
Program

Policy

Notice No. 14-01

February 21, 2014

- U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
- Health Resources and Services Administration
- Healthcare Systems Bureau

To: Facilities Obligated Under the Standard Hill-Burton Uncompensated Services Assurance

Subject: Consumer Price Index for Medical Care - 2013

This consumer price index (CPI) becomes effective for Hill-Burton facilities on March 17, 2014.

The 2013 CPI becomes effective on March 17, 2014. This notice contains guidance for facilities obligated to provide uncompensated services in accordance with the requirements of the Hill-Burton program. The information in this notice is used for calculating adjusted annual compliance levels for facilities using the 10 percent method and for adjusting compliance deficits or excesses from past years to the current year for all facilities.

The latest adjustments are based on the yearly average CPI for medical care in 2013, recently issued by the U.S. Department of Labor, Bureau of Labor Statistics, and on the CPI in prior years. Attached for your use are tables that provide the appropriate adjustments. Examples of the calculations for the adjusted excesses and deficits are provided on page 2.

CPI application to 10 percent compliance level

The change in the CPI for medical care between the base year of 1979 and 2013 is 530.0 percent (See CPI Adjustment Table 1).

The annual compliance level will be calculated on a Facility Status Report (FSR), which will be provided to each facility within 60 days of the date of this notice. The FSR will include Federal grant and loan assistance under obligation for the next fiscal year as well as the facility's annual compliance level, adjusted by the CPI for inflation.

CPI application to excess or deficit amounts

The change in the CPI for medical care between 2012 and 2013 is 2.5 percent (See CPI Adjustment Table 2).

Excess Adjustment

Adjustment of excess amounts earned in a fiscal year beginning between March 12, 2013, and March 11, 2014, must be applied to the following fiscal year. An example is illustrated below.

Excess Example

Annual Compliance Level for FY 2015, Beginning July 1, 2014 = \$630,000
Excess Uncompensated Services Provided in FY 2014 = \$1,000
CPI adjustment between 2012 and 2013 = 2.5 percent
Excess + (Excess x Percent Change in CPI) = Adjusted Excess
 $\$1,000 + (\$1,000 \times 2.5 \text{ percent}) = \$1,025$ (Adjusted Excess)
Annual Compliance Level - Adjusted Excess = Adjusted Annual Compliance Level
 $\$630,000 - \$1,025 = \$628,975$ (Adjusted Annual Compliance Level)

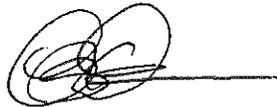
Deficit Adjustment

Adjustment of deficits incurred in a fiscal year beginning between March 12, 2013, and March 11, 2014, must be made up in the following fiscal year, is illustrated below:

Deficit Example

Annual Compliance Level for FY 2015, Beginning July 1, 2014 = \$630,000
Deficit Amount from FY 2014 to be made up in FY 2015 = \$1,000
CPI adjustment between 2012 and 2013 = 2.5 percent
Deficit + (Deficit x Percent Change in CPI) = Adjusted Deficit
 $\$1,000 + (\$1,000 \times 2.5 \text{ percent}) = \$1,025$ (Adjusted Deficit)
Annual Compliance Level + Adjusted Deficit = Adjusted Compliance Level
 $\$630,000 + \$1,025 = \$631,025$ (Adjusted Annual Compliance Level)

If you have any questions, please contact the Division of Poison Control and Healthcare Facilities, Healthcare Systems Bureau, Health Resources and Services Administration, Parklawn Building, 5600 Fishers Lane, Room 10-105, Rockville, Maryland 20857; telephone (301) 443-5656.



Cheryl R. Dammons
Associate Administrator

Attachment

