proper subject for government aid, because the purpose is likely to be of benefit to the public.

Subp. 20. [Repealed, 19 SR 1419]

Subp. 20a. **Grants.** "Grants" means an award of money pursuant to a written agreement signed by the eligible grant applicant and by the official representative of the organization awarding the grant, setting forth the amount of funds, the time period within which the funds are to be expended, the purpose for which the funds may be used, and other contractual conditions.

Subp. 20b. **Gross patient revenue.** "Gross patient revenue" means the amount charged at the facility's established rates and recorded on an accrual basis regardless of whether the facility expects to collect the amount.

Subp. 20c. **Health maintenance organization.** "Health maintenance organization" has the meaning given in Minnesota Statutes, section 62D.02, subdivision 4.

Subp. 21. [Repealed, 19 SR 1419]

Subp. 21a. **Insurance company.** "Insurance company" means an organization licensed under Minnesota Statutes, chapter 60A, to offer, sell, or issue a policy of accident and sickness insurance as defined in Minnesota Statutes, section 62A.01.

Subp. 22. **Interest expenses.** "Interest expenses" means costs incurred by the facility due to necessary and proper interest on funds borrowed for operating and plant capital needs. Interest on funds borrowed for operating needs is the cost incurred for funds borrowed for a relatively short term. This interest is usually attributable to funds borrowed for purposes such as working capital for normal operating expenses. Interest on funds borrowed for plant capital needs is the cost incurred for funds borrowed for plant capital purposes, such as the acquisition of facilities and equipment, and capital improvements. These borrowed funds are usually long–term loans.

Subp. 23. [Repealed, 19 SR 1419]

Subp. 23a. **Licensed beds or setup beds.** "Licensed beds" means the number of acute care beds licensed by the Department of Health, pursuant to Minnesota Statutes, sections 144.50 to 144.58. "Setup beds" means the average number of licensed beds set up and staffed for use during the reporting period. It is determined by adding the total number of beds set up and staffed for inpatient utilization each day of the hospital's reporting period and dividing this figure by the total number of days in the reporting period.

Subp. 24. **Loss.** "Loss" means the excess of all expenses over revenues for an accounting period or the excess of all or the appropriate portion of the net book value of assets over related proceeds, if any, when items are sold, abandoned, or either wholly or partially destroyed by casualty or otherwise written off.

Subp. 24a. **Malpractice expenses.** "Malpractice expenses" means all direct costs of malpractice including malpractice insurance, self–insurance expenses including program administration, malpractice losses not covered by insurance, and malpractice attorney fees.

Subp. 24b. **Management information systems expenses.** "Management information systems expenses" means all direct costs related to maintaining and operating the data processing system of the facility, including such functions as admissions, medical records, patient charges, decision support systems, and fiscal services. Direct costs include wages and benefits, supplies, purchased services, and other resources used in accomplishing these management information systems activities.

Subp. 24c. **Medical care surcharge.** "Medical care surcharge" means the surcharge under Minnesota Statutes, section 256.9657, subdivision 2, paid to the Department of Human Services.

Subp. 24d. **MinnesotaCare.** "MinnesotaCare" means the program established under Minnesota Statutes, section 256.9352, subdivision 1.

Subp. 24e. **MinnesotaCare tax.** "MinnesotaCare tax" means the tax expense established under Minnesota Statutes, section 295.52, paid to the Minnesota Department of Revenue.

Subp. 24f. **Net inpatient revenue.** "Net inpatient revenue" means net patient revenue for the facility's inpatient services.

Subp. 24g. **Net outpatient revenue.** "Net outpatient revenue" means net patient revenue for the facility's outpatient services.

Subp. 24h. **Net patient revenue.** "Net patient revenue" means the facility's gross patient revenue less adjustments and allowances for uncollectible receivables. Net patient revenue does not include a deduction from gross patient revenue for bad debts, which should be reported as expenses in accordance with generally accepted accounting principles.

Subp. 25. **Net receivables.** "Net receivables" means the dollar amount receivable at the end of an accounting period less allowances for uncollectibles and contractual adjustments.

Subp. 25a. **Nonprofit health service plans.** "Nonprofit health service plans" has the meaning of service plan corporations in Minnesota Statutes, section 62C.02, subdivision 6.

