



STATE OF NEW YORK
DEPARTMENT OF HEALTH

433 River Street, Suite 303 Troy, New York 12180-2299

Richard F. Daines, M.D.
Commissioner

Wendy E. Saunders
Chief of Staff

December 26, 2007
DPACS: 07 - 17

Dear Chief Executive Officer:

This is to remind you that the annual submission of your hospital's Community Service Plan (CSP) covering calendar year 2007 is required, pursuant to New York State Public Health Law 2803-1 (Attachment 1). For the 2007 report, the CSP process will change to be consistent with an initiative the Department is undertaking to align the CSP and Community Health Assessment (CHA) reporting cycles, by requiring the "comprehensive report" to be submitted every 4 years vs. every 3 years. This change will allow hospitals to better utilize data from the CHAs. **To allow hospitals sufficient time to access data from the "Community Health Assessments" by collaborating with their local health departments, we are allowing hospitals to submit, in place of the comprehensive report, an annual "executive summary report" by September 15, 2008. This report must include the six elements outlined below, including the financial statement.**

In your 2007 CSP report, it is important to ensure that the "charity care & revenue and expense" figures are consistent with those in your audited annual financial statement, and the financial information reported on your "Institutional Cost Report (ICR)", pursuant to Part 86.1.11(g) and (b) in Attachment 2. **Please be advised that the Financial Statement (Attachment 4) has been revised with the assistance of the Bureau of Primary and Acute Care Reimbursement. This Statement has been updated to ensure that future community service plans accurately reflect data entered on the hospitals' Institutional Cost Report (ICR).** Once the figures are verified, the Financial Statement should be submitted with the CSP, not later than **September 15, 2008.**

Your "executive summary" CSP Report should include the six (6) elements listed below and be made available in a format (e.g., brochure/pamphlet...) suitable for public distribution and review:

- Mission
- Public Participation in Processing & Notice to Public
- Needs Assessment
- Strategic Plan
- Financial Statement
- Corporate Structure

Additional information regarding the required elements for this report is located in Attachment 3. Examples of hospital executive summaries meeting this requirement can be found in Attachment 6.

Original copy to:

Mr. Delton Courtney, MHA, Health Program Administrator IV
Bureau of Hospital and Primary Care Services
New York State Department of Health
Hedley Building – 6th Floor
433 River Street, Troy, NY 12180

NOTE: You may transmit your CSP by e-mail if less than 15 pages and all pages are attached.

Copies to:

Sue Ellen Wagner, Vice President of
Community Health
Healthcare Association of New York State
One Empire Drive
Rensselaer, New York 12144

Member Hospitals Only:

Lloyd C. Bishop, Vice President
Govt. Affairs & Community Health Initiatives
Greater New York Hospital Association
555 West 57th Street, Room 1500
New York, N.Y 10019

Should you have any questions regarding CSPs, please contact the Division of Primary and Acute Care Services at (518) 402-1004 or e-mail dx04@health.state.ny.us. Questions regarding your Institutional Cost Report (ICR) should be directed to the Bureau of Primary and Acute Care Reimbursement at 518-474-3267.

Sincerely,

Delton Courtney, MHA
Health Program Administrator 4
Division of Primary and Acute Care Services

Attachments

- (1) 10NYCRR 2803-L (page 3)
- (2) Part 86-1.11(g) (pages 4-5)
- (3) CSP General Definitions (page 6)
- (4) Addendum – Financial Statement (page 7)
- (5) CSP Financial Statement General Instructions (pages 8-9)
- (6) Hospital's CSP examples (page 10)

Attachment 1

NYS Public Health Law Section 2803-1 § 2803-l. Community Service Plans.

1. The governing body of a voluntary non-profit general hospital must issue an organizational mission statement identifying at a minimum the populations and communities served by the hospital and the hospital's commitment to meeting the health care needs of the community.
2. The governing body must at least every three years:
 - (i) review and amend as necessary the hospital mission statement;
 - (ii) solicit the views of the communities served by the hospital on such issues as the hospital's performance and service priorities;
 - (iii) demonstrate the hospital's operational and financial commitment to meeting community health care needs, to provide charity care services and to improve access to health care services by the underserved; and
 - (iv) prepare and make available to the public a statement showing on a combined basis a summary of the financial resources of the hospital and related corporations and the allocation of available resources to hospital purposes including the provision of free or reduced charge services.
3. The governing body must at least annually prepare and make available to the public an implementation report regarding the hospital's performance in meeting the health care needs of the community, providing charity care services, and improving access to health care services by the underserved.
4. The governing body shall file with the commissioner its mission statement, its annual implementation report, and at least every three years a report detailing amendments to the statement and reflecting changes in the hospital's operational and financial commitment to meeting the health care needs of the community, providing charity care services, and improving access to health care services by the underserved.

