

Memorandum

To: Mr. Ramon J. Hirsig
Executive Director

Date: March 26, 2009

From: David J. Gau, Deputy Director
Property and Special Taxes Department



Subject: **Supplemental Reporting Requirements for Nonprofit Hospitals**
(April 16, 2009 Deputy Director's Report)

At its January 22, 2009 meeting, the Board heard speakers regarding the proposed form BOE-278-H, *Supplemental Reporting Form – Organizational Clearance Certificate Holders Nonprofit Hospital Organizations*, that will be used to gather supplemental information from nonprofit hospitals. The Board then directed staff to send the proposed form to and meet with interested parties to solicit additional comments and to perfect the content and format of the proposed form.

On January 23, 2009, a letter was sent to interested parties advising them of a meeting and providing a copy of the proposed form. The letter was sent to all organizations holding an Organizational Clearance Certificate with a "hospital" purpose and to those parties that spoke on the matter at the January 22, 2009 meeting. On March 5, 2009, staff met with interested parties to discuss the proposed form.¹

Following are responses to the Board Members' questions at its January 22, 2009 meeting:

1. Could the Board obtain the same data from another source that would be current and in a usable format?

Prior to the interested parties meeting, staff prepared schedules comparing questions on the proposed form to the Office of Statewide Health Planning and Development's (OSHPD) data and Internal Revenue Service (IRS) Form 990 Schedule H data to determine what data, if any, may be available from another source that would be current and in a usable format to aid in the discussion at the meeting. Staff found that there were some comparability issues with OSHPD and timeliness and comparability issues with the IRS data.

OSHPD Comparability Issues - Reporting to the BOE for purposes of the welfare exemption is on an organization level (the Organizational Clearance Certificate holder – a nonprofit corporation, foundation, community chest, funds, or limited liability company). Reporting to OSHPD is on a facility basis, which is based on a license with the California Department of Public Health. In order to use OSHPD data, BOE would need to identify all the facilities of the Organizational Clearance Certificate holder and then obtain information for each facility's OSHPD Financial Disclosure Reporting. For example, Catholic Healthcare West (OCC #14974), has 35 facilities reported to OSHPD. Additionally, OSHPD data does not include the organization's non-acute care facilities, such as multi-specialty clinics that are not part of the hospitals license.

¹All information distributed on this project, including handouts at the interested parties meeting, is available on the Board's website at <http://www.boe.ca.gov/proptaxes/supprep278.htm>.

IRS Timeliness and Comparability Issues - Reporting to the IRS on Form 990 Schedule H (with the exception of Part V, Facility Information) is not required until the 2009 reporting year, and is not due to the IRS until May 15, 2010, at the earliest. As to comparability, reporting on Form 990 may include data for entities other than the OCC holder; specifically disregarded entities such as a limited liability company (LLC) where the OCC holder is the sole member. For purposes of an OCC, both organizations would each hold its own certificate, assuming the LLC also qualified for the welfare exemption.

Given those circumstances, OSHPD data and information from the IRS may not be in a readily available and not in a usable format. Thus, staff does not believe it is feasible to obtain this information through OSHPD or the IRS. The proposed form can only be completed if the information is requested directly from the hospital organizations.

2. What could the Board do to make the reporting requirements easier for hospitals?

Based on discussions at the interested parties meeting, Board staff revised the proposed form to clarify requested data and narrow the scope of the request. Staff revised:

- Question 5 to specify that if the 2008 audited financial statements or Form 990 are not yet available, the organization can forward them as soon as they are completed.
- Questions 8 and 17 to request information for the most recent lien date (1/1/09).
- Question 13 to identify written policies on debt collection practices and limit request of collection of unpaid medical services to two years.
- Question 14 to be consistent with information requested in IRS Schedule H.

Additionally, upon request staff will provide an Excel listing of exemption claims granted for fiscal year 2003-04 to aid the organization in responding to question 8 of the form. To reduce the submission of paper, much of the data are requested in PDF format and the supplemental reporting form will be provided to organizations in fillable format.

3. Which, if any, questions are hospitals unable to produce a response to at this time, and why?

Based on discussions at the interested parties meeting, some hospitals may have difficulty providing information on major plant or facilities expansion and providing certain cost information. Additionally, hospital representatives contend that they are now compiling information to comply with IRS Schedule H reporting, and compiling data for the Board's proposed form would create a financial hardship. With respect to plant and facilities expansion, Board staff revised question 7 to clarify the requested data and specify that documentation on such projects need only be provided by organizations that had surplus revenues. With respect to cost data, questions 10 and 11 were revised to request cost information be provided consistent with the IRS Schedule H method or best available method.

As a result of the interested parties meeting, staff is providing a schedule of proposed changes to the form based on all information gathered in response to the Board's questions. Attachment A summarizes BOE staff's suggested changes to the proposed form, associated comments from

the meeting, and changes based on staff's research following the meeting. Attachment B is the revised proposed form reflecting staff's suggested changes.

The memorandum submitted at the January 22, 2009 Board meeting proposed initially examining approximately one-third of the hospital organizations with named Organizational Clearance Certificate holders that was a geographic representation of California. If the form is adopted at the April Board meeting, staff proposes to examine all hospital organizations over the next year, and to mail form BOE-278-OCC, *Verification for Continued Eligibility of Organizational Clearance Certificate-Welfare and Veterans' Organization Exemption*, and form BOE-278-H, *Supplemental Reporting Form-Organizational Clearance Certificate Holders Nonprofit Hospital Organizations*, to one-half of the hospital organizations on May 4, 2009, with a due date of July 2, 2009, and to the remaining one-half of the hospital organizations on July 20, 2009, with a due date of September 18, 2009 (60 days to file).²

With your approval, this item will be placed on the Board's April 16, 2009 calendar under Deputy Director's Report, Property and Special Taxes Department.

DJG:lt
Attachment

cc: Ms. Diane Olson

Approved:



Ramon J. Hirsig
Executive Director

BOARD APPROVED
at the _____ Board Meeting

Diane Olson, Chief
Board Proceedings Division

² The first cycle will include all organizations found to have surplus revenues in the last periodic review and organizations with names beginning with letters A through L; the second cycle will include organizations names beginning with letters M – Z. All hospital organizations will be notified of the supplemental reporting for 2009; those that are not included in the first cycle will be sent a letter advising them that they are included in the second cycle.

