



Kansas Hospital Association Dues Variance Policy

PREAMBLE

The Kansas Hospital Association is an organization of hospitals working together to improve access, quality and the affordability of health care for all Kansas. In fulfilling its vision, KHA serves as the voice and resource for community-based hospitals by meeting member needs for advocacy and service. Our goal is to serve all community hospitals in Kansas along with health care organizations, insurers and service providers whose visions and missions are consistent with KHA's vision and mission.

I. Guiding Principles

The following principles and guidelines should be used when considering member requests for reduction in annual billed dues.

- A. Shared Responsibility. Many of KHA's advocacy and other services accrue to all hospitals regardless of their membership or dues amount. It is the philosophy of KHA that all those who benefit from the work of KHA should share appropriately in the support of the Association. Priority should be placed on KHA dues.
- B. Value. The value of KHA membership directly enhances the ability of an individual hospital to meet their local commitment of service to their community.
- C. Extraordinary Events. From time to time, hospitals may experience events which could not have been prevented or planned for. In those instances, the importance of continued membership in KHA is critical and KHA pledges to work with members in those acute situations to retain their membership status.
- D. Communication. Those whose extraordinary events necessitate a request for a dues billing variance should communicate their situation fully, including their relationships with hospital/health systems or other organizations that may be able to assist them in this time of need. Requesting organizations should articulate how the system is assisting them during this situation.

II. Policy

Staff and leadership of KHA will work with the facility to determine appropriate strategies to assist in maintaining membership in KHA. Dues reductions or variance will be provided in only the most extraordinary events. Situations must be highly unusual or exceptional, rather than hardships felt by other members simultaneously.

Recognizing that all facilities must pay a share to receive the value and benefit of membership a one year variance may be granted. Requests may be resubmitted in subsequent years with an updated description and financial metrics.

The KHA Executive Committee will take action on these requests and report their actions to the KHA Board of Directors.

III. Options for Variance

- A. Establishment of a payment plan
- B. Deferral of payment
- C. Variance to billed amount
- D. Reduced status and benefits

IV. Information

Those requesting a variance should provide the following information:

- A. Description of the event(s) which precipitated the request - Narrative description of the event(s) with rationale of why they are unique and extraordinary. Should include discussion of what is being done to eliminate the need for dues variance in future years.
- B. Ownership and basis of the organization - Description of relationship to parent corporation, taxing authority or other organization and the ability of the organization to assist in payment
- C. Financial metrics –
 - 1. Most recent audited financial statement
 - 2. Most recent year-to-date financial reports
 - 3. KHA Variance Request Form

Kansas Hospital Association Dues Variance Request Form

Please provide the following information from the most recently available data. If owned or leased by a Health system, please provide similar data for the system. Data will be reviewed, on a confidential basis, by the Executive Committee of the KHA Board

Hospital Name/Town: _____

Contact for Additional Information: _____

Telephone/ Email _____

Health System: _____

Health system contact person/phone and email _____

Financial Metrics:*

	Current Year-to-Date	Previous Fiscal Year
	FY End: _____	FY End: _____
Total Revenue	_____	_____
Net Patient Revenue	_____	_____
Other Operating Revenue	_____	_____
Non-Operating Revenue	_____	_____
Total Expenses	_____	_____
Net Operating Income/Loss	_____	_____
Total Margin	_____	_____
Patient Margin	_____	_____
Return To Net Operating Revenue	_____	_____
Days Cash On Hand	_____	_____
Long-Term Debt to Equity	_____	_____
Uncompensated Care Costs	_____	_____
Uncompensated Care as a % of Total Expenses	_____	_____

*See definitions attached

DEFINITIONS AND CALCULATIONS

Revenue definitions from AHA Annual Survey of Hospitals

Net Patient Revenue. Reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Other Operating Revenue. Revenue from services other than health care provided to patients, as well as sales and services to non-patients. Revenue that arises from the normal day-to-day operations from services other than health care provided to patients. Includes sales and services to non-patients, and revenue from miscellaneous sources (rental of hospital space, sales of cafeteria meals, gift shop sales). Also include operating gains in this category.

Non-Operating Revenue. Includes investment income, extraordinary gains and other non-operating gains.

Total Revenue is the sum of the three revenue fields (net patient, other operating, non-operating).

Net operating income/loss is total revenue minus total expense.

Total margin is net income/loss divided by total revenue.

Patient margin is (net patient revenue minus total expense) / net patient revenue.

Return to net operating revenue is net income / (net patient revenue plus other operating revenue).

Days cash on hand is (cash plus marketable securities) / (operating expense minus depreciation expense). This amount is then divided by 365.

Long-term debt to equity is long-term liabilities / fund balance.

Uncompensated care costs are bad debt charges + charity care charges, which equals uncompensated care charges. Total expenses exclusive of bad debt/(gross patient revenue + other operating revenue) = cost-to-charge ratio. Uncompensated care charges x cost-to-charge ratio = uncompensated care costs.