

Title 8, California Code of Regulations, § 9789.30
(Subsections (b)-(o) and (q) of §9789.30 are not amended and are not reprinted herein)
(Effective February 15, 2006)

(a) For services rendered on or after July 1, 2004, “Adjusted Conversion Factor” means the CMS’ conversion factor for calendar year 2003 of \$52.151 x the market basket inflation factor of 1.034 x (0.4 + (0.6 x wage index)).

Effective with the first update occurring in each subsequent calendar year, the “Adjusted Conversion Factor” means the OMFS adjusted conversion factor for the preceding calendar year multiplied by the estimated rate of increase in the market basket for the subsequent calendar year.

For services rendered on or after February 15, 2006, the “Adjusted Conversion Factor” for a rural Sole Community Hospital (SCH) is determined by multiplying the amount determined under section 9789.33(b)(1)(A), for hospitals that do not qualify as a rural SCH hospitals by 1.071.

(p) “Market Basket Inflation Factor” means 3.4%, the market basket percentage increase determined by CMS for FY 2004, as set forth in the Federal Register on August 1, 2003, Volume 68, at page 45346, for services rendered on or after July 1, 2004.

Effective with the first update occurring in each subsequent calendar year, the “Market Basket Inflation Factor” is the market basket percentage increase determined by CMS as set forth in its Final Rule, in effect as of the date that particular update order becomes effective.

(r) “Sole Community Hospital” (SCH) means a classification designated by CMS to a hospital, in accordance with Title 42 of the Code of Federal Regulations section 412.92.

~~(s)~~(s) “Total Gross Charges” means the facility's total usual and customary charges to patients and third-party payers before reductions for contractual allowances, bad debts, courtesy allowances and charity care.

~~(s)~~(t) “Total Operating Costs” means the direct cost incurred in providing care to patients. Included in operating cost are: salaries and wages, rent or mortgage, employee benefits, supplies, equipment purchase and maintenance, professional fees, advertising, overhead, etc. It does not include start up costs.

~~(u)~~(u) “Wage Index” means CMS' wage index for urban, rural and hospitals that are reclassified as described in CMS' 2004 Hospital Outpatient Prospective Payment System (HOPPS), adopted for the Calendar Year 2004, published in the Federal Register on November 7, 2003, Volume 68, No. 216, Addenda H through J, pages 63682 through 63690.

~~(v)~~(v) “Workers' Compensation Multiplier” means the 120% Medicare multiplier required by Labor Code Section 5307.1, or the 122% multiplier that includes an extra 2% reimbursement for high cost outlier cases.