

# Vermont Hospitals Uniform Reporting Manual FY 2025

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# 1 Introduction

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This document serves as guidance to Vermont hospitals under 18 V.S.A. §§ 9375(b)(7), 9456 which authorizes the Green Mountain Care Board to review and establish hospital budgets. In accordance with this statute the Green Mountain Care Board has adopted the "Uniform Reporting Manual" as a basis for standardized reporting of hospital budgets to the Board in its review process.

## 1.1 Background

The definitions and account structures included in this reporting manual are largely based on the Medicare Cost Reports but also reflect input from the Green Mountain Care Board, Vermont's hospitals, and other key stakeholders. While this document should be a relatively stable source of information for hospital reporting, it is important that it accurately reflects hospitals' financial positions, and thus is open for feedback and updates as necessary on an annual basis.

## 1.2 How to use this manual

This manual is organized around the content of key financial statements with the definitions and account structures included here intending to capture the breadth and depth of information necessary for the Board to perform its review. This manual is intended to be a reference manual for the inputs to the hospital budget reporting process, not the comprehensive documentation of annual reporting requirements, which can instead be found in the annual hospital budget guidance. Neither is this a technical specification document for hospital reporting. Instructions for software to be used in the budget submission process can be found [HERE](#).

## 1.3 Updates to this manual

This is the first year of this version of the uniform reporting manual. Updates made in subsequent years may be found in this section.

## 1.4 Hospital budget accounting & financial reporting overview

There are several types of accounting, each with its own unique focus and purpose. Financial accounting is the process of recording, summarizing, and reporting financial transactions to external stakeholders, such as investors, creditors, and government regulators. Financial accounting is largely governed by Generally Accepted Accounting Principles (GAAP), which provide a standardized set of rules for financial reporting, though other reporting standards do exist (e.g. IFRS, Cash Basis, Modified Accrual).

Under GAAP, there are three key financial statements that companies are required to prepare and report (1) Income Statement, (2) Balance Sheet, and (3) Statement of Cash Flows. In addition to these three key financial statements, another key area of financial accounting includes financial ratio analysis. The body of this reporting manual will be organized around these four key domains.

- (1) **Income Statement:** Also known as the profit and loss statement (P&L), the income statement reports a company's revenues, expenses, gains, and losses over a specific period of time, typically a quarter or a fiscal year. The income statement is used to determine a company's profitability and financial performance.
- (2) **Balance Sheet:** The balance sheet reports a company's assets, liabilities, and equity at a specific point in time. Assets are items of value that a company owns, such as property, equipment, and cash. Liabilities are amounts that a company owes to others, such as loans, accounts payable, and taxes. Equity represents the value of the company that is attributable to its owners. The balance sheet is used to assess a company's financial health and liquidity.

- (3) **Statement of Cash Flows:** The statement of cash flows reports a company's cash inflows and outflows over a specific period of time. The statement is divided into three sections: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. The statement of cash flows is used to assess a company's ability to generate cash to meet its financial obligations.
- (4) **Financial Ratios and Industry Benchmarks:** This includes the calculation and analysis of financial ratios, such as liquidity ratios, profitability ratios, and solvency ratios. Financial ratio analysis is used to assess a company's financial performance and to compare it to other companies in the same industry. Here we will discuss and include metrics that are salient to hospitals and comparable entities.

#### 1.4.1 Accounting and reporting principles

The principles described in this section reflect the current state of hospital accounting. Where Generally Accepted Accounting Principles are limited or restricted, modifications have been made to allow for more detailed and precise accounting practices so that a uniform reporting system for hospitals could be established.

**NOTE:** Any reporting principles and concepts not specifically discussed in this manual should be reported according to the Generally Accepted Accounting Principles (GAAP) as interpreted in the options of the American Institute of Certified Public Accountants (AICPA) and in the statements by the Financial Accounting Standards Board (FASB).

A fundamental reporting concept is that of the accounting entity of unit. For reporting purposes, the Hospital is presumed to be an entity capable of buying, selling and taking other economic actions which are to be accounted for separately from the personal affairs of those responsible for the Hospital's administration. The Hospital itself is the primary unit for which the accounting records are maintained. However, most departments of the Hospital usually assume sufficient importance to require separate treatment as subordinate entities or units of accountability for planning and control process.

Another basic reporting concept is that of continuity of activity or the going concern. The assumption is that the Hospital will continue to function indefinitely. It then becomes necessary to divide the life of the Hospital into reporting periods to determine revenues earned and expenses incurred during each period and to measure the amounts of assets and obligations at the end of each period.

##### 1.4.1.1 Reporting Period

The base reporting period is one fiscal year. For all Vermont acute care hospitals, the fiscal year shall be from October 1 to September 30. The Brattleboro Retreat's fiscal year is January 1 to December 31.

##### 1.4.1.2 Objective Evidence

Information produced by the accounting process should be based, to the extent possible, upon objectively determined facts. Transactions should be supported by properly executed documents such as charge slips, purchase orders, suppliers' invoices, canceled checks, etc. Such documents serve as objective evidence of transactions and should be retained as a source of verification of the data in the accounting records.

Certain determinations that enter into the accounting records are based on estimates. The estimates should be based on experience modified by expected future considerations. Examples would include recognition of estimated provisions for depreciation and bad debts.

Books, papers, records, or other data relevant to matters of Hospital ownership, organization, and operation must be maintained. The data must be maintained in an ongoing record keeping system which allows the data to be readily verified by qualified auditors.

#### 1.4.1.3 Conservatism

Conservatism is a quality of judgment to be exercised in evaluating the uncertainties and risks present in the Hospital entity to assure that reasonable provisions are made for potential losses in the realization of recorded assets and in the settlement of actual and contingent liabilities. However, conservatism is not a justification for deliberate understatement.

#### 1.4.1.4 Consistency

Consistency refers to continued uniformity, during a period and from one period to another, in methods of accounting, mainly in valuation basis and methods of accrual, as reflected in the financial statements of an accounting entity, e.g., change from first in first out (F.I.F.O.) inventory method to the last in first out (L.I.F.O.) method. Consistency is very important to the development and analysis of trends on a year-to-year basis and as a means of forecasting. However, consistency does not require continued adherence to an accounting method or procedure that is incorrect or no longer useful, nor does it preclude a justifiable and desirable change in accounting and reporting methods or procedures unless otherwise specified in this Manual.

