

**Fiscal Year 2004 San Francisco Hospital  
Charity Care Report Summary**

Prepared by  
the San Francisco Department of Public Health  
Office of Policy and Planning

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## Table of Contents

<b>I.</b>	<b>INTRODUCTION.....</b>	<b>1</b>
A.	Public Charity Care Obligations in San Francisco .....	1
B.	Private Charity Care and Community Benefits Obligations in San Francisco .....	2
<b>II.</b>	<b>COMMUNITY OVERVIEW .....</b>	<b>2</b>
A.	Community Health Needs.....	3
B.	Insurance Coverage in San Francisco and the Need for Charity Care.....	4
C.	Reporting Hospital Characteristics .....	5
1.	California Pacific Medical Center .....	5
2.	Chinese Hospital .....	6
3.	Kaiser Foundation Hospital .....	6
4.	Saint Francis Memorial Hospital .....	7
5.	San Francisco General Hospital.....	8
6.	St. Luke’s Hospital.....	9
7.	St. Mary’s Medical Center .....	10
8.	University of California, San Francisco Medical Center.....	11
<b>III.</b>	<b>CHARITY CARE .....</b>	<b>12</b>
A.	Summary of Fiscal Year 2004 Charity Care Reports .....	12
1.	Applications/Requests for Charity Care .....	12
a)	Applications Accepted and Denied .....	12
b)	Unduplicated Patients Who Received Charity Care.....	14
2.	Charity Care Services Provided .....	15
a)	By Hospital.....	15
b)	By Service .....	16
3.	Charity Care Expenditures.....	18
a)	Cost to Charge Ratio .....	18
b)	Charity Care Expenditures .....	19
4.	Charity Care Policies .....	20
5.	Posting Requirements .....	20
6.	Compliance Plans.....	20
B.	Analysis/Discussion.....	21
1.	Location: Charity Care Patients By Supervisorial District.....	21
2.	Location: Selected Income Indicators by Supervisorial District .....	23
3.	Location: Charity Care Patients in Other Hospital Zip Codes.....	25
4.	Size: Expenditures Per Unduplicated Patient .....	25
5.	Size: Ratio of Licensed Beds and Average Daily Census to Charity Care Services and Expenditures.....	26
6.	Size: Charity Care Expenditures as a Percentage of All Hospital Expenditures .....	27

## Table of Contents (cont.)

7.	Benefits of Nonprofit Hospital Status.....	28
a)	Property Tax Exemptions.....	28
b)	Corporate Income Tax Exemptions.....	29
c)	Total Estimated Income Tax and Property Tax Benefits Compared to Charity Care Provided .....	30
C.	Charity Care to Individuals on Public Assistance Programs .....	31
<b>IV.</b>	<b>COMMUNITY BENEFITS .....</b>	<b>32</b>
A.	Hospitals’ Reported Community Benefits.....	32
B.	Highlights of Hospital Community Benefits Programs .....	33
1.	California Pacific Medical Center .....	33
a)	Charity Care Partnership Fund.....	33
b)	African-American Breast Health Program .....	34
2.	Chinese Hospital .....	34
a)	Chinese Community Health Resource Center.....	34
3.	Kaiser Foundation Hospital .....	35
a)	Kaiser Permanente/Safety-Net Partnership.....	35
b)	Operation Access.....	36
4.	Saint Francis Memorial Hospital .....	36
a)	Glide Health Clinic.....	36
b)	Homecoming Services Program.....	37
5.	St. Luke’s Hospital.....	37
a)	Asthma Education Program: A Breath of Fresh Air.....	37
b)	Diabetes Education & Outreach: Teaching Self-Management Skills.....	38
6.	St. Mary’s Medical Center .....	39
a)	Sister Mary Philippa Health Center: Coordinated, Comprehensive Outpatient Services .....	39
b)	Integrated HIV Care Services.....	39
7.	University of California, San Francisco Medical Center.....	40
a)	The UCSF Access Program.....	40
b)	Direct Clinical Nutrition Services at the Southeast Health Center .....	40
<b>V.</b>	<b>CONCLUSIONS AND RECOMMENDATIONS.....</b>	<b>41</b>
A.	Continuing to Increase Outpatient Charity Care Will Benefit San Francisco .....	41
1.	The uninsured do not receive as much care as other needy populations, and continue to rely more heavily on emergency room and inpatient care, which strains San Francisco’s healthcare delivery system.....	41
2.	Neighborhoods with the highest rates of ACSC hospitalizations continue to report the highest numbers of charity care applicants.....	41
3.	Outpatient care is more cost-effective than inpatient or emergency care.....	42

## **Table of Contents (cont.)**

B.	Promoting the Public Health Institute’s Demonstration Project Will Advance Community Benefits for Populations with Disproportionate Unmet Needs .....	42
C.	Expanding Discussions within the Charity Care Report Working Group Will Promote More Effective Planning of Access to Healthcare .....	43

### **ATTACHMENTS:**

Attachment A:	Summary of Charity Care Ordinance
Attachment B:	Report from Hospital Council
Attachment C:	California Hospital Billing and Collection Practices
Attachment D:	Summary of Reporting Hospitals’ Charity Care Policies in Effect in FY 2004
Attachment E:	Proposed Health Commission Resolution

# **Fiscal Year 2004 San Francisco Hospital Charity Care Report Summary**

## **I. INTRODUCTION**

This report has been prepared in accordance with San Francisco Ordinance Number 163-01, the Charity Care Policy Reporting and Notice Requirement Ordinance (the Charity Care Ordinance), which the San Francisco Board of Supervisors promulgated in 2001. In general, this report provides an update on the status of charity care, or pro bono hospital health care, in San Francisco for the fiscal year 2004. More specifically, the report provides an explanation of San Francisco's public and private hospital obligations with regard to charity care; an overview of San Francisco's need for charity care and its acute care services; and a summary and analysis of the hospital charity care and some of the other community benefits provided by San Francisco hospitals in 2004.

This is the fourth Charity Care Report Summary pursuant to the Charity Care Ordinance. In accordance with directives from the San Francisco Health Commission, it was prepared with the participation of the Charity Care Report Working Group, which represents the following charity care stakeholders in San Francisco: California Pacific Medical Center, Consumers Union, Health Access, the Hospital Council of Northern and Central California, Kaiser Permanente Medical Center, Operation Access, Saint Francis Memorial Hospital, San Francisco Community Clinic Consortium, the San Francisco Department of Public Health, Service Employees' International Union (SEIU) Local 250, St. Luke's Hospital, St. Mary's Medical Center, and the University of California, San Francisco Medical Center.

### ***A. Public Charity Care Obligations in San Francisco***

California law requires that counties care for their most vulnerable residents. Section 17000 of the California Welfare and Institutions Code instructs California counties to "relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, diseases, or accident, lawfully resident therein . . ."<sup>1</sup> Although the State of California has not defined a minimum level of care required for this population, California courts have repeatedly issued rulings indicating that care cannot be limited solely to emergency services.

Due in part to strong support for public health in San Francisco, the County's health care responsibilities under Section 17000 are met primarily through the Department of Public Health, which provides direct health care services through its acute care hospital, San Francisco General Hospital Medical Center, and its community-based primary care clinics. However, San Francisco's other hospitals, which, except for UCSF Medical Center, are all private non-profit facilities, play an important role in helping the county meet the needs of its indigent residents. The reporting required of hospitals by the Charity Care Ordinance helps the Department better evaluate the need for charity care in the community and plan for the continued fulfillment of San Francisco's responsibility to provide care to those who can least afford it.

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<sup>1</sup> California Welfare and Institutions Code §17000.

## ***B. Private Charity Care and Community Benefits Obligations in San Francisco***

All of San Francisco's private hospitals are nonprofit corporations; there are no for-profit hospitals in San Francisco, and under California law, "nonprofit hospitals assume a social obligation to provide community benefits in the public interest."<sup>2</sup> Community benefits include un-reimbursed hospital activities that address community-identified needs and are designed to improve the health status of the communities served by the hospital. Since 1994, California's nonprofit hospital community benefits legislation, Senate Bill 697 (Torres), has required each private nonprofit hospital<sup>3</sup> in California to:

- Conduct a community needs assessment once every three years,
- Develop a community benefit plan in consultation with the community, and
- Annually submit a copy of its plan to the Office of Statewide Health Planning and Development (OSHPD).

San Francisco's Charity Care Ordinance complements state legislation by focusing on one type of community benefit, charity care, which is defined as the provision of health care services without expectation of reimbursement to those who cannot afford to pay. The Ordinance includes two requirements for nonprofit hospitals: first, to notify patients of their charity care policies; and second, to report to the Department of Public Health specific information about the charity care that they provide. Thus, San Francisco's Charity Care Ordinance strives to help San Francisco provide and plan care for the poor by illuminating the current practices of hospitals with regard to one of their important community benefits: the intentional provision of free care for the poor. Additional community benefits discussed in this report include those approaching the spirit of charity care in that they benefit the poor, or are voluntary. A summary of the Charity Care Ordinance appears as Attachment A.

Section II of this report presents an overview of San Francisco's charity care needs and resources with regard to hospital characteristics.

Sections III and IV present a summary and analysis of Charity Care and other Community Benefits in San Francisco during fiscal year 2004.

Section V of this report presents this year's conclusions and recommendations.

## **II. COMMUNITY OVERVIEW**

This section presents a context for charity care in San Francisco with regard to community health needs, insurance coverage, and hospital resources. Hospitals play a key role in providing charity care in San Francisco and have responded to specific requests from the Health Commission as to how to provide this care. For example, in response to a request from the Health Commission on December 7, 2004, the Hospital Council is currently participating in numerous projects to improve health care for vulnerable populations. These include work on Mayor Newsom's Project

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<sup>2</sup> California Health and Safety Code §449.10(a).

<sup>3</sup> This excludes San Francisco General Hospital, UCSF Medical Center, and Veteran's Administration (VA) Hospital.

Homeless Connect, the Council's own African-American Health Disparity Project, and a variety of other projects designed to enhance clinic and community-based services in Bayview-Hunters Point/Potrero Hill, the Tenderloin and Civic Center, and Mission/Bernal Heights. (See Attachment B for a report from the Hospital Council on this work.)

However, many organizations and individuals help the uninsured and underinsured receive health care in the City, or are working on plans to do so. Recently, the Chamber of Commerce, in conjunction with, among others, the Office of the Mayor, Kaiser Permanente, Catholic Healthcare West, California Pacific Medical Center, and the San Francisco Community Clinic Consortium sponsored an Urban Health Care Conference to address the issue of the working uninsured. Presentations discussed the ongoing lack of solutions from state legislation, and reducing health care costs through increased physician efficiency. Recommendations from the conference are forthcoming.

Also, the San Francisco Community Clinic Consortium and independent physician practices, often through such organizations as Operation Access and the San Francisco Health Plan, provide significant amounts of charity care in San Francisco. However, physicians affect the ability of hospitals to provide charity care in many ways. Many physicians will not accept indigent, uninsured or Medi-Cal patients. As one example, San Francisco's largest medical group, Brown and Toland, does not contract Medi-Cal services. This can restrict access to charity outpatient services at private hospitals because patients need a referral for services from a physician with privileges at that hospital. As a result, indigent, uninsured and Medi-Cal patients often seek services in hospital emergency rooms, where they are not to be turned away according to federal EMTALA law. Other patients access care through a network of community clinics and are referred to San Francisco General Hospital for specialty services. Cultural barriers to physician services may also prove formidable. Unfortunately, comprehensive data on physicians who provide Medi-Cal or other indigent services is currently unavailable, and the Ordinance does not require charity care reporting from physicians. Thus, this report focuses on hospital charity care as specified by the Charity Care Ordinance.

### *A. Community Health Needs*

Recent reports on San Francisco's health needs and utilization suggest that increased attention to outpatient care may provide a large overall health benefit for the City. As explained in last year's Charity Care Report, assessments of ambulatory care sensitive conditions (ACSCs) indicate the possibility of inadequate access to outpatient care in specific locations, and an over reliance on costly hospital care. ACSCs are "diagnoses for which timely and effective outpatient care can help to reduce the risks of hospitalization by either preventing the onset of an illness or condition, controlling an acute episodic illness or condition, or managing a chronic disease or condition."<sup>4</sup> Although this measure does not specify barriers to access or whether "the barriers are in the health care system or in the preferences and practices of individuals or communities,"<sup>5</sup> it nevertheless presents a way to identify places of opportunity to reduce reliance on hospital care.

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<sup>4</sup> J. Billings, et al., "Impact of Socioeconomic Status on Hospital Use in New York City," *Health Affairs*, 1993, 12(1):163. 162-173 BHSF 2004 Community Needs Health Assessment. In Building a Healthier San Francisco, 2004 Community Health Assessment.

<sup>5</sup> Building a Healthier San Francisco, 2004 Community Health Assessment, p. 23.

A needs assessment from 2004 and a discharge assessment from 2005 include zip code data on hospitalizations for ambulatory care sensitive conditions (ACSCs). The needs assessment analyzed data for nine ACSCs, and the discharge report found the following five ACSCs comprised 80 percent of discharges:

- Heart failure and shock
- Simple pneumonia and pleurisy
- Chest pain
- Chronic obstructive pulmonary disease (COPD)
- Respiratory infections

Additional ACSCs that presented high numbers of discharges included asthma and adult diabetes. Findings in both reports include a high poverty-hospitalization correlation. Zip code data indicates that the areas of high risk for ACSC hospitalizations correspond to areas of high reliance on charity care in 2004. The data show that for all conditions, Bayview-Hunters Point, the Tenderloin, and South of Market/Mission neighborhoods consistently had among the highest rates of hospitalizations and discharges for these conditions. These neighborhoods coincide with Supervisorial Districts 10, 6 and 9, which, as reported in Section III B below, have the highest rates of persons in poverty as well as the largest number of charity care applicants. Thus, “[t]he higher the poverty rate for an area, the higher the age-adjusted rate of hospitalization. . . .”<sup>6</sup>

***B. Insurance Coverage in San Francisco and the Need for Charity Care***

According to the most recent California Health Interview Survey data, approximately 83,000 San Franciscans under the age of 65 (or 12.5 percent of the non-elderly population) are uninsured. It is commonly understood that these residents, in addition to those who are publicly insured and/or low income often require more and more expensive care due to age, poverty, and/or pre-existing conditions, as well as postponed care. Table 1 shows that while Medi-Cal and Medicare patients consume a greater percentage of care than privately insured individuals (Third Party), the uninsured and other publicly insured receive less inpatient and outpatient care relative to their overall percentage of San Francisco’s population than may be expected given their needs.

