



Kennedy Krieger Institute

October 24, 2016

Mr. Dennis N. Phelps
Associate Director
Audit & Compliance
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215

OCT 25 '16 PM 2:49

Dear Dennis:

Attached you will find 3 copies of the audited financial statements for Kennedy Krieger Institute, Inc. and Subsidiaries. These statements include Kennedy Krieger Children's Hospital, Inc. (KKCH).

Also attached is a copy of the HSCRC revenue test calculation for KKCH. The HSCRC revenue test documents that 74.6% of KKCH's gross patient revenue is generated from Medicare/Medicaid sources and/or other unregulated revenue.

I trust that information meets the needs of the Commission. Please do not hesitate to contact me should you have any questions or require additional information. I can be reach at 443-923-1810 or via email at neuman@kennedykrieger.org.

Sincerely,

Michael J. Neuman
Senior Vice President – Finance

Kennedy Krieger Children's Hospital (KKCH)
HSCRC Revenue Test
FY 2016

	Gross Patient Service Revenue	Medicare/Medicaid and Unregulated Revenue				%
		Medicaid Revenue	Medicare Revenue	Unregulated Revenue	Total	
Inpatient:						
All-inclusive per diem	48,863,945	11,029,800	35,468		11,065,268	
Attending physician	3,103,196			3,103,196	3,103,196	
Disproportionate share	781,105			781,105	781,105	
Total inpatient revenue - KKCH	52,748,246	11,029,800	35,468	3,884,301	14,949,569	28.3%
Outpatient:						
Hospital-based services	7,089,138	2,397,320	106,211		2,503,530	
Hospital-based off-site clinic services	101,043,641			101,043,641	101,043,641	
Specialized lab billing to other labs	1,945,602			1,945,602	1,945,602	
Physician professional services	3,791,162			3,791,162	3,791,162	
Misc Outpatient Revenue	33,713			33,713	33,713	
Total Outpatient Revenue - KKCH	113,903,256	2,397,320	106,211	106,814,118	109,317,648	96.0%
Total KKCH patient service revenue	166,651,502	13,427,120	141,678	110,698,419	124,267,217	74.6%
Non-hospital outpatient revenue:						
School related medical services	2,471,389			2,471,389	2,471,389	
PACT - day care medical services	265,053			265,053	265,053	
Misc non-hospital medical services	2,011,228			2,011,228	2,011,228	
Total Non-hospital outpatient revenue	4,747,670	-	-	4,747,670	4,747,670	100.0%

<i>Reconciliation of Patient Service Revenue to Audited Consolidated Financial Statements:</i>				
	Gross	Deductions	Net Patient Revenue	
<i>Patient Service Revenue - KKCH Inpatient</i>	52,748,246	10,882,377	41,865,869	Audited CFS (Note 3)
<i>Patent Service Rev - KKCH Outpatient</i>	113,903,256	13,707,980	100,195,276	
<i>Patent Service Rev - Non-hospital Outpatient</i>	4,747,670		4,747,670	
Total Patient Service Revenue	118,650,926	13,707,980	104,942,946	Audited CFS (Note 3)
	171,399,172	24,590,357	146,808,815	Audited CFS (Note 3)