#### 1.4.1.5 Full Disclosure

The concept of full disclosure requires that all significant data be clearly and completely reflected in accounting reports. If, for example, a hospital was to change its method of accounting for certain transactions, within the limitations of this Manual, and if the change had a material effect on the reported financial position or operating results, the nature of the change in method and its effect must be disclosed. No fact that would influence the decisions of management, the governing board, or other users of financial statements should be omitted from or concealed in accounting reports.

#### 1.4.1.6 Materiality

Materiality is an elusive concept with the dividing line between material and immaterial amounts or events subject to various interpretations. It is clear, however, that information about an amount or event is material if its exclusion would cause misleading or incorrect conclusions to be drawn.

#### 1.4.1.7 Basis of Valuation

Historical cost is the basis used in accounting for the valuation of all assets and in recording all expenses (except fair market value in the case of donations and imputed value in the case of non-paid workers). Historical cost, simply defined, is the amount of cash or cash equivalents given in exchange for properties or services at the time of acquisition. Cost ordinarily has been the basis for accounting for assets and expenses because it is a permanent and objective measurement that reflects the accountability of management for the utilization of Hospital funds.

Hospitals, however, frequently acquire property, equipment, services, and supplies by donation. The property, equipment, service, and/or supply is considered donated when acquired without the Hospital making any payment for it in the form of cash, property, or services. The property, equipment, service, and/or supply should be valued at the fair market value which is the price that the asset would cost by bona fide bargaining between well informed buyers and sellers at the date of donation (regardless of date of receipt). Failure to give accounting recognition to donated properties and services results in an understatement of hospital assets, revenues, and expenses.

Many hospitals receive the services of members of an organization of non-paid workers that has arrangements with the Hospital for the provision of services. The services are in positions customarily held by full time employees and are performed on a regularly scheduled basis. The fair value of donated services must be reported when there is the equivalent of an employer- employee relationship and an objective basis for valuing must be reported when there is the equivalent of such services. The value of services donated by organizations must be evidenced by a contractual relationship which provides the basis for valuation. The amounts reported are not to exceed those paid others for similar work.

The value of services of a type for which hospitals generally do not reimburse individuals' performances are not included as operating cost (e.g. donated services of individuals such as volunteers and trustees).

#### 1.4.1.8 Accrual Basis of Accounting

To provide the necessary completeness, accuracy, and meaningfulness in reporting data, accrual basis of accounting is required. Accrual accounting is the recognizing and recording of the effects of transactions and other events on the assets and liabilities of the Hospital entity in the time periods to which they relate rather than only when cash is received or paid, for example, the annual writing off of one-third the cost of a three-year insurance policy to expense.

#### 1.4.1.9 Matching Revenues and Expenses

Determination of the net income of an accounting period requires measurements of revenue, revenue deductions, and expenses associated with the period. Hospital revenue must be recorded in the period in which it is earned, that is, in the time period during which the services are rendered to patients and a legal claim arises for the value of the services. Once the revenue determination is made, a measurement must be made of the amount of expense incurred in rendering the services on which the revenue determination was based. Unless there is such a matching of accomplishment (revenue) and effort (expense), the reported net income of a period may be meaningless.

The requirement that revenue deductions must also be properly matched against the gross revenue of the accounting period is sometimes overlooked. During the accounting period, patients' accounts receivable will be debited, and revenue accounts will be credited, at the Hospital's full, established rate, for all services rendered to patients. Some of these accounts receivable will remain unpaid at the end of the accounting period. Many of these accounts will be collected in cash from the patients or from third party payers, but the remainder eventually will be written off as deductions from revenue.

It is important that these revenue deductions be given accounting recognition in the same period that the related revenues were recorded even though certain of these revenue deductions cannot be precisely determined.

#### 1.4.1.10 Timing Difference

Timing differences result when accounting policies and practices used in an organization's accounting records differ from those used for reporting operations to outside agencies from which payments are received. These timing differences must be reflected on the Hospital's accounting records in accordance with the AICPA Hospital Audit Guide.

## 1.5 Units of analysis

Included in this section are the various units of analysis and their definitions that could be used during budget reporting. Hospital budget guidance will specify at which unit analysis reporting is required.

### 1.5.1 Service area

The Service area is a domain of operational focus within a hospital, often reflect a setting of care. Service areas include:

- Inpatient routine services
- Outpatient routine services
- Outpatient ancillary services
- SNF ECF ancillary services
- Chronic/rehab ancillary services
- Inpatient ancillary services
- Outpatient general services
- Physician office practice services
- Swing bed ancillary services
- General services
- Ancillary services
- Other services

### 1.5.2 Service area units of analysis

Within each service area unit, there are various subunits of analysis.

#### Inpatient routine services

- Admissions: acceptance of a patient into a facility as an inpatient
- Days: a day during which a person is confined to a hospital bed overnight
- Beds: the equipment and services needed to care for one inpatient

#### Outpatient routine, ancillary and physician office practice services

- Acquired
- Charges
- Contacts
- Exams
- Prescriptions Filled
- Tests
- Units Issued
- Occurrence of service

Cases

Counts

Treatments

Visits

Provider Work RVUs

### 1.5.3 Department

Departments are subdivisions of hospitals nested within each service area (or across a couple service areas depending on the organizational structure of the hospital), operating as an administrative oversight for one or more clinical domains.

#### 1.5.3.1 Inpatient routine service departments

All the inpatient routine service units provide nursing care to patients based on physicians' orders and approved nursing care plans. Additional activities may include, but are not limited to, the following:

Serving and feeding of patients; collecting sputum, urine, and fecal samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during patient examination and treatment; changing of dressings and cleansing of wounds and incisions; observing and recording emotional stability of patients; assisting in bathing patients and helping into and out of bed; observing patients for reaction to drugs; administering specified medication; answering of patients' call signals; and keeping patients' rooms (personal effects) in order.

*Acute Care Services:* This department is a summary of the sub-departments that follow.

*Critical Care (Intensive, Coronary Care, Burn Units):* this unit is staffed by specially trained nursing personnel and contains monitoring and specialized support equipment for patients who require intensified, comprehensive observation and care.

*Medical/Surgical:* providing daily bedside nursing care

*Neonatal Intensive Care:* provision of care to newborn infants that is of a more intensive nature than care provided to newborn acute patients. Care is provided based on physicians' orders, approved nursing personnel, and contains specialized support equipment for treatment of those newborn infants who require intensified, comprehensive observation and care because of shock, trauma, or life-threatening conditions.

*OB/GYN:* providing daily bedside nursing care which focuses on women's health.

*Pediatric:* providing daily bedside nursing care to pediatric patients.

