STATE OF INDIANA
OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF INCORPORATION

OF

INDIANA ORGANIZATION OF NURSE EXECUTIVES, INC.

I, JOSEPH H. HOGGETT, Secretary of State of Indiana, hereby certify that articles of incorporation of the above corporation, have been presented to me at my office accompanied by the fees prescribed by law; that I have found such articles conform to law; all as prescribed by the provisions of the Indiana Not-For-Profit Corporation Act of 1971, as amended.

NOW, THEREFORE, I hereby issue to such Corporation this Certificate of Incorporation, and further certify that its corporate existence will begin August 17, 1990.

In Witness Whereof, I have hereunto set my hand and affixed the seal of the State of Indiana, at the City of Indianapolis, this Seventeenth day of August, 1990.

Joseph H. Hoggatt
Secretary of State

By

Deputy
ARTICLES OF INCORPORATION

OF

INDIANA ORGANIZATION OF NURSE EXECUTIVES, INC.

The undersigned incorporator, desiring to form a corporation (hereinafter referred to as the "Corporation") pursuant to the provisions of the Indiana Not-For-Profit Corporation Act of 1971, I.C. 23-7-1.1, (hereinafter referred to as the "Act"), executes the following Articles of Incorporation:

ARTICLE I

NAME

1.1 The name of the Corporation is "Indiana Organization of Nurse Executives, Inc."

ARTICLE II

PURPOSES AND POWERS

2.1 General Purposes: The Corporation is formed to provide and further the following purposes:

(a) To create and foster a spirit of understanding and cooperation among nursing executives and to strive to develop effective administration in nursing services, in Indiana hospitals, in order to advance the delivery of health care to meet the needs of consumers.

(b) To promote the profession of nursing as a career to the public.

(c) To provide a medium for the interchange of ideas and dissemination of information and material relative to nursing administration.

(d) To provide a platform within the health care field from which nurse administrators may speak on nursing and health care issues.

(e) To provide consultation and direction on all matters relating to nursing and health care issues.

(f) To identify and define health care issues affecting nursing and establish position statements on such issues.
(g) To promote educational program and activities to strengthen nursing administration.

(h) To provide programs for all levels of nursing administration personnel such that they may participate in the interchange of ideas to enhance personal and professional growth and development.

(i) To develop and foster mechanisms which result in collaboration and sharing the planning and progress of health care with: other health care agencies, education and institutions, professional organizations, legislative bodies, and other appropriate organizations.

(j) The Corporation, which is organized and operated exclusively for educational and charitable purposes, shall continue to conduct its activities in such a manner that no part of its net earnings inure to the benefit of any member, director or officer or other private person, except that the Corporation may pay reasonable compensation for services rendered and may make payments and distributions in furtherance of the purposes set forth herein.

(k) Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any activities not permitted to be carried on by a Corporation exempt from federal income tax under Section 501(c)(6) of the Internal Revenue Code of 1986 or corresponding provisions of any subsequent federal tax law.

2.2 Powers. Subject to any limitation or restriction imposed by the Act, any other law, or any other provisions of these Articles, the Corporation shall have the following powers: (1) to do everything necessary, advisable or convenient for the accomplishment of any of the purposes herein set out or which shall, at any time, appear conducive to or expedient for the protection or benefit of the Corporation and its members and to do all of the things incidental thereto or connected therewith which are not forbidden by law; and (2) to have, exercise and enjoy in furtherance of the purposes herein set out all the general rights, privileges and powers granted to corporations by the Act as now existing or hereafter amended and by common law, all of which powers shall include, but not be limited to, the power to receive by gift, devise, bequest or otherwise any money or property absolutely or in trust to be used, either the principal or income therefrom, for the furtherance of any or all of the foregoing purposes. Further, the Corporation has the power to hold, invest and pay over for any or all of the foregoing purposes any monies, securities or other real and personal property transferred to it by grant, devise, bequest, loan or other manner otherwise including transfers of money to
it by its members, and to acquire, hold, sell, transfer, mortgage, lease and otherwise deal in any and all real estate and personal property necessary or proper for the carrying out of any or all of the foregoing purposes. This section shall be in addition to the powers authorized by the Act.

