

TRAUMA CARE ASSISTANCE REVOLVING FUND

Financial Calculation For Hospital Applicants (updated 05/09/2012)

❑ **Formula to Calculate your Medicare Cost-To-Charge Ratio.**

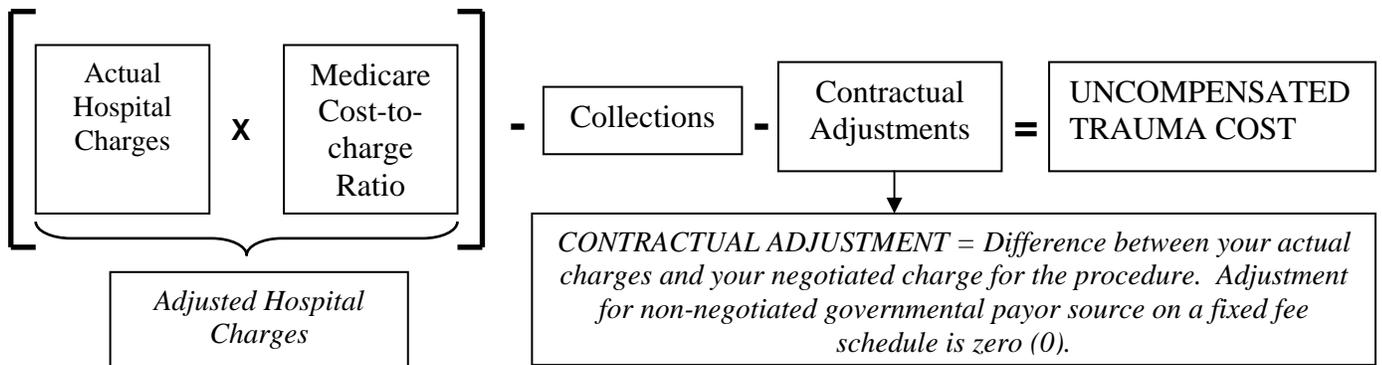
There is more than one "Cost-to-Charge" ratio.

So you must calculate an overall (or hospital wide average) Cost-to-Charge ratio, as follows:

1. Obtain the source document which is the Cost Report's Worksheet C, Part 1, Line 202;
2. Obtain the figure from Column 5;
3. Obtain the figure from Column 8;
4. Divide the Column 5 figure by the Column 8 figure (*Total Cost / Total Charge for the Hospital*).

Doing so provides a more reasonable reimbursement ratio than either by averaging selected Department's Cost-to-Charge ratios, or arbitrarily using only the Cost-to-Charge ratio for the Emergency Department, which fails to provide the facility with consideration of lab, radiology, and other typical trauma charges. Please use the Cost Report "as filed" for the time period that encompasses the time period of application. If this is not available, you may submit the Cost Report "as audited". Be advised you are subject to audit by a State of Federal agency, fiscal intermediary, or an independent auditor.

❑ **Formula to calculate Uncompensated Trauma Cost.**



❑ **Sample Financial Calculations.**

Actual Hospital Charges	Cost to Charge Ratio	Adjusted Hospital Charges	Actual Collections	Contractual Adjustments	Uncompensated Trauma Costs
\$3,227.63	0.531	\$1,713.87	\$0.00	\$0.00	\$1,713.87
\$6,719.57	0.531	\$3,568.09	\$3,052.25	\$0.00	\$515.84
\$7,335.45	0.531	\$3,895.12	\$10.00	\$0.00	\$3,885.12
\$2,824.68	0.531	\$1,499.91	\$1,684.22	\$0.00	(\$184.31)
\$2,085.62	0.531	\$1,107.46	\$0.00	\$834.25	\$273.21
\$13,025.81	0.531	\$6,916.71	\$0.00	\$0.00	\$6,916.71