*Psychiatry:* providing daily bedside nursing care, staffed with nursing personnel specially trained to care for the mentally ill.

*Other Acute Care:* provide acute care to patients based on physicians' orders and approved nursing care plans. Included are those units not required to be included in other specific Acute Care departments such as detoxification care (chemical dependency).

*Chronic and Rehabilitation:* Chronic Care Unit is devoted to the care and treatment of patients whose condition requires frequent physician visits in addition to skilled nursing and regular intervention by other therapists and technicians. The illness is expected to continue for an extended period.



Rehabilitation Unit is devoted to the provision of comprehensive services to patients with primarily physical handicaps. Although coordinated to minimize the patients' mental, social, and vocational disadvantages, the course of treatment is limited to the period in which the patient continues to make progress toward his treatment goal.

*Nursery:* Feeding infants; collecting sputum, urine, and fecal samples; monitoring of vital life signs; operating of specialized equipment related to this function; preparing of equipment and assisting of physicians during infant examination and treatment; changing of dressings and cleansing of wounds and incisions; bathing infants; observing infants for reaction to drugs; administering specified medication.

*Skilled Nursing Facility/Extended Care Facility (SNF/ECF):* care in which the patients require convalescent and/or restorative services at a level less intensive than the Medical, Surgical, and Pediatric acute care requirements.

*Swing Bed:* Medicare agreement where a patient is required to receive acute care as a hospital inpatient for a medically necessary stay of at least 3 consecutive calendar days.

*Other inpatient routine service departments:* other inpatient routine service departments not listed above.

#### 1.5.3.2 Outpatient routine service departments

*Home Health Services:* provision of nursing care to patients at their place of residence. Activities of each of the following functions may be performed for patients outside the Hospital: nursing care, intravenous therapy, inhalation therapy, electro cardiology, physical therapy, speech, occupational and recreational therapy, social service, dietary, and housekeeping. Any of these ancillary services which are counted as a home health statistic should not be counted as an outpatient statistic in those departments.

*Observation Care:* a unit in a hospital that provides the second-highest level of care. Patients may be booked directly into the unit when they arrive at the hospital, or they may be transferred into the unit from the Intensive Care Unit (ICU) once they have been stabilized.

*Endoscopy:* a unit in the hospital which endoscopies are performed.

*Oncology and Cancer Care Centers:* provides treatment and investigation of cancers.

*Community Wellness / Population Health:* dedicated to improving health outcomes for identified populations.

*Surgical Day Care:* services are provided to outpatients by specifically trained nursing personnel who assist physicians in the performance of surgical and related procedures both during and immediately following surgery whether the patient is admitted to the Hospital or is treated and released. Visits made by surgical day care patients to departments such as Laboratory and X ray are not included here but are included in that department's standard unit of measure.

*Other outpatient routine services:* other outpatient routine service departments not listed above.

#### 1.5.3.3 Outpatient general service departments

*Administration:* responsible for the management and direction of the organization—may include personnel, budgeting, logistics, and those responsible for implementing policy.

*Anesthesiology:* the branch of medicine dedicated to relieving pain and inducing anesthesia during surgery and other medical procedures.

*Cardiac rehabilitation:* treatment for improving cardiovascular health after an acute heart condition.

*Chemotherapy*: treatment of disease using chemical substances, especially the treatment of cancer.

*Dietary*: provides medical advice about patient diet.

*Drugs sold*: pharmaceutical sales.

*Emergency room*: provided in emergency department.

*Inhalation therapy*: treatment provided directly through airway.

*Laboratory*: screening and diagnostic testing on clinical specimens.

*Operating room*: provided in an outpatient setting.

*Pharmacy*: provides pharmaceutical drugs used in the outpatient setting.

*Physical therapy*: non-surgical and non-pharmaceutical treatment of disease, injury, or other physiological differences.

*Radiology – diagnostic*: imaging conducted to determine cause of medical complaint.

*Rehabilitative services*: treatment to improve daily functioning and/or skills.

*Other outpatient general services*: other outpatient general service departments not listed above.

#### 1.5.3.4 Physician office practice services

*Clinics*: Clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Included as direct expenses are: salaries and wages (non-physician only), professional fees, supplies, purchased services, other direct expenses, and transfers. Clinics provide organized diagnostic, preventive, curative, rehabilitative, and educational services on a scheduled basis to ambulatory patients. Additional activities may include, but are not limited to, the following: Participating in community activities designed to promote health education; assisting in administration of physical examinations and diagnosing and treating ambulatory patients having illnesses which respond quickly to treatment; referring patients who require prolonged or specialized care to appropriate other services; assigning patients to doctors in accordance with clinic rules; assisting and guiding volunteers in their duties; making patients' appointments through required professional service functions.

*Hospitalists*: a physician who specializes in the practice of hospital medicine, which is a delivery of comprehensive medical care to hospitalized patients. Prompt and complete attention to all patient care, which includes collaboration, communication and coordination with all physicians and healthcare personnel.

*Anesthesia*: use of medicines to prevent pain during surgery or other procedures.

*Cancer services*: treatment to cure, shrink, or slow progression of cancer.

*Children*: pediatric care.

*Family medicine*: care devoted to families.

*Medical group administration*: direct expenses incurred by physicians in a practice setting that is supported by the hospital for administrative purposes, including subsidies or physician guarantees

*Neurology*: diagnosis and treatment of disorders of the nervous system.

*Ortho rehabilitation*: treatment of patients with muscle, joint, or bone pain and limitations.

*Pathology*: determining cause or effect of disease, especially through laboratory examination of samples of body tissue for diagnostic or forensic purposes.

*PCIM*: primary care / internal medicine.

*Professional revenue*: billing services for medical groups.

*Radiology*: imagine procedures for screening and diagnosis.

*Radiation oncology*: treatment to shrink or destroy tumors.

*Surgery*: performing operations or procedures to address medical complaints.

*Women's health*: treatment and diagnosis of diseases and conditions that affect a woman's physical and emotional well-being

*Other physician office practice services*: other physician office practice services not listed above.

#### 1.5.3.5 Ancillary service departments

*Acupuncture & Pain Management*: The practice of inserting needles into the body to reduce pain or induce anesthesia.

*Ambulance Service*: ambulance and emergency helicopter services to the ill and injured who require immediate medical attention on an unscheduled basis.

*Ambulatory Care*: Medical care provided on an outpatient basis, including diagnosis, observation, treatment, and rehabilitation services.

