



# Report on Montana's Hospitals Community Benefits



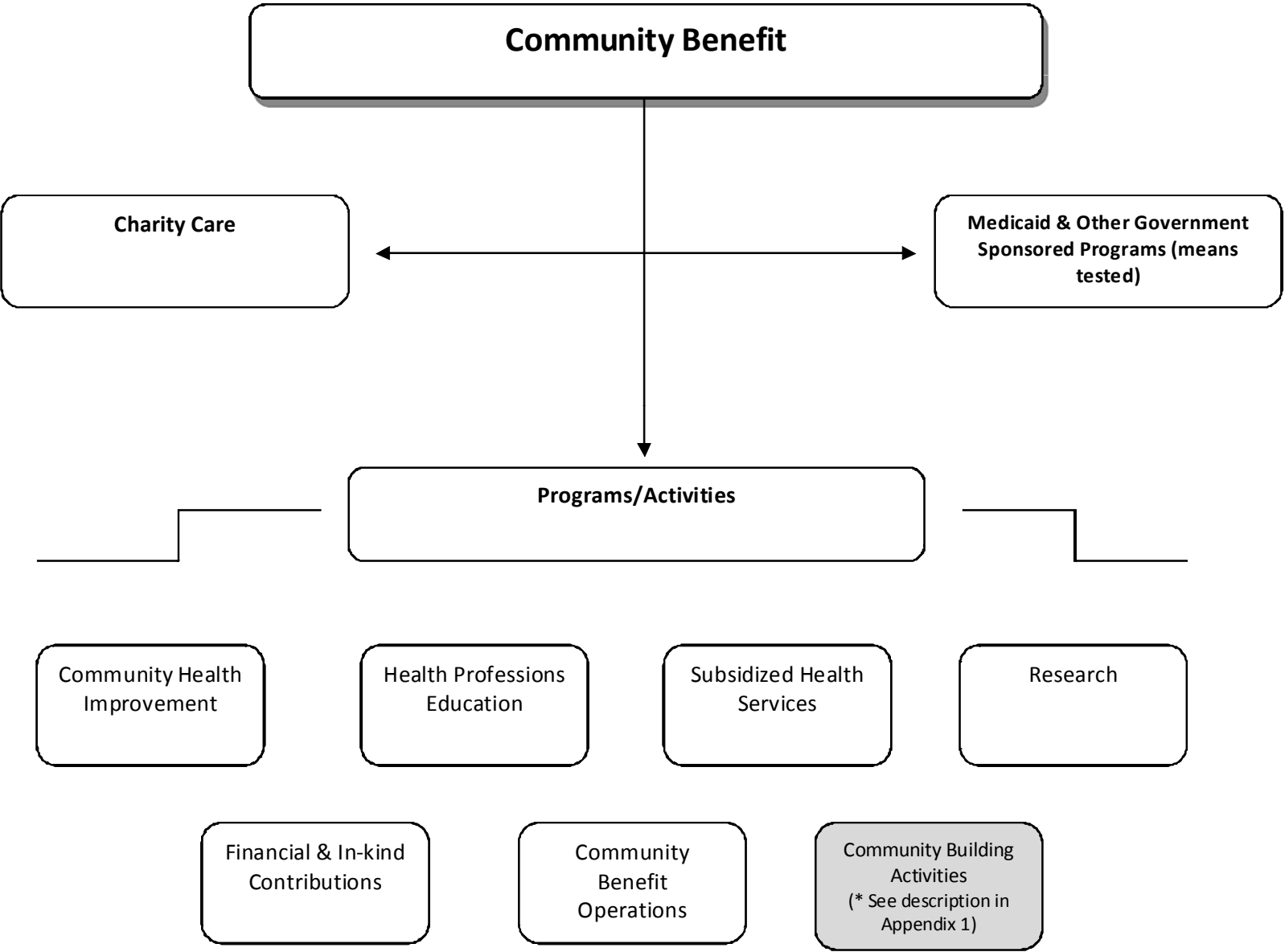
February 17<sup>th</sup>, 2012

# Outline of Topics

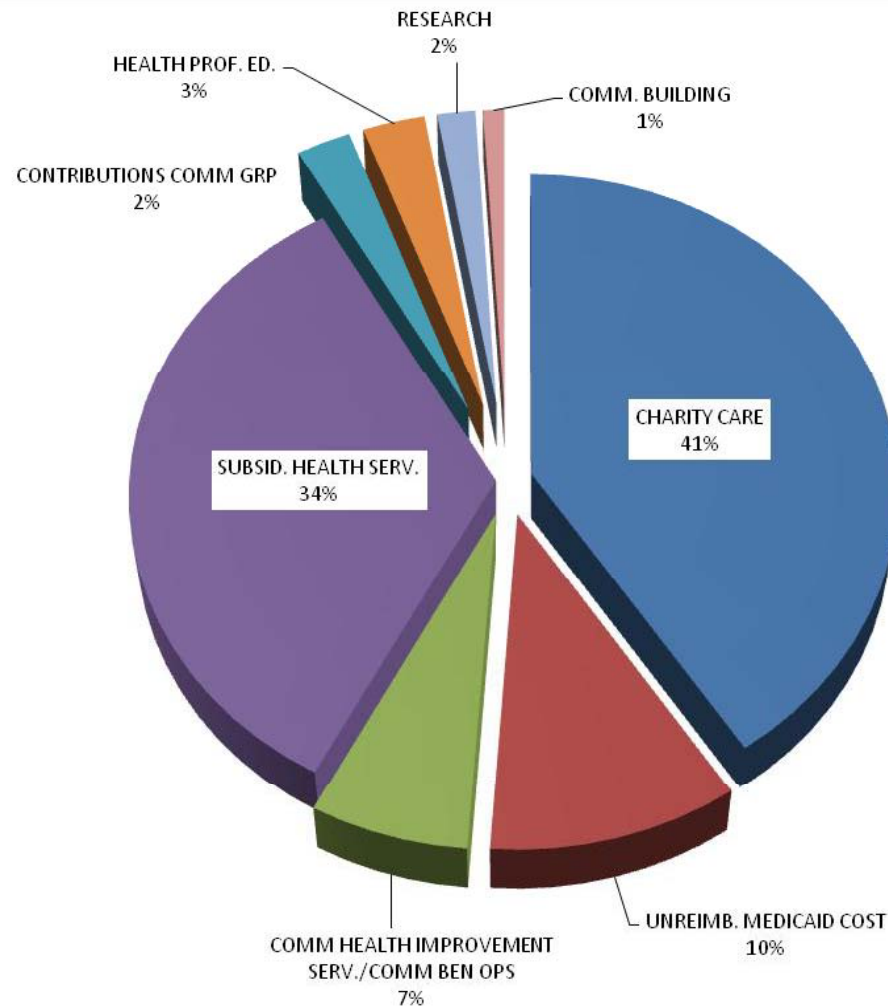
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- ▶ What are the services non-profit hospitals provide that would justify the tax exemption?
  - ▶ Community Benefits, Charity Care
- ▶ What is the value of the tax exemption based on these services?
  - ▶ Property Tax, State Income Tax, Value of Tax Exempt Bonds
- ▶ What is the relationship of hospital foundations to the hospital itself?