**Table 1.  
Comparison of Insurance Coverage (2003)<sup>7</sup>**

<b>Insurance</b>	<b>% SF Residents</b>	<b>% Inpatient Days</b>	<b>% Outpatient Visits</b>
Medicare	14.0%	35.4%	26.7%
Medi-Cal	6.9%	22.1%	19.8%
Third Party	65.2%	31.8%	38.7%
Uninsured	10.8%	1.7%	9.1%
Other Public	3.1%	9.0%	5.6%
Total	100.0%	100.0%	100.0%

<sup>6</sup> Building a Healthier San Francisco, 2004 Community Health Assessment, p. 28.

<sup>7</sup> 2003 California Health Interview Survey (CHIS); California Office of Statewide Health and Planning Department (OSHPD), 2004 Hospital Annual Financial Data.

Since residents insured by third party coverage tend to constitute the healthiest members of society, while the uninsured often postpone coverage and rely on a patchwork of providers – the Department of Public Health, nonprofit community clinics, nonprofit hospitals, and private providers – to receive the health care they need, this table suggests a significant need for charity care in San Francisco. Through charity care, the neediest populations, both the uninsured and those covered by Medi-Cal but unable to pay their share of cost, receive critical inpatient care and the outpatient care that may prevent future hospitalization.

### *C. Reporting Hospital Characteristics*

The Charity Care Ordinance pertains to all hospitals in San Francisco except those that are operated by public organizations or are part of health maintenance organizations regulated by the Department of Managed Health Care. The hospitals required to comply with the Charity Care Ordinance are:

- California Pacific Medical Center (CPMC)
- Chinese Hospital
- Saint Francis Memorial Hospital
- St. Luke’s Hospital
- St. Mary’s Medical Center

Thus, the Charity Care Ordinance excludes Kaiser Foundation Hospital (Kaiser), San Francisco General Hospital (SFGH), the University of California, San Francisco Medical Center (UCSF), and the Veterans’ Administration (VA) Hospital. However, Kaiser, SFGH and UCSF have voluntarily complied with many if not all of the provisions of the Charity Care Ordinance and their information is included in this report. Each hospital’s individual characteristics impact how hospitals meet the needs of their community and how much charity care they provide. Additionally, each hospital reports charity care for its 2004 fiscal year, and may represent an earlier or later period, from July 2003 through June 2004, or January 2004 through December 2004. The following summaries present basic information such as location, size, fiscal year, service niches, mission statements, and charity care challenges for each reporting hospital in San Francisco.

#### *1. California Pacific Medical Center*

California Pacific Medical Center (CPMC), a Sutter Health Affiliate, is the largest private, not-for-profit medical center in Northern California and the second largest in the state. Licensed for more than 1,250 beds, CPMC consists of three campuses: Pacific, California and Davies. The Pacific Campus, located in San Francisco’s Pacific Heights neighborhood, features acute care for adults and children, including the Medical Center’s largest Emergency Department. The California Campus, located in Laurel Village, is dedicated to ambulatory care, skilled nursing, and obstetrics. The Davies Campus, situated in Duboce Triangle, features a general hospital facility with special services in emergency medicine, psychiatry, rehabilitation and microsurgery.

California Pacific Medical Center’s mission is “to serve our community by providing high quality, cost-effective health care services in a compassionate and respectful environment which is supported and stimulated by education and research.” CPMC operates with a private medical staff of more than 1,000 active physicians representing a wide range of specialties, and more

than two-thirds of the Medical Center's patients come from the San Francisco Bay Area, with more than 90 percent from the greater Bay Area. Ethnic distribution of CPMC patients varies by department, and overall presents more than 60 percent Caucasian and almost 20 percent Asian. California Pacific Medical Center reports charity care for its January through December fiscal year, and geography and physician contracts pose the biggest challenges to CPMC's provision of charity care.

## 2. Chinese Hospital

Chinese Hospital, located in Chinatown, has a long history of providing culturally competent health care services for San Francisco's Chinese community. The facility consists of a 54-bed, acute care, community-owned, nonprofit hospital offering a wide range of medical, surgical and specialty programs.

Chinese Hospital's mission statement indicates that the facility "exists primarily to deliver quality health care in a cost-effective way, responsive to the community's ethnic and cultural uniqueness, providing access to health care and acceptability to all socioeconomic levels." Approximately 90 percent of Chinese Hospital's patients are monolingual; over 65 percent female; 30 percent Medi-Cal recipients, and approximately 15 percent have no insurance coverage.

Since the inception of the Charity Care Report, Chinese Hospital has provided pro bono health care to San Francisco as part of the Hill-Burton program, which does not define charity care in the same way that San Francisco does. Hill-Burton charity care is provided in exchange for low interest rate financing, and this benefit precludes its recognition as charity care in San Francisco. Chinese Hospital is the only San Francisco hospital that participates in the Hill-Burton program, and 2004 marks its last year in this program. Next year the hospital will report charity care in accordance with San Francisco's definition.

However, this year, reporting for fiscal year 2004, the hospital reported its Hill-Burton charity care for the period from January through December. These data are included in this report to provide the most complete picture of charity care in San Francisco possible, and Chinese Hospital's Hill-Burton charity care is included in the subsequent data summaries and analyses. With regard to challenges in providing charity care, the hospital reports that it serves predominantly elderly, indigent patients who qualify for Medi-Cal, Medicare or other insurance options.

## 3. Kaiser Foundation Hospital

Kaiser Permanente is an integrated health system of three separate but closely cooperating entities, Kaiser Foundation Health Plan, Inc. (KFHP), Kaiser Foundation Hospitals (KFH) and in Northern California, The Permanente Medical Group (TPMG). KFHP is a California nonprofit public benefit corporation, and a federally qualified HMO providing both federally qualified and non-federally qualified health plans. KFH is a California nonprofit public benefit corporation. Individuals and groups enroll as members in Kaiser Permanente through KFHP, which provides and arranges for comprehensive health care services on a predominately prepaid basis, fulfilling contractual obligations to group and individual members by contracting with KFH and TPMG to provide the required health care services.

Kaiser Permanente San Francisco provides healthcare to one out of every five San Franciscans, and features two campuses, Geary and French, which collectively serve as a center of excellence for Kaiser Permanente Northern California in such specialties as cardiovascular surgery and critical care services, high-risk obstetrics and neonatal intensive care, renal transplant center, liver transplants, chronic disease management and HIV care and research.

The Mission Statement of Kaiser Permanente reflects both business objectives and a long-standing philosophy of social responsibility, stating that, "Kaiser Permanente exists to provide affordable, high-quality health care services to improve the health of our members and the communities we serve." Since its inception, Kaiser Permanente's philosophy has reflected the belief that effective preventive health care does not begin and end with an individual's well-being, but includes promoting and supporting healthy, stable communities. Moreover, The Permanente Group's Dr. Scott Campbell worked on the Citywide Emergency Room Diversion Task Force to expand services at the McMillan Drop-In Center for inebriated individuals who previously created a bottleneck in the system.

Kaiser Permanente San Francisco reports charity care on a voluntary and limited basis for its January through December fiscal year. Hospital administrators believe that the system's greatest opportunities with regard to charity care lie in providing financial support, technical assistance and training resources. Kaiser Permanente's greatest challenges in providing charity care in San Francisco are geographic and systematic.

Kaiser Permanente San Francisco is located on the outskirts of the dense central and southern portions of the City that are served by the majority of hospitals in San Francisco. Also, Kaiser Permanente's billing system currently tracks only that charity care provided through its emergency departments, foregoing inpatient and outpatient charity care services. Kaiser Permanente San Francisco is actively looking at solutions to underreporting their charity care contribution.

#### 4. *Saint Francis Memorial Hospital*

Saint Francis Memorial Hospital (SFMH), located on Nob Hill and a member of Catholic Healthcare West, provides a full spectrum of care. Licensed for 359 beds, Saint Francis has a staff of over 900 employees and 530 physicians. The hospital annually cares for 94,065 outpatients and 7,249 inpatients. For 100 years Saint Francis Memorial Hospital has served the health needs of the community with a spectrum of care ranging from emergency to outpatient services. The hospital's centers of excellence include: Bothin Burn Center, Center for Sports Medicine, The San Francisco Spine Center, Occupational Medicine Services, Total Joint Center, Adult Behavioral Health (inpatient and outpatient services) and its Emergency Department.

Saint Francis Memorial Hospital is guided by the following mission statement: "Our mission is to deliver compassionate, high-quality, affordable health services; provide direct services to our sisters and brothers who are poor and disenfranchised and to advocate on their behalf; and partner with others in the community to improve the quality of life."

The population residing in the neighborhoods adjacent to Saint Francis Memorial Hospital has significant unmet health needs, which is documented in both the Community Needs Assessment, 2004, and the 2005 Community Needs Index. Also, while there are a large number of primary

care clinics in these and other community-based health and social service agencies serving these neighborhoods, the hospital Emergency Department continues to serve as the primary access point of care for many of neighborhoods sickest and most difficult to serve populations.

Saint Francis Memorial Hospital partners with a number of primary care clinics in the areas near the hospital to enhance and expand services to the community. These include Glide Health Clinic, St. Anthony's Foundation Free Clinic, Curry Senior Center, South of Market Medical Clinic, and the Tom Waddell Clinic. Through partnership with the Department of Public Health, Saint Francis has installed read only access to the DPH Lifetime Clinical Record, which enhances the facility's ability to provide medical care to shared populations of complex medical care.

The majority (71%) of Saint Francis patients are San Francisco residents, while another 9 percent are from the Bay Area, and the rest are from throughout California, and other states and countries. The hospital's inpatient populations are 55 percent Caucasian, 23 percent Asian, 12 percent African American, 4 percent Hispanic and 6 percent other/unknown. The hospital reports charity care for the July through June fiscal year, and it's greatest challenge to providing Charity Care is connecting patients with outpatient primary and specialty care and a lower level of care than acute care hospitalization. While SFMH has established strong relationships with community clinic providers, several issues remain. Specifically, although the facility is able to entice physicians to see patients in the emergency department and during hospitalization, outpatient follow-up through private practices proves elusive. Also, specialty care is not available at the community clinics and wait times for appointments at San Francisco General Hospital Specialty Clinics are lengthy. Moreover, placement after discharge from the hospital is difficult for the homeless or marginally housed population who requires a lower level of service, such as skilled nursing facility (SNF), or respite services.

##### 5. San Francisco General Hospital

San Francisco General Hospital (SFGH) is a licensed general acute care hospital within the Community Health Network, which is owned and operated by the San Francisco Department of Public Health. SFGH provides a full complement of inpatient, outpatient, emergency, skilled nursing, diagnostic, mental health, and rehabilitation services for adults and children. Located in the Potrero Hill neighborhood, it is the largest acute inpatient and rehabilitation hospital for psychiatric patients in the City. Additionally, it is the only acute hospital in San Francisco that provides twenty-four hour psychiatric emergency services and operates the only Level I Trauma Center for 1.5 million residents of San Francisco and northern San Mateo County. In addition, SFGH is a Medi-Cal disproportionate share hospital providing care to a disproportionate share of Medi-Cal and uninsured individuals.

The mission of San Francisco General Hospital is to deliver humanistic, cost-effective, and culturally competent health services as an integral part of the Department of Public Health for the City and County of San Francisco by:

- Providing access to all residents by eliminating financial, linguistic, physical and operational barriers.
- Providing quality services that treat illness, promoting and sustaining wellness, and preventing the spread of disease, injury and disability.

- Participating in and supporting training and research.
- Serving the healthcare needs of the community.

The Community Health Network to which SFGH belongs maintains a patient population with a high percentage of ethnic minorities. The City's African-American and Hispanic/Latino populations rely on the CHN's services in significantly higher proportions relative to the City's population than do white and Asian/Pacific Islander patients. Approximately 25 percent of CHN patients are Hispanic, 25 percent are white, 21 percent are African American, and 20 percent are Asian/Pacific Islander. The hospital reports 2004 charity care for the period from July 2003 through June 2004, and during this time received approximately \$80.8 million from San Francisco's general fund. Its greatest challenge to providing charity care consists of high demand and restricted resources, both physical and financial.

#### 6. *St. Luke's Hospital*

St. Luke's Hospital, an affiliate of Sutter Health since 2001, is a full-service 260-bed licensed acute care facility located in the Mission district. The facility has provided care for San Franciscans for more than 130 years, currently offering a range of services that include inpatient and outpatient surgery, labor, delivery and maternity, neonatal intensive care, cardiac catheterization and diabetes and asthma education. In addition, St. Luke's is a Medi-Cal disproportionate share hospital providing care to a disproportionate share of Medi-Cal beneficiaries and uninsured individuals.

St. Luke's mission statement is "doors as a charitable hospital are open wide to our community for the reception of all colors, nationalities, and creeds. Its benefits, refused to none, will be limited only by its means." To help St. Luke's respond directly to the needs of residents who may otherwise have difficulty in accessing health care, St. Luke's Hospital formed St. Luke's Health Care Center (SLHCC) in 1995. The St. Luke's Health Care Center operates eight clinics, which include one primary and general medicine site, three sites focused on women's health, one pediatric center, an orthopedic center and two occupational medicine clinics. Additionally, the physicians of the St. Luke's Health Care Center staff a drop-in clinic at the Canon Barcus Community House, a supportive housing program operated by Episcopal Community Services.

Physicians at each of its clinic sites are employed by SLHCC (as opposed to maintaining private-practice status like physicians on most hospital's medical staffs), and also participate in California's Medi-Cal Managed Care and Healthy Families Programs, which include membership in the provider network of the San Francisco Health Plan.