*Anesthesiology*: Recording kind and amount of anesthetic administered; conducting physical examination of patients; observing patient's condition until all effects of the anesthesia have passed; obtaining laboratory findings before anesthetic is administered; administering treatment to patients having symptoms of post-anesthetic complication; accompanying patient to recovery room or intensive care units; prescribing pre and post anesthesia medication; establishing and carrying out safeguards for administration of anesthetics.

*Blood Bank*: A place where blood is collected from donors, typed, separated into components, stored, and prepared for transfusion to recipients.

*Cardiac Catheterization Laboratory*: This lab tests patients using a thin, flexible tube called a catheter that is inserted into the heart through blood vessels. A cardiac catheterization can check blood flow in the coronary arteries. It also checks the function of different parts of the heart, such as the heart chambers, the heart valves, and the wall of the heart.

*Cardiac Rehabilitation*: a customized outpatient program of exercise and education. Cardiac rehabilitation is designed to help the patient recover from a heart attack, other forms of heart disease or surgery to treat heart disease.

*CAT scanner*: function provides computed axial tomographic scans or computerized tomography (CT) scans of the head and other parts of the body.

*Chemotherapy*: a type of cancer treatment that uses drugs to destroy cancer cells

*Certified Registered Nurse Anesthetist (CRNA)* - A licensed professional nurse who provides the same anesthesia services as an anesthesiologist (MD).

*Day Hospital:* a special facility, or an arrangement within a hospital setting, that enables the patient to come to the hospital for treatment during the day and return home or to another facility at night.

*Diabetic Education:* helps individuals with diabetes learn how to manage their disease and be as healthy as possible.

*Drugs Sold:* used for the accumulation of the invoice cost of all pharmaceutical and intravenous solutions sold directly to patients.

*Electrocardiography (EKG):* is a test that checks for problems with the electrical activity of your heart. An EKG shows the heart's electrical activity as line tracings on paper. The spikes and dips in the tracings are called waves.

*Electroencephalography (EEG) -* a neurological test that uses an electronic monitoring device to measure and record electrical activity in the brain.

*Electromyography (EMG) -* a diagnostic procedure to assess the health of muscles and the nerve cells that control them. Motor neurons transmit electrical signals that cause muscles to contract. An EMG translates these signals into graphs, sounds or numerical values that a specialist interprets.

*Emergency Room:* provides emergency treatment to the ill and injured who require immediate medical or surgical care on an unscheduled basis. An emergency room visit is defined as medical attention given a patient who visits the emergency room, whether the patient is admitted to the hospital or is treated and released, for which a charge is generated for the emergency room and/or the hospital based physician. Visits made by emergency patients to departments such as Laboratory and X ray are not included here, but are included in that department's standard unit of measure.

*Emergency Room Physician:* professional services associated with care delivered in the emergency department.

*Holter:* A portable heart monitor-a small electrocardiogram (EKG) device.

*Infusion therapy/Anticoagulation:* Anticoagulant is an agent that is used to prevent the formation of blood clots. Anticoagulant drugs include intravenous (IV) infusions of heparin, which acts by inactivating thrombin and several other clotting factors that are required for a clot to form.

*Infectious diseases:* provides inpatient infectious disease consultations, patient care in the outpatient clinic as well as in the travel clinic.

*Inhalation Therapy:* a treatment in which a substance is introduced into the respiratory tract with inspired air. Oxygen, water, and various drugs may be administered by techniques of inhalation therapy.

*Intravenous Therapy (IV):* reflects the cost of the infusion of I.V. fluids. This includes, but is not limited to, the cost of a special nurse team and the cost of solutions.

*Kidney Acquisition:* acquires stores and preserves all human kidneys for the eventual transplantation.

*Labor and Delivery Services:* services are provided by specially trained personnel to patients in labor and delivery, including prenatal care in labor, assistance in delivery, postnatal care in recovery, and minor gynecological procedures, if performed in the Delivery suite.

*Laboratory:* performs diagnostic and routine clinical laboratory tests on tissues and cultures necessary for the diagnosis and treatment of hospital patients - activities may include, but are not limited to: transporting specimens from nursing floors and operating rooms; drawing of blood samples; processing and issuing of

whole blood and blood derivatives; caring for laboratory animals and equipment; maintaining quality control; mortuary operation; and autopsy.

*Magnetic Resonance Imaging (MRI)*: uses a powerful magnetic field, radio frequency pulses and a computer to produce detailed pictures of organs, soft tissues, bone and virtually all other internal body structures.

*Maternity Observation*: [definition]

*Medical/Surgical Supplies Sold*: used for the accumulation of the invoice cost of all medical and surgical supplies and equipment sold or rented directly to patients.

*Mental Health*: therapeutic treatment of mental illness

MH – VHS

MH (uncategorized)

*Nuclear Medicine*: involves the use of radioactive materials, called radiopharmaceuticals, to create images of organs, study body functions, analyze biological specimens and treat disease. Nuclear medicine technologists apply the art and skill of diagnostic imaging and therapeutics through the safe and effective use of radionuclides.

*Nursing Outpatient*: nursing services provided in the outpatient setting.

*Nutrient Consulting*: planning and food services to assist in the promotion of health and control of disease.

*Occupational Health/Therapy*: the teaching of manual skills and independence in self care to stimulate mental and emotional activity on the part of patients.

*Operating Room*: physicians and specially trained nursing personnel who assist physicians in the performance of surgical and related procedures during and immediately following surgery. Services are provided to inpatients and outpatients if the Hospital uses a common operating room for both inpatients and outpatients.

*Other Telemetry*: other portable devices that continuously monitors patient ECG, respiratory rate and/or oxygen saturations.

*Other ancillary services*: services not otherwise categorized.

*Physical Therapy*: provides physical or corrective treatment of bodily or mental conditions using physical, chemical and other properties of heat, light, water, electricity, sound, massage, therapeutic exercise under the direction of a physician and/or registered physical therapist. The physical therapist provides evaluation, treatment planning, instruction and consultation.

*Positron Emission Tomography (PET)*: a nuclear medicine, functional imaging technique that produces a three-dimensional image of functional processes in the body.

*Psychological Testing*: tests and other assessment tools to measure and observe a client's behavior to arrive at a diagnosis and guide treatment.

*Pulmonary Function*: tests patients through measurement of inhaled and exhaled gases and analysis of blood, and evaluation of the patient's ability to exchange oxygen and other gases. This function is performed by specially trained personnel who initiate, monitor and evaluate patient performance, cooperation, and ability during testing procedures.

*Radiation/ Oncology:* the medical specialty concerned with the use of ionizing radiation in the treatment of disease.

