

**CENTER FOR HEALTH
INFORMATION AND ANALYSIS**

INSTRUCTIONS

ACUTE HOSPITAL FINANCIAL PERFORMANCE REPORT
ANNUAL AND QUARTERLY STANDARDIZED FINANCIAL STATEMENTS

DECEMBER 2016



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Section I: General Information Regarding the Submissions

Standards

These are the instructions for the Annual and Quarterly Financial submissions. These filings represent cumulative, year-to-date data from the hospital's Balance Sheet, Statement of Operations, and Statement of Cash Flow. These statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP). NOTE: Report amounts in whole dollars.

Submission Requirements

Each hospital is required to file Annual and Quarterly Standardized Financial Statements electronically. Effective January 10, 2017, there is a new reporting format. Reports are required to be filed using the pre-formatted Excel template and submitted through the CHIA Submissions portal. The pre-formatted Excel template, Instructions, and User Guide are available on CHIA's webpage.

Hospital staff must be registered with CHIA to submit a financial statement filing. Previous INET submitters / users should use their existing INET usernames and passwords.

New users will need to complete the [User Agreement for Hospitals](#). Completed forms should be submitted to CHIA-DL-Data-Submitter-HelpDesk@massmail.state.ma.us.

For more information, please see [INET Questions & Answers](#).

Comments

A hospital may wish to disclose information it feels would provide explanation and clarification of data presented and provide CHIA staff and the public with additional useful information that might not be evident from the financial statements alone.

Due Dates

Each Acute Hospital shall file its Quarterly Hospital Standardized Financial Filing within 45 days after the end of each of the first three quarters of the hospital's fiscal year.

Each hospital shall file its Annual Hospital Standardized Financial Filing within 100 days of the end of its fiscal year.

Section II: Data Explanations/Definitions for Annual and Quarterly Submissions

Explanations and definitions of each data item required for both the Quarterly Financial and the Annual Financial submissions appear below.

NOTE: Report amounts in whole dollars.

NOTE: Line Numbers represent a coding system. Therefore some line numbers contain decimal points and others are skipped or not included.

<u>Line</u>	<u>Description</u>	<u>Definition</u>
1	Hospital Name	Choose from drop down list
1.1	Organization ID	This will populate automatically based on the hospital name
2	Submitted by	Hospital Contact's Name
3	Fiscal Year	Choose from drop down list
3.1	Reporting Period	Choose from drop down list: Q1, Q2, Q3, Q5 (Annual)
4	Balance Sheet	Heading – No Information Required
4.1	Assets	Heading – No Information Required
5	Current Assets	Heading – No Information Required
6	Cash and Cash Equivalents	Cash Equivalents are short term, highly liquid investments (including note receivables) with a maturity of 3 months or less, excluding amounts whose use is limited by Board designation or other arrangements under trust agreements or with third party payers.
7	Short-term Investments	Investments in equity or fixed-income securities with a maturity of 3 to 12 months.

8	Current Assets – Whose Use is Limited	Any current portion of assets whose use is limited, as board-designated, trustee-held, and other designations.
9	Receivables	Heading – No Information Required
10	Net Patient Accounts Receivable	Patient accounts receivable, less an allowance for uncollectible and contractual adjustments.
11	Receivables Due From Affiliates	Transferred funds (including loans, advances, transfers, and equity contributions made) that are expected to be received from affiliated entities within the current accounting period.
12	Third Party Settlements	Includes amounts reported as current that represent final settlements due to the hospital.
12.1	Other Current Assets	Includes receivables and all other current assets except those cited in 10, 11, & 12.
16	Total Current Assets	Total of rows 6 through 12.1.
17	Non-Current Assets	Heading – No Information Required
18	Non-Current - Assets Whose Use is Limited	Any noncurrent portion of assets, whose use is limited, either identified as board-designated, trustee-held, and other designations.
19	Contribution Receivables	Includes contributions, pledges, gifts, and bequests from donors that are not expected to be collected during the current period.
19.1	Interest in Net Assets	Enter interest in net assets of a beneficiary organization if those entities have an on-going economic interest in one another. (FASB 136)
22	Investment in Affiliates	Amount recorded as equity investments in other entities, which are related to the hospital.
25	Gross Property, Plant, and Equipment (PP&E)	Gross value of land, buildings, equipment, construction in progress, and capitalized leases.
26	Less: Accumulated Depreciation	Includes depreciation of PP&E and amortization of capitalized leases.