St. Luke's immediate community is the Mission District, which has the highest concentration of Hispanics in San Francisco. Adjacent neighborhoods include Visitacion Valley, Bernal Heights, Noe Valley, Glen Park, Bayview/Hunters Point and the Excelsior. The ethnic distribution of patients varies by department but generally includes approximately 25 percent Caucasian, 35 percent Hispanic, 15 percent Asian/Pacific Islander, 15 percent African American, and 10 percent Other/Unknown.

St. Luke's fiscal year runs from January to December, and the hospital reports that financing poses the biggest challenge to St. Luke's provision of charity care. In 2004, total operational

losses for St. Luke's were \$34 million; in 2003, total losses were \$35 million; and in 2002, total losses were \$32 million. St. Luke's is continuing its efforts to become financially viable.

### 7. St. Mary's Medical Center

St. Mary's Medical Center is a member of Catholic Healthcare West and is sponsored by the Sisters of Mercy. Founded in 1857, the hospital and its clinics have cared for the people of the San Francisco Bay Area for more than 145 years, and is a fully accredited teaching hospital. St. Mary's has 575 physicians on staff, more than 1,100 employees, 430 licensed beds, and approximately 100,000 annual patient visits and admissions. The hospital's president is Kenneth Steele. St. Mary's is located on the border of the Haight-Ashbury, Western Addition, Golden Gate Park, Sunset, and Richmond districts. Ethnically, St. Mary's immediate neighboring areas are generally white, Chinese, Russian, African American, and Vietnamese.

St. Mary's meets its mission of "furthering the healing ministry of Jesus," by dedicating resources to:

- Delivering compassionate, high-quality, affordable health services;
- Serving and advocating for our sisters and brothers who are poor and disenfranchised;
- Partnering with others in the community to improve the quality of life.

St. Mary's programs primarily serve young to older adults, with approximately 96 percent of patients over the age of 18 years and 60 percent over the age of 65. The hospital does not have obstetrics or pediatric programs; however, the St. Mary's McAuley Adolescent Behavioral unit is the only inpatient psychiatric program for youth in San Francisco, and the hospital supports a school program that provides day-treatment counseling and therapy, and provides an educational and emotional testing program for parochial primary school children. The hospital's centers of excellence include Cardiovascular Services, Orthopedic Services, the St. Mary's Spine Center, Rehabilitation Services, and the St. Mary's Weight-Loss Surgery Center.

Approximately 70 percent of St. Mary's patients are from San Francisco, and another 18 percent are from the Bay Area. The majority of patients, almost 60 percent, are Caucasian, with 20 percent Asian, nine percent African American, six percent American Indian and other, and five percent Hispanic.

Each year, the Sister Mary Philippa Health Center provides charity care and services to more than 5,000 adults of San Francisco, and approximately 37 percent of these patients have no health care coverage and receive their care free of charge. St. Mary's reports charity care for the fiscal year June through July. Challenges to the provision of charity care include accommodating all resource needs for the number of triply diagnosed HIV patients in the outpatient Sister Mary Philippa Health Center, and providing continuity visits to 5,400 outpatients in the Sister Mary Philippa Health Center.

Additional challenges and opportunities include the hospital's proximity to Golden Gate Park, which yields a large number of homeless and drug addicted admissions in the Emergency Department for what could have been outpatient clinic visits. Another challenge is the increasing volume of uninsured patients, as well as declining reimbursements from Medicare and Medicaid (Medi-Cal). An opportunity is the integration, access, and utilization of the SFGH Lifetime

Clinical Record to more effectively provide optimal care for patients who rotate among the various hospital ERs, public health clinics, and the clinic at St. Mary's.

8. University of California, San Francisco Medical Center

The University of California, San Francisco (UCSF) Medical Center is licensed to provide inpatient care at Moffitt-Long hospital on the 107-acre Parnassus campus and at UCSF Mount Zion located on Divisadero Street in the Western Addition. Together these sites provide 688 licensed beds, with 588 currently available. UCSF Medical Center serves as the principal clinical teaching site for the UCSF School of Medicine, affiliated with the University of California since 1873.

UCSF Medical Center's mission is "Caring, Healing, Teaching & Discovering," and as an academic medical center, offers pioneering treatments that are not widely available elsewhere. The facility has one of one of the nation's largest centers for kidney and liver transplants. The AIDS program is the most comprehensive in the nation and the surgical eye care program is the largest in Northern California. In the area of orthopedics, UCSF Medical Center is internationally recognized for treating the spine, including deformities, degenerative disc disease, tumors and fractures.

Moreover, UCSF Medical Center has the only nationally designated Comprehensive Cancer Center in Northern California, which is dedicated to finding new and better treatments for cancer patients. The facility also has Northern California's only nationally designated Center of Excellence in Women's Health, which offers specialized care and health education for women. In the area of neurology and neurosurgery, UCSF Medical Center is among the top five hospitals in the nation, with the largest brain tumor treatment program in the nation, as well as the only comprehensive memory disorders center and the only comprehensive epilepsy center in Northern California.

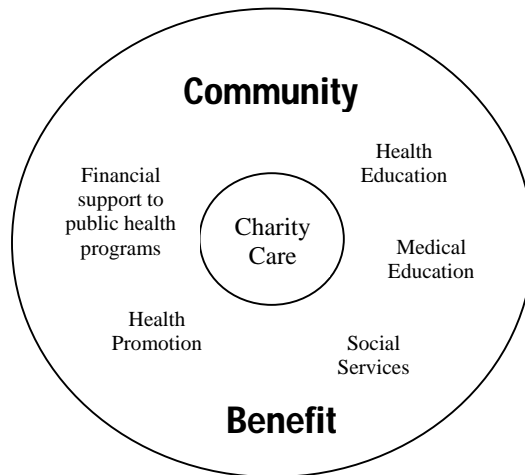
Another area of distinction for UCSF Medical Center is in providing health services for children. The UCSF Children's Hospital features more than 150 pediatric specialists practicing in more than 50 areas of medicine. UCSF Children's Hospital has programs designed specifically for young patients, including a 50-bed neonatal intensive care nursery, recreational therapy for recovering kids and 60 outreach clinics throughout Northern California. UCSF physicians were the first in the world to successfully perform surgery on a baby still in the womb. They also developed life-saving treatments for premature infants whose lungs aren't fully developed.

As a tertiary academic medical center, UCSF Medical Center is able to provide innovative, state-of-the-art care to some of San Francisco's residents, including the indigent and uninsured, with highly complicated diseases and conditions. As a public institution, the hospital reports charity care on a voluntary basis for the July through June fiscal year. Challenges in providing charity include identifying candidates who may qualify for care due to lapsed insurance coverage or who require financial counseling at the time they present. Additional problems may occur during discharge when indigent patients may no longer need acute care, but do not have the support or resources to continue recovery at home. UCSF Medical Center notes that available beds at skilled nursing facilities and hospices are not always available to indigent patients.

### III. CHARITY CARE

San Francisco's Charity Care Ordinance focuses on the specific type of community benefit defined as charity care, which represents health care services provided to low-income individuals without expectation of reimbursement. Other activities that are considered community benefits include such voluntary and involuntary activities as health promotion and education; financial or in-kind support of public health programs; medical education; research; and the difference between cost and reimbursement for services provided to beneficiaries of public insurance programs, such as Medi-Cal. However, there is no standard definition of these activities, which precludes consistent reporting of community benefit across hospitals. Figure 1 below presents charity care as one type of community benefit.

**Figure 1.**  
**Charity Care as a Type of Community Benefit**



The following sections present a summary and analysis of charity care for fiscal year 2004. A section on other community benefits follows.

#### ***A. Summary of Fiscal Year 2004 Charity Care Reports***

San Francisco hospitals report their charity care by applications, unduplicated patients, services and expenditures.

##### ***1. Applications/Requests for Charity Care***

###### ***a) Applications Accepted and Denied***

Reporting hospitals received a total of 174,433 requests for charity care in fiscal year 2004. However, each hospital has different application requirements and guidelines, as well as data gathering policies. For example, charity care applications are valid for different periods of time at different hospitals. At St. Luke's applications are valid for one year, so a patient with an accepted application receives services throughout the year with no additional application required. However, St. Mary's applications are valid for six months, at SFGH they are valid for

three months, and at Saint Francis, patients apply each time they access services. Also, the period of time that an application remains valid may not correspond to the hospitals' reporting schedules, and a patient at St. Luke's could be deemed eligible for charity care without an application if the patient is Medi-Cal eligible and receives a service that Medi-Cal does not cover. This is not necessarily true at other hospitals. Table 2 below shows the total number of requests for charity care that were accepted and denied.

**Table 2.  
Accepted and Denied Applications for Charity Care in FY 2004**

	<b>Accepted</b>	<b>Denied</b>	<b>Total Applications</b>
CPMC	1,174	294	1,468
Chinese	91	0	91
Kaiser	221	17	238
Saint Francis	1,474	42	1,516
SFGH	148,977	9,650	158,627
St. Luke's	3,129	0	3,129
St. Mary's	8,011	0	8,011
UCSF	1,353	0	1,353
<b>Total</b>	<b>164,430</b>	<b>10,003</b>	<b>174,433</b>

Hospitals report that charity care applications may be denied for a number of reasons and a denied application does not mean that a patient did not receive free or low cost care. Charity care represents only one part of hospital's overall financial assistance programs, and hospitals assert that the primary reason charity care applications are denied is because the applicants are actually eligible for other public assistance programs, such as Medi-Cal, Healthy Families, or Healthy Kids. Also all hospitals maintain a sliding fee schedule for patients who come close to qualifying for charity care. Other reasons that applicants may be denied charity care include failure to meet hospital's income or asset guidelines or to complete the necessary application paperwork, which can be daunting for those without financial records such as pay stubs and bank statements.

Table 3 below shows accepted and denied charity care applications between 2001 and 2004. In 2004, reporting hospitals accepted 25,482 more applications for charity care than in 2001, not including charity care applications accepted by Kaiser and UCSF, which did not report in 2001, and 28,473 less than in 2003. This decrease is primarily attributed to the implementation of new billing system at St. Luke's, which allows for more exact data collection. The number of denied charity care applications also rose significantly between 2001 and 2004, which is also likely the result of improved reporting.

**Table 3.**  
**Comparison of Accepted and Denied Applications for Charity Care**  
**between FY 2001 and FY 2004**

	Accepted Applications				Denied Applications <sup>8</sup>			
	2001	2002	2003	2004	2001	2002	2003	2004
CPMC	638	619	1,039	1,174	113	109	183	294
Chinese	139	130	137	91	0	0	0	0
Kaiser	N/A	907	731	221	N/A	0	0	17
Saint Francis	1,211	1,327	1,603	1,474	0	0	0	42
SFGH	123,489	160,452	166,490	148,977	0	1,711	7,261	9,650
St. Luke's	6,722	1,361	13,042	3,129	0	0	0	0
St. Mary's	6,749	6,053	7,244	8,011	0	0	0	0
UCSF	N/A	N/A	2,617	1,353	N/A	N/A	0	0
<b>Total</b>	<b>138,948</b>	<b>170,849</b>	<b>192,903</b>	<b>164,430</b>	<b>113</b>	<b>1,820</b>	<b>7,444</b>	<b>10,003</b>

b) Unduplicated Patients Who Received Charity Care

Hospitals reporting providing charity care services to 96,669 unduplicated patients in fiscal year 2004. These figures represent unduplicated patients within each hospital, although numbers are not unduplicated between hospitals. This means that a person who received charity care at two hospitals has been counted twice, but a person who received charity care at the same hospital on two separate occasions has been counted only once. The number of unduplicated patients reported by each hospital appears in Table 4.

**Table 4.**  
**Estimated Number of Unduplicated Patients Who Received Charity Care in FY 2004**

	Unduplicated Patients	% of Total
CPMC	1,174	1.2%
Chinese	77	0.1%
Kaiser	221	0.2%
Saint Francis	1,321	1.4%
SFGH	81,383	84.2%
St. Luke's	3,129	3.2%
St. Mary's	8,011	8.3%
UCSF	1,353	1.4%
<b>Total</b>	<b>96,669</b>	<b>100.0%</b>

Table 5 below compares the number of unduplicated patients receiving charity care services in 2004 with the same data for 2001 through 2003. All hospitals show an increase in the number of patients receiving charity care in 2004 compared to 2001, with the exceptions of Kaiser and UCSF, which did not report in 2001. Also, St. Luke's shows a significant decrease due to improved data collection resulting from the implementation of a new billing system. This also accounts for the decrease between 2004 and 2003. In addition, CPMC and St. Mary's provided

<sup>8</sup> Saint Francis, St. Mary's and UCSF Medical Center report fewer than 5 denials each year.

charity care to more patients in 2004 compared to 2003. While an actual increase in the provision of charity care services may account for some of this, hospitals are also getting better at reporting their data. The first year, hospitals had to report information that they had already been collecting and had no opportunity to modify their data gathering systems in anticipation of the Charity Care Ordinance's reporting requirements. With every year hospitals improve their ability to capture the required data.

**Table 5.**  
**Comparison of Estimated Number of Unduplicated Patients Who Received Charity Care between FY 2001 and FY 2004**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
CPMC	638	619	1,039	1,174
Chinese	35	103	104	77
Kaiser	N/A	907	731	221
Saint Francis	1,211	1,327	1,603	1,321
SFGH	50,784	78,968	84,165	81,383
St. Luke's	6,722	13,708	13,042	3,129
St. Mary's	6,749	6,053	7,244	8,011
UCSF	N/A	N/A	2,617	1,353
<b>Total</b>	<b>66,139</b>	<b>101,685</b>	<b>110,545</b>	<b>96,669</b>

2. Charity Care Services Provided

a) By Hospital

Hospitals reported providing 101,799 charity care services (emergency services, inpatient services, and outpatient medical care) in fiscal year 2004. As an example of improved data collection, all hospitals except St. Mary's and UCSF reported a difference between the number of services provided and the number of unduplicated patients served. This suggests that hospitals are increasingly able to account for patients who receive multiple services. However, more improvements are expected and at UCSF, for example, the number of charity care services may be understated. Although charity care patients at UCSF may have received more than one charity care service, they were counted only once in UCSF's report. A similar problem exists at Kaiser, which remains unable to track services outside its emergency department. Table 6 shows the total number of charity care services reported by each hospital and each hospital's proportion of all charity care services provided. As expected San Francisco General Hospital, and the hospitals with clinics, St. Mary's and St. Luke's, provide the bulk of charity care services.

