

(b) An adjusted admission, as defined by the American Hospital Association, means admissions multiplied by total gross revenue divided by inpatient gross revenue.

Amended by R.1982 d.427, effective December 6, 1982.  
See: 14 N.J.R. 737(a), 14 N.J.R. 1389(a).

Fee increased from \$.50 to \$1.00.

Amended by R.1983 d.597, effective December 19, 1983.  
See: 15 N.J.R. 1326(a), 15 N.J.R. 2163(a).

\$2.00 fee was \$1.00.

Amended by R.1989 d.472, effective September 5, 1989.  
See: 21 N.J.R. 1606(a), 21 N.J.R. 2787(a).

Fee changed from \$2.00 to \$5.00.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

### 8:31B-3.67 through 8:31B-3.69 (Reserved)

### 8:31B-3.70 (Reserved)

### 8:31B-3.71 (Reserved)

### 8:31B-3.72 (Reserved)

### 8:31B-3.73 (Reserved)

### 8:31B-3.74 (Reserved)

### 8:31B-3.75 (Reserved)

### 8:31B-3.76 Necessity and appropriateness of health care services

(a) P.L.1978, c.83 provides that reasonable payment may be made only for "appropriate and necessary health care services of high quality required by (each) hospital's mix of patients." In order to discharge this statutory obligation, two systems are required: The reimbursement system, payment by the case, establishes reasonable rates for patients who are correctly assigned to a Diagnosis Related Group (DRG). A utilization review organization system is required to ensure that the hospital services which are provided are appropriate, necessary, and of high quality.

(b) This section sets forth minimum qualification criteria for utilization review organizations, prescribes the qualification procedure, and establishes a method for financing organizations which qualify. The criteria are designed to delineate the respective roles of payment and review so as to capitalize on the strengths of each. In this way, the systems may complement one another to the greatest degree, thereby promoting "effectiveness and efficiency of the health care system as a whole." L.78, c.83, Section 11C.

(c) Once designated by the Department as a qualified Utilization Review Organization, the URO shall have access to only those hospital patient records for which it has direct

review responsibility. The URO shall be required to maintain the confidentiality of the hospital and patient records. Access to this data will be allowed for the purpose of fulfilling review responsibility under these regulations.

(d) Nothing in this regulation shall be construed to supersede or conflict with any part of Title XIB of the Social Security Act (42 USC 1320c-1320c-20) or regulations adopted thereunder, nor with prevailing statutes or contracts affecting the business of insurance.

(e) Reporting: Minimum standards for uniform reporting by the Utilization Review Organization utilizing the UB-PS data shall be determined by the Department. Format and reporting timeframe will be reviewed with the Review Organizations.

Amended by R.1983 d.597, effective December 19, 1983.  
See: 15 N.J.R. 1326(a), 15 N.J.R. 2163(a).

New (c) added, existing (c) made (d); (e) added.

Amended by R. 1985 d.551, effective November 4, 1985.  
See: 17 N.J.R. 2000(a), 17 N.J.R. 2633(a).

(b) substantially amended.

Amended by R.1990 d.462, effective September 17, 1990.  
See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Utilization review organization system required in (a).

### Law Review and Journal Commentaries

Administrative Law—Hospitals. Steven P. Bann, 137 N.J.L.J. No. 3, 70 (1994).

### Case Notes

Memorandum represented agency's interpretation of how elimination of reimbursement methodology impacted utilization review organizations; not "rule making". Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Memorandum assigning "new task" for utilization review organizations was "rule making". Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Illegal rule-making aspect of Department of Health memorandum, did not taint interpretive aspect of memorandum. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Partial repeal of Health Care Facilities Planning Act did not eliminate statutory basis for state-qualified utilization review organizations; access to patient records. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Repeal of rate-regulation did not diminish agency's responsibility for medical necessity and efficiency of services. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Provisions describing nonreimbursement functions of state-qualified utilization review organizations; not repealed. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Hospitals were obligated to collect from payors cost of state-regulated utilization review organization services during transition year. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding

Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

Administrative provision addressing payment for state-regulated utilization review organizations. Matter of Final Agency Decision by New Jersey Dept. of Health Regarding Utilization and Quality Review for Calendar Year 1993, 273 N.J.Super. 205, 641 A.2d 1043 (A.D.1994).

### 8:31B-3.77 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the text indicates otherwise.

"Active physicians" means Doctors of Medicine or Osteopathy holding unrestricted licenses and having current admissions privileges at a licensed hospital.

"Admission certification" means a review of the medical necessity and appropriateness of a patient's admission to the hospital.

"Audit Principal Diagnoses and Procedures" means to examine and validate the assignment of principal diagnoses and/or procedures by physician(s) and medical record department.

"Appropriateness of level of care" means compliance with professionally developed criteria that determine whether the patient belongs in an acute hospital, a skilled nursing facility, an intermediate care facility, or none of those.

"Binding determinations" means those decisions of a utilization review organization which direct a type or level of payment, including no payment, by the appropriate payor.

"Carve-out" means a mechanism used to identify medically unnecessary days during a patient's hospitalization which resulted from an avoidable delay. Such delays can be administrative (for example, O.R. scheduling delays) or physician related (for example, delay in responding to a consult request).

"Certification" means the process used by the Review Coordinator (R.C.) to indicate that an admission or continued stay is certified for payment purposes at given levels of care.

"Concurrent review" means a review of medical necessity and/or appropriateness conducted during a patient's hospitalization, consisting of admission and continued stay certification.

"Continued stay review" means a review and determination of the medical necessity and appropriateness of continuation of the patient's stay at a given level of care. Continued stay review may also include a detailed assessment of the quality of care being provided.

"Delegated" means authorization granted by a qualified utilization review organization to a hospital to conduct one or more review functions, subject to a finding of the hospital's capability and willingness to accept such responsibility and submission of an acceptable plan for the review by the hospital.

1. "Full delegation" means complete delegation of both concurrent review and Quality Review Studies (QRS).

2. "Partial delegation" means authorization by the URO to a hospital to conduct a portion of the review. The remainder of review is provided by staff of the URO.

3. "Non-delegation" means the URO retains responsibility to perform all of the review activities in a hospital.

"Denial" means a formal decision by a URO or a delegated hospital committee that all or part of a patient's stay is medically unnecessary and/or inappropriate, with consultation by physicians licensed to practice medicine in New Jersey (See Physician Advisor—Item Y).

"Denied days" means days which have been determined to be medically unnecessary.

"Diagnosis Related Groups (DRGs)" means a patient classification scheme in which cases are grouped by shared characteristics of principal diagnosis, secondary diagnosis, age, surgical procedure, and other complications. Each DRG exhibits a consistent amount of resource consumption as measured by some unit (e.g., length of stay, dollars, etc.).

"Discharge planning" means advance preparations for placement of a patient at another level of care in the appropriate setting after hospital discharge.

"Focused review" means an application of sampling techniques such as an intensification of or an exemption from detailed review of certain groups of patients or common diagnoses where data indicate it is reasonable to do so.

1. Focus-in describes an intensified review of a specified category of patients, diagnoses, procedures, and/or physicians.

