

**9500.1122 DETERMINATION OF PROPERTY COST PER ADMISSION.**

Subpart 1. **Minnesota and local trade area hospitals.** The department will determine the property cost per admission for each Minnesota and local trade area hospital according to items A to D.

A. Determine the property cost for each admission in part 9500.1110, subpart 1, item C, using each hospital's base year data according to subitems (1) to (4).

(1) Multiply the number of accommodation service inpatient days by that accommodation service property per diem and add the products.

(2) Multiply each ancillary charge by that ancillary property cost-to-charge ratio and add the products.

(3) Add subitems (1) and (2).

(4) Add the results of subitem (3) for all admissions for each hospital.

B. Determine the property cost for each hospital admission in part 9500.1110, subpart 1, item C, using each hospital's base year data and recent year data from part 9500.1105, subpart 1, item A, subitem (4), according to subitems (1) to (4).

(1) Multiply the base year number of accommodation service inpatient days by that same recent year accommodation service property per diem and add the products.

(2) Multiply each base year ancillary charge by that annualized recent year property cost to base year charge ratio and add the products.

(3) Add subitems (1) and (2).

(4) Add the totals of subitem (3) for all admissions for each hospital.

C. Determine the change in the property cost according to subitems (1) to (3).

(1) Subtract item A, subitem (4) from item B, subitem (4), and, if positive, divide the result by item A, subitem (4).

(2) Multiply the quotient of subitem (1) by 0.85.

(3) Add one to the result of subitem (2) and round to two decimal places.

D. Determine the property cost per admission by program and specialty group according to subitems (1) to (3).

(1) Assign each admission and property cost in item A, subitem (3), to the appropriate program and specialty group according to part 9500.1100, subparts 20a to 20g.

(2) Multiply the cost of each admission in subitem (1) by the factor in item C, subitem (3).

(3) Add the products within each program and specialty group in subitem (2), divide the total by the number of corresponding admissions, and round the resulting amount to whole dollars.

Subp. 2. **Out-of-area hospitals.** The department will determine the property cost per admission by program for out-of-area hospitals according to items A to C.

A. Multiply each property cost per admission for each Minnesota and local trade area hospital determined in subpart 1, item D, subitem (3), by the number of corresponding admissions in that hospital's base year.

B. Add the products in item A.

C. Divide the total from item B by the total admissions for all the hospitals and round the resulting amount to whole dollars.

Subp. 3. **Minnesota metropolitan statistical area hospitals and local trade area hospitals that do not have five or more medical assistance admissions in the base year and low volume local trade area hospitals.** The department will determine the property cost per admission by program according to items A to C.

A. Multiply each property cost per admission for each Minnesota metropolitan statistical area hospital and local trade area hospital determined in subpart 1, item D, subitem (3), by the number of corresponding admissions in the hospital's base year.

B. Add the products in item A.

C. Divide the total from item B by the total admissions for all Minnesota metropolitan statistical area and local trade area hospitals and round the resulting amount to whole dollars.

Subp. 4. **Nonmetropolitan statistical area hospitals that do not have five or more medical assistance admissions in the base year.** The department will determine the property cost per admission by program for nonmetropolitan statistical area hospitals that do not have five or more medical assistance admissions in the base year by substituting nonmetropolitan statistical area hospitals terms and data for the metropolitan statistical area hospitals terms and data under subpart 3.

Subp. 5. **Minnesota and local trade area hospitals that do not have five or more medical assistance rehabilitation distinct part specialty group admissions in the base year.** The department will determine the property cost per admission for the rehabilitation distinct part specialty group for Minnesota and local trade area hospitals that do not have five or more medical assistance admissions in the base year substituting Minnesota and local trade area hospital terms and data for the metropolitan statistical area hospital terms and data under subpart 3.

**Statutory Authority:** *MS s 256.9685; 256.9695*

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