



Memorandum

TO: Hospital Administrators
Hospital CFO's
Consultants

FROM: Sonia D. Chambers, Chair

A handwritten signature in black ink, appearing to read "Sonia D. Chambers", is written over the printed name in the "FROM:" field.

DATE: March 18, 2002

RE: *Policy Statement 2002-1*
Discount Contracts

Beginning with hospitals whose fiscal year ends June 30, 2003, the Authority will utilize revised CBM-DC and B-DC forms (projected actual and budget) for all rate applications. The revised forms have fewer columns and do not require every contract with its respective discount percentages to be shown separately.

In order to determine those contracts which will no longer need to be shown separately, a new form entitled CBM-DCL or B-DCL has been developed and must be submitted along with either the CBM-DC or B-DC form. This new form is designed to allow less detailed information to be reported for those contracts which obviously meet the criteria for approval of a discount contract. The Authority is providing an Excel Template which will allow the hospital to input the data regarding all discount contracts and their respective discounts. The template will then automatically calculate discount and volume thresholds. These thresholds are used to determine eligibility for inclusion of contracts in a "combined" column on the revised CBM-DC or B-DC forms. This template,

printed out, also produces the *new CBM-DCL and B-DCL forms which must be submitted with any application.*

The columns on the revised CBM-DC and B-DC forms include:

- (1) **A total column** (on the first page only).
- (2) **A combined column** for contracts meeting ALL of the following criteria:
 - (a) The template, which produces Form CBM-DCL or B-DCL, has the word "combine" in BOTH the inpatient and outpatient columns. In this case the entire contract should be included in the "combined" column;
 - (b) The volume for the contract is less than five (5) percent of the hospital's total nongovernmental utilization. This includes acute and distinct part unit utilization;
 - (c) The contract is not with an HMO or does not include the potential for any type of risk reimbursement;
 - (d) The contract has a current approval by the Authority; and,
 - (e) The contract meets the definition of a contract under W.Va. Code §16-29B-20.
- (3) **Individual columns**, for each discount contract that does not meet ALL of the criteria outlined above for the inclusion in the "combined" column.

Mid-year contract approvals. There are no changes in the approval process when requesting approval of contracts mid-year. However, a Verification of Discount Contract Form must be submitted with mid-year approvals.

Note: All forms discussed in this Statement, along with their instructions will be available on our web site at www.hcawv.org under the Rate Review Section.

If you have any questions, please contact Margi High, Director of Rate Review by either telephone - 558-7000 or via e-mail: mhigh@hcawv.org.