2. Focus-out describes specific categories of patients, diagnoses, procedures, and/or physicians who are exempt from concurrent review, diagnosis, procedures, and/or physicians.

"Grace days" means medically unnecessary or inappropriate days of hospitalization which payor may reimburse in order to facilitate administrative processes or to insure that the implementation of binding determinations does not have a punitive effect on patients or institutions.

"Inliers" means inpatient cases assigned to DRGs, as identified in N.J.A.C. 8:31B-5.3(c) having lengths of stay within the high and low trim points.

Amended by R.1990 d.462, effective September 17, 1990.  
See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Stylistic changes.

Amended by R.1993 d.593, effective November 15, 1993.  
See: 25 N.J.R. 3117(a), 25 N.J.R. 5149(a).

### 8:31B-4.35 Educational, research and training program

(a) Educational program costs are the costs incurred by a hospital in the provision of a formally organized, planned program of study in a health service profession approved by an organization which recognizes the professional stature of health services education programs at the national level, net of any grants, tuition, and/or donations received for this purpose. To the extent that approved residencies for primary care physicians require training in ambulatory care facilities associated with a hospital, such reasonable expenses are included. Costs incurred by a hospital for direct patient care services rendered by medical, nursing, or allied health school personnel through an approved program in the hospital are financial elements provided that such costs would be included as financial elements if directly incurred by the hospital rather than under such arrangements. If not salaried or paid a stipend by the hospital, students are not to be considered as functioning in an employee capacity and thus no dollar amount should be imputed and reported for their services.

(b) Research program costs are those costs incurred by a hospital in systematic, intensive study directed toward a better scientific knowledge of the provision of health care services in a program of the National Institutes of Health or other program approved by the Commission. Specific purpose grants or other funds received to offset the costs of such programs from the Federal government, New Jersey State government, New Jersey Heart Association, or other governmental or charitable organizations sponsoring such programs are applied to offset Costs Related to Patient Care per N.J.A.C. 8:31B-4, Part IV of this manual.

(c) Training program costs are the costs of providing to employees orientation or other health care related training, including inservice and on-the-job training, primarily designed to benefit the hospital by helping employees better perform their assigned tasks. The costs of providing such training are classified as administrative expense. Costs of training and/or educational programs which primarily benefit the employee (e.g. tuition reimbursement programs) rather than the hospital are classified as employee fringe benefits and are to be reported as such in the appropriate cost centers.

### 8:31B-4.36 (Reserved)

### 8:31B-4.37. (Reserved)

### 8:31B-4.38 Charity care and reduced charge charity care

(a) Charity care includes only the reasonable cost of the following:

1. Charity care for services, provided the patient is qualified as eligible pursuant to N.J.A.C. 10:52-10;

2. Advanced life support (ALS) services provided pursuant to P.L. 1984, c.146 (N.J.S.A. 26:2K-7 et seq.), provided the patient is qualified as eligible for charity care pursuant to N.J.A.C. 10:52-10;

3. Charity care as defined by following N.J.A.C. 10:52-10 for outpatient dialysis services provided after September 1, 1987 to patients ineligible for Medicare coverage. Reasonable costs shall be limited to the lower of the established Medicaid rate or the prospectively determined composite rate as established by Medicare. The amount reported by the hospital as charity care shall not include Medicare co-insurance amounts, since Medicare will reimburse providers for the amount, provided the patient is eligible for charity care pursuant to N.J.A.C. 10:52-10.

(b) Charity care excludes the cost of the following:

1. Medical denials, which are services that are denied for lack of medical necessity by a utilization review organization (URO) or peer review organization, unless the denial is for days within the trim points;

2. Courtesy adjustments as defined in N.J.A.C. 8:31B-4.15(a)4;

3. Discounts provided to health maintenance organizations or other payers;

4. Patient Convenience Items as defined in N.J.A.C. 8:31B-4.65;

5. Excluded Health Services as defined in N.J.A.C. 8:31B-4.62;

6. Cosmetic surgery except where medically necessary;

7. Cost associated with procuring organs sent to foreign countries; and

8. Non-health services provided by a hospital.

Amended by R.1985 d.550, effective November 4, 1985.

See: 17 N.J.R. 2004(a), 17 N.J.R. 2637(a).

(a)1 substantially amended.

Amended by R.1988 d.276, effective June 20, 1988.

See: 19 N.J.R. 2092(c), 20 N.J.R. 1430(a).

Added (a)4.

Amended by R.1989 d.620, effective December 18, 1989.

See: 21 N.J.R. 2449(a), 21 N.J.R. 3953(a).

Provisions for advanced life support, exclusions from uncompensated care and specification regarding Chapter 83 service eligibility added.

Amended by R.1993 d.668, effective December 20, 1993.

See: 25 N.J.R. 3125(a), 25 N.J.R. 6016(a).

Amended by R.1995 d.507, effective September 5, 1995.

See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

**8:31B-4.39 (Reserved)**

Amended by R. 1985 d.550, effective November 4, 1985.

See: 17 N.J.R. 2004(a), 17 N.J.R. 2637(a).

Substantially amended.

Amended by R.1988 d.420, effective September 1, 1988.

See: 20 N.J.R. 595(a), 20 N.J.R. 2276(a).

Substantially amended (a)7 and 8; added (a)9 and 10.

Amended by R.1989 d.620, effective December 18, 1989.

See: 21 N.J.R. 2449(a), 21 N.J.R. 3953(a).

Uncompensated care amounts shall be specified, not estimated.

Repealed by R.1993 d.668, effective December 20, 1993.

See: 25 N.J.R. 3125(a), 25 N.J.R. 6016(a).

Section was "Determination of uncompensated care payments".

**8:31B-4.40 Demographic Information**

(a) Hospitals which are licensed to provide acute care services shall submit information about all inpatients and all outpatients to the Department of Health.

1. These hospitals shall submit quarterly information to the Department of Health for all patients who have balances which were written off to bad debt (in that quarter) and for all patients who were screened for charity care (in that quarter). This information shall be provided on media specified by the Department.

i. Quarterly periods shall be: January 1 through March 31; April 1 through June 30; July 1 through September 30; and October 1 through December 31. The first quarter will be from January 1, 1993 through March 31, 1993.

ii. Information will be reported about each patient described in (a)1 above. This information will include: age; sex; marital status; health insurance coverage; health insurance coverage of the parent, spouse or responsible party (when the patient does not have insurance); hospital code number; county in which the hospital is located; employment status code; total charges; amount written off; reason for patient's failure to pay; DRG code (for inpatients); CPT-4 code (for outpatients); family income amount; family size; family assets amount; patient account number; Zip Code; financial screening status; subsidy approval percent; medical record number; treatment date; and treatment location.

Amended by R. 1985 d.550, effective November 4, 1985.

See: 17 N.J.R. 2004(a), 17 N.J.R. 2637(a).

Substantially amended.

Amended by R.1989 d.620, effective December 18, 1989.

See: 21 N.J.R. 2449(a), 21 N.J.R. 3953(a).

Collection process specified in detail, including denial of service to non-emergency patients for failing or refusing to provide information.

Amended by R.1990 d.462, effective September 17, 1990.

See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Collection procedure clarified in (d)5.

