

Financial Terminology

Reporting Entity: Hospital and any additional consolidated entities that are included in the Income Statement at the front of the audited financial statement. The only exceptions are foundations that the hospital does not want included in its financial reporting.

Gross Patient Revenue: Amount billed for services at full established charges.

Uncompensated Care: The total amount of health care services, based on full established charges, provided to patients who are either unable or unwilling to pay. Uncompensated care includes both charity care and bad debt, both described in more detail below.

Charity Care: The dollar amount of free care, based on a hospital's full established rates, provided to patients who are determined by the hospital to be unable to pay their bill. The determination of a patient's ability to pay is based on the hospital's charity care policy. Hospitals will typically determine a patient's inability to pay by examining a variety of factors such as individual and family income, assets, employment status or availability of alternative sources of funds. Determination of charity care status is made prior to admission if the patient has requested and applied for financial assistance. Charity care status may be granted at a later date depending on the circumstances of the admission, such as an emergency admission, no request for financial assistance prior to admission or lack of information about the patient's financial status at the time of admission. Financial assistance provided by the hospital may pertain to all or just a portion of the patient's bill.

Bad Debt: Bad debt is the unpaid obligation for care, based on a hospital's full established rates, for patient's who are unwilling to pay their bill. Unlike charity care, bad debt arises in situations where the patient has either not requested financial assistance or does not qualify for financial assistance. In these cases the hospital will generate a bill for services provided. For uninsured patients, the amount of bad debt can pertain to all or any portion of the bill that is not paid. For patients with insurance, certain amounts that are the patient's responsibility -- such as deductibles and coinsurance -- are expensed as bad debt if not paid.

Net Patient Revenue: [Formula] Gross Patient Revenue – Total Contractual Allowances – Charity Care. (Note: Net Patient Revenue will also have Bad Debt excluded when reported under Government Accounting Standards Board [GASB] methodology.)

Other Operating Revenue: Revenue derived from the reporting entity's operations other than direct patient care. Examples are revenue generated from operation of the cafeteria and gift shop.

Total Operating Expenses: All expenses incurred from the reporting entity. Examples are salaries and benefits, purchased services, professional fees, supplies, interest expense, depreciation and amortization and bad debt expense.

Operating Margin Percent: Measure of profitability from the reporting entity's operations. [Formula] $(\text{Total Operating Revenue} - \text{Total Operating Expenses}) / \text{Total Operating Revenue}$.

Net Nonoperating Gains: Amount of income or loss after expenses which result from the hospital's peripheral or incidental transactions and from other events stemming from the environment that may be largely beyond the control of the reporting entity and its management. An example would be sales of investments in marketable securities.

Tax Subsidies: Tax revenues from cities, counties or special hospital districts, which assess mill levies to subsidize the reporting entity.

Nonoperating (Income): [Formula] Net Nonoperating Gains + Tax Subsidies.

Total Margin Percent: Measure of profitability from all sources of the reporting entity's income. [Formula] $(\text{Total Operating Revenue} + \text{Nonoperating Income} - \text{Total Operating Expenses}) / (\text{Total Operating Revenue} + \text{Nonoperating Income})$.

Staffed Beds: Staffed beds are those in service and patient ready for more than half of the days in the reporting period. Does not include beds ordinarily occupied for less than 24 hours, such as those in the emergency department, clinic, labor (birthing) rooms, surgery and recovery rooms and outpatient holding beds.

Inpatient Discharges: An inpatient discharge is the termination of the granting of lodging in the hospital and the formal release of the patient (include patients admitted and discharged the same day). When a mother and her newborn baby are discharged at the same time, count one discharge. When the baby stays beyond the mother's discharge (boarder baby), count one discharge for the mother and another when the boarder baby is discharged. Includes acute care and discharges from Distinct Part Units (DPU). Excludes swing-bed and long-term care discharges.

Inpatient Days: A patient day is the unit of measure denoting lodging provided and services rendered to inpatients between the census taking hours (usually at midnight) of two successive days. A patient formally admitted who is discharged or dies on the same day is counted as one patient day, regardless of the number of hours the patient occupies a hospital bed. For patients switched from observation to inpatient status, the patient day count should begin on the day the patient was officially admitted as an inpatient. Includes acute care and days from Distinct Part Units (DPU). Excludes swing-bed, long-term care and newborn days.

Average Length of Stay: [Formula] Inpatient Days / Inpatient Discharges. Average amount of time (in days) that an acute care patient spends in the hospital.

Occupancy Rate: [Formula] Inpatient Days / Bed Days, where bed days equals number of staffed beds multiplied by number of days in the reporting period. Average percent of staffed beds occupied during the reporting period.

Emergency Room Visits: The total number of patients seen in an emergency unit who are not later admitted as inpatients.

Outpatient Visits: Total number of outpatient visits reported during the reporting period. Includes Emergency Room Visits, Ambulatory Surgery Visits, Observation Visits, Home Health Visits and All Other Visits.