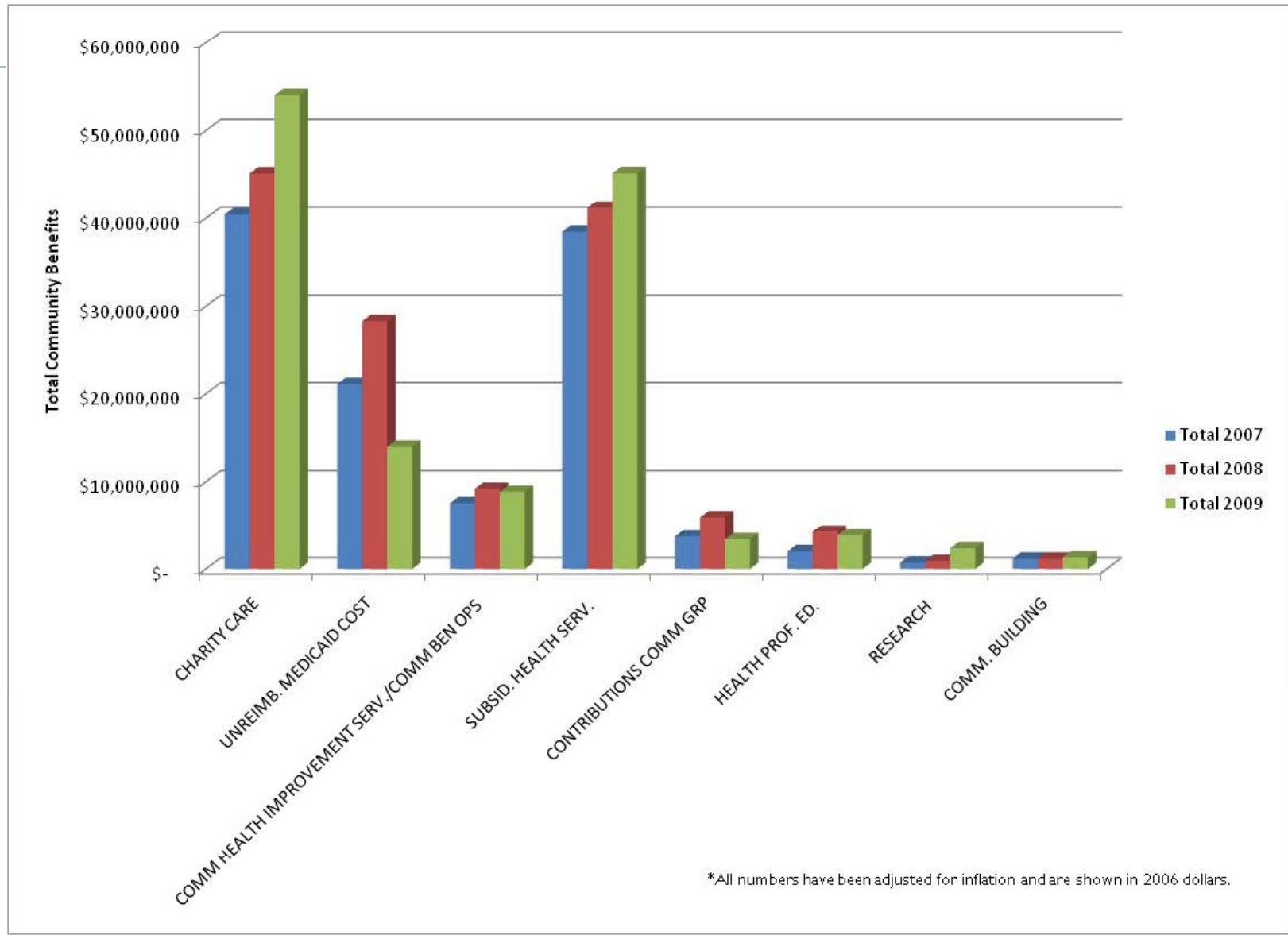


# Composition of Community Benefits



\* Created from 2009 data

# Trends in Community Benefits



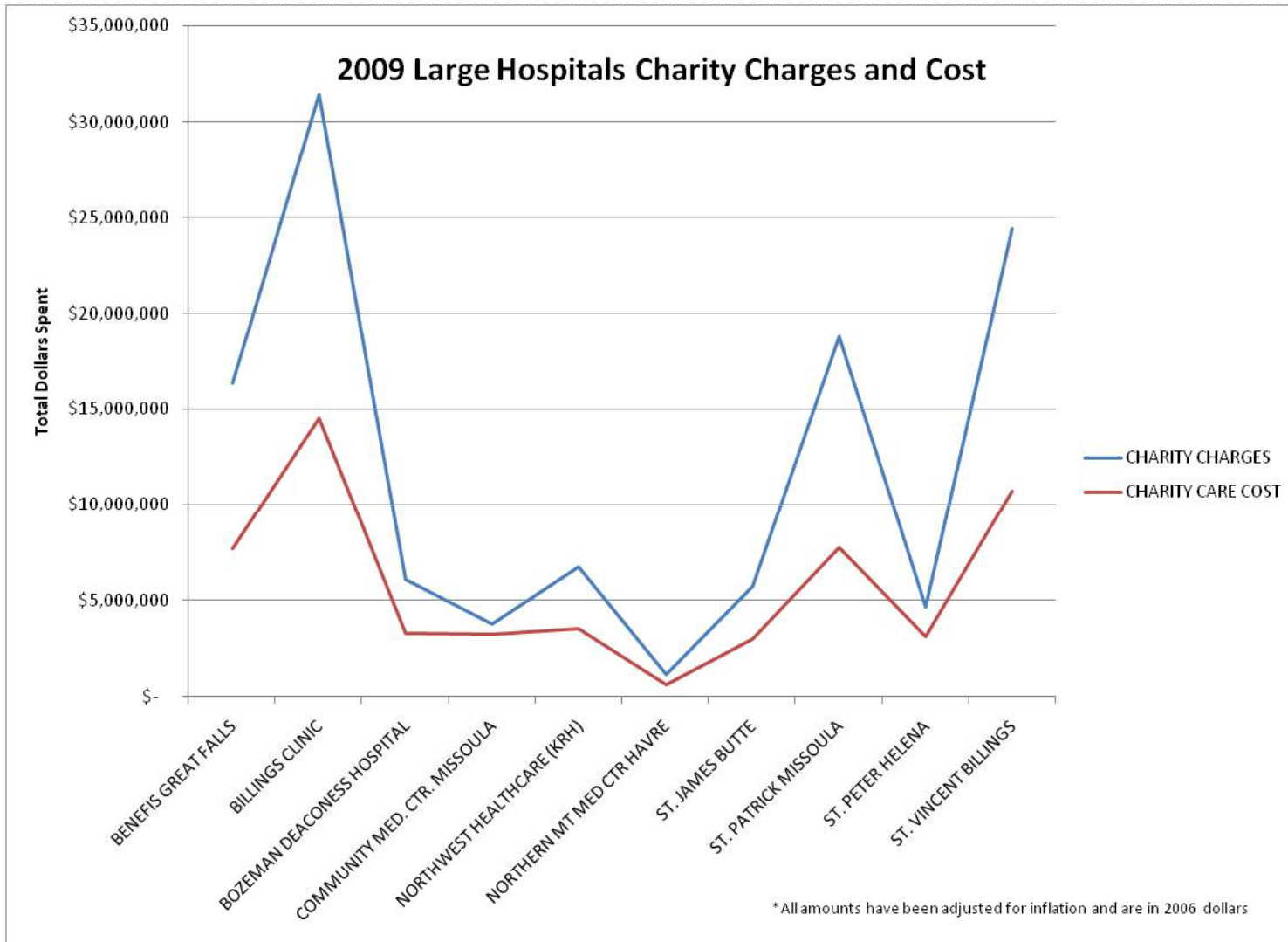
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# Charity Care: Cost vs. Charges

