

**RULES
OF
DEPARTMENT OF FINANCE AND ADMINISTRATION**

**CHAPTER 0620—3—4
DISTRIBUTION FOR FUNDS FROM HOSPITAL SERVICES LICENSE FEE**

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0620--3--4--.01 PURPOSE.

The purpose of these regulations is to establish a methodology for distribution of the funds collected as a result of the hospital services license fee imposed by Public Chapter 434, Acts of 1989.

Authority: Public Chapter 434, Acts of 1989. Administrative History: Original rule filed November 30, 1990; effective January 14, 1991.

0620--3--4--.02 DEFINITIONS.

The term “government subsidies” as used in these rules refer to the amount of state tax appropriations and the amount of local government contributions reported under the heading of “Other Operating Revenue” found in the Hospitals’ 1987 Joint Annual Report.

Authority: Public Chapter 434, Acts of 1989, Administrative History: Original rule filed November 30, 1990; effective January 14, 1991.

0620--3--4--.03 DISTRIBUTION OF FUNDS.

- (1) All funds created in the Indigent Health Care Risk Fund shall be distributed, less such amount for administrative cost as set forth in the General Appropriations Act.
- (2) The distribution of funds shall be as follows:
 - (a) Determination of hospitals eligible to receive distribution.
 1. For each hospital, there shall be computed a number which represents the total bad debt, charity and indigent care provided by the hospital divided by the hospital’s total gross patient charges. Such totals are to be determined by information provided in the Hospital’s 1987 Joint Annual Report.
 2. Using the numbers computed in part (a) 1. above, an average shall be determined. Each hospital which either equals or exceeds the average shall then have another number determined based upon total government subsidies to the hospital divided by total gross patient charges of the hospital. These totals are to be determined from the hospital’s 1987 Joint Annual Report.
 3. When the numbers have been determined in part (a) 2. above, the mean of those numbers shall be determined. Those hospitals located two standard deviations or more above the mean shall be eligible to obtain the distribution of the funds.
 - (b) Determination of Distribution to Eligible Hospitals.

(Rule 0620-3-4-.03, continued)

The amount of money received by any eligible hospital is the arithmetic product of two values:

1. An arithmetic quotient which results from dividing the total amount of funds to be distributed by the number of hospitals eligible to receive funds; and
 2. An index value which is calculated by dividing a hospital's actual ratio of government subsidies to gross patient charges by the arithmetic average ratio of government subsidies to charges for all hospitals eligible to receive funds.
- (3) Notwithstanding the provisions of paragraph (2), any hospital of less than 50 beds whose ratio of charges for bad debt, charity, and indigent care to gross patient charges is .25 or more shall receive \$25,000.
- (4) The Department of Finance and Administrations shall be responsible for determining which hospitals are entitled to a distribution from the fund as determined by these rules and the amount of that distribution. The Department of Finance and Administration shall then supply that information to the Department of Health and Environment prior to June 1 of every year. Pursuant to rules of the Department of Health and Environment, the amount of such distribution, if any, to a hospital shall be credited against the hospital services license fee due from that hospital.

Authority: Public Chapter 434, Act of 1989. **Administrative History:** Original rule filed November 30, 1990; effective January 14, 1991.