

2.4 CORE Protocol for Managing Financial Impact of Hospital Termination

PREAMBLE

Whereas, the CORE reserve was initially established in 1996 via contributions from the Central and Charter Members to cover shortfalls in revenue (Schedule B and C) and protect the integrity of the CORE system; and

Whereas, the start up contributions to the reserve came from the Central and each Charter member's fiscal year remaining balance of the total CORE system budget with subsequent contributions coming from existing members year end balances as well as new membership fees; and

Whereas, there is consensus of the CORE Finance Committee (CFC) that the CORE reserve balance be maintained at 10% of the total CORE System budget (defined as current fiscal year total contractual obligations of central, participating, associate, and affiliate members); and

Whereas, it is recommended that other measures be used to cover shortfalls in revenue before accessing the CORE reserve.

Therefore, at the discretion of the CFC, it is understood that the established protocol shall be as follows:

HOSPITAL TERMINATION IN GOOD STANDING

When a full participating hospital terminates its membership for the subsequent fiscal year upon written notice by September 1st to the Chair of the CORE Finance Committee in accordance with the CORE hospital participation agreement (Section 7 D), the terminating hospital will be refunded its initial contribution plus accrued interest. For the subsequent fiscal year budget, the CFC has the option to: 1) base on the actual number of full participating hospitals; or 2) carry forward and reallocate previous fiscal year funds to help offset the terminating hospital's projected obligation.

HOSPITAL TERMINATION IN DELINQUENT STATUS

When a full participating hospital terminates its membership after the September 1st deadline, the hospital's CORE reserve contribution plus accrued interest will be used to offset its subsequent fiscal year expected financial obligation. To help offset the terminating hospital's remaining obligation, the CFC has the option to: 1) carry forward and reallocate previous fiscal year funds; and/or 2) to reallocate a minimum of 10% (dependent on the budget) of the associate member funds.

USE OF CORE RESERVE

If reallocation of previous fiscal year funds and the associate member funds are not sufficient to cover the delinquent hospital obligation, the CFC may allocate CORE reserve funds to cover the balance. The deduction to the reserve will first be taken from the late fees held in the reserve. If a further reduction to the reserve is necessary, it will be prorated against each institution's reserve balance based on its percentage of the total amount.

REPLENISHMENT OF CORE RESERVE

The CORE reserve will be replenished to a minimum of 10% of the total CORE system budget by first assessing the following fiscal year carry forward funds. If these carry forward funds are unavailable or insufficient to cover the amount needed to replenish the reserve, the CFC has the option to: 1) replenish over a specified period of time from future carry forward; or 2) impose a special assessment to each Participating Member in the consortium. Each institution reserve balance will be replenished to no more than their contributions plus interest at the time of the reduction.

SECOND FISCAL YEAR AFTER HOSPITAL TERMINATION

If in the second fiscal year no other hospital is brought into the CORE system as a full participating member to replace the terminated hospital, the CORE system budget will be negotiated based on the actual number of participating hospitals.