ATTACHMENT A
SUMMARY OF SUGGESTED CHANGES TO PROPOSED HOSPITAL REPORTING FORM
FOLLOWING DISCUSSIONS AT MARCH 5, 2009 INTERESTED PARTIES MEETING

Question on Proposed Form (3-09)	Suggested Revisions to Question and Associated Comments
<p>1. What were the organization's operating revenues (exclusive of gifts, endowments and grants-in-aid) for the following years?</p>	<p><u>Staff research discussed at meeting:</u> Use of OSHPD data for revenues and expenses is problematic because it is not comparable and not in a usable format. Reporting to BOE for purposes of the welfare exemption must be at the organization level (the Organizational Clearance Certificate (OCC) holder – a nonprofit corporation, foundation, community chest, funds, or limited liability company). Reporting to OSHPD is on a facility basis based on a license issued from the California Department of Public Health. Licenses can include multiple healthcare operations, but there is a criteria for consolidation outlined in the Health and Safety Code.</p> <ul style="list-style-type: none"> • In order to use OSHPD data, BOE would need to identify all hospital facilities of the OCC holder and then obtain information for each facility's OSHPD Financial Disclosure Reporting. Adjustments would be required to remove grants-in-aid from other operating revenues. • Data reported to OSHPD does not include the organization's non acute care facilities, such as multi-specialty clinics of the organization unless it meets the criteria to be under that facility's license. <p><u>Hospital representatives</u> contend that reporting to the Internal Revenue Service on Form 990 would be more consistent with BOE's needs since its reporting is on an organization basis. However, reporting on Form 990 includes entities other than the OCC holder; for example, disregarded entities such as a sole member limited liability company (LLC) would be included on Form 990 of the member organization.</p> <p><u>BOE staff</u> suggests revising the question and instructions to clarify the requested data. (BOE staff does not believe it feasible for the OCC holder to provide a copy of its Form 990 for us to extract and calculate amounts for purposes of the welfare exemption – there are various schedules to Form 990 which detail various revenue amounts, specifically Part VIII and Schedule D. Additionally, BOE staff would not know if the Form 990 includes amounts for disregarded entities, which should not be included for welfare exemption purposes.)</p> <p>SUGGESTED CHANGE: What were the organization's operating revenues (exclusive of gifts, endowments and grants-in-aid) for the following years? Was this information from your Internal Revenue Service Form 990 reporting? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, does your Form 990 reflect any amounts for disregarded entities (i.e., a limited liability company in which you are the sole member) <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, make adjustments to reflect only revenues for the <i>Organizational Clearance Certificate</i> holder - see instructions.</p> <p>REVISE INSTRUCTIONS: State the organization's amount of operating revenues (exclusive of gifts, endowments and grants-in-aid) for each year. Note: The amounts reported should reflect only those of the organization holding the Organizational Clearance Certificate (corporation, foundation, community chest, funds, or limited liability company); it should not include amounts for disregarded entities reported for purposes of Internal Revenue Service Form 990 should be excluded.</p>

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<p>2. What were the organization's operating expenses (including depreciation based on cost of replacement and amortization of, and interest on indebtedness) for the following years?</p>	<p><u>Staff research discussed at meeting:</u> Use of OSHPD data for revenues and expenses is problematic because it is not comparable and not in a usable format because reporting to BOE for purposes of the welfare exemption is at the organization level and reporting to OSHPD is on a facility basis based on license issued from the California Department of Public Health. <i>(See additional details on question 1.)</i></p> <p><u>Hospital representatives</u> contend that reporting to the Internal Revenue Service on Form 990 would be more consistent with BOE's needs since its reporting is on an organization basis. However, reporting on Form 990 includes entities other than the OCC holder; for example, disregarded entities such as a sole member limited liability company (LLC) would be included on Form 990 of the member organization.</p> <p><u>BOE staff</u> suggests revising the question and instructions to clarify the requested data. (BOE staff does not believe it is feasible for the OCC holder to provide a copy of its Form 990 for us to extract and calculate amounts for purposes of the welfare exemption – Part IX of Form 990 details various expense amounts. Additionally, BOE staff would not know if the Form 990 includes amounts for disregarded entities, which should not be included for welfare exemption purposes.)</p> <p>SUGGESTED CHANGE: What were the organization's operating expenses (including depreciation based on cost of replacement and amortization of, and interest on indebtedness) for the following years? Was this information from your Form 990 reporting? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, does your Form 990 reflect any amounts for disregarded entities (i.e., a limited liability company in which you are the sole member) <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, make adjustments to reflect only expenses for the <i>Organizational Clearance Certificate</i> holder - see instructions. If the depreciation reflected was not replacement cost, please indicate the method of depreciation used: <input type="checkbox"/> straight line <input type="checkbox"/> other (specify): _____</p> <p>REVISE INSTRUCTIONS: State the organization's amount of operating expenses for each year. (Expenses include depreciation based on cost of replacement and amortization of, and interest on indebtedness.) Note: The amounts reported should reflect only those of the organization holding the Organizational Clearance Certificate (corporation, foundation, community chest, funds, or limited liability company); amounts for disregarded entities reported for purposes of Form 990 should be excluded.</p>

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<p>3. Do the organization's operating revenues exceed operating expenses by 10% or more of those expenses, defined as <i>surplus revenues</i> for any of the following years? If yes, identify the amount. (<i>Calculate the amount in 3(a) below</i>)</p> <p>(a) Calculation of Surplus Revenues</p> <p style="padding-left: 40px;">Net Operating Income (Revenue – Expenses from above) <i>less</i> 10% of Operating Expenses <i>equals</i> Variance (positive indicates surplus)</p>	<p>No change. This amount is calculated by using the amounts reported in questions 1 and 2.</p>
<p>4. What were the organization's operating and non-operating revenues and expenses?</p> <p>Note: the form requests amounts for each of the following items:</p> <p><i>Total Operating Revenues</i> <i>Operating Expenses</i> <i>Non Operating Revenues</i> <i>Non Operating Expenses</i> <i>Net Operating Income</i></p>	<p>BOE staff Some of the requested information is redundant; operating revenues and operating expenses are already requested in questions 1 and 2. BOE staff suggests limiting request to non-operating revenues and expenses.</p> <p>SUGGESTED CHANGE: What were the organization's non-operating revenues and non-operating expenses for the following years?</p> <p>REVISE INSTRUCTIONS: State the organization's amount of non-operating revenues and non-operating expenses for each year.</p>