Subp. 26. **Nonrevenue center.** "Nonrevenue center" means a service center which incurs direct operating expenses but which does not generate revenue directly from charges to patients for services. These centers, which rely on revenue from revenue centers to meet their expenses, may include service centers of a facility as the following:

A. general services, including: dietary services, plant operation and maintenance services, housekeeping services, laundry services, and other services;

B. fiscal services;

C. administrative services; and

D. medical care evaluation services.

Subp. 27. [Repealed, 19 SR 1419]

Subp. 28. [Repealed, 19 SR 1419]

Subp. 28a. **Other support services expenses.** "Other support services expenses" means all costs for the overall operation of the facility associated with management, administration, and legal staff functions, including the costs of governing boards, executive wages and benefits, auxiliary and other volunteer groups, purchasing, telecommunications, printing and duplicating, receiving and storing, and personnel management. Other support services expenses includes all wages and benefits, donations and support, direct and in-kind, for the purpose of lobbying and influencing policymakers and legislators, including membership dues, and all expenses associated with public policy development, such as response to rulemaking and interaction with government agency personnel including attorney fees to review and analyze governmental policies. Other support services expenses does not include the costs of public relations included in promotion and marketing, the costs of legal staff already allocated to other functions, and the costs of medical records, social services, and nursing administration.

Subp. 29. **Outpatient services.** "Outpatient services" mean those services offered by a hospital which are furnished to ambulatory patients not requiring emergency care and which are not inpatient services.

Subp. 30. **Outpatient visit.** "Outpatient visit" means an acceptance of a patient by a hospital for the purpose of providing outpatient services. Each acceptance of a patient by a hospital for purposes of providing outpatient services for a distinct episode of care counts as one outpatient visit regardless of the number of clinics attended during that visit. Outpatient visits include all visits to hospital outpatient and ancillary departments, emergency visits, and outpatient surgeries.

Subp. 30a. **Patient.** "Patient" has the meaning given in Minnesota Statutes, section 144.335, subdivision 1.

Subp. 30b. **Patient billing and collection expenses.** "Patient billing and collection expenses" means all direct costs incurred in insurance verification, including coordination of benefits; in preparing and submitting claim forms; and in cashiering, credit, and collection functions. Direct costs include wages and benefits, professional fees, supplies, purchased services, and other resources used in performing these billing and collection activities. Patient billing and collection expenses does not include management information systems costs.

Subp. 30c. **Patient days.** "Patient days" means the total number of days of care for which patients received inpatient hospital services during the reporting period, excluding normal newborn days of care. Days of care means the total number of patient days accumulated by patients at the time of discharge.

Subp. 31. **Plant capital needs.** "Plant capital needs" means finances which relate to land, land improvement, building and building equipment, and movable equipment. The

annual increment shall be reported as the annual straight–line depreciation expenses on land, land improvements, buildings and fixtures, building improvements, and fixed and movable equipment.

Subp. 31a. **Plant, equipment, and occupancy expenses.** "Plant, equipment, and occupancy expenses" means all direct costs associated with plant, equipment, and occupancy expenses, including maintenance, repairs, and engineering expenses, building rent and leases, equipment rent and leases, and utilities. Plant, equipment, and occupancy expenses includes interest expenses and depreciation.

Subp. 32. [Repealed, 19 SR 1419]

Subp. 32a. **Promotion and marketing expenses.** "Promotion and marketing expenses" means all direct costs related to marketing, promotion, and advertising activities such as billboards, yellow page listings, cost of materials, advertising agency fees, marketing representative wages and fringe benefits, travel, and other expenses allocated to the promotion and marketing activities. Promotion and marketing expenses does not include costs charged to other departments within the hospital.

Subp. 32b. **Quality assurance expenses.** "Quality assurance expenses" means all direct costs associated with any activities or programs established for the purpose of quality of care evaluation and utilization management. These costs may be included in a specific quality assurance cost center or may need to be reclassified from other cost centers, for example, medical staff, medical records, or finance. Activities include quality assurance, development of practice protocols, utilization review, peer review, provider credentialing, and all other medical care evaluation activities. Direct costs include wages and benefits, supplies, purchased services, and other resources used in performing these quality assurance activities.

Subp. 33. [Repealed, 19 SR 1419]

Subp. 34. [Repealed, 19 SR 1419]

Subp. 34a. **Regulatory and compliance reporting expenses.** "Regulatory and compliance reporting expenses" means an estimate of all direct costs of the facility associated with, or directly incurred in the preparation and filing of financial, statistical, or other utilization, satisfaction, or quality reports, or summary plan descriptions that are required by federal, state, and local agencies, or other third parties. Direct costs include wages and benefits, professional fees, supplies, purchased services, and the cost of other resources used to fulfill these reporting requirements.

Subp. 35. **Research expenses.** "Research expenses" means the costs incurred by a facility for research purposes. Research means a systematic, intensive study directed toward a better scientific knowledge of the science and art of diagnosing, treating, curing, and preventing mental or physical disease, injury, or deformity; relieving pain; and improving or preserving health. Research may be conducted at a laboratory bench without the use of patients or it may involve patients. Furthermore, there may be research projects that involve both laboratory bench research and patient care research.

Subp. 36. **Revenue or income.** "Revenue" or "income" means the value of a facility's established charges for all facility services rendered to patients less expected or incurred contractual allowances, and discounts granted to patients or insurers, prepayment plans, and self–insured groups.

