


Redesigned Form 990

Hospitals: Planning for 2009



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Objectives

- ≡ Planning for Schedule H
- ≡ IRS guidelines for charity care and community benefits
- ≡ Coordination with other state filings
- ≡ Planning for Schedule K



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Schedule H

- ≡ Part I: Charity care and community benefit
- ≡ Part II: Community building activities
- ≡ Part III: Bad debts, Medicare, collection policies
- ≡ Part IV: Management companies & JVs
- ≡ Part V: Facilities (required 2008)
- ≡ Part VI: Supplemental information

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Part I: Charity Care/ Community Benefits

- ≡ Questions
 - ≡ Is there a written policy
 - ≡ How is it applied across multiple facilities
 - ≡ What kinds of income thresholds (e.g., FPGs) trigger free and discounted care
 - ≡ Are discounts provided to medically indigent
 - ≡ What if need for charity care exceeds budget
 - ≡ Is there an annual community benefit report

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Part I: Charity Care/ Community Benefits

- ≡ Quantitative information
 - ≡ Charity care
 - ≡ Unreimbursed Medicare
 - ≡ Unreimbursed costs from other means tested governmental programs
 - ≡ Community health improvement services
 - ≡ Health professions education
 - ≡ Subsidized health services
 - ≡ Research
 - ≡ Contributions to community groups
 - ≡ Community building activities

Charity Care

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from worksheets 7 and 8)						
b Unreimbursed Medicaid (from worksheet 3, column a)						
c Unreimbursed costs - other means-tested government programs (from worksheet 3, column b)						
d Total Charity Care and Means-Tested Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from worksheet 4)						
f Health professions education (from worksheet 5)						
g Subsidized health services (from worksheet 6)						
h Research (from worksheet 7)						
i Cash and in-kind contributions to community groups (from worksheet 8)						
j Total Other Benefits						
k Total (line 7d and 7j)						

Charity Care

Worksheet 1. Charity Care at Cost (Part I, line 7a)

Keep for Your Records



Gross patient charges	
1. Amount of gross patient charges written off pursuant to charity care policies	1. _____
Total community benefit expense	
2. Ratio of patient care cost to charges (from Worksheet 2, if used)	2. _____
3. Estimated cost (multiply line 1 by line 2, or obtain from cost accounting)	3. _____
4. Medicaid provider taxes	4. _____
5. Total community benefit expense (add lines 3 and 4; enter on Part I, line 7a, column (c))	5. _____
Direct offsetting revenue	
6. Revenues from uncompensated care pools or programs (enter on Part I, line 7a, column (d))	6. _____
7. Net community benefit expense (subtract line 6 from line 5; enter on Part I, line 7a, column (e))	7. _____
8. Total expense (enter amount from Form 990, Part IX, Line 25, column (A), and include the organization's share of joint venture expenses.)	8. _____
9. Percent of total expense (divide line 7 by line 8; enter on Part I, line 7a, column (f))	9. _____ %

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Charity Care

Worksheet 2. Ratio of Patient Care Cost to Charges
(can be used for other worksheets)

Keep for Your Records



Patient care cost	
1. Total operating expense	1. _____
Less adjustments	
2. Nonpatient care activities	2. _____
3. Medicaid provider taxes	3. _____
4. Total community benefit expense	4. _____
5. Total community building expense	5. _____
6. Total adjustments (add lines 2 through 5)	6. _____
7. Adjusted patient care cost (subtract line 6 from line 1)	7. _____
Patient care charges	
8. Gross patient charges	8. _____
Less: adjustments	
9. Gross charges for community benefit programs	9. _____
10. Adjusted patient care charges (subtract line 9 from line 8)	10. _____
Calculation of ratio of patient care costs to charges	
11. Ratio of patient care cost to charges (divide line 7 by line 10; report on the applicable lines of Worksheets 1, 3, or 6)	11. _____ %

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Charity Care

Schedule H	Cost Report	OSHPD
Patient charges, gross and write-offs	WS G-2, WS G3	Rpt 12 Rpt 14

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Charity Care

Schedule H	Cost Report	OSHPD
Unreimbursed Medicaid Other Unreimbursed means tested programs	Not specific to Medicare cost report	Rpt 12

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Other Community Benefits

Schedule H	Cost Report	OSHPD
Community Health Improvements	Can be reported on either WS A or WS G3	Rpt 14 Rpt 18

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Other Community Benefits

Schedule H	Cost Report	OSHPD
Health Professions Education	WS A, included with other accounts	Rpt 16 Rpt 18

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Other Community Benefits

Schedule H	Cost Report	OSHPD
Subsidized Health Services	Included with other accounts on WS G3	Rpt 12

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Other Community Benefits

Schedule H	Cost Report	OSHPD
Research	WS A, Line 97, if receiving grants, otherwise may be buried in other accounts	Rpt 15 Rpt 18 Rpt 26

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Other Community Benefits

Schedule H	Cost Report	OSHPD
Contributions	Netted on WS G3, Line 6 or included with other accounts on WS A	Rpt 8 Rpt 18

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Bad Debt

- ≡ Part III, Section A: Bad Debt Expense
 - ≡ Report bad debt expense (at cost)
 - ≡ Indicate if reported in accordance with HFMA #15
 - ≡ How much attributable to charity care
 - ≡ Include financial statement footnote
- ≡ Part III, Section C: Collection Activities
 - ≡ Is there a written debt collection policy
 - ≡ Does it apply to collecting accounts of charity patients

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Medicare

- ≡ Part III, Section B : Medicare
 - ≡ Total revenue collected (including DSH and IME)
 - ≡ Allowable costs related to Medicare services
 - ≡ Include description of cost methodology and rationale for including any cost shortfall as community benefit

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Other Information

- ≡ Part VI: Supplemental Information
 - ≡ Describe how community needs are assessed
 - ≡ Describe how patients are informed about charity care policy
 - ≡ Describe demographics of community served
 - ≡ Describe how community building activities promote health
 - ≡ Provide additional information about how organization promotes health
 - ≡ Describe activities of affiliated entities if part of an affiliated health care system

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Other Information

≡ Part VI: Supplemental Information

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Tax-Exempt Bonds

≡ Schedule K

- ≡ 2003 and later bond issues only
- ≡ Required for 2008
 - ≡ Part I: details of bonds - Form 8038
- ≡ Highlights: Required for 2009
 - ≡ Part II: Proceeds
 - ≡ Part III: Private Business Use
 - ≡ Part IV: Arbitrage



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 **Thank You**





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