*Radiology –Diagnostic:* The scientific discipline of medical imaging using ionizing radiation, radionuclides, nuclear magnetic resonance, and ultrasound.

*Radiology Therapeutic:* the use of radiation in the treatment of neoplasms.

*Recovery Room:* an area, normally attached to operating theater suites, designed to provide care for patients recovering from anesthesia, whether it be general anesthesia, regional anesthesia, or local anesthesia.

*Rehabilitative Services:* direct expenses incurred in maintaining Occupational, Speech, and Recreational Therapy programs. Occupational Therapy is the teaching of manual skills and independence in self care to stimulate mental and emotional activity on the part of patients. Speech Therapy includes the therapeutic treatment for disorders of production, reception, and perception of speech and language. Recreational Therapy includes the employment of sports, dramatics, arts and other recreational programs to stimulate the patients' recovery rate.

*Renal Dialysis:* (Hemodialysis, Peritoneal, Patient Dialysis Training, Other Dialysis) - process of cleaning the blood using an artificial kidney machine or other method.

*Sleep Lab:* tests that record what happens to your body during sleep. Common sleep studies are Polysomnogram, Multiple sleep latency test (MSLT), and Maintenance of wakefulness test (MWT).

*Ultrasound:* specialized equipment to produce images using high frequency sound waves. Ultrasound examinations can help to diagnose a variety of conditions and to assess organ damage following illness.

*Other Stress/Locum Tenens:* physicians fill in for other physicians on a temporary basis for a range of a few days to up to six months or more.

*Other ancillary services:* other ancillary services not listed above.

#### 1.5.3.6 General services departments

*Administration:* The Hospital administration provides overall management and administration of the institution. Direct expenses and unassigned expenses are included here.

*Central Services and Supplies:* prepare and issues medical and surgical supplies and equipment to patients and other departments.

*Dietary:* preparing, delivering and collecting food trays for meals and nourishments to patients and to the cafeteria. This would include such sub-departments as kitchen, patient food service, and cafeteria.

*Fiscal Services:* includes fiscal services office, accounts payable, general accounting, plant and equipment, budget and costs, inventory accounting, and payroll accounting.

*Housekeeping:* maintaining general cleanliness and sanitation throughout the Hospital.

*Interns and Residents:* all expenses of a formally organized medical graduate education program that provides medical graduate clinical education to interns and residents. Additional activities include, but are not limited to: selecting qualified students; providing education in theory and practice conforming to approved standards; maintaining student personnel records; counseling students regarding professional, personal, and education problems; and assigning and supervising students.

*Laundry and Linen:* expenses involved in providing laundry and linen services for Hospital. The laundry and linen services store, issue, mend, wash, and process in service linens. The services include work on uniforms, special linens, and disposable linen substitutes.

*Maintenance of Personnel (Human Resources):* charged with finding, screening, recruiting and training job applicants, as well as payroll, administering employee-benefit programs and keeping up to date with state and federal tax laws.

*Medical Care Evaluation:* providing peer review, quality assurance, utilization review, professional standards review, and other medical care evaluation activities.

*Medical Library:* The medical library procures, stores, indexes, classifies, annotates, and abstracts books, catalogs, journals, and other related published materials, principally for medical staff use. It also reviews library records for completeness and compliance with established standards.

*Medical Records:* The medical records department provides maintenance of a records system for the use, transcription, retrieval, storage and disposal of all patient medical records, and the production of indexes, abstracts, and medical statistics for hospital management and medical staff use.

*Medical Staff Education:* expenses associated with members of the medical staff who are not assigned to specific professional service departments. The account can be further subdivided to differentiate among the expenses of the voluntary staff, the paid staff, and the medical graduate education staff and student body.

*Nursing Administration:* expenses associated with nursing administration and nursing in service education. These direct expenses include: salaries and wages, professional fees, supplies, purchased services, outside training sessions, also the salaries of supervisors of two or more specific nurses' stations should be included in this account unless there are direct assignments to other accounts.

*Nursing Education:* expenses incurred in maintaining a nursing education administrative office, a Registered Nurse Program, and a Licensed Vocational (Practical) Nurse Program.

*Operation of Plant and Maintenance:* expenses involved in the maintenance, operation, and securing of the Hospital plant and equipment. Plant maintenance includes the maintenance and repair of buildings, boiler and power plant, parking facilities, and all equipment; painting; elevator maintenance; vehicle maintenance; and performance of minor renovation of buildings and equipment.

*Pharmacy:* procures, preserves, stores, compounds, prepares, packages, controls, assays, dispenses, and distributes medications (including I.V. additives) for inpatients and outpatients under the jurisdiction of a licensed pharmacist. Development and maintenance of formulary(s) established by the medical staff; consultation and advice to medical staff and nursing staff on drug therapy; adding drugs to I.V. solutions; determining incompatibility of drug combinations; stocking of floor drugs and dispensing machines.

*Research:* direct expenses incurred in performing research in the Hospital. Administrative expenses related to specific research projects or groups of projects should be recorded in the expense center related to that project or group of projects.

*Social Services:* obtains, analyzes, and interprets social and economic information about patients that aids in diagnosis, treatment, and rehabilitation. This service includes counseling staff and patients in case units and group units and participating in the development of community social and health education programs.

*Other general service departments:* other general service departments not listed above.

#### 1.5.4 Staff and FTEs

*Employed Full-time Equivalent (FTEs):* are medical and non-medical employees of the hospital.

*Clinical<sup>1</sup>:* Clinical positions can be broadly defined as those that provide direct medical care, for example MDs, nursing staff, allied health professionals, patient care technicians and assistants.

*Mid-Level Providers/Practitioner:* professionals that include physician assistants, nurse midwives, nurse anesthetists and nurse practitioners.

*Residents & Fellows:* Resident physicians who work full or part time in a hospital to continue training after internship. Fellow physicians enter a medical specialty training programs after residency

*Physicians:* an authorized practitioner of medicine, as one graduated from a college of medicine or osteopathy and licensed by the appropriate board

*Nurses:* RNs, LPNs, or Licensed medical techs.

*Non-clinical<sup>1</sup>:* Non-clinical positions may provide a support role but do not provide actual medical care. Some examples include medical billers and coders, human resources, IT workers, executives, biomedical technicians, transcriptionists, etc.

*Administration management:* The Hospital administration provides overall management and administration of the institution. This department account contains the direct expenses associated with the overall management and administration of the institution. Also, expenses that cannot be assigned to a particular expense center should be included here.

