

**Report on Unreimbursed Costs of Charity Care,
Government Funded Programs, and Community Benefits
for the Twelve Months Ended August 31, 2010**

Union Hospital Inc.

Hospital Name

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Terre Haute, IN / 47804

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4-29-2011

Date

Please return a copy of this report to:
Indiana Hospital & Health Association
One American Square
P.O. Box 82063
Indianapolis, IN 46282
Attention: David H. Weisman



Hospital name and city: Union Hospital Inc. Terre Haute, IN 47804

For the twelve month period: Sept. 1, 2009-August 31, 2010

Completed by: Jan Crane/Shantha Aaron

**Unreimbursed Costs of Charity Care, Government Funded Programs, and Community Benefits
Summary Schedule**

	(A)	(B)	(C)	(D)	(E)	Schedule
		Charges	Payments	Costs	Unreimbursed Costs	
1 Charity care		26,905,663			9,762,182	"Charity Care" (page 3)
2 Less HCI payments						
3 Net costs of charity care					9,762,182	"Government Sponsored Program Shortfall" (page 5)
4 Medicaid					33,655,088	"Government Sponsored Program Shortfall" (page 5)
5 Total Medicaid and charity care unreimbursed costs					43,417,270	
6 Less Medicaid DSH and Medicaid shortfall payments (net of amounts transferred to the state through intergovernmental transfers (IGIT))						
7 Net unreimbursed costs of Medicaid and charity care					3,417,270	From provider records 5(E) - 6(E)
8 Medicare						
9 Other government-funded programs					120,822,604	"Government Sponsored Program Shortfall" (page 5)
10 Medical education and training programs					5,695,147	"Medical Education and Training Programs" (page 6)
11 Medical and health services research					98,857	"Medical and Health Services Research" (page 7)
12 Total unreimbursed cost of providing care to patients unable to pay, to patients covered under government funded programs, for medical education, training, and research					91,212,092	5(E) + 6(E) + 10 + 11
13 Community health education					1,417,214	"Community Health Education" (page 8)
14 Community programs/services					5,802,423	"Community Programs/Services" (page 9)
15 Community health assessment					81,173	"Community Health Assessment" (page 10)
16 Support to local colleges and universities					294,230	"Support to Local Colleges and Universities" (page 11)
17 Donations of money and time					939,901	"Donations of Money and Time" (page 12)
18 Provision for taxes						"Provision for Taxes" (page 13)
19 Other (provide schedule)						
20 Total cost of providing community benefits					99,747,033	Sum of 11(E) to 19(E)
21 Bad debts					9,705,960	"Bad Debts" (page 14)

Note: All amounts reported above should be mutually exclusive.

22 Gross patient revenues (all patients)	951,534,017
23 Net patient revenues (all patients)	367,055,119
24 Net patient revenues (non-Medicare and non-Medicaid patients)	205,964,934

Charity Care

Definition AICPA

Health care services that never were expected to result in cash inflows. Charity care results from a provider's policy to provide health care services free of charge to individuals who cannot afford to pay.

Distinguishing charity care from bad-debt expense requires the exercise of judgment. Charity care is provided to a patient with demonstrated inability to pay. Each organization establishes its own criteria for when an individual cannot afford to pay. Only the portion of a patient's account that meets that criteria is recognized as charity.

HEA 1023

- The unreimbursed cost to a hospital of providing, funding, or otherwise financially supporting health care services:
1. to a person classified by the hospital as financially indigent or medically indigent on an inpatient or outpatient basis; and
 2. to financially indigent patients through other nonprofit or public outpatient clinics, hospitals, or health care organizations.

As used above, "financially indigent" means an uninsured or underinsured person who is accepted for care with no obligation or a discounted obligation to pay for the services rendered based on the hospital's financial criteria and procedure used to determine if a patient is eligible for charity care. The criteria and procedure must include income levels and means testing indexed to the federal poverty guidelines. A hospital may determine that a person is financially or medically indigent under the hospital's eligibility system after health care services are provided.

As used above, "medically indigent" means a person whose medical or hospital bills after payment by third party payors exceed a specified percentage of the patient's annual gross income as determined in accordance with the hospital's eligibility system, and who is financially unable to pay the remaining bill.