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# Difference Between Charity Care Cost vs. Charges



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# Trends in Charity Care for Large Hospitals 2006-2009



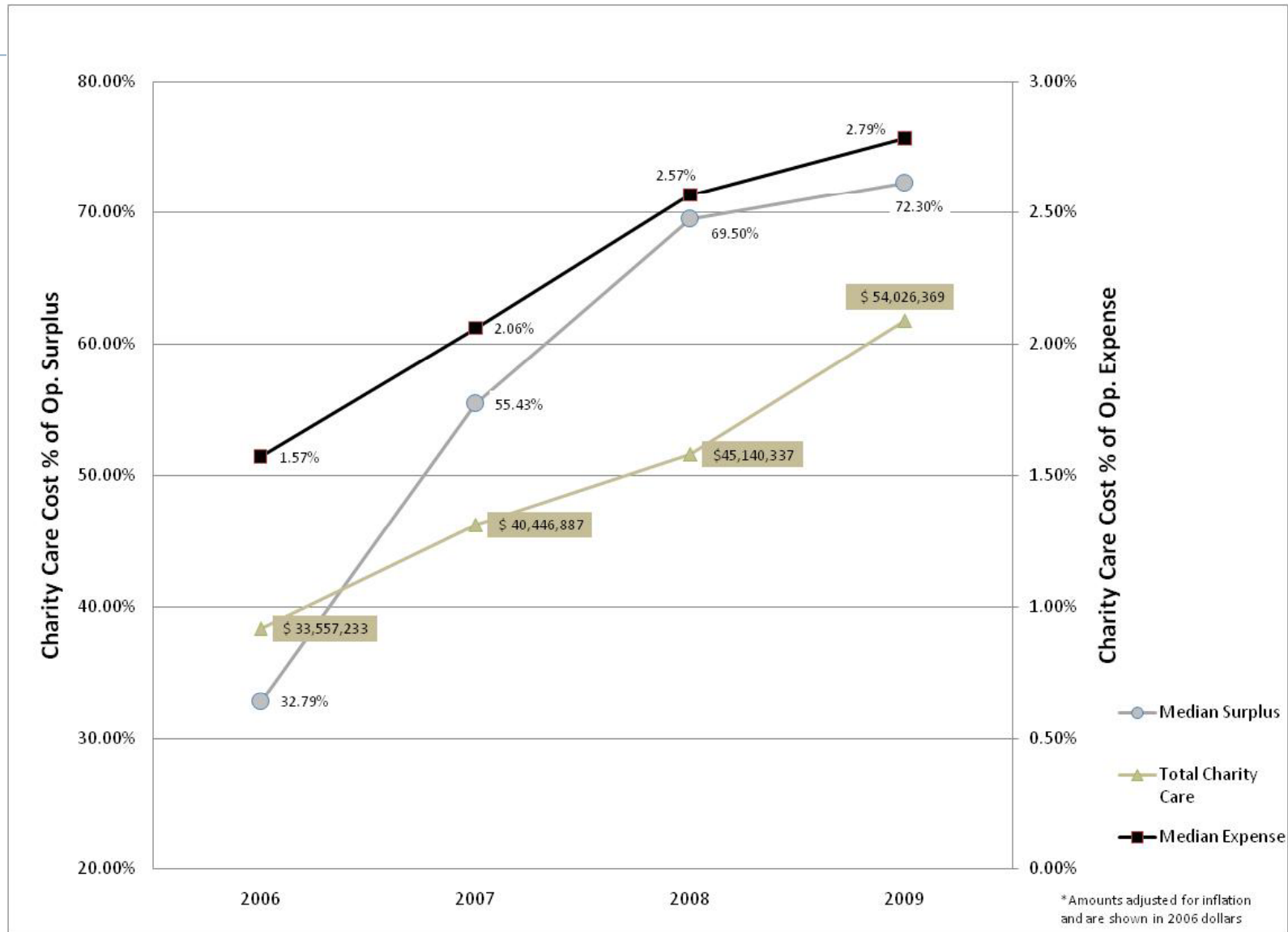


# Charity Costs for 2009

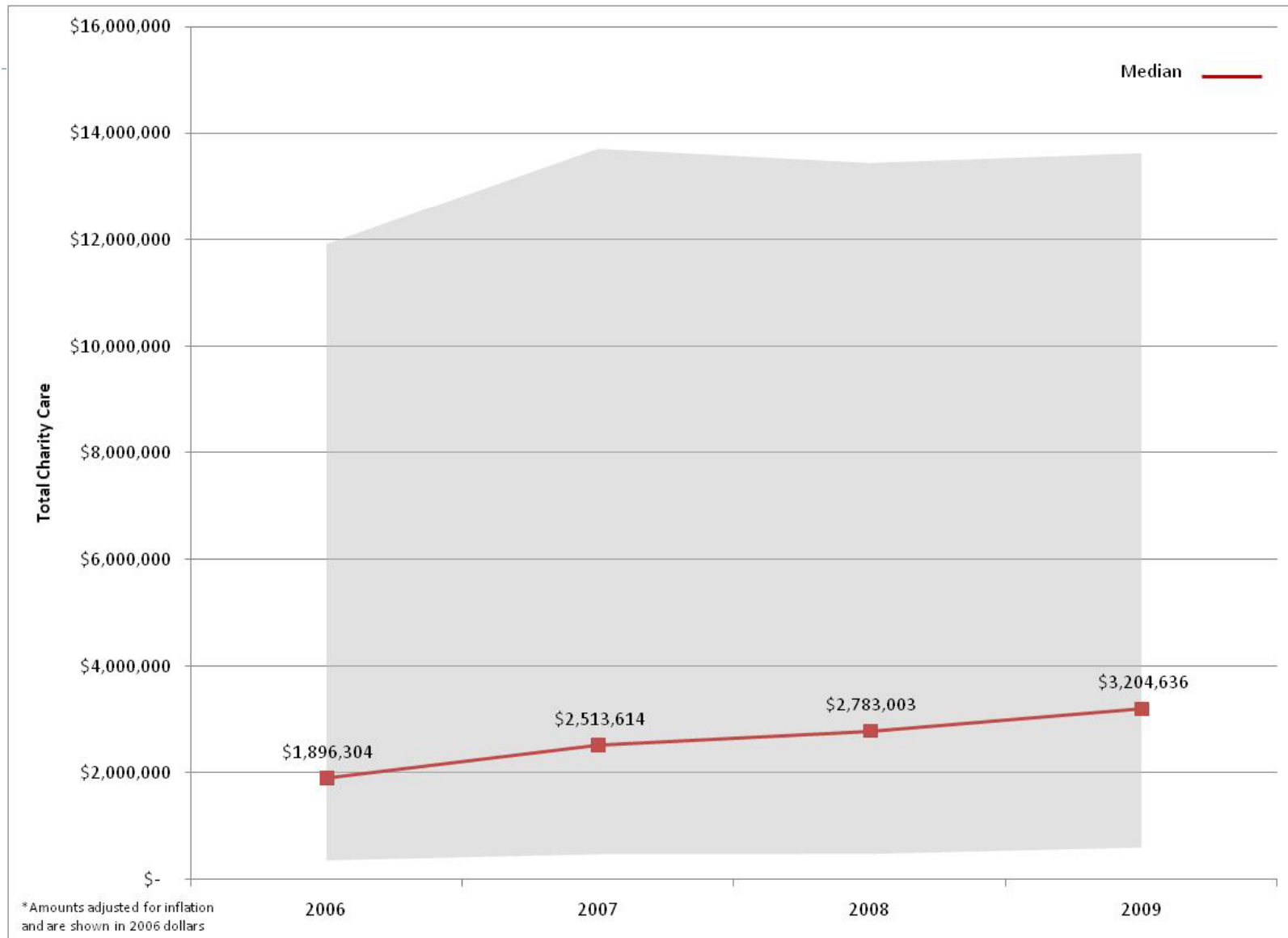
FACILITY NAME/CITY	CHARITY COSTS 2009	CHARITY CARE AS A PERCENT OF OP. EXPENSE	CHARITY CARE % OP. SURPLUS
BILLINGS CLINIC	\$ 14,506,721	3.18%	297.87%
ST. VINCENT BILLINGS	\$ 10,707,594	3.57%	62.61%
ST. PATRICK MISSOULA	\$ 7,768,725	3.49%	61.97%
BENEFIS GREAT FALLS	\$ 7,720,419	2.99%	49.74%
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	1.68%	215.21%
BOZEMAN DEACONESS	\$ 3,285,401	2.29%	40.74%
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	2.51%	108.86%
ST. PETER HELENA	\$ 3,108,727	2.58%	81.99%
ST. JAMES BUTTE	\$ 2,999,200	3.45%	*
NORTHERN MT MED CENTER HAVRE	\$ 641,742	1.16%	52.03%