*Administration non-management:* [definition]

*Traveling Staff (or Travelers):* hired for temporary assignments to cover vacancies and maintain staffing levels. They are tracked through the time and attendance systems (Locum Tenens/Per Diem are hired staff from temp agencies or purchased services)

*Mid-Level Providers/Practitioner:* professionals that include physician assistants, nurse midwives, nurse anesthetists and nurse practitioners.

*Residents & Fellows:* Resident physicians who work full or part time in a hospital to continue training after internship. Fellow physicians enter a medical specialty training programs after residency

*Physicians:* an authorized practitioner of medicine, as one graduated from a college of medicine or osteopathy and licensed by the appropriate board

*Nurses:* RNs, LPNs, or Licensed medical techs.

*Other:* other traveling or temporary employees not listed above.

*Other staff and FTEs:* other staff and FTEs not listed above.

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<sup>1</sup> Should a position provide both clinical and non-clinical services, for reporting purposes the proportional FTE (for example, non-clinical FTE = non-clinical hours worked / 2080) should be used for allocating staffing costs accordingly.]



### 1.5.6 Payers

*Medicare:* Medicare is a federal program that provides health insurance to individuals who are 65 or older, individuals with certain disabilities, and individuals with end-stage renal disease. This category is intended to capture traditional Medicare, which excludes Medicare Advantage.

*Medicare Advantage:* alternative plans for Medicare Part A and Part B coverage offered by Medicare-approved private companies.

*Medicaid:* A joint federal-state program that provides health insurance to low-income individuals and families, including children, pregnant women, and people with disabilities.

*Commercial health insurance:* Any type of health insurance provided by a private company (i.e. not by Medicare or Medicaid). This includes health insurance coverage provided by *private insurance companies*, which can be purchased individually or through employers, *employer-sponsored health insurance*, in which coverage is provided directly by employers to their employees and often their dependents, *Workers Compensation*, when employers pay medical expenses of a person injured on the job, and *others*.

*Self-Pay:* Individuals who do not have health insurance or who choose to pay for healthcare services out-of-pocket.

## 2 Financial Statements

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### 2.1 Income Statement

The income statement includes gross revenues and expenses that together illustrate the extent to which an entity was able to generate a profit (or loss) over a specified period of time. Revenues and expenses may be a direct result of operations or may come from non-operating sources. The following account structures and definitions shall be used when reporting components of hospital income in the hospital budget review processes.

#### 2.1.1 Patient Revenues

Patient revenues are payments, either prospective or retrospective reimbursement for the delivery of services to- and care of a patient. This section also includes contra-revenues or adjustment to patient revenues.

*Gross patient revenues:* any patient-related service billed to any payer. The amount is the full invoiced amount, or the amount hospitals would make if they were paid at gross charges, i.e. the non- discounted rate, for the care they deliver. The amount invoiced may reflect a variety of payment or reimbursement methodologies; for example some of these payments may be tied to cost and quality of care that was delivered, others may be volume-based.

*Fee-for-service:* specific negotiated rates for each procedure and/or service performed.

Cost-based

Charge-based

Prospective

Advanced

Reconciliation

*Capitation*: prospective payment based on the number of covered lives instead of the volume of services provided, that is not reconciled at year end.

*Care coordination payments*: payments for the coordination of patient care activities

*Population health management payments (PHM)*: payments dedicated to addressing health needs for defined population(s).

*Value-based incentive revenues and deductions*: associated with payments to improve quality.

VBI revenues

VBI deductions

*Blueprint for health payments*: payments in support of community-led strategies for improving health and well-being primarily by transforming primary care practices to become patient centered medical homes supported by regional community health teams (CHTs).

*Value-base infrastructure payments*: payments or incentives to providers to invest in infrastructure expected to improve patient care (e.g. EMR/HIT)

*Shared savings and losses*

*Shared savings*: some payers offer hospitals and other providers the opportunity to share in the savings associated with managing the total cost of health care for a population. These sources of revenue are calculated retrospectively often based on the difference between the actual and expected total cost of care over some period of time (usually annually).

*Shared losses*: in addition to upside risk, described above under 'shared savings', payers may also negotiate provisions for downside risk. In such cases there is the potential for a hospital to incur losses associated with a total cost of care that exceeds the expected or negotiated total cost of care for the specified population. Depending on the nature of the agreement, a hospital or provider may be liable for repaying all or a portion of those 'losses'.

*Disproportional share payments (DSH)*: Payments to eligible hospitals serving a large percentage of Medicaid and/or low-income or uninsured patients.

*Free care or Financial assistance charges*: services for which hospitals neither received, nor expected to receive, payment because they had determined the patient's inability to pay, as defined by the United States Internal Revenue Service (IRS).

*Bad debt*: services for which hospitals anticipated but did not receive payment, as defined by the United States Internal Revenue Service (IRS).

*Contractual allowances*: this reflects the discounts off gross patient service revenue for third- party payers. Different payers pay different amounts for identical services. Medicare and Medicaid unilaterally determine their payment rates prospectively. Private insurance companies negotiate payment arrangements that are based on hospital costs, discounts off listed hospital charges, percentages of Medicare rates, or other criteria. The price that these groups are able to negotiate varies (they do not all pay the same discounted rate) as does the payment methodology.

*Non-healthcare employee discounts*: Adjustments in charges for *non-health care services* rendered, in the form of employee discounts from the Hospital's full established rates, should be charged to this account and credited to the appropriate account. Health care benefit plans should be recorded under Fringe Benefits, as

an expense. Also, adjustments in charges for services rendered, in the form of courtesy allowances from the Hospital's full established rates, should be charged to this account and credited to the appropriate account.

### 2.1.2 Other Operating Revenues

Hospitals also bring in revenue by providing ongoing (non-medical) services, i.e. from sources other than through the delivery of care to patients. These activities may include cafeteria and gift shop sales, parking garage fees, research grants, and tuition for medical educational programs. Below are the definitions for key accounting categories included in other operating revenues.

*Graduate and medical education payments:* revenues received from the Vermont Department of Vermont Health Access for teaching hospital services from.

*Research grants:* funding associated with clinical trials or other research programs

*Restricted donations:* donations intended to serve the core mission of the hospital.

*Cafeteria and parking:* revenues earned in the hospital cafeteria for meals served and money received from visitors, employees and other in payment for parking privileges.

*340B retail pharmacy programs:* revenues received from the 340B drug rebate program.

*Operating grants and subsidies:* grants or subsidies supporting hospital operations e.g. any relief funds received from state (e.g., stabilization grant funds) or federal government (e.g., CARES, ACT, rural stimulus grant funds).