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<p>5. Attach to this form a copy of your certified/audited financial statements for the last four fiscal or calendar years. Also submit copies of IRS form 990 for the last four years in electronic PDF format on CD.</p>	<p>Hospital representatives contend that audited financial statements and/or Form 990 may not yet be available for 2008 because the audits are now in process and completed reports may not be available until fall.</p> <p>BOE staff suggests revising instructions to clarify that the 2008 audited financial statements and Form 990 can be submitted later if not currently available.</p> <p>REVISE INSTRUCTIONS: Submit a copy of certified financial statements (balance sheet and operating statement) of the organization. If the nature of any item of income or expense is not clear from the account name, further information indicating the nature of the account should be appended. Submit an electronic copy in PDF format of Form 990, and applicable schedules filed with the Internal Revenue Service for the last 4 years. <i>(Note: If 2008 financial statements or Form 990 is not yet available, please forward this information when it becomes available.)</i></p>
<p>6. If the organization had surplus revenues for any year, identified in question 3, did the organization use surplus revenues for debt retirement, plant or facility expansion, or reserve for operating contingencies? If yes, enter the total amount of such use for each of the following years.</p>	<p>No change.</p>
<p>7. Attach to this form a description of major plant or facility expansion projects; identifying the project location, scope and timeline for completion.</p>	<p>Hospital representatives contend that it was not clear what was needed as to projects; specifically whether planned projects were to be included or those where actual construction had started.</p> <p>BOE staff suggests revising the instructions to clarify the requested information.</p> <p>REVISE INSTRUCTIONS: Provide a description of major plant or facility expansion projects; identifying the project location, scope and timeline for completion. Report projects where construction has started or is about to start, where seismic retrofitting is required but the Office of Statewide Health Planning and Development review or permitting process is not complete (e.g., building a new hospital, addition of parking structure, addition of hospital wing, conversion to neonatal unit). Additionally, identify any future projects where plans have been developed. <i>(Note: if you had surplus revenues in question 3 and indicated use for plant or facility expansion in question 6, please furnish documentation on such projects, e.g., project plan, Board of Directors approvals, estimated cost of construction.)</i></p>

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<p>8. Attach to this form a list of properties upon which your organization is claiming the welfare exemption. (<i>Identify address, county, Assessor's Parcel Number.</i>)</p>	<p>Hospital representatives contend that the timeframe being requested was not clear and indicate that this would be a labor intensive task.</p> <p>BOE staff suggests modifying the question to specify that reporting applies to the most recent exemption claim filing period; and that we advise hospitals that BOE staff can, upon request, provide an Excel file of properties upon which the organization claimed exemption in 03-04 (the last year in which the Board reviewed exemption claims as part of the co-administration of the welfare exemption). Hospitals would need to update that listing to reflect current claims. BOE staff would indicate the availability of the list in electronic format in the cover letter that will be sent to organizations requesting they file the hospital reporting form.</p> <p>SUGGESTED CHANGE: Attach to this form a list of properties upon which your organization claimed the welfare exemption with any of the 58 county assessors for the January 1, 2009 lien date. (<i>Identify address, county, Assessor's Parcel Number; and its' facility identification number with OSHPD, if applicable.</i>)</p>
<p>9. Does the organization have a charity care policy? If yes, provide a copy of the policy and identify the accounts (number and description) used to record such charity care and associated costs for the following years: (<i>Attach supplementary schedules, if necessary.</i>)</p>	<p>Staff research discussed at meeting: As a result of AB 774, establishing Hospital Fair Pricing Policies, hospitals are required to increase public awareness of the availability of charity care, payment discounts, and government-sponsored health insurance. Beginning January 1, 2008, each hospital is required to report charity care (free care) and discount payment (partial charity care) information to OSHPD. They must submit 2 documents; one must contain the hospital's charity care/discount payment policies and procedures and the other document must be the application form.</p> <ul style="list-style-type: none"> • Charity care policies and discount payment policies are available on OSHPD's website; however reporting is by facility so BOE would need to identify the organization's facilities in order to locate such policies. <p>As a result of SB 697 (Ch. 812, stats. of 1994, hospitals are required to conduct a community needs assessment every three years, develop a community benefit plan, and submit a copy of its plan to OSHPD.</p> <ul style="list-style-type: none"> • A list of those required to submit community benefit plans are available on OSHPD's website, but community benefit plans are not. <p>BOE staff suggests modifying the question to request specific information on charity care policies, discount payment policies and community benefit plans, the costs associated with providing those plans and how the cost calculations were made.</p>

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	<p>SUGGESTED CHANGE: Does the organization have a charity care policy and/or discount payment policy? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide an electronic copy of such policies. (If your organization has multiple hospitals and they have different policies, submit all policies and specify how they differ.) Does your organization have a community benefit plan? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, provide an electronic copy of your most recent community benefit plan. (If your organization has multiple hospitals and they have different plans, submit all plans.) Does the organization maintain cost information for medical care for charity care (free care) provided to patients? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total cost of care according to the organization's cost calculations; enter the accounts (number and description) used to record such costs. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: <input type="checkbox"/> IRS Schedule H method, <input type="checkbox"/> Catholic Health Association Guidelines, <input type="checkbox"/> other – describe.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.</p> <p>REVISE INSTRUCTIONS: Identify whether your organization has a charity care or discount payment policy. If so, provide a copy of the organization's charity care and/or discount payment policy on a disk in PDF format. If your organization has multiple hospitals, indicate whether or not each facility has different policies. Provide a copy of the organization's most recent community benefit plan on a disk in PDF format. Provide the cost for charity care (free care) provided to patients according to the organization's cost calculations; identify the accounts (number and description) used to record such costs. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)</p>

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<p>10. Does the organization's hospital(s) provide medical care to Medicare, Medi-Cal or county indigent program recipients? If yes, provide the following information for each year: (Attach supplementary schedules, if necessary.) <i>(Note: the form requests amounts for each of the following items: Medicare Recipients, Medi-Cal Recipients, County Subsidy Recipients)</i></p> <p>(a) Enter the total amount of contractual adjustments for the organization's hospital(s) in accordance with the Office of Statewide Health Planning and Development's Uniform System of accounts for hospitals.</p> <p>(b) Enter the total amount received by the organization's hospital(s) for care to such patients.</p> <p>(c) Does the organization maintain cost information for care provided to such patients? If yes, enter the total cost of care, according to the organization's cost accounting system.</p>	<p><u>Staff research discussed at meeting:</u> Data for part (a) Contractual adjustments for Medicare, Medi-Cal or county indigent program recipients; and part (b) Total amount received for each is available through OSHPD. However, use of OSHPD data is problematic because reporting to BOE for purposes of the welfare exemption must be at the organization level (the Organizational Clearance Certificate (OCC) holder and reporting to OSHPD is on a facility basis based on license issued from the California Department of Public Health). <i>(Further details-available in question 1.)</i></p> <ul style="list-style-type: none"> • Hospital organizations could use information from OSHPD reporting for all of their facilities to calculate this information on an organization basis. If the organization has locations outside the hospital, such as a multi-specialty clinic, that is not included in that license, they must reflect amounts attributable to medical care provided to Medicare, Medi-Cal or county indigent program recipients. <p><u>Hospital representatives,</u> with respect to part (c) requesting cost information, contend that the hospital industry is gearing up to be on an IRS compliant basis for 2009 due to Schedule H and information may be available in this format for 2008, but historically information maintained would have been on a SB 697 basis. Hospital representatives request that a distinction be made to recognize the difference and that cost reporting to BOE may not be on a similar basis. Also, hospital representatives contend that it would be difficult to furnish cost information for all four years because it's accounting systems may not have been coded appropriately.</p> <ul style="list-style-type: none"> • Although SB 697 provided general requirements for community benefits, it did not specify a method for calculating costs. The Catholic Health Association issued guidelines on community benefit reporting that have become a standard in the hospital industry; the IRS relied on the Catholic Health Association's community benefit reporting model when developing IRS Schedule H. <p><u>BOE staff</u> suggests modifying the question to clarify the cost data requested.</p> <p>SUGGESTED CHANGE: (c) Does the organization maintain cost information for care provided to such patients? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total cost of care according to the organization's cost calculations. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: <input type="checkbox"/> IRS Schedule H method, <input type="checkbox"/> Catholic Health Association Guidelines, <input type="checkbox"/> other - describe.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.</p>