<b>Total/Median</b>	<b>\$ 57,493,329</b>	<b>2.79%</b>	<b>62.61%</b>
<b>2008 Total/Median</b>	<b>\$ 48,208,581</b>	<b>2.57%</b>	<b>69.50%</b>
HOLY ROSARY MILES CITY	\$ 1,547,854	4.28%	*
SIDNEY HEALTH CENTER	\$ 1,295,985	3.21%	*
NORTH VALLEY WHITEFISH	\$ 938,596	2.80%	*
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	2.08%	20.84%
ST. JOSEPH POLSON	\$ 519,674	2.33%	167.66%
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	1.05%	*
LIVINGSTON HEALTHCARE	\$ 448,112	1.30%	103.27%
GLENDIVE MEDICAL CENTER	\$ 419,626	1.17%	50.51%
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	1.74%	30.48%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	1.44%	883.13%
COMMUNITY OF ANACONDA	\$ 299,210	1.15%	24.99%
ST. LUKE COMMUNITY RONAN	\$ 195,177	0.59%	10.19%
<b>Total/Median</b>	<b>\$ 7,433,241</b>	<b>1.59%</b>	<b>40.49%</b>
<b>2008 Total/Median</b>	<b>\$ 4,299,177</b>	<b>1.32%</b>	<b>22.16%</b>

\*Amounts shown are from most recent report and have not been adjusted for inflation