Subp. 37. **Revenue center.** "Revenue center" means a service center which incurs direct operating expenses and which generates revenue from patients on the basis of charges customarily made for services that center offers directly to patients. Revenue centers may include the following service centers of a facility:

A. Daily patient services (routine and special services) including: adult services, pediatric services, intensive care services, coronary care services, chemical dependency services, mental health services, rehabilitation services, neonatal services, and other services.

B. Other nursing services (ancillary services), including: operating room services, recovery room services, delivery and labor room services, central services and supply services, intravenous therapy services, emergency services, and other ancillary services.

C. Other professional services (ancillary services), including: laboratories, blood bank, electrocardiology, radiology, pharmacy, anesthesia, physical therapy, and other special services.

Subp. 38. **Service center.** "Service center" means an organizational unit of a facility for which historical and projected statistical and financial information relating to revenues and expenses are accounted. A service center may be a revenue center or a nonrevenue center.

Subp. 39. **System.** "System" means the Minnesota health care cost information system and any applicant approved to operate it or the commissioner of health.

Subp. 39a. **Taxes, fees, and assessments.** "Taxes, fees, and assessments" means the direct payments made to government agencies including property taxes; medical care surcharge; MinnesotaCare tax; unrelated business income taxes; any assessments imposed by local, state, or federal jurisdiction; all fees associated with the facility's new or renewal certification with state or federal regulatory agencies; and any fees or fines paid to government agencies for examinations related to regulation.

Subp. 40. **Third–party payers.** "Third–party payers" mean insurance companies, health maintenance organizations licensed under Minnesota Statutes, chapter 62D, nonprofit health service plans, self–insured or self–funded plans, and governmental insurance programs, including the health insurance programs authorized by the United States Social Security Act, title V, title XVIII, and title XIX.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0104 SCOPE.

All acute care hospitals and freestanding outpatient surgical centers licensed under Minnesota Statutes, sections 144.50 to 144.58 are subject to the Minnesota health care cost information system established by parts 4650.0102 to 4650.0174.

Beds located in acute care hospitals, which are not licensed as acute care beds under Minnesota Statutes, sections 144.50 to 144.58, are not subject to the Minnesota health care cost information system. Where costs incurred through the operation of these beds are commingled with the costs of operation of acute care beds in a facility subject to the system, associated revenue and expenses and other related data must be separated in a manner consistent with the normal requirements for allocation of costs as stated by Code of Federal Regulations, title 20, section 405.453.

Citations of federal law or federal regulations incorporated in parts 4650.0102 to 4650.0174 are for those laws and regulations as amended.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0106 MINNESOTA HEALTH CARE COST INFORMATION SYSTEM.

The Minnesota health care cost information system is established. This system shall be operated by the commissioner of health and any voluntary nonprofit reporting organization whose reporting and review procedures have been approved by the commissioner according to parts 4650.0154 to 4650.0164. The system shall consist of reports and administrative procedures.

Statutory Authority: *MS s 144.703*

History: *L 1984 c 534 s 11; 9 SR 834*

4650.0108 REPORT REQUIREMENTS.

The system shall require an annual financial statement, a Medicare cost report, a revenue and expense report, and rate notification reports.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0110 ANNUAL FINANCIAL STATEMENT.

Subpart 1. **Reporting requirements.** A facility shall submit an annual financial statement to the system. This annual financial statement must include a balance sheet, a statement of income and expenses, a statement of changes in fund balances, and a statement of cash flows and must meet the requirements of subparts 2 to 5.

Subp. 2. **Balance sheet.** The balance sheet must include information on:

A. Current assets, including: cash; marketable securities; accounts and notes receivable; allowances for uncollectible receivables and third party contractuals; receivables from third–party payers; pledges and other receivables; due from other funds; inventory; and prepaid expenses.

B. Plant capital allowances, including historical cost of, price level increments related to, and accumulated depreciation related to: land; land improvements; buildings; leasehold improvements; building equipment; movable equipment; and construction in progress.

C. Deferred charges and other assets, including: other assets; investments in nonoperating property, plant, and equipment; accumulated depreciation on investments in nonoperating plant and equipment; and other intangible assets such as good will and unamortized borrowing costs.

D. Current liabilities, including: notes and loans payable; accounts payable; accrued compensation and related liabilities; other accrued expenses; advances from third–party payers; payable to third–party payers; due to other funds; income taxes payable; and other current liabilities.

E. Deferred credits and other liabilities, including: deferred income taxes; deferred third party revenue; long–term debt; and fund balances (identifying donor restricted and unrestricted funds).

If a facility maintains a balance sheet which includes information that differs from the information required for the balance sheet under this subpart, the facility may substitute its balance sheet. This balance sheet must include a narrative description of the scope and type of differences between its balance sheet and the balance sheet required under this subpart.

