

**Guidance Document OIM-001**

**INCOME STATEMENT RECONCILIATION WORKSHEET**

Hospital (Column A) \_\_\_\_\_ Tax I.D. # \_\_\_\_\_

Nursing Home (Column B) \_\_\_\_\_ Tax I.D. # \_\_\_\_\_

Other (Column C) \_\_\_\_\_

Contact Name \_\_\_\_\_ Phone \_\_\_\_\_

Fiscal Year Begin Date \_\_\_\_/\_\_\_\_/\_\_\_\_ Fiscal Year End Date \_\_\_\_/\_\_\_\_/\_\_\_\_

	Data Element	(A) Hospital	(B) Nursing Home	(C) Other	(D) Total (A)+(B)+(C)
1	Gross inpatient revenue				
2	Gross outpatient revenue				
3	Total gross patient service revenue				
4	Contractual allowances				
5	Charity care @ 100% of poverty				
6	Charity care @ 200% of poverty				
7	Payments (from)/to Indigent Care Trust Fund				
8	Net patient service revenue				
9	Other revenue and operating gains				
10	Labor expenses				
11	Non-labor expenses				
12	Capital expenses				
13	Taxes				
14	Bad-debt expense				
15	Total operating expense				
16	Operating income (loss)				
17	Net non-operating gains (losses)				
18	Net extraordinary gains (losses)				
19	Cumulative effect of accounting changes				
20	Rev. & gains in excess of exp. & losses				

# Instructions for Income Statement Reconciliation Worksheet

## General Instructions

- \* The purpose of this Worksheet is to reconcile the financial information of individual operating units with the financial information of the audited financial statements of the combined units. If a hospital or a nursing home has other operating units and combined financial reports, then this worksheet must be completed and included with the Historical Filing.
- \* There are four data columns in this worksheet. Column A is for only hospital data. Column B is for only data of a nursing home facility including a hospital-based long-term care unit. Column C is for data of other hospital and nursing facility entities that are *NOT* separately incorporated, including: a nursing facility's other divisions, a continuing care retirement community, a home for adults, and a nursing home's other divisions such as for property management. Column D is the total of Column A plus Column B plus Column C, and it should agree with the combined financial statements of these entities.
- \* To separate hospital and long-term care costs, use the cost allocation methodology required by the Virginia Department of Medical Assistance Services and the Health Care Financing Administration for their cost reports.
- \* Unless otherwise stated, all financial data are defined per the 1990 AICPA audit guide, Audits of Providers of Health Care Services.
- \* Numbers below correspond to numbered items on the worksheet.

## Line Item Instructions

1. **Gross Inpatient Revenue.** Total established full charges for all services provided to inpatients including charity care.
2. **Gross Outpatient Revenue.** Total established full charges for all services provided to outpatients including charity care.
3. **Total Gross Patient Service Revenue.** Total established full charges for all inpatient and outpatient services provided to patients. This is the sum of lines 1 and 2.
4. **Contractual Allowances.** The difference between established charges and the rates paid by third-party payers under contractual agreements.
5. **Charity Care @100% of Poverty.** In Virginia, charity care is defined as care for which no payment is received and that is provided to any person whose gross annual family

income is equal to or less than 100% of the federal non-farm poverty level as published for the then current year in the Code of Federal Regulations. Report the gross revenue foregone for charity care (revenue deductions). For Hospitals this should be the same amount as reported to the Indigent Care Trust Fund.

6. **Charity Care @200% of Poverty.** This is charity care for which no payment is received and that is provided to any person whose gross annual family income is greater than 100% and equal to or less than 200% of the federal non-farm poverty level as published for the then current year in the Code of Federal Regulations. Report the gross revenue foregone for charity care (revenue deductions). Amounts entered here should *no longer be included* in Contractual Allowances, line 4.
7. **Payments (from)/to Indigent Care Trust Fund.** This applies only to Hospitals. Payments from the Indigent Care Trust Fund net of payments to the Fund, calculated on an accrual basis. A net payment *from* the Fund should be reported as a negative number.
8. **Net Patient Service Revenue.** Net patient revenue is total gross patient revenue (line 3) minus contractual allowances (line 4), minus charity care @100% of poverty level (line 5), minus charity care @200% of poverty level (line 6), plus or minus accrued payments from/to the Indigent Care Trust Fund (line 7).
9. **Other Revenue and Operating Gains.** Revenue or gains from ongoing or central operations *other than* patient care. These may include such activities as education or research programs, sales of goods and services to other than patients, and sales of personal convenience items and services to patients. Operating gains may be difficult to distinguish from *non-operating* gains (see 17 below). Report other revenue (or other operating revenue) *operating* gains as defined per the AICPA audit guide.
10. **Labor Expenses.** All expenses related to employment of personnel by the facility.
11. **Non-Labor Expenses.** Any expense that are not related to labor. *Exclude* capital and capital-related expenses.
12. **Capital Expenses.** Capital expenses as defined on the Historical Filing forms.
13. **Taxes.** Taxes as on the income statement (or imputed).
14. **Bad Debt Expense.** Bad debt expense (or provision for bad debts) as reported on the income statement.
15. **Total Operating Expense.** Total operating expense is the sum of lines 10 through 14.
16. **Operating Income (Loss).** Total operating revenue minus total operating expenses; calculated by adding lines 8 and 9 and subtracting line 15.

17. **Net Non-Operating Gains (Losses).** Non-operating gains and losses result from transactions incidental or peripheral to the facility's central ongoing operations. They may be difficult to distinguish from Other Revenue and Operating Gains (see line 9 above) and may include such items as gifts received, tax support and subsidies, returns on investment of general funds, and gain or loss on sale of properties, as well as other items. Report net non-operating gains (losses) as shown on the income statement.
18. **Net Extraordinary Gains (Losses).** Extraordinary items are transactions and other events that are material, significantly different from the typical or customary business activities, not expected to recur frequently, and not normally considered in evaluating the ordinary operating results of the facility. Report this item as shown on the income statement, net of any related tax effects.
19. **Cumulative Effect of Accounting Changes.** Report the cumulative effect of any changes in accounting principles, as shown on the hospital's income statement, net of any related tax effects.
20. **Revenue and Gains in Excess of Expenses and Losses.** The sum of lines 16 through 19. This number must be the same amount as reported on line 3.2 of the Historical Filing.