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	<p>REVISE INSTRUCTIONS: Indicate whether the organization's hospital provides medical care to Medicare, Medi-Cal or county indigent program recipients for each year. If yes, provide the amount of contractual adjustments in accordance with the Office of Statewide Health Planning and Development's uniform accounting and reporting system requirements for California hospitals; the amount received for such care; and cost of such care. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)</p>

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<p>11. Does the organization’s hospital provide medical care for which discounted payments were received from patients for care (other than Medicare, Medi-Cal or county indigent program recipients)? If yes, provide the following information:</p> <p>(a) Enter the accounts (number and description) used to record such discounted payments and the associated amounts received for medical care for each year.</p> <p>(b) Enter the total charge amount prior to discount for each year.</p> <p>(c) Does the organization maintain cost information for care provided to such patients? If yes, enter the total cost of care, according to the organization’s cost accounting system.</p>	<p>Hospital representatives express the same concerns as those discussed in question 10 with respect to part (c) requesting cost information. Hospital representatives contend that the hospital industry is gearing up to be on an IRS compliant basis for 2009 due to Schedule H, but historically has maintained this information on a SB 697 basis. Therefore, they request that such distinction be made to recognize the difference and acknowledge that future cost reporting to BOE may not be on a similar basis. Additionally, hospital representatives contend that it would be difficult to furnish cost information for all four years because their accounting systems may not have been coded appropriately.</p> <ul style="list-style-type: none"> • Although, SB 697 provided general requirements for community benefits, it did not specify a method for calculating costs. The Catholic Health Association issued guidelines on community benefit reporting that have become a standard in the hospital industry; the IRS relied on the Catholic Health Association's community benefit reporting model when developing IRS Schedule H. <p>BOE staff suggests modifying the question to clarify the cost data requested.</p> <p>SUGGESTED CHANGE: (c) Does the organization maintain cost information for medical care for which discounted payments were received from patients, excluding Medicare, Medi-Cal or county indigent program recipients? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total cost of care according to the organization’s cost calculations. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: <input type="checkbox"/> IRS Schedule H method, <input type="checkbox"/> Catholic Health Association Guidelines, <input type="checkbox"/> other.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.</p> <p>REVISE INSTRUCTIONS: (c) Indicate whether the organization's hospital provides medical care for which discounted payments were received from patients for care, excluding Medicare, Medi-Cal or county indigent program recipients for each year. If yes, identify the accounts (number and description) used to record discounted payment data; the amounts received for such care; and cost of such care according to the organization’s cost calculations. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)</p>

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<p>12. Did the organization's hospital(s) incur bad debt expense for medical care provided to uninsured patients or underinsured patients during any of the specified fiscal years? If yes, enter the hospital(s) total bad debt expense (based on cost accounting) for medical care to such patients?</p>	<p><u>Hospital representatives</u> contend that it would be difficult to provide bad debt expense into categories for uninsured patients versus underinsured patients.</p> <p>The Healthcare Financial Management Association's Principles and Practices Board Statement 15 addresses charity care and bad debt by institutional healthcare providers; and distinguishes between bad debts versus charity care. It specifies that bad debts result when a patient who has been determined to have the financial capacity to pay for healthcare services is unwilling to settle the claim; it does not distinguish between underinsured versus uninsured. Bad debt amount is recorded at the amount the payer is expected to pay.</p> <p><u>BOE staff</u> suggests modifying the question to limit request to bad debt expense with hospitals providing a breakdown if available.</p> <p>SUGGESTED CHANGE: Did the organization's hospital(s) incur bad debt expense for medical care provided to patients during any of the specified years? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the hospital(s) total bad debt expense for medical care to such patients? <i>(If the bad debt expense is known for uninsured patients versus underinsured patients, please specify. Otherwise, report in total.)</i></p> <p>REVISE INSTRUCTIONS: Indicate whether the organization's hospital incurred bad debt expense for each year. If yes, provide the amount of bad debt in accordance with the Office of Statewide Health Planning and Development's uniform accounting and reporting system requirements for California hospitals.</p>

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<p>13. Did your organization collect revenue from unpaid medical services through third-party collection services for any of the specified fiscal years? If yes, provide the following information:</p> <p>(a) Enter the number of delinquent accounts, debt amount and total collected and attach a list of debt collection firms used and contracts for such services.</p> <p>(b) Enter the number of liens made for delinquent accounts, the amount collected from liens, and the total amount expended to collect delinquent accounts.</p>	<p><u>Hospital representatives</u> contend that it was not clear what information this question was requesting and the purpose of this information as to relevancy to the welfare exemption. They further indicated that the hospital itself may have an accounts receivable or billing department that tries to collect; and that the information being requested was not tracked. Additionally, hospital representatives indicated that any debt collection services used must adhere to specific guidelines as a result of requirements of AB 774 (Ch. 755, Stats. of 2006, effective 1/1/07). Any debt collection services that hospitals use must be aware of requirements for charity care policies (free care) and discount payment policies (partial charity care), so that when contacting individuals to collect debt, the collection service can direct the individual back to the hospital if the individual may qualify for charity care or discount payment care.</p> <p>AB 774 added an article to Chapter 2 of Part 2 of Division 107 the Health and Safety Code (Article 3 Hospital Fair Pricing Policies). The article was effective January 1, 2007, and provides specific guidelines for collecting revenue from unpaid medical services:</p> <ul style="list-style-type: none"> • The hospital shall limit payment for services to any patient at or below 350% of the federal poverty level or eligible under its discount payment policy to the amount the hospital would receive for providing services from Medicare, Medi-Cal, Healthy Families or any other government sponsored health program in which the hospital participates, whichever is greater. • The hospital shall have a written policy defining standards and practices for debt collection and shall have a written agreement from any agency that collects hospital receivables that it will adhere to the hospital’s standards and scope of practices. • The hospital shall not report adverse information to a credit reporting agency or begin civil action for nonpayment any time prior to 150 days after initial billing. • The hospital shall not use wage garnishment or liens on primary residences to collect unpaid hospital bills and any payment plans offered to assist eligible patients shall be interest free. (Section 127425 (f)(2) states, in part “A collection agency...shall not, in dealing with any patient under the hospital’s charity care or discount payment policies, use as a means of collecting unpaid bills, ... (A) A wage garnishment, except by order of the court upon noticed motion, ... (B) Notice or conduct a sale of the patient’s primary residence during the life of the patient...”