Subp. 3. **Income and Expenses.** The statement of income and expenses must include:

A. gross revenues from and expenses directly attributable to revenue centers;

B. all operating revenues and expenses other than those directly associated with patient care;

C. reductions in gross revenues that result from charity care, contractual adjustments, administrative and policy adjustments, and other factors;

D. direct expenses incurred by the research and educational, general, fiscal, and administrative service centers;

E. direct gross revenue and gross expense received or incurred from nonfacility operations; and

F. a statement of expenses by a natural classification of expenses for the facility as a whole. The natural classification of expenses may include such factors as:

(1) salaries and wages, including: management and supervision; technicians and specialists; registered nurses; licensed practical nurses; aides and orderlies; clerical and other administrative employees; environment and food service employees; physicians; nonphysician medical practitioners; vacation, holiday, sick pay, and other nonworked compensation;

(2) employee benefits, including: FICA; state reemployment and federal unemployment insurance; group health insurance; pension and retirement; workers' compensation insurance; and group life insurance;

(3) professional fees, medical, including: physician's remuneration; and therapists and other nonphysicians;

(4) other professional fees, including: consulting and management services; legal services; auditing services; and collection services;

(5) special departmental supplies and materials;

(6) general supplies, including: office and administrative supplies; employee wearing apparel; instruments and minor medical equipment which are nondepreciable; minor equipment which is nondepreciable; and other supplies and materials;

(7) purchased services, including: medical purchased services; repairs and maintenance purchased services; medical school contracts–purchased services; and other purchased services; and

(8) other direct expenses, including: provision for bad debts, depreciation, amortization, and rental or lease expenses necessary to maintain an adequate plant capital fund, under part 4650.2400; utilities–electricity; utilities–gas; utilities–water; utilities–oil; other utilities; insurance–professional liability; insurance–other; licenses and taxes other than income taxes; telephone and telegraph; dues and subscriptions; outside training sessions; travel; and other direct expenses.

If a facility maintains accounts that include information resulting in detailed statements of income and expenses which differ from the information required for the statement of income and expenses under this subpart, the facility may substitute its statement of income and expenses. This statement must include a narrative description of the scope and type of differences between its statement of income and expenses and the statement required under this subpart.

Subp. 4. **Notes and footnotes.** The annual financial statement must include all notes and footnotes to: (1) the balance sheet; (2) the statement of income and expenses; (3) the statement of cash flows; and (4) the statement of changes in fund balances.

Subp. 5. **Attestation by public accountant.** The annual financial statement must be accompanied with an attestation by a qualified, independent public accountant that the contents of the balance sheet and statement of income and expenses have been audited.

Subp. 6. **Attestation by governing authority.** The annual financial statement must be accompanied with an attestation by the governing authority of the facility or its designee that the contents of the report are true.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419; L 1994 c 488 s 8*

4650.0111 MEDICARE COST REPORT.

A facility shall submit to the system on an annual basis an unaudited copy of the facility's cost report filed under United States Social Security Act, title XVIII, stated in Code of Federal Regulations, title 42, section 413.20, and the uniform cost report required under United States Code, title 42, section 1320a. These cost reports must correspond to the same accounting period as that used in the compilation of data for other requirements for the annual financial statement. The report must be accompanied by an attestation by the governing authority of the facility or its designee that the contents of the report are true.

Statutory Authority: *MS s 62J.35; 144.703*

History: *19 SR 1419*

4650.0112 REVENUE AND EXPENSE REPORT.

Subpart 1. **Reporting requirements.** A facility shall submit a report of revenue and expense to the system on an annual basis. This report must include statistical and financial information for:

A. The facility's last full and audited accounting period prior to the accounting period during which a facility files this report with the system. This period shall be known as the prior year. Information for the prior year must be actual.

B. The facility's full accounting period during which a facility files this report with the system. This period shall be known as the current year. Information for at least the first three months of the current year must be actual; information for the remaining months of the current year must be estimated based on budgeted information for this year.

Subp. 2. **Statistical information.** Statistical information for the revenue and expense report must include:

A. the number of patient days for the facility, by third–party payer, and for the daily patient services of each revenue center;

B. the number of admissions for the facility, by third–party payer, and for daily patient services of each revenue center;

C. the total number of nonacute patient days for the facility including swing bed days, nursery days, and nursing home days;

D. the average number of full–time equivalent employees for the facility for each service center, and for employee classification;

E. the total number of nonacute admissions including swing bed admissions and nursing home admissions;

F. the number of licensed beds, the number (the statistical mean) of beds physically present, and the number (the statistical mean) of setup beds for the facility and each appropriate service center, excluding nursery bassinets;

G. the total number of births for the facility;

H. the total number of major surgical procedures and ambulatory surgical procedures for the facility;

I. the number of outpatient visits for the facility, including the number of emergency visits, outpatient department visits, and same day surgery visits; and

J. the number of units of service provided by each of the facility's other service centers. The facility shall select the statistic that best measures the level of activity for a particular function or service center and that, in addition, is compiled on a routine basis by the facility to serve as the appropriate unit of service for each of its service centers.

