



Report 1A

**University of New Mexico-Health Sciences Center
Cost to Charge Ratio Calculations
for the fiscal years ended June 30 2012, 2013 and 2014 (unaudited)**

Operating Expenses from Published Fin Stmt	FY12	FY13	FY14
University of New Mexico Hospital/YCHC/Carrie Tingley	693,028,692	726,361,454	786,814,917
University of New Mexico-Psychiatric Center/ASAP/Children's Psychiatric Center	49,381,288	48,001,699	49,453,007
	<u>742,409,980</u>	<u>774,363,153</u>	<u>836,267,924</u>
Sandoval Regional Medical Center	-	49,206,822	59,373,188
UNM Cancer Center	34,400,026	37,134,142	N/A
UNM Medical Group	163,037,199	190,173,882	202,976,669
	<u>939,847,205</u>	<u>1,050,877,999</u>	<u>1,098,617,781</u>
Total Operating Expenses			
		11.8%	4.5%
Annual Operating Expense Increase			16.9%
Three-year Cumulative Operating Expense Increase			
Gross Patient Charges	FY12	FY13	FY14
University of New Mexico Hospital	1,484,058,283	1,571,081,705	1,696,064,612
Sandoval Regional Medical Center	-	59,249,376	125,453,318
UNM Cancer Center	28,513,028	39,403,338	N/A
UNM Medical Group	358,717,696	403,766,200	432,786,073
	<u>1,871,289,007</u>	<u>2,073,500,619</u>	<u>2,254,304,003</u>
Total Gross Patient Charges			
Cost to Charge Ratio	FY12	FY13	FY14
University of New Mexico Hospitals	50.0%	49.3%	49.3%
Sandoval Regional Medical Center	N/A	83.1% **	47.3% **
UNM Cancer Center	120.6% *	94.2% *	N/A *
UNM Medical Group	45.5%	47.1%	46.9%
Weighted Average Costs	939,847,205	1,050,877,999	1,098,617,781
Weighted Average HSC Cost to Charge Ratio Gross Charges (CCRG)	50.2%	50.7%	48.7%

This method of apportioning costs to charges uses gross patient charges as the denominator, and operating expenses per the University Hospitals' published financial statements as the numerator. Also included in the numerator are UNMMG costs for Physician's Professional Charges that include physicians payroll and benefits apportioned according to each physicians self-reported clinical effort %, UNMCC direct costs that were taken from the Banner systems, and overhead costs that were allocated based on the UNM F&A proposal.

According to the Centers for Medicare and Medicaid Services, Department of Health and Human Services:

"Charges refer to the regular rates established by the provider for services rendered to both beneficiaries and to other paying patients. Charges should be related consistently to the cost of services and uniformly applied to all patients...All patients' charges used in the development of apportionment ratios should be recorded at the gross value; i.e., charges before the application of allowances and discounts deductions."

* FY12 through FY13 exclude Infusion Suite, FY14 all Cancer Center activity is contained within UNM Hospitals & UNM Medical Group data

** The decrease in the Cost to Charge Ratio at SRMC from FY13 to FY14, is the result of increased volumes in services provided. Gross Patient Charges increased 112%.