

Medicare Cost Report Revisions Workbook

Medical Supplies &
Implantable Devices

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This presentation and related training materials are intended to assist you with regard to changes in cost reporting related to charge compression. While we have endeavored to provide accurate information and assistance, these cost reporting changes are new and may be subject to different interpretations as they are implemented. We recommend that you consult with your own advisors regarding any questions or issues about the application of these changes to your facility's cost reporting obligations.

Background

This Cost Reporting Revisions Workbook is designed to assist hospital accountants and cost report preparers with implementation of recently adopted rules for the Medicare Cost Report. The workbook offers an overview of cost report rule changes and provides an explanation of why these changes are important to hospital reimbursement. Hospital personnel are shown different methods for organizing, collecting and reporting data necessary to comply with the new federal requirements.

Every hospital will be different and the workbook may not resolve each hospital's specific issues or problems. However, by following the workbook's suggestions, each hospital should be more quickly able to respond to their unique circumstances and challenges.

It is recommended that each hospital form a working group made up of representatives from several different operational areas. This work group may then be charged with reviewing current practices and identifying where and how accounting data are captured and reported. With this approach each hospital should be able to customize the suggestions into a method which best fits its individual needs and circumstances.

The workbook focuses on major changes to the categorization and reporting of Medical Supplies Charged to Patients. Historically, Implantable Medical Devices Charged to Patients has been grouped with all other billable medical supplies. As a result, high cost items (Implants) with a relatively low pricing mark-up are combined with lower cost items (sutures, bandages, etc.) that are priced using a higher mark-up. Such pricing practices are very common and used throughout the nation's hospitals.

This common pricing practice has resulted in the phenomenon known as *Charge Compression*. Charge compression leads to bias and inaccuracy with Medicare Cost Report cost-to-charge ratios. As a result, charge compression is significant to hospitals because it can have a significant negative impact on overall hospital reimbursement. Medicare cost-to-charge ratios are the basis of Medicare payment. Inaccurate cost-to-charge ratios can lead to the receipt of inaccurate inpatient and outpatient Medicare payments.

The major problem arising from charge compression occurs when all medical supplies charged to patients are grouped together for cost reporting purposes. The lower cost, higher mark-up items tend to skew cost-to-charge ratios results when they are mixed together with higher cost, lower mark-up items. Low cost medical supplies dilute the

cost-to-charge ratio and result in an understatement of the high cost for Implantable Medical Devices Charged to Patients.

Cost-to-charge ratios obtained from the Medicare Cost Report have been used to calculate outpatient relative value weights since the year 2000. Relative value weights for APCs which include use of implantable medical devices are understated and underpaid based on the currently diluted medical supply cost-to-charge ratios derived from Medicare Cost Report data used to calculate relative value weights. These outcomes are the result of charge compression.

On the inpatient side, CMS began a transition to cost-based weights on October 1, 2006. All DRG inpatient payments are now based on “relative resource use.” Just as with APCs, the diluted cost-to-charge ratios derived from Medicare Cost Reports are also used to calculate the cost-based weights for DRGs.

It is critical that all hospitals participate in making the changes now required for cost reporting. APC and DRG weights are the result of averaging data from all hospitals. In order to correct inaccuracies and properly adjust APC and DRG weights, all hospitals must report correctly.

Medical device firms have been involved in working with CMS and others to address the issue of charge compression. Charge compression issues have been under discussion since Medicare APCs emerged in the year 2000. As a result of input from various groups, CMS was spurred to take action. CMS engaged the research consulting firm, RTI, to undertake a thorough examination of the charge compression issue. RTI specifically examined the impact of charge compression on MS-DRG payments. The study cited two significant reasons for charge compression: 1) data accuracy; and 2) data aggregation. The RTI Study concluded with the following key findings:

- Charge compression *does* introduce bias to MS-DRG payment weights
- Data accuracy issues include the “misalignment of costs and charges by cost center”
- Data aggregation issues include combining services or items that have systematically different mark-up rates for one hospital department or one line number on the cost report”

In the short term, RTI recommended the use of regression-based estimates to disaggregate national cost-to-charge ratios for medical supplies. Basically, this solution provides a “patch,” to fix charge compression issues until such time that a longer term

solution can be achieved. RTI also recommended that creation of a new standardized cost center for “Devices, Implants and Prosthetics” would provide better resolution to the issue, but would also require a longer time frame to successfully implement.

With the results of the RTI Study, CMS chose to move forward with changes necessary to address the charge compression issue based on the long term recommendations from RTI. Although CMS’ cost reporting changes are now in place, the impact on hospital payments based on this data will not be seen until 2013.

CMS issued Transmittal #20, which instructs hospitals with fiscal years beginning on or after May 1, 2009, to separate the Medical Supply cost center into two lines. The lines are:

- Line 55 Medical Supplies Charged to Patients
- Line 55.30 Implantable Devices Charged to Patients

CMS also issued a proposed rule on July 2, 2009 which is currently being finalized for hospitals with fiscal years beginning on or after May 1, 2010. The proposed rule addressed numerous other cost report issues but continued the requirement that hospitals separate the Medical Supplies cost center into two lines. These two lines were renumbered and are:

- Line 71 Medical Supplies Charged to Patients
- Line 72 Implantable Devices Charged to Patients

Now it is up to all individual hospitals to take steps and make the required changes. Hospitals will face challenges with improving data accuracy. The chapters of this workbook which follow are intended to assist hospitals with effectively making the transition. It is essential that each hospital undertake a diligent, thoughtful and well documented process to address internal accounting and reporting changes. By following the process outlined in this workbook, each hospital should be able to adequately prepare these new elements of the Medicare Cost Report. The hospital should also be well positioned to support these reporting changes when audited by the FI/MAC.

For ease and clarity, the remaining portions of this workbook will refer to lines 55 and 55.30 since these are the line numbers used in the current version of the cost report, CMS 2552-96.

Assessment

As discussed above, the Medicare Cost Report has been changed to require that hospitals split medical supplies into two lines:

- Medical Supplies Charged to Patients on line 55; and
- Implantable Devices Charged to Patients on line 55.30.

Prior to this recent change in reporting requirements, Medical Supplies Charged to Patients were only reported in total on line 55. Hospitals need to gain a common understanding of what they have done historically on the cost report relative to reporting medical supplies. Each hospital should have a clear understanding of why they may have done it in a particular way and whether that method is consistent with what is needed for cost reporting in the future.

It is essential that each hospital perform an overall assessment of their existing accounting structure and systems prior to making any changes designed to meet the new Medicare cost reporting requirements. An assessment will assist the hospital in developing a clear plan to adjust internal accounting procedures needed to facilitate correct reporting of Medical Supplies Charged to Patients and Implantable Devices Charged to Patients.

Most hospitals have developed accounting systems and procedures over time partly in response to Medicare cost reporting requirements. Methods for documentation are sometimes modified based upon input from internal staff or outside consultants who assist the hospital in preparation and filing of the cost report. Often these systems and processes are replicated in each subsequent cost reporting period without significant change or modification. As a result, the rationale for certain processes, or methods to achieve them may become routine but still lack a clear, coherent understanding by all personnel who may be involved in the data collection, accounting and reporting process.

RECOMMENDATION: Form a workgroup to perform an overall assessment of existing accounting and reporting systems used to track both patient revenues and the related cost of medical supplies.

A formal, internal hospital workgroup comprised of relevant managers is a key step in assuring that any changes to data collection and accounting methods are based upon a solid understanding of existing accounting and reporting systems used to track both patient revenues and the related cost of medical supplies. A typical hospital workgroup might include representatives such as:

- Controller
- Accounting Manager
- Cost Accountant
- Materials Manager
- Reimbursement Manager
- Cost Reporting Consultant
- Key Departmental Managers
 - Surgery
 - Cardiology
 - Intensive Care
 - Any Other Departments Frequently Using Implantable Devices

The workgroup should be charged with a specific purpose designed to achieve the baseline elements necessary for planned changes to data collection, accounting and cost reporting. The workgroup is best designed to accomplish the following tasks:

- Gain a common understanding of where medical supply revenues and costs are currently reported within the general ledger
- Clarify which supply costs are billable and identify those which are non-billable supply costs
- Clarify if and by what methods the hospital presently distinguishes between Medical Supplies Charged to Patients and Implantable Devices Charged to Patients
- Review the current supply mark-up formula.
 - Validate how the mark-up formula is applied to different supply costs and the specific patient charges resulting from the mark-up

A primary discussion point needs to focus on deciding where medical supplies are currently reported.

- What do specific items represent relative to billable and non-billable supplies?

- Are medical supply costs centralized, decentralized, or hybrid combination of these two approaches?
- Are all billable medical supplies reported in one common department?
- Are non-billable supplies dispersed to all other patient service departments?
- If so, are the patient revenues related to billable supplies included in one revenue department, or in each department that originates the patient charge?

For example, are billable supply costs all in central supply, yet revenue is reported in Surgery or the Cardiac Catheterization Lab? Conversely, does the hospital report billable medical supplies in all patient service departments, and if so, where is the revenue related to those supplies captured?

The hospital should also look at the sub-accounts in the general ledger which relate to medical supplies. Do the sub-accounts used have sufficient detail to split the costs of Medical Supplies Charged to Patients from Implantable Devices Charged to Patients on lines 55 and 55.30? Are those costs consistent with the revenues for medical supplies by revenue summary code?

Each hospital should also examine the concept of billable and non-billable supply costs. Does the general ledger differentiate between billable medical supplies and non-billable medical supplies? A supply item can be billable as a medical supply item in some cases but not others. Is a supply item billable if captured in a centralized department, but the same item is not billed as a supply cost where it is considered a part of the cost covered by a procedure or room charge?

Bundled supply costs and charges should also be discussed. Generally, bundled supplies are prepackaged kits or packs provided by the manufacturer or supplier which include most or all of the medical supplies and devices needed to perform a specific procedure. The hospital pays a fixed price for the entire kit. However, the bundled kit may include items which are billed as implantable devices and others that are billed as medical supplies. The result is that the cost of the implantable device account in the general ledger may be overstated and not correctly match up with associated revenue. Each hospital will need to identify these items and document where the cost and related patient charges (revenues) are recorded.

The answers to these questions will help lay the foundation for further work by the group. The hospital should have its cost report preparer briefly summarize how medical supplies have historically been reported in the cost report on line 55. Is the general ledger the source of the revenue and cost data or are other sources used? Are the revenues and costs

department specific, or are reclassifications and or allocations performed? It may be some unique combination of all these approaches.

In addition, how are the PS&R data for Medicare charges mapped into the cost report, and are these data consistent with the way total costs and revenues are grouped? The answers to these questions will help crystallize how well the hospital has historically matched the cost of billable medical supplies with billable medical supply revenue. This is true both in total and for Medicare specifically.

The Workgroup should also discuss with the cost report preparer what costs have been included on line 55 in prior years' cost reports. Many hospitals have historically assigned, reclassified, or allocated all medical supplies costs to line 55 using the costs in the general ledger for selected sub-accounts, thereby potentially including both billable and non-billable medical supplies on that line. Other hospitals may be able to differentiate billable and non-billable medical supply costs and only report the medical supply costs directly related to the medical supply billed revenue on line 55. The differences in approach, and to some degree philosophy, are dictated primarily by the accuracy of the financial systems and how well they have been used in preparing the cost report. The hospital will need to decide on an approach that best suits its ability to identify, capture and match medical supplies costs and revenues on lines 55 and 55.30.

WORKGROUP OUTCOMES:

- The outcome from the workgroup's effort should be a documented plan which:
 1. Identifies patient revenues for Medical Supplies Charged to Patients and Implantable Devices Charged to Patients
 2. Provides the necessary data to the cost report preparer for reporting and reclassifying patient revenues, as necessary, on Worksheet C to lines 55 and 55.30
 3. Specifically identifies actual costs or otherwise estimates the costs of billable Medical Supplies Charged to Patients and Implantable Devices Charged to Patients
 4. Provides necessary data to the Medicare cost report preparer for reclassifying those costs on Worksheet A-6 to lines 55 and 55.30.
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Methods for Capturing Revenue

Hospitals typically report revenue in the general ledger by patient status and financial class. For example, revenue may be reported by whether the patient was registered as an inpatient or outpatient. In addition, revenue may also be classified by the payer, such as Medicare, Medicaid, or Private Insurance. The general ledger of most hospitals will not contain a level of detail necessary to accurately assign total revenue related to the two required reporting classifications:

1. Line 55: Medical Supplies Charged to Patients; and
2. Line 55.30: Implantable Devices Charged to Patients

Although not common, a hospital general ledger may contain revenue sub-accounts organized by the type of revenue generated through the routine course of business. Sub-account revenue may be categorized as room revenue, procedure revenue, supply revenue, or other classifications similar to these. However, it would be highly atypical for a hospital to differentiate revenue in the general ledger by Medical Supplies Charged to Patients and Implantable Devices Charged to Patients.

Instead, detailed revenue history is maintained in a separate element of the accounting system. A hospital revenue management system or other subordinate patient revenue tracking system is typically the mechanism by which the hospital keeps detailed source information for revenue. Summary level revenue data are then recorded to the general ledger through an interface from the revenue system. This more common approach means that a hospital will likely need to utilize the detailed data from the revenue accounting system in order to properly identify and categorize revenue related to Medical Supplies Charged to Patients and Implantable Devices Charged to Patients.

Medical Supply revenue may be recorded in one centralized department such as Supplies Charged to Patients, or it may be captured in multiple patient service departments. For example, medical supply revenue is often recorded in departments such as:

- Surgery
- Emergency
- Cardiac Catheterization Laboratory
- Radiology

As discussed in the Assessment Chapter, each hospital should document which medical supplies are actually billed and where the revenue associated with billable medical supplies is currently recorded.

For most hospitals, it will be necessary to utilize a subordinate revenue system report, rather than the general ledger, in order to produce the necessary level of detail for patient supply revenue. Most, if not all, hospitals have a report within the revenue system that includes the details for all charges at the charge code level. There are many names for this report, but common names associated with this report include “Revenue Usage”, “Revenue Statistics”, and “Revenue Detail”. In this workbook this report will be referred to as the Revenue Usage report.

It is very likely that the hospital will need to utilize a report such as these to obtain sufficiently detailed revenue information. Each hospital will need to accomplish at least four specific tasks:

1. Identify all medical supply revenue
2. Identify where it is recorded in the general ledger
3. Determine how much of the total medical supply revenue relates to Medical Supplies Charged to Patients; and
4. Determine how much of the total medical supply revenue relates to Implantable Devices Charged to Patients

The Revenue Usage report is generally organized by revenue department and will generally contain fields for several revenue related details. These may include:

- Hospital charge code
- Description of the charge item
- A standard three digit revenue summary code
- Price of the item
- Quantities for each item, often separated by inpatient and outpatient charges

- Total revenue for inpatient and outpatient services

An example of a typical Revenue Usage Report follows in Exhibit 1 as an illustration of the key details necessary for compiling data for Medical Supplies and Implantable Devices Charged to Patients.

The sample Revenue Usage Report illustrates how a hospital records medical supply revenue in many different departments. Note that medical supply charges are identified by the standard revenue summary code using the National Uniform Billing Committee (UBC) classification system. Tables showing the relevant UBC Codes for Medical Supplies Charged to Patients and Implantable Devices Charged to Patients are shown below:

Medical/Surgical Supplies

Revenue Code	Description
270	General Classification
271	Non-Sterile Supply
272	Sterile Supply
273	Take Home Supplies
274	Prosthetic/Orthotic Devices
277	Oxygen – Take Home
279	Other Supplies/Devices
621	Supplies Incident to Radiology
622	Supplies Incident to Other Diagnostic Services
623	Surgical Dressings

Implantable Medical Devices

Revenue Code	Description
275	Pacemaker
276	Intraocular Lens
278	Other Implant*
624	FDA Investigational Devices

*Note - Other Implants include but are not limited to: stents, artificial joints, shunts, grafts, pins, plates, screws, anchors, radioactive seeds.

Whether the hospital accounts for all medical supply revenue in one department, or in multiple departments as in the example, the method of using revenue summary codes to capture and reclassify Medical Supplies Charged to Patients and Implantable Devices Charged to Patients is the same.

The Revenue Usage Report can be used to very specifically identify total medical supply revenue, and where it is recorded in the general ledger. In addition, this report provides the data necessary to separate medical supply revenue into the two categories for reporting on lines 55 and 55.30 in the cost report. An illustration of the method to accomplish this is shown below.

EXAMPLE – Revenue Capture and Reporting

Anywhere USA Hospital has a revenue tracking system capable of producing a Revenue Usage Report.

- STEP 1: Download the Revenue Usage Report into a spreadsheet application to facilitate sorting of all revenue by department and by revenue summary code. This download of data becomes the first element in a series of workpapers used for preparation of the Medicare Cost Report.
- STEP 2: Sort the revenue by revenue summary code and revenue department.

- STEP 3: Select all revenue summary codes from all departments that have charges related to medical supplies (codes 270-279, & 621-624). Place these data elements into a new spreadsheet sorted by department
- STEP 4: Sort the new spreadsheet into two groups: Medical Supplies Charged to Patients (codes 270-274, 277, 279, & 621-623) and Implantable Devices Charged to patients (codes 275, 276, 278 & 624)
- STEP 5: Provide the spreadsheet created in STEP 4 to the cost report preparer for use in developing a workpaper supporting the reclassification of this revenue on the Medicare Cost Report Worksheet C.
- STEP 6: Retain a copy of this spreadsheet for possible use in calculating the cost of billable medical supplies. The data elements in this report will be necessary for calculating billable supplies cost if there are not sufficiently detailed cost data from other elements of the hospital accounting system

Exhibit 2 is an illustration of a spreadsheet after completion of the steps described above.

EXHIBIT 1

REVENUE USAGE REPORT

ANYWHERE USA HOSPITAL
REVENUE USAGE REPORT

EXHIBIT 1

Chrg Code	Description	Rev Code	Pat Charge	I/P QTY	O/P QTY	Total QTY	I/P Amount	O/P Amount	Total Amount
ICU - 1	BRONCHOSCOPY - ICU	360	400	17	0	17	6,800	-	6,800
ICU - 2	CONT.VENOVENOUS HEMODIAL DAILY	809	1900	24	0	24	45,600	-	45,600
ICU - 3	ROOM & BOARD - ICU	200	4750	825	0	825	3,918,750	-	3,918,750
ICU - 4	ROOM & BOARD - CCU	209	4750	67	0	67	318,250	-	318,250
Department Total				933	0	933	4,289,400	-	4,289,400
ER - 1	ED COMPLEX PROCEDURE	450	1100	72	68	140	79,200	74,800	154,000
ER - 2	ED INTERMEDIATE PROCEDURE	450	800	28	140	168	22,400	112,000	134,400
ER - 3	ED MINOR PROCEDURE	450	350	45	781	826	15,750	273,350	289,100
ER - 4	ER VISIT - LEVEL 1	450	285	1	596	597	285	169,860	170,145
ER - 5	ER VISIT - LEVEL 2	450	590	25	4183	4208	14,750	2,467,970	2,482,720
ER - 6	ER VISIT - LEVEL 3	450	990	75	3341	3416	74,250	3,307,590	3,381,840
ER - 7	ER VISIT - LEVEL 4	450	1400	39	1354	1393	54,600	1,895,600	1,950,200
ER - 8	ER VISIT - LEVEL 5	450	2350	1711	356	2067	4,020,850	836,600	4,857,450
ER - 9	ER VISIT LEVEL 6 CRITICAL CARE	450	2350	87	28	115	204,450	65,800	270,250
ER - 10	EACH ADD 1/2 HR CRIT CARE	450	550	69	13	82	37,950	7,150	45,100
ER - 11	IV INFUS W/MED EA ADDL HOUR	450	240	289	69	358	69,360	16,560	85,920
ER - 12	IV INFUSION W/MED UP TO 1 HR	450	240	657	338	995	157,680	81,120	238,800
ER - 13	IV PUSH, INITIAL	450	100	1043	1832	2875	104,300	183,200	287,500
ER - 14	URETHERAL CATH FOLEY	450	375	158	56	214	59,250	21,000	80,250
ER - 15	ED DERMABOND	270	80	16	185	201	1,280	14,800	16,080
ER - 16	CONSCIOUS SEDATION IV,IM,INHAL	450	325	8	39	47	2,600	12,675	15,275
ER - 17	INFUSION WO/MED UP TO 1 HOUR	450	500	340	412	752	170,000	206,000	376,000
ER - 18	IV INFUS WO/MED EA ADD HOUR	450	500	525	861	1386	262,500	430,500	693,000
ER - 19	IV PUSH SEQUENTIAL DRUG/ADD-ON	450	125	828	1582	2410	103,500	197,750	301,250
Department Total				6016	16234	22250	5,454,955	10,374,325	15,829,280
SUR - 1	ABSORBATAACK 5MM DISP	272	2600	4	20	24	10,400	52,000	62,400
SUR - 2	ADHESIVE TOPICAL SKIN DERMABON	272	200	113	268	381	22,600	53,600	76,200
SUR - 3	BAG UROCATCHER II SKYTRON BED	270	125	136	184	320	17,000	23,000	40,000
SUR - 4	BLADE SHAVER AG+4.0MM	272	375	49	57	106	18,375	21,375	39,750
SUR - 5	CANNULA KII THREADED 5MM	272	70	200	414	614	14,000	28,980	42,980
SUR - 6	CATH CHOLANGIOGRAM 4.5 FR X 18	272	200	44	76	120	8,800	15,200	24,000
SUR - 7	CLAMP DIST RADIUS ADJUSTABLE	278	3200	6	8	14	19,200	25,600	44,800
SUR - 8	COMPONENT FEMORAL INTERLOCKING	278	5100	0	3	3	-	15,300	15,300
SUR - 9	COMP FEMORAL SIGMA PS SZ 3L	278	4800	0	5	5	-	24,000	24,000
SUR - 10	CRADLE ARM LAMINECTOMY BARESKI	270	58	229	418	647	13,282	24,244	37,526
SUR - 11	CUP ACETABULAR RING LOC BI POL	278	3500	0	3	3	-	10,500	10,500
SUR - 12	DRAIN WOUND ROUND TROCAR 10 FR	272	220	39	80	119	8,580	17,600	26,180
SUR - 13	DRESSNG FOAM 18x12.5CM/3.3CM M	272	375	1	23	24	375	8,625	9,000
SUR - 14	ELECTRODE,LIGASURE 5MM SEALER	272	2450	9	63	72	22,050	154,350	176,400
SUR - 15	GRAFT PELVISOFT 6 X 8 CM	278	4000	1	5	6	4,000	20,000	24,000
SUR - 16	GRAFT HEMASHIELD FINESSE 1x3IN	278	795	0	45	45	-	35,775	35,775
SUR - 17	GRAFT TISSUE ANT TIB 9.5x310	278	4995	5	6	11	24,975	29,970	54,945
SUR - 18	GUIDEWIRE ANGLED GLIDEWIRE 0.0	272	425	22	41	63	9,350	17,425	26,775
SUR - 19	HEAD FEMORAL MODULAR 28 MM HEA	278	2000	0	6	6	-	12,000	12,000
SUR - 20	HIP STEM 9 X 1137 MM	278	6400	0	3	3	-	19,200	19,200
SUR - 21	IMPLANT FEM 9-10MM E-Z LOC	278	2100	9	9	18	18,900	18,900	37,800
SUR - 22	IMMOBILIZER KNEE 19.5 IN	274	175	67	86	153	11,725	15,050	26,775
SUR - 23	INFUSION KIT BONE GRAFT LG	278	9900	0	18	18	-	178,200	178,200
SUR - 24	KIT ARTHROSCOPY	272	800	96	101	197	76,800	80,800	157,600
SUR - 25	KIT MAJOR ORTHO	272	990	77	250	327	76,230	247,500	323,730
SUR - 26	KIT MAJOR PROCEDURE	272	765	18	213	231	13,770	162,945	176,715
SUR - 27	KIT MASTERGRAFT MATRIX 10CC	278	4200	0	18	18	-	75,600	75,600
SUR - 28	NAIL TROCH 11x170MM 130DEG FIX	278	3000	0	16	16	-	48,000	48,000
SUR - 29	NEEDLE INSUFFLATION PNEUMOPERI	272	168	38	98	136	6,384	16,464	22,848