Comment:

Hospitals periodically receive payments under the Hospital Care for the Indigent program that are not identifiable to specific patients. It is assumed that the charges and costs associated with care to individuals that would qualify as HCI patients, if a specific claim approval process existed, would be classified as charity care. If, with this assumption that HCI payments are subtracted from unreimbursed charity care costs to arrive at "net costs of charity care" on the Summary Schedule.

Based on the above definitions, provide the following information relative to charity care provided by the hospital:

PATIENT INCOME AS A % OF FEDERAL POVERTY LEVEL ⁽¹⁾	CHARITY CARE CHARGES WRITTEN OFF ⁽²⁾	UNREIMBURSED COSTS OF CHARITY CARE (A) ⁽³⁾
Less than 100% of FPL = Actual :: Estimate	Included	Below
100% - 150% of FPL = Actual :: Estimate	Included	Below
151% - 200% of FPL = Actual :: Estimate	Included	Below
Greater than 200% of FPL = Actual :: Estimate	Included	Below
Charity care provided without a determination of relation to FPL (B)	26,905,663	9,762,182
Total	26,905,663 <small>Carry total forward to Summary Statement, Line 1, Col. 5</small>	9,762,182 <small>Carry total forward to Summary Statement, Line 1, Col. 5</small>

- (A) HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Unreimbursed costs of charity care may be determined based on hospital's cost accounting. Medicare cost principles, or other generally accepted accounting principles.
- (B) It is suggested that hospitals that do not directly determine income in relation to federal poverty guidelines estimate these values by conducting a sample of their cases recorded as charity.

Government Sponsored Program Shortfalls

Definition

Shortfall is defined to be the difference between the costs a hospital incurs for providing services and payments received from any source for such services. Both inpatient and outpatient services should be considered.

Medicare shortfall would relate to services provided to patients whose expected source of primary payment is from Medicare.

Medicaid shortfall would relate to services provided to patients whose expected source of primary payment is from Medicaid. DSH payments should not be included in Medicaid payments in the determination of shortfall. Those payments are shown separately on the summary page.

Other government sponsored programs are anticipated to include the Department of Corrections 590 Program.

Comment: HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Costs incurred for providing services to Medicaid and Medicare patients may be determined based on the hospital's cost accounting system, Medicare cost principles, or other generally accepted accounting principles.

(1)	(2) PAYMENTS	(3) COSTS (A)	(4) SHORTFALL
Medicaid (B)	14,854,046 <i>Carry total forward to summary schedule, Line 4, Col. C.</i>	48,509,134 <i>Carry total forward to summary schedule, Line 4, Col. D.</i>	33,655,088 <i>Carry total forward to summary schedule, Line 4, Col. E.</i>
Medicare	120,822,604 <i>Carry total forward to summary schedule, Line 8, Col. C.</i>	162,823,422 <i>Carry total forward to summary schedule, Line 8, Col. D.</i>	42,000,818 <i>Carry total forward to summary schedule, Line 8, Col. E.</i>

DOC 590 Program	N/A	N/A	N/A
Other government funded program (specify)	N/A	N/A	N/A
Other government funded program (specify)	N/A	N/A	N/A
Total other government funded programs	N/A <i>Carry total forward to summary schedule Line 8, Col. C.</i>	N/A <i>Carry total forward to summary schedule Line 8, Col. D.</i>	N/A <i>Carry total forward to summary schedule, Line 8, Col. E.</i>

HCI Program + Supplemental	(B) 0 <i>Carry total forward to summary schedule, Line 2, Col. C.</i>		
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- (A) HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Medicare, Medicaid, and 590 Program costs may be determined based on hospital's cost accounting, Medicare cost principles, or other generally accepted accounting principle.
- (B) Do not include any HCI payments received as Medicaid payments, even though these payments are received through the Medicaid remittances. Instead, show HCI payment amounts separately on the HCI Program line.

Medical Education and Training Programs

Definition

Includes hospital-based educational programs or internships required for training health professionals. Examples include medical residency programs and internships, nursing internships, radiology technician programs, and physical therapy practicums. Report the costs associated with these training programs, less any reimbursements or tuition.

Again, HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge rates for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Costs incurred for providing health professional training programs may be determined based on the hospital's cost accounting system, Medicare cost principles, or other generally accepted accounting principles.