Attachment 2

NYCRR 10 Part 86 Section 86-1.11

(g) Bad debt and charity care regional pools and allowances. Regional pools will be established from which allowances will be added to hospital rates to help pay for the costs of bad debt and charity care for the three year period commencing January 1, 1983, and ending December 31, 1985. Such pools shall receive funds from hospitals pursuant to this subdivision and section 86-1.37 of this Subpart. For the rates established in 1983, the resources available for purposes of establishing the bad debt and charity care pools shall be calculated on the basis of two percent of the total statewide general hospital (including both major public hospitals and all other hospitals) reimbursable inpatient operating costs after application of the trend factor plus the addition of capital costs. For the rates established in 1984 and 1985, the resources available for establishing these pools shall be calculated on the basis of three percent and four percent, respectively of total statewide general hospital reimbursable inpatient operating costs in the respective rate year after application of the trend factor plus the addition of capital costs.

(1) To be eligible to receive an allowance from the bad debt and charity care pool funded by paragraph (4) of this subdivision and the financially distressed hospital pool funded by subdivisions (f)(1) and (g)(8) of this section, a facility must meet the following criteria. Compliance with these criteria shall be subject to audit.

(i) The costs of bad debt and charity care must be determined according to the following definitions and must be reported in the appropriate sections of the facility's Institutional Cost Report.

(a) **Bad debt.** Bad debts are the amounts which are considered to be uncollectible from accounts and notes receivable which were created or acquired in providing services. "Accounts receivable" and "notes receivable" are designations for claims arising from rendering services, and are collectable in money in the next operating cycle. Bad debts shall be determined in accordance with generally accepted accounting principles which recognize the direct charge-off method, the reserve method, or a combination of the direct charge-off method and the reserve method. Additionally, the debt must be related to a service which the facility has been authorized by the commissioner to provide. If an amount previously written off as a bad debt is recovered in a subsequent accounting period, the amount written off must be used to reduce the cost of bad debt for the period in which the collection is made.

(b) **Charity care.** Charity care is the reduction in charges made by the provider of services because the patient is indigent or medically indigent. Reductions in charge for employees which are accounted for as fringe benefits, such as hospitalization and personnel health programs, are not considered charity care. Courtesy allowances, such as free or reduced-charge services provided to other than the indigent or medically indigent, are not considered charity care.

- (ii) The facility must maintain reasonable collection efforts and procedures.
 - (a) The hospital must utilize commonly accepted business methods and practices to collect unpaid amounts from all classes of payors. Such methods may differ for inpatient and outpatient services. The hospital shall utilize good business judgment and practices in determining the amounts to be collected.
 - (b) The hospital must determine the patient's ability to pay for the services rendered and document the method under which the determination was made.
 - (c) The hospital must generate and maintain written documentation of requests for payment for services provided.
 - (d) The hospital must take any subsequent actions as appropriate within good business practice such as subsequent billings, collection letters or telephone calls. These subsequent actions must be documented.

Attachment 3

Community Service Plans General Definitions 2007

Mission Statement

A mission statement should be a concise and specific statement that identifies the hospital's commitment to the community it serves. It should answer the question, "why does this hospital exist?" This statement may be re-affirmed by a governing body resolution if there are no changes.

Public Participation in Process and Notice

Hospitals should provide a summary statement that identifies the participants involved in assessing community health needs, e.g. organizations, community groups, broadcasting media and facility advisory boards. There should be outreach sessions in the community inviting public participation in the development of the facility's CSP. The 2007 CSP should include a brief description of how the public notice was accomplished and a listing of participants.

Needs Assessment

The Needs Assessment summary should describe joint planning and collaboration efforts between state/local hospital associations, local county health departments, civic organizations, community groups, schools, and governmental agencies, to examine existing data and identify community health needs.

Strategic Plans

A facility's strategic plan should reflect a commitment to the institution's mission. The 2007 CSP submission should include a summary that describes a facility's allocation of resources to address community health needs as identified in the Needs Assessment.

Financial Statement

The hospital's financial statement included in the CSP should provide data as requested in Attachment 4 of this document.