ANYWHERE USA HOSPITAL
REVENUE USAGE REPORT

EXHIBIT 1

Chrg Code	Description	Rev Code	Pat Charge	I/P QTY	O/P QTY	Total QTY	I/P Amount	O/P Amount	Total Amount
SUR - 30	PATCH MESH POLYPROPYLENE MARLE	278	325	10	11	21	3,250	3,575	6,825
SUR - 31	PATELLA FEMORAL OVAL DOME 3 PE	278	1995	0	12	12	-	23,940	23,940
SUR - 32	PLATE 2.4MM LCP 5-HOLE/44MM	278	1800	4	4	8	7,200	7,200	14,400
SUR - 33	PLATE STRAIGHT LIMITED CONTACT	278	1220	7	10	17	8,540	12,200	20,740
SUR - 34	PORT IMPLANTABLE ISP 8 FR	278	1750	28	42	70	49,000	73,500	122,500
SUR - 35	SCREW CANCELLOUS SELF-TAPPING	278	950	0	26	26	-	24,700	24,700
SUR - 36	SCREW LOCKING 2.4 X 20 MM	278	600	1	10	11	600	6,000	6,600
SUR - 37	SCREW LOCKING SELF-TAPPING 3.5	278	585	22	38	60	12,870	22,230	35,100
SUR - 38	STAPLER LOAD UNIT ENDO GIA 60-	272	910	4	53	57	3,640	48,230	51,870
SUR - 39	STEM FEMORAL 12.5 X 145 POROUS	278	6300	0	8	8	-	50,400	50,400
SUR - 40	STENT CORONARY DRIVER 3 X 12 M	278	5260	2	8	10	10,520	42,080	52,600
SUR - 41	STENT URETERAL 6 X 24 POLARIS	278	878	11	18	29	9,658	15,804	25,462
SUR - 42	STENT URETERAL 6 X 26 POLARIS	278	878	14	26	40	12,292	22,828	35,120
SUR - 43	SUT CHROMIC 2-0 27 IN SH BROWN	272	23	76	127	203	1,748	2,921	4,669
SUR - 44	SUT CHROMIC 3-0 27 IN SH BROWN	272	23	40	155	195	920	3,565	4,485
SUR - 45	SUT ETHILON 4-0 18 IN FS2 BLAC	272	18	81	117	198	1,458	2,106	3,564
SUR - 46	SUT MONOCRYL 4-0 27 IN PS2 UND	272	50	438	899	1337	21,900	44,950	66,850
SUR - 47	SUT PROLENE 0 30 IN CT2 BLUE	272	25	43	122	165	1,075	3,050	4,125
SUR - 48	SUT PROLENE 2-0 60 IN TP1 BLUE	272	49	0	145	145	-	7,105	7,105
SUR - 49	SUT SILK 2-0 18 IN SH MULTIPAC	272	98	51	302	353	4,998	29,596	34,594
SUR - 50	TROCAR BLADELESS OPTICAL 5MM	272	200	94	229	323	18,800	45,800	64,600
SUR - 51	WIRE FIBER ARTHREX SUT 2 POLYB	278	145	36	62	98	5,220	8,990	14,210
SUR - 52	MINOR SURG ADDL 1 MINUTE	360	19	5310	6947	12257	100,890	131,993	232,883
SUR - 53	MINOR SURG FIRST 1/2 HR	360	4650	245	312	557	1,139,250	1,450,800	2,590,050
SUR - 54	OXYGEN - PER 1 HOUR	271	53	163	39	202	8,639	2,067	10,706
SUR - 55	SURG INTERMED ADDL 1 MIN	360	80	18776	18127	36903	1,502,080	1,450,160	2,952,240
SUR - 56	SURG INTERMED UP TO 1HR	360	6490	654	867	1521	4,244,460	5,626,830	9,871,290
SUR - 57	SURG MAJOR ADDL 1 MINUTE	360	118	57427	5955	63382	6,776,386	702,690	7,479,076
SUR - 58	SURG MAJOR UP TO 1 HR	360	9750	748	73	821	7,293,000	711,750	8,004,750
Department Total				85448	37281	122729	21,635,190	12,029,263	33,664,453
HRT - 1	APPLIER CLIP PREMIUM S-9 TI	272	750	59	0	59	44,250	-	44,250
HRT - 2	BLADE SAW STERNAL	272	175	39	0	39	6,825	-	6,825
HRT - 3	CANNULA 4MM COR PERF STRAIGHT	272	425	43	0	43	18,275	-	18,275
HRT - 4	CANNULA 6MM COR PERF STRAIGHT	272	440	44	0	44	19,360	-	19,360
HRT - 5	CATH THORACIC STANDARD RT ANGL	272	90	27	0	27	2,430	-	2,430
HRT - 6	CATH THORACIC STRAIGHT 32 FR X	272	75	2	0	2	150	-	150
HRT - 7	CATH THORACIC STRAIGHT 36 FR X	272	60	39	0	39	2,340	-	2,340
HRT - 8	GRAFT VASC STRAIGHT KNITTED DB	278	2600	1	0	1	2,600	-	2,600
HRT - 9	KIT OPEN HEART ADULT	272	3600	39	0	39	140,400	-	140,400
HRT - 10	LEAD PACING STREAMLINE BIPOLAR	275	300	82	0	82	24,600	-	24,600
HRT - 11	SUT ETHIBOND 3-0 36 IN RB1 DA	272	49	90	0	90	4,410	-	4,410
HRT - 12	SUT PROLENE 4-0 36 IN RB1 DA B	272	51	116	0	116	5,916	-	5,916
HRT - 13	VALVE AORTIC MAGNA 21 MM PERIM	278	14000	3	0	3	42,000	-	42,000
HRT - 14	VALVE AORTIC MAGNA 23 MM PERIM	278	14000	4	0	4	56,000	-	56,000
HRT - 15	SURG CV MAJOR 1ST HOUR	360	8000	43	0	43	344,000	-	344,000
HRT - 16	SURG CV MAJOR ADD'L 15 MIN	360	1400	937	0	937	1,311,800	-	1,311,800
HRT - 17	KIT VASOVIEW HEMOPRO	272	4100	21	0	21	86,100	-	86,100
HRT - 18	VALVE TISSUE AORTIC 3000-19MM	278	11900	2	0	2	23,800	-	23,800
Department Total				1591	0	1591	2,135,256	-	2,135,256
MED - 1	ARM SLING	270	275	4	15	19	1,100	4,125	5,225
MED - 2	BINDER - ABDOMINAL	271	400	5	0	5	2,000	-	2,000
MED - 3	BLANKET LOWER BODY	270	95	6	1	7	570	95	665
MED - 4	CANISTER WOUND DRAIN 0.5 L TUB	272	300	81	0	81	24,300	-	24,300
MED - 5	CANISTER WOUND DRAIN CLAMP CON	272	175	20	0	20	3,500	-	3,500
MED - 6	CANNULA INNER DISP	271	25	8	0	8	200	-	200

ANYWHERE USA HOSPITAL
REVENUE USAGE REPORT

EXHIBIT 1

Chrg Code	Description	Rev Code	Pat Charge	I/P QTY	O/P QTY	Total QTY	I/P Amount	O/P Amount	Total Amount
MED - 7	CATH COUDE	272	100	4	2	6	400	200	600
MED - 8	CATHETER FLEXISEAL FECAL MNGMT	272	1100	10	0	10	11,000	-	11,000
MED - 9	CENTRAL VEIN CATH KIT II	272	340	1	0	1	340	-	340
MED - 11	DRAPE V.A.C 30.5x26 CM	272	68	8	0	8	544	-	544
MED - 12	DRES FOAM 18x12.5x3.3CM M POLY	272	370	162	0	162	59,940	-	59,940
MED - 13	DRESS FOAM 10x7.5x3.3CM M POLY	272	295	6	0	6	1,770	-	1,770
MED - 14	DRESS FOAM 26x15x3.3CM LG POLY	272	370	40	0	40	14,800	-	14,800
MED - 15	DRESSING DUODERM	272	70	11	0	11	770	-	770
MED - 16	DRESSING DUODERM 6X6 E-THIN	272	48	26	3	29	1,248	144	1,392
MED - 17	DRESSING FOAM 15x10 CM POLYVIN	272	120	73	0	73	8,760	-	8,760
MED - 18	DRESSING KALTOSTAT	272	80	19	1	20	1,520	80	1,600
MED - 20	STOCKING - TED KNEE	270	195	172	45	217	33,540	8,775	42,315
MED - 21	SUTURE REMOVAL KIT	270	50	234	4	238	11,700	200	11,900
MED - 22	TED STOCKINGS THIGH LENGTH	270	300	31	1	32	9,300	300	9,600
MED - 24	THERMOSET	272	225	7	0	7	1,575	-	1,575
MED - 26	BAG URINARY LEG MED 500ML LF	272	80	21	0	21	1,680	-	1,680
Department Total				949	72	1021	190,557	13,919	204,476
CATH - 1	BALLOON CONQUEST 9MM 4CM 75	272	895	2	8	10	1,790	7,160	8,950
CATH - 2	BALLOON PTA DORADO 6x20x135	272	915	2	20	22	1,830	18,300	20,130
CATH - 3	CATH ANGIO EZ-PAK PIGTAIL 6 FR	272	295	96	64	160	28,320	18,880	47,200
CATH - 4	CATH ANGIO JR4 6 FR X 100 CM	272	80	54	74	128	4,320	5,920	10,240
CATH - 5	CATH BALLOON DILATATION OTW UL	272	895	8	17	25	7,160	15,215	22,375
CATH - 6	CONTRAST OPTIRAY 320 100ML	636	160	139	153	292	22,240	24,480	46,720
CATH - 7	CONTRAST OPTIRAY 320 150ML	636	100	46	13	59	4,600	1,300	5,900
CATH - 8	GUIDEWIRE ANGLED 0.035 IN X 26	621	360	92	122	214	33,120	43,920	77,040
CATH - 9	GUIDEWIRE J-TIP 3 MM EMERALD 0	272	58	67	72	139	3,886	4,176	8,062
CATH - 10	INTRODUCER HEMOSTASIS ULTIMUM	272	175	81	134	215	14,175	23,450	37,625
CATH - 11	STENT CORONARY DRIVER 3 X 12 M	278	3100	4	2	6	12,400	6,200	18,600
CATH - 12	SUT SILK 0 18 IN FSL BLACK	272	18	48	87	135	864	1,566	2,430
CATH - 13	ANG INTRO CATHETER AORTA	369	300	34	39	73	10,200	11,700	21,900
CATH - 14	ANGIO AORTAGRAM ABDOMINAL	323	4600	36	55	91	165,600	253,000	418,600
CATH - 15	ANGIO ARTERIOVENOUS SHUNT	323	1100	10	37	47	11,000	40,700	51,700
CATH - 16	ARTHERECTOMY PERIPHERAL FEM PO	320	4400	6	38	44	26,400	167,200	193,600
CATH - 17	DRUG-ELUTING STENT PLACE-LAD	481	13200	22	3	25	290,400	39,600	330,000
CATH - 18	DRUG-ELUTING STENT PLACE-LCA	481	13200	11	1	12	145,200	13,200	158,400
CATH - 19	RIGHT AND LEFT HEART CATH	481	12000	11	35	46	132,000	420,000	552,000
CATH - 20	S/I CORONARY/GRAFTS	481	325	151	137	288	49,075	44,525	93,600
CATH - 21	BALLOON MONORAIL 5.0x20x135	272	2400	3	3	6	7,200	7,200	14,400
CATH - 22	BALLOON MONORAIL 7.0x20x135	272	2400	1	3	4	2,400	7,200	9,600
CATH - 23	CATH GUIDE SHERPA JL4 6FR	272	365	37	5	42	13,505	1,825	15,330
CATH - 24	GENERATOR ICD CONSULTA D224TRK	275	44000	0	8	8	-	352,000	352,000
CATH - 25	GENERATOR IDC SECURA D224VRC	275	30000	3	2	5	90,000	60,000	150,000
CATH - 26	GENERATOR PACEMAKER RR ADDR01	275	10500	4	9	13	42,000	94,500	136,500
CATH - 27	GENERATOR PACEMAKER VEDR01	275	11000	4	8	12	44,000	88,000	132,000
CATH - 28	GRAFT TALENT ILIAC EXT IXW1616	278	9300	3	0	3	27,900	-	27,900
CATH - 29	GRAFT TALENT ILIAC EXT IXW1812	278	10000	1	0	1	10,000	-	10,000
CATH - 30	GRAFT TALENT ILIAC EXT IXW1818	278	9300	4	0	4	37,200	-	37,200
CATH - 31	LEAD NON TRANSVENOUS 407645	275	1000	8	16	24	8,000	16,000	24,000
CATH - 32	LEAD NON TRANSVENOUS 407652	275	1000	9	15	24	9,000	15,000	24,000
CATH - 33	SHEATH INTRODUCER 18FRx30	272	650	24	0	24	15,600	-	15,600
CATH - 34	STENT COMPLTE SE 7MM 150MM 130	278	3000	0	11	11	-	33,000	33,000
CATH - 35	STENT ENDEAV SPRINT DES 3.0x12	278	5700	4	0	4	22,800	-	22,800
CATH - 36	STENT GENESIS 7x39x135	278	4000	3	2	5	12,000	8,000	20,000
CATH - 37	STENT GENESIS 8x29x135	278	4000	2	6	8	8,000	24,000	32,000
Department Total				1030	1199	2229	1,314,185	1,867,217	3,181,402
Hospital Total				95967	54786	150753	35,019,543	24,284,724	59,304,267

EXHIBIT 2

SORTED REVENUE USAGE REPORT

SUPPLIES ONLY

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REVENUE USAGE REPORT-DOWNLOADED, SORTED

EXHIBIT 2

Chrg Code	Description	Rev Code	Pat Charge	I/P QTY	O/P QTY	Total QTY	I/P Amount	O/P Amount	Total Amount
ER - 15	ED DERMABOND	270	80	16	185	201	1,280	14,800	16,080
MED - 1	ARM SLING	270	275	4	15	19	1,100	4,125	5,225
MED - 20	STOCKING - TED KNEE	270	195	172	45	217	33,540	8,775	42,315
MED - 21	SUTURE REMOVAL KIT	270	50	234	4	238	11,700	200	11,900
MED - 22	TED STOCKINGS THIGH LENGTH	270	300	31	1	32	9,300	300	9,600
MED - 3	BLANKET LOWER BODY	270	95	6	1	7	570	95	665
SUR - 10	CRADLE ARM LAMINECTOMY BARESKI	270	58	229	418	647	13,282	24,244	37,526
SUR - 3	BAG UROCATCHER II SKYTRON BED	270	125	136	184	320	17,000	23,000	40,000
MED - 2	BINDER - ABDOMINAL	271	400	5	0	5	2,000	-	2,000
MED - 6	CANNULA INNER DISP	271	25	8	0	8	200	-	200
SUR - 54	OXYGEN - PER 1 HOUR	271	53	163	39	202	8,639	2,067	10,706
CATH - 1	BALLOON CONQUEST 9MM 4CM 75	272	895	2	8	10	1,790	7,160	8,950
CATH - 10	INTRODUCER HEMOSTASIS ULTIMUM	272	175	81	134	215	14,175	23,450	37,625
CATH - 12	SUT SILK 0 18 IN FSL BLACK	272	18	48	87	135	864	1,566	2,430
CATH - 2	BALLOON PTA DORADO 6x20x135	272	915	2	20	22	1,830	18,300	20,130
CATH - 21	BALLOON MONORAIL 5.0x20x135	272	2400	3	3	6	7,200	7,200	14,400
CATH - 22	BALLOON MONORAIL 7.0x20x135	272	2400	1	3	4	2,400	7,200	9,600
CATH - 23	CATH GUIDE SHERPA JL4 6FR	272	365	37	5	42	13,505	1,825	15,330
CATH - 3	CATH ANGIO EZ-PAK PIGTAIL 6 FR	272	295	96	64	160	28,320	18,880	47,200
CATH - 33	SHEATH INTRODUCER 18FRx30	272	650	24	0	24	15,600	-	15,600
CATH - 4	CATH ANGIO JR4 6 FR X 100 CM	272	80	54	74	128	4,320	5,920	10,240
CATH - 5	CATH BALLOON DILATATION OTW UL	272	895	8	17	25	7,160	15,215	22,375
CATH - 9	GUIDEWIRE J-TIP 3 MM EMERALD 0	272	58	67	72	139	3,886	4,176	8,062
HRT - 1	APPLIER CLIP PREMIUM S-9 TI	272	750	59	0	59	44,250	-	44,250
HRT - 11	SUT ETHIBOND 3-0 36 IN RB1 DA	272	49	90	0	90	4,410	-	4,410
HRT - 12	SUT PROLENE 4-0 36 IN RB1 DA B	272	51	116	0	116	5,916	-	5,916
HRT - 17	KIT VASOVIEW HEMOPRO	272	4100	21	0	21	86,100	-	86,100
HRT - 2	BLADE SAW STERNAL	272	175	39	0	39	6,825	-	6,825
HRT - 3	CANNULA 4MM COR PERF STRAIGHT	272	425	43	0	43	18,275	-	18,275
HRT - 4	CANNULA 6MM COR PERF STRAIGHT	272	440	44	0	44	19,360	-	19,360
HRT - 5	CATH THORACIC STANDARD RT ANGL	272	90	27	0	27	2,430	-	2,430
HRT - 6	CATH THORACIC STRAIGHT 32 FR X	272	75	2	0	2	150	-	150
HRT - 7	CATH THORACIC STRAIGHT 36 FR X	272	60	39	0	39	2,340	-	2,340
HRT - 9	KIT OPEN HEART ADULT	272	3600	39	0	39	140,400	-	140,400
MED - 11	DRAPE V.A.C 30.5x26 CM	272	68	8	0	8	544	-	544
MED - 12	DRESS FOAM 18x12.5x3.3CM M POLY	272	370	162	0	162	59,940	-	59,940
MED - 13	DRESS FOAM 10x7.5x3.3CM M POLY	272	295	6	0	6	1,770	-	1,770
MED - 14	DRESS FOAM 26x15x3.3CM LG POLY	272	370	40	0	40	14,800	-	14,800
MED - 15	DRESSING DUODERM	272	70	11	0	11	770	-	770
MED - 16	DRESSING DUODERM 6X6 E-THIN	272	48	26	3	29	1,248	144	1,392
MED - 17	DRESSING FOAM 15x10 CM POLYVIN	272	120	73	0	73	8,760	-	8,760
MED - 18	DRESSING KALTOSTAT	272	80	19	1	20	1,520	80	1,600
MED - 24	THERMOSET	272	225	7	0	7	1,575	-	1,575
MED - 26	BAG URINARY LEG MED 500ML LF	272	80	21	0	21	1,680	-	1,680
MED - 4	CANISTER WOUND DRAIN 0.5 L TUB	272	300	81	0	81	24,300	-	24,300
MED - 5	CANISTER WOUND DRAIN CLAMP CON	272	175	20	0	20	3,500	-	3,500
MED - 7	CATH COUDE	272	100	4	2	6	400	200	600
MED - 8	CATHETER FLEXISEAL FECAL MNGMT	272	1100	10	0	10	11,000	-	11,000
MED - 9	CENTRAL VEIN CATH KIT II	272	340	1	0	1	340	-	340
SUR - 1	ABSORBATAK 5MM DISP	272	2600	4	20	24	10,400	52,000	62,400
SUR - 12	DRAIN WOUND ROUND TROCAR 10 FR	272	220	39	80	119	8,580	17,600	26,180
SUR - 13	DRESSNG FOAM 18x12.5CM/3.3CM M	272	375	1	23	24	375	8,625	9,000
SUR - 14	ELECTRODE,LIGASURE 5MM SEALER	272	2450	9	63	72	22,050	154,350	176,400
SUR - 18	GUIDEWIRE ANGLED GLIDEWIRE 0.0	272	425	22	41	63	9,350	17,425	26,775
SUR - 2	ADHESIVE TOPICAL SKIN DERMABON	272	200	113	268	381	22,600	53,600	76,200
SUR - 24	KIT ARTHROSCOPY	272	800	96	101	197	76,800	80,800	157,600
SUR - 25	KIT MAJOR ORTHO	272	990	77	250	327	76,230	247,500	323,730
SUR - 26	KIT MAJOR PROCEDURE	272	765	18	213	231	13,770	162,945	176,715
SUR - 29	NEEDLE INSUFFLATION PNEUMOPERI	272	168	38	98	136	6,384	16,464	22,848
SUR - 38	STAPLER LOAD UNIT ENDO GIA 60-	272	910	4	53	57	3,640	48,230	51,870
SUR - 4	BLADE SHAVER AG+4.0MM	272	375	49	57	106	18,375	21,375	39,750
SUR - 43	SUT CHROMIC 2-0 27 IN SH BROWN	272	23	76	127	203	1,748	2,921	4,669

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REVENUE USAGE REPORT-DOWNLOADED, SORTED

EXHIBIT 2

Chrg Code	Description	Rev Code	Pat Charge	I/P QTY	O/P QTY	Total QTY	I/P Amount	O/P Amount	Total Amount
SUR - 44	SUT CHROMIC 3-0 27 IN SH BROWN	272	23	40	155	195	920	3,565	4,485
SUR - 45	SUT ETHILON 4-0 18 IN FS2 BLAC	272	18	81	117	198	1,458	2,106	3,564
SUR - 46	SUT MONOCRYL 4-0 27 IN P52 UND	272	50	438	899	1337	21,900	44,950	66,850
SUR - 47	SUT PROLENE 0 30 IN CT2 BLUE	272	25	43	122	165	1,075	3,050	4,125
SUR - 48	SUT PROLENE 2-0 60 IN TP1 BLUE	272	49	0	145	145	-	7,105	7,105
SUR - 49	SUT SILK 2-0 18 IN SH MULTIPAC	272	98	51	302	353	4,998	29,596	34,594
SUR - 5	CANNULA KII THREADED 5MM	272	70	200	414	614	14,000	28,980	42,980
SUR - 50	TROCAR BLADELESS OPTICAL 5MM	272	200	94	229	323	18,800	45,800	64,600
SUR - 6	CATH CHOLANGIOGRAM 4.5 FR X 18	272	200	44	76	120	8,800	15,200	24,000
SUR - 22	IMMOBILIZER KNEE 19.5 IN	274	175	67	86	153	11,725	15,050	26,775
TOTAL MEDICAL SUPPLIES- LINE 55				4039	5324	9363	1,016,242	1,268,159	2,284,401
CATH - 24	GENERATOR ICD CONSULTA D224TRK	275	44000	0	8	8	-	352,000	352,000
CATH - 25	GENERATOR IDC SECURA D224VRC	275	30000	3	2	5	90,000	60,000	150,000
CATH - 26	GENERATOR PACEMAKER RR ADDR01	275	10500	4	9	13	42,000	94,500	136,500
CATH - 27	GENERATOR PACEMAKER VEDR01	275	11000	4	8	12	44,000	88,000	132,000
CATH - 31	LEAD NON TRANSVENOUS 407645	275	1000	8	16	24	8,000	16,000	24,000
CATH - 32	LEAD NON TRANSVENOUS 407652	275	1000	9	15	24	9,000	15,000	24,000
HRT - 10	LEAD PACING STREAMLINE BIPOLAR	275	300	82	0	82	24,600	-	24,600
CATH - 11	STENT CORONARY DRIVER 3 X 12 M	278	3100	4	2	6	12,400	6,200	18,600
CATH - 28	GRAFT TALENT ILIAC EXT IXW1616	278	9300	3	0	3	27,900	-	27,900
CATH - 29	GRAFT TALENT ILIAC EXT IXW1812	278	10000	1	0	1	10,000	-	10,000
CATH - 30	GRAFT TALENT ILIAC EXT IXW1818	278	9300	4	0	4	37,200	-	37,200
CATH - 34	STENT COMPLTE SE 7MM 150MM 130	278	3000	0	11	11	-	33,000	33,000
CATH - 35	STENT ENDEAV SPRINT DES 3.0x12	278	5700	4	0	4	22,800	-	22,800
CATH - 36	STENT GENESIS 7x39x135	278	4000	3	2	5	12,000	8,000	20,000
CATH - 37	STENT GENESIS 8x29x135	278	4000	2	6	8	8,000	24,000	32,000
HRT - 13	VALVE AORTIC MAGNA 21 MM PERIM	278	14000	3	0	3	42,000	-	42,000
HRT - 14	VALVE AORTIC MAGNA 23 MM PERIM	278	14000	4	0	4	56,000	-	56,000
HRT - 18	VALVE TISSUE AORTIC 3000-19MM	278	11900	2	0	2	23,800	-	23,800
HRT - 8	GRAFT VASC STRAIGHT KNITTED DB	278	2600	1	0	1	2,600	-	2,600
SUR - 11	CUP ACETABULAR RING LOC BI POL	278	3500	0	3	3	-	10,500	10,500
SUR - 15	GRAFT PELVISOF 6 X 8 CM	278	4000	1	5	6	4,000	20,000	24,000
SUR - 16	GRAFT HEMASHIELD FINESSE 1x3IN	278	795	0	45	45	-	35,775	35,775
SUR - 17	GRAFT TISSUE ANT TIB 9.5x310	278	4995	5	6	11	24,975	29,970	54,945
SUR - 19	HEAD FEMORAL MODULAR 28 MM HEA	278	2000	0	6	6	-	12,000	12,000
SUR - 20	HIP STEM 9 X 1137 MM	278	6400	0	3	3	-	19,200	19,200
SUR - 21	IMPLANT FEM 9-10MM E-Z LOC	278	2100	9	9	18	18,900	18,900	37,800
SUR - 23	INFUSION KIT BONE GRAFT LG	278	9900	0	18	18	-	178,200	178,200
SUR - 27	KIT MASTERGRAFT MATRIX 10CC	278	4200	0	18	18	-	75,600	75,600
SUR - 28	NAIL TROCH 11x170MM 130DEG FIX	278	3000	0	16	16	-	48,000	48,000
SUR - 30	PATCH MESH POLYPROPYLENE MARLE	278	325	10	11	21	3,250	3,575	6,825
SUR - 31	PATELLA FEMORAL OVAL DOME 3 PE	278	1995	0	12	12	-	23,940	23,940
SUR - 32	PLATE 2.4MM LCP 5-HOLE/44MM	278	1800	4	4	8	7,200	7,200	14,400
SUR - 33	PLATE STRAIGHT LIMITED CONTACT	278	1220	7	10	17	8,540	12,200	20,740
SUR - 34	PORT IMPLANTABLE ISP 8 FR	278	1750	28	42	70	49,000	73,500	122,500
SUR - 35	SCREW CANCELLOUS SELF-TAPPING	278	950	0	26	26	-	24,700	24,700
SUR - 36	SCREW LOCKING 2.4 X 20 MM	278	600	1	10	11	600	6,000	6,600
SUR - 37	SCREW LOCKING SELF-TAPPING 3.5	278	585	22	38	60	12,870	22,230	35,100
SUR - 39	STEM FEMORAL 12.5 X 145 POROUS	278	6300	0	8	8	-	50,400	50,400
SUR - 40	STENT CORONARY DRIVER 3 X 12 M	278	5260	2	8	10	10,520	42,080	52,600
SUR - 41	STENT URETERAL 6 X 24 POLARIS	278	878	11	18	29	9,658	15,804	25,462
SUR - 42	STENT URETERAL 6 X 26 POLARIS	278	878	14	26	40	12,292	22,828	35,120
SUR - 51	WIRE FIBER ARTHREX SUT 2 POLYB	278	145	36	62	98	5,220	8,990	14,210
SUR - 7	CLAMP DIST RADIUS ADJUSTABLE	278	3200	6	8	14	19,200	25,600	44,800
SUR - 8	COMPONENT FEMORAL INTERLOCKING	278	5100	0	3	3	-	15,300	15,300
SUR - 9	COMP FEMORAL SIGMA PS SZ 3L	278	4800	0	5	5	-	24,000	24,000
TOTAL IMPLANTABLES- LINE 55.01				297	499	796	658,525	1,523,192	2,181,717
Hospital	Total			4336	5823	10159	1,674,767	2,791,351	4,466,118

Methods for Capturing Expenses

Having analyzed and developed revenue related to Medical Supplies Charged to Patients and Implantable Devices Charged to Patients, the hospital should now address how it will accurately match medical supply costs with these revenues.

As a part of the assessment process, the hospital will have determined its approach to reporting medical supply expenses. Generally this part of the process is more difficult because of issues related to the level of detail in the general ledger. Specifically, there are numerous issues with identifying where billable medical supplies and devices are reported, how they got there, which combination of departments and sub-accounts with medical supply costs are billable, and whether the general ledger has sufficient detail to distinguish between medical supplies and implantable devices.

In some cases the hospital's general ledger has sufficient detail to readily allow for identification of these costs. As part of the assessment process, the workgroup will have reviewed the details of departments and sub-accounts and validated the source(s) of medical supply expenses in these accounts. It will have determined which combination of departments and sub accounts include the costs of Medical Supplies Charged to Patients and Implantable Devices Charged to Patients that match the revenues previously identified.

Exhibit 3 is a hypothetical example for Midtown Medical Center. It lists five departments containing only supply costs and was developed to highlight the results of the work performed by a hospital which uses a relatively detailed general ledger. The expenses in Exhibit 3 are sorted by department and sub-account, with the Worksheet A line associated with each department added in the last column.

This hospital's workgroup analyzed the costs in each department and determined which sub-accounts within each department include billable medical supplies and would therefore need to be reclassified on the cost report to lines 55 and 55.30. In addition, the workgroup determined which of the billable medical supplies were related to Medical Supplies Charged to Patient and Implantable Devices Charged to Patients. Based on this work, each billable supply sub-account was assigned to either line number 55 or 55.30 while all other supply sub-accounts retained the original line number.

Exhibit 4 shows the same costs now sorted by a new last column, which reflects any new line number assignments. This exhibit serves to highlight a number of issues:

- Supplies such as needles, syringes, sutures, packs and gowns, trays, and other surgical and medical supplies were assigned to line 55.
- Supplies such as implants, grafts, leads, pacemakers, heart valves, and stents were assigned to line 55.30.
- Department 7480 has few supply accounts remaining assigned to Line 15 since most of the supply costs were determined to be Medical Supplies Charged to Patients.
- In contrast, all of the supplies in the ICU remained on line 26 since it was determined that none of these supplies are billed to patients, but rather are part of the operating costs of the department included in the room charge.

