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Title 22@ Social Security

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Division 3@ Health Care Services

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Subdivision 1@ California Medical Assistance Program

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Chapter 3@ Health Care Services

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Article 7.5@ HOSPITAL INPATIENT SERVICES REIMBURSEMENT SECTION

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Section 51556@ Contracts

51556 Contracts

(a)

(1) The reimbursement limitation for the noncontract service costs of contracting hospitals which had a valid contract during the entire settlement fiscal period shall be determined by the following method: $\text{Noncontract Reduction} = \text{NMCN} - \text{TCL}$

Where: NMCN = Noncontract Medi-Cal net cost of covered services including third-party liability amounts $\text{TCL} = \text{PYNCPD} * \text{PDL} * \text{SYND}$ $\text{PYNCPD} = \text{PYNC} / \text{PYND}$

$\text{TCL} = \text{Total cost limit exclusive of any reductions for third-party liability}$ $\text{PYNCPD} = \text{Prior fiscal period noncontract cost per day}$ $\text{PYNC} = \text{Prior fiscal period noncontract costs}$ $\text{PYND} = \text{Prior fiscal period noncontract days}$ $\text{PDL} = \text{Per diem limit increase}$ which shall be the target as specified in federal regulation CFR 42, Section 413.40(c)(3). $\text{SYND} = \text{Settlement fiscal period noncontract days}$

(2) All AA and appeal issues must pertain to the reason for the increase in the average noncontract costs per day from the prior fiscal period to the settlement fiscal period.

(3) Contracting hospitals with noncontract service costs will also have an ARPDL calculation performed each FPE. The calculation will be used to determine the base period for the next FPE in the event the provider discontinues the contracting program.

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(2)

All AA and appeal issues must pertain to the reason for the increase in the average noncontract costs per day from the prior fiscal period to the settlement fiscal period.

(3)

Contracting hospitals with noncontract service costs will also have an ARPD calculation performed each FPE. The calculation will be used to determine the base period for the next FPE in the event the provider discontinues the contracting program.

(b)

The noncontract reimbursement reduction, if any, for partial FPE contracting hospitals, those hospitals which have gone on or off contracting during their settlement fiscal period, shall be determined as follows: $\text{Noncontract Reduction} = \text{PRNC} * \text{FYR}$ Where: $\text{PRNC} = \text{NMCN} / \text{TCMN}$ $\text{PRNC} = \text{Proportion of reimbursement not under contract}$ $\text{FYR} = \text{Full fiscal period all services reimbursement reduction as determined by the PIRL.}$ $\text{NMCN} = \text{Noncontracting Medi-Cal net cost of covered services}$ $\text{TCMN} = \text{Total Medi-Cal net cost of covered services for the entire fiscal period for all services.}$