Repeal and New Rule, R.1993 d.668, effective December 20, 1993.

See: 25 N.J.R. 3125(a), 25 N.J.R. 6016(a).

Section was "Appropriate collection procedures".

**8:31-4.41 through 8:31B-4.41N (Reserved)****8:31B-4.42 Capital facilities<sup>1</sup>****(a) Buildings and Fixed Equipment:**

1. The costs of Capital Facilities used for Services Related to Patient Care as defined in N.J.A.C. 8:31B-4.21, except for Major Moveable Equipment as defined in 8:31B-4.21 and 4.44, are included as financial elements for all hospitals through a Capital Facilities Allowance calculated in accordance with N.J.A.C. 8:31B-3.27(a)1i through vii.

2. The amount of Revenue Related to Patient Care prospectively included for Capital Facilities in a hospital's Preliminary Cost Base and Schedule of Rates is to be funded, in the form of cash and/or investments, in the Internally Generated Plant Replacement and Renovation Fund (Plant Fund). Use of the Plant Fund, including any income (net of income taxes) generated by the fund, is restricted to the payment of Capital Cash Requirements and renovations and down payment on replacement of buildings, building components, and fixed equipment where Certificate of Need approval has been granted.<sup>1</sup> For those hospitals which, as part of a debt service agreement relating to Capital Facilities, are or will be required to establish and fund a Restricted Debt Service Reserve Fund, all the revenue included for Capital Facilities in those hospital's Schedule of Rates must be placed in the Reserve Fund as it is received. Once the Reserve Fund is fully funded, it must remain so for the period of time specified in the debt service agreement. Only after the Reserve Fund has been fully funded can the hospital utilize Capital Facilities revenue for other approved purposes.

3. The hospital's governing board, subject to the Certificate of Need process, may use the Plant Fund for appropriate needs of the hospital's service area including the development of multi-institutional programs, the merging of the hospital with other institutions, the provisions of service in alternate modes or settings, or the reduction or elimination of services in an orderly manner including employee relocation, provision for pension rights, and other costs associated with ceasing operation.

Amended by R.1988 d.24, effective January 4, 1988.

See: 19 N.J.R. 1145(a), 20 N.J.R. 77(b).

Deleted old (a)1 and substituted new.

<sup>1</sup> For Profit Hospitals who may be subject to taxes on interest income generated on the Plant Fund or any portion of the Plant Fund tax officials deem to be taxable income, may properly pay such taxes from the Plant Fund. After completion of final reconciliation (see N.J.A.C. 8:31B-3.71-3.87) and upon receipt by the Department of adequate documentation that such payments have been made, they shall be added to the Capital Facilities Formula Allowance indirect portion of the next year's Schedule of Rates. For Profit Hospitals shall not be required to fund depreciation payments for Capital Facilities.

1. Laboratory is normally a hospital based pathological or clinical service conducted under the direction of a qualified pathologist. All laboratory operations, including subsidiary laboratories of the hospital, should be included here, whether purchased from outside or performed by the hospital laboratory. Services provided for outside institutions are to be excluded and reported as a reconciliation per N.J.A.C. 8:31B-4, Part IV. Include all fields of laboratory work, such as Autopsy, Blood Bank, Chemistry, Cytology, Hematology, Histology, Immunology, and Microbiology. Included are laboratory work in poison and infection control, epidemiology (including nursing epidemiology work), and coagulation testing. Infection control officer costs not related to laboratory work should be apportioned to benefiting patient care areas. The revenue and cost of performing blood gas analyses are to be included in the Respiratory Therapy center, and pathologist compensation costs and revenues related to Nuclear Medicine should be included in that center.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.92 Medical and Surgical Supplies Sold (MSS)

##### (a) Function:

1. The Medical and Surgical Supplies Sold center is used for the accumulation of the invoice cost and revenue of all medical and surgical supplies and equipment sold or rented directly to patients. The invoice/inventory cost of non-charged supplies and equipment issued by the Central Supply Service center to other centers shall be transferred to the using centers, preferably on a monthly basis. If such items are sold in other hospital centers, the cost and revenue of those items must be transferred to this center. The overhead cost of preparing and issuing medical and surgical supplies and equipment sold or rented directly to patients must be accumulated in the Central Supply Services center.

2. Excluded from this center are the cost and revenue associated with supplies furnished to a patient for use after his episode of hospital care (except for those items where it would be medically unreasonable to limit the patient's use to the episode of hospital care, e.g., pacemakers, permanent prostheses, etc., and take-home Dialysis and Home Health Agency supplies included per Medicare HIM 29 and HIM 11.) Rather, the costs and revenues associated with such items are to be reported as reconciliations per instructions in N.J.A.C. 8:31B-4, Part IV.

#### 8:31B-4.93 (Reserved)

#### 8:31B-4.94 Nuclear Medicine (NMD)

##### (a) Function:

1. Nuclear Medicine is a hospital based service which provides diagnosis and treatment of patients by ingestible

or ingestible radioactive isotopes under the direction of a qualified physician.

2. Costs shared with Therapeutic Radiology, Diagnostic Radiology, and Laboratory, such as radiologists, pathologists, radiology office expense and maintenance costs should be apportioned among the benefiting centers. The cost of compensation of physicians involved in Nuclear Medicine, as well as the revenue they generate, are to be reported to the extent that their compensation is provided through agreement with the hospital.

3. Functions include consultation with patient and attending physician; radioactive waste disposal; and storage of radioactive materials.

##### (b) Units of Service: Procedures.

#### 8:31B-4.95 Other Physical Medicine (OPM)

##### (a) Function:

1. Occupational therapy is the application of purposeful, goal-oriented activity, under the direction of a registered therapist and medical director, in the evaluation, diagnosis, and/or treatment of persons whose function is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, or the aging process, in order to achieve optimum, functioning, to prevent disability, and to maintain health.

Recreational therapy is the employment of sports, dramatics, arts and other recreational programs, under the direction of a registered therapist and medical director to stimulate the patient's recovery rate.

i. The cost of compensation of physicians involved in occupational and recreational therapy as well as the revenue generated by these physicians for their activities are to be reported to the extent that their compensation is provided through agreement with the hospital.

ii. Functions include education and training in activities of daily living (ADL); the design, fabrication, and application of splints; sensorimotor activities; the use of specifically designed crafts; guidance in the selection and use of adaptive equipment; therapeutic activities to enhance functional performance; prevocational evaluation and training; and consultation concerning the adaption of physical environments for the handicapped; continuing and organizing instrumental and vocal musical activities; and directing activities of volunteers in respect to these functions. These services are provided to individuals or groups.

2. Speech Pathology provides therapeutic treatment for disorders of production, reception and perception of speech and language. Audiology provides and coordinates services to persons with impaired peripheral and/or central auditory function. This includes the detection and management of any existing communicating handicaps centering in whole or in part on the hearing function.