2.3 Dissolution. Upon the dissolution of the Corporation, the Board of Directors shall, after paying or making provisions for the payment of all the liabilities of the Corporation, dispose of all of the assets of the Corporation exclusively for the purposes of the Corporation pursuant to the Act in such manner or to such organization, or organizations, organized and operated exclusively for educational, charitable, literary or scientific purposes as shall, at the time, qualify as an exempt organization under Section 501(c)(6) of the Internal Revenue Code of 1986 or corresponding provisions of any subsequent federal tax law as the Board of Directors shall determine. Any such assets not so disposed of shall escheat to the state of Indiana to be used exclusively for public purposes.

ARTICLE III

TERM OF EXISTENCE

3.1 The Corporation shall have perpetual existence.

ARTICLE IV

REGISTERED AGENT AND PRINCIPAL OFFICE

4.1 Registered Agent. The name and post office address of the Registered Agent of the Corporation are: Kenneth G. Stella, One American Square, Suite 1120, Indianapolis, Indiana 46282.

4.2 Registered Office. The post office address of the registered office of the Corporation is: One American Square, Suite 1120, Indianapolis, Indiana 46282.

ARTICLE V

MEMBERSHIP

5.1 Classes. There shall be three (3) classes of membership, which shall consist of (i) those persons, supportive of the purposes of the Corporation who meet all of the qualifications for membership in the Corporation which may be established from time to time by the Board of Directors and who are selected to be Members of the Corporation by the Board of Directors; and (ii) those persons supportive of the purposes of the Corporation, who meet all of the qualifications for Associate membership in the Corporation which may be established from time to time by the Board of Directors, and who are selected to be Associate Members of the Corporation by the Board of Directors; and (iii) those persons supportive of the purposes of the Corporation, who meet all of the qualifications for Honorary
Membership in the Corporation, and who the Board of Directors from time to time selects to be Honorary Members. The membership of individual Members, Honorary Members, or Associate Members of the Corporation will terminate upon the death, voluntary withdrawal or involuntary termination of the Member, Honorary Member, or Associate Member. The Board of Directors may revoke the membership of any Member, Honorary Member, or Associate Member at any time, with or without cause. All rights and privileges of a Member, Honorary Member, or of an Associate Member shall cease upon termination of membership.

5.2 Rights, Preferences, Limitations and Restrictions of Members. The members shall have such rights, duties, liabilities, limitations, and restrictions as are provided for herein or may be provided for in the Bylaws of the Corporation.

5.3 Voting Rights of Members. All members shall be entitled to one (1) vote at meetings of the members of the Corporation. Associate Members and Honorary Members shall not have the right to vote.

ARTICLE VI
BOARD OF DIRECTORS

6.1 Number. The number of members of the Board of Directors shall be as set by the voting Members from time to time but shall be no fewer than three (3) and no greater than fifteen (15).

6.2 Qualifications. Each director shall be selected by the members of the Corporation and shall have such other qualifications as may be specified from time to time in the Articles of Incorporation and Bylaws of the Corporation or as required by law. The Board of Directors shall be those persons selected by the members of the Corporation and shall serve as directors of the Corporation in accordance with the terms set out in the Bylaws.

6.3 Terms of Office of Directors. The members of the Board of Directors shall serve terms of office of one (1) year or until their successors are duly elected and qualified unless removed from office, with or without cause, by unanimous vote of the remaining members of the Board of Directors.