ATTACHMENT A
SUMMARY OF SUGGESTED CHANGES TO PROPOSED HOSPITAL REPORTING FORM
FOLLOWING DISCUSSIONS AT MARCH 5, 2009 INTERESTED PARTIES MEETING

Question on Proposed Form (3-09)	Suggested Revisions to Question and Associated Comments
	<p>BOE staff suggests modifying the question to ask if the hospital uses outside debt collection services to collect unpaid medical services and what information is provided to them so that they can provide information on the availability of charity care or discount payments to individuals being contacted. Also, staff suggests limiting the request to <u>two years</u> rather than four since the effective date of AB774 was 1/1/07.</p> <p>SUGGESTED CHANGE: Identify the provisions in your charity care or discount payment policy that address debt collection policies and practices. Does your organization use a collection service for debt collection of unpaid medical services? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, furnish a copy of the written agreement with the agency, which is required by the Health and Safety Code (Article 3 Hospital Fair Pricing Policies); and submit any information provided to debt collection agencies that outline the practices they must employ for debt collection.</p> <p>If your organization used a collection service for any of the specified years, provide the following information:</p> <p>(a) Enter the number of delinquent accounts, debt amount and total collected.</p> <p>(b) Enter the number of liens filed for delinquent accounts, the amount collected from liens, and the total amount expended to collect delinquent accounts.</p> <p>REVISE INSTRUCTIONS: Indicate the specific provisions in your charity care or discount payment policy that disclose your debt collection policies and the effective date of such policies. Indicate whether your organization uses a collection agency for debt collection of unpaid medical services. Submit copies of all written agreements with collection agencies and any information you provide to such agencies to assist them in determining whether individuals from whom they are attempting to collect may qualify for charity care or discounted payment under the hospital's policies.</p> <p>If your organization used a collection service for the specified years, provide the number of delinquent accounts, total debt amount and total amount collected. Identify the number of liens on delinquent accounts, the amount collected from liens, and the cost incurred for collection of such delinquent accounts.</p> <ul style="list-style-type: none"> • Collection service – includes, but not limited to, an affiliated or unaffiliated debt collection firm, attorney, or any other type of outside collection service used by the hospital to collect delinquent accounts for medical services, whether or not the account was assigned, transferred or sold to the collection service, and whether or not, the hospital entered into a contract for this service. (It does not include any internal accounts receivable or billing departments.)

ATTACHMENT A
SUMMARY OF SUGGESTED CHANGES TO PROPOSED HOSPITAL REPORTING FORM
FOLLOWING DISCUSSIONS AT MARCH 5, 2009 INTERESTED PARTIES MEETING

Question on Proposed Form (3-09)	Suggested Revisions to Question and Associated Comments
<p>14. Did the organization's hospital(s) invest in, contribute assets to, or participate in any joint venture or similar arrangement with a non-profit or for-profit entity during any of the specified fiscal years?</p>	<p>Hospital representatives contend that joint venture information was available on Form 990, schedule H. Although, Schedule H is not mandatory until the 2010 when the 2009 data is reported, hospitals are preparing to report in this manner. Therefore, they request that BOE ask for information in a similar format as that on Schedule H.</p> <p>BOE staff suggests modifying the question to be more consistent with information requested in Form 990, Schedule H.</p> <p>SUGGESTED CHANGE: Did the organization's hospital(s) participate in any joint venture (of which the organization is a partner or shareholder) with another entity during any of the specified years? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total number of joint ventures for each year and attach a description identifying the entities involved and the organization's interest held in such entity.</p> <p>REVISE INSTRUCTIONS: Indicate whether the organization participated in any joint venture with a nonprofit or for-profit entity during any of the specified years. If yes, list the entities involved (including the name of the entity, whether it is for-profit or nonprofit, description of primary activity of the entity, the organization's profit % or stock ownership %, officers, directors, trustees, or key employee's profit % or stock ownership %, physicians' profit % or stock ownership%.)</p>
<p>15. Did the organization's hospital(s) provide funds, grants, or non-cash assistance including, but not limited to, supplies, materials, equipment, or medical services, to a public and/or non-related nonprofit tax exempt entity which operates health care facilities (hospitals, community clinics, etc.) serving lower-income patients during any of the specified fiscal years? If yes, enter the total contribution amount, according to the hospital's cost accounting system and attach a description identifying the entities involved and what was contributed.</p>	<p>BOE staff suggests modifying the question to clarify the cost data requested.</p> <p>SUGGESTED CHANGE: Did the organization's hospital(s) provide funds, grants, or non-cash assistance including, but not limited to, supplies, materials, equipment, or medical services, to a public and/or non-related nonprofit tax exempt entity which operates health care facilities (hospitals, community clinics, etc.) serving lower-income patients during any of the specified fiscal years? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total contribution amount, according to the hospital's cost calculations and attach a description identifying the entities involved and what was contributed.</p> <p>REVISE INSTRUCTIONS: Indicate whether the organization provided funds, grants or non-cash assistance to unrelated nonprofit or public health care facilities servicing indigent patients; and provide the amount contributed according to the hospital's cost calculations. Provide a description of what was contributed and entities involved.</p>

ATTACHMENT A
SUMMARY OF SUGGESTED CHANGES TO PROPOSED HOSPITAL REPORTING FORM
FOLLOWING DISCUSSIONS AT MARCH 5, 2009 INTERESTED PARTIES MEETING

Question on Proposed Form (3-09)	Suggested Revisions to Question and Associated Comments
<p>16. Attach to this form an organizational chart that identifies all legal entities related to and/or affiliated with the nonprofit organization receiving the welfare exemption from property taxation under Revenue and Taxation Code section 214. List the full names of the entities and complete street addresses.</p>	<p><u>Hospital representatives</u> contend that it was not clear what information this question was requesting and the purpose of the information as to relevancy to the welfare exemption.</p> <p><u>BOE staff</u> recommends revision to make clear and more precise. BOE is seeking information to obtain an understanding of the overall organization and operation of the Organizational Clearance Certificate holder.</p> <p>SUGGESTED CHANGE: Attach to this form an organizational chart that identifies all legal entities related to and/or affiliated with the organization holding the Organizational Clearance Certificate. List the full names of the entities and complete street addresses.</p> <p>REVISE INSTRUCTIONS: Provide an organizational chart that identifies all legal entities related to and/or affiliated with your organization (the Organizational Clearance Certificate holder). Provide the full name of the entity, its location (street address, city), and tax exempt status (nonprofit or for-profit).</p>

ATTACHMENT A
SUMMARY OF SUGGESTED CHANGES TO PROPOSED HOSPITAL REPORTING FORM
FOLLOWING DISCUSSIONS AT MARCH 5, 2009 INTERESTED PARTIES MEETING