The summary of total supply costs by line number at the end of the example highlights the end result of this work. Supply costs of \$6,007,091 were identified as Medical Supplies Charged to Patients and supply costs of \$6,658,998 were identified as costs of Implantable Devices Charged to Patients. This work paper should be provided to the cost report preparer for use in developing the reclassification of medical supply costs to the appropriate lines in the cost report.

Let's look at another hospital that does not maintain supply costs in the general ledger at the level of detail as shown in Exhibit 3. Exhibit 5 is an illustration of such a hospital.

In this example, the hospital uses only one sub-account for implants and devices. Further, this sub-account only appears in the Surgery and Cath Lab departments. A key finding of the hospital workgroup was that sub-account 3500, Other Surgical Supplies, contains both the cost of supplies related to revenue code 278 as well as lower cost medical supplies billed with revenue codes 270-274. The workgroup determined that the general ledger does not contain sufficient detail and therefore can't be the sole source of data segregating the costs of Implantable Devices Charged to Patients and Medical Supplies Charged to Patients.

In this case, the workgroup will need to use other sources for determining these costs. The expertise of the Materials Manager and Ancillary department managers who use Implantable Devices Charged to Patients will be crucial to this approach. Many hospitals

may have the details of supply costs contained within other hospital information management systems. For example:

- A Materials Management/ Inventory system
- A Surgery Management System
- A Cost Accounting System

Reports from these systems should provide details of the various billable supply items, including the department charged, the quantity used, the unit price, and total cost. These reports should differentiate between billable and non-billable supplies, as well as Medical Supplies Charged to Patients and Implantable Devices Charged to Patients. They must be reviewed closely to ensure that the costs accurately match up with the revenues billed for supplies. Any of these reports which are used should be provided to the cost report preparer and tested against the medical supply revenue as discussed above, to insure that the data appear reasonable and appropriate. The data from these reports should also be compared to the costs reported on line 55 on the prior year as-filed cost report and reviewed for reasonableness.

Some hospitals may not be able to obtain accurate data from reports generated through the Materials Management, Inventory or other information systems referenced above. This may be because the system does not maintain an annual history, or only keeps inventory details, or it does not differentiate between billable and non billable supply items well enough to accurately report the needed data. In such cases, the hospital will need to develop a method for calculating the cost that should be reported on lines 55 and 55.30. There are a number of ways to accomplish this, and the methodology the hospital employs will be the direct result of the data available to the workgroup. Two such methods are discussed below.

The first method for calculating cost assumes that the hospital can obtain the cost for every individual supply item, even if it is the average price for a period of time or only the latest price. Most Materials Management and Inventory systems can provide such data from a pricing master file. A simple example with key data elements is shown below:

<i>SKU</i>	<i>Manufacturer</i>	<i>Description</i>	<i>PAR</i>	<i>Stock</i>	<i>Order Qty.</i>	<i>Unit Price</i>	<i>Discounts</i>
37099	XYZ Supply	Stimulator INS	12	9	6	16,875	3% Net 30
37753	ABC Supply	Bare Metal Stent	144	64	80	2,246	3% Net 30
45738	XYZ Supply	Surgical Lead	12	9	6	6,850	3% Net 30
35542	ABC Supply	Kit Ultra IPG	10	5	4	26,980	3% Net 30
45391	XYZ Supply	Drug Eluting Stent	144	72	80	4,478	5% Net 21
67885	ABC Supply	Antenna	8	6	4	150	3% Net 30
37706	XYZ Supply	Bone Product	4	3	2	8,750	N/A
52119	ABC Supply	Accessory Kit – Cable Snap-Lid	12	6	4	345	3% Net 30

Some systems may even link the supply item to a charge code. Actual accounts payable invoices from medical supply vendors may also be utilized to obtain individual medical supply cost data. There may also be a file maintained by the hospital which is used to calculate the patient charge for each supply item based on the hospital-specific mark-up formula. Regardless of the specific method used to obtain individual item cost data, these data can then be keyed in or copied into the Revenue Usage data file described in the revenue section of this workbook. The individual item cost data would replace the patient charge in the Revenue Usage data file. At that point, simply multiplying the quantity charged with the item cost data will result in a reasonably accurate cost for each supply item charged. Sorting the file by revenue summary code will provide an accurate match of supply cost and supply revenue. An illustration of a worksheet using specific prices applied to the usage quantities from a Revenue Usage report is included as Exhibit 6.

Identifying the cost of each billable supply item can be a daunting endeavor, requiring a significant time commitment. A modified version of this approach can be used if the hospital workgroup has determined that it has accurately accounted for billable medical

supplies in total, but does not have sufficient data to separate implantable device costs from all other billable medical supplies.

The modified version would involve only identifying the cost of billable items related to Implantable Devices Charged to Patients using the quantity of items charged from the Revenue Usage report sorted by the appropriate revenue summary codes. This approach limits the amount of individual cost data which needs to be obtained from the sources described above, and will result in a detailed calculation of the costs for Implantable Devices Charged to Patients. Assuming that total medical supplies costs have been determined, the costs of Implantable Devices Charged to Patients can then be subtracted from the total billable medical supplies on line 55 and reclassified to line 55.30.

For example, assume that the hospital in Exhibit 5 identified that its total billable medical supplies per the general ledger were \$12,673,596 and reclassified those amounts to line 55. Also assume that the hospital then calculated a cost of \$6,750,000 for Implantable Devices Charged to Patients by applying actual invoice prices obtained from its Material Management system to the quantities in the Revenue Usage report for those supply items with revenue codes 275, 276, 278, and 624.

Description	Amount
Total Medical Supplies and Implantable Devices Charged to Patients	\$12,673,596
Cost of Implantable Devices Charged to Patients- Line 55.30	\$ 6,750,000
Cost of Medical Supplies Charged to Patients – Line 55	\$ 5,923,596

A second method for calculating the costs of both medical supplies and implantable devices involves using the hospital-specific mark-up formula and applying it to each supply item’s charge, essentially in reverse to how it is applied to original cost. The result of this approach is a deflation of the revenue amounts obtained from the revenue usage report. This method will be somewhat less accurate than the other approaches discussed previously, since there is frequently overlap between different levels in the mark-up formula.

For example, assume the hospital pricing formula marks up supply costs that range between \$1.00 and \$10.00 by 600%, yet marks-up costs between \$10.01 and \$25.00 by

500%. Items costing \$10 and \$12 would have the same price of \$60 (\$10 x 6 and \$12 x 5). Many hospitals minimize this scenario by including a minimum price at each mark-up level that is no lower than the highest price of the previous level.

Mark-up Formula Example

Level	Cost From	Cost To	Mark-up	Minimum	Maximum
0	\$.01	\$.99		No Charge	No Charge
1	\$1.00	\$10.00	600%	\$6.00	\$60.00
2	\$10.01	\$25.00	500%	\$60.05	\$125.00
3	\$25.01	\$100.00	400%	\$125.01	\$400.00
4	\$100.01	\$1000.00	300%	\$400.01	\$3,000.00
5	\$1000.0		200%	\$3000.01	

With the mark-up formula from the example above, a hospital could divide the individual price of each medical supply item in the Revenue Usage Report by the appropriate mark-up percentage to determine the cost for each individual item. Some adjustments could be necessary for items where the cost multiplied by the mark-up does not equal the minimum price. For example, level two items with a cost between \$10.01 and \$12.00 would all have the same charge of \$60.05. This charge could be deflated by an average mark-up of 545%, resulting in an average cost of \$11, halfway between \$10.01 and \$12.00. Another option to address this potential issue would be for the hospital to research any item with a minimum price and determine the actual cost for the item. This approach would increase the accuracy while minimizing the time spent identifying the specific cost of all supply items.

Exhibit 7 is an illustration of a hospital spreadsheet calculating supply costs using the mark-up method. This methodology could also be applied to only Implantable Devices codes 275, 276, 278, and 624, and then subtracted from the total cost of all billable medical supplies. It is critically important to properly match the mark-up percentage with the individual supply or device price to accurately calculate the cost of each item.

Many hospitals purchase bundled supplies, which include all of the supply items necessary to perform a specific procedure. The supplies in the bundle could include both implantable devices and other medical supplies. Hospitals will likely handle accounting for these items in a variety of ways, and there is no one particular method which appears better than another.

One common method is for the cost of bundled supplies to be charged to an expense account for implants while the charges may be “exploded,” or itemized to reflect common billing practice for the individual components of the bundled supply. The specific mark-up for each item is then applied to the individual components of the supply bundle.

Another second variation is for the hospital to price the implantable device based upon the full cost of the bundled supply and then “zeroing” the price of other component parts of the bundle.

Each hospital will need to examine the details of its specific practices for bundled supply items and adjust the cost determination method according to the relationships between implantable components and other medical supplies.

At this point, it is important to point out that whatever method is chosen, it will need to have sufficient detail and maintain an audit trail to provide to the FI/MAC as part of the cost report settlement process. Documentation of the method used is essential, and these issues will be discussed at greater length later in this workbook.

In addition, it should be stressed that estimating cost simply based on applying ratios using revenue for Medical Supplies Charged to Patients and Implantable Devices Charged to Patients to total billable medical supplies will result in inaccurate data on both lines. This is because most hospitals use mark-up formulas for supplies that decrease as the cost of the individual medical supply items increase. Using an average defeats the purpose of segregating the costs into two lines.

For example, assume that the records of Anywhere USA Hospital indicate that total billable medical supplies revenues and expenses are \$4,467,000 and \$1,381,000 respectively. The hospital worked hard to analyze the specific underlying data and determined that the amounts that pertain to Medical Supplies Charged to Patients and Implantable Devices Charged to Patients are as follows:

	Medical Supplies	Implants and Devices	Total
Revenue per Usage Report	\$2,285,000	\$2,182,000	\$4,467,000
Billable Supply Costs	\$508,000	\$873,000	\$1,381,000
Ratio of Cost to Charges	22.2%	40.0%	30.9%

A second hospital, Cross Town Medical Center has similar data but gets a late start in the process identifying its medical supply revenue and expense data and now needs to file its cost report. It has identified its revenue but wasn't able to get the details of expenses. The hospital decides to estimate the costs by applying the overall ratio of medical supply costs to charges of 30.9% to the total revenues for Medical Supplies and Implants and Devices. The results of these calculations are depicted below:

	Medical Supplies	Implants and Devices	Total
Revenue per Usage Report	\$2,285,000	\$2,182,000	\$4,467,000
Total Billable Supply Costs			\$1,381,000
Ratio of Cost to Charges	30.9%	30.9%	30.9%
Allocated Supply Costs	\$706,000	\$675,000	\$1,381,000

Medical Supplies costs are overstated while Implants and Devices are understated, and the ratio of cost to charges is the same for each group. This example serves to illustrate why simple ratios don't work and will result in misstated costs on lines 55 and 55.30. In addition, this method will simply continue the problem of charge compression.

We do not recommend this approach.

EXHIBIT 3

GENERAL LEDGER SUMMARY

SUPPLIES ACCOUNTS ONLY

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 3

Dept	Sub A/C	Description	Amount	W/S A Line #
6011	3380	ICU Exp Other Implants	800.87	26
6011	3400	ICU Exp Suture & Needles	71.86	26
6011	3405	ICU Exp Endomechanicals	91.35	26
6011	3425	ICU Exp Surgical Packs & Gowns	354.05	26
6011	3450	ICU Exp Other Surgical Suppl	1,838.55	26
6011	3460	ICU Exp Perfusion	13.00	26
6011	3475	ICU Exp Endoscopy	382.50	26
6011	3550	ICU Exp Oxygen / Gases	507.29	26
6011	3600	ICU Exp IV Solutions	3,804.60	26
6011	3700	ICU Exp Pharmaceuticals	50.40	26
6011	3900	ICU Exp Other Medical Suppli	141,638.60	26
6011	3915	ICU Exp Catherization Urolog	1,099.84	26
6011	3925	ICU Exp Needles & Syringes	11,479.11	26
6011	4000	ICU Exp Food - Other Product	948.31	26
6011	4010	ICU Exp Food - Non-Food Prod	227.98	26
6011	4100	ICU Exp Linen & Bedding	9,356.53	26
6011	4200	ICU Exp Cleaning Supplies	18.21	26
6011	4300	ICU Exp Office & Admin Sup	5,359.51	26
6011	4400	ICU Exp Apparel	20,094.64	26
6011	4500	ICU Exp Surgical Instruments	153.32	26
6011	4600	ICU Exp Oth Minor Equipment	7,920.21	26
6011	4800	ICU Exp Oth Non Medical Sup	30,271.45	26
7012	3380	ER Services Exp Other Implants	1,380.00	61
7012	3400	ER Services Exp Suture & Needles	16,038.07	61
7012	3405	ER Services Exp Endomechanicals	733.48	61
7012	3425	ER Services Exp Surgical Packs & Gowns	229.26	61
7012	3450	ER Services Exp Other Surgical Suppl	4,198.43	61
7012	3500	ER Services Exp Anesthesia Supplies	276.19	61
7012	3550	ER Services Exp Oxygen / Gases	114.97	61
7012	3600	ER Services Exp IV Solutions	8,153.35	61
7012	3700	ER Services Exp Pharmaceuticals	599.67	61
7012	3900	ER Services Exp Other Medical Suppli	187,011.23	61
7012	3915	ER Services Exp Catherization Urolog	12,626.56	61
7012	3925	ER Services Exp Needles & Syringes	15,880.60	61
7012	4000	ER Services Exp Food - Other Product	770.21	61
7012	4010	ER Services Exp Food - Non-Food Prod	351.36	61
7012	4100	ER Services Exp Linen & Bedding	9,374.37	61
7012	4200	ER Services Exp Cleaning Supplies	441.19	61
7012	4300	ER Services Exp Office & Admin Sup	16,832.85	61
7012	4400	ER Services Exp Apparel	14,454.92	61
7012	4500	ER Services Exp Surgical Instruments	52,045.22	61
7012	4600	ER Services Exp Oth Minor Equipment	25,286.46	61

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 3

Dept	Sub A/C	Description	Amount	W/S A Line #
7012	4800	ER Services Exp Oth Non Medical Sup	41,725.75	61
7425	3200	Surgery Exp Implants	75,032.70	37
7425	3205	Surgery Exp Orthopedics	1,408,259.47	37
7425	3210	Surgery Exp Grafts	142,525.97	37
7425	3215	Surgery Exp Intraocular Lens	15,338.94	37
7425	3225	Surgery Exp Pacemakers	12,500.00	37
7425	3305	Surgery Exp Spine	899,512.91	37
7425	3310	Surgery Exp Bone Products	478,731.19	37
7425	3360	Surgery Exp Peripheral Stents	38,549.11	37
7425	3380	Surgery Exp Other Implants	662,829.05	37
7425	3400	Surgery Exp Suture & Needles	188,548.60	37
7425	3405	Surgery Exp Endomechanicals	604,915.43	37
7425	3425	Surgery Exp Surgical Packs & Gowns	638,014.32	37
7425	3430	Surgery Exp Custom Procedure Tray	56,143.00	37
7425	3450	Surgery Exp Other Surgical Suppl	1,122,489.45	37
7425	3475	Surgery Exp Endoscopy	311,919.56	37
7425	3500	Surgery Exp Anesthesia Supplies	44,961.39	37
7425	3550	Surgery Exp Oxygen / Gases	64,654.02	37
7425	3600	Surgery Exp IV Solutions	14,163.46	37
7425	3700	Surgery Exp Pharmaceuticals	143,741.17	37
7425	3750	Surgery Exp Contrast Media	2,469.22	37
7425	3900	Surgery Exp Other Medical Suppli	562,960.45	37
7425	3910	Surgery Exp Catherization Cardio	21,730.25	37
7425	3915	Surgery Exp Catherization Urolog	25,938.98	37
7425	3925	Surgery Exp Needles & Syringes	28,413.58	37
7425	4000	Surgery Exp Food - Other Product	5,522.95	37
7425	4010	Surgery Exp Food - Non-Food Prod	2.88	37
7425	4100	Surgery Exp Linen & Bedding	5,609.15	37
7425	4200	Surgery Exp Cleaning Supplies	5,018.62	37
7425	4300	Surgery Exp Office & Admin Sup	8,712.06	37
7425	4400	Surgery Exp Apparel	113,129.18	37
7425	4500	Surgery Exp Surgical Instruments	320,282.35	37
7425	4600	Surgery Exp Oth Minor Equipment	141,294.90	37
7425	4800	Surgery Exp Oth Non Medical Sup	120,599.19	37
7430	3200	Surg Open Heart Exp Implants	1,424.58	37
7430	3210	Surg Open Heart Exp Grafts	9,783.18	37
7430	3225	Surg Open Heart Exp Pacemakers	17,425.88	37
7430	3250	Surg Open Heart Exp Coronary Leads	11,547.78	37
7430	3375	Surg Open Heart Exp Heart Valves	185,523.32	37
7430	3380	Surg Open Heart Exp Other Implants	56,960.15	37
7430	3400	Surg Open Heart Exp Suture & Needles	61,403.20	37
7430	3405	Surg Open Heart Exp Endomechanicals	5,041.69	37

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 3

Dept	Sub A/C	Description	Amount	W/S A Line #
7430	3425	Surg Open Heart Exp Surgical Packs & Gowns	94,469.05	37
7430	3430	Surg Open Heart Exp Custom Procedure Tray	63.39	37
7430	3450	Surg Open Heart Exp Other Surgical Suppl	140,622.76	37
7430	3460	Surg Open Heart Exp Perfusion	122,100.85	37
7430	3600	Surg Open Heart Exp IV Solutions	1,371.26	37
7430	3700	Surg Open Heart Exp Pharmaceuticals	24.00	37
7430	3900	Surg Open Heart Exp Other Medical Suppli	122,708.05	37
7430	3910	Surg Open Heart Exp Catherization Cardio	820.46	37
7430	3925	Surg Open Heart Exp Needles & Syringes	376.95	37
7430	4200	Surg Open Heart Exp Cleaning Supplies	281.47	37
7430	4300	Surg Open Heart Exp Office & Admin Sup	88.80	37
7430	4400	Surg Open Heart Exp Apparel	1,432.61	37
7430	4500	Surg Open Heart Exp Surgical Instruments	4,523.61	37
7430	4600	Surg Open Heart Exp Oth Minor Equipment	-938.42	37
7430	4800	Surg Open Heart Exp Oth Non Medical Sup	7,499.72	37
7480	3200	Medical Spls Sld Exp Implants	1,000.00	15
7480	3400	Medical Spls Sld Exp Suture & Needles	6.94	15
7480	3425	Medical Spls Sld Exp Surgical Packs & Gowns	623.43	15
7480	3450	Medical Spls Sld Exp Other Surgical Suppl	857.89	15
7480	3600	Medical Spls Sld Exp IV Solutions	60.51	15
7480	3900	Medical Spls Sld Exp Other Medical Suppli	261,617.35	15
7480	3910	Medical Spls Sld Exp Catherization Cardio	383.04	15
7480	3915	Medical Spls Sld Exp Catherization Urolog	1,203.05	15
7480	3925	Medical Spls Sld Exp Needles & Syringes	194.93	15
7480	4300	Medical Spls Sld Exp Office & Admin Sup	87.66	15
7480	4400	Medical Spls Sld Exp Apparel	70.03	15
7480	4600	Medical Spls Sld Exp Oth Minor Equipment	947.64	15
7480	4800	Medical Spls Sld Exp Oth Non Medical Sup	189.64	15
7580	3200	Cardiac Cath Lab Exp Implants	152,766.18	59
7580	3210	Cardiac Cath Lab Exp Grafts	78,921.12	59
7580	3225	Cardiac Cath Lab Exp Pacemakers	857,788.23	59
7580	3250	Cardiac Cath Lab Exp Coronary Leads	27,620.28	59
7580	3310	Cardiac Cath Lab Exp Bone Products	1,084.58	59
7580	3325	Cardiac Cath Lab Exp Bare Metal Stents	343,905.71	59
7580	3350	Cardiac Cath Lab Exp Drug Eluting Stents	378,000.26	59
7580	3360	Cardiac Cath Lab Exp Peripheral Stents	457,162.03	59
7580	3380	Cardiac Cath Lab Exp Other Implants	344,805.70	59
7580	3400	Cardiac Cath Lab Exp Suture & Needles	1,325.84	59
7580	3425	Cardiac Cath Lab Exp Surgical Packs & Gowns	2,716.67	59
7580	3430	Cardiac Cath Lab Exp Custom Procedure Tray	59,453.28	59
7580	3450	Cardiac Cath Lab Exp Other Surgical Suppl	579,457.77	59
7580	3550	Cardiac Cath Lab Exp Oxygen / Gases	539.00	59

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 3

Dept	Sub A/C	Description	Amount	W/S A Line #
7580	3600	Cardiac Cath Lab Exp IV Solutions	3,813.79	59
7580	3750	Cardiac Cath Lab Exp Contrast Media	102,200.86	59
7580	3800	Cardiac Cath Lab Exp Radiology Films	7,506.94	59
7580	3900	Cardiac Cath Lab Exp Other Medical Suppli	320,873.23	59
7580	3910	Cardiac Cath Lab Exp Catherization Cardio	424,940.72	59
7580	3915	Cardiac Cath Lab Exp Catherization Urolog	559.34	59
7580	3925	Cardiac Cath Lab Exp Needles & Syringes	6,099.40	59
7580	4000	Cardiac Cath Lab Exp Food - Other Product	1,771.73	59
7580	4010	Cardiac Cath Lab Exp Food - Non-Food Prod	10.01	59
7580	4200	Cardiac Cath Lab Exp Cleaning Supplies	261.49	59
7580	4300	Cardiac Cath Lab Exp Office & Admin Sup	1,182.24	59
7580	4400	Cardiac Cath Lab Exp Apparel	32,817.65	59
7580	4600	Cardiac Cath Lab Exp Oth Minor Equipment	6,840.33	59
7580	4800	Cardiac Cath Lab Exp Oth Non Medical Sup	10,967.30	59
Total			<u>14,246,707.95</u>	
Line 15 MEDICAL SUPPLIES TOTAL			267,242.11	
Line 26 ICU TOTAL			236,482.18	
Line 37 SURGERY TOTAL			9,129,067.84	
Line 59 CATH LAB TOTAL			4,205,391.68	
Line 61 EMERGENCY TOTAL			<u>408,524.14</u>	
Total By Line #			<u>14,246,707.95</u>	

EXHIBIT 4

GENERAL LEDGER SUMMARY

SUPPLIES ACCOUNTS ONLY- RESORTED

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 4

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7480	3600	Medical Spls Sld Exp IV Solutions	60.51	15	15
7480	4300	Medical Spls Sld Exp Office & Admin Sup	87.66	15	15
7480	4400	Medical Spls Sld Exp Apparel	70.03	15	15
7480	4600	Medical Spls Sld Exp Oth Minor Equipment	947.64	15	15
7480	4800	Medical Spls Sld Exp Oth Non Medical Sup	189.64	15	15
6011	3380	ICU Exp Other Implants	800.87	26	26
6011	3400	ICU Exp Suture & Needles	71.86	26	26
6011	3405	ICU Exp Endomechanicals	91.35	26	26
6011	3425	ICU Exp Surgical Packs & Gowns	354.05	26	26
6011	3450	ICU Exp Other Surgical Suppl	1,838.55	26	26
6011	3460	ICU Exp Perfusion	13.00	26	26
6011	3475	ICU Exp Endoscopy	382.50	26	26
6011	3550	ICU Exp Oxygen / Gases	507.29	26	26
6011	3600	ICU Exp IV Solutions	3,804.60	26	26
6011	3700	ICU Exp Pharmaceuticals	50.40	26	26
6011	3900	ICU Exp Other Medical Suppli	141,638.60	26	26
6011	3915	ICU Exp Catherization Urolog	1,099.84	26	26
6011	3925	ICU Exp Needles & Syringes	11,479.11	26	26
6011	4000	ICU Exp Food - Other Product	948.31	26	26
6011	4010	ICU Exp Food - Non-Food Prod	227.98	26	26
6011	4100	ICU Exp Linen & Bedding	9,356.53	26	26
6011	4200	ICU Exp Cleaning Supplies	18.21	26	26
6011	4300	ICU Exp Office & Admin Sup	5,359.51	26	26
6011	4400	ICU Exp Apparel	20,094.64	26	26
6011	4500	ICU Exp Surgical Instruments	153.32	26	26
6011	4600	ICU Exp Oth Minor Equipment	7,920.21	26	26
6011	4800	ICU Exp Oth Non Medical Sup	30,271.45	26	26
7425	3500	Surgery Exp Anesthesia Supplies	44,961.39	37	37
7425	3550	Surgery Exp Oxygen / Gases	64,654.02	37	37
7425	3600	Surgery Exp IV Solutions	14,163.46	37	37
7430	3600	Surg Open Heart Exp IV Solutions	1,371.26	37	37
7425	3700	Surgery Exp Pharmaceuticals	143,741.17	37	37
7430	3700	Surg Open Heart Exp Pharmaceuticals	24.00	37	37
7425	3750	Surgery Exp Contrast Media	2,469.22	37	37
7425	4000	Surgery Exp Food - Other Product	5,522.95	37	37
7425	4010	Surgery Exp Food - Non-Food Prod	2.88	37	37
7425	4100	Surgery Exp Linen & Bedding	5,609.15	37	37
7425	4200	Surgery Exp Cleaning Supplies	5,018.62	37	37
7430	4200	Surg Open Heart Exp Cleaning Supplies	281.47	37	37
7425	4300	Surgery Exp Office & Admin Sup	8,712.06	37	37
7430	4300	Surg Open Heart Exp Office & Admin Sup	88.80	37	37
7425	4400	Surgery Exp Apparel	113,129.18	37	37
7430	4400	Surg Open Heart Exp Apparel	1,432.61	37	37
7425	4500	Surgery Exp Surgical Instruments	320,282.35	37	37
7430	4500	Surg Open Heart Exp Surgical Instruments	4,523.61	37	37