6.4 Initial Board of Directors. The names and addresses of the members of the initial Board of Directors are as follows:
<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
</tr>
</thead>
</table>
| Cathie McKinley       | Westview Hospital  
3630 Guion Road  
P. O. Box 22550  
Indianapolis, IN 46222 |
| Janet Harmening       | Union Hospital  
1606 N. Seventh Street  
Terre Haute, IN 47804 |
| Juanita Serowka       | Margaret Mary Community Hospital  
321 Mitchell Avenue  
Batesville, IN 47006 |
| Patricia Craig        | Hendricks Community Hospital  
1000 E. Main Street  
Danville, IN 46122 |
| Freida Francis        | St. Elizabeth Hospital Med. Ctr.  
1501 Hartford Street  
P.O. Box 7501  
Lafayette, IN 47904 |
| Barbara Summers       | Community Hospital North  
7150 Clearvista Drive  
Indianapolis, IN 46256 |
| Margaret Mason        | Kosciusko Community Hospital  
2101 East DuBois  
Warsaw, IN 46580 |

**ARTICLE VII**

**NAME AND ADDRESS OF INCORPORATOR**

7.1 The name and post office address of the incorporator of the Corporation is as follows:

Jeffrey Peek, Attorney at Law  
Suite 1100, One American Square  
Indianapolis, Indiana 46282

**ARTICLE VIII**

**STATEMENT OF PROPERTY**

8.1 The Corporation has no property at the time of its incorporation.
ARTICLE IX

PROVISIONS FOR REGULATION OF BUSINESS AND
CONDUCT OF AFFAIRS OF CORPORATION

9.1 Place of Meeting. Meetings of the members and meetings of the Board of Directors shall be held at such places either within or without the State of Indiana as shall be specified in the respective calls and notices or waivers of notice of such meetings given in accordance with the Bylaws of the Corporation.

9.2 Indemnification.

(a) The Corporation shall indemnify any person as of right who is or was a director, officer or employee of this Corporation, or is or was serving as a director, officer, or employee of another corporation, partnership or other enterprise at the request of the Corporation, against expenses (including attorneys' fees), judgments or fines, incurred by such person to the fullest extent now or hereafter permitted by law, in connection with or resulting from any claim, action, suit or proceeding (whether actual or threatened, civil or criminal, administrative or investigative, or in connection with an appeal relating thereto), in which such person may be involved as a party or otherwise by reason of being or having been a director, officer or employee of the Corporation or of such other referenced organization. This right of indemnification shall only exist, however, if such person acted in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interest of the Corporation and, with respect to any criminal action or proceeding, in a manner which he/she had no reasonable cause to believe was unlawful. The termination of any claim, action, suit or proceeding by judgment, order, settlement (whether with or without court approval), conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he/she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action, suit or proceeding, in a manner which he/she had no reasonable cause to believe was unlawful.
(b) Any director, officer, or employee of the Corporation who has been successful as a party on the merits or otherwise in his defense of any claim, action, suit or proceeding referred to in the first sentence of Section 9.2(a) shall be indemnified as of right against expenses (including attorneys' fees) reasonably incurred in connection therewith (except to the extent covered by insurance).

(c) Except as provided in Section 9.2(b) above, any indemnification under Section 9.2(a) shall be made by the Corporation only upon a determination that indemnification of the particular director, officer or employee is proper in the circumstances because such person has met the applicable standards of conduct set forth in Section 9.2(a). Such determination shall be made (1) by the Board of Directors of the Corporation by a majority vote of a quorum consisting of members of the Board of Directors who were not parties to such claim, action, suit or proceeding, or (2) if such a quorum is not obtainable or if so directed by a majority vote of a quorum consisting of members of the Board of Directors who were not parties to such claim, action, suit or proceedings, by independent legal counsel (who may be regular counsel of the Corporation) in a written opinion.

(d) The indemnification provided by this Section 9.2 shall not be deemed exclusive of any other rights to which a director, officer or employee may be entitled under any bylaw, resolution, agreement, vote of the members or otherwise and shall continue as to a person who has ceased to be a director, officer, or employee of the Corporation and shall inure to the benefit of the heirs, executors, and administrators of any such person. The indemnification provided by this Section 9.2 shall be applicable to claims, actions, suits, or proceedings made or commenced after the adoption hereof, arising from acts or omissions to act occurring whether before or after the adoption hereof.