Corporate Structure

The hospital must provide a narrative legal description of the corporate organization of the hospital (an organizational chart does not meet this requirement). This statement may be re-affirmed by a governing body resolution if there are no changes.

Attachment 4

COMMUNITY SERVICE PLAN FINANCIAL STATEMENT

Hospital Financial Statement for Report Year: _____

Name of Facility: _____

I. Revenue

- Net Patient Service Revenue — Total All Services \$ _____
[Ex 46: ccOO3 6/line 300 or Ex. 26A: cc0285/line 005]

- Other Revenue (e.g., investments) \$ _____
[Ex. 26A: cc0037/lines 100+500+501+502+503+504+505+506]

- Total Revenue [Sum of above]: \$ _____

II. Expenses

- Depreciation & Interest (Old/New Capital—Bldg & Fix/MME) \$ _____
[Ex. 40: cc0402/line 090]

- Salaries \$ _____
[Ex. 11: ccOO40/line 960]

- Employee/Fringe Benefits \$ _____
[Ex. 11: cc0039/line 960 + ccOO41/lines 003+044+045 +/- Ex.12, cc0702 reclasses to cost centers 003 +044+045]

- Supplies and All Other Expenses \$ _____
[Ex. 11: cc0042/line 960 - (Dep. & Tnt., Sal., FB from above)]

- Total Expense [Ex. 11: cc0042/line 960]: \$ _____

III. Details of Specific Revenue / Expense Items

- Government Grants Revenue [Ex. 27, cc0037/line 090] \$ _____

- Research & Medical Education Revenue \$ _____
Specify where reported in the ICR (examine Ex. 26A Other Rev.):

- Research & Medical Education Expense \$ _____
[Ex. 11: column 5/lines 270+013+ 014+020+030+033+243]

- Bad Debt/Uncompensated Care \$ _____
(Revenue Reduction) [Ex. 46, cc0036/line 289]

- Free Care (Charity Care, Hill Burton) [Ex. 46, cc0036/line 355] \$ _____

- Courtesy \$ _____
Care [Ex. 46, cc0036/line 206]

- Community Benefits Revenue \$ _____

Specify where reported in the ICR (examine Ex. 26A Other Rev.)

ATTACHMENT 5
COMMUNITY SERVICE PLAN
FINANCIAL STATEMENT
GENERAL INSTRUCTIONS

- I. Revenue:** Includes income from patient care billings (Ex. 46 - Net Patient Service Revenue) and other operating income from donations, investments, refunds, etc. (Ex. 26A - Other Revenue and Non-Operating Gains). Assessments (Inpatient Gross Revenue Assessment, Health Facility Cash Assessment) and Bad Debts should be properly reported as a reduction to gross patient service revenue on Exhibits 46 and 26A.
- Net Patient Service Revenue - Total All Services per Exhibit 46, cc00036/line 300 should equal Net Patient Revenues as reported on Exhibit 26A, cc0285/line 005. This revenue amount is net of Bad Debts and Allowances and Other Payer Specific Deductions (Additions). The Allowance category includes Health Care Surcharges and Assessments (such as Inpatient Gross Revenue Assessment and Health Facility Cash Assessment) that for Medicaid purposes should properly be reported as revenue reductions rather than expenses.
 - Total Other Revenue per Exhibit 26A, cc0037/line 100 includes such items as income from contributions, donations, investments, purchase discounts, parking lot receipts, sales of supplies/drugs to patients, grants, etc. Other Revenue may also be reported on Exhibit 26A under the heading 'Non-Operating (Gains) Losses' (see cc0037/lines 500+501+502+503+504+505+506) and includes such items as unrestricted gifts and bequests, unrestricted and/or donor restricted endowment funds, income from funded depreciation and qualified pension funds, etc. 'Other' non-operating (gains) losses reported on lines 507, 508, and 509 should be examined for appropriateness of inclusion as well.
- II. Expenses:** For Medicaid purposes, total expenses on Exhibit 11 must exclude Assessments (Inpatient Gross Revenue Assessment, Health Facility Cash Assessment) and Bad Debts as these are correctly to be reported as reductions to revenue in the Institutional Cost Report (ICR).
- Depreciation and Interest Expense refers to Total Capital Related Costs as reported on Exhibit 40, cc0402/line 090. This Exhibit includes all variable capital cost centers as well as the hard-coded capital cost centers 001, 002, 042 and 043 typically used for reporting depreciation and capital related interest expense. Working Capital Interest is appropriately reported as an Administrative/General cost under cost center 095 and is not considered a capital cost item for hospital reporting purposes.
 - Employee Benefits (Exhibit 11, cost center 003) and Fringe Benefits (Exhibit 11, column 2.01, cc0039) include such payroll related costs as FICA, SUI, vacation, holiday and sick leave, group health insurance, group life insurance, pension and retirement, worker's compensation insurance. Non-payroll related benefits such as providing day care for children of employees (Exhibit 11, cost center 045) and in-service education (Exhibit 11, cost center 044) are also considered Employee/Fringe Benefits related costs for hospital reporting purposes. To accurately reflect total Employee/Fringe Benefits costs, reclasses