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 4

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7425	4600	Surgery Exp Oth Minor Equipment	141,294.90	37	37
7430	4600	Surg Open Heart Exp Oth Minor Equipment	-938.42	37	37
7425	4800	Surgery Exp Oth Non Medical Sup	120,599.19	37	37
7430	4800	Surg Open Heart Exp Oth Non Medical Sup	7,499.72	37	37
7012	3380	ER Services Exp Other Implants	1,380.00	61	55
7012	3400	ER Services Exp Suture & Needles	16,038.07	61	55
7425	3400	Surgery Exp Suture & Needles	188,548.60	37	55
7430	3400	Surg Open Heart Exp Suture & Needles	61,403.20	37	55
7480	3400	Medical Spls Sld Exp Suture & Needles	6.94	15	55
7580	3400	Cardiac Cath Lab Exp Suture & Needles	1,325.84	59	55
7012	3405	ER Services Exp Endomechanicals	733.48	61	55
7425	3405	Surgery Exp Endomechanicals	604,915.43	37	55
7430	3405	Surg Open Heart Exp Endomechanicals	5,041.69	37	55
7012	3425	ER Services Exp Surgical Packs & Gowns	229.26	61	55
7425	3425	Surgery Exp Surgical Packs & Gowns	638,014.32	37	55
7430	3425	Surg Open Heart Exp Surgical Packs & Gowns	94,469.05	37	55
7480	3425	Medical Spls Sld Exp Surgical Packs & Gowns	623.43	15	55
7580	3425	Cardiac Cath Lab Exp Surgical Packs & Gowns	2,716.67	59	55
7425	3430	Surgery Exp Custom Procedure Tray	56,143.00	37	55
7430	3430	Surg Open Heart Exp Custom Procedure Tray	63.39	37	55
7580	3430	Cardiac Cath Lab Exp Custom Procedure Tray	59,453.28	59	55
7012	3450	ER Services Exp Other Surgical Suppl	4,198.43	61	55
7425	3450	Surgery Exp Other Surgical Suppl	1,122,489.45	37	55
7430	3450	Surg Open Heart Exp Other Surgical Suppl	140,622.76	37	55
7480	3450	Medical Spls Sld Exp Other Surgical Suppl	857.89	15	55
7580	3450	Cardiac Cath Lab Exp Other Surgical Suppl	579,457.77	59	55
7430	3460	Surg Open Heart Exp Perfusion	122,100.85	37	55
7425	3475	Surgery Exp Endoscopy	311,919.56	37	55
7012	3900	ER Services Exp Other Medical Suppli	187,011.23	61	55
7425	3900	Surgery Exp Other Medical Suppli	562,960.45	37	55
7430	3900	Surg Open Heart Exp Other Medical Suppli	122,708.05	37	55
7480	3900	Medical Spls Sld Exp Other Medical Suppli	261,617.35	15	55
7580	3900	Cardiac Cath Lab Exp Other Medical Suppli	320,873.23	59	55
7425	3910	Surgery Exp Catherization Cardio	21,730.25	37	55
7430	3910	Surg Open Heart Exp Catherization Cardio	820.46	37	55
7480	3910	Medical Spls Sld Exp Catherization Cardio	383.04	15	55
7580	3910	Cardiac Cath Lab Exp Catherization Cardio	424,940.72	59	55
7012	3915	ER Services Exp Catherization Urolog	12,626.56	61	55
7425	3915	Surgery Exp Catherization Urolog	25,938.98	37	55
7480	3915	Medical Spls Sld Exp Catherization Urolog	1,203.05	15	55
7580	3915	Cardiac Cath Lab Exp Catherization Urolog	559.34	59	55
7012	3925	ER Services Exp Needles & Syringes	15,880.60	61	55
7425	3925	Surgery Exp Needles & Syringes	28,413.58	37	55
7430	3925	Surg Open Heart Exp Needles & Syringes	376.95	37	55
7480	3925	Medical Spls Sld Exp Needles & Syringes	194.93	15	55

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 4

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7580	3925	Cardiac Cath Lab Exp Needles & Syringes	6,099.40	59	55
7425	3200	Surgery Exp Implants	75,032.70	37	55.30
7430	3200	Surg Open Heart Exp Implants	1,424.58	37	55.30
7480	3200	Medical Spis Sld Exp Implants	1,000.00	15	55.30
7580	3200	Cardiac Cath Lab Exp Implants	152,766.18	59	55.30
7425	3205	Surgery Exp Orthopedics	1,408,259.47	37	55.30
7425	3210	Surgery Exp Grafts	142,525.97	37	55.30
7430	3210	Surg Open Heart Exp Grafts	9,783.18	37	55.30
7580	3210	Cardiac Cath Lab Exp Grafts	78,921.12	59	55.30
7425	3215	Surgery Exp Intraocular Lens	15,338.94	37	55.30
7425	3225	Surgery Exp Pacemakers	12,500.00	37	55.30
7430	3225	Surg Open Heart Exp Pacemakers	17,425.88	37	55.30
7580	3225	Cardiac Cath Lab Exp Pacemakers	857,788.23	59	55.30
7430	3250	Surg Open Heart Exp Coronary Leads	11,547.78	37	55.30
7580	3250	Cardiac Cath Lab Exp Coronary Leads	27,620.28	59	55.30
7425	3305	Surgery Exp Spine	899,512.91	37	55.30
7425	3310	Surgery Exp Bone Products	478,731.19	37	55.30
7580	3310	Cardiac Cath Lab Exp Bone Products	1,084.58	59	55.30
7580	3325	Cardiac Cath Lab Exp Bare Metal Stents	343,905.71	59	55.30
7580	3350	Cardiac Cath Lab Exp Drug Eluting Stents	378,000.26	59	55.30
7425	3360	Surgery Exp Peripheral Stents	38,549.11	37	55.30
7580	3360	Cardiac Cath Lab Exp Peripheral Stents	457,162.03	59	55.30
7430	3375	Surg Open Heart Exp Heart Valves	185,523.32	37	55.30
7425	3380	Surgery Exp Other Implants	662,829.05	37	55.30
7430	3380	Surg Open Heart Exp Other Implants	56,960.15	37	55.30
7580	3380	Cardiac Cath Lab Exp Other Implants	344,805.70	59	55.30
7580	3550	Cardiac Cath Lab Exp Oxygen / Gases	539.00	59	59
7580	3600	Cardiac Cath Lab Exp IV Solutions	3,813.79	59	59
7580	3750	Cardiac Cath Lab Exp Contrast Media	102,200.86	59	59
7580	3800	Cardiac Cath Lab Exp Radiology Films	7,506.94	59	59
7580	4000	Cardiac Cath Lab Exp Food - Other Product	1,771.73	59	59
7580	4010	Cardiac Cath Lab Exp Food - Non-Food Prod	10.01	59	59
7580	4200	Cardiac Cath Lab Exp Cleaning Supplies	261.49	59	59
7580	4300	Cardiac Cath Lab Exp Office & Admin Sup	1,182.24	59	59
7580	4400	Cardiac Cath Lab Exp Apparel	32,817.65	59	59
7580	4600	Cardiac Cath Lab Exp Oth Minor Equipment	6,840.33	59	59
7580	4800	Cardiac Cath Lab Exp Oth Non Medical Sup	10,967.30	59	59
7012	3500	ER Services Exp Anesthesia Supplies	276.19	61	61
7012	3550	ER Services Exp Oxygen / Gases	114.97	61	61
7012	3600	ER Services Exp IV Solutions	8,153.35	61	61
7012	3700	ER Services Exp Pharmaceuticals	599.67	61	61
7012	4000	ER Services Exp Food - Other Product	770.21	61	61
7012	4010	ER Services Exp Food - Non-Food Prod	351.36	61	61
7012	4100	ER Services Exp Linen & Bedding	9,374.37	61	61
7012	4200	ER Services Exp Cleaning Supplies	441.19	61	61

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - DETAILED

EXHIBIT 4

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7012	4300	ER Services Exp Office & Admin Sup	16,832.85	61	61
7012	4400	ER Services Exp Apparel	14,454.92	61	61
7012	4500	ER Services Exp Surgical Instruments	52,045.22	61	61
7012	4600	ER Services Exp Oth Minor Equipment	25,286.46	61	61
7012	4800	ER Services Exp Oth Non Medical Sup	41,725.75	61	61
Total			<u>14,246,707.95</u>		

SUMMARY BY LINE #			W/S A Line #	Reclass Line #
Reclass	Line 15 Total	267,242.11	267,242.11	1,355.48
Reclass	Line 26 Total	236,482.18	236,482.18	236,482.18
Reclass	Line 37 Total	9,129,067.84	9,129,067.84	1,004,443.59
Reclass	Line 55 Total			6,007,090.53
Reclass	Line 55.30 Total			6,658,998.32
Reclass	Line 59 Total	4,205,391.68	4,205,391.68	167,911.34
Reclass	Line 61 Total	408,524.14	408,524.14	170,426.51
Total By Line #			<u>14,246,707.95</u>	<u>14,246,707.95</u>

EXHIBIT 5

GENERAL LEDGER SUMMARY

LESS DETAILED SUPPLY ACCOUNTS

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - LESS DETAILED

EXHIBIT 5

Dept	Sub A/C	Description	Amount	W/S A Line #
6011	3300	ICU Exp Suture & Needles	71.86	26
6011	3400	ICU Exp Packs & Gowns	354.05	26
6011	3500	ICU Exp Other Surgical Suppl	3,126.27	26
6011	3550	ICU Exp Gases	507.29	26
6011	3600	ICU Exp IV Solutions	3,804.60	26
6011	3700	ICU Exp Pharmaceuticals	50.40	26
6011	3800	ICU Exp Other Medical Suppli	154,217.55	26
6011	4000	ICU Exp Other Supplies	74,350.16	26
7012	3300	ER Services Exp Suture & Needles	16,038.07	61
7012	3400	ER Services Exp Packs & Gowns	229.26	61
7012	3500	ER Services Exp Other Surgical Suppl	6,311.91	61
7012	3550	ER Services Exp Gases	391.16	61
7012	3600	ER Services Exp IV Solutions	8,153.35	61
7012	3700	ER Services Exp Pharmaceuticals	599.67	61
7012	3800	ER Services Exp Other Medical Suppli	215,518.39	61
7012	4000	ER Services Exp Other Supplies	161,282.33	61
7425	3200	Surgery Exp Implants	1,500,279.34	37
7425	3300	Surgery Exp Suture & Needles	188,548.60	37
7425	3400	Surgery Exp Packs & Gowns	638,014.32	37
7425	3500	Surgery Exp Other Surgical Suppl	4,328,467.44	37
7425	3550	Surgery Exp Gases	109,615.41	37
7425	3600	Surgery Exp IV Solutions	14,163.46	37
7425	3700	Surgery Exp Pharmaceuticals	146,210.39	37
7425	3800	Surgery Exp Other Medical Suppli	639,043.26	37
7425	4000	Surgery Exp Other Supplies	720,171.28	37
7430	3200	Surg Open Heart Exp Implants	182,664.89	37
7430	3300	Surg Open Heart Exp Suture & Needles	61,403.20	37
7430	3400	Surg Open Heart Exp Packs & Gowns	94,469.05	37
7430	3500	Surg Open Heart Exp Other Surgical Suppl	367,828.69	37
7430	3600	Surg Open Heart Exp IV Solutions	1,371.26	37
7430	3700	Surg Open Heart Exp Pharmaceuticals	24.00	37
7430	3800	Surg Open Heart Exp Other Medical Suppli	123,905.46	37
7430	4000	Surg Open Heart Exp Other Supplies	12,887.79	37
7480	3300	Medical Spls Sld Exp Suture & Needles	6.94	15
7480	3400	Medical Spls Sld Exp Packs & Gowns	623.43	15
7480	3500	Medical Spls Sld Exp Other Surgical Suppl	1,857.89	15
7480	3600	Medical Spls Sld Exp IV Solutions	60.51	15
7480	3800	Medical Spls Sld Exp Other Medical Suppli	263,398.37	15
7480	4000	Medical Spls Sld Exp Other Supplies	1,294.97	15
7580	3200	Cardiac Cath Lab Exp Implants	2,242,054.09	59
7580	3300	Cardiac Cath Lab Exp Suture & Needles	1,325.84	59

MIDTOWN MEDICAL CENTER
GENERAL LEDGER MEDICAL SUPPLIES - LESS DETAILED

EXHIBIT 5

Dept	Sub A/C	Description	Amount	W/S A Line #
7580	3400	Cardiac Cath Lab Exp Packs & Gowns	2,716.67	59
7580	3500	Cardiac Cath Lab Exp Other Surgical Suppl	1,038,911.05	59
7580	3550	Cardiac Cath Lab Exp Gases	539.00	59
7580	3600	Cardiac Cath Lab Exp IV Solutions	3,813.79	59
7580	3700	Cardiac Cath Lab Exp Pharmaceuticals	102,200.86	59
7580	3800	Cardiac Cath Lab Exp Other Medical Suppli	759,979.63	59
7580	4000	Cardiac Cath Lab Exp Other Supplies	53,850.75	59
Total			<u>14,246,707.95</u>	
Line 15 Total			267,242.11	
Line 26 Total			236,482.18	
Line 37 Total			9,129,067.84	
Line 59 Total			4,205,391.68	
Line 61 Total			<u>408,524.14</u>	
Total By Line #			<u>14,246,707.95</u>	

EXHIBIT 6

SUPPLY COST CALCULATIONS

SPECIFIC PRICING METHOD

ANYWHERE USA HOSPITAL
 SUPPLY COST CALCULATION- SPECIFIC PRICE METHOD

EXHIBIT 6

Chrg Code	Description	Rev Code	Cost	Total QTY	Total Cost
ER - 15	ED DERMABOND	270	13.00	201	2,613
MED - 1	ARM SLING	270	49.95	19	949
MED - 20	STOCKING - TED KNEE	270	34.50	217	7,487
MED - 21	SUTURE REMOVAL KIT	270	7.00	238	1,666
MED - 22	TED STOCKINGS THIGH LENGTH	270	55.00	32	1,760
MED - 3	BLANKET LOWER BODY	270	15.75	7	110
SUR - 10	CRADLE ARM LAMINECTOMY BARESKI	270	8.25	647	5,338
SUR - 3	BAG UROCATCHER II SKYTRON BED	270	21.00	320	6,720
MED - 2	BINDER - ABDOMINAL	271	89.00	5	445
MED - 6	CANNULA INNER DISP	271	3.00	8	24
SUR - 54	OXYGEN - PER 1 HOUR	271	7.50	202	1,515
CATH - 1	BALLOON CONQUEST 9MM 4CM 75	272	255.71	10	2,557
CATH - 10	INTRODUCER HEMOSTASIS ULTIMUM	272	34.50	215	7,418
CATH - 12	SUT SILK 0 18 IN FSL BLACK	272	2.15	135	290
CATH - 2	BALLOON PTA DORADO 6x20x135	272	261.43	22	5,751
CATH - 21	BALLOON MONORAIL 5.0x20x135	272	800.00	6	4,800
CATH - 22	BALLOON MONORAIL 7.0x20x135	272	800.00	4	3,200
CATH - 23	CATH GUIDE SHERPA JL4 6FR	272	73.00	42	3,066
CATH - 3	CATH ANGIO EZ-PAK PIGTAIL 6 FR	272	53.00	160	8,480
CATH - 33	SHEATH INTRODUCER 18FRx30	272	160.00	24	3,840
CATH - 4	CATH ANGIO JR4 6 FR X 100 CM	272	13.00	128	1,664
CATH - 5	CATH BALLOON DILATATION OTW UL	272	255.71	25	6,393
CATH - 9	GUIDEWIRE J-TIP 3 MM EMERALD 0	272	8.25	139	1,147
HRT - 1	APPLIER CLIP PREMIUM S-9 TI	272	185.00	59	10,915
HRT - 11	SUT ETHIBOND 3-0 36 IN RB1 DA	272	6.95	90	626
HRT - 12	SUT PROLENE 4-0 36 IN RB1 DA B	272	7.35	116	853
HRT - 17	KIT VASOVIEW HEMOPRO	272	2,050.00	21	43,050
HRT - 2	BLADE SAW STERNAL	272	34.50	39	1,346
HRT - 3	CANNULA 4MM COR PERF STRAIGHT	272	95.00	43	4,085
HRT - 4	CANNULA 6MM COR PERF STRAIGHT	272	98.00	44	4,312
HRT - 5	CATH THORACIC STANDARD RT ANGL	272	15.25	27	412
HRT - 6	CATH THORACIC STRAIGHT 32 FR X	272	12.25	2	25
HRT - 7	CATH THORACIC STRAIGHT 36 FR X	272	8.60	39	335
HRT - 9	KIT OPEN HEART ADULT	272	1,800.00	39	70,200
MED - 11	DRAPE V.A.C 30.5x26 CM	272	11.50	8	92
MED - 12	DRESS FOAM 18x12.5x3.3CM M POLY	272	73.95	162	11,980
MED - 13	DRESS FOAM 10x7.5x3.3CM M POLY	272	53.00	6	318
MED - 14	DRESS FOAM 26x15x3.3CM LG POLY	272	73.95	40	2,958
MED - 15	DRESSING DUODERM	272	11.75	11	129
MED - 16	DRESSING DUODERM 6X6 E-THIN	272	6.90	29	200
MED - 17	DRESSING FOAM 15x10 CM POLYVIN	272	20.00	73	1,460

ANYWHERE USA HOSPITAL
 SUPPLY COST CALCULATION- SPECIFIC PRICE METHOD

EXHIBIT 6

Chrg Code	Description	Rev Code	Cost	Total QTY	Total Cost
MED - 18	DRESSING KALTOSTAT	272	13.00	20	260
MED - 24	THERMOSET	272	45.60	7	319
MED - 26	BAG URINARY LEG MED 500ML LF	272	13.00	21	273
MED - 4	CANISTER WOUND DRAIN 0.5 L TUB	272	55.00	81	4,455
MED - 5	CANISTER WOUND DRAIN CLAMP CON	272	34.50	20	690
MED - 7	CATH COUDE	272	16.75	6	101
MED - 8	CATHETER FLEXISEAL FECAL MNGMT	272	314.29	10	3,143
MED - 9	CENTRAL VEIN CATH KIT II	272	67.95	1	68
SUR - 1	ABSORBATAACK 5MM DISP	272	866.67	24	20,800
SUR - 12	DRAIN WOUND ROUND TROCAR 10 FR	272	43.50	119	5,177
SUR - 13	DRESSNG FOAM 18x12.5CM/3.3CM M	272	75.25	24	1,806
SUR - 14	ELECTRODE,LIGASURE 5MM SEALER	272	816.67	72	58,800
SUR - 18	GUIDEWIRE ANGLED GLIDEWIRE 0.0	272	95.00	63	5,985
SUR - 2	ADHESIVE TOPICAL SKIN DERMABON	272	39.95	381	15,221
SUR - 24	KIT ARTHROSCOPY	272	200.00	197	39,400
SUR - 25	KIT MAJOR ORTHO	272	282.86	327	92,494
SUR - 26	KIT MAJOR PROCEDURE	272	190.00	231	43,890
SUR - 29	NEEDLE INSUFFLATION PNEUMOPERI	272	33.00	136	4,488
SUR - 38	STAPLER LOAD UNIT ENDO GIA 60-	272	260.00	57	14,820
SUR - 4	BLADE SHAVER AG+4.0MM	272	75.25	106	7,977
SUR - 43	SUT CHROMIC 2-0 27 IN SH BROWN	272	2.85	203	579
SUR - 44	SUT CHROMIC 3-0 27 IN SH BROWN	272	2.85	195	556
SUR - 45	SUT ETHILON 4-0 18 IN FS2 BLAC	272	2.15	198	426
SUR - 46	SUT MONOCRYL 4-0 27 IN PS2 UND	272	7.00	1337	9,359
SUR - 47	SUT PROLENE 0 30 IN CT2 BLUE	272	3.00	165	495
SUR - 48	SUT PROLENE 2-0 60 IN TP1 BLUE	272	6.95	145	1,008
SUR - 49	SUT SILK 2-0 18 IN SH MULTIPAC	272	16.50	353	5,825
SUR - 5	CANNULA KII THREADED 5MM	272	11.75	614	7,215
SUR - 50	TROCAR BLADELESS OPTICAL 5MM	272	39.95	323	12,904
SUR - 6	CATH CHOLANGIOGRAM 4.5 FR X 18	272	39.95	120	4,794
SUR - 22	IMMOBILIZER KNEE 19.5 IN	274	34.50	153	5,279
	TOTAL MEDICAL SUPPLIES COST- LINE 55				599,130
CATH - 24	GENERATOR ICD CONSULTA D224TRK	275	21,500.00	8	172,000
CATH - 25	GENERATOR IDC SECURA D224VRC	275	16,000.00	5	80,000
CATH - 26	GENERATOR PACEMAKER RR ADDR01	275	5,250.00	13	68,250
CATH - 27	GENERATOR PACEMAKER VEDR01	275	5,500.00	12	66,000
CATH - 31	LEAD NON TRANSVENOUS 407645	275	285.71	24	6,857
CATH - 32	LEAD NON TRANSVENOUS 407652	275	285.71	24	6,857
HRT - 10	LEAD PACING STREAMLINE BIPOLAR	275	55.00	82	4,510
CATH - 11	STENT CORONARY DRIVER 3 X 12 M	278	1,550.00	6	9,300

ANYWHERE USA HOSPITAL
SUPPLY COST CALCULATION- SPECIFIC PRICE METHOD

EXHIBIT 6

Chrg Code	Description	Rev Code	Cost	Total QTY	Total Cost
CATH - 28	GRAFT TALENT ILIAC EXT IXW1616	278	4,650.00	3	13,950
CATH - 29	GRAFT TALENT ILIAC EXT IXW1812	278	5,000.00	1	5,000
CATH - 30	GRAFT TALENT ILIAC EXT IXW1818	278	4,650.00	4	18,600
CATH - 34	STENT COMPLTE SE 7MM 150MM 130	278	1,500.00	11	16,500
CATH - 35	STENT ENDEAV SPRINT DES 3.0x12	278	2,850.00	4	11,400
CATH - 36	STENT GENESIS 7x39x135	278	2,000.00	5	10,000
CATH - 37	STENT GENESIS 8x29x135	278	2,000.00	8	16,000
HRT - 13	VALVE AORTIC MAGNA 21 MM PERIM	278	6,900.00	3	20,700
HRT - 14	VALVE AORTIC MAGNA 23 MM PERIM	278	7,100.00	4	28,400
HRT - 18	VALVE TISSUE AORTIC 3000-19MM	278	5,950.00	2	11,900
HRT - 8	GRAFT VASC STRAIGHT KNITTED DB	278	866.67	1	867
SUR - 11	CUP ACETABULAR RING LOC BI POL	278	1,750.00	3	5,250
SUR - 15	GRAFT PELVISOFT 6 X 8 CM	278	2,000.00	6	12,000
SUR - 16	GRAFT HEMASHIELD FINESSE 1x3IN	278	198.00	45	8,910
SUR - 17	GRAFT TISSUE ANT TIB 9.5x310	278	2,497.50	11	27,473
SUR - 19	HEAD FEMORAL MODULAR 28 MM HEA	278	666.67	6	4,000
SUR - 20	HIP STEM 9 X 1137 MM	278	3,200.00	3	9,600
SUR - 21	IMPLANT FEM 9-10MM E-Z LOC	278	700.00	18	12,600
SUR - 23	INFUSION KIT BONE GRAFT LG	278	4,950.00	18	89,100
SUR - 27	KIT MASTERGRAFT MATRIX 10CC	278	2,100.00	18	37,800
SUR - 28	NAIL TROCH 11x170MM 130DEG FIX	278	1,500.00	16	24,000
SUR - 30	PATCH MESH POLYPROPYLENE MARLE	278	64.95	21	1,364
SUR - 31	PATELLA FEMORAL OVAL DOME 3 PE	278	665.00	12	7,980
SUR - 32	PLATE 2.4MM LCP 5-HOLE/44MM	278	600.00	8	4,800
SUR - 33	PLATE STRAIGHT LIMITED CONTACT	278	348.57	17	5,926
SUR - 34	PORT IMPLANTABLE ISP 8 FR	278	500.00	70	35,000
SUR - 35	SCREW CANCELLOUS SELF-TAPPING	278	271.43	26	7,057
SUR - 36	SCREW LOCKING 2.4 X 20 MM	278	150.00	11	1,650
SUR - 37	SCREW LOCKING SELF-TAPPING 3.5	278	148.00	60	8,880
SUR - 39	STEM FEMORAL 12.5 X 145 POROUS	278	3,150.00	8	25,200
SUR - 40	STENT CORONARY DRIVER 3 X 12 M	278	2,630.00	10	26,300
SUR - 41	STENT URETERAL 6 X 24 POLARIS	278	250.86	29	7,275
SUR - 42	STENT URETERAL 6 X 26 POLARIS	278	250.86	40	10,034
SUR - 51	WIRE FIBER ARTHREX SUT 2 POLYB	278	24.00	98	2,352
SUR - 7	CLAMP DIST RADIUS ADJUSTABLE	278	1,600.00	14	22,400
SUR - 8	COMPONENT FEMORAL INTERLOCKING	278	2,550.00	3	7,650
SUR - 9	COMP FEMORAL SIGMA PS SZ 3L	278	2,400.00	5	12,000
	TOTAL MEDICAL SUPPLIES COST - LINE 55.30				983,691
Hospital	Total			10159	1,582,821

EXHIBIT 7

SUPPLY COST CALCULATIONS

MARK-UP METHOD

ANYWHERE USA HOSPITAL
SUPPLY COST CALCULATION- MARK-UP FORMULA METHOD

EXHIBIT 7

Chrg Code	Description	Rev Code	Pat Charge	Mark-up	Cost	Total QTY	Total Cost
ER - 15	ED DERMABOND	270	80	600%	13.33	201	2,680
MED - 1	ARM SLING	270	275	550%	50.00	19	950
MED - 20	STOCKING - TED KNEE	270	195	600%	32.50	217	7,053
MED - 21	SUTURE REMOVAL KIT	270	50	700%	7.14	238	1,700
MED - 22	TED STOCKINGS THIGH LENGTH	270	300	550%	54.55	32	1,745
MED - 3	BLANKET LOWER BODY	270	95	600%	15.83	7	111
SUR - 10	CRADLE ARM LAMINECTOMY BARESKI	270	58	700%	8.29	647	5,361
SUR - 3	BAG UROCATCHER II SKYTRON BED	270	125	600%	20.83	320	6,667
MED - 2	BINDER - ABDOMINAL	271	400	450%	88.89	5	444
MED - 6	CANNULA INNER DISP	271	25	800%	3.13	8	25
SUR - 54	OXYGEN - PER 1 HOUR	271	53	700%	7.57	202	1,529
CATH - 1	BALLOON CONQUEST 9MM 4CM 75	272	895	350%	255.71	10	2,557
CATH - 10	INTRODUCER HEMOSTASIS ULTIMUM	272	175	600%	29.17	215	6,271
CATH - 12	SUT SILK 0 18 IN FSL BLACK	272	18	800%	2.25	135	304
CATH - 2	BALLOON PTA DORADO 6x20x135	272	915	350%	261.43	22	5,751
CATH - 21	BALLOON MONORAIL 5.0x20x135	272	2400	300%	800.00	6	4,800
CATH - 22	BALLOON MONORAIL 7.0x20x135	272	2400	300%	800.00	4	3,200
CATH - 23	CATH GUIDE SHERPA JL4 6FR	272	365	500%	73.00	42	3,066
CATH - 3	CATH ANGIO EZ-PAK PIGTAIL 6 FR	272	295	550%	53.64	160	8,582
CATH - 33	SHEATH INTRODUCER 18FRx30	272	650	400%	162.50	24	3,900
CATH - 4	CATH ANGIO JR4 6 FR X 100 CM	272	80	600%	13.33	128	1,707
CATH - 5	CATH BALLOON DILATATION OTW UL	272	895	350%	255.71	25	6,393
CATH - 9	GUIDEWIRE J-TIP 3 MM EMERALD 0	272	58	700%	8.29	139	1,152
HRT - 1	APPLIER CLIP PREMIUM S-9 TI	272	750	400%	187.50	59	11,063
HRT - 11	SUT ETHIBOND 3-0 36 IN RB1 DA	272	49	700%	7.00	90	630
HRT - 12	SUT PROLENE 4-0 36 IN RB1 DA B	272	51	700%	7.29	116	845
HRT - 17	KIT VASOVIEW HEMOPRO	272	4100	200%	2,050.00	21	43,050
HRT - 2	BLADE SAW STERNAL	272	175	600%	29.17	39	1,138
HRT - 3	CANNULA 4MM COR PERF STRAIGHT	272	425	450%	94.44	43	4,061
HRT - 4	CANNULA 6MM COR PERF STRAIGHT	272	440	450%	97.78	44	4,302
HRT - 5	CATH THORACIC STANDARD RT ANGL	272	90	600%	15.00	27	405
HRT - 6	CATH THORACIC STRAIGHT 32 FR X	272	75	600%	12.50	2	25
HRT - 7	CATH THORACIC STRAIGHT 36 FR X	272	60	700%	8.57	39	334
HRT - 9	KIT OPEN HEART ADULT	272	3600	200%	1,800.00	39	70,200
MED - 11	DRAPE V.A.C 30.5x26 CM	272	68	600%	11.33	8	91
MED - 12	DRES FOAM 18x12.5x3.3CM M POLY	272	370	500%	74.00	162	11,988
MED - 13	DRESS FOAM 10x7.5x3.3CM M POLY	272	295	550%	53.64	6	322
MED - 14	DRESS FOAM 26x15x3.3CM LG POLY	272	370	500%	74.00	40	2,960
MED - 15	DRESSING DUODERM	272	70	600%	11.67	11	128
MED - 16	DRESSING DUODERM 6X6 E-THIN	272	48	700%	6.86	29	199
MED - 17	DRESSING FOAM 15x10 CM POLYVIN	272	120	600%	20.00	73	1,460
MED - 18	DRESSING KALTOSTAT	272	80	600%	13.33	20	267
MED - 24	THERMOSET	272	225	600%	37.50	7	263
MED - 26	BAG URINARY LEG MED 500ML LF	272	80	600%	13.33	21	280
MED - 4	CANISTER WOUND DRAIN 0.5 L TUB	272	300	550%	54.55	81	4,418
MED - 5	CANISTER WOUND DRAIN CLAMP CON	272	175	600%	29.17	20	583
MED - 7	CATH COUDE	272	100	600%	16.67	6	100
MED - 8	CATHETER FLEXISEAL FECAL MNGMT	272	1100	350%	314.29	10	3,143
MED - 9	CENTRAL VEIN CATH KIT II	272	340	500%	68.00	1	68