(e) The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, employee or agent of another corporation, partnership joint venture, trust or other
enterprise, against any liability asserted against such person and incurred by him/her in any such capacity, or arising out of his/her status as such, whether or not the Corporation would have the power to indemnify him/her against such liability under the provisions of this Section 9.2, together with expenses actually and reasonably incurred by him/her in connection with his/her defense thereof; provided that when and to the extent that the Corporation has purchased and maintained such insurance, it shall have no duty under this Section 9.2 to indemnify any such person to the extent such liability is covered by such insurance.

9.3 Bylaws. Subject to any limitations or restrictions imposed by law or by these Articles of Incorporation, the voting Members of the Corporation shall have the power upon the vote of at least two-thirds (2/3) of such voting Members present, to adopt and/or amend the Bylaws of the Corporation.

9.4 Powers of the Board of Directors. Subject to any limitations or restrictions imposed by law or by these Articles of Incorporation, the Board of Directors and the officers of the Corporation are hereby authorized to exercise in furtherance of the purposes of the Corporation all the powers of the Corporation without authorization or approval of the Members of the Corporation.

9.5 Amendments. These Articles of Incorporation may only be amended by a vote of a majority of the voting Members of the Corporation.

IN WITNESS WHEREOF, the undersigned incorporator does hereby adopt these Articles of Incorporation, representing beforehand to the Secretary of the State of Indiana and all persons whom it may concern that a membership list of the above-named Corporation for which a Certificate of Incorporation is hereby applied, has heretofore been opened in accordance with the law and that at least one (1) person has signed such membership list. I, the undersigned, do hereby execute these Articles of Incorporation and verify, subject to penalties of perjury, that the facts contained herein are true, this 17th day of August, 1990.

Jeffrey Peek

This instrument was prepared by Jeffrey Peek, HALL, RENDER, KILLIAN, HEATH & LYMANN, P.C., One American Square, Suite 1100, Box 82064, Indianapolis, Indiana 46282. Telephone: (317) 633-4884.
# 2014 IHA Board of Directors

## Executive Committee

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman</td>
<td>Michael J. Packnett</td>
<td>President/CEO</td>
<td>Parkview Health, Fort Wayne</td>
<td>2014</td>
</tr>
<tr>
<td>Chairman-Elect</td>
<td>Martin Padgett, FACHE</td>
<td>President/CEO</td>
<td>Clark Memorial Hospital, Jeffersonville</td>
<td>2014</td>
</tr>
<tr>
<td>Secretary-Treasurer</td>
<td>Bryan A. Mills</td>
<td>President/CEO</td>
<td>Community Health Network</td>
<td>2014</td>
</tr>
<tr>
<td>Past Chairman</td>
<td>Daniel F. Evans Jr.</td>
<td>President/CEO</td>
<td>Indiana University Health, Indianapolis</td>
<td>2014</td>
</tr>
<tr>
<td>President</td>
<td>Douglas J. Leonard, FACHE</td>
<td>President</td>
<td>Indiana Hospital Association</td>
<td></td>
</tr>
</tbody>
</table>

