

LIP COUNCIL MEETING, DECEMBER 11, 2006

Adjustments to Gross Revenue

One of four main categories defined as “Reductions in Gross Revenue” by the State of Florida Hospital Uniform Reporting System Manual (FHURS) July 1, 2005. This group of accounts is used to report reductions from gross revenue arising from bad debts, contractual adjustments, uncompensated care, administrative, courtesy, and policy discounts, and other revenue deductions.

In many instances, the hospital receives less than its full established charges for the services it renders. It is essential that reported data reflect both the gross revenue and related revenue “adjustments” resulting from the inability to collect established charges for services provided. These revenue “adjustments” are referred to as “Deductions from Revenue” and consist of the following primary categories:

- 1) Provision for Bad Debts.
- 2) Contractual Adjustments (Medicare, Medicaid, HMO, PPO, etc.).
- 3) Charity Care.
- 4) Administrative, Courtesy, and Policy Discounts

This account shall contain the hospital’s periodic estimates of the amounts in accounts and notes receivable that are likely to be credit losses. The estimated amount of bad debts may be based on an experience percentage applied to the balance of accounts receivable or the amount of charges to patients’ accounts during the period, or it may be based on a detailed aging and analysis of patients’ accounts.

These losses will occur despite collection efforts of the hospital. This account should not be used to report amounts for charity care.

Charity Care

“Charity care” or “uncompensated charity care” means that portion of hospital charges reported to the Agency for Health Care Administration for which there is no compensation, other than restricted or unrestricted revenues provided to a hospital by local governments or tax districts regardless of the method of payment, for care provided to a patient whose family income for the twelve months preceding the determination is less than or equal to 200 percent of the federal poverty level, unless the amount of hospital charges due from the patient exceeds 25 percent of the annual family income. However, in no case shall the hospital charges for a patient whose family income exceeds four (4) times the federal poverty level for a family of four be considered charity. Each hospital will determine which patients are charity care patients by a verifiable process subject to the following provisions:

Documentation shall include one of the following forms:

- 1) W-2 withholding forms
- 2) Paycheck stubs
- 3) Income tax returns
- 4) Forms approving or denying unemployment compensation or worker's compensation.
- 5) Written verification of wages from employer
- 6) Written verification from public welfare agencies or any governmental agency which can attest to the patient's income status for the past twelve (12) months
- 7) A witnessed statement signed by the patient or responsible party, as provided for in public law 770-725, as amended, known as the Hill-Burton Act, except that such statement need not be obtained within the 48 hours of the patients' admission to the hospital as required by the Hill-Burton Act. The statement shall include an acknowledgement that, in accordance with Section 817.50 F.S., providing false information to defraud a hospital for the purpose of obtaining goods or services is a misdemeanor in the second (2nd) degree.
- 8) A Medicaid remittance voucher which reflects that the patient's Medicaid benefits for that Medicaid fiscal year have been exhausted.