**Table 6.**  
**Charity Care Services Provided by Reporting Hospitals in FY 2004<sup>9</sup>**

	<b>Total</b>	<b>% of Total</b>
CPMC	2,114	2.1%
Chinese	91	0.1%
Kaiser	221	0.2%
Saint Francis	1,474	1.4%
SFGH	85,338	83.8%
St. Luke's	3,177	3.1%
St. Mary's	8,011	7.9%
UCSF	1,353	1.3%
<b>Total</b>	<b>101,779</b>	<b>100.0%</b>

Table 7 below provides a comparison of charity care services provided between 2001 and 2004. Most hospitals that reported in 2001 provided either just about the same or more charity care services in 2004 than in 2001. Chinese shows a slight decline, and St. Luke's shows a significant decline due to the implementation of a new billing system that has greatly improved data collection abilities. In addition, CPMC, SFGH, and St. Mary's provided more services in 2004 than in 2003.

**Table 7.**  
**Comparison of Charity Care Services Provided by Reporting Hospitals  
between FY 2001 and FY 2004**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
CPMC	703	619	1,039	2,114
Chinese	139	130	104	91
Kaiser	N/A	907	731	221
Saint Francis	1,211	1,327	1,603	1,474
SFGH	56,132	90,140	84,165	85,338
St. Luke's	6,722	17,216	13,042	3,177
St. Mary's	6,749	6,053	7,244	8,011
UCSF	N/A	N/A	2,617	1,353
<b>Total</b>	<b>71,656</b>	<b>116,392</b>	<b>110,545</b>	<b>101,779</b>

b) By Service

Hospitals reported the number of patients served by the type of service provided: emergency services, inpatient services, and outpatient services. Approximately 82 percent of all charity care services were provided in an outpatient setting. Emergency care accounted for 14 percent of all charity care services, and inpatient care represented approximately four percent. Figure 2 shows that the distribution of charity care services is continuing to move away from emergency and inpatient care toward outpatient care.

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<sup>9</sup> Kaiser's total includes only the emergency services that were provided, not inpatient and outpatient services.

**Figure 2.**  
**Charity Care Services Provided by Type of Service Provided**  
**between FY 2001 and FY 2004**

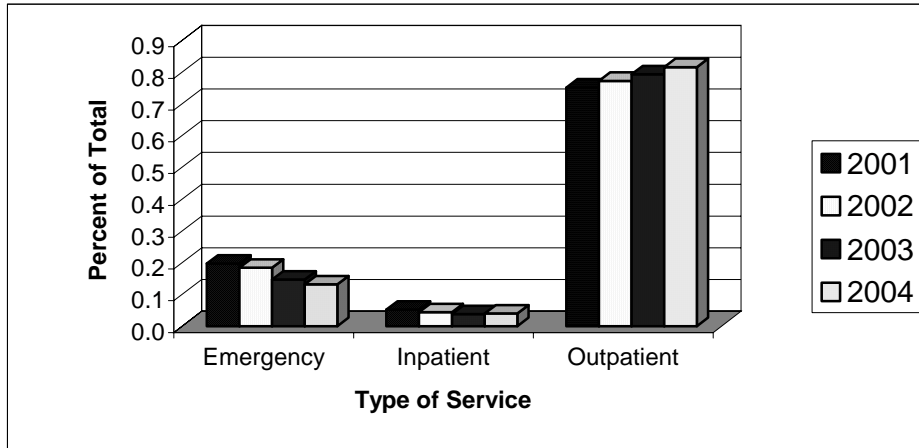


Table 8 shows the distribution of each hospital's charity care services by type of service. CPMC, Chinese, and Saint Francis provided most of their charity care in the emergency room, while SFGH, St. Luke's, St. Mary's, and UCSF each provided the majority of their charity care in an outpatient setting. Kaiser only reports emergency room services, so no conclusions are possible with regard to their inpatient and outpatient charity care services.

**Table 8.**  
**Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2004**

		<b>Emergency</b>	<b>Inpatient</b>	<b>Outpatient</b>	<b>Total</b>
<b>CPMC</b>	Services	938	459	717	2,114
	% of Total	44.4%	21.7%	33.9%	
<b>Chinese</b>	Services	48	16	27	91
	% of Total	52.7%	17.6%	29.7%	
<b>Kaiser</b>	Services	221	N/A	N/A	221
	% of Total	100.0%	0.0%	0.0%	
<b>Saint Francis</b>	Services	1,150	260	64	1,474
	% of Total	78.0%	17.6%	4.3%	
<b>SFGH</b>	Services	9,302	2,961	73,075	85,338
	% of Total	10.9%	3.5%	85.6%	
<b>St. Luke's</b>	Services	876	160	2,141	3,177
	% of Total	27.6%	5.0%	67.4%	
<b>St. Mary's</b>	Services	864	205	6,942	8,011
	% of Total	10.8%	2.6%	86.7%	
<b>UCSF</b>	Services	148	449	756	1,353
	% of Total	10.9%	33.2%	55.9%	
<b>Total</b>	<b>Total</b>	<b>13,547</b>	<b>4,510</b>	<b>83,722</b>	<b>101,779</b>

Table 9 shows each hospital's percentage of the total emergency, inpatient and outpatient charity care provided in 2004. Kaiser is unable to track inpatient and outpatient services, so their totals include only emergency services.

**Table 9.**  
**Each Hospital's Percentage of Total Emergency, Inpatient and Outpatient**  
**Charity Care Services Provided by Reporting Hospitals in FY 2004**

	Emergency		Inpatient		Outpatient		All Services	
	Services	% of Total	Services	% of Total	Services	% of Total	Services	% of Total
CPMC	938	6.9%	459	10.2%	717	0.9%	2,114	2.1%
Chinese	48	0.4%	16	0.4%	27	0.0%	91	0.1%
Kaiser	221	1.6%	0	0.0%	0	0.0%	221	0.2%
Saint Francis	1,150	8.5%	260	5.8%	64	0.1%	1,474	1.4%
SFGH	9,302	68.7%	2,961	65.7%	73,075	87.3%	85,338	83.8%
St. Luke's	876	6.5%	160	3.5%	2,141	2.6%	3,177	3.1%
St. Mary's	864	6.4%	205	4.5%	6,942	8.3%	8,011	7.9%
UCSF	148	1.1%	449	10.0%	756	0.9%	1,353	1.3%
<b>Total</b>	<b>13,547</b>	<b>100.0%</b>	<b>4,510</b>	<b>100.0%</b>	<b>83,722</b>	<b>100.0%</b>	<b>101,779</b>	<b>100.0%</b>

3. Charity Care Expenditures

a) Cost to Charge Ratio

Hospitals annually report charity care to the California Office of Statewide Health Planning and Development (OSHPD) as the value of hospital charges, or the fee that hospitals hope to receive as payment for service(s). However, charges exceed the costs of care, or actual amount of expenditures required to provide a service. Thus, charity care calculations based on charges do not reflect the amount a hospital spends on charity care; rather, they reflect one possible market value of the services provided, which may or may not have sold. Analyzing data based on costs, or the amount of money spent by a hospital to provide charity care, measures charity care as the actual expense incurred by hospitals to provide the care.

Data on the actual cost of delivering care in a particular hospital remains elusive. However, there is a generally accepted cost to charge ratio formula for estimating the relationship between the hospitals charges and its costs. This formula yields an estimation of the percentage of a hospital's charges that are actual costs and is expressed as:  $(\text{Total Operating Expenses} - \text{Total Other Operating Revenue}) / \text{Gross Patient Revenue} \times 100$ . Table 10 shows the cost to charge ratios for each of the hospitals reporting pursuant to the Charity Care Ordinance.

**Table 10.**  
**Hospitals' Cost to Charge Ratios for FY 2004**

	<b>Cost to Charge Ratio</b>
CPMC	27.21%
Chinese	51.47%
Kaiser	N/A
Saint Francis	24.59%
SFGH	52.18%
St. Luke's	37.41%
St. Mary's	22.98%
UCSF	33.35%

b) Charity Care Expenditures

Hospitals are required to report the value of charity care provided in accordance with the definition provided by OSHPD, adjusted by the hospital's cost to charge ratio. Some hospitals reported charity care in terms of charges and others in terms of costs, and all provide their cost to charge ratio. As explained above, in order to ensure standard comparison, it is important to apply the hospitals' cost to charge ratio to the value of charity care charges reported in order to determine each hospital's actual cost of providing that care. Table 11 shows the value of the reporting hospital's charity care charges, their cost-to-charge ratios, and the cost of providing charity care.

**Table 11.**  
**Charity Care Expenditures in Fiscal Year 2004**

	<b>Charity Care Charges</b>	<b>Cost to Charge Ratio</b>	<b>Charity Care Expenditures</b> (Charity Care Charges*Cost to Charge Ratio)	<b>% of Total</b>
CPMC	\$15,847,000	27.21%	\$4,311,690	5.0%
Chinese	\$308,832	51.47%	\$158,959	0.2%
Kaiser	\$867,626	N/A	\$867,626	1.0%
Saint Francis	\$11,717,036	24.59%	\$2,881,000	3.3%
SFGH	\$135,373,723	52.18%	\$70,638,906	81.3%
St. Luke's	\$6,990,608	37.41%	\$2,615,000	3.0%
St. Mary's	\$9,212,497	22.98%	\$2,117,000	2.4%
UCSF	\$9,796,136	33.3%	\$3,267,005	3.8%
<b>Total</b>	<b>\$180,317,322</b>		<b>\$86,857,186</b>	<b>100.0%</b>

Table 12 below shows a comparison of expenditures from 2001 through 2004, and CPMC, Chinese, Saint Francis, SFGH, and St. Mary's report increases in charity care during this period of time. St. Luke's expenditures have increased since 2003, when they reclassified Medi-Cal denials previously logged as charity care in Fiscal Year 2001 and Fiscal Year 2002.

**Table 12.**  
**Comparison Charity Care Expenditures between FY 2001 and FY 2004**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
CPMC	\$1,507,101	\$1,504,619	\$2,391,084	\$4,311,690
Chinese	\$100,569	\$150,295	\$191,141	\$158,959
Kaiser	N/A	\$1,361,158	\$1,096,470	\$867,626
Saint Francis	\$907,117	\$1,485,932	\$2,065,139	\$2,881,000
SFGH	\$56,249,604	\$58,005,945	\$54,715,511	\$70,638,906
St. Luke's	\$3,880,228	\$3,956,923	\$2,355,063	\$2,615,000
St. Mary's	\$1,789,243	\$1,897,194	\$2,139,047	\$2,117,000
UCSF	N/A	N/A	\$4,272,291	\$3,267,005
<b>Total</b>	<b>\$64,433,862</b>	<b>\$68,362,066</b>	<b>\$69,225,746</b>	<b>\$86,857,186</b>

4. Charity Care Policies

All reporting hospitals submitted copies of their charity care policies pursuant to the Charity Care Ordinance. In 2004, many hospitals expanded their charity care and adopted or exceeded the voluntary charity care guidelines put forward by the California Healthcare Association (see Attachment C). Thus, most hospitals provided free care to patients with incomes at or below 200 percent of the federal poverty level (FPL), and provided care on a sliding scale for individuals with incomes up to 500 percent of FPL. CPMC provided free care to patients with incomes up to 400 percent of FPL. However, differences between policies tend to be diminishing. A summary of the key components of hospitals' charity care policies in effect for fiscal year 2004 is included as Attachment D.

5. Posting Requirements

When the fiscal year 2002 charity care report was presented to the Health Commission in November 2004, many hospitals had not yet submitted copies of their posted charity care notice in the three languages required by the Charity Care Ordinance (English, Spanish and Chinese). Letters were sent to hospitals requesting that they submit this missing information, and the hospitals complied.

In early spring 2004, the Department received a complaint from a community-based organization that certain some hospitals were out of compliance with the posting requirements of the Charity Care Ordinance. Department staff made unannounced visits to each of the hospitals in April and May 2004 to determine their compliance with the posting requirements and found that many of the hospitals were, in fact, out of compliance with the Charity Care Ordinance. A follow-up letter was written to each non-compliant hospital requesting that they remedy the situation within 30 days. After 30 days, Department staff again visited the hospitals and found that each hospital was in compliance with the posting requirements. Hospitals currently report that notices remain posted as required.

6. Compliance Plans

Hospitals are generally compliant with the Charity Care Ordinance and Regulations. The data that continue to be difficult to produce are generally consistent among hospitals. Specifically,

hospitals have difficulty providing information on denied charity care applicants – the number of denied applicants, the zip codes of denied applicants, and the facilities to which denied applicants were referred. Table 13 lists missing information and each hospital’s compliance plan.

**Table 13.  
Reporting Hospitals’ Charity Care Ordinance Compliance Plans**

Hospital	Missing Information	Timeline for Compliance
CPMC	• Medical facilities to which denied charity care applicants are referred	• Not provided
Chinese	• None	
Kaiser	• Zip codes of accepted charity care applicants	• Compliance is voluntary
	• Zip codes of denied charity care applicants	• Compliance is voluntary
	• Medical facilities to which denied charity care applicants are referred	• Compliance is voluntary
Saint Francis	• Number of denied charity care applications	• Not provided
	• Medical facilities to which denied charity care applicants are referred	• Not provided
	• Zip codes of denied charity care applicants	• Not provided
SFGH	• Medical facilities to which denied charity care applicants are referred	• Compliance is voluntary
St. Luke’s	• None	
St. Mary’s	• Number of denied charity care applications	• Not provided
	• Zip codes of denied charity care applicants	• Not provided
	• Medical facilities to which denied charity care applicants are referred	• Not provided
UCSF	• Zip codes of denied charity care applicants	• Compliance is voluntary

***B. Analysis/Discussion***

The following sections present an analysis of hospital charity care in San Francisco in fiscal year 2004 by location of hospitals and patients; and by hospital size and non-profit tax benefit.