## Directors at Large:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert J. Brody</td>
<td>Regional CEO</td>
<td>Central Indiana Region of Franciscan Alliance, Indianapolis</td>
<td>2015</td>
</tr>
<tr>
<td>Marilyn Custer-Mitchell</td>
<td>President/CEO</td>
<td>Wabash County Hospital, Wabash</td>
<td>2014</td>
</tr>
<tr>
<td>Genie Diamond</td>
<td>Regional CEO</td>
<td>Northern Indiana Region of Franciscan Alliance, Hammond</td>
<td>2014</td>
</tr>
<tr>
<td>Jon Ford</td>
<td>Board Chairman</td>
<td>Reid Hospital &amp; Health Care Services, Richmond</td>
<td>2014</td>
</tr>
<tr>
<td>Al Gatmaulan</td>
<td>CEO</td>
<td>Indiana University Health Arnett Hospital, Lafayette</td>
<td>2015</td>
</tr>
<tr>
<td>Nancy Kennedy, MD</td>
<td>Physician</td>
<td>Dearborn County Hospital, Lawrenceburg</td>
<td>2016</td>
</tr>
<tr>
<td>Craig C. Kinyon</td>
<td>President/CEO</td>
<td>Reid Hospital &amp; Health Care Services, Richmond</td>
<td>2015</td>
</tr>
<tr>
<td>Thomas A. Malasto</td>
<td>CEO</td>
<td>Community Health Network, Indianapolis</td>
<td>2014</td>
</tr>
<tr>
<td>Robert D. McLin, FACHE</td>
<td>President/CEO</td>
<td>Good Samaritan Hospital, Vincennes</td>
<td>2016</td>
</tr>
<tr>
<td>Thomas D. Miller, FACHE</td>
<td>President/CEO</td>
<td>Community Health Systems, Fort Wayne/Franklin, TN</td>
<td>2016</td>
</tr>
<tr>
<td>Jonathan Nalli</td>
<td>President/Division 5 CEO</td>
<td>Portage Hospital &amp; Porter Regional Hospital, Valparaiso</td>
<td>2016</td>
</tr>
<tr>
<td>Timothy L. Putnam, FACHE</td>
<td>President/CEO</td>
<td>Margaret Mary Health, Batesville</td>
<td>2016</td>
</tr>
<tr>
<td>Raymond W. Snowden</td>
<td>President/CEO</td>
<td>Memorial Hospital and Health Care Center, Jasper</td>
<td>2015</td>
</tr>
</tbody>
</table>

## District Presidents:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>John M. (Jack) Horner</td>
<td>President/CEO</td>
<td>Major Hospital, Shelbyville</td>
<td>2015</td>
</tr>
<tr>
<td>(Central)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dennis Weatherford</td>
<td>President/CEO</td>
<td>Putnam County Hospital, Greencastle</td>
<td>2015</td>
</tr>
<tr>
<td>(Central Southwestern)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Thomas J. VanOsdel, FACHE</td>
<td>President</td>
<td>St. Vincent Anderson Regional Hospital, Anderson</td>
<td>2014</td>
</tr>
<tr>
<td>(Eastern)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stephanie Long, FACHE</td>
<td>CEO</td>
<td>Indiana University Health White Memorial Hospital, Monticello</td>
<td>2014</td>
</tr>
<tr>
<td>(Midwestern)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Sue Ehinger, Ph.D. (Northeastern)</td>
<td>President</td>
<td>Parkview Regional Medical Center, Fort Wayne</td>
<td>2015</td>
</tr>
<tr>
<td>Kreg Gruber</td>
<td>President</td>
<td>Memorial Hospital of South Bend</td>
<td>2014</td>
</tr>
<tr>
<td>(Northeastern)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Ruskowski</td>
<td>President</td>
<td>Franciscan St. Anthony Health, Crown Point</td>
<td>2015</td>
</tr>
<tr>
<td>(Northwestern)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Linda Simmons, FACHE</td>
<td>President/CEO</td>
<td>Decatur County Memorial Hospital, Greensburg</td>
<td>2015</td>
</tr>
<tr>
<td>(Southeastern)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Larry R. Bailey</td>
<td>CEO</td>
<td>Indiana University Health Paoli Hospital</td>
<td>2014</td>
</tr>
<tr>
<td>(Southern)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emmett C. Schuster</td>
<td>President/CEO</td>
<td>Gibson General Hospital, Princeton</td>
<td>2014</td>
</tr>
<tr>
<td>(Southwestern)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rick Crawley</td>
<td>CEO</td>
<td>River Bend Hospital, West Lafayette</td>
<td>2014</td>
</tr>
<tr>
<td>(Western)</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

