

 <p>JOHNS HOPKINS MEDICINE</p> <p>JOHNS HOPKINS HEALTH SYSTEM</p>	<p>The Johns Hopkins Health System Policy & Procedure</p>	<p><i>Policy Number</i></p>	<p>FIN092</p>
	<p><i>Subject</i></p>	<p><i>Effective Date</i></p>	<p>01-01-08</p>
	<p>PATIENT REVENUE DEDUCTIONS ASSUMPTIONS</p>	<p><i>Page</i></p>	<p>1 of 1</p>
		<p><i>Supersedes</i></p>	<p>10-01-06</p>

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 (1) to control the allocation of the patient revenue deductions assumption in order to preserve the integrity of the Annual Operating Plan and (2) to provide for sufficient review and approval by senior management and governing bodies.

The following process must be followed in order to calculate budgeted deductions from patient revenue:

1. The deduction for third party discounts and regulatory adjustments must be calculated. The calculation will be based on budgeted revenue by payor.
2. The free work deduction must be calculated by utilizing budgeted self-pay revenue and reviewing historical data.
3. The revenue deduction assumption will not include bad debts. The provision for bad debts is accounted for as an operating expense in the financial statements.

The allocation of the patient revenue deductions must be approved by the affiliate Vice President of Finance/ Chief Financial Officer (CFO). It is imperative that responsible representatives at each affiliate participate in this allocation process. For JHH, JHBMC, and HCGH that review should involve the Senior Director of Patient Financial Services.

SPONSOR

Vice President of Finance/CFO and Treasurer, JHHS

REVIEW CYCLE

Three (3) years

APPROVAL

President, JHHS

Date