27	Net Property, Plant, and Equipment	Net amount of land, buildings, equipment, construction in progress, and capitalized leases.
27.1	Other Non-Current Assets	All other Non-Current assets.
28	Total Non-Current Assets	Total of rows 18, 19, 19.1, 22, 27, 27.1.
29	Total Assets	Total of rows 16 & 28.
30	Liabilities and Net Assets or Equity	Heading – No Information Required
31	Current Liabilities	Heading – No Information Required
32	Current Long-Term Debt	Current portion of long-term debt, capital leases, and notes payable.
34	Third Party Settlements	Estimates of amounts expected to be received from third parties. This may be in excess of allowable amounts actually received and may therefore be paid back to third parties or else resolved favorably and recognized as revenue in the future. Also the current portion of deferred revenue.
35	Current Liability-Due to Affiliates	Transferred funds (including loans, advances, transfers and equity contributions received) that are expected to be paid or returned to affiliated entities within the current accounting period.
36	Other Current Liabilities	All other current liabilities.
37	Total Current Liabilities	Total of row 32 through 36.
38	Long Term Liabilities	Heading – No Information Required
39	Long-Term Debt Net of Current Portion	Includes long-term debt (do not include current portion), obligations under capital leases and notes payable.
42	Non-Current Liabilities-Due to Affiliates	Transferred funds (including loans, advances, transfers and equity contributions received) that are expected to be paid or returned to affiliated entities, beyond the current accounting cycle.

44	Other Non-Current Liabilities	All other Non-Current liabilities.
45	Total Non-Current Liabilities	Total of row 39 through 44.
46	Total Liabilities	Total of rows 37 and 45.
47	Net Assets or Equity	Heading – No Information Required <i>Note:</i> Non-Profit facilities should complete information related to Net Assets. For-Profit facilities should report their Equity on Line 48.
48	Net Unrestricted Assets	The part of net asset that is neither permanently restricted nor temporarily restricted by donor imposed stipulations.
49	Net Temporarily Restricted Assets	The part of the net assets resulting from (i) contributions and other assets whose use is limited by donor imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions pursuant to those stipulations, (ii) other assets enhancement and diminishments subject to same kind of stipulations, or (iii) reclassification to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their fulfillment and removal by actions pursuant to those stipulations.
50	Net Permanently Restricted Assets	The part of the net assets resulting from (i) contributions and other assets whose use is limited by donor imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the organization, (ii) other asset enhancements and diminishments subject to the same kind of stipulations, and (iii) reclassification to (or from) other classes of net assets as a consequence of donor-imposed stipulations.
51	Total Net Assets or Equity	Total of rows 48 through 50.
52	Total Liabilities and Net Assets or Equity	Total of rows 46 and 51.

53	Statement of Operations	Heading – No Information Required
54	Operating Revenue	Heading – No Information Required
55	Net Patient Service Revenue	Enter the Net Patient Service Revenue received from Fee-for-Service payment arrangements. This should be calculated as Gross Patient Service Revenue less contractual adjustments, less charity / free care charges, less courtesy or policy discounts and less the provision for bad debt. Amounts received from indigent patients and free care programs (Health Safety Net) should be included.
55.1	Alternative Payment Methods	Enter revenue received from Alternative Payment Methods. These are payment arrangements which are not based solely on Fee-for-Service payment arrangements. Alternative Payment Methods may include, but are not to be limited to, shared savings arrangements, Bundled Payments, and Global Payments. Alternative payment methodologies may also include Fee-for-Service payments, which are settled or reconciled with a bundled or Global Payment.
57	Other Operating Revenue	Includes revenue from services other than health care provided to patients, as well as sales & services to non-patients.
57.1	Net Assets Released from Restrictions Used for Operations	Net assets released from donor restrictions by incurring expenses and thus satisfying donor stipulations or by occurrence of other events or passage of a particular time period, specified by donor(s).
57.2	Total Operating Revenue	Total of rows 55, 55.1, 57, and 57.1.
57.3	Non-Operating Revenue	Heading – No Information Required
58	Investment Income	All investment income (includes interest income, dividend income and realized gains, (losses) from sale of investment actively traded as well as interest income and dividend on passive investments.

