



A Closer Look

Hospitals' Community Benefit: Serving Those Most in Need

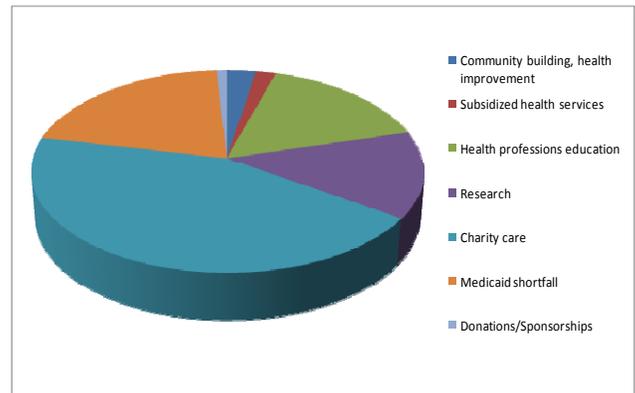
Key Points:

- * Franklin County's hospitals provided more than \$462 million in community benefit in 2009. In meeting their charitable missions and providing benefit to the citizens of central Ohio, the hospital systems:
- * The largest portion went to charity care, at \$189 million
- * \$174 million went to cover the unpaid costs of care provided to Medicaid patients
- * Our hospitals provided \$172 million in programs, for which they were not reimbursed.

Franklin County Hospitals Provide \$462 million in Community Benefit

Franklin County's four not-for-profit hospital systems provided \$462 million in community benefit in 2009. In meeting their charitable missions and providing benefit to the citizens of central Ohio, the hospital systems:

- Contributed nearly \$172 million on numerous programs, services and activities that improve the health of our citizens, for which they were not reimbursed;
- Provided more than \$189 million in free care for those individuals without insurance or are unable to pay their hospital bills; and
- Provided more than \$174 million in free care to Medicaid patients, filling the gap left when government payments fall below hospitals' cost to provide services.



Not included in the community benefit amount, but a significant contribution of Franklin County hospitals, are the losses hospitals sustain in bad debt (the amount of care provided for which payment was expected but not received) and Medicare shortfalls (the difference between the cost of care provided to Medicare patients and the payment received from the federal government for that care). These losses totaled an additional \$302.8 million in 2009 (\$240.7 million in bad debt and \$62.1 million in Medicare shortfall).

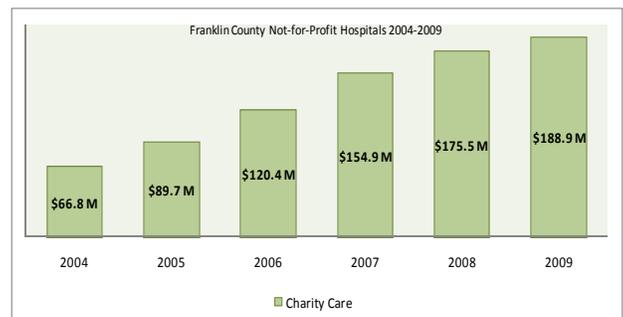
Hospital Charity Care up 183% Over Past 5 Years

Franklin County's 12 not-for-profit hospitals provide medically necessary care to everyone who walks through their doors, regardless of ability to pay. In 2009, local hospitals provided more than \$189 million in free care, a 183% increase over the last five years. And that does not include millions of dollars of uncompensated care that physicians on the hospitals' medical staffs provided in their offices and local free clinics. Charity care is free care

provided to patients who do not have insurance, or who have inadequate insurance, and are unable to pay themselves. These individuals do not receive a hospital bill.

Franklin County hospitals have seen large spikes in the number of uninsured patients seeking care, with admissions of the uninsured

rising three-and-a-half times the amount of the overall population in the last five years alone.



State Medicaid Reimburses Below Cost of Care; \$174 Million Loss to Local Hospitals

Ohio's Medicaid program provides health coverage to one in six Ohioans – one in three Ohio children – but it does not come close to reimbursing hospitals and other providers their costs of providing care. In 2004, hospitals were reimbursed 95 cents for every dollar of care; in 2010, reimbursement had fallen to 82 cents on the dollar. In 2009, Franklin County hospitals provided \$174 million in free care to Medicaid patients.

Low Medicaid reimbursement not only impacts hospitals' ability to maintain services, but it also strains doctors' willingness to treat Medicaid patients. While hospitals are required to accept Medicaid patients, physicians are not. With many doctors realizing Medicaid reimbursement levels below their operating costs, they are increasingly unable or unwilling to take on this patient population. Medicaid patients often do not have sufficient

access to primary and preventive care. This leads to overutilization of hospital emergency departments, where the cost of treating non-urgent conditions is significantly higher than the cost of outpatient treatment. Lack of primary care means many patients receive healthcare services too late or not at all – and without preventive or timely care, medical conditions could worsen and require more costly treatment later.



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Community Benefit: More than Free Care to the Indigent

Local hospitals do so much more to benefit the community than treat injury and illness and serve as the safety net for the uninsured. "Community benefit" extends beyond hospitals' doors and deep into local neighborhoods and communities. The Internal Revenue Service, which recognizes hospitals' not-for-profit status, considers five community benefit activities, in addition to free care provided to the indigent:

Community health improvement activities are sponsored by hospitals to improve community health and include presentations, health fairs, support groups, free clinics, screenings, donated clinic time and mobile units. These activities do not generate a hospital bill.

Subsidized health services are clinical programs provided to the community, despite a financial loss, such as emergency and trauma services, burn units and interpreter services.

Health professions education benefits are the unpaid costs to educate the current and next generations of physicians, nurses and other health professionals.

Research benefits are the costs of clinical and community health research as well as studies on healthcare delivery. This research includes studies on therapeutic protocols, innovative treatments, health issues for vulnerable persons and research papers for professional journals.

Donations and sponsorships are funds and in-kind contributions provided to community groups and other not-for-profit organizations.

Franklin County hospitals provided \$172 million in these five community benefit categories, for which they were not reimbursed.