For example, although patient days might be used as the unit of service for daily patient services, treatments, procedures, visits, hours, or other statistics would be the applicable measure of activity in other service centers.

Subp. 3. **Financial information.** Financial information for the revenue and expense report must include:

A. a statement of expenses for the facility and for each of its service centers and a statement according to natural classifications of expenses as provided by part 4650.0110, subpart 3, item F, the medical care surcharge amount paid by the facility, and the MinnesotaCare tax paid by the facility;

B. a statement of management information systems expenses and plant, equipment, and occupancy expenses. A hospital licensed for 50 or more beds shall make percentage allocations of management information systems expenses and plant, equipment, and occupancy expenses to each of the support services functions listed in item C. A hospital licensed for fewer than 50 beds shall estimate percentage allocations of management information systems expenses and plant, equipment, and occupancy expenses to total support services;

C. a statement of total support services expenses for the facility. A hospital licensed for 50 or more beds shall make a statement of expenses for each of the following support services functions: admitting; patient billing and collection; accounting and financial reporting; quality assurance; community and wellness education; promotion and marketing; research; education; taxes, fees, and assessments; malpractice; and other support services. The statements required by this item may be estimated from existing accounting methods with allocation to specific categories based on a written methodology that is available for review by the commissioner and that is consistent with the methodology described in this part;

D. an estimate of the cost of regulatory and compliance reporting;

E. a statement of patient charges for the facility by type of payer, including Medicare, medical assistance, MinnesotaCare, health maintenance organizations, nonprofit health service plans, insurance companies, and self–pay and by inpatient or outpatient category;

F. a statement of revenue for the facility for each of its service centers;

G. a statement of adjustments and uncollectibles for the facility by type of payer, including Medicare, medical assistance, MinnesotaCare, health maintenance organizations, and for charity care, for Hill Burton Act care under United States Code, title 42, section 291, et seq., and for other discounts, and by inpatient or outpatient category;

H. a statement of other operating revenue including revenue from research, education, donations, grants, and government subsidies;

I. a statement of total operating revenue and expenses and of income or loss from facility operations;

J. a statement of total direct and indirect costs for the facility and for each of its service centers before and after the allocation of expenses;

K. a statement of total direct and indirect costs for the facility by type of payer, including Medicare, medical assistance, and MinnesotaCare;

L. a statement of the gross and net receivables by type of purchaser of services and a statement of the average aggregate number of days' charges outstanding at the end of each period;

M. a statement of the capital budget of the facility; and

N. information on services provided at no charge or for a reduced fee to patients unable to pay, and information on other benefits provided to the community, including unpaid public programs, nonbilled services, and other community services.

Subp. 4. [Repealed, 19 SR 1419]

Subp. 5. **Accounts as substitute for revenue and expense report.** If a facility maintains its accounts in a way that results in detailed statements of income, expenses, and statistics differing in form and content from those recommended by parts 4650.0108 to 4650.0114 and 4650.0130, subpart 1, the facility may substitute the information it has available. However, in all such cases the facility shall submit a detailed reconciliation of the differences between the two sets of information and presentations in conjunction with the revenue and expense report.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0114 RATE NOTIFICATION REPORTS.

Subpart 1. **Reporting requirements.** A facility shall submit a rate notification report if it wishes to amend or modify the aggregate rates for the budget year stated in the revenue and expense report then on file with the system. When changes in the aggregate rates during the budget year are the result of legislative policy and appropriations to facilities subject to parts 4650.0102 to 4650.0174 and operated by the commissioner of human services, a rate notification report is not required.

Subp. 2. **Content of report.** The rate notification report must include statistical and financial information for:

A. the period of the budget year immediately preceding the effective date of amendments or modifications to the aggregate rates for the budget year which are stated in the revenue and expense report then on file with the system. Data for this period must be actual for all expired months of the budget year, but may be projected for the 60–day period immediately preceding filing;

B. the period beginning on the effective date of these amendments or modifications and ending at the end of the last day of the budget year. Information for this period must be projected on the basis of these aggregate rate amendments or modifications;

C. the pricing policy of the facility which incorporates the overall pricing policy and financial objectives of the institution. This must be supplemented by a statement of budgeted increases in charges, revenue, and aggregate rates for the budget year including:

(1) dates on which gross patient revenue will be adjusted;

(2) for each date, the resulting aggregate dollar amount and weighted average percent of increase in budget year aggregate rates and gross patient revenue for each revenue center;

(3) for each date, the resulting aggregate dollar and weighted average percent of increase in budget year total facility gross revenues; and

(4) for each date, the resulting aggregate dollar amount and percent of increase in the budget year aggregate rate.

