

Acknowledgements & Advisements

Background: The Maine Health Data Organization (MHDO) has collected paper copies of audited financial statements from each Maine hospital since 1994. Due to inconsistencies in the level of detail provided in the audited financial statements, one component of legislation enacted in June of 2005, "An Act to Implement Recommendations of the Commission to Study Maine's Community Hospitals", was the requirement that all non-governmental Maine hospitals annually submit to the MHDO standardized financial information in an electronic format. This legislation also mandated that the information be made available to the public.

Data Source:

Data used in the report tables are provided by each non-governmental Maine hospital on the standardized financial template and submitted to the MHDO, along with each hospital's audited financial statements and other pertinent financial information. Additional data have been obtained from the most current version of the INGENIX "Almanac of Hospital and Financial & Operating Indicators", publication and are included in Part I of the report tables:

- Total Margin
- Return on Net Equity
- Current Ratio (without Board Designated/Undesignated Investments)
- Days Cash on Hand (Current)
- Days Cash on Hand (Including Board Designated & Undesignated Investments)
- Average Payment Period (Current Liabilities)
- Debt Service Coverage Total
- Cash Flow to Total Debt
- Fixed Asset Financing
- Total Asset Turnover
- Average Age of Plant (Depreciation Only).

Note: Effective FY 2018, the INGENIX comparison data is no longer available.

Data Review:

The MHDO reviews information found in the standardized template for its unconsolidated functions, comparing the information with the hospitals' audited financial statements for accuracy and consistency.

Financial Data Elements:

Information found in the report tables represents financial data elements found on the standardized template from three sections of the audited financial statements. These include the balance sheet, statements of operations, and changes in net assets.

Financial Ratios:

Financial ratios are one critical component of assessing a hospital's financial condition and are widely accepted in the industry. The ratios are derived from financial data elements found in the template and represent financial indicators that can be classified into the following five categories: *profitability*, *liquidity*, *capital structure*, *asset efficiency*, and "other". Users of financial ratios are encouraged to consider a broad range of ratios from across all five categories and across multiple years to develop a comprehensive representation of any hospital's financial position. Hospitals are notified and provided an opportunity to comment on the data prior to their release on the MHDO website. These comments can be found in the

document [Hospital Comments](#) under the section "Additional Information" of the Hospital Financial Data webpage.