58.1	Net Contribution Revenue	Donation, gift, or bequest of cash or other assets from a donor, and that are not revocable, repayable or reciprocal.
58.2	Change in Interest in Net Assets	Revenue from Interest in Net Assets reported in Line 19.1.
59	Non-Operating Gains or Losses	These are gains and losses that result from a Provider's peripheral or incidental transactions. These may include- (i) Subsidies received from governmental or community agencies. (ii) Net realized gains/losses resulting from increases and decreases in the value of "passive investments". (iii) Gains/losses on sale or disposal of assets.
59.1	Equity Method of Alternative Investments	These are net gain and losses that result from alternative investments where the investor is in the position to influence the operating or financial decision of the alternative investments. Alternative investments may include (i) tangible assets, (ii) financial assets such as commodities, private equity, distressed securities and hedge funds. An alternative investment is an investment other than stocks, bonds, and cash.
64.1	Total Non-Operating Revenue	Total of rows 58, 58.1, 58.2, 59, and 59.1.
65	Total Unrestricted Revenue Gains and Other Support	Total of rows 57.2 and 64.1.
66	Expenses	Heading – No Information Required
66.1	Salary and Benefit Expense	Includes salaries, wages and cost of fringe benefits such as paid vacations and contribution to pension funds. Salaries refer to amounts of compensation. Wages refer to the pay earned by employees at a certain rate per hour, day or week.
66.2	Outside Medical and Pharmacy Services	Enter amounts paid for Outside Medical and Pharmacy Services to other providers for patients where revenue was received through Alternative Payment Methods.

68	Depreciation and Amortization	Depreciation is the allocation of the cost of tangible fixed assets. Amortization refers to allocation of cost of intangible assets (for example, periodic payments on capital leases).
69	Interest Expense	A charge made for the use of money over a period of time.
70	Health Safety Net Assessment	Enter payments to the Health Safety Net.
71	Other Operating Expenses	Enter Operating Expenses not reported in rows 66.1 through 70.
72	Net Nonrecurring Gains and Losses	Enter amounts related to one-time/non-recurring or highly infrequent gains or losses. This category may include: gains/losses from the sale of land or lines of businesses, casualty or natural disaster losses.
73	Total Expenses Including Nonrecurring Gains / Losses	Total of rows 66.1 through 72.
74	Total Excess of Revenue, Gains and Other Support Over Expenses	Row 65 minus row 73.
74.1	Other Changes in Unrestricted Net Assets	Heading – No Information Required
78	Transfers From / To Parent /Affiliates	Includes funds transferred from and/or to parent and affiliates.
78.1	Other Changes in Unrestricted Net Assets	Changes in unrestricted net assets not reported on Line 78 and will not be reported on Lines 80 or 81.
79	Sub-Total Increase/Decrease in Unrestricted Net Assets	Total of rows 74, 78, and 78.1.
80	Changes in Unrestricted Assets Related to Pension Activities	Enter amounts related to Changes in Unrestricted Assets Related to Pension Activities other than the annual net periodic pension expense.
81	Changes in Accounting Principles	Any adjustments resulting from changes in accounting principle.
82	Total Increase/Decrease in Unrestricted Net Assets	Total of rows 79 through 81.

106	Statement of Cash Flow	Heading – No Information Required
107	Operating Activities	Heading – No Information Required
108	Change in Net Assets	Increase/decrease in net assets.
109	Adjustments to Reconcile Change in Net Assets to Net Cash	Non-cash items, non-operating cash flows and changes in operating assets and liabilities.
114	Transfers From / To) Parent/Affiliates	Includes funds transferred from (to) parent/affiliates.
114.1	Other Increases / Decreases to Cash	All other increases/decreases in cash (working Capital) except for L. 109 and 114.
139	Total Net Cash provided by Operating Activities	Total of rows 108, 109, 114, and 114.1.
140	Investing Activities	Heading – No Information Required
146	Capital Expenditures	Includes acquisition of property, plant and equipment.
146.1	Other Cash Used in Investing Activities	Other Current and Non-Current changes in assets as a result of investing activities, except L. 146.
153	Total Net Cash Used in Investing Activities	Total of rows 146 and 146.1.
154	Financing Activities	Heading – No Information Required
155	Proceeds from Issuance of Long-Term Debt and Capital Lease Obligations	Includes cash proceeds from long-term debt and capital leases.
156	Payments on Long Term Debt and Capital Lease Obligations	Includes repayment of long-term debt and capital leases.
158	Transfers From / To Parent / Affiliates	Includes funds transferred from (to) Parent / Affiliates.
158.1	Other Cash Used in Financing Activities	Any inflow / outflow of cash used for financing purposes and not listed on Line 155, 156, and 158.