Such activities are coordinated with medical evaluation and treatment of hospital patients.

i. Functions include audiologic assessment (including basic audiometric testing and screening, examination for site of lesions, nonorganic hearing loss and various parameters of auditory processing abilities essential for communication function); hearing aid evaluation, selection, orientation, adjustment and other technical related services; audiologic habilitation and rehabilitation including the development, remediation or conversation of receptive and expressing language abilities; demonstrating and evaluating amplification devices and altering systems; evaluating excessively noisy environments; determining through interviews and special tests on the etiology, history and severity of speech disorders; and special speech, hearing and language remedial procedures, counseling and guidance.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### **8:31B-4.96 Operating and Recovery Rooms (ORR)**

(a) Function:

1. Operating and Recovery Rooms provide surgical services to both inpatients and outpatients. These rooms are staffed with specially trained personnel who assist the surgeon during operations and the patient immediately thereafter. Cost of and revenue from rooms used for minor and ambulatory surgery or special procedures (e.g., cystoscopy, endoscopy, gastroscopy) other than a surgical clinic should be included here. Also included are the cost and revenue associated with surgical dental services provided to patients.

2. Costs of routine housekeeping functions (i.e., those conducted throughout the hospital) performed by Operating and Recovery Room personnel are to be reported in the Housekeeping center. Only the cost of specialized cleaning procedures unique to Operating and Recovery Rooms and performed by Operating and Recovery Room personnel are to be reported in the Operating and Recovery Room Center. Medical and Surgical Supplies are to be reported per N.J.A.C. 8:31B-4.55.

3. Functions include the requisitioning of instruments, utensils, medical supplies, and drugs required for surgery; inspecting, testing and maintaining specialized surgical equipment; maintaining aseptic techniques; enforcing of safety rules and standards; assisting in preparing patients for surgery (only while in the O.R.; exclude prep work done on patient floors); assisting the surgeon during operations; counting of sponges, needles and instruments used during operations; preparing patients for transportation to recovery room; monitoring patient and caring for patient's needs while recovering from anesthesia; and pickup and disposal of used linen, instruments, utensils and waste.

(b) Units of Service:

1. Procedures;
2. Minutes.

#### **8:31B-4.97 Blood Bank (BBK)**

The Blood Bank cost center includes the procedure (drawing), receiving, storing, typing and crossmatching of whole blood, blood components and blood products. Purchase cost of and patient payments for blood and blood products are to be excluded and reported per N.J.A.C. 8:31B, Part IV. The costs associated with procuring blood donations are to be included in Blood Bank, but payments to donors are to be excluded and reported as a reconciliation per N.J.A.C. 8:31B-4.

Repeal and New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).  
Section was "Organ Acquisition (ORG)".

#### **8:31B-4.98 Physical Therapy (PHT)**

(a) Function:

1. Physical Therapy is a service employing therapeutic exercises and massage, and utilizing effective properties of light, heat, cold, water, and electricity in diagnosis and rehabilitation of patients with neuromuscular, orthopedic, and other disabilities under the medical direction of a physiatrist or other qualified physician. Physical Therapy services include the provision of clinical and constructive services and the direction of patients in the use, function, and care of braces, artificial limbs, and other devices. This center includes the cost of physical therapy related medical supplies, materials and equipment not requisitioned from Central Supply Services and for which a separate charge is not made to a patient.

2. The cost of all supplies and equipment furnished to a patient for use after his episode of hospital care (e.g., crutches, elastic bandages, etc.) but excluding items where it would be medically unreasonable to limit the patient's use of the item to his episode of hospital care (e.g., customized braces, prostheses, etc.) is to be excluded from this center and is to be reported as per N.J.A.C. 8:31B-4, Part IV.

3. Functions include prescription of therapeutic exercises; counseling of patients and relatives; organizing and conducting medically-prescribed physical therapy programs; application of diagnostic muscle tests; administration of whirlpool and compact baths; changing of linen on beds and treatment tables; and assisting patients in changing clothes.

(b) Units of Service: Visits.

Amended by R.1993 d.593, effective November 15, 1993.  
See: 25 N.J.R. 3117(a), 25 N.J.R. 5149(a).

1. Laboratory is normally a hospital based pathological or clinical service conducted under the direction of a qualified pathologist. All laboratory operations, including subsidiary laboratories of the hospital, should be included here, whether purchased from outside or performed by the hospital laboratory. Services provided for outside institutions are to be excluded and reported as a reconciliation per N.J.A.C. 8:31B-4, Part IV. Include all fields of laboratory work, such as Autopsy, Blood Bank, Chemistry, Cytology, Hematology, Histology, Immunology, and Microbiology. Included are laboratory work in poison and infection control, epidemiology (including nursing epidemiology work), and coagulation testing. Infection control officer costs not related to laboratory work should be apportioned to benefiting patient care areas. The revenue and cost of performing blood gas analyses are to be included in the Respiratory Therapy center, and pathologist compensation costs and revenues related to Nuclear Medicine should be included in that center.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.92 Medical and Surgical Supplies Sold (MSS)

##### (a) Function:

1. The Medical and Surgical Supplies Sold center is used for the accumulation of the invoice cost and revenue of all medical and surgical supplies and equipment sold or rented directly to patients. The invoice/inventory cost of non-charged supplies and equipment issued by the Central Supply Service center to other centers shall be transferred to the using centers, preferably on a monthly basis. If such items are sold in other hospital centers, the cost and revenue of those items must be transferred to this center. The overhead cost of preparing and issuing medical and surgical supplies and equipment sold or rented directly to patients must be accumulated in the Central Supply Services center.

2. Excluded from this center are the cost and revenue associated with supplies furnished to a patient for use after his episode of hospital care (except for those items where it would be medically unreasonable to limit the patient's use to the episode of hospital care, e.g., pacemakers, permanent prostheses, etc., and take-home Dialysis and Home Health Agency supplies included per Medicare HIM 29 and HIM 11.) Rather, the costs and revenues associated with such items are to be reported as reconciliations per instructions in N.J.A.C. 8:31B-4, Part IV.

#### 8:31B-4.93 (Reserved)

Repealed by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).  
Section was "Neurology, Diagnostic (NEU)".

#### 8:31B-4.94 Nuclear Medicine (NMD)

##### (a) Function:

1. Nuclear Medicine is a hospital based service which provides diagnosis and treatment of patients by injectible or ingestible radioactive isotopes under the direction of a qualified physician.

2. Costs shared with Therapeutic Radiology, Diagnostic Radiology, and Laboratory, such as radiologists, pathologists, radiology office expense and maintenance costs should be apportioned among the benefiting centers. The cost of compensation of physicians involved in Nuclear Medicine, as well as the revenue they generate, are to be reported to the extent that their compensation is provided through agreement with the hospital.

3. Functions include consultation with patient and attending physician; radioactive waste disposal; and storage of radioactive materials.

##### (b) Units of Service: Procedures.

#### 8:31B-4.95 Other Physical Medicine (OPM)

##### (a) Function:

1. Occupational therapy is the application of purposeful, goal-oriented activity, under the direction of a registered therapist and medical director, in the evaluation, diagnosis, and/or treatment of persons whose function is impaired by physical illness or injury, emotional disorder, congenital or developmental disability, or the aging process, in order to achieve optimum, functioning, to prevent disability, and to maintain health.

