



October 18, 2019

TO: CHA Member Chief Financial Officers, Reimbursement Staff
FROM: Jennifer Newman, Senior Vice President & Chief Financial Officer
SUBJECT: Medicare Cost Reports and Association Membership Dues

Under the *Medicare Provider Reimbursement Manual*, Part 1, Section 2139, hospitals are required to make adjustments in their Medicare cost reports to eliminate the portion of association membership dues that is related to certain unallowable lobbying expenses as defined by Medicare. As allowed by Medicare provisions, CHA uses the Internal Revenue Service (IRS) definitions to calculate unallowable lobbying expenses. In general, the IRS defines those expenses as direct communications with certain members of state or federal government to influence state or federal legislation.

The Medicare unallowable lobbying portion of your hospital association dues differs based on your geographic location within California and your tax status.

For calendar year 2019, the portion of your total hospital association dues that are unallowable expenses for Medicare are:

| | Nonprofit Hospitals | Investor-Owned Hospitals |
|--------------------------------------|---------------------|--------------------------|
| Southern California Region | 12.24% | 12.95% |
| Central and Northern Region | 12.96% | 13.71% |
| San Diego & Imperial Counties Region | 11.31% | 11.96% |

In addition to the Medicare definition of lobbying, your dues support CHA advocacy and representation in its broadest sense.

Please share this information with the staff member responsible for completing your hospital's Medicare and Medi-Cal cost reports. Questions about the calculation of the lobbying portion of CHA dues may be directed to me at (916) 552-7629 or jnewman@calhospital.org. A copy of this information has been provided to the Medicare administrative contractor and the Department of Health Care Services.