

**Report on Unreimbursed Costs of Charity Care,
Government Funded Programs, and Community Benefits
for the Twelve Months Ended Sept. 1, 2009-Aug. 31, 2010**

Union Hospital Clinton
Hospital Name

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5/31/2011
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. Wesman



Hospital name and city: Union Hospital Clinton

For the twelve month period: Sept 1, 2009 - Aug 31, 2010
 Completed by: Jeanne Crowl Skene Rasmussen

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

	(A)	(B)	(C)	(D)	(E)	Schedule
1 Charity care		2,505,349			1,017,923	"Charity Care" (page 3)
2 Less HCI payments						
3 Net costs of charity care						
4 Medical						
5 Total Medical and charity care unreimbursed costs					1,017,923	"Government Sponsored Program Shortfall" (page 5)
6 Less Medical DSH and Medicaid shortfall payments (net of any amounts transferred to the state through intergovernmental transfers (IGIT))					3,760,128	"Government Sponsored Program Shortfall" (page 5)
7 Net unreimbursed costs of Medicaid and charity care					4,778,051	3(E) + 4(E)
8 Medicare						
9 Other government-funded programs					778,051	From provider records 5(E) - 6(E)
10 Medical education and training programs					248,229	"Government Sponsored Program Shortfall" (page 5) "Medical Education and Training Programs" (page 6) "Medical and Health Services Research" (page 7)
11 Medical and health services research						
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					11,385,112	7(E) + 8(E) + 9(E) + 10 + 11
13 Community health education					128,377	"Community Health Education" (page 8)
14 Community programs/services						"Community Programs/Services" (page 9)
15 Community health assessment						"Community Health Assessment" (page 10)
16 Support to local colleges and universities					18,942	"Support to Local Colleges and Universities" (page 11)
17 Donations of money and time					35,606	"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					11,568,037	Sum of 11(E) to 19(E)
21 Bad debts					1,638,573	"Bad Debts" (page 14)

Note: All amounts reported above should be mutually exclusive.

22 Gross patient revenues (all patients)	62,721,076
23 Net patient revenues (all patients)	26,614,155
24 Net patient revenues (non-Medicare and non-Medicaid patients)	15,705,143

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)	Included	Below
Total	2,505,349 <small>Carry total forward to summary schedule, Line 1, Cell 1.</small>	1,017,923 <small>Carry total forward to summary schedule, Line 1, Cell 2.</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 practice.
- (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)	PAYMENTS (2)	COSTS (A) (3)	SHORTFALL (4)
Medicaid (B)	610,009 <i>Carry total forward to summary schedule, Line 4, Col. C.</i>	4,370,137 <i>Carry total forward to summary schedule, Line 4, Col. D.</i>	3,760,128 <i>Carry total forward to summary schedule, Line 4, Col. E.</i>
Medicare	4,109,798 <i>Carry total forward to summary schedule, Line 5, Col. C.</i>	10,468,630 <i>Carry total forward to summary schedule, Line 5, Col. D.</i>	6,358,832 <i>Carry total forward to summary schedule, Line 5, 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	Carry total forward to summary schedule Line 8, Col. C.	Carry total forward to summary schedule Line 8, Col. D.	Carry total forward to summary schedule, Line 8, Col. E.

HCI Program	(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 ratios 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
HEALTH Education of Medical Professionals	248,229				248,229
Total cost of providing medical education and training programs					248,229

248,229
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, 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.

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	20,004		20,004		20,004
Education of Patients	107,760		107,760		107,760
Other	613		613		613
Total cost of providing community health education					128,377

Identify total revenues to community health education on Form 13, 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					Carry total forward to summary schedule, Line 15, Col. E. --0--

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	12,007
Property taxes	23,599
Federal taxes	
Other (specify)	
Other (specify)	
Other (specify)	
Total provision for taxes or fees paid	35,606

Carry total forward to Summary Schedule, Line 16, 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	4,032,915	1,638,573 <small>Carry total forward to summary schedule, Line 21, O&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.