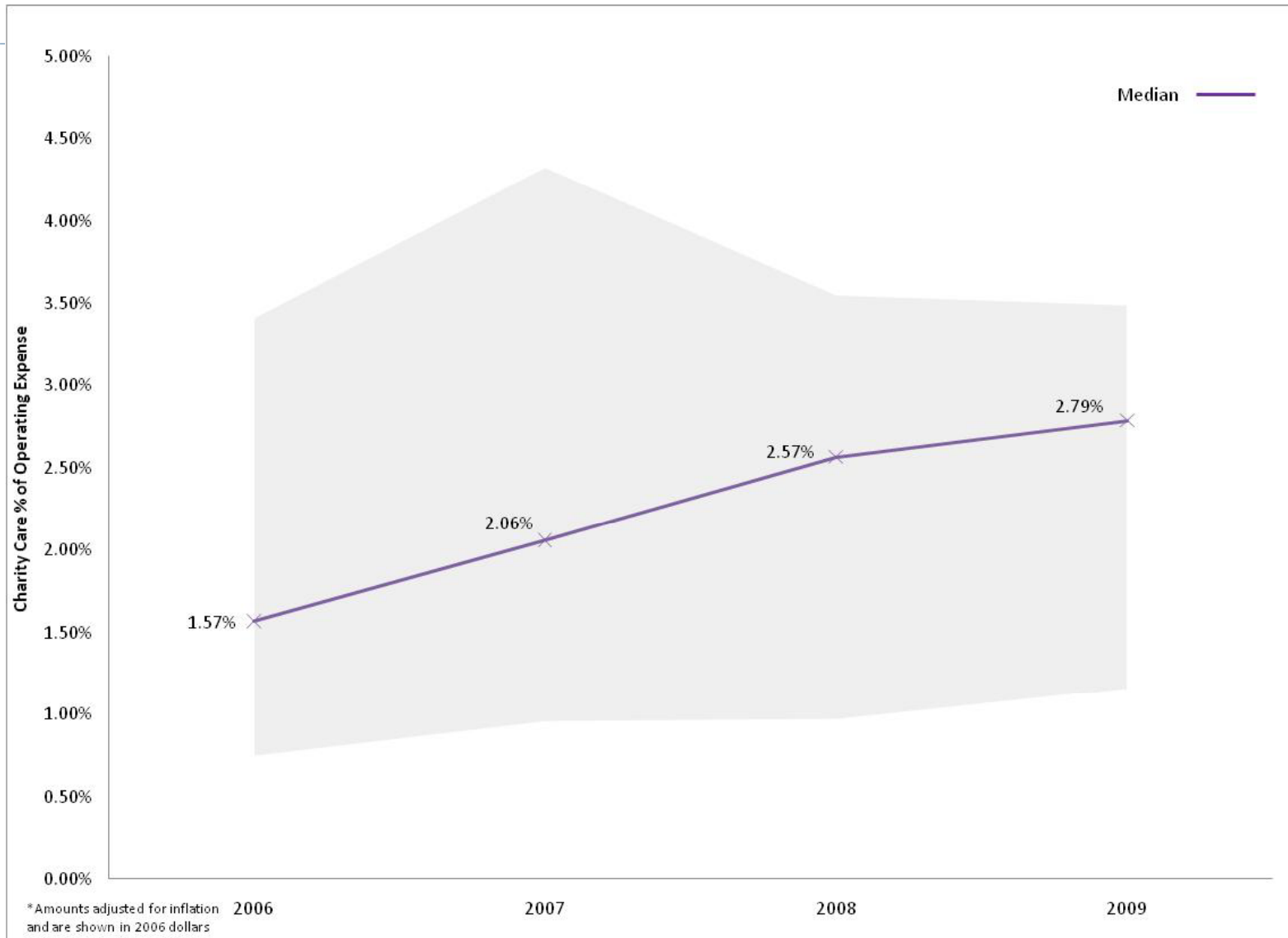
# Large Hospitals Trends in Charity Care



# Large Hospital Trends in Total Charity Care



# Large Hospital Trends in Charity Care as a % of Operating Expense



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# Changes in Charity Care Policies and Approvals

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# Changes in Charity Care Policies

## Large Hospitals

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FACILITY NAME/CITY	%FPG CHARITY BEGINS 2006	% FPG CHARITY BEGINS 2009	% FPG FOR FULL WRITE OFF 2006	% FPG FOR FULL WRITE OFF 2009
BENEFIS GREAT FALLS	200%	220%	150%	220%
BILLINGS CLINIC	300%	300%	110%	300%
BOZEMAN DEACONESS	200%	250%	100%	250%
COMMUNITY MED. CTR. MISSOULA	300%	300%	200%	300%
NORTHWEST HEALTHCARE KALISPELL	200%	300%	125%	300%
NORTHERN MT MED CTR HAVRE	200%	200%	100%	200%
ST. JAMES BUTTE	400%	400%	200%	400%
ST. PATRICK MISSOULA	400%	400%	200%	400%
ST. PETER HELENA	200%	250%	125%	250%
ST. VINCENT BILLINGS	400%	400%	200%	400%
<b>AVERAGE</b>	<b>280%</b>	<b>302%</b>	<b>151%</b>	<b>302%</b>



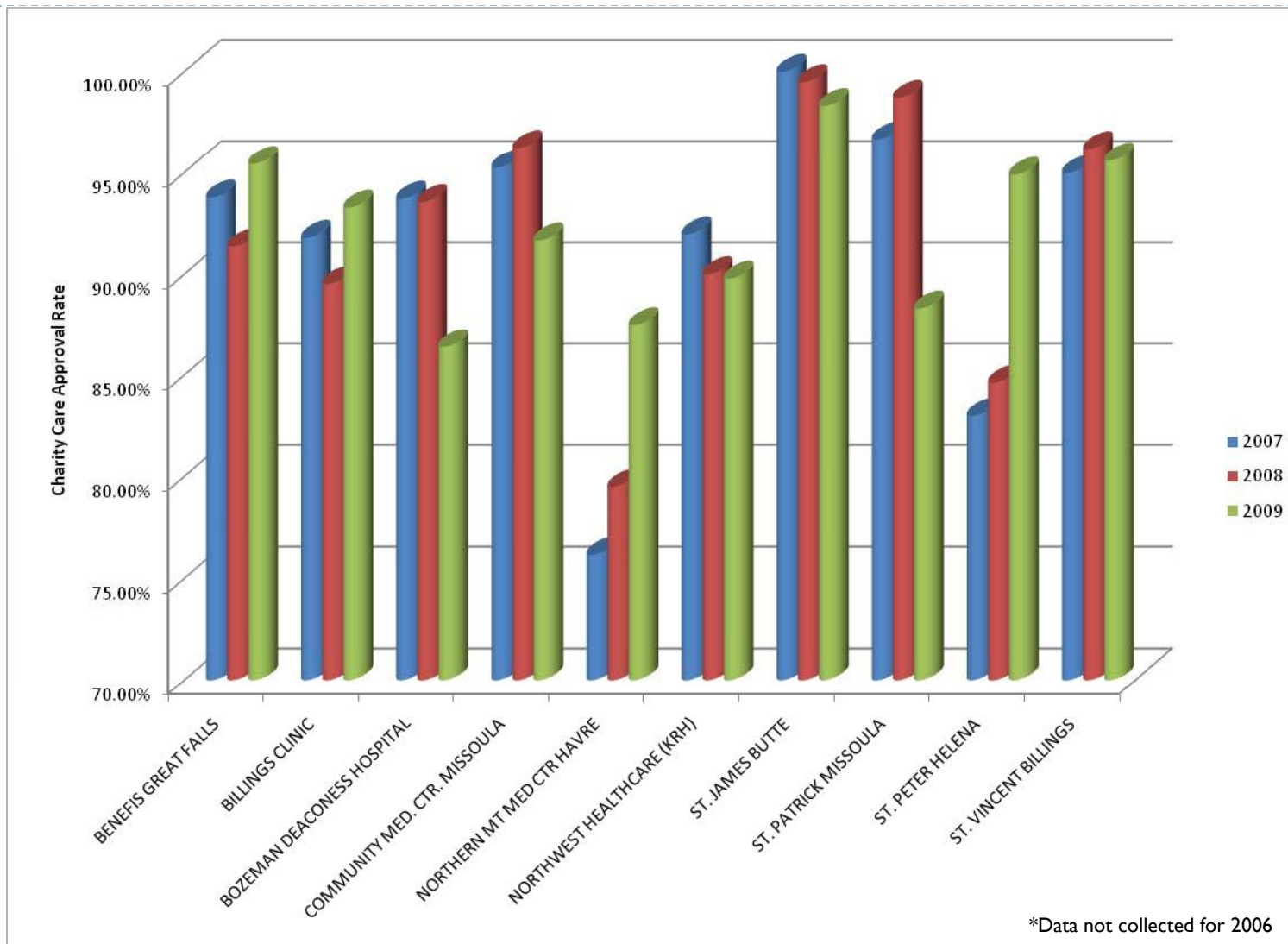
# Changes in Charity Care Policies Small Hospitals