ANYWHERE USA HOSPITAL
 SUPPLY COST CALCULATION- MARK-UP FORMULA METHOD

EXHIBIT 7

Chrg Code	Description	Rev Code	Pat Charge	Mark-up	Cost	Total QTY	Total Cost
SUR - 1	ABSORBATAK 5MM DISP	272	2600	300%	866.67	24	20,800
SUR - 12	DRAIN WOUND ROUND TROCAR 10 FR	272	220	600%	36.67	119	4,363
SUR - 13	DRESSNG FOAM 18x12.5CM/3.3CM M	272	375	500%	75.00	24	1,800
SUR - 14	ELECTRODE,LIGASURE 5MM SEALER	272	2450	300%	816.67	72	58,800
SUR - 18	GUIDEWIRE ANGLED GLIDEWIRE 0.0	272	425	450%	94.44	63	5,950
SUR - 2	ADHESIVE TOPICAL SKIN DERMABON	272	200	600%	33.33	381	12,700
SUR - 24	KIT ARTHROSCOPY	272	800	400%	200.00	197	39,400
SUR - 25	KIT MAJOR ORTHO	272	990	350%	282.86	327	92,494
SUR - 26	KIT MAJOR PROCEDURE	272	765	400%	191.25	231	44,179
SUR - 29	NEEDLE INSUFFLATION PNEUMOPERI	272	168	600%	28.00	136	3,808
SUR - 38	STAPLER LOAD UNIT ENDO GIA 60-	272	910	350%	260.00	57	14,820
SUR - 4	BLADE SHAVER AG+4.0MM	272	375	500%	75.00	106	7,950
SUR - 43	SUT CHROMIC 2-0 27 IN SH BROWN	272	23	800%	2.88	203	584
SUR - 44	SUT CHROMIC 3-0 27 IN SH BROWN	272	23	800%	2.88	195	561
SUR - 45	SUT ETHILON 4-0 18 IN FS2 BLAC	272	18	800%	2.25	198	446
SUR - 46	SUT MONOCRYL 4-0 27 IN PS2 UND	272	50	700%	7.14	1337	9,550
SUR - 47	SUT PROLENE 0 30 IN CT2 BLUE	272	25	800%	3.13	165	516
SUR - 48	SUT PROLENE 2-0 60 IN TP1 BLUE	272	49	700%	7.00	145	1,015
SUR - 49	SUT SILK 2-0 18 IN SH MULTIPAC	272	98	600%	16.33	353	5,766
SUR - 5	CANNULA KII THREADED 5MM	272	70	600%	11.67	614	7,163
SUR - 50	TROCAR BLADELESS OPTICAL 5MM	272	200	600%	33.33	323	10,767
SUR - 6	CATH CHOLANGIOGRAM 4.5 FR X 18	272	200	600%	33.33	120	4,000
SUR - 22	IMMOBILIZER KNEE 19.5 IN	274	175	600%	29.17	153	4,463
TOTAL MEDICAL SUPPLIES COST- LINE 55						9363	590,162
CATH - 24	GENERATOR IDC CONSULTA D224TRK	275	44000	200%	22,000.00	8	176,000
CATH - 25	GENERATOR IDC SECURA D224VRC	275	30000	200%	15,000.00	5	75,000
CATH - 26	GENERATOR PACEMAKER RR ADDR01	275	10500	200%	5,250.00	13	68,250
CATH - 27	GENERATOR PACEMAKER VEDR01	275	11000	200%	5,500.00	12	66,000
CATH - 31	LEAD NON TRANSVENOUS 407645	275	1000	350%	285.71	24	6,857
CATH - 32	LEAD NON TRANSVENOUS 407652	275	1000	350%	285.71	24	6,857
HRT - 10	LEAD PACING STREAMLINE BIPOLAR	275	300	550%	54.55	82	4,473
CATH - 11	STENT CORONARY DRIVER 3 X 12 M	278	3100	200%	1,550.00	6	9,300
CATH - 28	GRAFT TALENT ILIAC EXT IXW1616	278	9300	200%	4,650.00	3	13,950
CATH - 29	GRAFT TALENT ILIAC EXT IXW1812	278	10000	200%	5,000.00	1	5,000
CATH - 30	GRAFT TALENT ILIAC EXT IXW1818	278	9300	200%	4,650.00	4	18,600
CATH - 34	STENT COMPLTE SE 7MM 150MM 130	278	3000	200%	1,500.00	11	16,500
CATH - 35	STENT ENDEAV SPRINT DES 3.0x12	278	5700	200%	2,850.00	4	11,400
CATH - 36	STENT GENESIS 7x39x135	278	4000	200%	2,000.00	5	10,000
CATH - 37	STENT GENESIS 8x29x135	278	4000	200%	2,000.00	8	16,000
HRT - 13	VALVE AORTIC MAGNA 21 MM PERIM	278	14000	200%	7,000.00	3	21,000
HRT - 14	VALVE AORTIC MAGNA 23 MM PERIM	278	14000	200%	7,000.00	4	28,000
HRT - 18	VALVE TISSUE AORTIC 3000-19MM	278	11900	200%	5,950.00	2	11,900
HRT - 8	GRAFT VASC STRAIGHT KNITTED DB	278	2600	300%	866.67	1	867
SUR - 11	CUP ACETABULAR RING LOC BI POL	278	3500	200%	1,750.00	3	5,250
SUR - 15	GRAFT PELVISOF 6 X 8 CM	278	4000	200%	2,000.00	6	12,000
SUR - 16	GRAFT HEMASHIELD FINESSE 1x3IN	278	795	400%	198.75	45	8,944
SUR - 17	GRAFT TISSUE ANT TIB 9.5x310	278	4995	200%	2,497.50	11	27,473
SUR - 19	HEAD FEMORAL MODULAR 28 MM HEA	278	2000	300%	666.67	6	4,000

ANYWHERE USA HOSPITAL
SUPPLY COST CALCULATION- MARK-UP FORMULA METHOD

EXHIBIT 7

Chrg Code	Description	Rev Code	Pat Charge	Mark-up	Cost	Total QTY	Total Cost
SUR - 20	HIP STEM 9 X 1137 MM	278	6400	200%	3,200.00	3	9,600
SUR - 21	IMPLANT FEM 9-10MM E-Z LOC	278	2100	300%	700.00	18	12,600
SUR - 23	INFUSION KIT BONE GRAFT LG	278	9900	200%	4,950.00	18	89,100
SUR - 27	KIT MASTERGRAFT MATRIX 10CC	278	4200	200%	2,100.00	18	37,800
SUR - 28	NAIL TROCH 11x170MM 130DEG FIX	278	3000	200%	1,500.00	16	24,000
SUR - 30	PATCH MESH POLYPROPYLENE MARLE	278	325	500%	65.00	21	1,365
SUR - 31	PATELLA FEMORAL OVAL DOME 3 PE	278	1995	300%	665.00	12	7,980
SUR - 32	PLATE 2.4MM LCP 5-HOLE/44MM	278	1800	300%	600.00	8	4,800
SUR - 33	PLATE STRAIGHT LIMITED CONTACT	278	1220	350%	348.57	17	5,926
SUR - 34	PORT IMPLANTABLE ISP 8 FR	278	1750	350%	500.00	70	35,000
SUR - 35	SCREW CANCELLOUS SELF-TAPPING	278	950	350%	271.43	26	7,057
SUR - 36	SCREW LOCKING 2.4 X 20 MM	278	600	400%	150.00	11	1,650
SUR - 37	SCREW LOCKING SELF-TAPPING 3.5	278	585	400%	146.25	60	8,775
SUR - 39	STEM FEMORAL 12.5 X 145 POROUS	278	6300	200%	3,150.00	8	25,200
SUR - 40	STENT CORONARY DRIVER 3 X 12 M	278	5260	200%	2,630.00	10	26,300
SUR - 41	STENT URETERAL 6 X 24 POLARIS	278	878	350%	250.86	29	7,275
SUR - 42	STENT URETERAL 6 X 26 POLARIS	278	878	350%	250.86	40	10,034
SUR - 51	WIRE FIBER ARTHREX SUT 2 POLYB	278	145	600%	24.17	98	2,368
SUR - 7	CLAMP DIST RADIUS ADJUSTABLE	278	3200	200%	1,600.00	14	22,400
SUR - 8	COMPONENT FEMORAL INTERLOCKING	278	5100	200%	2,550.00	3	7,650
SUR - 9	COMP FEMORAL SIGMA PS SZ 3L	278	4800	200%	2,400.00	5	12,000
TOTAL MEDICAL SUPPLIES COST- LINE 55.30						796	982,500
Hospital	Total					10159	<u>1,572,663</u>

Cost Reporting

The objective of the cost report is to ensure that total costs and total charges are properly reported and matched, resulting in the accurate apportionment of costs to the Medicare program. It should be noted that for cost reporting periods beginning on or after May 1, 2009, the Medicare Cost Report has been changed to add line 55.30 and provide for segregation of medical supplies costs into two lines. There are significant implications relative to the future assignment of weights for DRGs and APCs and payments associated with each specific DRG and APC classifications.

Segregation of all medical supply costs into two lines will be a departure from how a hospital's cost report was filed in prior years. In the past, only line 55 was used to report billable medical supplies. However, many hospitals included total costs and charges of billable medical supplies on a number of individual lines of the cost report. Medicare charges were then allocated to each of those lines. This was an acceptable methodology since it met the principle of matching total costs and charges with Medicare charges. However, the issue of charge compression of medical supplies and a resulting understatement of weights associated with APC's and DRG's which include implantable devices has necessitated a change in the method to classify all billable medical supplies costs onto these two lines.

The previous sections of this workbook discussed methods for identifying revenue and costs associated with medical supplies. Medical supplies were then appropriately segregated into the two required categories: 1) Medical Supplies Charged to Patients; and 2) Implantable Devices Charged to Patients. Assuming the hospital's cost report preparer has been involved in the assessment and data gathering activities, there should be sufficient documentation to accurately prepare the cost report.

Medicare Cost Reporting Procedures

The reporting of medical supplies flows throughout the cost report. In this section the specific worksheets which deal with reporting of revenues and expenses, reclassifications, adjustments, and finally apportionment to the Medicare program will be reviewed. These include:

- Worksheet A - Trial Balance of Expenses
- Worksheet A-6 – Reclassification of Expenses

- Worksheet A-8 – Adjustments to Expenses
- Worksheet B - Cost Allocation
- Worksheet B-1 – Cost Allocation Statistical Basis
- Worksheet C – Patient Revenues, Computation of Ratio of Cost to Charges
- Worksheet D Series – Cost Apportionment

Worksheet A

Worksheet A provides for the initial recording of a hospital's trial balance of expenses in the cost report, mapping specific hospital departments to the appropriate cost center lines in columns 1 -3. The work performed in the Assessment and Accounting Sections of this workbook will have resulted in accurate identification of where billable medical supplies and implantable device costs are recorded in the hospital's general ledger. This prior work also defines where those same costs will reside on Worksheet A.

Depending on where medical supply costs are recorded in the hospital's general ledger, such costs could be reported on as few as one line or on many different lines, including lines 55, and 55.30.

For example, if all of costs for billable medical supplies were recorded in the hospital's general ledger in a cost center such as Medical Supplies Charged to Patients, these costs could be mapped to either line 15 - Central Services and Supply, or alternatively to line 55 - Medical Supplies Charged to Patients. If these costs were recorded in many individual cost centers, then costs would be initially reported on many different lines in the cost report. Typical individual cost center lines might include line 15 - Central Services and Supply, line 37 - Operating Room, and line 59 - Cardiac Catheterization Lab.

A sample Worksheet A containing supply costs on only five lines is included as Exhibit 8. These costs were taken from Exhibit 4 in the Accounting Section. Note in the example that each hospital account was assigned a cost report line number.

Worksheet A-6

Worksheet A-6 is used to move costs from one line to another on the cost report. Hospital cost centers and accounts generally do not map perfectly to the cost center lines on the cost report. Often, reclassification of certain costs is necessary to effect proper cost allocation. Worksheet A-6 facilitates moving certain costs from the line they were originally reported on to the line they should ultimately be on. Worksheet A-6 provides the details of each reclassification. The detailed reclassifications reported on Worksheet A-6 flow to column four on Worksheet A.

From data developed during the Assessment and Accounting Sections of this workbook, the hospital's cost report preparer will develop a workpaper to support reclassification of medical supplies and implantable devices to lines 55 and 55.30 respectively regardless of whichever line(s) these costs were initially reported on.

Exhibit 9 illustrates examples of a reclassification workpaper, Worksheet A-6, and Worksheet A containing the reclassifications in column four.

Worksheet A-8

Worksheet A-8 is used to adjust total expenses for amounts not related to patient care. The Medicare Cost Report instructions provide:

“Types of adjustments entered on this worksheet include (1) those needed to adjust expenses to reflect actual expenses incurred; (2) those items which constitute recovery of expenses through sales, charges, fees, etc.; (3) those items needed to adjust expenses in accordance with Medicare principles of reimbursement; and (4) those items which are provided for separately in the cost apportionment process. If an adjustment to an expense affects more than one cost center, record the adjustment to each cost center on a separate line on Worksheet A-8.”

Almost all hospitals receive pricing discounts, allowances, rebates, and refunds related to the purchases of supplies and services in the normal course of hospital operations. These “constitute recovery of expenses through sales, charges, or fees, etc.” These amounts are generally recorded in an “other revenue” account within the hospital's general ledger. However, many hospitals may also record some or all of these as a credit to expense if the credit can be specifically attributed to one or more cost centers. In such cases, the credit appears on the invoice for the supply or service and only the net expense is recorded in the general ledger.

Whenever these types of credits are recorded in the general ledger, Medicare reimbursement principles require that they be used to reduce total expenses. To the extent that the credits have been recorded in the same cost center or sub-account as the purchase, the Medicare principle is satisfied. If recorded as other revenue, these amounts must be used to reduce total expenses. The most common practice is to offset (reduce) the total cost of the Materials Management or Purchasing cost center since it is relatively difficult to determine which specific cost center(s), services and supplies costs were actually related to the credits received. As an overhead department, the costs of Purchasing are proportionately allocated to all cost centers, including Medical Supplies Charged to Patients through the cost finding process. As a result, these credits are also allocated to all cost centers.

Worksheet B and Worksheet B-1

Worksheet B and Worksheet B-1 are used to allocate overhead costs to cost centers which benefit from the services of overhead cost centers. Central Supply is considered an overhead cost center and is reported on Line 15. Historically for many hospitals, this line also included the hospital's costs for medical supplies sold to patients. Costs on line 15 are allocated to other departments in the cost report based on a statistic described in the cost report instructions as "costed requisitions." In past years, for hospitals that reported medical supplies costs and revenues on many lines of the cost report, this may have been a reasonably accurate cost finding methodology.

The "costed requisitions" statistic represents an accumulation of the total dollar value for inventory transfers to various departments of the hospital from Central Supply. As an alternative, hospitals may use the total value of each department's medical supply expense accounts in the general ledger as the "costed requisition" statistic.

However, using these statistics and this method may no longer result in the accurate allocation of billable medical supply costs to lines 55 and 55.30. In both cases, these data include both billable and non-billable supplies. In addition, these statistics will probably not reflect an accurate segregation of costs between Medical Supplies Charged to Patients and Implantable Devices Charged to Patients. Without adjustments, allocating the costs of medical supplies based on "costed requisition" statistics will result in inaccurate costs on lines 55 and 55.30 and will not adhere to the principle of matching revenues and expenses.

Based on work performed in the Assessment and Accounting Sections of this workbook, the hospital will have identified both the specific revenues and costs of Medical Supplies

Charged to Patients and Implantable Devices Charged to Patients. Since this process results in more accurate cost finding and matching of revenues and expenses, it supports the reclassification of these direct costs from line 15 to lines 55 and 55.30, as opposed to an allocation from line 15.

If a hospital plans to continue allocating costs, including billable medical supplies, from line 15, it will need to adjust the raw statistics to be consistent with where revenues will now be reclassified on lines 55 and 55.30. To accomplish this, the hospital will need to create a separate workpaper which begins with the initial statistical data and identifies all adjustments necessary to allocate costs. Development of this workpaper will be similar to the work needed to support the reclassification developed for Worksheet A-6.

The table below summarizes the results of allocating the cost of medical supplies from line 15 using raw and adjusted statistical data. Sample Worksheets B and B-1 using unadjusted and adjusted statistics are attached as Exhibits 10 and 11. For comparative purposes, the more accurate cost of medical supplies based on reclassification on Worksheet A-6 is also included.

Description	W/S A-6 Reclass	W/S B-Exhibit 10	W/S B-Exhibit 11
Line 55.00	\$ 6,007,091	\$ 5,341,704	\$ 6,007,734
Line 55.30	6,658,998	5,921,406	6,659,710
All Other	1,580,619	2,983,598	1,579,264
Total	\$14,246,708	\$14,246,708	\$14,246,708

In Exhibit 10 and the table above (column 3), the hospital has reclassified all billable medical supplies to line 15. It used supply costs per the general ledger as the statistic on worksheet B-1 to allocate costs on Worksheet B. The only change to this statistic was to adjust the data to reflect the amounts that had been reclassified to line 15, and exclude the cost of \$1000 for line 15 since costs are allocated only to lines below the line to be allocated.

This method properly allocates costs to all costs centers that benefit from the activities of the Central Supply department, consistent with Medicare cost finding principles. However, it results in an understatement of the cost of medical supplies on line 55 and implants and devices on line 55.30 in column 27.

In Exhibit 11 and the table above (column 4), the hospital has realized that it has under-allocated costs to lines 55 and 55.30 because the statistic includes both billable and non-

billable supplies. It adjusts the statistic to only include billable supply costs, which should only be on lines 55 and 55.30. The result of this allocation is very similar to the amount of costs that were reclassified on Worksheet A-6 (column 1 in the table above).

These examples serve to illustrate the problem with allocating medical supply costs on Worksheet B and B-1. These examples have only included medical supply costs. In addition to these costs, actual hospital costs include wages, benefits, professional fees, non-medical supplies, purchased services, and other costs. The Central Supply cost center will also have these types of costs which should be allocated to all cost centers benefitting from the services of the Central Supply department.

In the first example, the costs of Medical Supplies Charged to Patients and Implantable Devices Charged to Patients were clearly understated, but the allocation of all costs from Line 15 would have met the principle of cost finding. In the second example, to accomplish the proper cost of billable medical supplies for lines 55 and 55.30, the hospital did not allocate any Central Supply costs to other cost centers. This approach may not result in proper cost finding, and it is possible that the FI/MAC will object and require adjustments to the statistics to allocate costs to all benefiting cost centers.

Although the methodology in the second example is more accurate than the first in terms of getting the proper cost to lines 55 and 55.30, it illustrates why the reclassification approach is more accurate and less susceptible to adjustment by the FI/MAC. By identifying and reclassifying medical supplies costs to lines 55 and 55.30, the remaining true overhead costs of the Central Supply department can be allocated to the appropriate lines in the cost report without impacting the accuracy of the costs of Medical Supplies Charged to Patients and Implantable Devices Charged to Patients.

Worksheet C

Worksheet C is used to report patient revenues on the cost report from the general ledger and to calculate the ratio of cost to charges for ancillary cost centers. The cost to charge ratio is then used to apportion ancillary costs to the Medicare program. The mapping of patient revenues must follow the same mapping of costs from Worksheet A to allow for accurate matching of revenues and expenses.

The cost report preparer should use the data developed by the hospital from the revenue usage report to reclassify the specific revenue related to Medical Supplies Charged to Patients and Implantable Devices Charged to Patients from the line(s) they are initially reported on, to lines 55 and 55.30, respectively. This workpaper will be an important part of the documentation required by the FI/MAC to audit the revenue data, trace it from the

general ledger, and validate that it has been accurately entered on the correct lines of Worksheet C. Once the data are entered, Worksheet C automatically calculates the ratio of cost to charges.

An example of revenue reclassification workpapers and Worksheet C, Part I are included as Exhibit 12. Hypothetical cost data was used in this example to illustrate the calculation of the ratio of cost to charges that occurs on Worksheet C.

Worksheets D, Part V, D-4

The purpose of the Worksheet D series of forms is to apportion costs to the Medicare program. For purposes of illustration, this workbook focuses only on Worksheet D, Part V and Worksheet D-4, which are used to apportion outpatient and inpatient ancillary costs respectively. Both of these Worksheets use the cost to charge ratios from Worksheet C and multiply those ratios by the Medicare charges.

The source of the data to be entered on both Worksheet D, Part V and Worksheet D-4 is the Patient Statistical and Reimbursement System report (PS&R), which is available to each hospital prior to filing the cost report. Although not mandated for use in completing the “as-filed” cost report, the PS&R is ultimately used to finalize and settle the cost report as part of the audit by the FI/MAC. The PS&R report summarizes total Medicare charges, days, and payments. Charges are reported by the three digit revenue summary code. An example is provided as Exhibit 13.

There are three acceptable methods for developing data used to settle the cost report. The two discussed below focus on using data from the PS&R.

The first provides for the mapping of each PS&R revenue code to specific lines of the cost report. The hospital is required to provide a “crosswalk” which provides the mapping of each revenue code to a cost report line in order to allow the FI/MAC to audit these data. The second method provides for an allocation of the PS&R data, either in total or in part, based on hospital records identifying on which lines the total revenue was mapped in the cost report. The hospital must be able to support the allocation with data from its books, documenting where the charges reside in the general ledger.

For example, hospitals that reported medical supplies cost and charges only on line 55 would map the Medicare charges from the PS&R to that line. Hospitals which have historically reported medical supply revenues and expenses on many lines of the cost report summarize the total Medicare revenue for supplies using supply codes 270-279 and 621-624. These are then allocated based on total hospital charges to the appropriate

lines of the cost report so as to comply with the principle of matching Medicare revenues with total costs and total charges.

For cost reports periods beginning on or after May 1, 2009, medical supplies must now be segregated and mapped only to lines 55 and 55.30. Therefore, the hospital cost report preparer will need to adjust the ‘crosswalk’ workpaper to include Medicare charges for revenue codes 275, 276, 278, and 624 on line 55.30 and include the Medicare charges for all remaining supply codes on line 55. This will result in the proper matching of total costs, total charges, and Medicare charges, and accurately apportion costs to the Medicare program.

Cost Report Audits

The changes in reporting for the Medicare Cost Report discussed to this point revolve around the need to split medical supply costs into two lines. This change in methodology will result in noticeable differences in the cost report from the prior year. These differences should be disclosed to the FI/MAC when the Medicare Cost Report is filed.

The Medicare Provider Reimbursement Manual, Part 1, Section 2304, states:

“Financial and statistical records should be maintained in a consistent manner from one period to another. However, a proper regard for consistency need not preclude a desirable change in accounting procedure, provided that full disclosure of significant change is made to the intermediary.”

Generally, a change in methodology should be requested from the intermediary prior to the beginning of a cost reporting period. However, on February 29, 2008 in Publication 100-20, Transmittal 321, Change Request 5928, CMS issued instructions to the FI/MAC’s that are summarized as follows:

“The purpose of this CR is to inform the fiscal intermediaries and Medicare administrative contractors of the hospital/medical association’s initiative on encouraging hospitals to modify their cost reporting practices with respect to costs and charges, in an effort to improve the consistency of the cost based IPPS DRG relative weights. We agree that it would be beneficial for hospitals to consistently report cost and charges in their appropriate cost centers, and in a manner that is consistent with the way in which charges are grouped in the Medicare Provider and Review (MedPAR).”

In section C of this Transmittal, CMS further clarified the issue as follows:

“Providers may submit cost reports with costs and charges grouped differently than in prior years, so long as the costs and charges are properly matched and Medicare cost reporting instructions are followed. Medicare contractors shall not propose adjustments that regroup cost and charges merely to be consistent with previous year’s reporting if the cost and charges are properly grouped on the as-filed cost report.

In addition, prior approval from the Medicare contractor is not needed to regroup billable medical supply cost and charges to line 55 because this is not a change in cost finding methodology. Medicare contractors shall be vigilant to ensure that the cost of items and services are not moved from one cost center to another without moving the corresponding charges.”

The hospital should work with the cost report preparer to develop appropriate disclosures which describe the changes in methodology from the prior year’s filed cost report. Depending on the changes made, the disclosure may be relatively brief and straight-forward or more detailed.

Generally, a paragraph or two will be adequate to alert the FI/MAC as to what changes have been made and where the changes occurred. The disclosure letter for changes involving the reporting of medical supplies should include a reference to CMS Publication 100-20, Transmittal 321 instructions to the FI/MACs. You may even choose to excerpt certain portions of this transmittal and include them in the disclosure letter. A full copy of Transmittal 321 is included as Exhibit 14. It should not be sent with the disclosure letter since the FI/MAC already has received it and should be aware of its content.

