 <p>JOHNS HOPKINS MEDICINE JOHNS HOPKINS HEALTH SYSTEM</p>	The Johns Hopkins Health System Policy & Procedure	<i>Policy Number</i>	FIN083	
		<i>Effective Date</i>	01-01-08	
	<i>Subject</i>	REALLOCATION OF APPROVED OPERATING EXPENSE BUDGET	<i>Page</i>	1 of 2
			<i>Supersedes</i>	10-01-06

POLICY

This policy applies to The Johns Hopkins Health System Corp. (JHHS) and the following affiliated entities: The Johns Hopkins Hospital (JHH), Johns Hopkins Bayview Medical Center (JHBMC), Howard County General Hospital (HCGH), Johns Hopkins Community Physicians (JHCP), Johns Hopkins Medical Services Corporation (JHMSC), Johns Hopkins Medicine International (JHMI), Ophthalmology Associates (OA), Johns Hopkins Employer Health Programs (EHP), Johns Hopkins Medical Management Corporation (JHMMC), Priority Partners (PP), Johns Hopkins Pharmaquip, Inc. (JHPQ), Johns Hopkins Home Health Services, Inc. (JHHHS), Johns Hopkins Pediatrics Home, Inc. (JHPAHI), Johns Hopkins HealthCare (JHHC), Johns Hopkins Home Care Group (JHHCG), Suburban Health Center (SHC), Broadway Acquisition and Development, and HCGH OB/GYN Associates Series, LLC (HCGH OBGYN).

Purpose

The purpose of this policy is to control the reallocation of approved operating expense budgets between expense categories in order to preserve the integrity of the Annual Operating Plan Statement of Revenues and Expenses; to ensure the meaningful and comparable analysis of expense variance performance reporting; to prevent the funding of incremental personnel from non-personnel operating funds; and, to prevent undue inflation funding by means of fund-shifting between expense categories.

The following approval process for operating expense budget reallocations must be followed:

1. Authorization/Materiality: A threshold of materiality must be established for the reallocation of budgets.
JHH:

- a) <10% of Hospital budget for applicable expense categories requires Department Administrator and Director of Budget and Cost Accounting approval.
- b) >10% of Hospital budget for applicable expense categories requires JHH Senior Director of Finance and JHH Chief Financial Officer (CFO) approval.

JHBMC:


- a) <10% of Hospital budget for applicable expense categories requires Department Administrator and JHBMC Director of Finance approval.
- b) >10% of Hospital budget for applicable expense categories requires JHBMC Vice President of Finance/CFO approval.

JHCP/JHHCG/JHHC:

- a) All reallocations require Vice President of Finance/CFO and Chief Executive Officer (CEO) approval.

JHHS:

- a) <10% of budget for applicable expense categories requires Department Administrator and JHHS Senior Director of Finance approval.
- b) >10% of budget for applicable expense categories requires JHHS Vice President of Finance and JHHS Chief Operating Officer approval.

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HCGH:

- a) <10% of Hospital budget for applicable expense categories requires Department Administrator and HCGH Director of Financial Planning approval.
- b) >10% of Hospital budget for applicable expense categories requires HCGH Vice President of Finance/CFO approval.

It is imperative that the following responsible affiliate representatives participate in this allocation process:

<u>Affiliate</u>	<u>Representative</u>
JHH	Director of Budget and Cost Accounting
JHHS	Senior Director of Finance
JHBMC	Senior Director of Finance
JHCP	VP Finance and Operations
HCGH	Director of Financial Planning
All other affiliates	Lead Finance representative

RESPONSIBILITIES

Corporate Controller, JHHS	Prepare monthly financial statements on a timely basis. Communicate JHHS operating results to affiliate finance staffs.
Affiliate Vice President of Finance/CFO	Account for, and include JHHS operating results in affiliate financial statements.

SPONSOR

Vice President of Finance/CFO and Treasurer, JHHS

REVIEW CYCLE

Three (3) years

APPROVAL

President, JHHS

Date