Question on Proposed Form (3-09)	Suggested Revisions to Question and Associated Comments
<p>17. Did your organization own and operate one or more outpatient clinics (clinics providing psychiatric services to children and/or multispecialty clinics described in Health & Safety Code § 1206, subd. (1)), which receive the welfare exemption from property taxation under Revenue and Taxation Code sections 214 for any of the specified fiscal years? If yes, enter the total number of outpatient clinics providing services and attach a list of clinics, including the clinic's full name, complete street address and type of clinic.</p>	<p>BOE staff suggests modifying the question to limit the request the to most recent lien date information similar to question 8.</p> <p>SUGGESTED CHANGE: Did your organization own and operate one or more outpatient clinics (clinics providing psychiatric services to children and/or multispecialty clinics described in Health and Safety Code section 1206, subdivision (1)), which received the welfare exemption from property taxation under Revenue and Taxation Code section 214? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, enter the total number of outpatient clinics providing services and attach a list of clinics, including the clinic's full name, complete street address and type of clinic. (Note: Provide information based welfare exemption claim filings for the January 1, 2009 lien date. (<i>Identify address, county, Assessor's Parcel Number.</i>))</p> <p>REVISE INSTRUCTIONS: Indicate whether the organization owned and operated one or more outpatient clinics (clinics providing psychiatric services to children and/or multispecialty clinics described in Health and Safety Code section 1206, subdivision (1)), which receive the welfare exemption from property taxation under Revenue and Taxation Code section 214 for January 1, 2009 lien date. If yes, provide the total number of outpatient clinics providing services and attach a list of clinics. (<i>Identify the clinic's full name, complete street address and type of clinic.</i>)</p>
<p>18. Enter the total compensation for the three most highly-compensated executives of the hospital organization for each of the following years. Attach a separate schedule that identifies the amounts of each of the 3 components that are included on the organization's annual form 990, <i>Return of Organization Exempt From Income Tax</i>.</p>	<p>No change.</p>

**SUPPLEMENTAL REPORTING FORM –
ORGANIZATIONAL CLEARANCE CERTIFICATE HOLDERS
NONPROFIT HOSPITAL ORGANIZATIONS**



STATE OF CALIFORNIA
BOARD OF EQUALIZATION
www.boe.ca.gov

This form is to be filed with BOE-278-OCC, Verification for Continued Eligibility of Organizational Clearance Certificate-Welfare and Veterans' Organization Exemption. When complete, submit this form and BOE-278-OCC to the Board of Equalization, County-Assessed Properties Division, PO Box 942879, Sacramento, CA 94279-0064 by the due date indicated on BOE-278-OCC.

NAME OF ORGANIZATION _____

BOE OCC NUMBER _____

CORPORATE ID NUMBER _____

MAILING ADDRESS (Number and Street) _____

MAILING ADDRESS cont. (City, State, Zip Code) _____

Accounting Period: Calendar Year Fiscal Year-ending _____

1. What were the organization's operating revenues (exclusive of gifts, endowments and grants-in-aid) for the following years? Was this information from your Internal Revenue Service Form 990 reporting? Yes No If yes, does your Form 990 reflect any amounts for disregarded entities (i.e., a limited liability company in which you are the sole member)? Yes No If yes, make adjustments to reflect only revenues for the Organizational Clearance Certificate holder - see instructions.

2005	2006	2007	2008

2. What were the organization's operating expenses (including depreciation based on cost of replacement and amortization of, and interest on indebtedness) for the following years? Was this information from your Form 990 reporting? Yes No If yes, does your Form 990 reflect any amounts for disregarded entities (i.e., a limited liability company in which you are the sole member) Yes No If yes, make adjustments to reflect only expenses for the Organizational Clearance Certificate holder - see instructions. If the depreciation reflected was not replacement cost, please indicate the method of depreciation used: Straight line Other (specify) _____

2005	2006	2007	2008

3. Do the organization's operating revenues exceed operating expenses by 10% or more of those expenses, defined as *surplus revenues* for any of the following years? Yes No If yes, identify the amount. (Calculate the amount in 3(a) below)

2005	2006	2007	2008

(a) Calculation of Surplus Revenues

	2005	2006	2007	2008
Net Operating Income (Revenue minus expenses from above)				
10% of Operating Expense				
Variance (positive indicates surplus)				

4. What were the organization's non-operating revenues and non-operating expenses?

	2005	2006	2007	2008
Non-Operating Revenues				
Non-Operating Expenses				

5. **Attach** to this form a copy of your certified/audited financial statements for the last four fiscal or calendar years. Also submit copies of IRS Form 990 for the last four years in electronic PDF format on CD.

6. If the organization had surplus revenues for any year, identified in question 3, did the organization use surplus revenues for debt retirement, plant or facility expansion, or reserve for operating contingencies? Yes No If yes, enter the total amount for such uses for each of the following years:

Year	Debt Retirement	Plant or Facility Expansion	Reserve for Operating Contingencies
2005			
2006			
2007			
2008			

7. **Attach** to this form a description of major plant or facility expansion projects; identifying the project location, scope and timeline for completion.

8. **Attach** to this form a list of properties upon which your organization claimed the welfare exemption with any of the 58 county assessors for the January 1, 2009 lien date. (*Identify address, county, Assessor's Parcel Number and its facility identification number with Office of Statewide Health Planning and Development.*)

9. Does the organization have a charity care policy and/or discount payment policy? Yes No If yes, provide an electronic copy of such policies. (If your organization has multiple hospitals and they have different policies, submit all policies and specify how they differ.) Does your organization have a community benefit plan? Yes No If yes, provide an electronic copy of your most recent community benefit plan. (If your organization has multiple hospitals and they have different plans, submit all plans.)

Does the organization maintain cost information for medical care for charity care (free care) provided to patients? Yes No If yes, enter the total cost of care according to the organization's cost calculations; enter the accounts (number and description) used to record such costs. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: IRS Schedule H method, Catholic Health Association Guidelines, other - describe.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.

Account:				Total
2005				
2006				
2007				
2008				

10. Does the organization's hospital(s) provide medical care to Medicare, Medi-Cal or county indigent program recipients? Yes No
 If yes, provide the following information for each year: (Attach supplementary schedules, if necessary.)

(a) Enter the total amount of contractual adjustments for the organization's hospital(s) in accordance with the Office of Statewide Health Planning and Development's uniform accounting and reporting system requirements for California hospitals.

Year	Medicare Recipients	Medi-Cal Recipients	County Subsidy Recipients	Total
2005				
2006				
2007				
2008				

(b) Enter the total amount received by the organization's hospital(s) for care to such patients.

Year	Medicare Recipients	Medi-Cal Recipients	County Subsidy Recipients	Total
2005				
2006				
2007				
2008				

(c) Does the organization maintain cost information for care provided to such patients? Yes No If yes, enter the total cost of care according to the organization's cost calculations. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: IRS Schedule H method, Catholic Health Association Guidelines, other - describe.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.

Year	Medicare Recipients	Medi-Cal Recipients	County Subsidy Recipients	Total
2005				
2006				
2007				
2008				

11. Does the organization's hospital provide medical care for which discounted payments were received from patients for care (other than Medicare, Medi-Cal or county indigent program recipients)? Yes No If yes, provide the following information:

(a) Enter the accounts (number and description) used to record such discounted payments and the associated amounts received for medical care for each year.

