



Kennedy Krieger Institute

November 29, 2022

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

Dear Dennis:

Attached please find a copy of the fiscal year 2022 audited financial statements for Kennedy Krieger Institute, Inc. and Subsidiaries. These statements include the operating results for Kennedy Krieger Children's Hospital, Inc. (KKCH). Refer to the supplemental consolidating financial statements starting on page 35. We have also e-mailed a copy of the audited financial statements to [hscrc.audited@maryland.gov](mailto:hscrc.audited@maryland.gov).

Also attached is a copy of the HSCRC revenue test calculation for KKCH. The HSCRC revenue test documents that 82% of KKCH's gross patient revenue is generated from Medicare/Medicaid and other unregulated revenue sources.

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](mailto:neuman@kennedykrieger.org).

Sincerely,

Michael J. Neuman  
Senior Vice President – Finance

**Kennedy Krieger Children's Hospital (KKCH)  
HSCRC Revenue Test  
FY 2022**

	Gross Patient Service Revenue	Medicare/Medicaid and Unregulated Revenue				%
		Gross Medicaid Revenue	Gross Medicare Revenue	Gross Unregulated Revenue	Total Mcr/Mcd Unreg Revenue	
<b><u>Inpatient:</u></b>						
All-inclusive per diem	50,180,858	15,238,363	-	-	15,238,363	
Attending physician	2,992,162	-	-	2,992,162	2,992,162	
Disproportionate share/GME	995,980	-	-	995,980	995,980	
Prior Period Settlement	1,250,000	-	-	1,250,000	1,250,000	
<b>Total inpatient revenue - KKCH</b>	<b>55,419,000</b>	<b>15,238,363</b>	<b>-</b>	<b>5,238,142</b>	<b>20,476,505</b>	<b>36.9%</b>
<b><u>Outpatient:</u></b>						
Hospital-based services	9,795,847	3,480,944	134,071	-	3,615,016	
Hospital-based off-site clinic services	158,085,915	-	-	158,085,915	158,085,915	
Specialized lab billing and other	2,012,027	-	-	2,012,027	2,012,027	
Physician professional services	6,626,661	-	-	6,626,661	6,626,661	
<b>Total Outpatient Revenue - KKCH</b>	<b>176,520,450</b>	<b>3,480,944</b>	<b>134,071</b>	<b>166,724,603</b>	<b>170,339,619</b>	<b>96.5%</b>
<b>Total KKCH patient service revenue</b>	<b>231,939,450</b>	<b>18,719,307</b>	<b>134,071</b>	<b>171,962,745</b>	<b>190,816,124</b>	<b>82.3%</b>

<u>Reconciliation of Patient Service Revenue to Audited Consolidated Financial Statements (Note #3):</u>				
	Gross	Deductions	Net Patient Revenue	
Patient Service Revenue - KKCH Inpatient	55,419,000	13,838,000	41,581,000	Audited CFS (Note 3)
Patent Service Rev - KKCH Outpatient	176,520,450	26,778,199	149,742,251	
Patent Service Rev - Non-Hospital Outpatient:				
School related medical services	3,200,424	2,009	3,198,415	
PACT day care medical services	336,573	136,871	199,702	
Research clinical trials/service center	2,220,553	-	2,220,553	
<b>Total Patient Service Revenue - KKI</b>	<b>182,278,000</b>	<b>26,917,079</b>	<b>155,360,921</b>	<b>Audited CFS (Note 3)</b>
<b>Total Patient Service Revenue - KKI</b>	<b>237,697,000</b>	<b>40,755,079</b>	<b>196,941,921</b>	<b>Audited CFS (Note 3)</b>