
Program Policy

Notice No. 16-01

February 26, 2016

- 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 - 2015

This consumer price index (CPI) becomes effective for Hill-Burton facilities on March 21, 2016.

The 2015 CPI becomes effective on March 21, 2016. 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 2015, 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 2015 is 562.0 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 2014 and 2015 is 2.6 percent (See CPI Adjustment Table 2).

Excess Adjustment

Adjustment of excess amounts earned in a fiscal year beginning between March 12, 2015, and March 11, 2016, must be applied to the following fiscal year. An example is illustrated below.

Excess Example

Annual Compliance Level for FY 2017, Beginning July 1, 2016 = \$662,000

Excess Uncompensated Services Provided in FY 2016 = \$1,000

CPI adjustment between 2014 and 2015 = 2.6 percent

Excess + (Excess x Percent Change in CPI) = Adjusted Excess

\$1,000 + (\$1,000 x 2.6 percent) = \$1,026 (Adjusted Excess)

Annual Compliance Level - Adjusted Excess = Adjusted Annual Compliance Level

\$662,000 - \$1,026 = \$660,974 (Adjusted Annual Compliance Level)

Deficit Adjustment

Adjustment of deficits incurred in a fiscal year beginning between March 12, 2015, and March 11, 2016, must be made up in the following fiscal year, is illustrated below:

Deficit Example

Annual Compliance Level for FY 2016, Beginning July 1, 2016 = \$662,000

Deficit Amount from FY 2016 to be made up in FY 2017 = \$1,000

CPI adjustment between 2014 and 2015 = 2.6 percent

Deficit + (Deficit x Percent Change in CPI) = Adjusted Deficit

\$1,000 + (\$1,000 x 2.6 percent) = \$1,026 (Adjusted Deficit)

Annual Compliance Level + Adjusted Deficit = Adjusted Compliance Level

\$662,000 + \$1,026 = \$663,026 (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, 5600 Fishers Lane, Room 8W-25C, Rockville, Maryland 20857; telephone (301) 443-5656.

/Cheryl R. Dammons/

Cheryl R. Dammons
Associate Administrator

Attachment