Account:				Total
2005				
2006				
2007				
2008				

(b) Enter the total charge amount prior to discount for each year.

Account:				Total
2005				
2006				
2007				
2008				

(c) Does the organization maintain cost information for medical care for which discounted payments were received from patients, excluding Medicare, Medi-Cal or county indigent program recipients? Yes No If yes, enter the total cost of care according to the organization's cost calculations. (Note: Cost information should be consistent with the IRS Schedule H method or the best available method. Identify the method of cost calculation: IRS Schedule H method, Catholic Health Association Guidelines, other - describe.) You may submit additional information on how cost calculations were made. If IRS Schedule H method was used and it was not based on a cost accounting system, describe and explain why such system was not used.

Account:				Total
2005				
2006				
2007				
2008				

12. Did the organization's hospital(s) incur bad debt expense for medical care provided to patients during any of the specified years? Yes No If yes, enter the hospital(s) total bad debt expense for medical care to such patients? (If the bad debt expense is known for uninsured patients versus underinsured patients, please specify. Otherwise, report in total.)

Year	Uninsured Patients	Underinsured Patients	Total
2005			
2006			
2007			
2008			

13. Identify the provisions in your charity care or discount payment policy that address debt collection policies and practices. Does your organization use a collection agency for debt collection of unpaid medical services? Yes No If yes, furnish a copy of the written agreement with the agency, which is required by the Health and Safety Code (Article 3 Hospital Fair Pricing Policies); and submit any information provided to debt collection agencies that outline the practices they must employ for debt collection.

If your organization used a collection service for any of the specified years, provide the following information:

(a) Enter the number of delinquent accounts, debt amount and total collected.

Year	No. Delinquent Accounts	Debt Amount	Total Collected
2007			
2008			

- (b) Enter the number of liens filed for delinquent accounts, the amount collected from liens, and the total amount expended to collect delinquent accounts.

Year	No. of Liens on Delinquent Accounts	Total Amount of Liens Collected	Total Amount Expended to Collect Such Debt
2007			
2008			

14. Did the organization's hospital(s) participate in any joint venture (of which the organization is a partner or shareholder) with another entity during any of the specified years? Yes No If yes, enter the total number of joint ventures for each year and attach a description identifying the entities involved and the organization's interest held in such entity.

2005	2006	2007	2008

15. Did the organization's hospital(s) provide funds, grants, or non-cash assistance including, but not limited to, supplies, materials, equipment, or medical services, to a public and/or non-related nonprofit tax exempt entity which operates health care facilities (hospitals, community clinics, etc.) serving lower-income patients during any of the specified fiscal years? Yes No If yes, enter the total contribution amount, according to the hospital's cost calculations and attach a description identifying the entities involved and what was contributed.

2005	2006	2007	2008

16. Attach to this form an organizational chart that identifies all legal entities related to and/or affiliated with the organization holding the Organizational Clearance Certificate. List the full names of the entities and complete street addresses.

17. Did your organization own and operate one or more outpatient clinics (clinics providing psychiatric services to children and/or multispecialty clinics described in Health and Safety Code section 1206, subdivision (1)), which receive the welfare exemption from property taxation under Revenue and Taxation Code sections 214? Yes No If yes, enter the total number of outpatient clinics providing services and attach a list of clinics, including the clinic's full name, complete street address and type of clinic. (Note: Provide information based welfare exemption claim filings for the January 1, 2009 lien date. *(Identify address, county, Assessor's Parcel Number.)*)

Total number of outpatient clinics _____

18. Enter the total compensation for the three most highly-compensated executives of the hospital organization for each of the following years. Attach a separate schedule that identifies the amounts of each of the 3 compensation components that are included on the organization's annual Form 990, *Return of Organization Exempt From Income Tax*.

NAME			
2005			
2006			
2007			
2008			

NAME OF PERSON TO CONTACT FOR ADDITIONAL INFORMATION *(Please Print)* _____

TITLE _____

E-MAIL ADDRESS _____ TELEPHONE NUMBER () _____

**INSTRUCTIONS FOR SUPPLEMENTAL REPORTING FORM –
ORGANIZATIONAL CLEARANCE CERTIFICATE HOLDERS –
NONPROFIT HOSPITAL ORGANIZATIONS**

FILING OF FORM

This form is to be filed as a supplemental schedule with BOE-278-OCC, *Verification for Continued Eligibility of Organizational Clearance Certificate-Welfare and Veterans' Organization Exemption*; which was mailed to your organization to verify and update our information. Form BOE-278-OCC must be completed and filed with the Board to maintain eligibility for your *Organizational Clearance Certificate*. When complete, send claim form BOE-278-OCC and this Supplemental Reporting Form to the County-Assessed Properties Division's Exemption Section at the address listed on page 1 of this form. If you have any questions, you may contact the Exemption Section at 916-445-3524.

1. OPERATING REVENUES

State the organization's amount of operating revenues (exclusive of gifts, endowments and grants-in-aid) for each year. Note: The amounts reported should reflect only those of the organization holding the Organizational Clearance Certificate (corporation, foundation, community chest, funds, or limited liability company); amounts for disregarded entities reported for purposes of Internal Revenue Service Form 990 should be excluded.

2. OPERATING EXPENSES

State the organization's amount of operating expenses for each year. (Expenses include depreciation based on cost of replacement and amortization of, and on indebtedness.) Note: The amounts reported should reflect only those of the organization holding the Organizational Clearance Certificate (corporation, foundation, community chest, funds, or limited liability company); amounts for disregarded entities reported for purposes of Form 990 should be excluded.

3. SURPLUS REVENUES

An organization must not be organized or operated for profit in order to continue to qualify for an Organizational Clearance Certificate and the welfare exemption. Hospitals are not deemed to be organized or operated for profit, if, their operating revenues (exclusive of gifts, endowments and grants-in-aid) did not exceed operating expenses by an amount equivalent to ten percent of those operating expenses during the immediately preceding fiscal year. (See Revenue and Taxation Code section 214, subdivision (a)(1).) However, surplus revenues may be used for specific purposes, such as debt retirement, expansion of plant and facilities or reserve for operating contingencies without disqualifying for the exemption.

State the amount of surplus revenues for each year by using the calculation in 3a.

4. OPERATING AND NON-OPERATING EXPENSES

State the organization's amount of non-operating revenues and non-operating expenses for each year.

5. FINANCIAL STATEMENTS AND FORM 990

Submit a copy of certified financial statements (balance sheet and operating statement) of the organization. If the nature of any item of income or expense is not clear from the account name, further information indicating the nature of the account should be appended. Submit an electronic copy in PDF format of Form 990, and applicable schedules filed with the Internal Revenue Service for the last 4 years. (Note: If 2008 financial statements or Form 990 is not yet available, please forward this information when it becomes available.)