Recreational therapy is the employment of sports, dramatics, arts and other recreational programs, under the direction of a registered therapist and medical director to stimulate the patient's recovery rate.

i. The cost of compensation of physicians involved in occupational and recreational therapy as well as the revenue generated by these physicians for their activities are to be reported to the extent that their compensation is provided through agreement with the hospital.

ii. Functions include education and training in activities of daily living (ADL); the design, fabrication, and application of splints; sensorimotor activities; the use of specifically designed crafts; guidance in the selection and use of adaptive equipment; therapeutic activities to enhance functional performance; prevocational evaluation and training; and consultation concerning the adaption of physical environments for the handicapped; continuing and organizing instrumental and vocal musical activities; and directing activities of volunteers in respect to these functions. These services are provided to individuals or groups.

2. Speech Pathology provides therapeutic treatment for disorders of production, reception and perception of speech and language. Audiology provides and coordinates services to persons with impaired peripheral and/or central auditory function. This includes the detection

and management of any existing communicating handicaps centering in whole or in part on the hearing function. Such activities are coordinated with medical evaluation and treatment of hospital patients.

i. Functions include audiologic assessment (including basic audiometric testing and screening, examination for site of lesions, nonorganic hearing loss and various parameters of auditory processing abilities essential for communication function); hearing aid evaluation, selection, orientation, adjustment and other technical related services; audiologic habilitation and rehabilitation including the development, remediation or conversation of receptive and expressing language abilities; demonstrating and evaluating amplification devices and altering systems; evaluating excessively noisy environments; determining through interviews and special tests on the etiology, history and severity of speech disorders; and special speech, hearing and language remedial procedures, counseling and guidance.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### **8:31B-4.96 Operating and Recovery Rooms (ORR)**

(a) Function:

1. Operating and Recovery Rooms provide surgical services to both inpatients and outpatients. These rooms are staffed with specially trained personnel who assist the surgeon during operations and the patient immediately thereafter. Cost of and revenue from rooms used for minor and ambulatory surgery or special procedures (e.g., cystoscopy, endoscopy, gastroscopy) other than a surgical clinic should be included here. Also included are the cost and revenue associated with surgical dental services provided to patients.

2. Costs of routine housekeeping functions (i.e., those conducted throughout the hospital) performed by Operating and Recovery Room personnel are to be reported in the Housekeeping center. Only the cost of specialized cleaning procedures unique to Operating and Recovery Rooms and performed by Operating and Recovery Room personnel are to be reported in the Operating and Recovery Room Center. Medical and Surgical Supplies are to be reported per N.J.A.C. 8:31B-4.55.

3. Functions include the requisitioning of instruments, utensils, medical supplies, and drugs required for surgery; inspecting, testing and maintaining specialized surgical equipment; maintaining aseptic techniques; enforcing of safety rules and standards; assisting in preparing patients for surgery (only while in the O.R.; exclude prep work done on patient floors); assisting the surgeon during operations; counting of sponges, needles and instruments used during operations; preparing patients for transportation to recovery room; monitoring patient and caring for patient's needs while recovering from anesthesia; and pickup and disposal of used linen, instruments, utensils and waste.

(b) Units of Service:

1. Procedures;
2. Minutes.

#### **8:31B-4.97 Blood Bank (BBK)**

The Blood Bank cost center includes the procedure (drawing), receiving, storing, typing and crossmatching of whole blood, blood components and blood products. Purchase cost of and patient payments for blood and blood products are to be excluded and reported per N.J.A.C. 8:31B, Part IV. The costs associated with procuring blood donations are to be included in Blood Bank, but payments to donors are to be excluded and reported as a reconciliation per N.J.A.C. 8:31B-4.

Repeal and New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).  
Section was "Organ Acquisition (ORG)".

#### **8:31B-4.98 Physical Therapy (PHT)**

(a) Function:

1. Physical Therapy is a service employing therapeutic exercises and massage, and utilizing effective properties of light, heat, cold, water, and electricity in diagnosis and rehabilitation of patients with neuromuscular, orthopedic, and other disabilities under the medical direction of a physiatrist or other qualified physician. Physical Therapy services include the provision of clinical and constructive services and the direction of patients in the use, function, and care of braces, artificial limbs, and other devices. This center includes the cost of physical therapy related medical supplies, materials and equipment not requisitioned from Central Supply Services and for which a separate charge is not made to a patient.

2. The cost of all supplies and equipment furnished to a patient for use after his episode of hospital care (e.g., crutches, elastic bandages, etc.) but excluding items where it would be medically unreasonable to limit the patient's use of the item to his episode of hospital care (e.g., customized braces, prostheses, etc.) is to be excluded from this center and is to be reported as per N.J.A.C. 8:31B-4, Part IV.

3. Functions include prescription of therapeutic exercises; counseling of patients and relatives; organizing and conducting medically-prescribed physical therapy programs; application of diagnostic muscle tests; administration of whirlpool and compact baths; changing of linen on beds and treatment tables; and assisting patients in changing clothes.

(b) Units of Service: Visits.

Amended by R.1993 d.593, effective November 15, 1993.  
See: 25 N.J.R. 3117(a), 25 N.J.R. 5149(a).



**8:31B-4.99 (Reserved)****8:31B-4.100 Radiology, Diagnostic (RAD)****(a) Function:**

1. Diagnostic Radiology is normally a hospital based service conducted under the direction of a qualified radiologist, and includes procedures such as angiograms (except coronary angiograms), arteriograms, computerized axial tomography scans, and echograms (ultrasonography).

2. Cost shared with Therapeutic Radiology and Nuclear Medicine such as radiologists, radiology office expense and maintenance costs should be apportioned among the benefiting cost centers. The salaries of personnel such as bioengineers, assigned substantially full-time for the purpose of maintaining, testing and inspecting Diagnostic Radiology equipment are to be reported here.

3. The cost of compensation of radiologists as well as the revenue they generate are to be reported in this center to the extent that their compensation is provided through agreement with the hospital.

4. Functions include taking, processing, examining and interpretation of radiographs and fluorographs; consultation with patient and attending physicians; storage of radioactive materials; and radioactive waste disposal.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

**8:31B-4.101 Respiratory Therapy (RSP)****(a) Function:**

1. Respiratory Therapy is a hospital based service for diagnosis and treatment of pulmonary diseases. This includes pulmonary function testing, the administration of oxygen and certain potent drugs through inhalation or positive pressure, and other forms of rehabilitative therapy, under the direction of a qualified physician. Pulmonary function testing is the testing and thorough measurement of inhaled and exhaled gases and analysis of blood, and evaluation of the patient's ability to exchange oxygen and other gases.

2. The cost of compensation of pulmonary physicians involved in rendering respiratory diagnostic and therapeutic services as well as the revenue generated by these physicians for such activities, are to be reported to the extent that these physicians' compensation is provided through agreement with the hospital.

3. Included in this center are the costs of and revenue generated from all gases administered to patients, excluding the costs and revenue associated with gases administered as part of the anesthetizing process which are included in the Anesthesiology Center.

4. Functions include transporting therapy equipment to patient's bedside; setting up and operating various

types of oxygen and other therapeutic gas and mist inhalation equipment; blood gas testing; observing and instructing patients during therapy; visiting all assigned respiratory cases to insure that physicians' orders are being carried out; inspecting and testing equipment; and enforcing safety rules.

