



# Policy Statement

TO: Hospital Administrators  
Hospital CFO's  
Consultants

FROM: Sonia D. Chambers, Chair

A handwritten signature in black ink, appearing to read "Sonia D. Chambers".

DATE: March 22, 2006

RE: Policy Statement 2006-2  
Justification of an Outpatient Overage

**Effective date: Hospital Fiscal Year 2007 Compliance**

The purpose of this policy statement is to clarify the allowed method for calculating justification of an outpatient overage.

Pursuant to WV C.S.R. §65-26-14.4.2.a and 14.4.2.b, a hospital currently submits a budget of high cost and/or low cost outpatient procedures with its rate application which are intended to be used

as justification for an outpatient overage the following year. The following year the hospital submits the same procedures which had an increase in utilization or only those items which fully justify the overage. The Authority utilizes only the services the hospital submits as justification for the overage and uses only those services which had an increase in utilization.

This policy statement changes the above process to the following:

All the previously budgeted high cost and/or low cost outpatient procedures (those with increased utilization as well as decreased utilization) will be utilized in computing the justification for the outpatient overage. Therefore, the hospital must include ALL high cost and/or low cost procedures included with the budget when calculating outpatient overage justification. The hospital will no longer be able to submit only part of the items budgeted and/or items that had an increase in utilization.

However, the hospital may continue to select which items to submit with the high cost and/or low cost outpatient procedures budget.