Sec. 19a-643-201. Definitions

(a) The definitions provided by section 19a-630, of the Connecticut General Statutes and sections 19a-643-10 and 19a-643-11 of the Regulations of Connecticut State Agencies, except as otherwise noted, shall govern the interpretation and application of sections 19a-643-200 to 19a-643-206, inclusive.

(b) The following definitions shall apply to the review by the office of all matters concerning hospital financial information or statistical data reporting requirements, as applicable:

(1) "Affiliate" means a person, entity or organization controlling, controlled by, or under common control with another person, entity or organization, including but not limited to parent corporations, holding companies, related entities, joint ventures and partnerships. Factors to be considered include: common ownership of fifty or more percent; shared boards of directors; purpose; and whether an entity operates for the benefit of others. Control exists where an individual or organization has the power, directly or indirectly, to direct the actions or policy of an organization or entity. A person, entity or organization may be an affiliate for purposes of a particular project;

(2) "Ambulatory payment classification" or "APC" means the system of classifying outpatient department (OPD) services reimbursed under the Medicare program prospective payment system for hospital outpatient services as set forth in 42 USC 1833 (t) as from time to time amended;

(3) "Bad debts" means the year-end adjustment to a hospital's allowance for doubtful accounts due to the non-reimbursement of services rendered to patients from whom reimbursement was expected, resulting in the recording of bad debt expense. Bad debts exclude any financial activity not associated with patient accounts receivable;

(4) "Base year" means "base year" as defined in section 19a-659 of the Connecticut General Statutes;

(5) "Board-designated funds" means the unrestricted funds available for specific purposes or projects;

(6) "Budget year" means the twelve month fiscal period subsequent to the current year or base year beginning October 1st and ending the following September 30th. If John Dempsey Hospital of the University of Connecticut Health Center elects to operate and report on a state fiscal year basis, the budget year for that hospital shall be the twelve month period subsequent to the current year or base year beginning July 1st and ending the following June 30th;

(7) "By" means budget year;

(8) "Capital expenditures" means the expenditures for items which, at the time of acquisition have an estimated useful life of at least two years and a purchase price of at least $5,000. In addition, capital expenditures shall include expenditures of at least $10,000 for groups of related items with an expected life of more than two years, which are capitalized under generally accepted accounting principles. Such items shall include, but not be limited to, the following:

(A) Land, buildings, fixed equipment, major movable equipment and any attendant improvements thereto;

(B) The total cost of all studies, surveys, designs, plans, working drawings,

specifications, and other activities essential to the acquisition, improvement, expansion or replacement of plant or equipment or any combination thereof;

(C) Leased assets. The purchase price for leased assets shall be the fair market value of the leased assets at the time of lease as determined by the office;

(D) Maintenance expenditures capitalized in accordance with generally accepted accounting principles or provided for as part of any lease, lease purchase agreement, purchase contract, or similar or related agreement; and

(E) Donated Assets. Donations of property and equipment, which under generally accepted accounting principles are or would normally be capitalized at fair market value at the date of contribution if purchased rather than donated;

(9) "Case mix" means the average of inpatient cases, as differentiated by DRG, treated by a specific hospital during a given fiscal year;

(10) "Case mix index" means "case mix index" as defined in section 19a-659 of the Connecticut General Statutes;

(11) "Champus or Tricare" means "Champus or Tricare" as defined in section 19a-659 of the Connecticut General Statutes;

(12) "Charity care" means free or discounted health care services rendered by a hospital to persons who cannot afford to pay, including but not limited to, care to the uninsured patient or patients who are not expected to pay all or part of a hospital bill based on income guidelines and other financial criteria set forth in statute or in a hospital's charity care policies on file at the office. Bad debts, courtesy discounts, contractual allowances, self pay discounts, and charges for health care services provided to employees are not included under the definition of charity care;

(13) "Contractual allowances" means the difference between hospital published charges and payments generated by negotiated agreements for a different or discounted rate or method of payment. Charity care and bad debts are not included under the definition of contractual allowances;

(14) "Cost center" means an expense classification, which identifies the salary, non-salary and depreciation expenses of a specific department or function. In addition, cost centers may be established to identify specific categories of expense such as interest, malpractice, leases, building and building equipment depreciation;

(15) "Current year" means the fiscal year consisting of a twelve month period, which is presently underway and which precedes the budget year. Also referred to as the base year;

(16) "CY" means current year;

(17) "Discharge" means any patient who was discharged on a date subsequent to the date admitted to the hospital for treatment as an inpatient; except that it shall also mean such patient was admitted and discharged on the same day where such patient:

(A) Died; or

(B) Left against medical advice; or

(C) Was formally released from the hospital.

