

**CENTER FOR HEALTH
INFORMATION AND ANALYSIS**

INSTRUCTIONS

**HOSPITAL SYSTEM FINANCIAL PERFORMANCE
REPORT**

ANNUAL AND QUARTERLY STANDARDIZED FINANCIAL STATEMENTS

Revised August 2020



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Section I: General Information Regarding the Submissions

Standards

These are the instructions for the Annual and Quarterly Financial submissions. Data will be submitted according to the parent system. Each template will have 4 tabs. Parent organizations and hospitals will submit a Balance Sheet and a Statement of Operations and physician organizations will submit a Statement of Operations. A Statement of Cash Flows is no longer required. These statements must be prepared in accordance with Generally Accepted Accounting Principles (GAAP). NOTE: Report amounts in whole dollars.

Beginning in August 2020, an additional schedule related to COVID-19 relief funds will be collected for parent organizations, hospitals, and physician organizations.

Submission Requirements

Each hospital health system, acute hospital, and physician organization is required to file Annual and Quarterly Standardized Financial Statements electronically. **Effective August 15, 2018, each report will be submitted according to hospital health system. If a system has more than 2 acute hospitals, they will receive a custom template from CHIA. If there are any changes to a hospital health system, please contact CHIA as soon as possible.** Reports are required to be filed using the pre-formatted Excel template and submitted through the CHIA Submissions portal located on CHIA's webpage. The pre-formatted standard Excel template for systems with two or less hospitals, Instructions, and User Guide are available on CHIA's webpage.

Hospital staff must be registered with CHIA to submit a financial statement filing. Submitters / users should use their existing 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 CHIA Submissions and [INET Questions & Answers](#).

Comments

An entity 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 or explanation for a variance from the audited financial statement that might not be evident from the financial statements alone.

Due Dates

Each Health Hospital System, Acute Hospital, and Physician Organization shall file its Quarterly Hospital Standardized Financial Filing within 45 days after the end of each of the first three quarters of the entity's fiscal year.

Each hospital health system, hospital, and physician organization shall file its Annual Hospital Standardized Financial Filing within 100 days of the end of its fiscal year. The annual filing is referred to as the Q5 filing.

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

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	Organization Name	Choose from drop down list
1.1	Organization ID	This will populate automatically based on the organization name
2	Submitted by	Organization 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 organization.
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 organization.
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	For Not-for-Profit Entities and in accordance with FASB No. 2016-14, shall report <i>net assets without donor restrictions</i> . For-Profit entities should report all classifications of Equity.
49	Net Temporarily Restricted Assets	Due to changes in FASB No. 2016-14 Presentation of Financial Statements for Not-for-Profit Entities, this line should be left blank.
50	Net Permanently Restricted Assets	Due to changes in FASB No. 2016-14 Presentation of Financial Statements for Not-for-Profit Entities, this line should include <i>net assets with donor restrictions</i> .
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. Do not include any relief funds related to COVID-19.
57.01	Other Operating Revenue: Federal COVID-19 Relief Funds	Enter the total COVID-19 relief funds received from federal sources reported as operating revenue.
57.02	Other Operating Revenue: State & Other COVID-19 Relief Funds	Enter the total COVID-19 relief funds received from the state or other sources, such as private grants or contributions reported as operating revenue.
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.

170 Financial Metrics

Heading – No Information Required

171A Operating Margin

Definition: Operating Income / Total Revenue

Operating income is income from normal operations of an organization, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities.

This metric includes all COVID-19 relief funds received.

Operating Margin is a critical ratio that measures how profitable the organization is when looking at the performance of its primary activities.

Operating Margin =
(Line 57.2 -Line 73) / Line 65

Line 57.2 Total Operating Revenue
Line 73 Total Expenses Including
Nonrecurring Gains / Losses
Line 65 Total Unrestricted, Revenue
Gains, and Other Support.

172A Non-Operating Margin

Non-Operating Margin
Definition: Non-Operating Income / Total Revenue.

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.

Non-Operating Margin = Line 64.1 / Line 65

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

173A Total Margin

Total Margin
Definition: Total Income / Total Revenue

This ratio evaluates the overall profitability of the organization using both operating

surplus (or loss) and non-operating surplus (or loss).

This metric includes all COVID-19 relief funds received.

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 organization'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 organization'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 an organization 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 an organization to cover current debt obligations with funds derived from both operating and non-operating activity. Higher ratios indicate a organization 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 an organization 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 an organization to take on more debt and is measured by the proportion of total assets financed by equity. Low values indicate an organization 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 organization. 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

Financial Metrics (Without COVID-19 Relief Funds)

Heading – No Information Required

170B Total Excess of Revenue, Gains, And Other Support Over Expenses (Without COVID-19 Relief Funds)

Row 65 minus rows 57.01, 57.02, and 73.

171B Operating Margin (Without COVID-19 Relief Funds)

Definition: Operating Income / Total Revenue

Operating income is income from normal operations of an organization, including patient care and other activities, such as research, gift shops, parking, and cafeteria, minus the expenses associated with such activities.

This metric calculates what the operating margin would have been if no COVID-19 relief funds were received.

Operating Margin is a critical ratio that measures how profitable the organization is when looking at the performance of its primary activities.

