

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). Capital costs of Type One hospitals shall continue to be settled at 100% of allowable cost. For services beginning July 1, 2003, 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. Effective July 1, 2003, the capital portion of the rate per day shall be based on 80% of the average capital cost per day of freestanding psychiatric facilities licensed as hospitals.

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

12VAC30-70-391. Recalibration and rebasing policy.

A. The department recognizes that claims experience or modifications in federal policies may require adjustment to the DRG payment system policies provided in this part. The state agency shall recalibrate (evaluate and adjust the DRG relative weights and hospital case-mix indices) and rebase (review and update the base year standardized operating costs per case and the base year standardized operating costs per day) the DRG payment system at least every three years. Recalibration and rebasing shall be done in consultation with the Medicaid Hospital Payment Policy Advisory Council noted in 12VAC30-70-490. When rebasing is carried out, if new rates are not calculated before their required effective date, hospitals required to file cost reports and freestanding psychiatric facilities licensed as hospitals shall be settled at the new rates, for discharges on and after the effective date of those rates, at the time the hospitals' cost reports for the year in which the rates become effective are settled.

B. Effective from July 1, 2003 through June 30, 2004, although most hospital rates will be based on the 2001 base year, rates for freestanding psychiatric facilities licensed as hospitals shall continue to be based on the 1998 base year. That is, the rebasing of rates effective in SFY2004, shall be effective for all hospitals except freestanding psychiatric facilities licensed as hospitals.