For purposes of this definition, patients transferred between an exempt unit and any non-exempt inpatient unit shall be considered discharged and readmitted;

(18) "DRG" means Diagnosis Related Group;

(19) "Endowment funds" means funds in which a donor has stipulated, as a condition of

his or her gift, that the principal amount of the fund is to be maintained inviolate and in perpetuity, and that only income from investments of the fund may be expended;

(20) "Equivalent discharges" means the result of multiplying inpatient discharges times the ratio of total gross revenue to inpatient gross revenue;

(21) "Exempt inpatient" means a psychiatric inpatient or a rehabilitation inpatient treated in a unit meeting the criteria set forth in 42 CFR 412.22(e), as from time to time amended;

(22) "Exempt Psychiatric Unit or Exempt Rehabilitation Unit" means respectively, an inpatient psychiatric unit or an inpatient rehabilitation unit of a general hospital that has been determined by Medicare as meeting the criteria set forth in 42 CFR 412.22(e), as from time to time amended;

(23) "Fiscal year" means:

(A) For each acute care general and children's hospital, the fiscal year consisting of a twelve month period commencing on October 1st and ending the following September 30th; or

(B) For John Dempsey Hospital of the University of Connecticut Health Center, the hospital may elect to report on the basis of the hospital fiscal year defined in subparagraph (a), or may elect to operate and report to the office based on the state fiscal year consisting of a twelve month period commencing July 1st and ending the following June 30th. If John Dempsey Hospital chooses to operate and report to the office on a state fiscal year basis, the hospital shall comply with the provisions of section 19a-643-206 of the Regulations of Connecticut State Agencies as a continuing condition for qualifying to select or maintain the option of operating and reporting on a state fiscal year basis;

(24) "Funded depreciation" means funds specifically set aside for the replacement of capital assets;

(25) "FY" means fiscal year;

(26) "Government discharges" means discharges for which the principal payer is Medicare including Medicare sponsored managed care organizations, medical assistance including Medicaid and medical assistance sponsored managed care organizations, and Champus or Tricare. A discharge will be classified as a government discharge, if Medicare, medical assistance including medicaid, Champus or Tricare is responsible for a majority of the cost of service rendered to the patient;

(27) "Gross inpatient revenue" means the total gross patient charges for hospital inpatient services consistent with medicare principles of reimbursement;

(28) "Gross outpatient revenue" means the total gross patient charges for hospital outpatient services consistent with medicare principles of reimbursement;

(29) "Gross revenue" means "Gross revenue" as defined in section 19a-659 of the Connecticut General Statutes;

(30) "Health Insurance Portability and Accountability Act of 1996" or "HIPAA" means Pub. L. 104-191 that, among other things, provides each person protections for maintaining health insurance when changing employment, coverage for preexisting conditions, and confidentiality of patient medical records;

(31) "Hospital" means a health care facility or institution licensed by the Department of Public Health to provide both inpatient and outpatient services as one of the following:

(A) A general hospital licensed by the Department of Public Health, including John

Dempsey Hospital of the University of Connecticut Health Center, as a short-term, acute care general or children's hospital; or

(B) a specialty hospital licensed by the Department of Public Health as a chronic disease hospital that provides inpatient psychiatric, rehabilitation or hospice services;

(32) "Inpatient non-exempt" means inpatients who are not patients in an exempt psychiatric unit or exempt rehabilitation unit;

(33) "Managed care organization" means a "managed care organization" as defined in section 38a-1040 of the Connecticut General Statutes, or an eligible organization as defined by Medicare in 42 USC 1395mm (b) as from time to time amended, and which can also include health maintenance organizations (HMOs) and preferred provider organizations (PPOs);

(34) "Medicaid" means the federal and state health insurance program established under Title XIX of the Social Security Act to provide medical assistance on behalf of families with dependent children and for aged, blind, or disabled individuals, whose income and resources are insufficient to meet the costs of necessary medical services, and which is administered by the Department of Social Services pursuant to Chapter 319v of the Connecticut General Statutes;

(35) "Medical assistance" means "medical assistance" as defined in section 19a-659 of the Connecticut General Statutes;

(36) "Medical assistance underpayment" means "Medical assistance underpayment" as defined in section 19a-659 of the Connecticut General Statutes;

(37) "Medicare" means the federal health insurance program provided for the aged and disabled in 42 USC 1395 through 42 USC 1995 ccc, inclusive, as from time to time amended;

(38) "Medicare Cost Report" means Form 2552, the provider reimbursement report, any successor form and all supplemental schedules and attachments required to be filed annually pursuant to 42 CFR 413.20 (b) as from time to time amended;

(39) "Medicare principles of reimbursement" means the reimbursement principles provided in 42 CFR 413, and unless cited as of a specific date, shall incorporate any subsequent amendments;

(40) "Net revenue" means "net revenue" as defined in section 19a-659 of the Connecticut General Statutes;

(41) "Nongovernmental" means any commercial or private payer and includes, but is not limited, to managed care organizations, health maintenance organizations (HMOs) and preferred provider organizations (PPOs);

(42) "Non-operating revenue" means unrestricted revenue not directly derived from patient care, related patient services, or the sale of related goods and services. Non-operating revenue is further classified as revenue derived from either philanthropic or non-philanthropic sources;