Operating Margin (Without COVID-19 Relief Funds) =

$$\frac{((\text{Line 57.2} - \text{Line 57.01} - \text{Line 57.02}) - \text{Line 73})}{(\text{Line 65} - \text{Line 57.01} - \text{Line 57.02})}$$

Line 57.2 Total Operating Revenue

Line 57.01 Other Operating Revenue: Federal COVID-19 Relief Funds

Line 57.02 Other Operating Revenue: State & Other COVID-19 Relief Funds

Line 73 Total Expenses Including

Nonrecurring Gains / Losses

Line 65 Total Unrestricted, Revenue

Gains, and Other Support.

172 Non-Operating Margin (Without COVID-19 Relief Funds)

Non-Operating Margin

Definition: Non-Operating Income / Total Revenue.

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.

Non-Operating Margin = $\frac{\text{Line 64.1}}{(\text{Line 65} - \text{Line 57.01} - \text{Line 57.02})}$

Line 64.1 Total Non-Operating Revenue

Line 65 Total Unrestricted Revenue, Gains, and Other Support.

Line 57.01 Other Operating Revenue: Federal COVID-19 Relief Funds
 Line 57.02 Other Operating Revenue: State & Other COVID-19 Relief Funds

173 Total Margin (Without COVID-19 Relief Funds)

Total Margin
Definition: Total Income / Total Revenue

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

This metric calculates what the total margin would have been if no COVID-19 relief funds were received.

Total Margin = Line 170B / (Line 65 – Line 57.01 – Line 57.02)

Line 170B Total Excess of Revenue, Gains, and Other Support Over Expenses.(Without COVID-19 Relief Funds)
 Line 65 Total Unrestricted Revenue, Gains, and Other Support
 Line 57.01 Other Operating Revenue: Federal COVID-19 Relief Funds
 Line 57.02 Other Operating Revenue: State & Other COVID-19 Relief Funds

Section III: Data Explanations/Definitions for Annual and Quarterly Submissions – COVID Funds

Beginning in August 2020, an additional schedule has been added to report information on COVID-19 relief funds received. All of the amounts reported must also be included in the appropriate line on the balance sheet or statement of operations. Parent organizations, hospitals, and physician organizations are required to report all applicable information.

Explanations of each category of funding and the reporting requirements for each appear below.

NOTE: Report amounts in whole dollars.

Categories of Funding

CARES Act, Title VIII, Provider Relief Fund, as amended

1. \$30 billion based on prior year’s Medicare fee-for-service (FFS) payments
2. HHS’s additional disbursement of \$20 billion based on net patient service revenue
3. HHS’s additional disbursement of \$12 billion for hospitals in COVID-19 high impact areas

4. HHS's allocation for treatment of the uninsured
5. HHS's allocation of \$13 billion for safety net hospitals
6. HHS's second distribution of funds for hospitals in COVID-19 high impact areas
7. Additional funds distributed (e.g. rural allocation, other)

CARES Act, Section 1102, Paycheck Protection Program, as amended

Loan funds used to retain workers, maintain payroll, and pay health care benefits. Funds may also be used for specific financing or operating expenses. If funding was used for financing, please describe in the comment section.

CARES Act, Title IV, Emergency Relief and Tax Payer Protections

Treasury loans to large businesses and not-for-profits with 500+ employees, designed to assist employers in maintaining workforce levels.

CARES Act, Section 3719, Medicare Advance Payments

Medicare advance payments to hospitals and health care providers of up to 100% of prior period payments (acute care hospitals) or 125% prior period payments (critical access hospitals) to ensure cash flow. 12 months for repayment.

CARES Act, Section 3709, Medicare Sequester Relief

Provides prompt economic assistance to health care providers by temporarily lifting the Medicare sequester, which reduces payments by 2%. This is a temporary rollback, effective May 1 through Dec. 31, 2020, that boosts Medicare payments for hospitals, physicians, and other care providers.

CARES Act, Section 3813, Disproportionate Share Hospital Reductions

Delayed \$4 billion reduction to hospitals' Disproportionate Share Hospital (DSH) payments. Hospitals will retain prior period DSH method calculation, increasing current year DSH payments.

CARES Act, Section 3831, Graduate Medical Education (GME) Payments

Extends Medicare payment for GME payments. Hospitals will retain prior period GME rates.

CARES Act, HHS Public Health and Social Services Emergency Funds

\$90 million for HIV/AIDS program

\$180 million for critical access hospitals, rural tribal health, and telehealth programs

\$5 million for poison control centers

Private Foundation Grants or Contributions

Provide a list of all funds received from other sources (privately-funded, gifts, grants, loans) related to COVID-19. Identify funding source, amount of funding, date of receipt, and purpose for which funds are to be used.

State Supplemental Funds

Funding provided from MassHealth related to COVID-19 relief

MassHealth Advance Payments

Advance payments from MassHealth related to COVID-19 relief

Reporting Requirements

For each category of funding, the following must be reported:

Amount received	Aggregate amount received by the entity for the reporting period to date.
Reported as	Where the amount is reported in the Standardized Financial Filing List of Options: Net Patient Service Revenue Other Operating Revenue Current Assets Long-Term Assets Current Liabilities Long-Term Liabilities Other (Use Comment Section) Unable to Estimate (This option should only be used when the actual amount received cannot be determined)
Amount expected to be repaid	Estimated or actual amount expected to be repaid to the funding source