*Employee Sales:* purchases made by employees.

Pharmacy: retail pharmaceutical sales.

Medical/Surgical Supplies: direct purchases.

*Institutional Reference Laboratory Revenue:* a reference and consultative service not direct patient billable revenue in nature

*Institutional Services Revenue:* a reference and consultative service not direct patient billable revenue in nature and not associated with reference labs.

*Meaningful Use:* This account should be credited for grants/revenues received from Medicare and Medicaid for using certified electronic health records (EHRs) to improve patient care.

*Miscellaneous/Contract Income:* revenue from other uncategorized contracts.

*Outpatient Pharmacy Revenue:* pharmaceutical sales associated with outpatient care.

*Physicians' Offices and Other Rentals:* This account should be used to record revenue received from physicians and others for office space.

*Premium Revenue and Payer Incentives:* capitated or other per-member based payments and associated incentives.

*Reimbursed Expenses:* payments received to reimburse qualified expenses.

*Sale of Services to Other Organizations:* other services provided to other organizations for a fee.

*Specialty Pharmacy:* pharmacies that solely or largely provide medications for people living with serious health conditions requiring complex therapies.

*Other*: sources of other operating revenue not identified above.

### 2.1.3 Non-Operating Revenues

Hospital can also bring in (or lose) money on activities that are peripheral to the key activities of the hospital that are reflected in operating revenues above. Examples include interest and dividends income generated from marketable securities.

*Gain (or loss) from sale of investments*: revenues from the sale of investments; does not include any unrealized gains.

*General contributions*: fund raising, unrestricted donations that are not designated for a particular purpose, or whose purpose is peripheral to the key activities of the hospital.

*Income from funded depreciation*: transfer hospitals receive from their funded depreciation asset accounts.

*Investment Income*: income from marketable securities such as mutual funds, stocks, and bonds.

*Income from other board designated funds*: the amount of money transferred from restricted funds to the unrestricted fund to match expenses incurred by the unrestricted fund in the current period for restricted fund activities.

*Income (loss) from rentals*: the income realized from rentals of the organization that is not directly related to patient care services (e.g. employee housing).

*Transfers from related organizations*: this includes all transfers the hospital receives from related organizations.

*Unrealized gains*: revenues earned from various hospital investments because of the change in market value of unsold investments during the current year.

*Other*: immaterial sources or unique sources not presently defined.

### 2.1.4 Operating Expenses

Expenses categories follow the same breakdown as revenue categories, representing expenses incurred as a result of providing patient care, those incurred as a result of other operating activities, and as a result of non-operating activities.

*Salaries*: All compensation earned for services performed by an employee for the hospital. Also, the fair market value of services donated to the hospital by persons performing in an employee relationship. Salaries include amounts accrued for vacation, holidays, sick time, on call time, and overtime. Salaries do not include items such as the employer's share of F.I.C.A., health insurance, service awards, etc.; these items are reported as fringe benefits. Reimbursement of independent contractors, such as private duty nurses, or physicians should not be reported here.

*Fringe Benefits*: costs incurred through the provision of benefits to employees as a condition of their employment. This includes, but is not limited to, FICA, health care benefit plan costs, pension plan costs, deferred compensation plan costs, life insurance, dependent (child and elder), and dental plan costs.

*Health and dental care benefits*: costs associated with health and dental insurance

*Pension and deferred compensation*: costs associated with retirement investments paid by the employer.

*Other fringe benefits*: other fringe benefits not included above (e.g. life insurance, child care etc.)

*ACO participation dues/fees:* dues and fees as a result of participation in an accountable care organization.

*Amortization:* paying off debt with a fixed repayment schedule in regular installments over a time. Straight line amortization method should be used.

*Bad debt-non-patient:* non-collected donations or unpaid revenue for specialty services

Depreciation method should be used and recorded for each account.

*Building & Fixed*

*Major Movable*

*Equipment/Software/Other Maintenance:* expenses related to operations, including information technology.

*Health Care Provider Tax (Medicaid):* the expense paid to the State of Vermont as assessed under statute. The full cost for a given year should be reported.

*Insurance:* The cost of a contract to reimburse for property or business loss caused by events over which the insured entity has little or no control.

*Interest:*

Short Term Borrowings – as defined by your auditor.

Long Term Borrowings - as defined by your auditor.

*Lease and Rental Expense:* Payment for the use of land, buildings, equipment, or other personal property.

*Medical/Surgical Supplies:* supplies purchased to provide medical or surgical care.

*Non-Salary Marketing Expense:* the expense would include all non-salary costs that are used to advertise or market your hospital and its services. This would include all types of media.

*Purchased Services – Consulting:* Contracted services for hospital consulting.

*Purchased Services – Travelers & Locum Tenens:* Contracted services would only include those services for traveling nurses and Locum Tenens for temporary assignments to cover vacancies and maintain staffing levels.

*Other Purchased Services:* Contracted Services not defined above where contracted services are defined as the cost of services purchased from other organizations under contract. Contracted services would only include those services typically performed by a hospital, such as data processing services, laundry and linen services, and physical therapy services.

*Other Supplies Expense:* expenses for other supplies not otherwise categorized.

*Pharmaceuticals:* relating to medicinal drugs, or their preparation, use or sale.

*Prescription Drugs Expense:* relating to used medicinal drugs.

*Utilities:* Expenditures for fuel, light, water, communications, disposal, and similar products or services.

*Other operating expenses:* other operating expenses not included above.

### 2.1.5 Other Operating Expenses

Expenses included in this section should be matched to other operating revenues.

### 2.1.6 Non-Operating Expenses

Expenses included in this section should be matched to non-operating revenues.

## 2.2 Balance Sheet

The balance sheet is a financial statement that provides details on a hospital's assets and liabilities at a point in time.

### 2.2.1 Assets

#### 2.2.1.1 Current assets

*Cash & Investments:* These accounts represent the amount of cash on deposit in banks and immediately available for use in financing Unrestricted Fund activities, amounts on hand for minor disbursements, and amounts invested in savings accounts and certificates of deposit. Investments-These accounts represent temporary investments of excess operating cash which are anticipated to be needed in the on-going operations over the next twelve months.

*Patient Accounts Receivable, Gross:* This account must reflect the gross amounts due from hospital patients and third party payers.

*Allowance for Uncollectible Accounts:* Allowance for Uncollectible Accounts – Medicare, Medicaid, Commercial Insurance, and Other. These are valuation (or contra asset) accounts whose credit balances represent the estimated amount of uncollectible receivables from patients and third party payers. For a description of the deductions from revenue accounts, see the Deductions from Revenue description included in Section II of this manual.

