

4650.0102 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of parts 4650.0102 to 4650.0174, the following terms have the meanings given them.

Subp. 1a. **Accounting and financial reporting expenses.** "Accounting and financial reporting expenses" means all costs related to fiscal services, such as general accounting, budgeting, cost accounting, payroll accounting, accounts payable, and plant, equipment, and inventory accounting.

Subp. 2. **Accounting period.** "Accounting period" means the fiscal year of a facility which is a period of 12 consecutive months established by the governing authority of a facility for purposes of accounting.

Subp. 2a. **Adjustments and uncollectibles.** "Adjustments and uncollectibles" means the total of charity care and adjustments to charges under reimbursement agreements with payers.

Subp. 2b. **Administrative expenses.** "Administrative expenses" means the sum of the following:

- A. admitting, patient billing, and collection expenses;
- B. accounting and financial reporting expenses;
- C. quality assurance and utilization management program or activity expenses;
- D. community and wellness education expenses;
- E. promotion and marketing expenses;
- F. taxes, fees, and assessments;
- G. malpractice expenses; and
- H. other administrative expenses.

Subp. 3. [Repealed, 21 SR 1106]

Subp. 3a. **Admitting, patient billing, and collection expenses.** "Admitting, patient billing, and collection expenses" means all costs related to inpatient and outpatient admission or registration, whether scheduled or nonscheduled; the scheduling of admission times; insurance verification, including coordination of benefits; preparing and submitting claim forms; and cashiering, credit, and collection functions.

Subp. 3b. [Repealed, 21 SR 1106]

Subp. 3c. [Repealed, 21 SR 1106]

Subp. 4. [Repealed, 21 SR 1106]

Subp. 4a. **Available beds.** "Available beds" means the number of beds that can be made available for use within 24 hours, as of the end of a reporting period. Available beds include pediatric bassinets, isolation units, quiet rooms, and all other bed facilities that are set up for use by inpatients who have no other bed facilities assigned to or reserved for them. Available beds do not include newborn bassinets, labor rooms, postanesthesia or postoperative recovery room beds, psychiatric holding beds, beds that are used only as holding facilities for patients prior to their transfer to another hospital, or any other bed facilities for patients receiving special procedures for a portion of their stay and who have other bed facilities assigned to or reserved for them.

Subp. 5. [Repealed, 19 SR 1419]

Subp. 6. [Repealed, 21 SR 1106]

Subp. 7. [Repealed, 19 SR 1419]

Subp. 7a. **Bad debt expense.** "Bad debt expense" means the dollar amount charged for care for which there was an expectation of payment but for which the patient is unwilling to pay.

Subp. 8. [Repealed, 19 SR 1419]

Subp. 8a. **Business day.** "Business day" means Monday through Friday, but does not include those days listed as holidays in Minnesota Statutes, section 645.44, subdivision 5.

Subp. 9. **Charity care adjustments.** "Charity care adjustments" means the dollar amount that would have been charged by a facility for rendering free or discounted care to persons who cannot afford to pay and for which the facility did not expect payment. For purposes of reporting under part 4650.0112, charity care adjustments are included in adjustments and uncollectibles.

Subp. 9a. **Community and wellness education expenses.** "Community and wellness education expenses" means all costs related to wellness programs, health promotion, community education classes, support groups, and other outreach programs and health screening, included in a specific community or wellness education cost center or reclassified from other cost centers. Community and wellness education expenses does not include patient education programs.

Subp. 9b. **Commissioner.** "Commissioner" means the commissioner of health and duly authorized agents of the commissioner of health.

Subp. 10. [Repealed, 21 SR 1106]

Subp. 11. [Repealed, 19 SR 1419]

Subp. 12. [Repealed, 19 SR 1419]

Subp. 12a. [Repealed, 21 SR 1106]

Subp. 12b. **Donations and grants for charity care.** "Donations and grants for charity care" means revenues from an individual, group, foundation, government entity, or corporate donor that are designated by the donor for providing charity care. For purposes of reporting under part 4650.0112, donations and grants for charity care are operating revenue.

Subp. 12c. [Repealed, 26 SR 627]

Subp. 13. [Repealed, 21 SR 1106]

Subp. 14. [Repealed, 21 SR 1106]

Subp. 15. [Repealed, 21 SR 1106]

Subp. 16. [Repealed, 19 SR 1419]

Subp. 17. [Repealed, 21 SR 1106]

Subp. 18. [Repealed, 21 SR 1106]

Subp. 19. [Repealed, 21 SR 1106]

Subp. 19a. **Full-time equivalent employee.** "Full-time equivalent employee" means an employee or any combination of employees that are paid by the facility for 2,080 hours of employment per year.

