

TRAUMA CARE ASSISTANCE REVOLVING FUND

Financial Calculation Instructions For Hospital Applicants

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

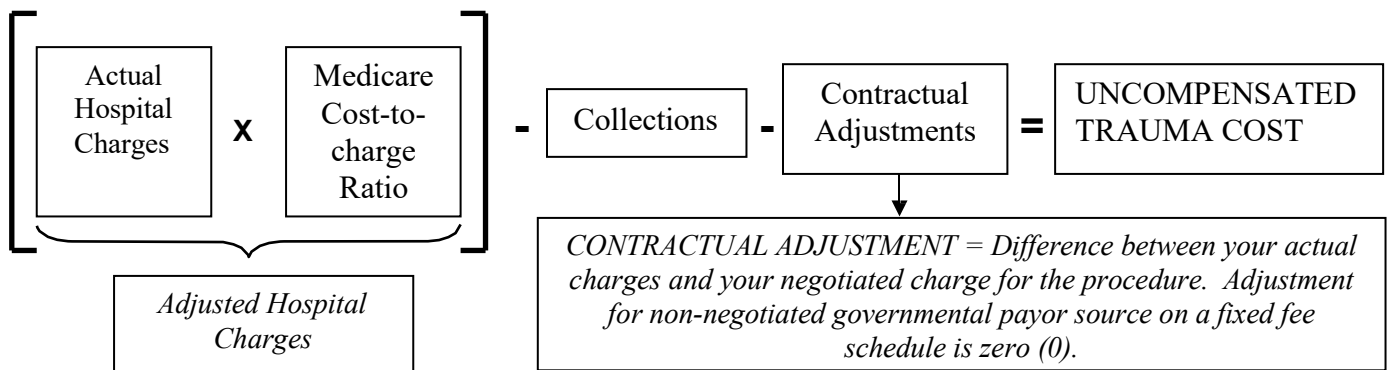
There is more than one "Cost-to-Charge" ratio.

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*).
(*Please round to 3 decimal places as seen in Sample Financial Calculations below.*)

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.**

*****Round Cost to Charge Ratio to 3 decimal places.**

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