(43) "Non-recurring items" means items from a base year or budget year that are not expected to occur again in the next fiscal year;

(44) "Office" means the Office of Health Care Access;

(45) "Operating expense" means the expenses necessary to maintain the functions of the hospital including, but not limited to, any collection agency or debt collection expense;

(46) "Other operating revenue" means revenue from non-patient goods and services. Such revenue should be normal to the operation of a hospital but should be accounted for separately from patient revenues and includes, but is not limited to, the following: revenue from gifts, grants, parking fees, recovery of silver from x-ray film, fees from educational programs, rental of health care facility space, sales from hospital gift shops, cafeteria meals, subsidies specified by the donor for research, educational or other programs, revenues restricted by the donor or grantor for operating purposes, and net assets released from restrictions. Bad debt recoveries shall not be considered to be other operating revenue;

(47) "Outlier" means a medicare case for which a federal intermediary has issued an additional payment beyond the applicable federal prospective payment rate as prescribed by the medicare program;

(48) "Outlier revenue" means the total revenue received by a hospital during a reporting period for all types of Medicare outliers;

(49) "Parent corporation" means a corporate holding company or a hospital health system that controls through its governing body a hospital and the hospital's affiliates;

(50) "Payer classifications" means payers in the following categories:

(A) Nongovernmental: includes commercial and private payers;

(B) Champus or Tricare;

(C) Medicaid: includes medicaid contracted through medicaid managed care organizations;

(D) Medicare: includes medicare administered through designated fiscal intermediaries and carriers and medicare contracted through managed care organizations;

(E) Total medical assistance: includes medicaid and the state administered general assistance program contracted through general assistance managed care organizations;

(F) Other government payments: includes payments identified in 42 USC 701 through 42 USC 710, inclusive, as from time to time amended;

(G) Uninsured: includes individuals with no insurance; and

(H) Other;

(51) "Payer mix" means the proportionate share of itemized charges attributable to patients assignable to a specific payer classification to total itemized charges for all patients;

(52) "Plant replacement and expansion funds" means funds donated for renewal, expansion or replacement of existing plant or a portion of existing plant;

(53) "Preferred provider organization (PPO)" means a managed care organization, which provides health care coverage through leasing of contracts made with health care providers to insurers and employers for a fee, and which performs utilization review services;

(54) "Related corporation" means a corporation that is related to a hospital where the corporation is an affiliate or where the hospital has an ownership interest of ten per cent or more in the corporation or where the corporation has an ownership interest in the hospital of ten per cent or more;

(55) "Restricted funds" means funds temporarily or permanently restricted by donors for specific purposes. The term refers to specific purpose funds and endowment funds;

(56) "Retained earnings" means the portion of stockholders' equity that accounts for the increase or decrease in contributed or paid-in capital due to net income, net losses and dividends paid;

(57) "Self-pay discount" means the amount discounted by a hospital from its published charges for, including but not limited to, an uninsured or underinsured patient from whom reimbursement is expected, as determined by the patient not having met the income guidelines and other financial criteria from the hospital's charity care policies on file at the office;

(58) "Specific purpose funds" means funds restricted externally by a donor, or otherwise, for a specific purpose or project. Board-designated funds do not constitute specific purpose funds;

(59) "Stockholders' equity" means the claims of ownership equity in an entity also known as contributed or paid-in capital, and retained earnings;

(60) "Temporarily restricted funds" means donated funds which by the terms of the gift become available either for any purpose designated by the governing board or for a specific purpose designated by the donor upon the happening of an event or upon the passage of a stated period of time;

(61) "Third party payer" means a governmental agency, or, private nongovernmental entity that is liable by virtue of state or federal law or regulation or a contract to pay for all or a part of the cost of a patient's hospitalization or ambulatory services;

(62) "Uncompensated care" means "Uncompensated care"as defined in section 19a-659 of the Connecticut General Statutes;

(63) "Uninsured patient" means a patient who is without health insurance for whom the payer responsible for payment of the bill for hospital services rendered is the patient, the patient's parent or guardian or another responsible person, who is not a third party payer and who is not subsequently reimbursed by another payer for the cost of any of the services rendered to the patient. A patient shall not be classified as an uninsured patient, if such subsequent reimbursement takes place;

(64) "Unrestricted funds" means funds which bear no external restrictions as to use or purpose and which can be used for any purpose, as distinguished from funds restricted externally for specific operating purposes, for plant replacement and expansion, or designated as endowment funds;

(65) "Volume" means the quantity of specified inpatient or outpatient utilization statistics; and

(66) "Working capital" means current assets excluding funds committed for the retirement of long term debt, minus current liabilities excluding the current portion of long term debt. All amounts due to or from other funds, affiliates or related organizations may be considered as current assets or current liabilities. The current portion of long term debt is excluded from this definition because it is treated separately in reviewing financial requirements.

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