

 HAWAII HEALTH SYSTEMS C O R P O R A T I O N <i>"Touching Lives Everyday"</i> Policies and Procedures	<i>Quality Through Compliance</i>	Policy No.: FIN 1005
		Revision No.: N/A
Subject: <i>Review for Non-Allowable Costs</i>	Issued by: Corporate Compliance Committee	Effective Date: December 13, 1999
	Approved by: HHSC Board of Directors By: Carolyn Nii Its: Secretary/Treasurer	Supersedes Policy: N/A Page: 1 of 1

- I. OBJECTIVE:** To file cost reports that do not claim reimbursement for non-allowable cost.
- II. POLICY:** Costs that are non-allowable, and costs not supported by verifiable and auditable data, will not be claimed for reimbursement in the cost reports.
- III. PROCEDURE:** It is Hawaii Health Systems Corporation's (HHSC) policy to exclude non-allowable costs on the cost reports regardless of materiality and settlement impact. Accounts containing both allowable and non-allowable costs are analyzed to determine the non-allowable amount that should not be claimed for reimbursement.

As a matter of HHSC policy, the determination of the cost report treatment for non-allowable costs will be made using the following guidelines:

- Non-allowable costs to which Administrative & General (cost center) services do not apply are to be offset on the Medicare cost report worksheet A-8.
- Non-allowable costs to which Administrative & General (cost center) do apply will be established as non-reimbursable cost centers with appropriate allocation statistics assigned for the carve-out of applicable overhead.
- Other methods may be used as approved by the fiscal intermediary