UNM HSC Definitions of terms for Uncompensated Care:

1) **Uncompensated Care:** Uncompensated care is the combination of charity (Indigent) patient care and uninsured patient care. Uncompensated care can be stated at billed charges or cost. UNM HSC states uncompensated care at *cost*.

2) **Charity Care:** Charity care (also called Indigent care) is the care that is provided to patients that have qualified for the financial assistance program. Qualification for the financial assistance program is based on the patient making an application, and verifying eligibility under three criteria – income, assets and residency. For UNM Hospital, income needs to be less than 235% of poverty, assets need to be less than $5,000, not counting house, car and pension and the residency requirement is to be in Bernalillo county or the state for greater than 90 days. Charity care can be stated at cost or billed charges. UNM HSC states charity care at *cost*.

3) **Uninsured care:** Uninsured care is the care provided for patients that are classified as self pay and do not/cannot pay some or all their bill. The amount of the unpaid bill for Uninsured care is written off to bad debt expense. The write off for UNM HSC is recorded when the unpaid bill is sent to a collection agency. Uninsured care can be stated at cost or charges. UNM HSC states Uninsured care at *cost*.

4) **Gross Billings or Gross Charges:** Under Medicare regulations all services provided at a Hospital must be recorded at a standard set of rates. This means that the charges that are recorded for a service, example room rate, must be the same for a Medicare, Medicaid, Insurance or Charity Care patients. If the standard room rate is $1,000 a day, then all patient bills must show this rate. The billed charges can be accumulated for each patient and across the entire hospital.

5) **Total Cost of Care:** Cost of care for UNM HSC is the actual cost of providing care – salary, benefits, supplies, drugs, blood, organs, utilities, depreciation, contracts, services.

6) **Cost to Charge ratio:** The cost to charge ratio is calculated by dividing cost by the gross billings. For example $450 million of cost is divided by $800 million in gross billings to get a cost to charge ratio of .5625. This ratio can be applied to individual gross bills or charges, or for groups of patients to determine the cost of care. If the charges for uncompensated care are $200 million, then cost of uncompensated care at UNM HSC would be $112.5 ($200 * .5625).