## AHA Delegates:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
<th>Term Ends</th>
</tr>
</thead>
<tbody>
<tr>
<td>Matthew Bailey, FACHE</td>
<td>CEO</td>
<td>Indiana University Health West Hospital, Avon</td>
<td>2014</td>
</tr>
<tr>
<td>Blake A. Dye, FACHE</td>
<td>President/CEO</td>
<td>St. Vincent Heart Center of Indiana, Indianapolis</td>
<td>2016</td>
</tr>
</tbody>
</table>

## Past Chairmen Ex-Officio Members (non-voting):

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vincent C. Caponi, FACHE</td>
<td>Exec. Chair/Board</td>
<td>St. Vincent Health, Indianapolis</td>
</tr>
<tr>
<td>Bradford W. Dykes, FACHE</td>
<td>President/CEO</td>
<td>Indiana University Health Bedford Hospital</td>
</tr>
<tr>
<td>Robert C. Keen, Ph.D., FACHE</td>
<td>President/CEO</td>
<td>Hancock Regional Hospital, Greenfield</td>
</tr>
<tr>
<td>Linda E. White, FACHE</td>
<td>President/CEO</td>
<td>Deaconess Health System, Evansville</td>
</tr>
</tbody>
</table>
2014 Board of Directors’ Meetings

Thursday, February 20
10 a.m. – 12 p.m.
Montage
8580 Allison Pointe Boulevard
Indianapolis, IN

Wednesday, April 9
10 a.m. – 12 p.m.
Montage
8580 Allison Pointe Boulevard
Indianapolis, IN

Thursday, June 26
10 a.m. – 12 p.m.
Montage
8580 Allison Pointe Boulevard
Indianapolis, IN

Sunday, September 14 – Tuesday, September 16
IHA Board of Directors’ Retreat
West Baden Springs Hotel
West Baden Springs, IN

Tuesday, October 28 – Thursday, October 30
IHA Annual Meeting
Renaissance Indianapolis North Hotel
Carmel, IN
Board Meeting with dinner will be on October 28 as part of the Annual Meeting
November 18, 2013

A MESSAGE TO AHA MEMBERS:

AT A GLANCE

The Issue:
ABC News World News Tonight with Diane Sawyer is slated to air a series of stories exploring health care costs. The stories are expected to examine pricing, costs and transparency across the health care sector, including hospitals.

Hospital billing, costs and charges can be particularly technical and difficult issues to explain to the public. This advisory includes some general themes and messages on hospital bills, the cost of caring, transparency and requirements for tax-exempt hospitals that may be raised locally. We encourage you and your entire team to be certain that you are familiar with your organization’s policies and procedures, and how to talk about them with patients, families and the public.

What You Can Do:
✓ Review some of the actual bills you send to patients; be aware of your internal policies; and be prepared to discuss them publicly.
✓ Share and discuss the issues addressed in this advisory with your senior managers and relevant department heads, including the heads of admissions, finance and communications, as well as with your consumer advocates.
✓ Confirm that your organization’s governance body is informed about these issues and aware of your policies and procedures.
✓ Communicate with patients about the services and assistance available to them regarding their bills.
✓ Remind patients that hospitals have patient advocates to talk with them about billing questions.

Further Questions:
Please do not hesitate to contact us with any questions regarding this advisory. You can contact Marie Watteau, director of media relations, at (202) 626-2351 or mwatteau@aha.org, or AHA Member Relations at (800) 424-4301.
THEMES AND MESSAGES

Complex Billing System
Our health care system is complicated, with a confusing billing system. Decades of regulations have made a complex system even more frustrating. That’s why hospitals have worked hard to simplify a patient’s bill.

✓ The AHA was part of the Patient Financial Interactions Best Practices Project because it was important to have guidance to help hospitals handle the most sensitive financial interactions with patients. Clearly, this is a work in progress, but it’s something we’re committed to improving.