*Due from Third-Parties:* These accounts represent the anticipated amounts due from Medicare, Medicaid or Commercial Insurance type programs that are not included in patient accounts receivable and generally represent settlements for previous year's services.

*ACO risk reserve/settlement receivable:* receivable expected from ACO shared savings

*Other Current Assets:*

*Other Accounts and Notes Receivable*

*Inventories*

*Prepaid Expenses*

*Due from Subsidiary/Affiliate*

#### 2.2.1.2 Board designated assets

*Board designated assets:* long term investments, i.e. money put aside that is not anticipated to be used within the next twelve-month period.

*Funded Depreciation:* This includes monies or marketable securities set aside for purposes of replacing or aiding in replacing depreciating fixed assets.

*Restricted Funded Depreciation*

*Unrestricted Funded Depreciation*

*Escrowed Bond Funds:* This includes monies or marketable securities held in escrow under the terms of bond indenture agreements.

*Other Board Designated Assets:* board designated assets not defined above, including monies or marketable securities set aside by the governing board for special uses.

*Restricted Other Board Designated Assets:* [definition]

*Unrestricted Other Board Designated Assets:* [definition]

### 2.2.1.3 Long term assets

*Land, Buildings & Improvements:* acquisition or improvements to land and buildings

*Land:* The balance of this account reflects the cost of land used in hospital operations. Included here is the cost of off site sewer and water lines, public utility charges for servicing the land, governmental assessments for street paving and sewers, the cost of permanent roadways and grading of a non-depreciable nature, the cost of curbs and of sidewalks whose replacement is not the responsibility of the Hospital, as well as other land expenditures of a non-depreciable nature. Unlike buildings and equipment, land does not deteriorate with use or with the passage of time; therefore, no depreciation is accumulated.

*Land Improvements:* All land expenditures of a depreciable nature used in hospital operations are charged to this account. This would include the cost of on site sewer and water lines; paving of roadways, parking lots, curbs, and sidewalks (if replacement is the responsibility of the Hospital); as well as the cost of shrubbery, fences, and walls.

*Buildings:* The cost of all buildings and subsequent additions used in hospital operations must be reported in this account. Included are all architectural, consulting, and legal fees related to the acquisition or construction of buildings. Interest paid during construction is included in this account as it is a cost of the building.

*Building Improvements:* The cost of all building improvements used in hospital operations shall be charged to this account. Building improvements are typically substitutions of better assets and they should be capitalized if the expenditure increases the future service potential of the asset.

*Fixed Equipment:* The value of all fixed equipment used in hospital operations, including boilers, generators, elevators, engines, pumps, and refrigeration machinery, including the plumbing, wiring, etc. necessary for equipment operations. Fixed equipment has the following general characteristics:

1. Affixed to the building, not subject to transfer or removal.
2. A life of three or more years, but less than that of the building to which it is affixed.
3. Used in hospital operations.

*Major Movable Equipment:* the value of all major movable equipment, including computers and IT devices, automobiles and trucks, desks, beds, chairs, sterilizers, operating tables, oxygen tents, and x ray apparatus. Equipment to be charged to this account has the following general characteristics:

1. Ability to be moved, as distinguished from fixed equipment.
2. A fixed location in the building.
3. A unit cost large enough to justify the expense incident to control.
4. Sufficient individuality and size to make control feasible by means of identification tags.
5. A minimum life of, usually, three years or more.

6. Used in hospital operations.

*Construction in Progress:* Cost of construction that will be in progress for more than one month and will be used for hospital operations should be charged to this account. Upon completion of the construction project, this account should be credited and the appropriate asset account(s) debited.

*Accumulated Depreciation:* The contra asset accounts which are credited when Depreciation Expense is recorded each accounting period. The amount of accumulated depreciation is used to determine a plant asset's book value (or carrying value). The balances in each of these accounts reflect the depreciation accumulated in hospital operations.

Land, Buildings & Improvements

Equipment-Fixed

Equipment-Major Moveable

*Other long-term assets:* cost (or fair market value at date of donation) of property, plant and equipment not used in hospital operations and accumulated depreciation. Other intangible assets not included elsewhere are also contained in this account.

## 2.2.2 Liabilities

### 2.2.2.1 Current liabilities

*Accounts Payable:* The balance of these accounts must reflect the amounts due creditors for supplies and services purchased.

*COVID-19 Funding Short-Term Liabilities:* [define]

*Salaries, Wages and Payroll Taxes Payable:* This includes the amounts payable for salaries and wages. This account also includes the accounts payable for payroll taxes withheld from salaries and wages, payroll taxes to be paid by the hospital, and other payroll deductions such as insurance premiums.

*Estimated Third-Party Payer Settlements:* These accounts represent the anticipated amounts owed to Medicare, Medicaid, or Commercial Insurance type programs, including ACO settlements and generally represent settlements for previous year's services. Liabilities to patients arising from overpayments should be recorded in Patient Accounts Receivable.

*ACO Risk Reserve/settlement payable:* payable expected from ACO shared losses

*Other Third-Party Settlements*

*Current portion of long-term debt:* portion of long-term debt payable within the next year.

*Other current liabilities:* cost (or fair market value at date) of other current liabilities not already defined. This may include accrued expenses, fees payable, interest payable, medical specialists, rent payable, current financing, property taxes payable, deferred income, notes and loans payable, due to other funds, due to subsidiary/affiliate.

### 2.2.2.2 Long-term liabilities

*COVID-19 funding long-term liabilities*

*Bonds & mortgages payable:* an obligation in writing, binding one or more parties as surety for another.

*Capital lease obligations:* a lease which meets one of the following four criteria:



- (a) The present value of the minimum lease payments is 90 percent or more of the fair value of the property to the lessor.
- (b) The lease term is 75 percent or more of the leased property's estimated economic life.
- (c) The lease contains a bargain (less than fair value) purchased option.
- (d) Ownership is transferred to the lessee by the end of the lease terms. (See FASB Statement #13 for further details.)

*Other long-term liabilities:* For other long-term liabilities, i.e. those liabilities that have maturity dates extending more than one year beyond the current year end, not already defined. For reporting purposes, the portion of these liabilities payable within one year must be reclassified and reflected as *current portion of long-term debt*.

### 2.2.3 Fund balance

*Fund Balance:* total assets less total liabilities. The excess of assets over liabilities is referred to as net equity or net assets, whereas an excess of liabilities over assets is known as a deficit in fund balance.