to cost centers 003, 044 and 045 per Exhibit 12, cc0702 (column labeled 'Other Than Salaries') must also be included (net amount).

III. Details of Specific Revenue / Expense Items: Medical Education Expense includes cost centers for Nursing School, Interns & Residents-Approved Program (Salary & Fringes, Other Program Costs), Supervising Physicians-Teaching, I&R Services-Non Approved Program, and Paramedical Education. For revenue items requiring specification, a separate sheet with the details after each if more space is needed.

- Government Grants Revenue for Public Hospitals must include Healthcare Workforce Recruitment and Retention Grants received pursuant to Section 30 of Article 2807-c of the Public Health Law.
- Research and Medical Education Expense is defined as costs related to Research (Exhibit 11, cost center 270), Interns and Residents (Exhibit 11, cost centers 013 and 033), Supervising Physicians-Teaching (Exhibit 11, cost center 014), Nursing School (Exhibit 11, cost center 020), Paramedical Ed. Program (Exhibit 11, cost center 030), and I&R Services-Non Approved (Exhibit 11, cost center 243). Research and Medical Education related revenue not already reported under the Governments Grants Revenue category must be specified on the line provided as to where it is reported in the ICR.
- Bad Debt/Uncompensated Care represent the revenue reduction related to the estimated amount of current revenue that will not be realized as a result of credit losses on accounts or notes receivable that were created or acquired in providing services to patients. [Part 86-1.1 1(g)(1)(i)(a)]
- Free Care (Charity, Hill Burton) reports allowances for patient services provided free of charge to indigent patients. This category should include obligations entered into under the Hill Burton Program as well as charity care. [Part 86-1.1 1(g)(1)(i)(b)]
- Courtesy reports allowances for patient services provided at reduced rates Or free of charge through a courtesy arrangement established with a specific class of patients (e.g., employees, clergy, etc.). Courtesy allowances are distinct from and not considered charity care.
- Community Benefits Revenue refers to income generated through facility sponsored community programs such as health screenings, health fairs and workshops, programs for the elderly, health education and/or training, crisis intervention programs, etc. (See Dec. 30, 1993 Dear Administrator letter, attachment 4 of package).

Source Documents Needed from the Institutional Cost Report 11CR):

- ❑ Exhibit 11 (Worksheet A) - Details of Specific Hospital Service Expenses
- ❑ Exhibit 12 (Worksheet A6) - Reclassifications
- ❑ Exhibit 23 - Balance Sheet
- ❑ Exhibit 26A (Worksheet G-3) - Statement of Revenue and Expenses
- ❑ Exhibit 27 - Appropriations From Special Funds
- ❑ Exhibit 40 - Details of Specific Capital Expenses
- ❑ Exhibit 46 - Hospital Service Revenue - Summary - All Services

[Note: cc = class code, number label identifying a specific column in the ICR Exhibits]

ATTACHMENT 6
EXAMPLES OF HOSPITAL'S CSP BROCHURES 2007

- Kaleida Health of Buffalo
www.kaleidahealth.org
716-859-3298
- Memorial Sloan-Kettering Cancer Center
www.mskcc.org
212-639-3573
- New York Presbyterian
www.nyp.org
212-746-7901
- St Elizabeth's Medical Center
www.stemc.org
315-798-8195
- St. John's Episcopal Hospital South Shore
www.ehs.org
718-869-7000
- St. Joseph's Hospital and Health Center, Syracuse
www.sjhsyr.org
315-448-5111
- St. Joseph's Hospital of Elmira
www.stjosephs.org
607-733-6541
- White Plains Hospital Center
www.wphospital.org
914-681-1119

Note: This is not an inclusive list of hospital examples.