**(b) Units of Service: Treatments.****8:31B-4.102 (Reserved)****8:31B-4.103 Therapeutic Radiology (THR)****(a) Function:**

1. Therapeutic Radiology is a hospital based service providing therapy by radium and other radioactive substances, including cobalt therapy and linear accelerator treatment, under the direction of a qualified radiologist.

2. Costs shared with Diagnostic Radiology and Nuclear Medicine, such as radiologists, radiology office expense and maintenance costs including salaries of bioengineering personnel, should be apportioned among the benefiting centers.

3. The cost of compensation of radiologists involved in therapeutic radiology as well as the revenue they generate are to be reported to the extent that their compensation is provided through agreement with the hospital.

4. Functions include consultation with patient and attending physician; operation of specialized equipment; storage of radioactive material; disposal of radioactive waste; and inspecting, testing and maintaining specialized equipment.

**(b) Units of Service: Procedures.****8:31B-4.104 Central Sterile Supply (CSS)****(a) Function:**

1. Central Supply Services prepares and issues medical and surgical supplies and equipment, except pharmaceuticals and I.V. solutions, to patients and to other cost centers.

2. The invoice cost of non-charged supplies and equipment issued to other centers shall be transferred to the using centers, preferably on a monthly basis. The invoice cost of charged medical supplies shall be transferred to the Medical and Surgical Supplies Sold center, preferably on a monthly basis.

3. The cost of non-charged reusable medical supplies and equipment requisitioned from CSS by different centers (e.g., respirators) are to be reported in the Central Supply Service center. Costs associated with non-charged reusable medical supplies and equipment requisitioned from only one center are to be reported in that center.

4. Functions include requisitioning and issuing of appropriate supply items required for patient care; preparing sterile irrigating solutions; collecting, assembling, sterilizing, and redistributing reusable items; and cleaning, assembling, maintaining, and issuing portable apparatuses.

(b) Statistics: Costed Requisitions of All Medical and Surgical Supplies.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.105 Other General Services (OGS)

The Other General Services cost center should include general service activities which may vary between hospitals such as: elevator operation; grounds maintenance; maintenance of personnel (excluding dormitories for students and residents); medical library; medical photography; motor pool; plant security and property taxes.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.106 Dietary (DTY)

(a) Function:

1. Dietary is responsible for the procurement, storage, processing of food, delivery and collection of trays and nourishment to nursing units or outpatient centers. Costs of delivery of trays to the patient once trays have been prepared or have arrived at the nursing unit should be reported in the appropriate Routine Service center. The cost of preparing meals for cafeterias, residents, students, visitors, or house physicians should be reported as per N.J.A.C. 8:31B-4.62 through 4.66 and N.J.A.C. 8:31B-4.131 for luxury and guest meals per N.J.A.C. 8:31B-4.62 through 4.66 and N.J.A.C. 8:31B-4.131. Cost and Revenue of food supplements where charged to patients should be reported in the Drugs Sold to Patients center.

2. Functions include preparing diet manuals; recommending diets; preparing selective menus for various diet requirements; recording diet history; nutrition counseling; determining patient food preferences as to type and method of preparation; food storage and preparations; transportation of food trays to and from nursing units; stocking formula room; cashiering; dishwashing; and maintaining sanitary standards in all facilities.

(b) Statistics: Meals.

#### 8:31B-4.107 Housekeeping (HKP)

(a) Functions:

1. Housekeeping is responsible for the maintenance of a clean and sanitary environment in the institution. The cost of routine cleansing of all areas, excluding Dietary (DTY) and Boiler Room (RPM) should be included in Housekeeping. The cost of housekeeping to non-acute care areas N.J.A.C. 8:31B-4.62 through 4.66 gift and coffee shops, N.J.A.C. 8:31B-4.62 through 4.66 offices rented or maintained for fund raising, N.J.A.C. 8:31B-4.67 or non-approved education N.J.A.C. 8:31B-4.62 through 4.66, and research programs N.J.A.C. 8:31B-4.64(b), and for the room and board of employees, students, or others N.J.A.C. 8:31B-4.62 through 4.66, as well as the expense and revenue of providing housekeeping to entities outside of the hospital N.J.A.C. 8:31B-4.62 through 4.66 should not be reported here, but should be reported per N.J.A.C. 8:31B-4.131. Specialized clean-up activities associated with direct care of patients in nursing units and outpatient and ancillary centers should be reported in those centers.

2. Functions include maid service; janitorial service; transporting trash to plant staging areas; mopping, stripping and waxing floors; washing of walls, ceilings, partitions and windows (inside and outside); stripping, disinfecting and making beds; and moving furniture and fixtures.

(b) Statistics: Hours of Services.

#### 8:31B-4.108 Laundry and Linen (L & L)

(a) Function: Laundry and Linen is responsible for the requisitioning, laundering, distribution, control and mending of linen, bedding, wearing apparel, and disposable linen substitutes used by the institution. The purchased cost and maintenance of all wearing apparel, as well as all linen, bedding, etc. are included. The cost of providing laundry and linen services to non-acute care units (see N.J.A.C. 8:31B-4.62 through 4.66) and for the room and board of employees, students, and others (N.J.A.C. 8:31B-4.62 through 4.66) should not be included in this center but reported N.J.A.C. 8:31B-4.131.

(b) Statistics: Pounds of Laundry

#### 8:31B-4.109 Medical Records (MRD)

(a) Function:

1. Medical Records is responsible for creating and maintaining a medical record for all patients and for maintaining a tumor registry in accordance with Department of Health requirements. The revenue and cost associated with medical records transcriptions for persons outside of the hospital should be reported as reconciliations per N.J.A.C. 8:31B-4.62 through 4.66.

2. Functions include coding; typing; abstracting; filing; indexing; accessing; preparation of birth and death certificates; processing of court and other types of inquiries; maintenance and reporting of data such as patient days, visits, ancillary services and statistics by patient, disease, physician and operation; and coordinating the flow of statistics with certain hospital stations.

(b) Statistics: Percentage of Time Spent.

#### 8:31B-4.110 Pharmacy (PHM)

(a) Function:

1. The Pharmacy procures, preserves, stores, compounds, manufactures, packages, controls, assays, dispenses, and distributes medications (including I.V. solutions) for inpatients and outpatients under the jurisdiction of a licensed pharmacist. Pharmacy services include the maintaining of separate stocks of commonly used items in designated areas.

2. The invoice cost of non-charged pharmaceuticals issued to other cost centers shall be transferred to the using cost centers, preferably on a monthly basis. The invoice cost of charged pharmaceuticals and I.V. solutions shall be transferred to the Drugs Sold to Patients center, preferably on a monthly basis.

3. Functions include development and maintenance of formulary(ies) established by the medical staff and consultation and advice to medical staff and nursing staff on drug therapy; adding drugs to I.V. solutions; determining incompatibility of drug combinations; and stocking of floor drugs and dispensing machines.

(b) Statistics: Costed Requisition of All Drugs.