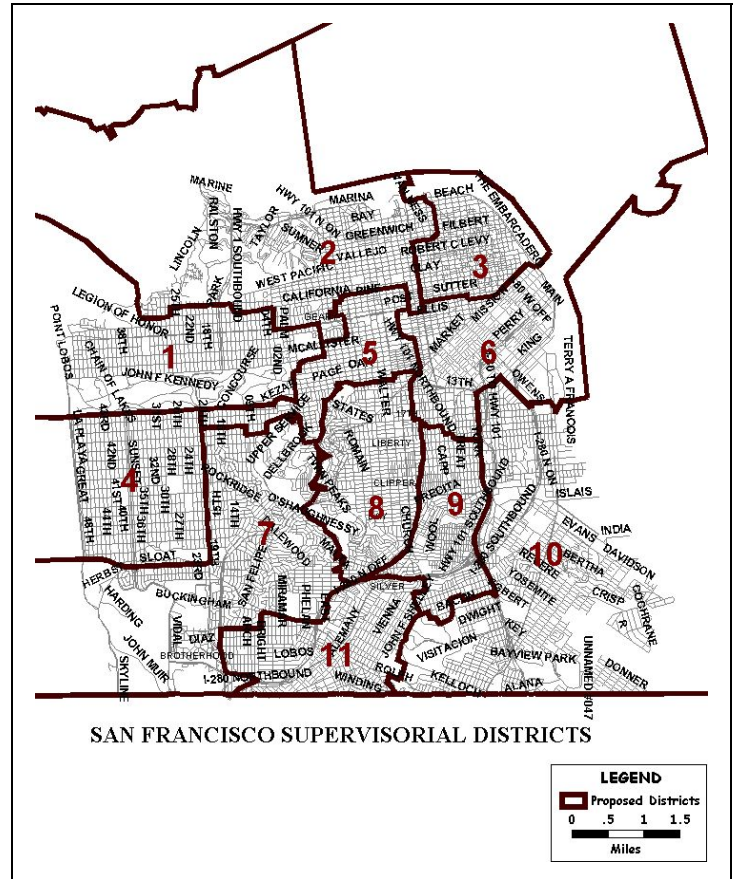
*1. Location: Charity Care Patients By Supervisorial District*

Pursuant to the Charity Care Ordinance, hospitals were required to report the residence ZIP Codes of charity care applicants who were provided and denied services. Each hospital except Kaiser was able to provide this information. (Therefore, the 221 charity care applications at Kaiser are not included in the zip code analyses that follow.) Hospitals generally reported the zip codes of the unduplicated patients who received charity care, except for SFGH, which reported ZIP Code data for 90,696 accepted charity care applicants and 3,652 denied applicants. Table 14 shows the approved charity care applications by supervisorial district as well as charity care applicants who were homeless or residing outside of San Francisco.

**Table 14.**  
**Approved Charity Care Applications by Supervisorial District<sup>10</sup> for FY 2004**

District	Charity Care Applicants	% of Total
District 1	3,342	3.2%
District 2	4,902	4.7%
District 3	5,014	4.8%
District 4	3,667	3.5%
District 5	6,478	6.2%
District 6	17,267	16.4%
District 7	6,182	5.9%
District 8	4,543	4.3%
District 9	17,470	16.6%
District 10	13,362	12.7%
District 11	8,225	7.8%
Outside SF	6,138	5.8%
Homeless/Other	8,730	8.3%
<b>Total</b>	<b>105,320</b>	<b>100.0%</b>

\* Excludes data not available for 221 Kaiser patients, and 58,889 applications for SFGH.



While Table 14 shows the total number of accepted charity care applicants in each supervisorial district, Table 15 provides this information by hospital.

<sup>10</sup> The sum of these applications may deviate slightly from the total number of accepted applications due to rounding when applying formulas to estimate the number of applicants in each supervisorial district.

**Table 15.**  
**Charity Care by Hospital by Supervisorial District for FY 2004**

District	CPMC	Chinese	Saint Francis	SFGH	St. Luke's	St. Mary's	UCSF	Total
<b>District 1</b>								
Applicants	49	4	9	2,362	24	876	19	3,342
Percentage	1.5%	0.1%	0.3%	70.7%	0.7%	26.2%	0.6%	100.0%
<b>District 2</b>								
Applicants	72	6	79	3,958	89	665	34	4,902
Percentage	1.5%	0.1%	1.6%	80.7%	1.8%	13.6%	0.7%	100.0%
<b>District 3</b>								
Applicants	52	25	113	4,388	49	353	34	5,014
Percentage	1.0%	0.5%	2.3%	87.5%	1.0%	7.0%	0.7%	100.0%
<b>District 4</b>								
Applicants	23	7	3	2,963	36	576	60	3,667
Percentage	0.6%	0.2%	0.1%	80.8%	1.0%	15.7%	1.6%	100.0%
<b>District 5</b>								
Applicants	73	4	46	5,267	68	970	51	6,478
Percentage	1.1%	0.1%	0.7%	81.3%	1.0%	15.0%	0.8%	100.0%
<b>District 6</b>								
Applicants	77	8	348	15,465	293	1,018	58	17,267
Percentage	0.4%	0.0%	2.0%	89.6%	1.7%	5.9%	0.3%	100.0%
<b>District 7</b>								
Applicants	32	9	14	5,367	153	535	73	6,182
Percentage	0.5%	0.1%	0.2%	86.8%	2.5%	8.7%	1.2%	100.0%
<b>District 8</b>								
Applicants	83	0	12	3,841	113	463	32	4,543
Percentage	1.8%	0.0%	0.3%	84.5%	2.5%	10.2%	0.7%	100.0%
<b>District 9</b>								
Applicants	38	1	15	16,016	695	678	26	17,470
Percentage	0.2%	0.0%	0.1%	91.7%	4.0%	3.9%	0.1%	100.0%
<b>District 10</b>								
Applicants	31	5	20	12,505	438	339	25	13,362
Percentage	0.2%	0.0%	0.1%	93.6%	3.3%	2.5%	0.2%	100.0%
<b>District 11</b>								
Applicants	23	8	8	7,543	281	339	23	8,225
Percentage	0.3%	0.1%	0.1%	91.7%	3.4%	4.1%	0.3%	100.0%
Outside SF	250	15	813	2,164	914	1,145	837	6,138
Percentage	4.1%	0.2%	13.2%	35.3%	14.9%	18.7%	13.6%	100.0%
Homeless/Other	372	-	4	8,211	8	55	80	8,730
Percentage	4.3%	0.0%	0.0%	94.1%	0.1%	0.6%	0.9%	100.0%

2. Location: Selected Income Indicators by Supervisorial District

The level of charity care provided by any hospital depends to some degree on the socio-economic status of the community or neighborhood in which the hospital is located. This

assumes that all things being equal, individuals will seek care from providers who are geographically close to them, and this would be make even more sense for uninsured residents who frequently do not have ready access to transportation. As a result, a hospital located in a relatively affluent community will see fewer uninsured patients needing charity care because most residents will have health care coverage and indigent patients may not have the resources to travel to the hospital. Conversely, those hospitals in lower income areas will experience higher demand for charity care. Table 16 provides hospital and charity care information with selected income indicators for the City’s supervisory districts. For purposes of this comparison, the data includes only patients with a San Francisco ZIP Code, and excludes non-SF residents and homeless individuals.

As noted in Table 16, Districts 6 (Tenderloin, Civic Center), 9 (Bernal Heights, Mission), and 10 (Bayview/Hunters’ Point, Potrero Hill) have the largest proportion of residents in poverty, the greatest percentage of households on public assistance, and among the lowest per capita incomes. These rows are highlighted. Not surprisingly, these are also the districts where the greatest number of charity applicants reside. Of these districts, District 9 and District 10 have hospitals – St. Luke’s and SFGH, respectively. District 11, with 10 percent of residents receiving charity care, has the lowest per capita income of all districts.

**Table 16.**  
**Selected Income Indicators and Charity Care Services by Supervisorial District <sup>11</sup> for FY 2004**

District	% of Residents Receiving Charity Care	% of Persons in Poverty	% of Households w/ Public Assist.	Average Per Capita Income	Reporting Hospital(s) in the District
District 1	4.8%	7.6%	3.9%	\$31,594	St. Mary's
District 2	6.8%	5.9%	1.5%	\$75,877	CPMC (California & Pacific), Kaiser
District 3	7.7%	13.6%	4.3%	\$37,597	Chinese, Saint Francis
District 4	5.2%	7.6%	3.5%	\$26,336	None
District 5	8.6%	13.3%	3.3%	\$36,248	UCSF (Mt. Zion)
District 6	24.1%	23.7%	7.0%	\$24,751	None
District 7	9.0%	6.8%	1.5%	\$39,829	UCSF (Parnassus)
District 8	7.1%	6.8%	1.2%	\$49,392	CPMC (Davies)
District 9	28.7%	14.6%	4.8%	\$21,423	St. Luke's
District 10	17.0%	16.2%	9.0%	\$21,789	SFGH
District 11	10.5%	8.3%	5.2%	\$19,176	None

<sup>11</sup> Economic Indicator Data from Census 2000.

3. Location: Charity Care Patients in Other Hospital Zip Codes

An analysis of the ZIP Code data for each hospital’s charity care patients indicates that some uninsured San Francisco residents who reside near a nonprofit hospital do bypass closer hospitals to receive charity care services at hospitals further from their homes. Table 17 shows the number of charity care applicants that reside in ZIP Codes where other hospitals exist. The highlighted cells show the number of charity care patients who live in the ZIP Code where the hospital is located.

**Table 17.**  
**Charity Care Services Provided in FY 2003 for Residents in Zip Codes**  
**Where Other Hospitals Exist**

Zip Code	Hospital(s) in Zip Code	CPMC	Chinese	Saint Francis	SFGH	St. Luke's	St. Mary's	UCSF
94109	Saint Francis	52	4	170	3,910	170	12	23
94110	SFGH St. Luke's	39	-	11	13,851	728	193	25
94114	CPMC (Davies)	32	-	6	1,741	44	11	21
94115	CPMC (Pacific), UCSF (Mt. Zion), Kaiser	15	5	18	1,974	41	10	15
94117	St. Mary's	46	-	13	2,650	30	8	36
94118	CPMC (California)	12	3	11	1,180	15	4	14
94122	UCSF (Parnassus)							53
94133	Chinese Hospital	12	15	32	1,217	32	3	10

4. Size: Expenditures Per Unduplicated Patient

The average expenditure per unduplicated patient in fiscal year 2004 was \$899, compared to \$644 in 2003. Also, as in previous years the range of hospital expenditures per charity care patient varied widely among reporting hospitals. In fiscal year 2004, reporting hospitals spent between \$264 and \$3,673 per unduplicated patient served. This is higher than 2003, when spending ranged from \$204 to \$2,301 per unduplicated patient served. The wide range may be explained in part by looking at the types of charity care services each hospital provided. St. Luke’s, St. Mary’s, and SFGH, which had the lowest per patient expenditures, provided the majority of their charity care in outpatient services. Conversely, Kaiser and CPMC, which had the highest per patient costs, provided all or most of their charity care in either the emergency room or an inpatient setting. Different physician contracts also affect per patient costs. Table 18 shows the average expenditure per unduplicated patient served. In general, hospitals that provide the most charity care have the lowest average per patient expenditures.

**Table 18.**  
**Average Charity Care Expenditure Per Unduplicated Patient Served in FY 2004**

	<b>Expenditure</b>	<b>Unduplicated Patient</b>	<b>Average Expenditure Per Patient</b>
CPMC	\$4,311,690	1,174	\$ 3,673
Chinese	\$158,959	77	\$ 2,064
Kaiser	\$867,626	221	\$ 3,926
Saint Francis	\$2,881,000	1,321	\$ 2,181
SFGH	\$70,638,906	81,383	\$ 868
St. Luke's	\$2,615,000	3,129	\$ 836
St. Mary's	\$2,117,000	8,011	\$ 264
UCSF	\$3,267,005	1,353	\$ 2,415
<b>Total</b>	<b>\$86,857,186</b>	<b>96,669</b>	<b>\$ 899</b>

5. Size: Ratio of Licensed Beds and Average Daily Census to Charity Care Services and Expenditures

Hospitals reporting under the Charity Care Ordinance together have 3,951 licensed beds, and an average daily census of 2,031 patients. CPMC represents approximately one-quarter of the City's daily hospital census, while SFGH and UCSF each represent another 21 percent. Table 19 compares the proportion of each hospital's average daily census to their percentage of all charity care services and their percentage of all charity care expenditures. The numbers show there is no correlation between this measure of size and quantity of charity care provided.

**Table 19.**  
**Comparison of Percentage of Licensed Beds and Average Daily Census to Percentage of Charity Care Services and Charity Care Expenditures by Reporting Hospitals for FY 2004**

<b>Hospital</b>	<b>Licensed Beds</b>		<b>Average Daily Census</b>		<b>% of Charity Care Services</b>	<b>% of Charity Care Expenditures</b>
	<b>No.</b>	<b>% of All Beds</b>	<b>No.</b>	<b>% of All Beds</b>		
CPMC	1,238	31.3%	504	24.8%	2.1%	5.0%
Chinese	54	1.4%	33	1.6%	0.1%	0.2%
Kaiser	247	6.3%	197	9.7%	0.2%	1.0%
Saint Francis	356	9.0%	138	6.8%	1.4%	3.3%
SFGH	639	16.2%	428	21.1%	83.8%	81.3%
St. Luke's	260	6.6%	164	8.1%	3.1%	3.0%
St. Mary's	403	10.2%	138	6.8%	7.9%	2.4%
UCSF	754	19.1%	429	21.1%	1.3%	3.8%
<b>Total</b>	<b>3,951</b>	<b>100.0%</b>	<b>2,031</b>	<b>100.00%</b>	<b>100.0%</b>	<b>100.0%</b>

Thus, San Francisco General Hospital, with approximately one-fifth of San Francisco's hospital beds, provides more than 80 percent of charity care services and expenditures. Table 20 provides the same information among only the private hospitals.

