

MCHD Tax Rate Decision Process

- A few months before the tax rate is decided, MCHD Administration receives the tax calculations from the Moore County Tax Assessor
- MCHD then reviews the prior year's total uncompensated care figures
 - MCHD uses its tax revenue specifically to reimburse uncompensated care. The use of the term "operations and maintenance" that is used in legal notices is governmentally mandated. MCHD does not use tax revenues for any other purpose than to cover the cost of uncompensated care.
 - This figure includes charity, indigent, and bad debt. Charity and indigent care are provided through MCHD's financial aid programs. Bad debt occurs when care is provided through a service and either no payment is made, or only a portion of the payment is made, such as the patient's co-pay or a portion of the deductible.
 - This figure is then adjusted to the lowest possible rate (the Medicare rate) via a cost to charge process
 - The Medicare rate is the lowest possible reimbursement rate and Medicare has historically paid hospitals less than the cost of providing care to patients (\$0.82 paid in reimbursement for every \$1.00 spent by hospitals.)
- Once the prior year's adjusted uncompensated care amount is determined, MCHD reviews the current tax rate and how much of the uncompensated care can be reimbursed by this rate.
 - If this rate can effectively reimburse the prior year's adjusted uncompensated care, it will be recommended to the Board.
 - If this rate will not cover the amount, MCHD Administration will calculate which rate will be the closest to the figure without creating an overage
 - If the current rate will create an overage, MCHD will lower the tax rate (has happened twice in the past 7 years)
- MCHD Administration will then take its recommendations to the Board
- The MCHD Board will discuss the recommendations and determine if the recommendation will be acceptable for both the long-term financial viability of the hospital district and the community
- The MCHD Board will choose a rate and that proposed tax rate is either passed along to be approved at the next Board meeting or put to the community at a public hearing depending on which rate is chosen