165	Total Net Cash Used in Financing Activities	Total of rows 155, 156, 158, 158.1.
166	Net Increase / Decrease in Cash and Cash Equivalents	Total of rows 139, 153, and 165.
167	Cash and Cash Equivalents, Beginning of Year	Balance of cash and cash equivalents at beginning of year.
168	Cash and Cash Equivalents, End of Year	Total rows 166 & 167.
170	Financial Metrics	Heading – No Information Required
171	Operating Margin	<p><u>Definition:</u> Operating Income / Total Revenue</p> <p>Operating income is income from normal operations of a hospital, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities.</p> <p>Operating Margin is a critical ratio that measures how profitable the hospital is when looking at the performance of its primary activities.</p> <p>Operating Margin = (Line 57.2 -Line 73) / Line 65</p> <p>Line 57.2 Total Operating Revenue Line 73 Total Expenses Including Nonrecurring Gains / Losses Line 65 Total Unrestricted, Revenue Gains, and Other Support.</p>
172	Non-Operating Margin	<p>Non-Operating Margin</p> <p><u>Definition:</u> Non-Operating Income / Total Revenue.</p> <p>Non-operating income includes items that are not related to operations, such as investment income, contributions, gains from the sale of assets and other unrelated business activities.</p>

Non-Operating Margin = Line 64.1 / Line 65

Line 64.1 Total Non-Operating Revenue
Line 65 Total Unrestricted Revenue,
Gains, and Other Support.

173 Total Margin

Total Margin
Definition: Total Income / Total Revenue

This ratio evaluates the overall profitability of the hospital using both operating surplus (or loss) and non-operating surplus (or loss).

Total Margin = Line 74 / Line 65
Line 74 Total Excess of Revenue, Gains, and
Other Support Over Expenses.

Line 65 Total Unrestricted Revenue, Gains,
and Other Support

174 Current Ratio

Definition: Total Current Assets / Total
Current Liabilities

This ratio measures the hospital's ability to meet its current liabilities with its current assets (assets expected to be realized in cash during the fiscal year). A ratio of 1.0 or higher indicates that all current liabilities could be adequately covered by the hospital's existing current assets.

Current Ratio = Line 16 / Line 37
Line 16 Total Current Assets
Line 37 Total Current Liabilities

175 Days in Accounts Receivable

Definition: Net Patient Accounts Receivable/
(Net Patient Service Revenue / # of days in
period)*

This ratio measures the average number of days in the collection period. A larger number of days represents cash that is unavailable for use in operations.

Average Days in Accounts Receivable = Line
10 / (Line 55 / # Days in period)*
Line 10 Net Patient Accounts Receivable

Line 55 Net Patient Service Revenue

*Note: Number of days in period: Quarter 1= 91.25, Quarter 2 = 182.5, Quarter 3 = 273.75, or Q5/Annual = 365 days.

176 Average Payment Period

Definition: (Total Current Liabilities- Estimated 3rd Party Settlements) / [(Total Expenses-(Depreciation Expense and Amortization Expense))/number of days in period)]*

This ratio measures the average number of days it takes a hospital to pay its bills.

Average Payment Period = (Line 37 – 34) / [(Line 73 – Line 68) / # Days in period]*

Line 37 Total Current Liabilities

Line 34 Third Parties Settlements

Line 73 Total Expenses Including

Nonrecurring Gains / Losses

Line 68 Depreciation and Amortization Expense

*Note: Number of days in period: Quarter 1= 91.25, Quarter 2 = 182.5, Quarter 3 = 273.75, or Q5/Annual = 365 days.

177 Debt Service Coverage Ratio

Definition: (Excess of Revenue, Gains and Other Support + Depreciation Expense and Amortization Expense + Interest Expense)/ (Interest Expense + Current Long-Term Debt)

This ratio measures the ability of a hospital to cover current debt obligations with funds derived from both operating and non-operating activity. Higher ratios indicate a hospital is better able to meet its financing commitments. A ratio of 1.0 indicates that average income would just cover current interest and principal payments on long-term debt.

Debt Service Coverage Ratio = (Line 74 + Line 68 + Line 69) / (Line 69 + Line 32)

Line 74 Total Excess of Revenue, Gains, and Other Support Over Expenses
 Line 68 Depreciation and Amortization Expense
 Line 69 Interest Expense
 Line 32 Current Long Term Debt

178 Cash Flow to Total Debt

Definition: (Excess of Revenue, Gains and Other Support Over Expenses + Depreciation and Amortization Expense) / (Total Current Liabilities + Long-Term Debt Net of Current Portion)

This ratio reflects the amount of cash flow being applied to total outstanding debt (all current liabilities in addition to long-term debt), and reflects how much cash can be applied to debt repayment. The lower the ratio, the more likely a hospital will be unable to meet debt payments of interest and principal, and the higher the likelihood of violating any debt covenants.