Subp. 19b. [Repealed, 21 SR 1106]

Subp. 19c. **Full-time equivalent resident.** "Full-time equivalent resident" means a graduate medical resident who is on assigned rotation at the hospital during the full reporting year. Full-time equivalent resident also means any combination of graduate medical residents who are on assigned rotation at the hospital during a portion of the reporting year for a combined amount of time equivalent to one resident for a full year. A graduate medical resident means an individual who is being trained as a physician and is in an accredited residency program at a teaching hospital.

Subp. 20. [Repealed, 19 SR 1419]

Subp. 20a. [Repealed, 21 SR 1106]

Subp. 20b. **Gross surgical center revenue from patient care.** "Gross surgical center revenue from patient care" means the total charges billed by the surgical center for patient care regardless of whether the surgical center expects to collect the amount billed.

Subp. 20c. [Repealed, 21 SR 1106]

Subp. 20d. **Group purchaser.** "Group purchaser" has the meaning given in Minnesota Statutes, section 62J.03, subdivision 6.

Subp. 20e. **Hospital.** "Hospital" means a facility licensed as a hospital under Minnesota Statutes, sections 144.50 to 144.58, to provide to inpatients:

A. diagnostic services and therapeutic services for medical diagnosis, treatment, and care of injured, disabled, or sick persons; or

B. rehabilitation services for the rehabilitation of injured, disabled, or sick persons.

Subp. 20f. **Hospital patient care services charges.** "Hospital patient care services charges" means the total charges billed by a hospital for care provided to admitted inpatients and registered outpatients by the hospital operating under its Minnesota hospital license. Charges are counted in hospital patient care services charges regardless of whether the hospital expects to collect the amount billed. Hospital patient care services charges include charges for hospital routine inpatient, outpatient, and ancillary services.

Subp. 21. [Repealed, 19 SR 1419]

Subp. 21a. [Repealed, 21 SR 1106]

Subp. 22. [Repealed, 21 SR 1106]

Subp. 23. [Repealed, 19 SR 1419]

Subp. 23a. [Repealed, 21 SR 1106]

Subp. 24. [Repealed, 21 SR 1106]

Subp. 24a. **Malpractice expenses.** "Malpractice expenses" means all costs of malpractice including malpractice insurance, self-insurance expenses including program administration, and malpractice losses not covered by insurance, including deductibles and malpractice attorney fees.

Subp. 24b. **Management information systems expenses.** "Management information systems expenses" means all costs related to maintaining and operating the data processing system of the facility, including such functions as admissions, medical records, patient charges, decision support systems, and fiscal services.

Subp. 24c. **Medical care surcharge.** "Medical care surcharge" means the expenses under Minnesota Statutes, section 256.9657. For purposes of reporting under part 4650.0112, medical care surcharge is an operating expense.

Subp. 24d. [Repealed, 21 SR 1106]

Subp. 24e. **MinnesotaCare tax.** "MinnesotaCare tax" means expenses for the MinnesotaCare tax under Minnesota Statutes, sections 295.52 and 295.582. For purposes of reporting under part 4650.0112, the MinnesotaCare tax is an operating expense.

Subp. 24f. [Repealed, 21 SR 1106]

Subp. 24g. [Repealed, 21 SR 1106]

Subp. 24h. [Repealed, 21 SR 1106]

Subp. 25. [Repealed, 21 SR 1106]

Subp. 25a. [Repealed, 21 SR 1106]

Subp. 26. [Repealed, 21 SR 1106]

Subp. 26a. **Nonoperating donations and grants.** "Nonoperating donations and grants" means revenues from an individual, group, foundation, or corporate donor that are not designated by the donor for a specific purpose or are designated by the donor for a purpose not directly related to the normal day-to-day operations of the facility. For purposes of reporting under part 4650.0112, nonoperating donations and grants are nonoperating revenue.

Subp. 26b. **Nonoperating expenses.** "Nonoperating expenses" means all costs not directly associated with the normal day-to-day operation of the facility.

Subp. 26c. **Nonoperating public funding.** "Nonoperating public funding" means revenue from taxes or other municipal, county, state, or federal government sources, including grants and subsidies, that are not designated for a specific purpose or are designated for a purpose not directly related to the normal day-to-day operations of the facility. For purposes of reporting under part 4650.0112, nonoperating public funding is nonoperating revenue.

Subp. 26d. **Nonoperating revenue.** "Nonoperating revenue" means all income received that is not directly related to the normal day-to-day operations of the facility.