Transparency
Hospitals are committed to providing price information to consumers.

✓ More than 40 states already require or encourage hospitals to report information on hospital charges or payment rates, and make that data available to the public.
✓ Hospitals have a uniform set of charges. Sharing meaningful information, however, is challenging because hospital care is individually tailored to each patient’s needs.
✓ The chargemaster is individual to each hospital. All hospitals are unique, and the needs of communities vary.

Elements That Go Into Cost
There are four key drivers of cost that vary by region, community and individual hospital:

1. Services provided for your unique care needs
2. Care for people who are unable to pay
3. Medicare and Medicaid underpayments. These programs pay less than the cost of caring for patients.
4. 24/7 readiness to meet your health care needs.
✓ Everyone’s bill reflects the cost of the last three.
✓ Charges are based on both historical data and negotiated payments. Uncompensated care, which has risen steadily over time, is figured into overall hospital costs. Charges also reflect the costs of being able to respond 24 hours a day, seven days a week, and these costs must be allocated across all consumers who receive hospital services.
✓ Hospital payments vary because they reflect the individual hospital’s mission, the patient population it serves and the subsidies necessary to provide essential public services.
✓ A hospital that provides vital highly-specialized services, such as emergency department care 24 hours a day, seven days a week, and community outreach social services such as trauma or burn units, has a different cost structure and pricing than one that does not. For example, some hospitals provide environments for training physicians and other
health care professionals, conducting medical research and taking care of a high number of uninsured individuals.

Hospital Underpayment
What hospitals charge and what hospitals are paid are two very different things. Medicare and Medicaid pay less than the cost of caring for patients. Additionally, as America’s health care safety net, hospitals see, treat and heal uninsured and underinsured patients every day.

✓ More than half of patients cared for by hospitals are Medicare and Medicaid patients. An annual shortfall to care for these patients of $30 billion is borne by hospitals.
✓ On average, hospitals received payment of only 91 cents for every dollar spent by hospitals caring for Medicare patients in 2011.
✓ Hospitals provided more than $41 billion in uncompensated care in 2011.
✓ Nationally, one in four hospitals operates in the red.

Requirements in the Patient Protection and Affordable Care Act (ACA)
The ACA requires tax-exempt hospitals to have a written financial assistance policy, and to limit charges for those who qualify for financial assistance to no more than the amounts generally billed to individuals who have insurance – which the Internal Revenue Service’s proposed regulations are driving toward the same amount as Medicare pays.

Site-Neutral Payment
Hospitals provide access to critical hospital-based services that are not otherwise available in the community and treat higher-severity patients. In addition, hospitals have higher cost structures than other facilities due to the need to have emergency stand-by capacity and higher costs associated regulatory requirements imposed on them.

Controlling Costs Is a Top Priority at Hospitals
Hospitals across America are examining ways to make care more affordable by better coordinating care, reducing red tape and providing the right care at the right time in the right setting.

✓ Hospitals have managed to hold costs down by keeping health care spending growth at historically low levels for the third straight year.
✓ The AHA’s Health Research & Educational Trust’s Hospital Engagement Network has begun to see improvements across hospitals in nine clinical areas and in readmissions. Improvements yielded an estimated cost savings of more than $74 million in 2012.
**ADDITIONAL RESOURCES**

- AHA's Billing and Collection Guidelines
- AHA's letter of support for the *Health Care Price Transparency Promotion Act*
- AHA's Issue Brief on Hospital Price Transparency
- Eleven state hospital associations provide websites that allow consumers to receive basic, facility-specific information about health care services and charges. For example, the Wisconsin Hospital Association’s site is [http://www.wipricepoint.org/](http://www.wipricepoint.org/).

**FURTHER QUESTIONS**

Please do not hesitate to contact us with any questions regarding this advisory. You can contact Marie Watteau, director of media relations, at (202) 626-2351 or mwatteau@aha.org, or AHA Member Relations at (800) 424-4301.