#### 8:31B-4.111 Patient Care Coordination (PCC)

(a) Function:

1. Patient Care Coordination encompasses utilization review, coordination of pre-admission testing, patient representatives, admission reviews, patient care evaluation and social services. Social Services obtains, analyzes, interprets social and economic information to assist in diagnosis, treatment and rehabilitation of patients. These services include counseling of staff and patients in case units and group units; participation in development of community social and health programs and community education. Revenues received by hospitals should not be reported here, but should be reported with the routine or ambulatory revenue centers where social services were provided and billed for.

2. Functions include interviewing of patients and relatives to obtain a social history relevant to medical problems and planning; interpreting problems of social situations as they relate to medical condition and/or hospitalization; arranging for post discharge care of chronically ill; collecting and revising information on community health and welfare resources.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.112 Plant (PLT)

(a) The Plant center is responsible for maintenance and operation of an institution's buildings and equipment in a state of readiness required to perform hospital operations. Repairs and maintenance of physical plant not used for services related to patient care (for example, rental of apartments) should be reported as reconciliations per N.J.A.C. 8:31B-4 and N.J.A.C. 8:31B-4.131. Renovation of capital assets shall be distinguished from Repairs and Maintenance and capitalized with the asset according to the criteria described in N.J.A.C. 8:31B-4.20.

(b) The maintenance and repair of specialized equipment in areas such as Diagnostic Radiology, Therapeutic Radiology, or Laboratory should be reported as costs in those cost centers. Bio-medical engineers should be treated in this manner.

(c) Functions include all maintenance of buildings and plant equipment including painting, maintenance of movable equipment to the extent done by institutional employees, and minor improvements and renovation of building and plant equipment.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.113 Building and fixed equipment (BLD)

Building and fixed equipment depreciation shall be reported in this cost center. This cost center also includes the costs of leasing and depreciation of building and building equipment; improvements to land, buildings and leaseholds; plant major and minor movable equipment not reported in other cost centers.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.114 Physicians (PHY)

(a) The Physicians cost center includes services directly or indirectly related to patient care such as: identifiable medical services by the physician which contribute to the diagnosis of the patient's condition or treatment, teaching, research conducted in conjunction with and as part of patient care (to the extent that such costs are not met by special research funds), administration, general supervision of technical personnel, laboratory quality control activities, committee work, performance of autopsies, and attending conferences as a part of the physicians' hospital service activities.

(b) The Physicians cost center includes the cost of hospital staff physicians, including the chief of staff, director of medical education, department chiefs and attending physicians and the cost of maintaining their offices. The cost of physician coverage in the outpatient cost centers and physicians who administer and/or conduct the functions of other ancillary cost centers described in this chapter should not be included in the physicians cost center.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

### 8:31B-4.115 Education and Research (EDR)

#### (a) Function:

1. This center administers, manages, and carries on research projects of the National Institutes of Health or other projects approved by the NIH. Approved research should be reported per N.J.A.C. 8:31B-4.62 through 4.66. Separate accounting should be maintained for each research activity in accordance with relevant contracts, grant agreements, or because of restrictions made on donations. Revenue received for research activities such as specific purpose grants should be recorded as reconciliations per N.J.A.C. 8:31B-4.62 through 4.66. This center includes expenses related to fellowships.

2. Education includes the costs of formal educational programs for nursing and allied health, inservice education programs in the hospital or for extensive periods outside the hospital. Nursing and allied health education provides organized programs, approved by an organization which recognizes the professional status of health services educational programs at the national level, of nursing and medical related clinical education other than for physicians. Hospitals may either operate a school or provide the clinical training activities leading to the issuance of a degree by a college or university.

3. Included here are expenses related to the upkeep of student rooms and dormitories, except for the salaries of housekeeping, plant operations and laundry personnel, which should be charged to their respective cost centers. Related revenues such as tuition, grants and non-approved education costs and revenue should be reported per N.J.A.C. 8:31B-4.62 through 4.66.

4. Functions include selecting qualified students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling of students regarding professional, personal and educational problems; selecting faculty personnel, assigning and supervising students in giving medical or nursing care to selected patients; and administering aptitude and other tests for counseling and selection purposes.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

### 8:31B-4.116 (Reserved)

### 8:31B-4.117 Residents (RSD)

#### (a) Function:

1. The residents cost center includes graduate medical education which provides an organized program of graduate medical clinical education to interns and residents. To be approved, a medical residency training program must be approved by the Liaison Committee on Graduate Medical Education or, in the case of Osteopathic residencies, approved by the Committee on Hospitals of the Bureau of Professional Education of the American Osteopathic Association. Residency programs in the field of dentistry in a hospital must have the approval of the Council on Dental Education of the American Dental Association. Included here are expenses related to the office of the Director of Medical Education and the housing and board of residents. Non-approved education costs and revenue should be reported per N.J.A.C. 8:31B-4.62 through 4.66. Expenses associated with fellowships are to be included in the Education and Research (EDR) center.

2. Functions include selecting qualified students, providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling of students regarding professional, personal and education problems; and assigning and supervising students.

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### Case Notes

Hospital Rate Setting Commission erred in refusing to allow hospital to recalculate number of full-time equivalent residents and residents' salaries based on accepted standard. *St. Barnabas Medical Center v. New Jersey Hospital Rate Setting Commission*, 214 N.J.Super. 599, 520 A.2d 805 (App.Div.1987).

### 8:31B-4.118 Administrative and General (A&G)

#### (a) Function:

1. Administrative and General services are those services associated with the overall direction and administration of the institution at all levels. Expenses and revenues directly associable with services not related to patient care (for example, data processing services sold to outside organizations, administrative personnel responsible for the operation of skilled nursing facilities, and other exclusions) should be reported as reconciliations per N.J.A.C. 8:31B-4.62 through 4.66. Detailed reporting of certain administrative services should be provided per N.J.A.C. 8:31B-4.131.

#### 2. Administrative and General Services include:

- i. Governing Board;
- ii. Office of Hospital Administrator Medical Administration;
- iii. Medical Administration;
- iv. Nursing Administration (persons responsible for more than one functional center);

- v. Personnel;
- vi. Public Relations;
- vii. Communications;
- viii. Management Engineering;
- ix. Health Sciences Library;
- x. Auxiliary Groups;
- xi. Travel;
- xii. Purchasing and Stores;
- xiii. Motor Pool;
- xiv. Postage;
- xv. Medical Library;
- xvi. Medical Photography and Illustration;
- xvii. Licenses and Taxes (other than income taxes and payroll taxes);
- xviii. Insurance (other than Malpractice and Employees Fringe Benefits);
- xix. Security;
- xx. Planning;
- xxi. Professional Association Memberships;
- xxii. Legal and Audit Fees;
- xxiii. Duplicating and Printing;

Amended by R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.119 Fiscal (FIS)

Fiscal includes Admitting and Outpatient registration, cashing (excluding cafeteria), patient billing and receivables (including outpatients), financial administration and controllership, data processing (as it relates to these functions), payroll, accounts payable, general ledger, budgets and reimbursement, fund accounting and internal audit.

Repeal and New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

Section was "Inpatient Administrative Services (IAM)".