Subp. 26e. **Operating expenses.** "Operating expenses" means all costs directly associated with providing patient care or other services that are part of the normal day-to-day operation of the facility.

Subp. 26f. **Operating revenue.** "Operating revenue" means the sum of hospital patient care services charges, other patient care services charges, total adjustments and uncollectibles, and other operating revenue received as part of the normal day-to-day operation of the facility.

Subp. 27. [Repealed, 19 SR 1419]

Subp. 28. [Repealed, 19 SR 1419]

Subp. 28a. **Other administrative expenses.** "Other administrative expenses" means all costs for the overall operation of the facility associated with management, administration, and legal staff functions, including the costs of governing boards, executive wages and benefits, auxiliary and other volunteer groups, purchasing, telecommunications, printing and duplicating, receiving and storing, and personnel management. Other administrative

expenses includes all wages and benefits, donations and support, direct and in-kind, for the purpose of lobbying and influencing policymakers and legislators, including membership dues, and all expenses associated with public policy development, such as response to rulemaking and interaction with government agency personnel including attorney fees for reviewing and analyzing governmental policies. Other administrative expenses does not include the costs of public relations included in promotion and marketing expenses, the costs of legal staff already allocated to other functions, or the costs of medical records, social services, and nursing administration.

Subp. 28b. **Other operating revenue.** "Other operating revenue" means total income received as part of the normal day-to-day operation of a facility that is from services other than patient care and when no hospital medical record is generated. Other operating revenue includes:

- A. donations and grants for charity care;
- B. private donations and grants for operations;
- C. public funding for operations;
- D. space rental;
- E. medical record transcription fees;
- F. operation of a hospital cafeteria;
- G. parking lot and ramp fees;
- H. gift shop revenues;
- I. public phone proceeds;
- J. recovery of radiology silver;
- K. billing services for other health care entities;
- L. weight loss clinics;
- M. auxiliary functions; and
- N. other income received as part of the normal day-to-day operation of the facility not related to patient care.

Subp. 28c. **Other patient care services charges.** "Other patient care services charges" means the total charges billed by the hospital for patient care services that are provided by the hospital, as described in items A to D.

A. Other patient care services charges include charges billed by the hospital for patient care services provided by hospital components to persons who are not admitted as inpatients or registered as outpatients of the hospital. Charges for the sale of reference

laboratory services, reference radiology services, durable medical equipment, and retail pharmacy supplies are included under this item.

B. Other patient care services charges include charges billed by the hospital for the professional component of patient care services provided by physicians and by billable midlevel practitioners whose scope of practice allows them to practice independent of direct physician supervision. This applies to physicians and billable midlevel practitioners, whether they are employed by the hospital or under contract with the hospital, when the charges are billed and received by the hospital, unless the hospital acts merely as a billing agent.

C. Charges for patient care services that are hospital patient care services charges as defined in subpart 20f are not included as other patient care services charges.

D. Charges are included as other patient care services charges regardless of whether the hospital expects to collect the amount billed.

Subp. 29. [Repealed, 21 SR 1106]

Subp. 30. **Outpatient registration.** "Outpatient registration" means a documented acceptance of a patient by a facility for the purpose of providing outpatient services in an outpatient or ancillary department, including documented acceptance for the provision of emergency and outpatient surgery services. An outpatient registration may involve the provision of more than one outpatient service, and a patient may have more than one outpatient registration per day. Outpatient registration does not include failed appointments or telephone contacts.

Subp. 30a. [Repealed, 21 SR 1106]

Subp. 30b. [Repealed, 21 SR 1106]

Subp. 30c. [Repealed, 21 SR 1106]

Subp. 30d. **Outpatient surgical center.** "Outpatient surgical center" means a freestanding facility licensed under Minnesota Statutes, sections 144.50 to 144.58, and organized for the specific purpose of providing elective outpatient surgery for preexamined, prediagnosed, low-risk patients.

Subp. 31. [Repealed, 21 SR 1106]

Subp. 31a. **Plant, equipment, and occupancy expenses.** "Plant, equipment, and occupancy expenses" means all costs related to plant, equipment, and occupancy expenses, including maintenance, repairs, and engineering expenses, building rent and leases, equipment rent and leases, and utilities. Plant, equipment, and occupancy expenses includes interest expenses and depreciation.

Subp. 31b. **Private donations and grants for operations.** "Private donations and grants for operations" means revenues from an individual, group, foundation, or corporate donor that are designated for supporting the continued operation of the facility. Private donations and grants for operations do not include donations and grants for charity care. For purposes of reporting under part 4650.0112, private donations and grants for operations are operating revenue.