Cash Flow to Total Debt = (Line 74 + Line 68) / (Line 37 + Line 39)
 Line 74 Total Excess of Revenue, Gains, and Other Support Over Expenses
 Line 68 Depreciation and Amortization Expense, Line 37 Total Current Liabilities
 Line 39 Long Term Debt Net of Current Portion

179 Equity Financing Ratio

Definition: Total Net Assets/Total Assets

This ratio reflects the ability of a hospital to take on more debt and is measured by the proportion of total assets financed by equity. Low values indicate a hospital used substantial debt financing to fund asset acquisition and, therefore, may have difficulty taking on more debt to finance further asset acquisition.

Equity Financing = (Line 51/Line 29)
 Line 51 Total Net Assets or Equity
 Line 29 Total Assets

180 Average Age of Plant

Definition: Indicates the financial age of the fixed assets of the hospital. The older the average age, the greater the short term need for capital resources.

Average Age of Plant = Line 26 / Line 68
Line 26 Accumulated Depreciation
Line 68 Depreciation and Amortization Expense

Section III: Bed Information: Definitions and Instructions

Note: *This Section is still required under the INET Submission. CHIA is planning to replace that filing during the upcoming year.*

Licensed Beds is defined as the actual number of licensed beds on the 2nd Wednesday of the first month of the quarter. For the first submission, licensed beds should be the number of licensed beds at the close of the last quarter, or on the date the data is submitted or filed with the Division. If the hospital cannot report beds on the submission/filing date, please report for a day as close to this date as possible, and indicate the date on your report. Please use a non-holiday weekday.

Weighted Average Available Beds is defined as the average number of licensed beds that were physically available for immediate patient use, whether or not staffed, excluding beds not immediately available because of renovation or maintenance, physical plant problems, or similar issues. This number will be calculated as follows: the sum of the number of calendar days each bed was available, divided by number of days in the quarter. For the first submission, available beds should be the number of available beds at the close of the last quarter, or on the date the data is submitted or filed with the Division. If the hospital cannot report available beds on the submission/filing date, please report for a day as close to this date as possible, and indicate the date on your report. Please use a non-holiday weekday.

Staffed Beds is defined as the actual number of staffed licensed beds on the 2nd Wednesday of the first month of the quarter. *If a bed was staffed for less than 24 hours in any given day, include the appropriate portion of the day that the bed was staffed. For example, if the bed was set up and staffed for only 12 hours, then only ½ bed should be included in the calculation for the day of staffed beds. For the first submission, staffed beds should be the number of staffed beds at the close of the quarter, or on the date the data is submitted or filed with the Division.* If the hospital cannot report available beds on the submission/filing date, please report for a day as close to this date as possible, and indicate the date on your report. Please use a non-holiday weekday.

Please provide the bed information for the above three types of beds for each of the bed categories provided in the form.

The categories listed in lines 1 through 19 are mutually exclusive. Do not double count individual beds by including them in more than one category.

Line # (2) Include beds in adult intensive care units that combine coronary intensive care with other types of intensive care in a single unit.

Line #(3) Include beds in all adult medical and/or surgical intensive care units, except for those in coronary intensive care units (line 4) or combined intensive care/coronary intensive care units (line 2).

Line # (4) Include only those beds in an intensive care unit devoted solely to coronary care patients. Do not include beds in units devoted to coronary care but not at an intensive level of care.

Line # (20) Key in your calculated total bed count and review the "pop-up box" for agreement, to check for any data keying errors.

Section IV: Utilization Information: Definitions and Instructions

Note: *This Section is still required under the INET Submission. CHIA is planning to replace that filing during the upcoming year.*

Ambulatory surgery is defined as surgical services to patients not normally requiring an overnight stay. This statistic must include visits by ambulatory surgery patients at all campuses and satellite locations.

Total outpatient visits are defined as the total of all visits for services not provided on an inpatient basis. This statistic must include all patients at all campuses and satellite locations.

This total should include visits for any of the following services, as well as any other outpatient service your hospital provides: Emergency services, clinic, satellite clinic (including community health service), ambulatory surgery, ambulatory renal hemodialysis (count 1 treatment equal to 1 visit), home dialysis services (count 1 peritoneal dialysis (PD) treatment day equal to 3/7 of a visit), psychiatry, home health services, observation stays (distinct or non-distinct unit), private referrals, endoscopy, oncology, minor OR, hospice, cardiac rehab, cardiac treatment center, pediatric clinic, adult day health.

For Ambulatory Surgery and Total Outpatient Visits, provide visit counts for each of the three months of the quarter. Also, key in your calculated total for the quarter for each, and review the "pop-up box" for agreement, to check for any data keying errors.