An example of a disclosure letter is included as Exhibit 15. This example is not intended to be construed as legal advice. Each hospital should consider consulting with legal counsel as appropriate.

The hospital should assume that with the first cost report filed encompassing changes in reporting of medical supplies, the FI/MAC will increase its scrutiny of revenues and costs related to such medical supplies. The hospital workgroup and cost report preparer should review all source documents used in developing the changes made and test them for accuracy and reasonableness. The workgroup and cost report preparer should be prepared to explain the methodology used. All amounts entered into the cost report should be

traced back to the supporting workpaper(s), as well as tied back to all source documents, including the general ledger. All workpapers should be retained and made available to the FI/MAC as requested.

Conclusion

Charge compression has been well documented as a cause of bias and inaccuracy with Medicare Cost Report cost-to-charge ratios. Medical supplies are considered the most common area of charge compression. Hospitals now have the opportunity to reduce this bias by improving the reporting of medical supplies and segregating them into two lines of the Medicare cost report. This workbook was developed to assist hospitals with the timely implementation of this change in reporting of medical supply costs.

The concepts, approaches, and examples provided in this workbook should help illustrate some workable approaches to gathering, segregating, and reporting the data necessary to accurately completing this new requirement of the Medicare cost report. It is very important that each hospital begin the process of assessing its financial systems abilities to provide the data needed to report Medical Supplies Charged to Patients and Implantable Devices Charged to Patients. An assumption that the data is available without actually assessing the ability of the hospitals financial systems to provide it is a risky approach. Once the assessment is completed, the hospital should be able to develop and implement a plan to gather and report the data.

It is vital that all hospitals make the effort to do the work necessary to accurately report Medical Supplies Charged to Patients and Implantable Devices Charged to Patients. CMS utilizes aggregate data to calculate weights for DRGs and APCs, and the results will only be as accurate as the data provided to CMS.

EXHIBIT 8

WORKSHEET A

RECLASSIFICATION AND ADJUSTMENT OF
TRIAL BALANCE OF EXPENSES

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
I 05-9999 I FROM 5/ 1/2009 I WORKSHEET A
I I TO 4/30/2010 I

COST CENTER	COST CENTER DESCRIPTION	SALARIES 1	OTHER 2	TOTAL 3	RECLASS- IFICATIONS 4	RECLASSIFIED TRIAL BALANCE 5
1	0100 GENERAL SERVICE COST CNTR					
2	0200 OLD CAP REL COSTS-BLDG & FIXT					
3	0300 OLD CAP REL COSTS-MVBLE EQUIP					
4	0400 NEW CAP REL COSTS-BLDG & FIXT					
5	0400 NEW CAP REL COSTS-MVBLE EQUIP					
6	0500 EMPLOYEE BENEFITS					
7	0600 ADMINISTRATIVE & GENERAL					
8	0700 MAINTENANCE & REPAIRS					
9	0800 OPERATION OF PLANT					
10	0900 LAUNDRY & LINEN SERVICE					
11	1000 HOUSEKEEPING					
12	1100 DIETARY					
13	1200 CAFETERIA					
14	1300 MAINTENANCE OF PERSONNEL					
15	1400 NURSING ADMINISTRATION					
16	1500 CENTRAL SERVICES & SUPPLY		267,242	267,242		267,242
17	1600 PHARMACY					
18	1700 MEDICAL RECORDS & LIBRARY					
19	1800 SOCIAL SERVICE					
20	0000 OTHER GENERAL SERVICE					
21	2000 NONPHYSICIAN ANESTHETISTS					
22	2100 NURSING SCHOOL					
23	2200 I&R SERVICES-SALARY & FRINGES APPRVD					
24	2300 I&R SERVICES-OTHER PRGM COSTS APPRVD					
25	2400 PARAMED ED PRGM					
26	2500 INPAT ROUTINE SRVC CNTRS					
27	2600 ADULTS & PEDIATRICS					
28	2700 INTENSIVE CARE UNIT		236,482	236,482		236,482
29	2800 CORONARY CARE UNIT					
30	2900 BURN INTENSIVE CARE UNIT					
31	2900 SURGICAL INTENSIVE CARE UNIT					
32	0000 OTHER SPECIAL CARE					
33	3100 SUBPROVIDER					
34	3300 NURSERY					
35	3400 SKILLED NURSING FACILITY					
35.01	3500 NURSING FACILITY					
36	3510 ICF/MR					
37	3600 OTHER LONG TERM CARE					
38	3700 ANCILLARY SRVC COST CNTRS					
39	3800 OPERATING ROOM		9,129,068	9,129,068		9,129,068
40	3800 RECOVERY ROOM					
41	3900 DELIVERY ROOM & LABOR ROOM					
42	4000 ANESTHESIOLOGY					
43	4100 RADIOLOGY-DIAGNOSTIC					
44	4200 RADIOLOGY-THERAPEUTIC					
45	4300 RADIOISOTOPE					
46	4400 LABORATORY					
47	4500 PBP CLINICAL LAB SERVICES-PRGM ONLY					
48	4600 WHOLE BLOOD & PACKED RED BLOOD CELLS					
49	4700 BLOOD STORING, PROCESSING & TRANS.					
50	4800 INTRAVENOUS THERAPY					
51	4900 RESPIRATORY THERAPY					
52	5000 PHYSICAL THERAPY					
53	5100 OCCUPATIONAL THERAPY					
54	5200 SPEECH PATHOLOGY					
55	5300 ELECTROCARDIOLOGY					
55.30	5400 ELECTROENCEPHALOGRAPHY					
56	5500 MEDICAL SUPPLIES CHARGED TO PATIENTS					
57	5530 IMPL. DEV. CHARGED TO PATIENT					
58	5600 DRUGS CHARGED TO PATIENTS					
59	5700 RENAL DIALYSIS					
60	5800 ASC (NON-DISTINCT PART)					
61	3120 CARDIAC CATHETERIZATION LABORATORY		4,205,392	4,205,392		4,205,392
62	6000 OUTPAT SERVICE COST CNTRS					
63	6100 CLINIC					
64	6200 EMERGENCY		408,524	408,524		408,524
65	6200 OBSERVATION BEDS (NON-DISTINCT PART)					
66	0000 OTHER OUTPATIENT SERVICE					
67	6400 OTHER REIMBURS COST CNTRS					
68	6500 HOME PROGRAM DIALYSIS					
69	6600 AMBULANCE SERVICES					
70	6700 DURABLE MEDICAL EQUIP-RENTED					
71	6700 DURABLE MEDICAL EQUIP-SOLD					
72	0000 OTHER REIMBURSABLE					
73	6900 CORF					
74	7000 I&R SERVICES-NOT APPRVD PRGM					
75	7100 HOME HEALTH AGENCY					
76	8200 SPEC PURPOSE COST CENTERS					
77	8300 LUNG ACQUISITION					
78	8400 KIDNEY ACQUISITION					
79	8500 LIVER ACQUISITION					
80	8600 HEART ACQUISITION					
81	8800 OTHER ORGAN ACQUISITION					
82	8900 INTEREST EXPENSE					
83	9000 UTILIZATION REVIEW-SNF					
84	9100 OTHER CAPITAL RELATED COSTS					
85	9200 AMBULATORY SURGICAL CENTER (D.P.)					

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET A
 I I TO 4/30/2010 I

RECLASSIFICATION AND ADJUSTMENT OF
 TRIAL BALANCE OF EXPENSES

	COST CENTER	COST CENTER DESCRIPTION	SALARIES 1	OTHER 2	TOTAL 3	RECLASS- IFICATIONS 4	RECLASSIFIED TRIAL BALANCE 5
		SPEC PURPOSE COST CENTERS					
93	9300	HOSPICE					
94	0000	OTHER SPECIAL PURPOSE					
95		SUBTOTALS		14,246,708	14,246,708	-0-	14,246,708
		NONREIMBURS COST CENTERS					
96	9600	GIFT, FLOWER, COFFEE SHOP & CANTEEN					
97	9700	RESEARCH					
98	9800	PHYSICIANS' PRIVATE OFFICES					
99	9900	NONPAID WORKERS					
100	0000	OTHER NONREIMBURSABLE					
101		TOTAL		14,246,708	14,246,708	-0-	14,246,708

EXHIBIT 9

WORKSHEET A-6 WORKPAPER

WORKSHEET A-6

WORKSHEET A

MIDTOWN MEDICAL CENTER
 WORKSHEET A-6 MEDICAL SUPPLY RECLASSIFICATION

EXHIBIT 9

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7012	3380	ER Services Exp Other Implants	1,380.00	61	55
7012	3400	ER Services Exp Suture & Needles	16,038.07	61	55
7012	3405	ER Services Exp Endomechanicals	733.48	61	55
7012	3425	ER Services Exp Surgical Packs & Gowns	229.26	61	55
7012	3450	ER Services Exp Other Surgical Suppl	4,198.43	61	55
7012	3900	ER Services Exp Other Medical Suppli	187,011.23	61	55
7012	3915	ER Services Exp Catherization Urolog	12,626.56	61	55
7012	3925	ER Services Exp Needles & Syringes	15,880.60	61	55
			238,097.63	61 Total	
7425	3400	Surgery Exp Suture & Needles	188,548.60	37	55
7425	3405	Surgery Exp Endomechanicals	604,915.43	37	55
7425	3425	Surgery Exp Surgical Packs & Gowns	638,014.32	37	55
7425	3430	Surgery Exp Custom Procedure Tray	56,143.00	37	55
7425	3450	Surgery Exp Other Surgical Suppl	1,122,489.45	37	55
7425	3475	Surgery Exp Endoscopy	311,919.56	37	55
7425	3900	Surgery Exp Other Medical Suppli	562,960.45	37	55
7425	3910	Surgery Exp Catherization Cardio	21,730.25	37	55
7425	3915	Surgery Exp Catherization Urolog	25,938.98	37	55
7425	3925	Surgery Exp Needles & Syringes	28,413.58	37	55
7430	3400	Surg Open Heart Exp Suture & Needles	61,403.20	37	55
7430	3405	Surg Open Heart Exp Endomechanicals	5,041.69	37	55
7430	3425	Surg Open Heart Exp Surgical Packs & Gowns	94,469.05	37	55
7430	3430	Surg Open Heart Exp Custom Procedure Tray	63.39	37	55
7430	3450	Surg Open Heart Exp Other Surgical Suppl	140,622.76	37	55
7430	3460	Surg Open Heart Exp Perfusion	122,100.85	37	55
7430	3900	Surg Open Heart Exp Other Medical Suppli	122,708.05	37	55
7430	3910	Surg Open Heart Exp Catherization Cardio	820.46	37	55
7430	3925	Surg Open Heart Exp Needles & Syringes	376.95	37	55
			4,108,680.02	37 Total	
7480	3400	Medical Spls Sld Exp Suture & Needles	6.94	15	55
7480	3425	Medical Spls Sld Exp Surgical Packs & Gowns	623.43	15	55
7480	3450	Medical Spls Sld Exp Other Surgical Suppl	857.89	15	55
7480	3900	Medical Spls Sld Exp Other Medical Suppli	261,617.35	15	55
7480	3910	Medical Spls Sld Exp Catherization Cardio	383.04	15	55
7480	3915	Medical Spls Sld Exp Catherization Urolog	1,203.05	15	55
7480	3925	Medical Spls Sld Exp Needles & Syringes	194.93	15	55
			264,886.63	15 Total	
7580	3400	Cardiac Cath Lab Exp Suture & Needles	1,325.84	59	55
7580	3425	Cardiac Cath Lab Exp Surgical Packs & Gowns	2,716.67	59	55
7580	3430	Cardiac Cath Lab Exp Custom Procedure Tray	59,453.28	59	55
7580	3450	Cardiac Cath Lab Exp Other Surgical Suppl	579,457.77	59	55
7580	3900	Cardiac Cath Lab Exp Other Medical Suppli	320,873.23	59	55
7580	3910	Cardiac Cath Lab Exp Catherization Cardio	424,940.72	59	55
7580	3915	Cardiac Cath Lab Exp Catherization Urolog	559.34	59	55

MIDTOWN MEDICAL CENTER
WORKSHEET A-6 MEDICAL SUPPLY RECLASSIFICATION

EXHIBIT 9

Dept	Sub A/C	Description	Amount	W/S A Line #	Reclass Line #
7580	3925	Cardiac Cath Lab Exp Needles & Syringes	6,099.40	59	55
			1,395,426.25	59 Total	
7425	3200	Surgery Exp Implants	75,032.70	37	55.30
7425	3205	Surgery Exp Orthopedics	1,408,259.47	37	55.30
7425	3210	Surgery Exp Grafts	142,525.97	37	55.30
7425	3215	Surgery Exp Intraocular Lens	15,338.94	37	55.30
7425	3225	Surgery Exp Pacemakers	12,500.00	37	55.30
7425	3305	Surgery Exp Spine	899,512.91	37	55.30
7425	3310	Surgery Exp Bone Products	478,731.19	37	55.30
7425	3360	Surgery Exp Peripheral Stents	38,549.11	37	55.30
7425	3380	Surgery Exp Other Implants	662,829.05	37	55.30
7430	3200	Surg Open Heart Exp Implants	1,424.58	37	55.30
7430	3210	Surg Open Heart Exp Grafts	9,783.18	37	55.30
7430	3225	Surg Open Heart Exp Pacemakers	17,425.88	37	55.30
7430	3250	Surg Open Heart Exp Coronary Leads	11,547.78	37	55.30
7430	3375	Surg Open Heart Exp Heart Valves	185,523.32	37	55.30
7430	3380	Surg Open Heart Exp Other Implants	56,960.15	37	55.30
			4,015,944.23	37 Total	
7480	3200	Medical Spls Sld Exp Implants	1,000.00	15	55.30
			1,000.00	15 Total	
7580	3200	Cardiac Cath Lab Exp Implants	152,766.18	59	55.30
7580	3210	Cardiac Cath Lab Exp Grafts	78,921.12	59	55.30
7580	3225	Cardiac Cath Lab Exp Pacemakers	857,788.23	59	55.30
7580	3250	Cardiac Cath Lab Exp Coronary Leads	27,620.28	59	55.30
7580	3310	Cardiac Cath Lab Exp Bone Products	1,084.58	59	55.30
7580	3325	Cardiac Cath Lab Exp Bare Metal Stents	343,905.71	59	55.30
7580	3350	Cardiac Cath Lab Exp Drug Eluting Stents	378,000.26	59	55.30
7580	3360	Cardiac Cath Lab Exp Peripheral Stents	457,162.03	59	55.30
7580	3380	Cardiac Cath Lab Exp Other Implants	344,805.70	59	55.30
			2,642,054.09	59 Total	
			12,666,088.85	Grand Total	

RECLASSIFICATIONS

PROVIDER NO:	PERIOD:	PREPARED
059999	FROM 5/ 1/2009	2/26/2010
	TO 4/30/2010	WORKSHEET A-6
		NOT A CMS WORKSHEET

RECLASS CODE: A
 EXPLANATION : RECLASS MEDICAL SUPPLIES

----- INCREASE -----				----- DECREASE -----			
LINE	COST CENTER	LINE	AMOUNT	COST CENTER	LINE	AMOUNT	
15.00			0	CENTRAL SERVICES & SUPPLY	15	264,887	
37.00			0	OPERATING ROOM	37	4,108,680	
55.00	MEDICAL SUPPLIES CHARGED TO PA	55	6,007,091			0	
59.00			0	CARDIAC CATHETERIZATION LABORA	59	1,395,426	
61.00			0	EMERGENCY	61	238,098	
TOTAL RECLASSIFICATIONS FOR CODE A			6,007,091	6,007,091			

RECLASS CODE: B
 EXPLANATION : RECLASS IMPLANTS

----- INCREASE -----				----- DECREASE -----			
LINE	COST CENTER	LINE	AMOUNT	COST CENTER	LINE	AMOUNT	
15.00			0	CENTRAL SERVICES & SUPPLY	15	1,000	
37.00			0	OPERATING ROOM	37	4,015,944	
55.00	IMPL. DEV. CHARGED TO PATIENT	55.30	6,658,998			0	
59.00			0	CARDIAC CATHETERIZATION LABORA	59	2,642,054	
TOTAL RECLASSIFICATIONS FOR CODE B			6,658,998	6,658,998			

RECLASSIFICATION AND ADJUSTMENT OF
TRIAL BALANCE OF EXPENSES

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
I 05-9999 I FROM 5/ 1/2009 I WORKSHEET A
I I TO 4/30/2010 I

	COST CENTER	COST CENTER DESCRIPTION	SALARIES 1	OTHER 2	TOTAL 3	RECLASS- IFICATIONS 4	RECLASSIFIED TRIAL BALANCE 5
		GENERAL SERVICE COST CNTR					
1	0100	OLD CAP REL COSTS-BLDG & FIXT					
2	0200	OLD CAP REL COSTS-MVBLE EQUIP					
3	0300	NEW CAP REL COSTS-BLDG & FIXT					
4	0400	NEW CAP REL COSTS-MVBLE EQUIP					
5	0500	EMPLOYEE BENEFITS					
6	0600	ADMINISTRATIVE & GENERAL					
7	0700	MAINTENANCE & REPAIRS					
8	0800	OPERATION OF PLANT					
9	0900	LAUNDRY & LINEN SERVICE					
10	1000	HOUSEKEEPING					
11	1100	DIETARY					
12	1200	CAFETERIA					
13	1300	MAINTENANCE OF PERSONNEL					
14	1400	NURSING ADMINISTRATION					
15	1500	CENTRAL SERVICES & SUPPLY		267,242	267,242	-265,887	1,355
16	1600	PHARMACY					
17	1700	MEDICAL RECORDS & LIBRARY					
18	1800	SOCIAL SERVICE					
19	0000	OTHER GENERAL SERVICE					
20	2000	NONPHYSICIAN ANESTHETISTS					
21	2100	NURSING SCHOOL					
22	2200	I&R SERVICES-SALARY & FRINGES APPRVD					
23	2300	I&R SERVICES-OTHER PRGM COSTS APPRVD					
24	2400	PARAMED ED PRGM					
		INPAT ROUTINE SRVC CNTRS					
25	2500	ADULTS & PEDIATRICS					
26	2600	INTENSIVE CARE UNIT		236,482	236,482		236,482
27	2700	CORONARY CARE UNIT					
28	2800	BURN INTENSIVE CARE UNIT					
29	2900	SURGICAL INTENSIVE CARE UNIT					
30	0000	OTHER SPECIAL CARE					
31	3100	SUBPROVIDER					
33	3300	NURSERY					
34	3400	SKILLED NURSING FACILITY					
35	3500	NURSING FACILITY					
35.01	3510	ICF/MR					
36	3600	OTHER LONG TERM CARE					
		ANCILLARY SRVC COST CNTRS					
37	3700	OPERATING ROOM		9,129,068	9,129,068	-8,124,624	1,004,444
38	3800	RECOVERY ROOM					
39	3900	DELIVERY ROOM & LABOR ROOM					
40	4000	ANESTHESIOLOGY					
41	4100	RADIOLOGY-DIAGNOSTIC					
42	4200	RADIOLOGY-THERAPEUTIC					
43	4300	RADIOISOTOPE					
44	4400	LABORATORY					
45	4500	PBP CLINICAL LAB SERVICES-PRGM ONLY					
46	4600	WHOLE BLOOD & PACKED RED BLOOD CELLS					
47	4700	BLOOD STORING, PROCESSING & TRANS.					
48	4800	INTRAVENOUS THERAPY					
49	4900	RESPIRATORY THERAPY					
50	5000	PHYSICAL THERAPY					
51	5100	OCCUPATIONAL THERAPY					
52	5200	SPEECH PATHOLOGY					
53	5300	ELECTROCARDIOLOGY					
54	5400	ELECTROENCEPHALOGRAPHY					
55	5500	MEDICAL SUPPLIES CHARGED TO PATIENTS				6,007,091	6,007,091
55.30	5530	IMPL. DEV. CHARGED TO PATIENT				6,658,998	6,658,998
56	5600	DRUGS CHARGED TO PATIENTS					
57	5700	RENAL DIALYSIS					
58	5800	ASC (NON-DISTINCT PART)					
59	3120	CARDIAC CATHETERIZATION LABORATORY		4,205,392	4,205,392	-4,037,480	167,912
		OUTPAT SERVICE COST CNTRS					
60	6000	CLINIC					
61	6100	EMERGENCY		408,524	408,524	-238,098	170,426
62	6200	OBSERVATION BEDS (NON-DISTINCT PART)					
63	0000	OTHER OUTPATIENT SERVICE					
		OTHER REIMBURS COST CNTRS					
64	6400	HOME PROGRAM DIALYSIS					
65	6500	AMBULANCE SERVICES					
66	6600	DURABLE MEDICAL EQUIP-RENTED					
67	6700	DURABLE MEDICAL EQUIP-SOLD					
68	0000	OTHER REIMBURSABLE					
69	6900	CORF					
70	7000	I&R SERVICES-NOT APPRVD PRGM					
71	7100	HOME HEALTH AGENCY					
		SPEC PURPOSE COST CENTERS					
82	8200	LUNG ACQUISITION					
83	8300	KIDNEY ACQUISITION					
84	8400	LIVER ACQUISITION					
85	8500	HEART ACQUISITION					
86	8600	OTHER ORGAN ACQUISITION					
88	8800	INTEREST EXPENSE					
89	8900	UTILIZATION REVIEW-SNF					
90	9000	OTHER CAPITAL RELATED COSTS					
92	9200	AMBULATORY SURGICAL CENTER (D.P.)					

RECLASSIFICATION AND ADJUSTMENT OF
TRIAL BALANCE OF EXPENSES

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
I 05-9999 I FROM 5/ 1/2009 I WORKSHEET A
I I TO 4/30/2010 I

COST CENTER	COST CENTER DESCRIPTION	SALARIES 1	OTHER 2	TOTAL 3	RECLASS- IFICATIONS 4	RECLASSIFIED TRIAL BALANCE 5
	SPEC PURPOSE COST CENTERS					
93	9300 HOSPICE					
94	0000 OTHER SPECIAL PURPOSE					
95	SUBTOTALS		14,246,708	14,246,708	-0-	14,246,708
	NONREIMBURS COST CENTERS					
96	9600 GIFT, FLOWER, COFFEE SHOP & CANTEEN					
97	9700 RESEARCH					
98	9800 PHYSICIANS' PRIVATE OFFICES					
99	9900 NONPAID WORKERS					
100	0000 OTHER NONREIMBURSABLE					
101	TOTAL		14,246,708	14,246,708	-0-	14,246,708

EXHIBIT 10

WORKSHEET B

WORKSHEET B-1

UNADJUSTED STATISTICS

COST ALLOCATION - STATISTICAL BASIS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET 8-1
 I I TO 4/30/2010 I

COST CENTER DESCRIPTION	MAINTENANCE O F PERSONNEL	NURSING ADMIN ISTRATION	CENTRAL SERVI CES & SUPPLY	PHARMACY	MEDICAL RECOR DS & LIBRARY	SOCIAL SERVIC E	OTHER GENERAL SERVICE
	(NUMBER HOUSED	(DIRECT)SING HRS	NR(COSTED)EQUIS.	R(COSTED)EQUIS.	R(TIME)SPENT	(TIME)SPENT)
	13	14	15	16	17	18	19

001	GENERAL SERVICE COST						
002	OLD CAP REL COSTS-BLD						
003	OLD CAP REL COSTS-MVB						
004	NEW CAP REL COSTS-BLD						
005	NEW CAP REL COSTS-MVB						
006	EMPLOYEE BENEFITS						
007	ADMINISTRATIVE & GENE						
008	MAINTENANCE & REPAIRS						
009	OPERATION OF PLANT						
010	LAUNDRY & LINEN SERVI						
011	HOUSEKEEPING						
012	DIETARY						
013	CAFETERIA						
014	MAINTENANCE OF PERSON						
015	NURSING ADMINISTRATIO			14,245,353			
016	CENTRAL SERVICES & SU						
017	PHARMACY						
018	MEDICAL RECORDS & LIB						
019	SOCIAL SERVICE						
020	OTHER GENERAL SERVICE						
021	NONPHYSICIAN ANESTHET						
022	NURSING SCHOOL						
023	I&R SERVICES-SALARY &						
024	I&R SERVICES-OTHER PR						
025	PARAMED ED PRGM						
026	INPAT ROUTINE SRVC CN						
027	ADULTS & PEDIATRICS						
028	INTENSIVE CARE UNIT			236,482			
029	CORONARY CARE UNIT						
030	BURN INTENSIVE CARE U						
031	SURGICAL INTENSIVE CA						
032	OTHER SPECIAL CARE						
033	SUBPROVIDER						
034	NURSERY						
035	SKILLED NURSING FACIL						
036	NURSING FACILITY						
037	01 ICF/MR						
038	OTHER LONG TERM CARE						
039	ANCILLARY SRVC COST C						
040	OPERATING ROOM			1,004,444			
041	RECOVERY ROOM						
042	DELIVERY ROOM & LABOR						
043	ANESTHESIOLOGY						
044	RADIOLOGY-DIAGNOSTIC						
045	RADIOLOGY-THERAPEUTIC						
046	RADIOISOTOPE						
047	LABORATORY						
048	PBP CLINICAL LAB SERV						
049	WHOLE BLOOD & PACKED						
050	BLOOD STORING, PROCES						
051	INTRAVENOUS THERAPY						
052	RESPIRATORY THERAPY						
053	PHYSICAL THERAPY						
054	OCCUPATIONAL THERAPY						
055	SPEECH PATHOLOGY						
056	ELECTROCARDIOLOGY						
057	ELECTROENCEPHALOGRAPH						
058	MEDICAL SUPPLIES CHAR			6,007,091			
059	30 IMPL. DEV. CHARGED TO			6,658,998			
060	DRUGS CHARGED TO PATI						
061	RENAL DIALYSIS						
062	ASC (NON-DISTINCT PAR						
063	CARDIAC CATHETERIZATI			167,911			
064	OUTPAT SERVICE COST C						
065	CLINIC						
066	EMERGENCY			170,427			
067	OBSERVATION BEDS (NON						
068	OTHER OUTPATIENT SERV						
069	OTHER REIMBURS COST C						
070	HOME PROGRAM DIALYSIS						
071	AMBULANCE SERVICES						
072	DURABLE MEDICAL EQUIP						
073	DURABLE MEDICAL EQUIP						
074	OTHER REIMBURSABLE						
075	CORF						
076	I&R SERVICES-NOT APPR						
077	HOME HEALTH AGENCY						
078	LUNG ACQUISITION						
079	SPEC PURPOSE COST CEN						
080	KIDNEY ACQUISITION						
081	LIVER ACQUISITION						
082	HEART ACQUISITION						