Subp. 32. [Repealed, 19 SR 1419]

Subp. 32a. **Promotion and marketing expenses.** "Promotion and marketing expenses" means all costs related to marketing, promotion, and advertising activities such as billboards, yellow page listings, cost of materials, advertising agency fees, marketing representative wages and fringe benefits, travel, and other expenses allocated to the promotion and marketing activities. Promotion and marketing expenses does not include costs charged to other departments within the hospital.

Subp. 32b. **Psychiatric hospital.** "Psychiatric hospital" means a facility licensed as a psychiatric hospital under Minnesota Statutes, sections 144.50 to 144.58, to provide psychiatric services to inpatients for the diagnosis and treatment of mental illness.

Subp. 32c. **Public funding for operations.** "Public funding for operations" means revenue from taxes or other municipal, county, state, or federal government sources, including grants and subsidies, that are designated for supporting the continued operation of a facility. Public funding for operations does not include donations and grants for charity care. For purposes of reporting under part 4650.0112, public funding for operations is operating revenue.

Subp. 32d. **Quality assurance and utilization management program or activity expenses.** "Quality assurance and utilization management program or activity expenses" means all costs associated with any activities or programs established for the purpose of quality of care evaluation and utilization management. Activities include quality assurance, development of practice protocols, utilization review, peer review, provider credentialing, and all other medical care evaluation activities.

Subp. 33. [Repealed, 19 SR 1419]

Subp. 34. [Repealed, 19 SR 1419]

Subp. 34a. **Regulatory and compliance reporting expenses.** "Regulatory and compliance reporting expenses" means all costs of the facility associated with, or directly incurred in the preparation and submission of financial, statistical, or other utilization, satisfaction, or quality reports, or summary plan descriptions that are required by federal, state, and local agencies.

Subp. 34b. **Reporting organization.** "Reporting organization" has the meaning given in Minnesota Statutes, section 144.702, subdivision 6.

Subp. 35. **Research expenses.** "Research expenses" means the costs incurred by a facility for research purposes. Research means a systematic, intensive study directed toward a better scientific knowledge of the science and art of diagnosing, treating, curing, and preventing mental or physical disease, injury, or deformity; relieving pain; and improving or preserving health. Research may be conducted at a laboratory bench without the use of patients or it may involve patients. Furthermore, there may be research projects that involve both laboratory bench research and patient care research.

Subp. 35a. **Resident salaries and benefits.** "Resident salaries and benefits" means the total salaries or stipends paid to graduate medical residents, as well as costs for job-related benefits provided for residents, including health or disability insurance. Resident salaries and benefits include those salaries and benefits for the proportion of time on assigned rotation at the hospital, regardless of whether the salaries and benefits are paid by the hospital or another entity. A graduate medical resident means an individual who is being trained as a physician and is in an accredited residency program at a teaching hospital.

Subp. 35b. **Rural hospital planning and transition grant.** "Rural hospital planning and transition grant" means a grant awarded under Minnesota Statutes, section 144.147. For purposes of reporting under part 4650.0112, a rural hospital planning and transition grant is public funding for operations.

Subp. 35c. MR 2001 [Removed, L 2003 1Sp14 art 7 s 88]

Subp. 35d. **Specialized hospital.** "Specialized hospital" means a state-operated facility licensed as a specialized hospital under Minnesota Statutes, sections 144.50 to 144.58, to provide services to inpatients for the diagnosis and treatment of mental illness.

Subp. 36. [Repealed, 21 SR 1106]

Subp. 37. [Repealed, 21 SR 1106]

Subp. 38. [Repealed, 21 SR 1106]

Subp. 39. [Repealed, 21 SR 1106]

Subp. 39a. **Taxes, fees, and assessments.** "Taxes, fees, and assessments" means the direct payments made to government agencies including property taxes; medical care surcharge; MinnesotaCare tax; unrelated business income taxes; any assessments imposed by local, state, or federal jurisdiction; all fees associated with the facility's new or renewal certification with state or federal regulatory agencies, including fees associated with Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accreditation; and any fees or fines paid to government agencies for examinations related to regulation.

Subp. 40. [Repealed, 21 SR 1106]

Statutory Authority: *MS s 62J.321; 62J.35; 144.56; 144.703*

History: *L 1984 c 534 s 11; 9 SR 834; 19 SR 1419; 21 SR 1106; 26 SR 627; L 2003
1Sp14 art 7 s 88*

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