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FACILITY NAME/CITY	%FPG CHARITY BEGINS 2008	% FPG CHARITY BEGINS 2009	% FPG FOR FULL WRITE OFF 2008	% FPG FOR FULL WRITE OFF 2009
CENTRAL MT MED. CENTER LEWISTOWN	300%	300%	150%	150%
COMMUNITY OF ANACONDA	200%	200%	100%	100%
FRANCIS MAHON DEAC. GLASGOW	175%	200%	100%	100%
GLENDIVE MEDICAL CENTER	200%	200%	100%	100%
HOLY ROSARY MILES CITY	400%	400%	200%	200%
LIVINGSTON HEALTHCARE	200%	200%	100%	100%
MARCUS DALY MEMORIAL HAMILTON	200%	200%	100%	100%
NORTH VALLEY WHITEFISH	200%	200%	50%	100%
SIDNEY HEALTH CENTER	175%	175%	100%	100%
ST. JOHN'S LUTHERAN LIBBY	200%	200%	100%	100%
ST. JOSEPH POLSON	400%	400%	200%	200%
ST. LUKE COMMUNITY RONAN	300%	300%	150%	150%
<b>AVERAGE</b>	<b>246%</b>	<b>248%</b>	<b>121%</b>	<b>125%</b>

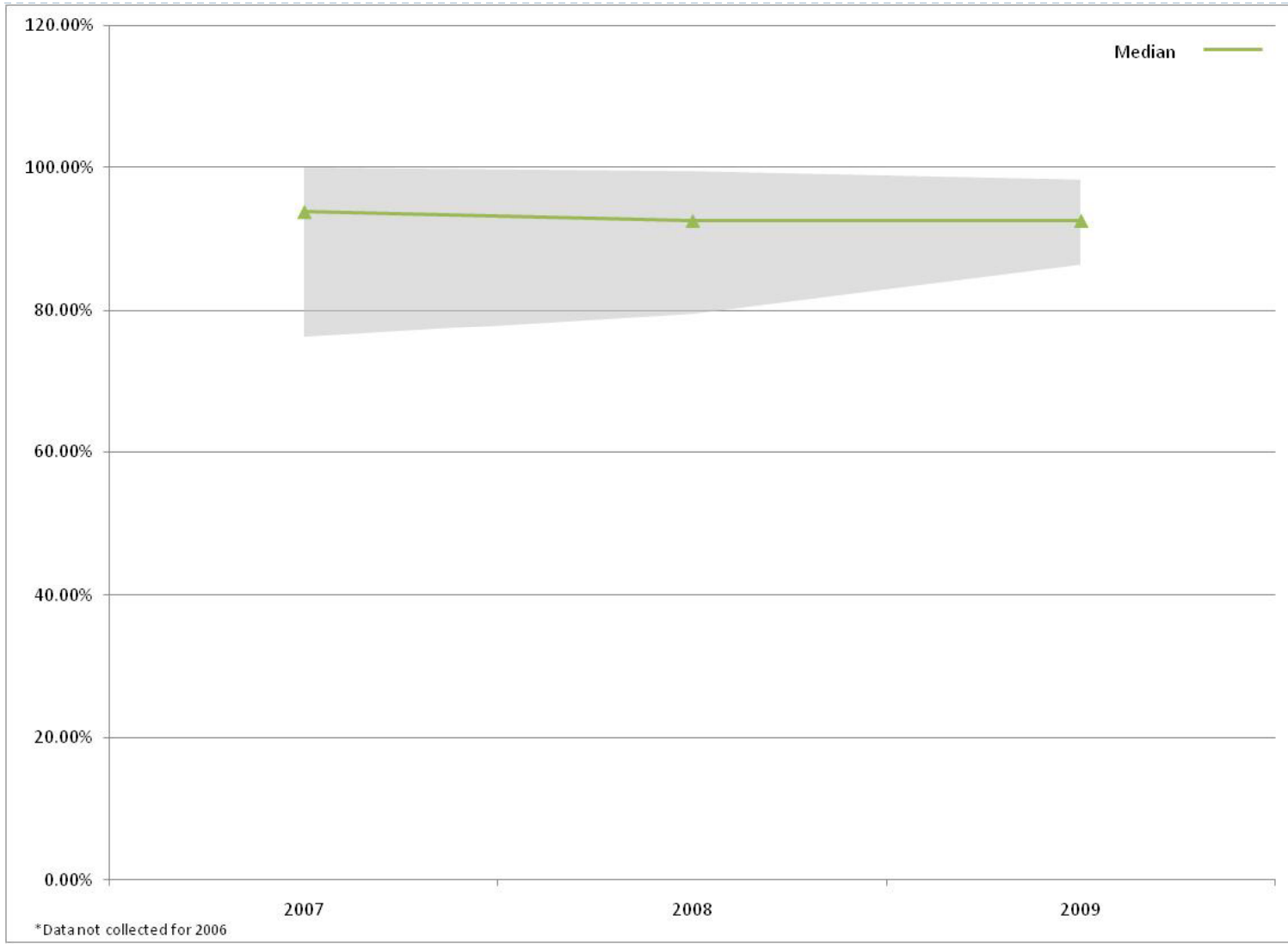


# Trends in Charity Care Application Approval Rate Large Hospitals





# Trends in Charity Care Approval Rate Large Hospitals



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# Value of Tax Exemption

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# Calculation of Tax Exemption