Subp. 3. **Statistical information on report.** Statistical information for each period established by subpart 2 for the rate notification report must include that required of a facility for the revenue and expense report under part 4650.0112, subparts 2 and 5. The information must be recorded for each period stated by subpart 2. This information must show any change in the budget year from the projected information then on file with the system.

Subp. 4. **Financial information on report.** Financial information for each period established by subpart 2 for the rate notification report must include that required of a facility

for the revenue and expense report under part 4650.0112, subparts 3 and 5. The information must be recorded for each period stated by subpart 2. This information must show any change in the budget year from the projected information then on file with the system.

Subp. 5. **Rationale for increase.** This report must also include a narrative statement describing the reason for amendments or modifications to the facility's aggregate rates.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0116 [Repealed, 19 SR 1419]

4650.0118 [Repealed, 19 SR 1419]

4650.0120 [Repealed, 19 SR 1419]

4650.0122 [Repealed, 19 SR 1419]

ADMINISTRATIVE PROCEDURES

4650.0130 PROVISIONS FOR FILING REPORTS.

Subpart 1. **Forms to be specified.** The system shall design and issue forms as necessary for meeting the requirements of reports established by parts 4650.0102 to 4650.0174. These forms must contain clear instructions for their completion.

Subp. 2. **Filing reports.** Documents must be filed personally or by the United States Postal Service with the system during normal business hours. The system must indicate on the report forms the address or addresses for filing reports.

Subp. 3. **Recordkeeping system.** The system shall establish a method of recordkeeping which ensures that reports and other documents are ordered, stored, designated, and dated so as to provide easy public access to their contents as required by parts 4650.0102 to 4650.0174. These records must be open to public inspection during normal business hours.

Subp. 4. **Record complete.** No report required by these parts is filed until the system has determined whether the report is complete according to part 4650.0150.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0132 FILING OF ANNUAL FINANCIAL STATEMENT.

Subpart 1. **Filing report.** All facilities described in part 4650.0104 shall file a report of annual financial statement as required by part 4650.0110 with the system within 120 days after the close of that facility's full accounting period.

Subp. 2. **Failure to file.** Any facility which fails to file the annual financial statement, and which has not requested an extension of time under part 4650.0140 to file that report, is in violation of parts 4650.0102 to 4650.0174, and may be charged with a late fee under part 4650.0172.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0133 FILING OF MEDICARE COST REPORT.

Subpart 1. **Filing report.** All facilities described in part 4650.0104 shall file with the system at least annually a Medicare cost report as required by part 4650.0111.

A. The unaudited Medicare cost report must be filed no later than the time it is required to be filed with the federal Medicare Fiscal Intermediary. The facility shall inform the system of this date when filing other information required by this report.

B. The audited Medicare cost report must be submitted as soon as reasonable to substitute for the unaudited Medicare cost report. The submission of an audited Medicare cost report does not affect the official filing date of the Medicare cost report.

Subp. 2. **Failure to file.** Any facility which fails to file the Medicare cost report, and which has not requested an extension of time under part 4650.0140, is in violation of parts 4650.0102 to 4650.0174, and may be charged with a late fee under part 4650.0172.

Statutory Authority: *MS s 62J.35; 144.703*

History: *19 SR 1419*

4650.0134 FILING OF REVENUE AND EXPENSE REPORT.

Subpart 1. **Filing report.** All facilities described in part 4650.0104 shall file a revenue and expense report, as required by part 4650.0112, with the system within 150 days after the close of that facility's full accounting period.

Subp. 2. **Failure to file.** Any facility which fails to file a report of revenue and expense, and which has not requested an extension of time under part 4650.0140 to file that report, is in violation of parts 4650.0102 to 4650.0174, and may be charged with a late fee under part 4650.0172.

A facility which fails to file a report of revenue and expense, and which has requested an extension of time under part 4650.0140 to file that report, may be charged an additional late fee as authorized by part 4650.0172.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0136 FILING OF RATE NOTIFICATION REPORTS.

A facility shall file a rate notification report if:

A. amendments or modifications to its aggregate rates are to become effective after the first day and before the end of the last day of the budget year; and

B. these amendments or modifications were not included in the report of revenue and expense then on file with the system.

The rate notification report must be filed 60 days before the effective date of the amendments or modifications.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0138 FILING OF REPORTS IN MULTIFACILITY CORPORATIONS AND OTHER ORGANIZATIONS OPERATING MORE THAN ONE FACILITY.

The system requires the filing of all reports for each individually licensed acute care hospital and each individually licensed freestanding outpatient surgical center, as provided by parts 4650.0108 to 4650.0114. A multifacility corporation or organization operating more than one facility may act as the organization which reports for the facility to the system. This organization shall provide all information separately for each facility it operates. The organization which reports for the facility shall also provide with this information a statement detailing the financial relationship between each facility it operates and the organization, as required by part 4650.0110, for the annual financial information report.