COST CENTER DESCRIPTION	MAINTENANCE PERSONNEL	NURSING ADMINISTRATION	CENTRAL SERVICES & SUPPLY	PHARMACY	MEDICAL RECORDS & LIBRARY	SOCIAL SERVICE	OTHER GENERAL SERVICE
	13	14	15	16	17	18	19
001 GENERAL SERVICE COST CNTR							
002 OLD CAP REL COSTS-BLDG &							
003 OLD CAP REL COSTS-MVBLE E							
004 NEW CAP REL COSTS-BLDG &							
005 NEW CAP REL COSTS-MVBLE E							
006 EMPLOYEE BENEFITS							
007 ADMINISTRATIVE & GENERAL							
008 MAINTENANCE & REPAIRS							
009 OPERATION OF PLANT							
010 LAUNDRY & LINEN SERVICE							
011 HOUSEKEEPING							
012 DIETARY							
013 CAFETERIA							
014 MAINTENANCE OF PERSONNEL							
015 NURSING ADMINISTRATION							
016 CENTRAL SERVICES & SUPPLY			12,667,444				
017 PHARMACY							
018 MEDICAL RECORDS & LIBRARY							
019 SOCIAL SERVICE							
020 OTHER GENERAL SERVICE							
021 NONPHYSICIAN ANESTHETISTS							
022 NURSING SCHOOL							
023 I&R SERVICES-SALARY & FRI							
024 I&R SERVICES-OTHER PRGM C							
025 PARAMED ED PRGM							
026 INPAT ROUTINE SRVC CNTRS							
027 ADULTS & PEDIATRICS							
028 INTENSIVE CARE UNIT			210,288				
029 CORONARY CARE UNIT							
030 BURN INTENSIVE CARE UNIT							
031 SURGICAL INTENSIVE CARE U							
032 OTHER SPECIAL CARE							
033 SUBPROVIDER							
034 NURSERY							
035 SKILLED NURSING FACILITY							
036 NURSING FACILITY							
01 ICF/MR							
037 OTHER LONG TERM CARE							
038 ANCILLARY SRVC COST CNTRS							
039 OPERATING ROOM			893,185				
040 RECOVERY ROOM							
041 DELIVERY ROOM & LABOR ROO							
042 ANESTHESIOLOGY							
043 RADIOLOGY-DIAGNOSTIC							
044 RADIOLOGY-THERAPEUTIC							
045 RADIOISOTOPE							
046 LABORATORY							
047 PBP CLINICAL LAB SERVICES							
048 WHOLE BLOOD & PACKED RED							
049 BLOOD STORING, PROCESSING							
050 INTRAVENOUS THERAPY							
051 RESPIRATORY THERAPY							
052 PHYSICAL THERAPY							
053 OCCUPATIONAL THERAPY							
054 SPEECH PATHOLOGY							
055 ELECTROCARDIOLOGY							
056 ELECTROENCEPHALOGRAPHY							
057 MEDICAL SUPPLIES CHARGED			5,341,704				
30 IMPL. DEV. CHARGED TO PAT			5,921,406				
058 DRUGS CHARGED TO PATIENTS							
059 RENAL DIALYSIS							
ASC (NON-DISTINCT PART)							
060 CARDIAC CATHETERIZATION L			149,312				
061 OUTPAT SERVICE COST CNTRS							
062 CLINIC							
063 EMERGENCY			151,549				
064 OBSERVATION BEDS (NON-DIS							
065 OTHER OUTPATIENT SERVICE							
066 OTHER REIMBURS COST CNTRS							
067 HOME PROGRAM DIALYSIS							
068 AMBULANCE SERVICES							
069 DURABLE MEDICAL EQUIP-REN							
070 DURABLE MEDICAL EQUIP-SOL							
071 OTHER REIMBURSABLE							
072 CORF							
073 I&R SERVICES-NOT APPRVD P							
074 HOME HEALTH AGENCY							
075 LUNG ACQUISITION							
076 SPEC PURPOSE COST CENTERS							
077 KIDNEY ACQUISITION							
078 LIVER ACQUISITION							
079 HEART ACQUISITION							
080 OTHER ORGAN ACQUISITION							
081 AMBULATORY SURGICAL CENTE							
082 HOSPICE			72				
083 OTHER SPECIAL PURPOSE							

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION	MAINTENANCE F PERSONNEL	NURSING ISTRATION	ADMIN CES & SUPPLY	SERVI PHARMACY	MEDICAL RECOR DS & LIBRARY	SOCIAL E	SERVIC OTHER	GENERAL SERVICE
	13	14	15	16	17	18	19	
095 SPEC PURPOSE COST CENTERS								
095 SUBTOTALS			12,667,444					
096 NONREIMBURS COST CENTERS								
096 GIFT, FLOWER, COFFEE SHOP								
097 RESEARCH								
098 PHYSICIANS' PRIVATE OFFIC								
099 NONPAID WORKERS								
100 OTHER NONREIMBURSABLE								
101 CROSS FOOT ADJUSTMENT								
102 NEGATIVE COST CENTER								
103 TOTAL			12,667,444					

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION	TOTAL
	27
001 GENERAL SERVICE COST CNTR	
002 OLD CAP REL COSTS-BLDG &	
003 OLD CAP REL COSTS-MVBLE E	
004 NEW CAP REL COSTS-BLDG &	
005 NEW CAP REL COSTS-MVBLE E	
006 EMPLOYEE BENEFITS	
007 ADMINISTRATIVE & GENERAL	
008 MAINTENANCE & REPAIRS	
009 OPERATION OF PLANT	
010 LAUNDRY & LINEN SERVICE	
011 HOUSEKEEPING	
012 DIETARY	
013 CAFETERIA	
014 MAINTENANCE OF PERSONNEL	
015 NURSING ADMINISTRATION	
016 CENTRAL SERVICES & SUPPLY	
017 PHARMACY	
018 MEDICAL RECORDS & LIBRARY	
019 SOCIAL SERVICE	
020 OTHER GENERAL SERVICE	
021 NONPHYSICIAN ANESTHETISTS	
022 NURSING SCHOOL	
023 I&R SERVICES-SALARY & FRI	
024 I&R SERVICES-OTHER PRGM C	
025 PARAMED ED PRGM	
026 INPAT ROUTINE SRVC CNTRS	
027 ADULTS & PEDIATRICS	446,770
028 INTENSIVE CARE UNIT	
029 CORONARY CARE UNIT	
030 BURN INTENSIVE CARE UNIT	
031 SURGICAL INTENSIVE CARE U	
032 OTHER SPECIAL CARE	
033 SUBPROVIDER	
034 NURSERY	
035 SKILLED NURSING FACILITY	
036 NURSING FACILITY	
01 ICF/MR	
037 OTHER LONG TERM CARE	
038 ANCILLARY SRVC COST CNTRS	
039 OPERATING ROOM	1,897,629
040 RECOVERY ROOM	
041 DELIVERY ROOM & LABOR ROO	
042 ANESTHESIOLOGY	
043 RADIOLOGY-DIAGNOSTIC	
044 RADIOLOGY-THERAPEUTIC	
045 RADIOISOTOPE	
046 LABORATORY	
047 PBP CLINICAL LAB SERVICES	
048 WHOLE BLOOD & PACKED RED	
049 BLOOD STORING, PROCESSING	
050 INTRAVENOUS THERAPY	
051 RESPIRATORY THERAPY	
052 PHYSICAL THERAPY	
053 OCCUPATIONAL THERAPY	
054 SPEECH PATHOLOGY	
055 ELECTROCARDIOLOGY	
056 ELECTROENCEPHALOGRAPHY	
057 MEDICAL SUPPLIES CHARGED	5,341,704
30 058 IMPL. DEV. CHARGED TO PAT	5,921,406
059 DRUGS CHARGED TO PATIENTS	
060 RENAL DIALYSIS	
061 ASC (NON-DISTINCT PART)	
062 CARDIAC CATHETERIZATION L	317,224
063 OUTPAT SERVICE COST CNTRS	
064 CLINIC	
065 EMERGENCY	321,975
066 OBSERVATION BEDS (NON-DIS	
067 OTHER OUTPATIENT SERVICE	
068 OTHER REIMBURS COST CNTRS	
069 HOME PROGRAM DIALYSIS	
070 AMBULANCE SERVICES	
071 DURABLE MEDICAL EQUIP-REN	
072 DURABLE MEDICAL EQUIP-SOL	
073 OTHER REIMBURSABLE	
074 CORF	
075 I&R SERVICES-NOT APPRVD P	
076 HOME HEALTH AGENCY	
077 LUNG ACQUISITION	
078 SPEC PURPOSE COST CENTERS	
079 KIDNEY ACQUISITION	
080 LIVER ACQUISITION	
081 HEART ACQUISITION	
082 OTHER ORGAN ACQUISITION	
083 AMBULATORY SURGICAL CENTE	
084 HOSPICE	
085 OTHER SPECIAL PURPOSE	
086	

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION		TOTAL
		27
095	SPEC PURPOSE COST CENTERS	
	SUBTOTALS	14,246,708
	NONREIMBURS COST CENTERS	
096	GIFT, FLOWER, COFFEE SHOP	
097	RESEARCH	
098	PHYSICIANS' PRIVATE OFFIC	
099	NONPAID WORKERS	
100	OTHER NONREIMBURSABLE	
101	CROSS FOOT ADJUSTMENT	
102	NEGATIVE COST CENTER	
103	TOTAL	14,246,708

EXHIBIT 11

WORKSHEET B

WORKSHEET B-1

ADJUSTED STATISTICS

COST ALLOCATION - STATISTICAL BASIS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B-1
 I I TO 4/30/2010 I

COST CENTER DESCRIPTION	MAINTENANCE O	NURSING ADMIN	CENTRAL SERVI	PHARMACY	MEDICAL RECOR	SOCIAL SERVIC	OTHER GENERAL
	F PERSONNEL	ISTRATION	ES & SUPPLY		DS & LIBRARY	E	SERVICE
	(NUMBER HOUSED)	(DIRECT)SING HRS	NR(COSTED)EQUIS.	R(COSTED)EQUIS.	R(TIME)SPENT	(TIME)SPENT)
001 GENERAL SERVICE COST	13	14	15	16	17	18	19
002 OLD CAP REL COSTS-BLD							
003 OLD CAP REL COSTS-MVB							
004 NEW CAP REL COSTS-BLD							
005 NEW CAP REL COSTS-MVB							
006 EMPLOYEE BENEFITS							
007 ADMINISTRATIVE & GENE							
008 MAINTENANCE & REPAIRS							
009 OPERATION OF PLANT							
010 LAUNDRY & LINEN SERVI							
011 HOUSEKEEPING							
012 DIETARY							
013 CAFETERIA							
014 MAINTENANCE OF PERSON							
015 NURSING ADMINISTRATIO							
016 CENTRAL SERVICES & SU			12,666,089				
017 PHARMACY							
018 MEDICAL RECORDS & LIB							
019 SOCIAL SERVICE							
020 OTHER GENERAL SERVICE							
021 NONPHYSICIAN ANESTHET							
022 NURSING SCHOOL							
023 I&R SERVICES-SALARY &							
024 I&R SERVICES-OTHER PR							
025 PARAMED ED PRGM							
026 INPAT ROUTINE SRVC CN							
027 ADULTS & PEDIATRICS							
028 INTENSIVE CARE UNIT							
029 CORONARY CARE UNIT							
030 BURN INTENSIVE CARE U							
031 SURGICAL INTENSIVE CA							
032 OTHER SPECIAL CARE							
033 SUBPROVIDER							
034 NURSERY							
035 SKILLED NURSING FACIL							
036 NURSING FACILITY							
037 01 ICF/MR							
038 OTHER LONG TERM CARE							
039 ANCILLARY SRVC COST C							
040 OPERATING ROOM							
041 RECOVERY ROOM							
042 DELIVERY ROOM & LABOR							
043 ANESTHESIOLOGY							
044 RADIOLOGY-DIAGNOSTIC							
045 RADIOLOGY-THERAPEUTIC							
046 RADIOISOTOPE							
047 LABORATORY							
048 PBP CLINICAL LAB SERV							
049 WHOLE BLOOD & PACKED							
050 BLOOD STORING, PROCES							
051 INTRAVENOUS THERAPY							
052 RESPIRATORY THERAPY							
053 PHYSICAL THERAPY							
054 OCCUPATIONAL THERAPY							
055 SPEECH PATHOLOGY							
056 ELECTROCARDIOLOGY							
057 ELECTROENCEPHALOGRAPH							
058 MEDICAL SUPPLIES CHAR			6,007,091				
059 30 IMPL. DEV. CHARGED TO			6,658,998				
060 DRUGS CHARGED TO PATI							
061 RENAL DIALYSIS							
062 ASC (NON-DISTINCT PAR							
063 CARDIAC CATHETERIZATI							
064 OUTPAT SERVICE COST C							
065 CLINIC							
066 EMERGENCY							
067 OBSERVATION BEDS (NON							
068 OTHER OUTPATIENT SERV							
069 OTHER REIMBURS COST C							
070 HOME PROGRAM DIALYSIS							
071 AMBULANCE SERVICES							
072 DURABLE MEDICAL EQUIP							
073 DURABLE MEDICAL EQUIP							
074 OTHER REIMBURSABLE							
075 CORF							
076 I&R SERVICES-NOT APPR							
077 HOME HEALTH AGENCY							
078 LUNG ACQUISITION							
079 SPEC PURPOSE COST CEN							
080 KIDNEY ACQUISITION							
081 LIVER ACQUISITION							
082 HEART ACQUISITION							

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION	MAINTENANCE O F PERSONNEL	NURSING ADMIN ISTRATION	CENTRAL SERVI CES & SUPPLY	PHARMACY	MEDICAL RECOR DS & LIBRARY	SOCIAL SERVIC E	OTHER GENERAL SERVICE
	13	14	15	16	17	18	19
001 GENERAL SERVICE COST CNTR							
002 OLD CAP REL COSTS-BLDG &							
003 OLD CAP REL COSTS-MVBLE E							
004 NEW CAP REL COSTS-BLDG &							
005 NEW CAP REL COSTS-MVBLE E							
006 EMPLOYEE BENEFITS							
007 ADMINISTRATIVE & GENERAL							
008 MAINTENANCE & REPAIRS							
009 OPERATION OF PLANT							
010 LAUNDRY & LINEN SERVICE							
011 HOUSEKEEPING							
012 DIETARY							
013 CAFETERIA							
014 MAINTENANCE OF PERSONNEL							
015 NURSING ADMINISTRATION							
016 CENTRAL SERVICES & SUPPLY			12,667,444				
017 PHARMACY							
018 MEDICAL RECORDS & LIBRARY							
019 SOCIAL SERVICE							
020 OTHER GENERAL SERVICE							
021 NONPHYSICIAN ANESTHETISTS							
022 NURSING SCHOOL							
023 I&R SERVICES-SALARY & FRI							
024 I&R SERVICES-OTHER PRGM C							
PARAMED ED PRGM							
025 INPAT ROUTINE SRVC CNTRS							
026 ADULTS & PEDIATRICS							
027 INTENSIVE CARE UNIT							
028 CORONARY CARE UNIT							
029 BURN INTENSIVE CARE UNIT							
030 SURGICAL INTENSIVE CARE U							
031 OTHER SPECIAL CARE							
032 SUBPROVIDER							
033 NURSERY							
034 SKILLED NURSING FACILITY							
035 NURSING FACILITY							
035 01 ICF/MR							
036 OTHER LONG TERM CARE							
037 ANCILLARY SRVC COST CNTRS							
038 OPERATING ROOM							
039 RECOVERY ROOM							
040 DELIVERY ROOM & LABOR ROO							
041 ANESTHESIOLOGY							
042 RADIOLOGY-DIAGNOSTIC							
043 RADIOLOGY-THERAPEUTIC							
044 RADIOISOTOPE							
045 LABORATORY							
046 PBP CLINICAL LAB SERVICES							
047 WHOLE BLOOD & PACKED RED							
048 BLOOD STORING, PROCESSING							
049 INTRAVENOUS THERAPY							
050 RESPIRATORY THERAPY							
051 PHYSICAL THERAPY							
052 OCCUPATIONAL THERAPY							
053 SPEECH PATHOLOGY							
054 ELECTROCARDIOLOGY							
055 ELECTROENCEPHALOGRAPHY							
055 30 IMPL. DEV. CHARGED TO PAT			6,007,734				
056 DRUGS CHARGED TO PATIENTS			6,659,710				
057 RENAL DIALYSIS							
058 ASC (NON-DISTINCT PART)							
059 CARDIAC CATHETERIZATION L							
060 OUTPAT SERVICE COST CNTRS							
061 CLINIC							
062 EMERGENCY							
063 OBSERVATION BEDS (NON-DIS							
064 OTHER OUTPATIENT SERVICE							
065 OTHER REIMBURS COST CNTRS							
066 HOME PROGRAM DIALYSIS							
067 AMBULANCE SERVICES							
066 DURABLE MEDICAL EQUIP-REN							
067 DURABLE MEDICAL EQUIP-SOL							
068 OTHER REIMBURSABLE							
069 CORF							
070 I&R SERVICES-NOT APPRVD P							
071 HOME HEALTH AGENCY							
082 LUNG ACQUISITION							
083 SPEC PURPOSE COST CENTERS							
084 KIDNEY ACQUISITION							
085 LIVER ACQUISITION							
086 HEART ACQUISITION							
092 OTHER ORGAN ACQUISITION							
093 AMBULATORY SURGICAL CENTE							
094 HOSPICE							
094 OTHER SPECIAL PURPOSE							

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION	MAINTENANCE F PERSONNEL	NURSING ISTRATION	ADMIN CES & SUPPLY	CENTRAL SERVI CES & SUPPLY	PHARMACY	MEDICAL RECOR DS & LIBRARY	SOCIAL E	SERVIC	OTHER SERVICE	GENERAL
	13	14		15	16	17		18		19
095 SPEC PURPOSE COST CENTERS										
095 SUBTOTALS				12,667,444						
096 NONREIMBURS COST CENTERS										
096 GIFT, FLOWER, COFFEE SHOP										
097 RESEARCH										
098 PHYSICIANS' PRIVATE OFFIC										
099 NONPAID WORKERS										
100 OTHER NONREIMBURSABLE										
101 CROSS FOOT ADJUSTMENT										
102 NEGATIVE COST CENTER										
103 TOTAL				12,667,444						

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

TOTAL
 COST CENTER
 DESCRIPTION

27

001	GENERAL SERVICE COST CNTR	
002	OLD CAP REL COSTS-BLDG &	
003	OLD CAP REL COSTS-MVBLE E	
004	NEW CAP REL COSTS-BLDG &	
005	NEW CAP REL COSTS-MVBLE E	
006	EMPLOYEE BENEFITS	
007	ADMINISTRATIVE & GENERAL	
008	MAINTENANCE & REPAIRS	
009	OPERATION OF PLANT	
010	LAUNDRY & LINEN SERVICE	
011	HOUSEKEEPING	
012	DIETARY	
013	CAFETERIA	
014	MAINTENANCE OF PERSONNEL	
015	NURSING ADMINISTRATION	
016	CENTRAL SERVICES & SUPPLY	
017	PHARMACY	
018	MEDICAL RECORDS & LIBRARY	
019	SOCIAL SERVICE	
020	OTHER GENERAL SERVICE	
021	NONPHYSICIAN ANESTHETISTS	
022	NURSING SCHOOL	
023	I&R SERVICES-SALARY & FRI	
024	I&R SERVICES-OTHER PRGM C	
	PARAMED ED PRGM	
	INPAT ROUTINE SRVC CNTRS	
025	ADULTS & PEDIATRICS	
026	INTENSIVE CARE UNIT	236,482
027	CORONARY CARE UNIT	
028	BURN INTENSIVE CARE UNIT	
029	SURGICAL INTENSIVE CARE U	
030	OTHER SPECIAL CARE	
031	SUBPROVIDER	
033	NURSERY	
034	SKILLED NURSING FACILITY	
035	NURSING FACILITY	
035	01 ICF/MR	
036	OTHER LONG TERM CARE	
	ANCILLARY SRVC COST CNTRS	
037	OPERATING ROOM	1,004,444
038	RECOVERY ROOM	
039	DELIVERY ROOM & LABOR ROO	
040	ANESTHESIOLOGY	
041	RADIOLOGY-DIAGNOSTIC	
042	RADIOLOGY-THERAPEUTIC	
043	RADIOISOTOPE	
044	LABORATORY	
045	PBP CLINICAL LAB SERVICES	
046	WHOLE BLOOD & PACKED RED	
047	BLOOD STORING, PROCESSING	
048	INTRAVENOUS THERAPY	
049	RESPIRATORY THERAPY	
050	PHYSICAL THERAPY	
051	OCCUPATIONAL THERAPY	
052	SPEECH PATHOLOGY	
053	ELECTROCARDIOLOGY	
054	ELECTROENCEPHALOGRAPHY	
055	MEDICAL SUPPLIES CHARGED	6,007,734
055	30 IMPL. DEV. CHARGED TO PAT	6,659,710
056	DRUGS CHARGED TO PATIENTS	
057	RENAL DIALYSIS	
058	ASC (NON-DISTINCT PART)	
059	CARDIAC CATHETERIZATION L	167,912
	OUTPAT SERVICE COST CNTRS	
060	CLINIC	
061	EMERGENCY	170,426
062	OBSERVATION BEDS (NON-DIS	
063	OTHER OUTPATIENT SERVICE	
	OTHER REIMBURS COST CNTRS	
064	HOME PROGRAM DIALYSIS	
065	AMBULANCE SERVICES	
066	DURABLE MEDICAL EQUIP-REN	
067	DURABLE MEDICAL EQUIP-SOL	
068	OTHER REIMBURSABLE	
069	CORF	
070	I&R SERVICES-NOT APPRVD P	
071	HOME HEALTH AGENCY	
082	LUNG ACQUISITION	
	SPEC PURPOSE COST CENTERS	
083	KIDNEY ACQUISITION	
084	LIVER ACQUISITION	
085	HEART ACQUISITION	
086	OTHER ORGAN ACQUISITION	
092	AMBULATORY SURGICAL CENTE	
093	HOSPICE	
094	OTHER SPECIAL PURPOSE	

COST ALLOCATION - GENERAL SERVICE COSTS

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET B
 I I TO 4/30/2010 I PART I

COST CENTER DESCRIPTION		TOTAL
		27
095	SPEC PURPOSE COST CENTERS	
	SUBTOTALS	14,246,708
	NONREIMBURS COST CENTERS	
096	GIFT, FLOWER, COFFEE SHOP	
097	RESEARCH	
098	PHYSICIANS' PRIVATE OFFIC	
099	NONPAID WORKERS	
100	OTHER NONREIMBURSABLE	
101	CROSS FOOT ADJUSTMENT	
102	NEGATIVE COST CENTER	
103	TOTAL	14,246,708

EXHIBIT 12

REVENUE RECLASSIFICATION WORKPAPERS

WORKSHEET C

ANYWHERE USA HOSPITAL
 WORKSHEET C PATIENT REVENUE RECLASS SUMMARY

EXHIBIT 12

Line #	Dept	Per General Ledger			Reclassifications for Supplies			Reclassified Revenue		
		I/P	O/P	Total	I/P	O/P	Total	I/P	O/P	Total
26	ICU	4,289,400	-	4,289,400	-	-	-	4,289,400	-	4,289,400
37	OR	21,635,190	12,029,263	33,664,453	(579,124)	(1,955,040)	(2,534,164)	21,056,066	10,074,223	31,130,289
37	HRT	2,135,256	-	2,135,256	(479,456)	-	(479,456)	1,655,800	-	1,655,800
37	Total	23,770,446	12,029,263	35,799,709	(1,058,580)	(1,955,040)	(3,013,620)	22,711,866	10,074,223	32,786,089
55	Med Sup	190,557	13,919	204,476	825,685	1,254,240	2,079,925	1,016,242	1,268,159	2,284,401
55.30	Implants				658,525	1,523,192	2,181,717	658,525	1,523,192	2,181,717
59	Cath Lab	1,314,185	1,867,217	3,181,402	(424,350)	(807,592)	(1,231,942)	889,835	1,059,625	1,949,460
61	ER	5,454,955	10,374,325	15,829,280	(1,280)	(14,800)	(16,080)	5,453,675	10,359,525	15,813,200
Hospital Total		35,019,543	24,284,724	59,304,267	-	-	-	35,019,543	24,284,724	59,304,267

ANYWHERE HOSPITAL- ANYWHERE USA
 MEDICAL SUPPLY REVENUE RECLASSIFICATION DETAIL

EXHIBIT 12

Chrg Code	Description	Rev Code	Pat Charge	I/P Amount	O/P Amount	Total Amount
CATH - 1	BALLOON CONQUEST 9MM 4CM 75	272	895	1,790	7,160	8,950
CATH - 10	INTRODUCER HEMOSTASIS ULTIMUM	272	175	14,175	23,450	37,625
CATH - 12	SUT SILK 0 18 IN FSL BLACK	272	18	864	1,566	2,430
CATH - 2	BALLOON PTA DORADO 6x20x135	272	915	1,830	18,300	20,130
CATH - 21	BALLOON MONORAIL 5.0x20x135	272	2400	7,200	7,200	14,400
CATH - 22	BALLOON MONORAIL 7.0x20x135	272	2400	2,400	7,200	9,600
CATH - 23	CATH GUIDE SHERPA JL4 6FR	272	365	13,505	1,825	15,330
CATH - 3	CATH ANGIO EZ-PAK PIGTAIL 6 FR	272	295	28,320	18,880	47,200
CATH - 33	SHEATH INTRODUCER 18FRx30	272	650	15,600	-	15,600
CATH - 4	CATH ANGIO JR4 6 FR X 100 CM	272	80	4,320	5,920	10,240
CATH - 5	CATH BALLOON DILATATION OTW UL	272	895	7,160	15,215	22,375
CATH - 9	GUIDEWIRE J-TIP 3 MM EMERALD 0	272	58	3,886	4,176	8,062
	Total Cath Lab Medical Supplies			101,050	110,892	211,942
ER - 15	ED DERMABOND	270	80	1,280	14,800	16,080
	Total ER Medical Supplies			1,280	14,800	16,080
HRT - 1	APPLIER CLIP PREMIUM S-9 TI	272	750	44,250	-	44,250
HRT - 11	SUT ETHIBOND 3-0 36 IN RB1 DA	272	49	4,410	-	4,410
HRT - 12	SUT PROLENE 4-0 36 IN RB1 DA B	272	51	5,916	-	5,916
HRT - 17	KIT VASOVIEW HEMOPRO	272	4100	86,100	-	86,100
HRT - 2	BLADE SAW STERNAL	272	175	6,825	-	6,825
HRT - 3	CANNULA 4MM COR PERF STRAIGHT	272	425	18,275	-	18,275
HRT - 4	CANNULA 6MM COR PERF STRAIGHT	272	440	19,360	-	19,360
HRT - 5	CATH THORACIC STANDARD RT ANGL	272	90	2,430	-	2,430
HRT - 6	CATH THORACIC STRAIGHT 32 FR X	272	75	150	-	150
HRT - 7	CATH THORACIC STRAIGHT 36 FR X	272	60	2,340	-	2,340
HRT - 9	KIT OPEN HEART ADULT	272	3600	140,400	-	140,400
	Total Heart Surgery Medical Supplies			330,456	-	330,456
SUR - 1	ABSORBATAACK 5MM DISP	272	2600	10,400	52,000	62,400
SUR - 10	CRADLE ARM LAMINECTOMY BARESKI	270	58	13,282	24,244	37,526
SUR - 12	DRAIN WOUND ROUND TROCAR 10 FR	272	220	8,580	17,600	26,180
SUR - 13	DRESSNG FOAM 18x12.5CM/3.3CM M	272	375	375	8,625	9,000
SUR - 14	ELECTRODE,LIGASURE 5MM SEALER	272	2450	22,050	154,350	176,400
SUR - 18	GUIDEWIRE ANGLED GLIDEWIRE 0.0	272	425	9,350	17,425	26,775
SUR - 2	ADHESIVE TOPICAL SKIN DERMABON	272	200	22,600	53,600	76,200
SUR - 22	IMMOBILIZER KNEE 19.5 IN	274	175	11,725	15,050	26,775
SUR - 24	KIT ARTHROSCOPY	272	800	76,800	80,800	157,600
SUR - 25	KIT MAJOR ORTHO	272	990	76,230	247,500	323,730
SUR - 26	KIT MAJOR PROCEDURE	272	765	13,770	162,945	176,715
SUR - 29	NEEDLE INSUFFLATION PNEUMOPERI	272	168	6,384	16,464	22,848
SUR - 3	BAG UROCATCHER II SKYTRON BED	270	125	17,000	23,000	40,000
SUR - 38	STAPLER LOAD UNIT ENDO GIA 60-	272	910	3,640	48,230	51,870
SUR - 4	BLADE SHAVER AG+4.0MM	272	375	18,375	21,375	39,750
SUR - 43	SUT CHROMIC 2-0 27 IN SH BROWN	272	23	1,748	2,921	4,669