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- + Federal Income Tax
- + State Income Tax
- + Estimated Property Tax
- + Tax Exempt Bond Value

**= Value of the Tax Exemption**



# Value of Federal Tax Exemption

FACILITY NAME/ CITY	OPERATING INCOME	FEDERAL INCOME TAX	STATE INCOME TAX	ESTIMATED PROPERTY TAX	TAX EXEMPT BOND VALUE	TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 15,520,482	\$ 5,276,964	\$ 691,437	\$ 2,061,878	\$ 1,736,039	\$ 9,766,318
BILLINGS CLINIC	\$ 4,870,174	\$ 1,655,859	\$ 216,966	\$ 2,506,765	\$ 1,999,843	\$ 6,379,434
BOZEMAN DEACONESS	\$ 8,065,301	\$ 2,742,202	\$ 359,309	\$ 38,195	\$ 743,886	\$ 3,883,592
COMMUNITY MED. CTR. MISSOULA	\$ 2,957,589	\$ 1,005,580	\$ 131,761	\$ 75,828	\$ 195,096	\$ 1,408,265
NORTHWEST HEALTHCARE KALISPELL	\$ 1,642,626	\$ 558,493	\$ 73,179	\$ 11,659	\$ -	\$ 643,331
NORTHERN MT MED CTR HAVRE	\$ 1,233,346	\$ 419,338	\$ 54,946	\$ 177	\$ -	\$ 474,460
ST. JAMES BUTTE	\$ (2,408,635)	\$ (818,936)	\$ (107,305)	\$ 3,518	\$ -	\$ (922,723)
ST. PATRICK MISSOULA	\$ 12,536,520	\$ 4,262,417	\$ 558,502	\$ 757,279	\$ 741,946	\$ 6,320,143
ST. PETER HELENA	\$ 3,791,618	\$ 1,289,150	\$ 168,917	\$ 26,011	\$ 644,358	\$ 2,128,436
ST. VINCENT BILLINGS	\$ 17,102,274	\$ 5,814,773	\$ 761,906	\$ 1,603,152	\$ -	\$ 8,179,831
CENTRAL MT MED. CENTER LEWISTOWN	\$ 42,040	\$ 14,294	\$ 1,873	\$ 13,641	\$ 31,082	\$ 60,890
COMMUNITY OF ANACONDA	\$ 1,197,469	\$ 407,139	\$ 53,347	\$ 1,943	\$ -	\$ 462,430
FRANCIS MAHON DEAC. GLASGOW	\$ 2,538,345	\$ 863,037	\$ 113,083	\$ 25,187	\$ 20,605	\$ 1,021,913
GLENDIVE MEDICAL CENTER	\$ 830,827	\$ 282,481	\$ 37,013	\$ 12,499	\$ 401,478	\$ 733,472
HOLY ROSARY MILES CITY	\$ (3,147,463)	\$ (1,070,137)	\$ (140,219)	\$ 46,070	\$ -	\$ (1,164,287)
LIVINGSTON HEALTHCARE	\$ 433,915	\$ 147,531	\$ 19,331	\$ 20,250	\$ -	\$ 187,112
MARCUS DALY MEMORIAL HAMILTON	\$ (339,574)	\$ (115,455)	\$ (15,128)	\$ 122,333	\$ 129,558	\$ 121,308
NORTH VALLEY WHITEFISH	\$ (648,566)	\$ (220,512)	\$ (28,894)	\$ 206,840	\$ -	\$ (42,566)
SIDNEY HEALTH CENTER	\$ (2,091,306)	\$ (711,044)	\$ (93,168)	\$ 3,191	\$ 351,780	\$ (449,241)
ST. JOHN'S LUTHERAN LIBBY	\$ 1,330,231	\$ 452,279	\$ 59,262	\$ 6,867	\$ -	\$ 518,407
ST. JOSEPH POLSON	\$ 309,953	\$ 105,384	\$ 13,808	\$ 51,010	\$ 134,476	\$ 304,679
ST. LUKE COMMUNITY RONAN	\$ 1,916,175	\$ 651,500	\$ 85,366	\$ 9,134	\$ 291,654	\$ 1,037,653

\*Values from 2009 Report. Not adjusted for inflation

# Community Benefits vs. Value of Tax Exemption- Federal

FACILITY NAME/CITY	COST OF ALL COMMUNITY BENEFIT	VALUE TAX EXEMPTION	COMMUNITY BENEFIT % TAX EXEMPTION
BILLINGS CLINIC	\$ 31,215,078	\$ 6,379,434	489%
ST. VINCENT BILLINGS	\$ 21,516,451	\$ 8,179,831	263%
ST. PATRICK MISSOULA	\$ 16,016,055	\$ 6,320,143	253%
ST. PETER HELENA	\$ 14,798,815	\$ 2,128,436	695%
BENEFIS GREAT FALLS	\$ 14,685,942	\$ 9,766,318	150%
BOZEMAN DEACONESS	\$ 13,197,206	\$ 3,883,592	340%
NORTHWEST HEALTHCARE KALISPELL	\$ 10,936,577	\$ 643,331	1700%
COMMUNITY MED. CTR. MISSOULA	\$ 7,682,379	\$ 1,408,265	546%
ST. JAMES BUTTE	\$ 7,155,891	\$ (922,723)	*
NORTHERN MT MED CTR HAVRE	\$ 4,319,796	\$ 474,460	910%
<b>TOTAL</b>	<b>\$ 141,524,190</b>	<b>\$ 38,261,088</b>	<b>415%</b>
<b>2008 TOTAL/MEDIAN</b>	<b>\$ 145,483,268</b>	<b>\$ 39,085,091</b>	<b>381%</b>
SIDNEY HEALTH CENTER	\$ 4,304,211	\$ (449,241)	*
MARCUS DALY MEMORIAL HAMILTON	\$ 4,217,270	\$ 121,308	3477%
HOLY ROSARY MILES CITY	\$ 3,354,497	\$ (1,164,287)	*
FRANCIS MAHON DEAC. GLASGOW	\$ 2,721,922	\$ 1,021,913	266%
GLENDIVE MEDICAL CENTER	\$ 2,340,977	\$ 733,472	319%
COMMUNITY OF ANACONDA	\$ 2,330,682	\$ 462,430	504%
NORTH VALLEY WHITEFISH	\$ 1,461,583	\$ (42,566)	*
LIVINGSTON HEALTHCARE	\$ 643,545	\$ 187,112	344%
ST. JOHN'S LUTHERAN LIBBY	\$ 604,146	\$ 518,407	117%
ST. JOSEPH POLSON	\$ 554,461	\$ 304,679	182%
ST. LUKE COMMUNITY RONAN	\$ 523,806	\$ 1,037,653	50%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 464,386	\$ 60,890	763%
<b>TOTAL</b>	<b>\$ 23,521,486</b>	<b>\$ 2,791,769</b>	<b>344%</b>
<b>2008 TOTAL/MEDIAN</b>	<b>\$ 15,872,834</b>	<b>\$ 5,957,228</b>	<b>307%</b>

