

| <b>Definitions</b>                         |   |
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| <b>Gross Hospital Patient Revenue</b>      | A calculation of the total revenue that would be generated by patient care activities if the hospital received payments equal to its retail rates or "charges" for all services provided. Typically, these retail rates are higher than what is actually paid by public and private insurers.   |
| <b>Net Patient Revenue</b>                 | Net Patient Revenue (NPR) represents the amount a hospital expects to receive for services after accounting for contractual allowances to third party payers and for uncompensated care. This basic patient service revenue equation is: $NPR = \text{Gross Patient Revenue} - \text{Contractual allowances} - \text{Uncompensated care}$   |
| <b>Other Operating Revenue</b>             | Revenue received from hospital operations that are not patient care. Examples include revenue from the operation of gift shops, cafeterias, or parking structures.  |
| <b>Total Operating Revenue</b>             | The sum of net patient revenue and other operating revenue. It does not include investments or tax credits.   |
| <b>Total Operating Expense</b>             | All expenses associated with the operation of the hospital, such as salaries, employee benefits, purchased services, supplies, professional fees, and insurance.  |
| <b>Operating Income</b>                    | The operating profit or loss, calculated as total operating revenue minus total operating expense.  |
| <b>Operating Margin</b>                    | Operating margin (OM) is calculated as operating income divided by total operating revenue. If total operating revenue exceeds total operating expense, the ratio will be positive and the hospital is operating at a profit. If operating revenue is less than operating expenses, the hospital is operating at a loss. $OM = (\text{Operating Revenue} - \text{Operating Expense}) / \text{Operating Revenue}$ .                |
| <b>Net Non-operating Revenue (Expense)</b> | Revenues or expenses that are peripheral transactions outside of a hospital's daily activities, such as investments and tax revenues.   |
| <b>Net Income</b>                          | Total profit or loss, including operating revenues and expenses <i>as well as</i> non-operating gains and losses.   |
| <b>Total Margin</b>                        | Total Margin (TM) measures the overall financial performance of a hospital. It is calculated as the ratio of net income divided by operating revenue and non-operating revenue (expense) combined. $TM = \text{Net income} / (\text{operating revenue plus non-operating revenue (expense)})$ .   |
| <b>Charity Care</b>                        | The total amount of health care services, based on full, established charges, provided to patients who are determined by the hospital to be unable to pay for the cost of services. It measures services a hospital agrees to provide free of charge or at a significantly reduced rate to eligible patients. It also generally indicates need in the area surrounding the hospital.  |
| <b>Bad Debt</b>                            | The unpaid obligation for care, based on a hospital's full, established charges, for which a hospital expects payment but is unable to collect.   |
| <b>Uncompensated Care</b>                  | The total of charity care and bad debt charges. It measures the total amount of care a hospital provides without receiving payment.   |
| <b>Hospital Fiscal Year</b>                | A twelve month time period that a hospital/health system has designated as its financial year. For some hospitals/health systems, this may not align with the calendar year and also may be different from the time period for the fiscal years of other hospitals. However, all hospitals in a given Health System share the same fiscal year period. Therefore, data representing different time periods may not be comparable. |

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| <b>Hospital Type</b> | <p>A DRG hospital is typically a large, urban hospital that receives Medicare and Medicaid payments based on the prospective Diagnostic Related Groups (DRG) system. A Type A hospital is a small rural hospital with fewer than 50 beds, located more than 30 miles from another hospital. A Type B hospital is a small rural hospital with fewer than 50 beds, located within 30 miles of another hospital. Out of the 32 Type A and Type B rural hospitals in Oregon, 25 are designated as CAH, Critical Access Hospitals.</p> |
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