

**Fiscal Year 2005 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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### ATTACHMENTS:

Attachment A:	Summary of Charity Care Ordinance
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Attachment C:	California Hospital Billing and Collection Practices
Attachment D:	Summary of Reporting Hospitals’ Charity Care Policies in Effect in FY 2005
Attachment E:	Proposed Health Commission Resolution

# **Fiscal Year 2005 San Francisco Hospital Charity Care Report Summary**

## **I. INTRODUCTION**

This report has been designed to meet the requirements of San Francisco Ordinance Number 163-01, the Charity Care Policy Reporting and Notice Requirement Ordinance (the Charity Care Ordinance), promulgated by the Board of Supervisors in 2001. The report presents an update on the status of hospital charity care, or pro bono health care services, provided in fiscal year 2005. The following sections explain the obligations of San Francisco's public and nonprofit hospitals with regard to charity care; San Francisco's need for charity care; and a summary and analysis of hospital charity care and other community benefits provided for poor and underserved populations by San Francisco hospitals.

This is the fifth Charity Care Report Summary pursuant to the Charity Care Ordinance. According to directives from the San Francisco Health Commission, this report was prepared with the participation of San Francisco's Charity Care Project, a public-private policy partnership that includes the following organizations: 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***

The City and County of San Francisco maintains specific obligations to provide care for vulnerable populations according to the state of California. Section 17000 of the California Welfare and Institutions Code specifies that counties "relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, diseases, or accident, lawfully resident therein . . ."<sup>1</sup> Additionally, California courts have repeatedly ruled that indigent care must extend beyond emergency services.

San Francisco meets its responsibilities under Section 17000 primarily through the work of the Department of Public Health (DPH), which provides direct health care services through its acute care hospital, San Francisco General Hospital Medical Center (SFGH), and its community-based primary care clinics. San Francisco's other hospitals, which are all nonprofit institutions except for the publicly-operated UCSF Medical Center, also provide charity care as a type of community benefit, and the reporting required of hospitals by the Charity Care Ordinance helps the Department better evaluate the need for charity care throughout the community and plan for ongoing 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. Nonprofit Charity Care Obligations in San Francisco***

All of San Francisco's hospitals are either public or nonprofit entities. 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 improve the health status of those 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 Charity Care Ordinance, which appears as Attachment A to this report, includes two requirements for nonprofit hospitals: 1) notify patients of charity care policies; and 2) report to the Department of Public Health specific information about the charity care provided.

Thus, San Francisco's Charity Care Ordinance helps San Francisco provide and plan care for indigent populations by tracking 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 donations and services that indirectly provide health care services to indigent populations.

The following section 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 2005.

Section V of this report presents conclusions and recommendations.

## **II. COMMUNITY OVERVIEW**

Community health needs, insurance coverage in San Francisco, and individual hospital resources and missions provide valuable context for understanding hospital charity care in San Francisco.

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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.

### ***A. Community Health Needs***

Recent reports on San Francisco's health care needs and utilization suggest that limited access to outpatient care and poverty play a significant role in the ongoing need for charity care. As explained in previous Charity Care Summary Reports, assessments of ambulatory care sensitive conditions (ACSCs) indicate 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 ACSC hospitalizations do 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.

A needs assessment from 2004 and a discharge assessment from 2005 include zip code data on hospitalizations for 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 indicate a high correlation between ACSC hospitalization and poverty. Zip code data indicates that the areas of high risk for ACSC hospitalizations correspond to areas of high reliance on charity care in 2005. 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.2 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***

The most recent California Health Interview Survey data indicates that approximately 83,000 San Franciscans under the age of 65 (or 12.5 percent of the non-elderly population) are uninsured. These residents, in addition to those who are publicly insured and/or low income may

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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.

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

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 use 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<sup>7</sup>**

<b>Insurance</b>	<b>% SF Residents</b>	<b>% Inpatient Days</b>	<b>% Outpatient Visits</b>
Medicare	14.00%	36.95%	25.79%
Medi-Cal	6.90%	21.40%	23.76%
Third Party	65.20%	31.36%	35.45%
Uninsured	10.80%	8.75%	7.76%
Other Public	3.10%	1.53%	7.24%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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. Thus, this table suggests a significant need for charity care in San Francisco. Through charity care, the populations most in need, 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 characteristics of San Francisco's individual hospitals affect their practices with regard to charity care. The Charity Care Ordinance pertains to all of the following nonprofit hospitals in San Francisco:

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

Additional hospitals that voluntarily comply with many of the provisions of the Charity Care Ordinance are Kaiser Foundation Hospital, which is part of a health maintenance organization regulated by the Department of Managed Health Care, and two of San Francisco's public acute care hospitals: San Francisco General Hospital Medical Center, the University of California, San Francisco Medical Center (UCSF). San Francisco's Veterans' Administration Medical Center (SFVAMC) has not yet actively participated in the Charity Care Project, although SFVAMC

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<sup>7</sup> 2003 California Health Interview Survey (CHIS); California Office of Statewide Health and Planning Department (OSHPD), 2005 Hospital Annual Financial Data.

officials are provided with minutes and agendas for all meetings, and have submitted a summary of the hospital's work for this report.