Statutory Authority: *MS s 144.703*

History: *L 1984 c 534 s 11; 9 SR 834*

4650.0140 FILING OF REPORTS; EXTENSIONS.

If a facility shows reasonable cause, the system may extend any period of time established for the submittal of a report or other information, or any period of time established for performance of another act permitted or prescribed by parts 4650.0102 to 4650.0174, for an additional and specified period of time.

Statutory Authority: *MS s 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

REVIEW OF REPORTS

4650.0150 COMPLETENESS.

Subpart 1. **Review by system.** The system shall review each report required by parts 4650.0102 to 4650.0174 in order to ascertain that the report is complete. A report is filed when the system has ascertained that the report is complete. "Complete" means that the report contains adequate data for the system to begin its review in a form determined to be acceptable by the system according to parts 4650.0110 to 4650.0114.

Subp. 2. **Timely reply that report is incomplete.** If the system has not responded to the facility within ten working days after receiving a report, the report is complete and filed the

first day the system received the report. The system may stipulate any additional time it may need to ascertain a report's completeness in which case the ten–working–day period does not apply. The stipulated additional time must not exceed 30 days after the day the system first receives a report. If a report is not found to be incomplete during the additional period, it shall be deemed to be complete and filed as of the day the system first received the report.

Subp. 3. **Incomplete report.** A report determined by the system to be incomplete must be returned immediately by the system to the facility with a statement describing the report's deficiencies. The facility shall resubmit an amended report to the system. Such a return and resubmittal shall be recorded in that facility's file as maintained by the system. If the resubmitted report is determined to be complete by the system, then it shall be deemed to be filed on the date the resubmitted report is received by the system.

Subp. 4. [Repealed, 19 SR 1419]

Subp. 5. **Amending reports.** If a facility discovers any error in its statements or calculations in any of its submitted reports ascertained by the system to be complete, it shall inform the system of the error and submit an amendment to a report. In the case of a rate notification report or a revenue and expense report, the submittal of an amended report by a facility to the system shall not affect the date of filing, provided the facility informs the system of any errors before the system publishes the facility's financial information. An amended revenue and expense report or rate notification report not meeting the conditions established by this part must be refiled as if it were a new report.

Subp. 6. **Error in reports.** If the system discovers a significant error in the statements or calculations in a report filed with it, it may require the facility to amend and resubmit the report by a date determined by the system to be reasonable. The initial filing date is not affected if the facility resubmits the report by the determined date. If the facility fails to resubmit the amended report by that date, the date of filing shall be the date the system receives the resubmittal.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0152 [Repealed, 19 SR 1419]

4650.0154 APPROVAL FOR OPERATION OF SYSTEM.

The commissioner of health may approve the operation of the system by any voluntary, nonprofit reporting organization. An organization desiring this approval may apply for approval by the procedure in parts 4650.0156 to 4650.0164.

Statutory Authority: *MS s 144.703*

History: *L 1984 c 534 s 11; 9 SR 834*

4650.0156 OPEN APPLICATION PERIOD.

A voluntary, nonprofit reporting organization may apply for approval of its reporting and review procedures after January 1 and before March 31 of a fiscal year, for operation of the Minnesota health care cost reporting system during the next subsequent fiscal year.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0158 CONTENTS OF APPLICATION.

An application for approval shall include:

A. general information about the applicant organization, including: organization's name, address, telephone number, contact person, proposed staff, and a detailed description of its computing facilities;

B. a detailed statement of the type of reports and administrative procedures proposed by the applicant which shall demonstrate that, in all instances, the reports and procedures are substantially equivalent to those established by the system, pursuant to parts 4650.0108 to 4650.0114, and 4650.0130 to 4650.0150;

C. a statement that all reports determined to be complete and information filed with the applicant from its participating facilities will be available for inspection by the com-

missioner of health and the public within five working days after completeness of reports is proposed to be determined;

D. proposed criteria whereby the applicant may judge whether a facility is eligible for participation in its proposed program; and

E. any additional statements or information which is necessary to ensure that the proposed reporting and review procedures of the applicant are substantially equivalent to all the rules established for the system, pursuant to parts 4650.0108 to 4650.0114, and 4650.0130 to 4650.0152.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0160 REVIEW OF APPLICATION.

Subpart 1. **Commissioner's decision.** By May 15 of each year, the commissioner of health shall issue a decision regarding an application from a voluntary, nonprofit reporting organization that the procedures for reporting and review proposed by the applicant are approved or disapproved. Approval by the commissioner is effective immediately.

Subp. 2. **Disapproval.** The commissioner of health may disapprove any application on demonstration that the reporting and review procedures of any voluntary, nonprofit reporting organization are not substantially equivalent to those established by the commissioner.

