



Report 1A

**University of New Mexico-Health Sciences Center
Cost to Charge Ratio Calculations
for the fiscal years ended June 30 2013, 2014 and 2015 (unaudited)**

Operating Expenses from Published Fin Stmt	FY13	FY14	FY15 (1)
University of New Mexico Hospital/YCHC/Carrie Tingley	726,361,454	786,814,917	906,535,864
University of New Mexico-Psychiatric Center/ASAP/Children's Psychiatric Center	48,001,699	49,453,007	51,691,504
	774,363,153	836,267,924	958,227,368
Sandoval Regional Medical Center	49,206,822	59,373,188	73,687,255
UNM Cancer Center	37,134,142	N/A	N/A
UNM Medical Group	190,173,882	202,976,669	228,295,827
Total Operating Expenses	1,050,877,999	1,098,617,781	1,260,210,450
Annual Operating Expense Increase		4.5%	14.7%
Three-year Cumulative Operating Expense Increase			19.9%
Gross Patient Charges	FY13	FY14	FY15 (1)
University of New Mexico Hospital	1,571,081,705	1,696,064,612	1,803,016,607
Sandoval Regional Medical Center	59,249,376	125,453,318	155,049,393
UNM Cancer Center	39,403,338	N/A	N/A
UNM Medical Group	403,766,200	432,786,073	466,862,621
Total Gross Patient Charges	2,073,500,619	2,254,304,003	2,424,928,621
Cost to Charge Ratio	FY13	FY14	FY15 (1)
University of New Mexico Hospitals	49.3%	49.3%	53.1%
Sandoval Regional Medical Center	83.1% **	47.3% **	47.5%
UNM Cancer Center	94.2% *	N/A *	N/A *
UNM Medical Group	47.1%	46.9%	48.9%
Weighted Average Costs	1,050,877,999	1,098,617,781	1,260,210,450
Weighted Average HSC Cost to Charge Ratio Gross Charges (CCRG)	50.7%	48.7%	52.0%

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."

* FY13 excludes the Infusion Suite, FY14 & FY15 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%.

(1) The FY 2015 Uncompensated Care Cost has been adjusted to reflect patient claims for dates of service during FY 2014 that were approved and processed under Medicaid during FY 2015.

Please note: Due to the substantial changes prompted by the Affordable Care Act (ACA), FY 2015 will be the final year the UNM Health System compiles and publishes the Healthcare Summit Reports.