



October 18, 2023

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 adjust 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 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, your tax status, and your public or private hospital status.

For calendar year 2023, the portion of your total hospital association dues that is considered an unallowable expense for Medicare is as follows:

	Nonprofit Hospitals	Investor-Owned Hospitals	Public Hospitals
Southern California Region	21.61%	22.34%	9.37%
Central and Northern Region	23.62%	24.43%	10.24%
San Diego & Imperial Counties Region	19.22%	19.87%	8.33%

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 Jennifer Newman at (916) 552-7629 or jnewman@calhospital.org. A copy of this information has been provided to the Medicare administrative contractor and the California Department of Health Care Services.