#### 8:31B-4.120 (Reserved)

#### 8:31B-4.121 Malpractice Insurance (MAL)

Function: Malpractice Insurance should include the institution's total premium or self-insurance cost for hospital and professional liability coverage. No other type of insurance coverage is to be included here.

#### 8:31B-4.122 (Reserved)

#### 8:31B-4.123 (Reserved)

#### 8:31B-4.124 Utilities Cost (UTC)

- (a) Function:

1. The center should be used to account for all utility costs such as electricity, gas, oil, disposal services and water. A breakdown of the cost and source of these utilities should be provided per N.J.A.C. 8:31B-4.131.

2. Telephones are not considered utilities and thus such costs and revenues are not to be reported in this center. Costs associated with utilities provided to buildings and areas not involved in patient care are to be excluded and reported as reconciliations per instructions in N.J.A.C. 8:31B-4.62 through 4.66 and N.J.A.C. 8:31B-4, Part VI.

#### 8:31B-4.125 Interest (INT)

The interest cost center includes the total cost of interest incurred by the institution. All interest costs related to the acquisition of institutional facilities should be reported as facilities interest. Working capital interest is reported as other expense in this cost center. Interest not applicable to services related to patient care (for example, rental of apartments) should be reported as reconciliations per N.J.A.C. 8:31B-4, Part IV and N.J.A.C. 8:31B-4.131.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.126 Legal Fringe Benefits (LFB)

The Legal Fringe Benefits cost center should include the cost of all employee benefits required by law such as: FICA-OASDI, FICA-Medicare, worker's compensation, unemployment compensation and disability insurance.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.127 Pensions (PEN)

The Pensions cost center should include the cost of all pensions and annuity plans for hospital employees.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

#### 8:31B-4.128 Policy Fringe Benefits (PFB)

(a) The Policy and Fringe Benefits cost center should include the cost of all employee benefits granted by institution policy, excluding pension costs, such as: medical insurance, life insurance, other employee related insurance (excluding malpractice), deferred compensation, tuition reimbursement and other employee recognition programs.

(b) Employee Health Insurance includes all premium payments and associated costs with union or group health insurance for employees. Hospitals which self-insure for employees, health insurance should report no insurance costs in this cost center; however, deductions from operating revenue for personnel health programs are to be reported by cost center.

New Rule, R.1995 d.507, effective September 5, 1995.



See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

### 8:31B-4.129 Reconciling Items (RIT)

The Reconciling Items cost center should include the difference between total institutional costs from the hospitals' certified financial statements and the cost of services related to hospital patient care. The costs of services not related to patient care should also be reported as reconciliations per N.J.A.C. 8:31B-4 and N.J.A.C. 8:31B-4.131.

New Rule, R.1995 d.507, effective September 5, 1995.  
See: 27 N.J.R. 2148(a), 27 N.J.R. 3481(a).

### 8:31B-4.130 (Reserved)

### 8:31B-4.131 Financial Elements Report

The Commissioner of Health shall approve Financial Elements Report forms and reporting instructions consistent with the five Parts of the Financial Elements and Reporting Regulations for completion by all New Jersey hospitals. The Commissioner may refine these report forms for research purposes by adding, modifying, or changing cost centers.

Amended by R.1983 d.596, effective December 19, 1983.  
See: 15 N.J.R. 1334(a), 15 N.J.R. 2166(a).

(b) deleted.

Amended by R.1993 d.593, effective November 15, 1993.  
See: 25 N.J.R. 3117(a), 25 N.J.R. 5149(a).

## SUBCHAPTER 5. (RESERVED)

## SUBCHAPTER 6. (RESERVED)

## SUBCHAPTER 7. (RESERVED)

### APPENDIX I

#### (RESERVED)

Repealed by R.1993 d.593, effective November 15, 1993.  
See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

### APPENDIX II

#### (RESERVED)

Amended by R.1985 d.189, effective April 15, 1985.  
See: 17 N.J.R. 153(a), 17 N.J.R. 914(a).

Section substantially amended.

Amended by R. 1985 d.551, effective November 4, 1985.  
See: 17 N.J.R. 2000(a), 17 N.J.R. 2633(a).

Labor 1. Proxies completely amended.

Amended by R.1989 d.78, effective February 6, 1989.

See: 20 N.J.R. 2543(a), 21 N.J.R. 297(a).

Changed household linens 40% to Textile home furnishings 40% and household linens 20% to Textile home furnishings 20%.

Amended by R.1989 d.387, effective July 17, 1989.

See: 21 N.J.R. 135(a), 21 N.J.R. 2058(a).

Labor proxy adjustment factor added.

Amended by R.1990 d.462, effective September 17, 1990.

See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Clarification of derivation of economic factor.

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

Text deleted.

### APPENDIX III

#### (RESERVED)

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

Text at E.-G. deleted; H recodified.

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Preliminary Cost Base Report".

### APPENDIX IV

#### (RESERVED)

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Preliminary Cost Base Gross Revenue Requirements".

### APPENDIX V

#### (RESERVED)

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

References to 1980 deleted.

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Revenue Budget Worksheet/Submitted Budget Supplied by NJDOH-Completed by Hospital".

### APPENDIX VI

#### (RESERVED)

Administrative Correction to delete "DRG 383" and "Outpatient Dialysis".

See: 22 N.J.R. 3229(b).

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Computation of reasonable direct patient care costs".

### APPENDIX VII

#### (RESERVED)

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

Financial elements changed.

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Preliminary Cost Base Reconciliation to Net Revenue Related to Patient Care".

## APPENDIX VIII

## (RESERVED)

Amended by R.1990 d.462, effective September 17, 1990.

See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Dialysis deleted.

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

Direct and indirect cost items revised; payer classes introduced.

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Schedule of Rates as Adjusted for Compliance".

## APPENDIX IX

## (RESERVED)

Amended by R.1989 d.387, effective July 17, 1989.

See: 21 N.J.R. 135(a), 21 N.J.R. 2058(c).

Specification for Rate Years through 1988 added.

Repealed by R.1990 d.462, effective September 17, 1990.

See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Appendix IX, Volume Variability Adjustment, deleted.

## APPENDIX X

## (RESERVED)

Repealed by R.1990 d.462, effective September 17, 1990.

See: 22 N.J.R. 1480(a), 22 N.J.R. 3004(a).

Appendix X, Nursing Cost Allocation Methodology, deleted.

## APPENDIX XI

## (RESERVED)

Amended by R.1989 d.388, effective July 17, 1989.

See: 21 N.J.R. 1059(a), 21 N.J.R. 2082(a).

Amended by R.1990 d.266, effective May 21, 1990.

See: 22 N.J.R. 735(a), 22 N.J.R. 1591(a).

Medicine—Pediatrics added at I(a)10; Rehabilitation added at 14; DRGs conformed to New York Grouper 7.

Amended by R.1992 d.62, effective February 3, 1992.

See: 23 N.J.R. 3097(a), 24 N.J.R. 425(a).

GME reimbursement methodology revised.

Repealed by R.1993 d.593, effective November 15, 1993.

See: 25 N.J.R. 3117(a), 25 N.J.R. 3566(a), 25 N.J.R. 5149(a).

Was "Reimbursement Methodology for Graduate Medical Education".