ANYWHERE HOSPITAL- ANYWHERE USA
 MEDICAL SUPPLY RECLASSIFICATION DETAIL

EXHIBIT 12

Chrg Code	Description	Rev Code	Pat Charge	I/P Amount	O/P Amount	Total Amount
SUR - 44	SUT CHROMIC 3-0 27 IN SH BROWN	272	23	920	3,565	4,485
SUR - 45	SUT ETHILON 4-0 18 IN FS2 BLAC	272	18	1,458	2,106	3,564
SUR - 46	SUT MONOCRYL 4-0 27 IN PS2 UND	272	50	21,900	44,950	66,850
SUR - 47	SUT PROLENE 0 30 IN CT2 BLUE	272	25	1,075	3,050	4,125
SUR - 48	SUT PROLENE 2-0 60 IN TP1 BLUE	272	49	-	7,105	7,105
SUR - 49	SUT SILK 2-0 18 IN SH MULTIPAC	272	98	4,998	29,596	34,594
SUR - 5	CANNULA KII THREADED 5MM	272	70	14,000	28,980	42,980
SUR - 50	TROCAR BLADELESS OPTICAL 5MM	272	200	18,800	45,800	64,600
SUR - 54	OXYGEN - PER 1 HOUR	271	53	8,639	2,067	10,706
SUR - 6	CATH CHOLANGIOGRAM 4.5 FR X 18	272	200	8,800	15,200	24,000
Total Surgery Medical Supplies				392,899	1,128,548	1,521,447
TOTAL MEDICAL SUPPLIES- LINE 55				825,685	1,254,240	2,079,925
CATH - 11	STENT CORONARY DRIVER 3 X 12 M	278	3100	12,400	6,200	18,600
CATH - 24	GENERATOR ICD CONSULTA D224TRK	275	44000	-	352,000	352,000
CATH - 25	GENERATOR IDC SECURA D224VRC	275	30000	90,000	60,000	150,000
CATH - 26	GENERATOR PACEMAKER RR ADDR01	275	10500	42,000	94,500	136,500
CATH - 27	GENERATOR PACEMAKER VEDR01	275	11000	44,000	88,000	132,000
CATH - 28	GRAFT TALENT ILIAC EXT IXW1616	278	9300	27,900	-	27,900
CATH - 29	GRAFT TALENT ILIAC EXT IXW1812	278	10000	10,000	-	10,000
CATH - 30	GRAFT TALENT ILIAC EXT IXW1818	278	9300	37,200	-	37,200
CATH - 31	LEAD NON TRANSVENOUS 407645	275	1000	8,000	16,000	24,000
CATH - 32	LEAD NON TRANSVENOUS 407652	275	1000	9,000	15,000	24,000
CATH - 34	STENT COMPLTE SE 7MM 150MM 130	278	3000	-	33,000	33,000
CATH - 35	STENT ENDEAV SPRINT DES 3.0x12	278	5700	22,800	-	22,800
CATH - 36	STENT GENESIS 7x39x135	278	4000	12,000	8,000	20,000
CATH - 37	STENT GENESIS 8x29x135	278	4000	8,000	24,000	32,000
Total Cath Lab Implants				323,300	696,700	1,020,000
HRT - 10	LEAD PACING STREAMLINE BIPOLAR	275	300	24,600	-	24,600
HRT - 13	VALVE AORTIC MAGNA 21 MM PERIM	278	14000	42,000	-	42,000
HRT - 14	VALVE AORTIC MAGNA 23 MM PERIM	278	14000	56,000	-	56,000
HRT - 18	VALVE TISSUE AORTIC 3000-19MM	278	11900	23,800	-	23,800
HRT - 8	GRAFT VASC STRAIGHT KNITTED DB	278	2600	2,600	-	2,600
Total Heart Surgery Implants				149,000	-	149,000
SUR - 11	CUP ACETABULAR RING LOC BI POL	278	3500	-	10,500	10,500
SUR - 15	GRAFT PELVISOFIT 6 X 8 CM	278	4000	4,000	20,000	24,000
SUR - 16	GRAFT HEMASHIELD FINESSE 1x3IN	278	795	-	35,775	35,775
SUR - 17	GRAFT TISSUE ANT TIB 9.5x310	278	4995	24,975	29,970	54,945
SUR - 19	HEAD FEMORAL MODULAR 28 MM HEA	278	2000	-	12,000	12,000
SUR - 20	HIP STEM 9 X 1137 MM	278	6400	-	19,200	19,200
SUR - 21	IMPLANT FEM 9-10MM E-Z LOC	278	2100	18,900	18,900	37,800
SUR - 23	INFUSION KIT BONE GRAFT LG	278	9900	-	178,200	178,200
SUR - 27	KIT MASTERGRAFT MATRIX 10CC	278	4200	-	75,600	75,600
SUR - 28	NAIL TROCH 11x170MM 130DEG FIX	278	3000	-	48,000	48,000

ANYWHERE HOSPITAL- ANYWHERE USA
 MEDICAL SUPPLY REVENUE RECLASSIFICATION DETAIL

EXHIBIT 12

Chrg Code	Description	Rev Code	Pat Charge	I/P Amount	O/P Amount	Total Amount
SUR - 30	PATCH MESH POLYPROPYLENE MARLE	278	325	3,250	3,575	6,825
SUR - 31	PATELLA FEMORAL OVAL DOME 3 PE	278	1995	-	23,940	23,940
SUR - 32	PLATE 2.4MM LCP 5-HOLE/44MM	278	1800	7,200	7,200	14,400
SUR - 33	PLATE STRAIGHT LIMITED CONTACT	278	1220	8,540	12,200	20,740
SUR - 34	PORT IMPLANTABLE ISP 8 FR	278	1750	49,000	73,500	122,500
SUR - 35	SCREW CANCELLOUS SELF-TAPPING	278	950	-	24,700	24,700
SUR - 36	SCREW LOCKING 2.4 X 20 MM	278	600	600	6,000	6,600
SUR - 37	SCREW LOCKING SELF-TAPPING 3.5	278	585	12,870	22,230	35,100
SUR - 39	STEM FEMORAL 12.5 X 145 POROUS	278	6300	-	50,400	50,400
SUR - 40	STENT CORONARY DRIVER 3 X 12 M	278	5260	10,520	42,080	52,600
SUR - 41	STENT URETERAL 6 X 24 POLARIS	278	878	9,658	15,804	25,462
SUR - 42	STENT URETERAL 6 X 26 POLARIS	278	878	12,292	22,828	35,120
SUR - 51	WIRE FIBER ARTHREX SUT 2 POLYB	278	145	5,220	8,990	14,210
SUR - 7	CLAMP DIST RADIUS ADJUSTABLE	278	3200	19,200	25,600	44,800
SUR - 8	COMPONENT FEMORAL INTERLOCKING	278	5100	-	15,300	15,300
SUR - 9	COMP FEMORAL SIGMA PS SZ 3L	278	4800	-	24,000	24,000
Total Surgery Implants				186,225	826,492	1,012,717
TOTAL IMPLANTABLES- LINE 55.30				658,525	1,523,192	2,181,717
Hospital	Total			1,484,210	2,777,432	4,261,642

COMPUTATION OF RATIO OF COSTS TO CHARGES

I PROVIDER NO: I PERIOD: I PREPARED 2/26/2010
 I 05-9999 I FROM 5/ 1/2009 I WORKSHEET C
 I I TO 4/30/2010 I PART I

WKST A LINE NO.	COST CENTER DESCRIPTION	INPATIENT CHARGES 6	OUTPATIENT CHARGES 7	TOTAL CHARGES 8	COST OR OTHER RATIO 9	TEFRA INPAT- IENT RATIO 10	PPS INPAT- IENT RATIO 11
25	INPAT ROUTINE SRVC CNTRS ADULTS & PEDIATRICS						
26	INTENSIVE CARE UNIT	4,289,400		4,289,400			
27	CORONARY CARE UNIT						
28	BURN INTENSIVE CARE UNIT						
29	SURGICAL INTENSIVE CARE U						
30	OTHER SPECIAL CARE						
31	SUBPROVIDER						
33	NURSERY						
34	SKILLED NURSING FACILITY						
35	NURSING FACILITY						
35	01 ICF/MR						
36	OTHER LONG TERM CARE						
	ANCILLARY SRVC COST CNTRS						
37	OPERATING ROOM	22,711,866	10,074,223	32,786,089	.321569	.321569	.321569
38	RECOVERY ROOM						
39	DELIVERY ROOM & LABOR ROO						
40	ANESTHESIOLOGY						
41	RADIOLOGY-DIAGNOSTIC						
42	RADIOLOGY-THERAPEUTIC						
43	RADIOISOTOPE						
44	LABORATORY						
45	PBP CLINICAL LAB SERVICES						
46	WHOLE BLOOD & PACKED RED						
47	BLOOD STORING, PROCESSING						
48	INTRAVENOUS THERAPY						
49	RESPIRATORY THERAPY						
50	PHYSICAL THERAPY						
51	OCCUPATIONAL THERAPY						
52	SPEECH PATHOLOGY						
53	ELECTROCARDIOLOGY						
54	ELECTROENCEPHALOGRAPHY						
55	MEDICAL SUPPLIES CHARGED	1,016,242	1,268,159	2,284,401	.222378	.222378	.222378
55	30 IMPL. DEV. CHARGED TO PAT	658,525	1,523,192	2,181,717	.400144	.400144	.400144
56	DRUGS CHARGED TO PATIENTS						
57	RENAL DIALYSIS						
58	ASC (NON-DISTINCT PART)						
59	CARDIAC CATHETERIZATION L OUTPAT SERVICE COST CNTRS	889,835	1,059,625	1,949,460	.485776	.485776	.485776
60	CLINIC						
61	EMERGENCY	5,453,675	10,359,525	15,813,200	.286975	.286975	.286975
62	OBSERVATION BEDS (NON-DIS						
63	OTHER OUTPATIENT SERVICE						
	OTHER REIMBURS COST CNTRS						
64	HOME PROGRAM DIALYSIS						
65	AMBULANCE SERVICES						
66	DURABLE MEDICAL EQUIP-REN						
67	DURABLE MEDICAL EQUIP-SOL						
68	OTHER REIMBURSABLE						
101	SUBTOTAL	35,019,543	24,284,724	59,304,267			
102	LESS OBSERVATION BEDS						
103	TOTAL	35,019,543	24,284,724	59,304,267			

EXHIBIT 13

P S& R

PROVIDER STATISTICAL AND REIMBURSEMENT SYSTEM

Program ID: REDESIGN
 Paid Dates: 02/01/08 THRU 11/03/09
 Report Run Date: 11/02/09
 Provider FYE: 06/30
 Provider Number:

PROVIDER SUMMARY REPORT
 INPATIENT - PART A

Page: 1
 Report #: OD44203
 Report Type: 110

SERVICES FOR PERIOD 07/01/08 - 06/30/09	SERVICES FOR PERIOD No Data Requested	SERVICES FOR PERIOD No Data Requested	SERVICES FOR PERIOD No Data Requested
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STATISTIC SECTION

DISCHARGES	453		
MEDICARE DAYS	1,683		
CLAIMS	460		

CHARGE SECTION

*** ACCOMMODATION CHARGES ***

REV CODE	DESCRIPTION	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES
0121	MED-SUR-GY/2BED	1,411	\$1,928,052.00						
0200	INTENSIVE CARE or (ICU)	154	\$474,872.00						
0206	ICU/INTERMEDIATE	65	\$170,365.00						
0209	ICU/OTHER	53	\$115,752.00						
TOTAL ACCOMMODATIONS		1,683	\$2,689,041.00						

*** ANCILLARY CHARGES ***

REV CODE	DESCRIPTION	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES
0250	PHARMACY	28,957	\$1,755,193.50						
0255	DRUGS/INCIDENT RAD	35	\$3,199.50						
0258	IV SOLUTIONS	3,924	\$603,685.50						
0259	DRUGS/OTHER	6,842	\$129,646.00						
0260	IV THERAPY	39	\$5,382.00						
0270	MED-SUR SUPPLIES	12,931	\$2,650,814.07						
0272	STERILE SUPPLY	7	\$5,117.00						
0274	PROSTH/ORTH DEV	3	\$2,526.00						
0275	PAGE MAKER	9	\$47,160.00						
0278	SUPPLY/IMPLANTS	743	\$1,876,987.62						

PROVIDER STATISTICAL AND REIMBURSEMENT SYSTEM

Program ID: REDESIGN
 Paid Dates: 02/01/08 THRU 11/03/09
 Report Run Date: 11/02/09
 Provider FYE: 06/30
 Provider Number:

PROVIDER SUMMARY REPORT
 INPATIENT - PART A

Page: 2
 Report #: OD44203
 Report Type: 110

SERVICES FOR PERIOD	SERVICES FOR PERIOD	SERVICES FOR PERIOD	SERVICES FOR PERIOD
07/01/08 - 06/30/09	No Data Requested	No Data Requested	No Data Requested

REV CODE	DESCRIPTION	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES
0279	SUPPLY/OTHER	14	\$3,696.00						
0300	LABORATORY or (LAB)	7,308	\$874,796.34						
0305	LAB/HEMATOLOGY	1	\$261.00						
0320	DX X-RAY	295	\$127,027.05						
0324	DX X-RAY/CHEST	299	\$92,516.00						
0329	DX X-RAY/OTHER	2	\$653.95						
0341	NUC MED/DX	33	\$36,626.00						
0343	NUC MED/DX RADIOPHARM	32	\$9,329.00						
0350	CT SCAN	22	\$19,942.00						
0351	CT SCAN/HEAD	10	\$12,039.00						
0352	CT SCAN/BODY	95	\$154,032.00						
0360	OR SERVICES	245	\$2,624,075.50						
0369	OR/OTHER	29	\$83,562.40						
0370	ANESTHESIA	215	\$983,469.05						
0390	BLOOD/STOR-PROC	202	\$125,913.00						
0401	MAMMOGRAPHY	1	\$263.00						
0402	ULTRASOUND	75	\$22,081.00						
0404	PET SCAN	1	\$3,456.00						
0410	RESPIRATORY SVC	1,498	\$292,814.35						
0420	PHYSICAL THERP	2,427	\$146,166.00						
0430	OCCUPATION THER	1,829	\$132,924.00						
0440	SPEECH PATHOL	20	\$6,220.00						
0450	EMERG ROOM	29	\$3,555.00						
0460	PULMONARY FUNC	633	\$45,705.00						

PROVIDER STATISTICAL AND REIMBURSEMENT SYSTEM

Program ID: REDESIGN
 Paid Dates: 02/01/08 THRU 11/03/09
 Report Run Date: 11/02/09
 Provider FYE: 06/30
 Provider Number:

PROVIDER SUMMARY REPORT
 INPATIENT - PART A

Page: 3
 Report #: OD44203
 Report Type: 110

		SERVICES FOR PERIOD 07/01/09 - 06/30/09		SERVICES FOR PERIOD No Data Requested		SERVICES FOR PERIOD No Data Requested		SERVICES FOR PERIOD No Data Requested	
REV CODE	DESCRIPTION	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES	UNITS	CHARGES
0480	CARDIOLOGY	179	\$212,001.00						
0482	STRESS TEST	2	\$1,050.00						
0610	MRT	4	\$9,018.00						
0611	MRI - BRAIN	11	\$28,000.00						
0612	MRI - SPINE	5	\$13,435.00						
0619	MRT - OTHER	4	\$9,319.00						
0710	RECOVERY ROOM	590	\$309,901.00						
0730	EKG/ECG	483	\$240,920.00						
0761	TREATMENT RM	6	\$89.00						
0762	OBSERVATION RM	53	\$4,612.00						
0920	OTHER DX SVS	29	\$25,834.00						
0921	PERIVASCUL LAB	10	\$7,660.00						
TOTAL ANCILLARY		70,181	\$13,742,672.83						
TOTAL COVERED CHARGES			\$16,431,713.83						

REIMBURSEMENT SECTION

OPERATING

HOSPITAL SPECIFIC	\$0.00		
FEDERAL SPECIFIC	\$0.00		
OUTLIER	\$0.00		
DSH/LIP	\$0.00		
IME/TEACHING ADJ.	\$0.00		
NEW TECHNOLOGY	\$0.00		
IPF ECT	\$0.00		

EXHIBIT 14

CMS TRANSMITTAL 321

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 321	Date: February 29, 2008
	Change Request 5928

SUBJECT: Refinements in Cost Reporting Due to CMS’s Revised Procedures for Recalibrating DRG Relative Weights Under the Inpatient Prospective Payment System

I. SUMMARY OF CHANGES: The purpose of this CR is to inform the fiscal intermediaries and Medicare administrative contractors of the hospital/medical associations initiative on encouraging hospitals to modify their cost reporting practices with respect to costs and charges, in an effort to improve the consistency of the cost-based IPPS DRG relative weights. We agree that it would be beneficial for hospitals to consistently report costs and charges in their appropriate cost centers, and in a manner that is consistent with the way in which charges are grouped in the Medicare Provider and Review (MedPAR).

New / Revised Material

Effective Date: Cost reporting periods ending on or after September 30, 2007

Implementation Date: March 31, 2008

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	Chapter / Section / Subsection / Title
N/A	

III. FUNDING:

SECTION A: For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

SECTION B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment – One-Time Notification

Pub. 100- 20	Transmittal: 321	Date: February 29, 2008	Change Request: 5928
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SUBJECT: Refinements in Cost Reporting Due to CMS’ Revised Procedures for Recalibrating DRG Relative Weights under the Inpatient Prospective Payment System

Effective Date: Cost reporting periods ending on or after September 30, 2007

Implementation Date: March 31, 2008

I. GENERAL INFORMATION

A. Background: In the FY 2007 Final Rule (71 FR 47882), CMS began to implement significant revisions to Medicare’s inpatient hospital rates by basing the relative weights on hospitals’ estimated costs rather than on charges. The Medicare Provider and Review (MedPAR) files and the Medicare cost report are the data sources utilized to develop the cost based weights.

Some industry groups have expressed concerns about potential bias in cost weights due to “charge compression,” which is the practice of applying a lower percentage markup to higher cost services and a higher percentage markup to lower cost services. There is concern that cost-based weights may undervalue high cost items and overvalue low cost items if a single cost-to-charge ratio (CCR) is applied to items of widely varying costs in the same cost center (e.g., for medical supplies and devices).

CMS commissioned RTI International (RTI) to conduct a study on charge compression. The RTI’s draft interim report was posted on the CMS Web site [<https://cms.hhs.gov/reports/downloads/Dalton.pdf>] in March 2007. The RTI report made several recommendations, including a short-term recommendation to expand the number of distinct hospital department CCRs from 13 to 19.

In the FY 2008 IPPS proposed rule (72 FR 24712), CMS did not propose to implement RTI’s short-term recommendation for FY 2008 to expand the number of national CCRs from 13 to 19, although CMS solicited public comments on this issue. After considering the public comments, CMS added two national CCRs for a total of 15 CCRs.

The comments received on the proposed rule from several hospital and medical associations included recommendations on how the impact of charge compression might be mitigated through improvement in cost reporting by hospitals. A workgroup convened by the American Hospital Association, the Association of American Medical Colleges, and the Federation of American Hospitals found that CMS groupings of hospital charges on MedPAR differ from how hospitals group Medicare charges, total charges, and overall costs on their cost reports. This mismatch between MedPAR charges and cost report CCRs can distort DRG weights. For example, the workgroup found that reporting of chargeable medical supplies costs and charges on the cost report (line 55 of Worksheets C, Part I and D-4) to be a significant problem area because some hospitals report chargeable medical supply charges and costs in various ancillary departments on the cost reports, but report those charges on the medical supplies revenue code on the claim.

These hospital/medical associations have launched an educational campaign to encourage hospitals to report costs and charges, particularly for supplies, in a way that is consistent with the way that charges are grouped in MedPAR. Their suggestions include that hospitals should adopt an approach of classifying all billable medical

supply costs and charges to line 55 of the cost report and mapping the 27X Revenue Summary codes from the Provider Statistical and Reimbursement Report (PS&R) only to line 55.

Therefore, the purpose of this Change Report is to inform the fiscal intermediaries and Medicare administrative contractors of the hospital/medical associations’ initiative on encouraging hospitals to modify their cost reporting practices with respect to costs and charges, in an effort to improve the consistency of the cost-based IPPS DRG relative weights. CMS agrees that it would be beneficial for hospitals to consistently report costs and charges in their appropriate cost centers, and in a manner that is consistent with the way in which charges are grouped in MedPAR.

B. Policy: The Provider Reimbursement Manual (PRM), Part I, §2202.4 requires that costs and charges for a given service be matched and placed in the same cost center. Charges refer to the regular rates established by the provider for services rendered to both beneficiaries and to other paying patients. Furthermore, it states that charges should be related consistently to the cost of the services and uniformly applied to all patients whether inpatient or outpatient. Transmittal 18 of the hospital cost report will reaffirm this policy through the instruction in §3620 for Worksheet C, on which charge ratios are calculated.

Section 2203 of the PRM I states that in order to assure that Medicare's share of the provider's costs equitably reflects the costs of services received by Medicare beneficiaries, the intermediary, in determining reasonable cost reporting, evaluates the charging practice of the provider to ascertain whether it results in an equitable basis for apportioning costs. So that its charges may be allowable for use in apportioning costs under the program, each facility should have an established charge structure which is applied uniformly to each patient as services are furnished to the patient and which is reasonably and consistently related to the cost of providing the services. While the Medicare program cannot dictate to a provider what its charges or charge structure may be, the program may determine whether or not the charges are allowable for use in apportioning costs under the program.

C. Reporting and Review

Providers may submit cost reports with cost and charges grouped differently than in prior years, so long as the cost and charges are properly matched and Medicare cost reporting instructions are followed. Medicare contractors shall not propose adjustments that regroup costs and charges merely to be consistent with previous year’s reporting if the costs and charges are properly grouped on the as-filed cost report. In addition, prior approval from the Medicare contractor is not needed to regroup billable medical supply costs and charges to lines 55 because this is not a change in cost finding methodology. Medicare contractors shall be vigilant to ensure that the costs of items and services are not moved from one cost center to another without moving the corresponding charges. Contractors shall use the applicable desk review thresholds to determine whether a limited or a full desk review needs to be performed on the as-filed cost reports. Contractors shall determine the level of review needed to resolve any material variance noted during the completion of the ADR section of the full desk review. If the contractor suspects that the cost-to-charge ratio reported for any cost center is unreasonable, the contractors can add steps to the limited desk review program to ensure proper matching of cost and charges.

II. BUSINESS REQUIREMENTS TABLE

Use “Shall” to denote a mandatory requirement

Number	Requirement	Responsibility (place an “X” in each applicable column)
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		A	D	F	C	R	Shared-System Maintainers				OTHER
		/	M	I	A	H	F	M	V	C	
		B	E		R	I	I	C	M	W	
		M	M		R	I	S	S	S	F	
		A	A		E						
		C	C		R						
5928.1	Contractors shall not propose adjustments that regroup costs and charges merely to be consistent with previous year's reporting if the costs and charges are properly grouped on the as-filed cost report.	X		X							

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A	D	F	C	R	Shared-System Maintainers				OTHER
		/	M	I	A	H	F	M	V	C	
		B	E		R	I	I	C	M	W	
		M	M		R	I	S	S	S	F	
		A	A		E						
		C	C		R						
5928.2	Providers shall ensure that costs are properly matched with charges and that the costs of items and services are not moved from one cost center to another without moving the corresponding charges.										Providers
5928.3	Contractors shall post this entire instruction, or a direct link to this instruction, on their Web site and include information about it in a listserv message within 1 week of the release of this instruction. In addition, the entire instruction must be included in your next regularly scheduled bulletin. Contractors are free to supplement it with localized information that would benefit their provider community in billing and administering the Medicare program correctly.	X		X							

IV. SUPPORTING INFORMATION

A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

X-Ref Requirement Number	Recommendations or other supporting information:
N/A	

B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Miechal Lefkowitz, 410-786-5316; Nisha Bhat, 410-786-5320

Post-Implementation Contact(s): Miechal Lefkowitz, 410-786-5316; Nisha Bhat, 410-786-5320

VI. FUNDING

A: For *Fiscal Intermediaries and Carriers*, use only one of the following statements: No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

B: For *Medicare Administrative Contractors (MACs)*, use the following statement:

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

EXHIBIT 15

DISCLOSURE LETTER

September 30, 2010

Audit Manager
Hospital Intermediary/MAC
Medicare Audit and Reimbursement
Street Address
City, State, Zip

Re: Anywhere Hospital, Provider Number XX-XXXX
Disclosure Statement Concerning Enclosed Medicare Cost Report for FYE April 30,
2010

Dear Audit Manager:

This transmittal, including the disclosures contained herein, is an integral part of the enclosed Medicare Cost report and the certification accompanying the enclosed cost report. Anywhere Hospital has made every effort to comply with the applicable laws, regulations and guidelines for preparing the enclosed cost report.

Effective with this cost report, the hospital has made changes to its reporting of medical supplies expense to comply with the change made to the cost report with the addition of line 55.30 – Implantable Devices Billed to Patients. In addition, in recognition of the initiative of the hospital industry to improve the consistency of data used to calculate the supply portion of cost based relative weights for the IPPS DRG and APC systems, the hospital has made changes on how billable medical supplies and revenues are determined and reported. The hospital believes these changes are consistent with the intent of Publication 100-20, Transmittal 321, Change Request 5928, dated February 29, 2008.

As a result, the hospital has made certain calculations and reclassifications on Worksheet A-6 and Worksheet C which were not made in previous years. The hospital believes these changes are consistent with Medicare cost reporting instructions and properly match total billable supply costs and revenues on lines 55 – Medical Supplies Billed to Patients, and line 55.30 - Implantable Devices Billed to Patients.