**Table 20.**  
**Comparison of Percentage of Licensed Beds and Average Daily Census to Percentage of Charity Care Services and Charity Care Expenditures, Excluding SFGH for FY 2004**

Hospital	Licensed Beds		Average Daily Census		% of Charity Care Services	% of Charity Care Expenditures
	No.	% of All Beds	No.	% of All Beds		
CPMC	1,238	37.4%	504	31.5%	12.9%	26.6%
Chinese	54	1.6%	33	2.0%	0.6%	1.0%
Kaiser	247	7.5%	197	12.3%	1.3%	5.3%
Saint Francis	356	10.7%	138	8.6%	9.0%	17.8%
St. Luke's	260	7.9%	164	10.2%	19.3%	16.1%
St. Mary's	403	12.2%	138	8.6%	48.7%	13.1%
UCSF	754	22.8%	429	26.8%	8.2%	20.1%
<b>Total</b>	<b>3,312</b>	<b>100.0%</b>	<b>1,603</b>	<b>100.00%</b>	<b>100.0%</b>	<b>100.0%</b>

This table magnifies the comparison between size and charity care for the private hospitals and UCSF Medical Center. It also shows how clinics can serve as a doorway to care. While St. Mary's, which maintains active clinics, provides almost 50 percent of all charity care services and 13 percent of expenditures with 12 percent of the beds, CPMC, which does not operate a clinic, provides 13 percent of services and 27 percent of expenditures with almost 40 percent of the beds. Thus, the scope of each hospital's charity care contribution is seen to vary relative to its resources in terms of both their quantity and type.

*6. Size: Charity Care Expenditures as a Percentage of All Hospital Expenditures*

Another way to analyze hospitals' charity care expenditures by their size is by comparing the cost of provided charity care with each hospital's total operating expenses and net income. Table 21 below shows this comparison for each reporting hospital. The data show that SFGH and Saint Francis to a lesser extent, spend larger portions of their expenditures on charity care than other reporting hospitals. Saint Luke's and St. Mary's have a comparable ratio of operating expenses to charity care expenditures at approximately 1.5 to 1.8 percent. Moreover, St. Luke's with only a moderate net return of three percent on operating expenses spends an amount equal to almost 50 percent of its net income on charity care, and Kaiser's charity care represents nine percent of net income. According to this measure, there is again no correlation between hospital size and charity care provided.

**Table 21.**  
**Comparison of Charity Care to Total Operating Expenses for FY 2004<sup>12</sup>**

Hospital	Total Operating Expenses	Total Net Income	Charity Care Expenditures	% of Charity Care to Total Operating Expenses	% of Net Income to Total Operating Expenses	% Charity Care to Total Net Income
CPMC	\$658,915,000	\$150,307,941	\$4,311,690	0.7%	22.8%	2.9%
Chinese	\$49,173,196	\$3,924,302	\$158,959	0.3%	8.0%	4.1%
Kaiser	\$0	\$0	\$867,626	N/A	N/A	N/A
Saint Francis	\$117,509,530	\$9,634,485	\$2,881,000	2.5%	8.2%	29.9%
SFGH	\$407,828,267	-\$4,746,313	\$70,638,906	17.3%	-1.2%	N/A
St. Luke's	\$142,417,775	-\$21,165,515	\$2,615,000	1.8%	-14.9%	N/A
St. Mary's	\$144,146,735	\$4,304,485	\$2,117,000	1.5%	3.0%	49.2%
UCSF	\$1,049,094,414	-\$19,266,300	\$3,267,005	0.3%	-1.8%	N/A

7. Benefits of Nonprofit Hospital Status

Charitable status brings hospitals support through private donations, tax exemptions, low-cost financing and other beneficial financial mechanisms. One key financial benefit resulting from nonprofit status is exemption from local property taxes, as well as state and federal corporate income taxes. However, there is currently no statutory link between the financial benefits of nonprofit status and either the charity care or other community benefits that they provide.

Nevertheless, a general public perception exists that a hospital earns its nonprofit status through charitable work, of which charity care is one significant type. In fact, the Healthcare Financial Management Association (HFMA), which advises many private hospitals throughout the United States, includes charity care as one specific way for hospitals to warrant their tax-exempt status. Moreover, charity care represents an important type of community benefit in San Francisco where, like most urban areas, there is high demand for indigent care. Thus, a comparison of tax benefit to charity care provides one way to evaluate hospital performance with regard to community expectation.

a) Property Tax Exemptions

The nonprofit hospitals subject to the Charity Care Ordinance received a total of \$8.4 million in property tax savings in fiscal year 2004. The annual value of the local property tax exemption is quantifiable by taking the value of tax-exempt property and multiplying it by the applicable property tax rate. The estimated value of the property tax exemptions is noted for each hospital in Table 22 along with the hospitals' charity care expenditures. For fiscal year 2004, the City property tax rate was 1.107 percent for each \$100,000 in property value. SFGH and UCSF are excluded from Table 22 because the City and County of San Francisco does not assess government-owned property.

<sup>12</sup> For all hospitals except Chinese Hospital, total operating expense is as reported to OSHPD and also as reported by hospitals to DPH as part of the cost-to-charge ratio computation. Chinese Hospital's total operating expense figure excludes the costs paid to outside hospitals for services provided to their managed care (full-risk) enrollees.

**Table 22.**  
**Annual Assessed Value of Exempt Properties for FY 2004<sup>13</sup>**

<b>Hospital</b>	<b>Value of Exempt Property</b>	<b>Annual Property Tax Savings</b>
CPMC	\$222,648,403	\$2,464,718
Chinese	\$16,670,757	\$184,545
Kaiser	\$271,822,231	\$3,009,072
Saint Francis	\$72,428,235	\$801,780
St. Luke's	\$24,000,219	\$265,682
St. Mary's	\$148,513,067	\$1,644,040
<b>Total</b>	<b>\$756,082,912</b>	<b>\$8,369,838</b>

b) Corporate Income Tax Exemptions

The reporting hospitals subject to the Charity Care Ordinance received approximately \$74 million in income tax savings in fiscal year 2004 as a result of their nonprofit status. The annual value of state and federal corporate income tax exemptions has been estimated by multiplying the net income by applicable state and federal income tax rates. For fiscal year 2004, the State corporate income tax rate was 8.84 percent, and the federal corporate income tax rate was between 15 and 39 percent, depending on net income. The net income reported to OSHPD by each hospital and the value of the income tax exemption is noted in Table 23. While this is the most efficient way to estimate the value of corporate income tax exemption, it must be noted that net income as reported to OSHPD may include items that would not be subject to corporate income tax. For SFGH, this is particularly true since a significant portion of the hospital's income is derived from local general funds. Kaiser is excluded from Table 23 because it is not subject to OSHPD reporting requirements.

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<sup>13</sup> SFGH and UCSF are not included since the City Assessor's Office does not estimate the value of public-owned property.

**Table 23.**  
**Annual Hospital Net Income<sup>14</sup> and**  
**Estimated Annual Value of Income Tax Exemption in FY 2004**

<b>Hospital</b>	<b>Annual Net Income</b>	<b>Estimated Annual Value of State Income Tax Exemption</b>	<b>Estimated Annual Value of Federal Income Tax Exemption</b>	<b>Total Estimated Annual Value of Income Tax Exemption</b>
CPMC	\$150,307,941	\$13,287,222	\$52,607,779	\$65,895,001
Chinese	\$3,924,302	\$346,908	\$1,334,263	\$1,681,171
Saint Francis	\$9,634,485	\$851,688	\$3,275,725	\$4,127,413
SFGH	(\$4,746,313)	\$0	\$0	\$0
St. Luke's	(\$21,165,515)	\$0	\$0	\$0
St. Mary's	\$4,304,485	\$380,516	\$1,463,525	\$1,844,041
UCSF	(\$19,266,300)	\$0	\$0	\$0
<b>Total</b>	<b>\$122,993,085</b>	<b>\$14,866,335</b>	<b>\$58,681,292</b>	<b>\$73,547,627</b>

c) Total Estimated Income Tax and Property Tax Benefits Compared to Charity Care Provided

The nonprofit reporting hospitals (excluding Kaiser) received corporate and property tax benefits valued at approximately \$81.9 million in fiscal year 2004. Table 24 shows that in every case except St. Luke's, the tax benefit that reporting hospitals derive as a result of their nonprofit status exceeds the level of charity care provided.

**Table 24.**  
**Charity Care Expenditures Compared to Estimated Tax Benefits<sup>15</sup> for FY 2004**

<b>Hospital</b>	<b>Total Estimated Annual Value of Income Tax Exemption</b>	<b>Total Estimated Annual Value of City &amp; County Property Tax Exemption</b>	<b>Total Tax Benefits (Income Tax + Property Tax)</b>	<b>Charity Care Expenditures</b>	<b>Charity Care Provided in Excess of Total Tax Benefit</b>
CPMC	\$65,895,001	\$2,464,718	\$68,359,719	\$4,311,690	(\$64,048,029)
Chinese	\$1,681,171	\$184,545	\$1,865,716	\$158,959	(\$1,706,757)
Kaiser	N/A	\$3,009,072	\$3,009,072	\$867,626	(\$2,141,446)
Saint Francis	\$4,127,413	\$801,781	\$4,929,194	\$2,881,000	(\$2,048,194)
St. Luke's	\$0	\$265,682	\$265,682	\$2,615,000	\$2,349,318
St. Mary's	\$1,844,041	\$1,644,040	\$3,488,081	\$2,117,000	(\$1,371,081)
<b>Total</b>	<b>\$73,547,627</b>	<b>\$8,369,838</b>	<b>\$81,917,465</b>	<b>\$10,834,275</b>	<b>(\$71,083,190)</b>

<sup>14</sup> Net income figures were obtained from OSHPD data for hospital fiscal years ending between January 1 and December 31, 2004. Because Kaiser is not subject to OSHPD reporting requirements, it is excluded from this table.

<sup>15</sup> SFGH and UCSF are excluded from this table because property tax cannot be calculated for either facility, and neither received any income tax benefit in fiscal year 2004. Kaiser's total tax benefit does not include income tax, which cannot be estimated.

Table 23 shows that in all reporting years, in the aggregate hospitals received tax benefits in excess of charity care provided. Individually, only St. Luke's in 2004, and St. Luke's and St. Mary's in 2001 and 2002, provided charity care in excess of the tax benefit they received. Also, the gap between benefit and charity care appears to be growing.

**Table 25.  
Comparisons of Charity Care Expenditures and Estimated Tax Benefits<sup>16</sup>  
between FY 2001 and FY 2004**

	Charity Care Provided in Excess of Tax Benefit in FY 2001	Charity Care Provided in Excess of Tax Benefit in FY 2002	Charity Care Provided in Excess of Tax Benefit in FY 2003	Charity Care Provided in Excess of Tax Benefit in FY 2004
CPMC	(\$36,332,363)	(\$60,308,995)	(\$50,916,673)	(\$64,048,029)
Chinese	(\$1,148,754)	(\$953,044)	(\$1,156,076)	(\$1,706,757)
Kaiser	N/A	N/A	N/A	(\$2,141,446)
Saint Francis	(\$8,102,945)	(\$2,644,269)	(\$2,337,320)	(\$2,048,194)
St. Luke's	\$3,109,655	\$3,697,636	\$2,395,079	\$2,349,318
St. Mary's	\$436,468	\$113,549	(\$2,851,117)	(\$1,371,081)
<b>Total</b>	<b>(\$42,037,939)</b>	<b>(\$60,095,123)</b>	<b>(\$54,866,108)</b>	<b>(\$71,083,190)</b>

***C. Charity Care to Individuals on Public Assistance Programs***

In 2003, the City entered into discussions with San Francisco's nonprofit hospitals to enable all San Franciscans enrolled in public assistance and ineligible for health insurance coverage to have their bills sent to the Department's California Healthcare for Indigents Program (CHIP), Hospital and Physician Programs, or to be written off to charity care. In 2000, the City and County of San Francisco was sued by an indigent resident who was billed for emergency hospital care received at CPMC. The lawsuit alleged that the City was responsible for the patient's care pursuant to Section 17000 of the California Welfare & Institutions Code and that CPMC should not have held the patient responsible for the hospital bill because she qualified for charity care.

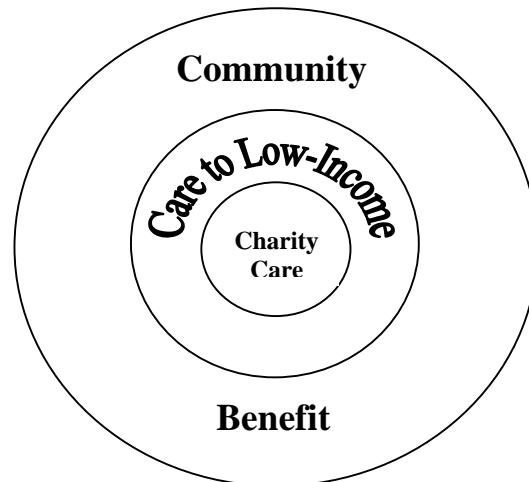
Under the terms of the negotiated settlement, uninsured patients enrolled in public assistance programs that are not linked with Medi-Cal can bill the CHIP Hospital and Physician Programs (to be reimbursed to the extent that funds are available) or write the expenses off as charity care. Implementing a program by which to include private hospitals in such a practice and confirm patient enrollment in public assistance is still under investigation due to lack of interest on the part of some hospitals, which would participate only voluntarily according to the Deputy City Attorney for DPH.

<sup>16</sup> Kaiser and SFGH are excluded from this table because the benefits of tax exemption cannot be estimated for either hospital.

## IV. COMMUNITY BENEFITS

In addition to charity care, which is one type of community benefit, nonprofit hospitals provide a variety of other community services and contributions, which are designed in general to improve the health status of the entire community that includes uninsured, underinsured and insured residents. Figure 3 depicts how community benefit relates to care for low-income populations.