Program description	Direct costs of program	Indirect costs apportioned to program	Total cost of program	Revenues offsetting program expenses	Net cost of program
Education of Medical Health Professionals	1,609,532		1,609,532		1,609,532
Medical Students	486,765		486,765	--	486,765
Interns & Residents	2,882,079	681,562	3,563,641	1,600,614	1,963,027
Allied Health	124,113		124,113	25,294	98,819
Cont. Health Prof. Educ.	2,295,033		2,295,033	758,029	1,537,004
Total cost of providing medical education and training programs					5,695,147
					Carry total forward to summary schedule, Line 10, Col. E.

Community Health Education

Definition

Programs offered which target specific health issues such as stress management, smoking cessation, weight control, and disease specific programs. Do not include in-service education programs. Report the costs of providing these programs, and subtract any revenues targeted toward these programs. Do not include programs designed to "market" the hospital.

Again, HIEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Costs incurred for providing community health education may be determined based on the hospital's cost accounting system, Medicare cost principles, or other generally accepted accounting principles.

Program description	Direct costs of program	Indirect costs apportioned to program	Total cost of program	Revenues offsetting program expenses	Net cost of community health education
Community Health Education	145,183		145,183	----	145,183
Education of Patients	822,500		822,500	----	822,500
Community Health Services	449,531		449,531	----	449,531
Total cost of providing community health education					1,417,214

Entry sent forward to subsidiary schedule Form 13, Col. B.

Community Programs/Services

Definition

Non-inpatient programs or services offered to residents of the community which increase access to necessary health care services. These services typically receive no or partial reimbursement. Examples include primary or rural care clinics, immunizations, school health programs, health screening, and transportation services. Do not include programs designed to "market" the hospital. Report the costs of providing these services, and subtract any revenues.

Again, HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Costs incurred for providing community health education may be determined based on the hospital's cost accounting system, Medicare cost principles, or other generally accepted accounting principles.

Costs of community programs/services that relate to care claimed as charity care or bad debts should not be included in order to avoid double counting of costs.

Program description	Direct costs of program	Indirect costs apportioned to program	Total cost of program	Revenues offsetting program expenses	Net cost of program
Subsidize Health Services for the Family Practice	2,534,863	4,372,979	6,907,842	(1,961,761)	4,946,081
Subsidize Health Service for the Rural Health	841,203	701,011	1,542,214	(685,872)	856,342
Total cost of providing community programs/services	3,376,066	5,073,990	8,450,056	(2,647,633)	5,802,423

5,802,423
 Carry total forward to Summary schedule, Line 14, Col. E.

Community Health Assessment

Definition

A structured process for determining the health status of a community and identifying target programs and services for under-served or targeted populations within the community. Typically, hospitals involved in community health assessments work closely with other community groups. Report hospital costs associated with these efforts, including the staff time and project funding.

Again, HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Costs incurred for conducting a community health assessment may be determined based on the hospital's cost accounting system, Medicare cost principles, or other generally accepted accounting principles.

	Direct costs of assessment	Indirect costs apportioned to assessment	Direct funding of assessment	Revenues offsetting assessment expenses	Net cost of assessment
Community health assessment					0 Carry total forward to summary schedule, Line 15, Col. E.

Provision for Taxes

Definition

Include taxes or fees in lieu of taxes paid for the period. Include taxes for unrelated business income, sales tax, property taxes/fees, federal taxes, and all other taxes or related fees paid. Exclude payroll taxes.

Tax or fee	Tax or fee amount
Unrelated business income	
Sales tax	127,806
Property taxes	812,095
Federal taxes	
Other (specify)	
Other (specify)	
Other (specify)	
Total provision for taxes or fees paid	939,901

Carry total forward to summary schedule, Line 18, Col. E.

Bad Debts

AICPA The provision for actual or expected doubtful accounts resulting from the extension of credit.

Comment Generally, "bad debt" means the cost of the services rendered for which payment is anticipated and credit is extended to a patient.

Amounts recorded below in column 2 should agree to the amount shown on the hospital's financial statement as "bad debt".

	(1)	(2) BAD DEBT CHARGES RECOGNIZED	(3) UNREIMBURSED COSTS OF BAD DEBTS (A)
Bad debts		26,750,704	9,705,960
			<small>Carry total forward to supplementary schedule, Line 21, Schedule E.</small>

(A) HEA 1023 notes that costs should be calculated by applying the aggregate cost to charge ratios for all hospital services (derived from the hospital's Medicare cost report) to billed charges. Unreimbursed costs of bad debts may be determined based on hospital's cost accounting, Medicare cost principles, or other generally accepted accounting principle.