

DEPT. OF MEDICAL ASSISTANCE SERVICES
Methods and Standards for Establishing Payment Rates-
Inpatient Hospital Services

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12VAC30-70-271. Payment for capital costs.

A. ~~Capital~~ Inpatient capital costs shall ~~continue to be paid~~ determined on an allowable cost basis and settled at the hospital's fiscal year end; Allowable cost shall be determined following the methodology described in Supplement 3 (12 VAC 30-70-10 through 12 VAC 30-70-130). Inpatient capital costs of Type One hospitals shall continue to be settled at 100% of allowable cost. For services beginning July 1, 2003, inpatient capital costs of Type Two hospitals shall be settled at 80% of allowable cost. For hospitals with fiscal years that do not begin on July 1, 2003, inpatient capital costs for the fiscal year in progress on that date shall be apportioned between the time period before and the time period after that date based on the number of calendar months before and after that date. Capital costs apportioned before that date shall be settled at 100% of allowable cost, and those after at 80% of allowable cost.

B. The exception to the policy in subsection A of this section is that the hospital specific rate per day for services in freestanding psychiatric facilities licensed as hospitals, as determined in 12 VAC 30-70-321 B, shall be an all-inclusive payment for operating and capital costs.

C. Until prospective payment for capital costs is implemented, the provisions of 12VAC30-70-70 regarding recapture of depreciation shall remain in effect.

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CERTIFIED: I hereby certify that these regulations are full, true, and correctly dated.

4/7/2004
Date

/s/ P. W. Finnerty/cbj
Patrick W. Finnerty, Director
Dept. of Medical Assistance Services