**Figure 3.**  
**Community Benefit in Relation to Care for Low-Income Populations**



### *A. Hospitals' Reported Community Benefits*

Hospitals report a wide range of community benefits. As reported in Section I above, community benefits activities include, among other things:

- Health promotion, health education, disease and injury prevention, and social service activities;
- Financial or in-kind support of public health programs; and
- Medical education.
- The difference between cost and reimbursement for services provided to beneficiaries of public insurance programs, such as Medi-Cal and Medicare.

The definitions of these activities are quite broad and not clearly defined in State statute and, as a result, reporting of these activities across hospitals is inconsistent. Activities that one hospital may deem as community benefit may not be included as community benefit by another. The participants in the Charity Care Report Working Group agreed that the most consistently quantifiable community benefit data that could be reported equally across hospitals are the tertiary donations and reimbursement shortfalls in Medi-Cal and Medicare. However, as with other components of community benefit, unreimbursed care to Medicare beneficiaries does not necessarily represent care to low-income populations. Individuals qualify for Medicare based on age or disability. Also, seeing patients with Medi-Cal and Medicare coverage is not optional; therefore although these shortfalls pose both a significant cost to hospitals, which reflects an

ongoing problem in caring for the needy, and a great benefit to the community, taking these patients is not voluntary in the sense of charity care or tertiary donations.

In addition, implicit in this calculation is the concept that the hospital provides the funding for the difference between cost and reimbursement as a community benefit for which it receives no compensation. However, hospitals do shift a portion of their charges that are unreimbursed to other classes of patients, such as the privately insured and, as a consequence, may not absorb all of these costs themselves. Table 26 shows voluntary and other community benefits for each hospital, in addition to charity care expenditures.

**Table 26.  
Hospital Community Benefits Provided in FY 2004**

	CPMC	Chinese	Kaiser	Saint Francis	St. Luke's	St. Mary's	UCSF	SFGH
<b>Voluntary Benefits</b>								
Traditional Charity Care	\$4,311,690	\$158,959	\$867,626	\$2,881,000	\$2,615,000	\$2,117,000	\$3,267,005	\$70,638,906
Direct Grants and Contributions <sup>17</sup>	\$1,233,377	\$1,334,388	\$1,855,928	\$797,202	\$3,535,000	\$2,128,398	\$0	\$1,700,000
<b>Total</b>	<b>\$5,545,067</b>	<b>\$1,493,347</b>	<b>\$2,723,554</b>	<b>\$3,678,202</b>	<b>\$6,150,000</b>	<b>\$4,245,398</b>	<b>\$3,267,005</b>	<b>\$72,338,906</b>
<b>Other Benefits</b>								
Medi-Cal shortfalls	\$30,320,000	\$1,133,714	\$3,786,160	\$8,136,663	\$19,270,000	\$6,207,014	\$36,100,000	\$0
<b>Total</b>	<b>\$30,320,000</b>	<b>\$1,133,714</b>	<b>\$3,786,160</b>	<b>\$8,136,663</b>	<b>\$19,270,000</b>	<b>\$6,207,014</b>	<b>\$36,100,000</b>	<b>\$0</b>
<b>Grand Total</b>	<b>\$35,865,067</b>	<b>\$2,627,061</b>	<b>\$6,509,714</b>	<b>\$11,814,865</b>	<b>\$25,420,000</b>	<b>\$10,452,412</b>	<b>\$39,367,005</b>	<b>\$72,338,906</b>

***B. Highlights of Hospital Community Benefits Programs***

*1. California Pacific Medical Center*

a) Charity Care Partnership Fund

The Charity Care Partnership Fund presents an innovative and collaborative approach to providing critically needed outpatient medical care and preventive services to patients who lack any form of health coverage. By supporting existing community-based health care providers that have expertise in serving medically indigent populations, California Pacific Medical Center will not only aid a frail health care safety-net but will also build a continuum of health care that significantly reduces barriers to care and improves the health of our community. During 2005, CPMC will commit \$2,000,000 to the Charity Care Partnership Fund that will support preventive and primary health care as well as specialty medicine for the uninsured. The Medical Center will partner with the San Francisco Community Clinic Consortium and community-based health care providers in areas identified by the San Francisco Health Commission as particularly in need of

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<sup>17</sup> This measure is not currently well-defined or necessarily limited to service of low income populations; it includes donations to community based organization, in-kind contributions, such as allowing the use of hospital facilities for community and other meetings, and in the case of San Francisco General Hospital, a contract with UCSF Medical Center for care to charity patients beyond the scope of DPH abilities.

additional outpatient resources, including the Tenderloin, South of Market/Civic Center, Mission and Visitacion Valley communities. During 2005, CPMC will also work with representatives from community-based organizations in Bayview Hunters Point to identify potential partnership opportunities that will expand access to health care in this underserved neighborhood. In addition, the Charity Care Partnership Fund will support uncompensated primary health care at the Family Health Center, located at 3801 Sacramento Street and part of CPMC's California campus, and in conjunction with the San Francisco Community Clinic Consortium, CPMC will work to develop a network of physicians both in private practice and with the CPMC Physician Foundation who will extend access to needed specialist care to the uninsured. The Community Health Resource Center will provide expert case management services so that uninsured patients referred by community-based primary health care providers are appropriately connected to the specialists and that clinical follow-up occurs. California Pacific Medical Center will provide hospital-based services as part of its ongoing delivery of charity care to the uninsured independent of the Charity Care Partnership Fund.

#### b) African-American Breast Health Program

African-American women who are diagnosed with breast cancer are more than twice as likely to die from the disease as are white women. Limited access to early detection and timely follow-up medical services significantly contributes to this disparity in breast cancer survival and is amenable to intervention. In partnership with established organizations within the African-American community, CPMC's African-American Breast Health Program improves access to culturally competent breast health-related education, early detection services, and comprehensive treatment for high-risk women by building on existing expertise and resources within CPMC and community partners. The program addresses the following goals directly:

- Increase visibility and awareness of the importance of early detection for breast cancer in underserved African-American communities in San Francisco.
- Provide culturally competent breast health education in community settings.
- Increase access and utilization of early detection screening, including clinical examinations and mammograms, as well as well-coordinated follow-up services for high-risk African-American women.
- Ensure comprehensive, high-quality clinical treatment for women participating in the screening services who test positive for breast cancer.

## 2. Chinese Hospital

#### a) Chinese Community Health Resource Center

The Chinese community of the San Francisco Bay Area has recognized Chinese Community Health Resource Center (CCHRC) as a leader and principal source of culturally competent health education programs. Located in the heart of San Francisco's Chinatown at Chinese Hospital, CCHRC provides an array of free services which includes: health seminars and forums wellness library, individual counseling on various diagnosis, annual health day, cancer education and services, diseases management, patient navigation program and research/study. CCHRC provides approximately 12,000 services annually, with about 90 percent of the recipients being monolingual; over 65 percent female; 30 percent Medi-Cal recipients, and approximately 15 percent with no insurance coverage.

The following highlights some of CCHRC's programs:

- Health seminars and Forums

Approximately 1,300 Chinese immigrants attended over 80 health seminars on various health topics throughout the year. The majority of the audience ranked the seminars very satisfactory, and 96 percent of the participants indicated that they would recommend the seminars to others.

- Annual Health Day/First Annual Men's Health Day

CCHRC's annual health day is a collaborative project designed for monolingual and bilingual Cantonese and Mandarin-speaking Chinese residing in San Francisco Bay areas with an emphasis on disease prevention and health promotion. The Health Fair uniquely addressed the need of those who were often unable to benefit from similar educational opportunities because of language, cultural and financial barriers. The health day usually draws more than 750 participants from all parts of the San Francisco Bay Area. This year, CCHRC held nation's First Annual Chinese Men's Health Day and attracted over 1,000 participants from the San Francisco Bay Area.

- The Wellness Library

CCHRC has the most comprehensive collection of bilingual health information materials in the nation. More than 2,000 individuals visited the one-of-a-kind bilingual wellness library for health information. Community members and health professionals can enjoy hundreds of bilingual titles in printed and audio/video formats on site or loan free of charge. In addition, CCHRC publishes a quarterly bilingual health newsletter, which has a circulation of 15,000. CCHRC received numerous positive feedbacks from providers as well as the public.

- Comprehensive Patient Navigation Program

The Patient Navigation Program assists Chinese immigrants to understand the ins and outs of the health care system in order to take full advantage of the services available to them. Referrals are also made to access public or private health/social services in the San Francisco Bay Area.

### 3. Kaiser Foundation Hospital

#### a) Kaiser Permanente/Safety-Net Partnership

Kaiser Permanente has a formal partnership with the San Francisco Community Clinic Consortium and the San Francisco Department of Public Health/San Francisco General Hospital. Through the *Kaiser Permanente/Safety-Net Partnership Quality Improvement in Chronic Care Management*, Kaiser Permanente provided \$1.18M in San Francisco to the San Francisco Department of Public Health, San Francisco Community Clinic Consortium, Glide Health Services, Mission Neighborhood Health Center, North East Medical Services, South of Market Health Center and St. Anthony Free Medical Clinic. These safety net providers serve the most vulnerable populations throughout San Francisco.

By combining funding with technical knowledge and expertise, the grants are intended to help safety net providers build the infrastructure of their clinics and hospitals to improve access to care, efficiency and the quality of care provided. These grants are specifically directed to build stronger quality improvement programs and infrastructure focused on the management of chronic conditions. Additionally Kaiser Permanente San Francisco provides hands-on technical assistance by the Manager of the Chronic Conditions Program with the community clinics and the public health department as well as provides access to Kaiser Permanente's Chronic Care Management Training series to further support improving the safety net's infrastructure in serving the uninsured and underinsured. Kaiser Permanente is committed to maintaining long term safety net partnerships that will result in expanded services, better outcomes, healthier patients and healthier communities for years to come.

Kaiser Permanente San Francisco provided technical assistance to San Francisco General Hospital. SFGH provides the largest volume of services to the uninsured in San Francisco. At the request of the Administrative Director of SFGH, Kaiser Permanente San Francisco sent their Quality Team to provide technical assistance for the hospital's JCAHO accreditation survey. Over 250 hours were spent working with SFGH's Quality Management staff to prepare for the survey. SFGH successfully passed their JCAHO accreditation survey in 2005.

#### b) Operation Access

The Permanente Group's Doug Grey, M.D., started *Operation Access* that provides free surgeries to low income San Franciscans who are employed but may not have health insurance. This service allows hundreds of individuals to address potentially serious health concerns mitigating potentially devastating effects. This free service allows patients who may be in debilitating pain, prior to their surgery, to be able to return to work. Most recently, Kaiser Permanente donated \$100,000 and Kaiser Permanente San Francisco provided 20 surgeries in one day—the largest number of surgeries in one day done in history of Operation Access. Kaiser Permanente San Francisco continues to be a major funder and is expanding its work with Operation Access to help the greater community identify this unique service as a resource. Operation Access clients are referred from the San Francisco Community Clinic Consortium.

### 4. Saint Francis Memorial Hospital

#### a) Glide Health Clinic

Glide Health Clinic provides primary and urgent care, mental health, podiatry services and referrals for dental and vision to 4,000 adults living in the Tenderloin. The clinic also brings HIV/AIDS education, testing and counseling to the streets of the Tenderloin and other poor, high-risk communities. Saint Francis has been an active partner with the Glide Health Clinic since its inception, providing both technical and monetary support. SFMH contributed to the build out of the first clinic space, funded medical staff coverage for the first two years, and has continuously provided pharmacy, lab, and radiology services to patients from the Clinic. In 2004, Glide Health Clinic joined the San Francisco Community Clinic Consortium and became a Federally Qualified Health Clinic and a recipient of Healthcare for the Homeless grant funds. During FY 2005 the Glide Health Clinic completed its first year as a Homeless Healthcare Access point. This new status enabled the clinic to increase capacity to provide direct services

2,270 unduplicated clients: 8,795 encounters. In addition to providing technical assistance, Saint Francis contributed \$327,173 in prescription medications, \$208,666 in direct patient services and \$3,028 in supplies for the clinic and its patients.

#### b) Homecoming Services Program

The Homecoming Services Program provides discharge services for seniors living in isolation who have no identified family member or friend to take care of them after they are discharged from the hospital. The goal of this program is to provide temporary case management, homecare assistance, medical escorts and groceries for seniors immediately following an unplanned emergency hospitalization. The Homecoming Services Program is an innovative partnership between Saint Francis Memorial Hospital, the San Francisco Senior Center, Project Open Hand and Little Brothers Friends of the Elderly. Experts from these community agencies come together to create a safe and healthy environment for isolated, frail, elderly patients to return home after hospitalization.

Saint Francis worked with the San Francisco Senior Center to expand the Homecoming Services program by securing a grant for the Saint Francis Foundation that is being used to develop a strategic plan to expand and sustain the program. The program has been identified by the Mayor's Office as a model program and will be presented at the Hospital Council for possible expansion to all of the city's hospitals in FY06. FY2005 was an exciting year for the program. The BHSF Community Needs Assessment highlighted the Homecoming Services Program as an example of a program that "significantly reduces hospital readmission and improves quality of life". The San Francisco Long Term Care Coordinating Council and Mayor's Office also identified the Homecoming Services as a model program. Catholic Healthcare West selected the SFMH Homecoming Services Program for its annual partnership award.

### 5. St. Luke's Hospital

#### a) Asthma Education Program: A Breath of Fresh Air

For hundreds of low-income asthma sufferers in the communities surrounding St. Luke's Hospital, the Asthma Education Program provides a breath of fresh air, helping patients better understand and manage their disease. "Our goal is to help these patients decrease their emergency room visits and hospital admissions," says Program Coordinator Julie McKown, a registered respiratory therapist and certified asthma educator. "Low-income patients often have limited access to regular primary care, which can result in hospitalizations that might have been prevented. By providing screenings and education, we can substantially improve the quality of life for such patients."