6. USE OF SURPLUS REVENUES

If the organization had surplus revenues, as calculated in 3, identify the amounts used for debt retirement, plant or facility expansion, or reserve for operating contingencies for each year.

- **Debt Retirement** - Funds required by external sources to be used to meet debt service charges and the retirement of indebtedness on plant assets.
- **Facility Expansion** - The addition of land and/or improvements to a coordinated group of fixed assets – land, buildings, machinery, and equipment constituting a plant.
- **Reserve for Operating Contingencies** - A segregation of retained earnings evidenced by the creation of a subordinate account to meet unforeseen financial needs due to emergencies and changing medical needs.

7. PLANT OR FACILITY EXPANSION

Provide a description of major plant or facility expansion projects; identifying the project location, scope and timeline for completion. Report projects where construction has started or is about to start, where seismic retrofitting is required but the Office of Statewide Health Planning and Development's review or permitting process is not complete (e.g., building a new hospital, addition of parking structure, addition of hospital wing, conversion to neonatal unit). Additionally, identify any future projects where plans have been developed. (Note: if you had surplus revenues in question 3 and indicated use for plant or facility expansion in question 6, please furnish documentation on such projects, e.g., project plan, Board of Directors approvals, estimated cost of construction.)

8. PROPERTIES CLAIMED FOR EXEMPTION

Provide a listing of properties upon which your organization is claiming the welfare exemption; identifying the property location (physical address, city, county and Assessor's Parcel Number.) For any acute care facilities also provide the Office of Statewide Health Planning and Development's facility identification number.

9. CHARITY CARE POLICY, DISCOUNT PAYMENT POLICY, AND COMMUNITY BENEFIT PLAN

Identify whether your organization has a charity care and/or discount payment policy. If so, provide a copy of the organization's charity care and discount payment policy on a disk in PDF format. If your organization has multiple hospitals, indicate whether each facility has different policies. Provide a copy of the organization's most recent community benefit plan on a disk in PDF format. Provide the cost for charity care (free care) provided to patients according to the organization's cost calculations; identify the accounts (number and description) used to record such costs. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)

10. MEDICAL CARE PROVIDED

Indicate whether the organization's hospital provides medical care to Medicare, Medi-Cal or county indigent program recipients for each year. If yes, provide the amount of contractual adjustments in accordance with the Office of Statewide Health Planning and Development's uniform accounting and reporting system requirements for California hospitals; the amount received for such care; and cost of such care. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)

11. DISCOUNTED PAYMENTS FOR MEDICAL CARE

Indicate whether the organization's hospital provides medical care for which discounted payments were received from patients for care, excluding Medicare, Medi-Cal or county indigent program recipients for each year. If yes, identify the accounts (number and description) used to record discounted payment data; the amounts received for such care; and cost of such care according to the organization's cost calculations. (Cost of such care is to be reported using Internal Revenue Service Form 990 Schedule H method or best available method. Identify method used – Schedule H, Catholic Health Association Guidelines, or other. Explain method used.)

12. BAD DEBT

Indicate whether the organization's hospital incurred bad debt expense for each year. If yes, provide the amount of bad debt in accordance with the Office of Statewide Health Planning and Development's uniform accounting and reporting system requirements for California hospitals.

13. COLLECTION SERVICES

Indicate the specific provisions in your charity care or discount payment policy that disclose your debt collection policies and the effective date of such policies. Indicate whether your organization uses a collection agency for debt collection of unpaid medical services. Submit copies of all written agreements with collection agencies and any information you provide to such agencies to assist them in determining whether individuals from whom they are attempting to collect may qualify for charity care or discounted payment under the hospital's policies.

If your organization used a collection service for the specified years, provide the number of delinquent accounts, total debt amount and total amount collected. Identify the number of liens on delinquent accounts, the amount collected from liens, and the cost incurred for collection of such delinquent accounts.

- **Collection Service** – includes, but not limited to, an affiliated or unaffiliated debt collection firm, attorney, or any other type of outside collection service used by the hospital to collect delinquent accounts for medical services, whether or not the account was assigned, transferred or sold to the collection service, and whether or not, the hospital entered into a contract for this service. (It does not include any internal accounts receivable or billing departments.)

14. JOINT VENTURES

Indicate whether the organization participated in any joint venture with a nonprofit or for-profit entity during any of the specified years. If yes, list the entities involved (including the name of the entity, whether it is for-profit or nonprofit, description of primary activity of the entity, the organization's profit % or stock ownership %, officers, directors, trustees, or key employee's profit % or stock ownership %, physicians' profit % or stock ownership%).

15. ASSISTANCE TO NON-RELATED ENTITY

Indicate whether the organization provided funds, grants or non-cash assistance to unrelated nonprofit or public health care facilities serving indigent patients; and provide the amount contributed according to the hospital's cost calculations. Provide a description of what was contributed and entities involved.

16. AFFILIATED ENTITIES

Provide an organization chart that identifies all legal entities related to and/or affiliated with your organization (the Organizational Clearance Certificate holder). Provide the full name of the entity, its location (street address, city), and tax exempt status (nonprofit or for-profit).

17. MULTISPECIALTY CLINICS

Indicate whether the organization owned and operated one or more outpatient clinics (clinics providing psychiatric services to children and/or multispecialty clinics described in Health and Safety Code section 1206, subdivision(l)), which receive the welfare exemption from property taxation under Revenue and Taxation Code section 214 for the January 1, 2009 lien date. If yes, provide the total number of outpatient clinics providing services and attach a list of clinics. (*Identify the clinic's full name, complete street address and type of clinic.*)

- **Outpatient Clinics** –There are two types of outpatient clinics, whether or not patients are admitted for an overnight stay or longer, eligible for the welfare exemption under the hospital purpose of section 214, including a clinic that provides psychiatric services for emotionally disturbed children and a nonprofit multispecialty clinic. Health & Safety Code section 1206, subdivision (l) defines multispecialty clinic as a clinic operated by a nonprofit tax-exempt organization, which provides health care, health education, and conducts medical research through a group of 40 or more physicians and surgeons who are independent contractors representing not less than 10 board-certified specialties and not less than two-thirds of whom practice on a full-time basis at the clinic. The multispecialty clinic may consist of a single outpatient clinic or multiple clinics operated as a unified single integrated clinic in the aggregate. (Further information on outpatient clinics qualifying for the welfare exemption is available in Assessors' Handbook, Section 267, *Welfare, Church, and Religious Exemptions*, located on the Board's website at: <http://www.boe.ca.gov/proptaxes/pdf/ah267.pdf>)

18. EXECUTIVE COMPENSATION

Provide the total compensation for the three most highly-compensated executives of the hospital organization. For each executive, identify the amounts for each component as reported in the organizations IRS Form 990; (1) compensation, (2) contribution to employee benefit plans and deferred compensation, (3) expense accounts and other allowances.