\* Facility had an operating or total loss

Values from 2009 report, not adjusted for inflation

# Charity Care vs. Value of Tax Exemption- Federal

FACILITY NAME/CITY	COST OF ALL CHARITY CARE	VALUE TAX EXEMPTION	CHARITY CARE COST % TAX EXEMPTION
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	\$ 643,331	550%
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	\$ 1,408,265	229%
BILLINGS CLINIC	\$ 14,506,721	\$ 6,379,434	227%
ST. PETER HELENA	\$ 3,108,727	\$ 2,128,436	146%
NORTHERN MT MED CENTER HAVRE	\$ 641,742	\$ 474,460	135%
ST. VINCENT BILLINGS	\$ 10,707,594	\$ 8,179,831	131%
ST. PATRICK MISSOULA	\$ 7,768,725	\$ 6,320,143	123%
BOZEMAN DEACONESS	\$ 3,285,401	\$ 3,883,592	85%
BENEFIS GREAT FALLS	\$ 7,720,419	\$ 9,766,318	79%
ST. JAMES BUTTE	\$ 2,999,200	\$ (922,723)	*
HOLY ROSARY MILES CITY	\$ 1,547,854	\$ (1,164,287)	*
SIDNEY HEALTH CENTER	\$ 1,295,985	\$ (449,241)	*
NORTH VALLEY WHITEFISH	\$ 938,596	\$ (42,566)	*
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	\$ 1,021,913	52%
ST. JOSEPH POLSON	\$ 519,674	\$ 304,679	171%
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	\$ 121,308	382%
LIVINGSTON HEALTHCARE	\$ 448,112	\$ 187,112	239%
GLENDIVE MEDICAL CENTER	\$ 419,626	\$ 733,472	57%
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	\$ 518,407	78%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	\$ 60,890	610%
COMMUNITY OF ANACONDA	\$ 299,210	\$ 462,430	65%
ST. LUKE COMMUNITY RONAN	\$ 195,177	\$ 1,037,653	19%

\*facility had operating loss

Values from 2009 report and are not adjusted for inflation

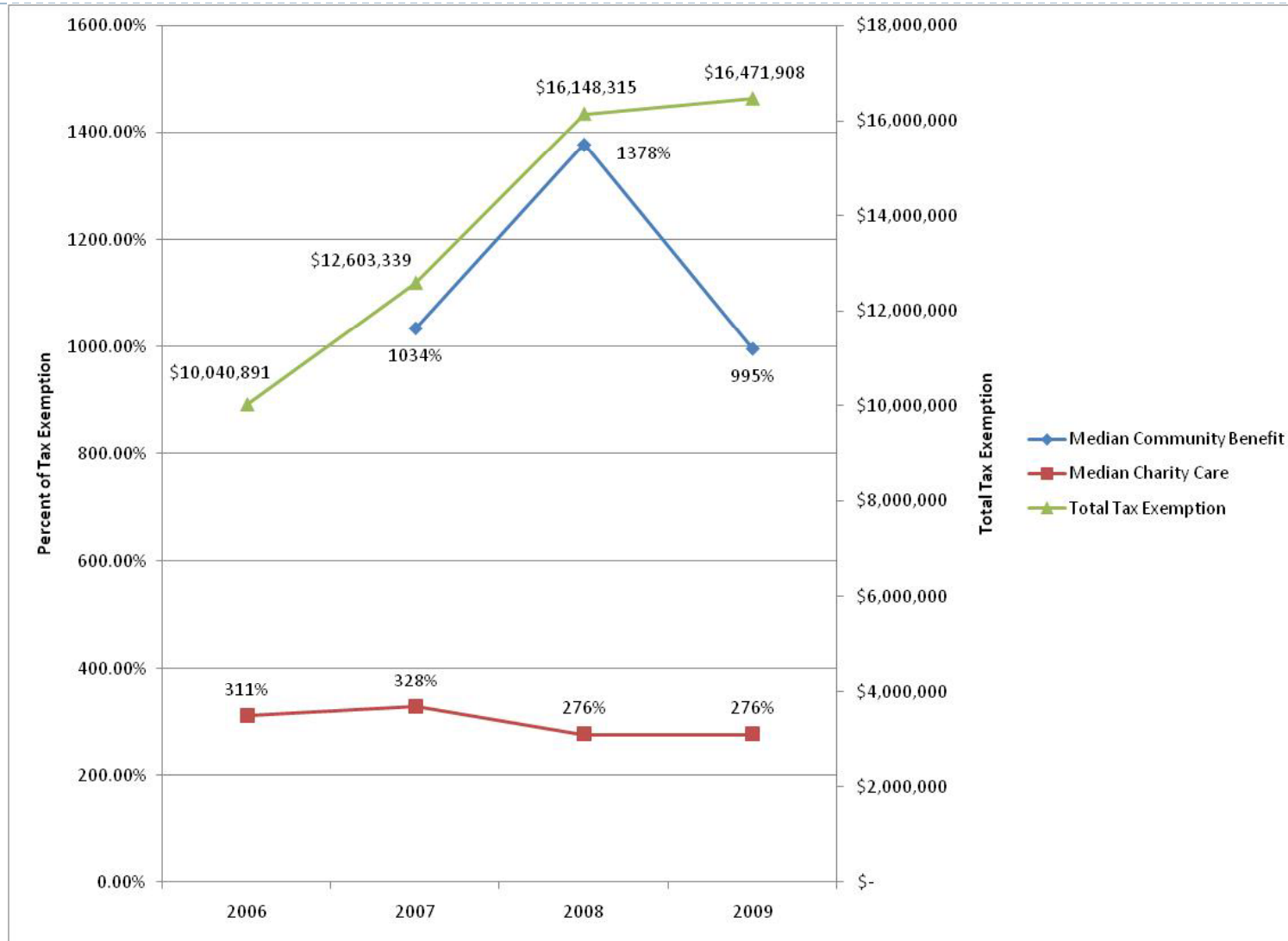
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# Trends in Value of **State** Tax Exemption

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# Trends in Community Benefit and Charity Care as a % of Tax Exemption





# Uncompensated Care

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$$\begin{aligned} &\text{Uncompensated Care} \\ &= \\ &(\text{Charity Care} + \text{Bad Debt}) \end{aligned}$$



# Hospital Foundations

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- ▶ Does any money from the hospital, fund the foundation?