Started in 1996, the Asthma Education Program offers one-on-one appointments and family sessions with a licensed registered respiratory care practitioner who trains patients and their caregivers in how to adhere to a medical treatment plan, reduce exposure to common asthma triggers, and use their medications and asthma devices properly. In addition, the program offers free pediatric asthma screening programs at local public elementary schools, in collaboration with Good Samaritan Family Resource Center of San Francisco. A school asthma curriculum teaches children how to manage their asthma, reducing school absences. A training program to

increase asthma awareness also is available to teachers and parents at San Francisco elementary, middle and high schools.

The Asthma Education Program also offers free screenings at various local health fairs and community events. Another example of St. Luke's outreach to the community was highlighted this summer when the San Francisco Fire Department (SFFD) recognized Ms. McKown for her "pivotal role" in developing and conducting a training program for emergency medical technicians and paramedics who are part of the SFFD's new Asthma Outreach Team. "San Francisco is a model city in its efforts to fight asthma, and our Asthma Education Program is here to support the community," notes Ms. McKown.

#### b) Diabetes Education & Outreach: Teaching Self-Management Skills

Because of high rates of Type 2 diabetes in neighborhoods surrounding St. Luke's Hospital, diabetes education is an important component of the hospital's community outreach efforts. "Our patient base includes a high percentage of Hispanic/Latino Americans, who are among the ethnic groups at high risk for diabetes," explains Clinical Coordinator for Diabetes and Dialysis Sylvia Recinos, RN, BSN. "Left untreated, diabetes can result in serious health problems and complications. By teaching individuals how to manage their diabetes on a day-to-day basis, we can help them lead longer, healthier lives."

Opened in October 1995, the St. Luke's Hospital Diabetes Center offers educational programs that emphasize self-management skills and the importance of controlling blood glucose levels. Patients receive instruction in glucose monitoring, meal planning, exercise, use of medications, and preventing complications. Diabetes Center staff members, all of whom are bilingual, also provide support for patients dealing with psycho-social and family issues, conduct community diabetes screenings, and make educational presentations throughout the community. In addition, the Diabetes Center participates in the "Sweet Success" program developed by the state of California's Diabetes and Pregnancy Program to provide educational resources to pregnant women who develop diabetes.

Patients must be referred to the Diabetes Center by a physician, and the center will provide referral forms for patients to submit to their physicians. Each patient receives an individual consultation, lasting about an hour and a half, plus follow-up visits every three months for a year to monitor the patient's progress in achieving program goals. The center provides services to between 600 and 700 patients per year, with close to 4,000 patient visits per year. "We serve as a comprehensive support system for our patients," notes Ms. Recinos. "Our staff members establish one-on-one relationships with the patients, which promotes a safe, supportive environment."

## 6. St. Mary's Medical Center

### a) Sister Mary Philippa Health Center: Coordinated, Comprehensive Outpatient Services

The Sister Mary Philippa (SMP) Health Center provides a coordinated program of comprehensive outpatient health services. It has completed over 27,000 patient visits in Fiscal Year 2003 to over 33,000 visits in Fiscal Year 2004, many of which are free care.

The Center services cover a broad spectrum of care including, but not limited to, adult primary care, medical and surgical specialties, HIV care, advice nurse, health education, social services, translation services, patient advocacy, diabetes education, nutrition, pharmacy, and health services for the University of San Francisco.

- 20 percent of the visits are geriatrics. Frequent diagnoses range from hypertension and diabetes to substance abuse and cardiopulmonary problems.
- 450 adult HIV positive patients in Fiscal Year 2003 and 487 patients in Fiscal Year 2004.
- Approximately 37 percent of SMP patients have no health coverage and receive their care free of charge, consistent in Fiscal Year 2003 and 2004.
- Patients services are billed according to their ability to pay (e.g., free, sliding scale or insurance)
- The SMP Center supports the St. Mary's Medical Center mission by treating all patients in its geographic area regardless of their race, country of origin or their ability to pay. Many patients come from the Golden Gate Park homeless population.
- 40 percent of the patients are Indo-Asian, the largest group is Vietnamese with significant numbers of Cambodian, Chinese and Laotian.
- 20 percent of the patient population is Hispanic, 20 percent are Caucasian, and African-American patients comprise the remaining 10 percent.

### b) Integrated HIV Care Services

In a partnership with Shanti and the SF AIDS Foundation, the HIV Clinic integrated primary care with medical, social and volunteer services for 450 low-income HIV-positive patients. Shanti provides peer advocates who outreach into neighborhoods and communities with information and referrals to the St. Mary's HIV Clinic. Targeted neighborhoods are the Tenderloin, Castro and Haight-Ashbury. Because housing is a critical need, the SF AIDS Foundation provides housing referrals for the homeless or near-homeless patients.

The program enables patients to maintain their independence and remain productive, and more importantly, the program reduces psychiatric and inpatient hospitalizations. The patients are able to sustain a longer quality of life and optimal health.

## 7.

University of California, San Francisco Medical Center

a) The UCSF Access Program.

The UCSF Medical Center recognizes the Health Commission's goal of increasing outpatient charity care services—including diagnostic and specialty care services that complement primary care services—to residents of neighborhoods that are at high-risk for disease. The Medical Center has instituted the *UCSF Access Program* to provide a pre-determined, significant amount of imaging services, including MRI, CT scans, and ultrasound, provided by physician faculty of the UCSF Department of Radiology and coordinated to build on existing community clinic care. After communicating with community clinic physicians that indicated a significant, unmet need for timely imaging services, the UCSF Medical Center tailored a program of specialty care that builds on the existing, high-quality primary care services that patients receive at community clinics. The *UCSF Access Program* allows eligible patients that access the Southeast Health Center—and other Health Centers that serve vulnerable populations—to obtain referral appointments for imaging services at the convenient and accessible UCSF China Basin Imaging Center. The *UCSF Access Program* provides these services at no cost to the patient or the Health Center, and utilizes state-of-the-art imaging equipment. The program has already proved to be highly utilized and very successful.

b) Direct Clinical Nutrition Services at the Southeast Health Center

The UCSF Medical Center is instituting a new program at the Southeast Health Center and Silver Avenue Health Center that responds to many of the serious health issues faced by vulnerable populations as indicated in the Community Needs Assessment. The UCSF Medical Center contacted the director of the Southeast Health Center and other physicians within the Department of Public Health to solicit advice on how to assist the clinic in addressing health problems such as diabetes, hypertension, and obesity, which are of particular concern to many of the residents accessing this clinic. Based on feedback from the community and physicians that limited resources are available to provide much-needed nutritional education and services, UCSF Medical Center will have a nutritional health program to provide direct clinical nutrition services. The program will be managed by a UCSF dietician at the Southeast Health Center during a three-year pilot and will be tailored to address unmet needs in order not to duplicate services currently provided by the Department of Public Health. Specifically, the program will include: 1) nutritional information packets (general nutrition for children, infant and toddler feeding, childhood obesity, adult obesity, hypertension, hyperlipidemia and diabetes); 2) monthly classes for patients and family members regarding nutrition for kids, heart health and diabetes 3) weekly weight-management classes and 4) individual counseling at 10/hours per week. This new program is in addition to the UCSF Medical Center Department of Nutrition and Food Services' ongoing collaboration with the San Francisco Unified School District for Medical Center dieticians and dietetic interns to provide nutrition education classes to students.

## V. CONCLUSIONS AND RECOMMENDATIONS

This Charity Care Report Summary for fiscal year 2004 indicates that the need for charity care in San Francisco persists, while the capacity of San Francisco hospitals to plan and track their charity care is improving. Approximately 97,000 low-income, uninsured, and/or underinsured patients received charity care in fiscal year 2004. This represents an increase of more than 30,000 patients since 2001, and decreases of 13,000 from 2003 and 4,000 from 2002, which primarily reflect improvements in data collection at St. Luke's Hospital.

Charity care in San Francisco is a collaborative effort. Although state law establishes that the City and County of San Francisco bears primary responsibility for the healthcare needs of the indigent and uninsured; San Francisco's non-profit hospitals provide essential, willing and greatly appreciated support, which accords with their status as non-profit institutions. However, even if the City and all of the reporting hospitals pooled all of their available resources, unmet demand for charity care services would likely remain.

Thus, it is helpful that stakeholders in San Francisco's charity care have some experience working together. Through their ongoing collaboration they can continue to evaluate the need for charity care in the community and plan for the most effective and targeted use of valuable charity care resources. The following findings provide summaries and recommendations as to how San Francisco's health care providers can best work together to improve charity care services.

### *A. Continuing to Increase Outpatient Charity Care Will Benefit San Francisco*

As reported last year, an increase in targeted outpatient charity care is expected to benefit San Francisco's low-income and uninsured populations. It is also expected to benefit San Francisco's healthcare delivery system at large. Currently, the Hospital Council and CPMC are in the process of working to expand outpatient services throughout San Francisco, and this work remains essential due to the following factors:

1. *The uninsured do not receive as much care as other needy populations, and continue to rely more heavily on emergency room and inpatient care, which strains San Francisco's healthcare delivery system.*

As reported in Section I above, San Francisco's uninsured receive a lower percentage of care than other needy populations, such as those covered by Medi-Cal. Also, the uninsured often lack a medical home, which leads to fewer preventive services, less care for chronic conditions, and an over reliance on emergency care. Moreover, in delaying treatment until a crisis, uninsured patients often present multiple and complex health problems, which can be more difficult to treat, and unnecessarily burden the entire healthcare delivery system, especially emergency services.

2. *Neighborhoods with the highest rates of ACSC hospitalizations continue to report the highest numbers of charity care applicants.*

Despite that charity care services are provided to residents throughout the City, the largest proportion of charity care continues to be provided to patients who reside in the Tenderloin, the Mission, Bayview/Hunters' Point, and Potrero Hill neighborhoods. Predictably, these are also the

areas within the City that have the largest percentage of households on public assistance and the greatest percentage of the population living in poverty. Also, these are the same areas that the 2004 Needs Assessment data and 2005 Community Needs Index indicate have high rates of unnecessary hospitalizations for heart failure and shock, pneumonia, chest pain, respiratory distress, adult diabetes, and chronic obstructive pulmonary disease.

3. Outpatient care is more cost-effective than inpatient or emergency care.

The type of charity care that hospitals provide affects per patient spending on charity care. Four hospitals – CPMC, Chinese, Kaiser, and Saint Francis – report that the majority of their charity care occurs in an emergency room or inpatient setting, and these hospitals also report a higher per patient expenditure on charity care than SFGH, St. Luke’s, and St. Mary’s, which provided the majority of their care in an outpatient setting. This means that through outpatient care San Francisco hospitals may be able to reach more people at a less expensive stage of an illness or condition than they can through other types of care. Thus, expanding outpatient care offers an opportunity to conserve valuable healthcare resources.

Together, these three factors suggest an ongoing need for expanded outpatient care, especially to residents of those neighborhoods most reliant on charity care hospitalizations and most likely to be hospitalized for an avoidable condition. Although the data in this report show that San Franciscans already receive the majority of hospital charity care services in an outpatient setting, the 2004 Needs Assessment and the 2005 Community Needs Index show continued high rates of ACSC hospitalizations, particularly in the City’s low-income neighborhoods, which could be prevented through increased utilization of outpatient services.

All reporting hospitals have expressed support for the expansion of outpatient charity care in San Francisco; however, increasing outpatient charity care can be more straightforward for hospitals that operate clinics, depending on such individual characteristics as location. Thus, hospitals are encouraged to explore creative methods to increase and expand targeted outpatient care throughout San Francisco.

**Recommendation:** Hospitals should continue to pursue creative approaches to increase outpatient charity care, especially for residents of the following high-risk neighborhoods:

- Bayview/Hunters’ Point, Potrero Hill
- Tenderloin, Civic Center
- Bernal Heights, Mission

***B. Promoting the Public Health Institute’s Demonstration Project Will Advance Community Benefits for Populations with Disproportionate Unmet Needs***

According to state law, hospitals with non-profit status assume a social obligation to provide community benefits in the public interest. Thus, California’s non-profit hospitals prepare community benefits plans each year with data from needs assessments conducted every three years. Although these plans may include many important programs and services in addition to charity care, hospitals’ community benefits vary from hospital to hospital and do not necessarily serve the financially needy populations that are the focus of the Charity Care Ordinance.

Although this report provides some information on hospitals' community benefits, reporting hospitals agree that there is wide variation in community benefits activities among hospitals, and planning and reporting standards need development and implementation, especially for activities that serve communities with disproportionate unmet healthcare needs, such as those who use charity care.

Fortunately, the Public Health Institute (PHI) reports progress with its ongoing demonstration project, "Advancing the State of the Art in Community Benefit," in which Saint Francis Memorial Hospital is an active participant. PHI offers useful leadership on strategic planning and accountability for community benefits, and the Department hopes to work with San Francisco's hospitals to promote this project and improve local programs for those populations otherwise served by charity care.

**Recommendation:** The Department and San Francisco's hospitals should promote the institutional reforms and community benefits reporting recommended by the Public Health Institute in its ongoing demonstration project, Advancing the State of the Art in Community Benefit.

*C. Expanding Discussions within the Charity Care Report Working Group Will Promote More Effective Planning of Access to Healthcare*

The fiscal year 2004 Charity Care Report Summary is the second report prepared in collaboration with community stakeholders, who meet publicly as the Charity Care Working Group. In general, all members of the group exhibit both concern and interest for improving the availability of charity care services to San Franciscans who cannot afford to pay for their care. In ongoing meetings, the group discusses not only the content of the report, but also the charity care needs of the San Francisco's most vulnerable populations.

The Department hopes that this group continues to collaborate on planning and reporting charity care and community benefits for populations with disproportionate unmet healthcare needs. To improve access to needed health services for the City's underserved communities, the group has identified the following issues related to charity care for exploration next year:

- Coordination and consistency in charity care services and reporting;
- Expansion of services through existing facilities and infrastructures;
- Increased physician participation in the provision of charity care; and
- Coordination and consistency in community benefits reporting.

**Recommendation:** The Charity Care Report Working Group should continue to expand its discussions to increase and improve the provision of charity care to poor, uninsured and underinsured San Franciscans.