Subp. 3. **Reapplication.** An organization whose application has been disapproved by the commissioner of health may submit a new or amended application to the commissioner within 15 calendar days after disapproval of the initial application. An organization may only reapply for approval on one occasion during any fiscal year.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0162 [Repealed, L 1989 c 282 art 2 s 219 subd 1]

4650.0164 [Repealed, L 1989 c 282 art 2 s 219 subd 1]

4650.0166 FEES.

Facilities whose reports are reviewed by the commissioner of health as distinct from a voluntary, nonprofit reporting organization shall submit filing fees with revenue and expense reports and rate notification reports which are submitted to the commissioner. These fees are based on the cost of report reviews and the number of beds licensed as acute care beds in a facility, pursuant to Minnesota Statutes, sections 144.50 to 144.58.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0168 REVENUE AND EXPENSE REPORT FEE.

Whenever a facility submits a revenue and expense report to the commissioner of health as distinct from a voluntary, nonprofit reporting organization, it shall accompany this report with a filing fee based upon the following schedules if the report is timely:

A. If the facility's gross revenue is under $2,500,000, the filing fee is 0.0005 times gross revenue or $200 (whichever is less) to a maximum of $800.

B. If the facility's gross revenue is at least $2,500,000 but not more than $19,999,999, the filing fee is 0.004 times gross revenue to a maximum of $5,500.

C. If the facility's gross revenue is $20,000,000 or more, the filing fee is 0.003 times gross revenue to a maximum of $7,500.

The schedules shall be adjusted annually for inflation.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0170 RATE NOTIFICATION REPORT FEE.

Whenever a facility submits a rate notification report to the commissioner of health as distinct from the voluntary, nonprofit reporting organization, it shall accompany this report

with a filing fee. This fee shall be one-half of the revenue and expense report fee, as established by part 4650.0168, provided the report is timely.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0172 TIMELY REPORT.

Subpart 1. **Late fee schedule.** "Timely" means that each report has been submitted within the time prescribed by part 4650.0132, subpart 1, 4650.0133, subpart 1, 4650.0134, subpart 1, or 4650.0136, as appropriate; that an extension of these reporting times, as permitted by part 4650.0140, has not been necessary; and that the report has been determined to be complete under part 4650.0150. If a report does not meet these standards, the commissioner may require the submission of an additional late fee according to the following late fee schedule.

Subp. 2. **Late report due to submission after reporting times.** A report submitted after the reporting times established by part 4650.0134, subpart 1 or 4650.0136, subpart 1, as appropriate, for which an extension in time has been permitted, pursuant to part 4650.0140, is liable for a late fee in addition to the filing fee established by part 4650.0168 or 4650.0170, as appropriate. This late fee is ten percent of the filing fee established by part 4650.0168 or 4650.0170, and as appropriate for that facility.

Subp. 3. **Late report due to incomplete report.** A report submitted by a facility which is determined not to be complete, under part 4650.0150, is liable for a late fee for each resubmittal under part 4650.0150. This late fee for each occasion of resubmittal is five percent of the filing fee paid on submittal of the initial report to the commissioner of health by the facility as established by part 4650.0168 or 4650.0170.

Subp. 4. **Reports not filed.** Reports not submitted, or submitted after the reporting times established by part 4650.0134, subpart 1, or 4650.0136, subpart 1, as appropriate, without an extension under part 4650.0140, are liable for the cost of a full audit by an independent public accountant, as necessary for the completion of the report and for the filing fee established by part 4650.0168 or 4650.0170, as appropriate.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0174 SUSPENSION OF FEES.

The commissioner of health may suspend all or any portion of the filing fees and late fees if a facility shows cause. Cause may consider such factors as:

A. the inability of a facility to pay the fees without directly affecting the aggregate rates;

B. the occurrence of any emergency financial condition of a facility, including natural disasters or difficulties associated with completion of reports related to sickness or other absences of related facility employees or other administrative complications resulting in delay in the completion of reports; and

C. other factors which relate to the economic or administrative condition of a facility.

Statutory Authority: *MS s 62J.35; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419*

4650.0176 [Repealed, 19 SR 1419]

4650.0200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0300 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0400 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0500 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0600 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0700 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0800 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.0900 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1000 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1300 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1400 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1500 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1600 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1700 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1800 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.1900 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2000 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2300 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2400 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2500 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2600 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2700 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2800 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.2900 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3000 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3300 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3400 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3500 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3600 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3700 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3800 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.3900 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4000 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4300 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4400 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4500 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4600 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4700 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4800 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.4900 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.5000 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.5100 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.5200 [Repealed, L 1984 c 534 s 11; 9 SR 834]

4650.5300 [Repealed, L 1984 c 534 s 11; 9 SR 834]