Each hospital has reported charity care data for this report for its 2005 fiscal year, which may represent July 2004 through June 2005, or January 2005 through December 2005. The following summaries present basic information from each hospital that participates in the Charity Care Project, such as its location, size, fiscal year, service niches, mission statements, and charity care challenges.

### *1. California Pacific Medical Center*

California Pacific Medical Center is comprised of the three oldest hospitals in hospitals in San Francisco. The Davies Campus, formerly Davies Medical Center, was founded in 1854 to help San Francisco's German-speaking immigrants find work, shelter, food, clothing and health care. The Pacific Campus was founded in 1857 as the West's first medical school. And the California Campus was founded in 1875 as the Pacific Dispensary for Women and Children, a hospital run by women, for women.

CPMC is one of the largest private, community based, not-for-profit, teaching medical centers in California and is a Sutter Health affiliate. It is a tertiary referral center providing access to leading edge medicine while delivering the best possible personalized care. It provides a wide variety of services, including acute, post-acute and outpatient hospital care; hospice services; preventive and complementary care; and health education. Through CPMC's medical education program and its research institute, physicians at California Pacific Medical Center are able to bring health care innovation to the bedside.

Designated as one of the top 50 hospitals in the United States by the Leapfrog Group (a nonprofit organization that measures hospital quality and safety), CPMC has made great strides in creating a culture focused on excellence. Consistently in the top percentiles nationwide in patient satisfaction, CPMC is able to attract talented physicians and staff to deliver an outstanding patient experience.

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. Recognizing these challenges, CPMC has proactively developed innovative partnerships and grants with community clinics to reach uninsured and under-insured populations.

## 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.

The mission statement for Chinese Hospital asserts 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.

Charity care at Chinese Hospital has historically been provided as part of the Hill-Burton program, which gives hospitals low interest rate financing in exchange for their provision of free health care. In 2004 Chinese Hospital completed its Hill-Burton program and now reports charity care in accordance with San Francisco's definition: services provided without expectation of financial benefit. Hospital officials report that challenges in providing charity care exist with regard to the existing clientele of Chinese Hospital. Patients are predominantly elderly, indigent and qualify for Medi-Cal, Medicare or other insurance options.

## 3. Department of Veterans Affairs Medical Center, San Francisco

The VA's maintains various facilities throughout the San Francisco Bay Area. A Community Based Outpatient Clinic and Comprehensive Homeless Center is located in downtown San Francisco at 3<sup>rd</sup> and Harrison, with additional Community Clinics located in the communities of Santa Rosa, San Bruno, Ukiah, and Eureka. SFVAMC, which is located in the Outer Richmond at 4150 Clement Street, is a part of the Department of Veterans Affairs Integrated Service Network 21 (VISN 21), which encompasses a service area that includes primary campuses in Palo Alto, Fresno, Sacramento, Reno (Nevada), and Honolulu (Hawaii).

San Francisco's VAMC is a 124-bed tertiary care teaching hospital and a 120 bed skilled nursing facility which provides a full range of patient care services, as well as, education and research. Comprehensive health care is provided to veterans through primary care, tertiary care, and long-term care in the areas of medicine, surgery, psychiatry, physical medicine and rehabilitation, neurology, oncology, dentistry, geriatrics and extended care. Affiliated with the University of California, San Francisco; SFVAMC has 137 positions for residents and fellows and another 36 positions for allied health professions. SFVAMC also has the largest funded research program in the VA with focus in many areas that benefits both veterans and non-veterans.

San Francisco Veterans Affairs Medical Center maintains the vision "To be the health care provider of choice for veterans." The hospital's mission is to:

- Provide primary through tertiary care that is cost effective and of high quality.
- Deliver needed care in the most appropriate setting as near veterans' homes as possible.
- Educate current and future health care providers.
- Contribute to health care knowledge through research.

- Remain a ready resource for Department of Defense back-up in event of a national emergency.

SFVAMC is a direct provider to those who have limited resources and options for health care. In the most recent Federal fiscal years, 2005 and 2006, almost 80% of the veterans using SFVAMC had no (or minimal) out-of-pocket expenditures for the health care services they received. Over 35,000 unique veterans (over 5,000 residents of San Francisco) use SFVAMC for some or all of their health care needs and do so at little or no cost. While some of these veterans have adjudicated military service-related disabilities, many are entitled to low cost (or free) care because their family household income qualifies them. In San Francisco, a single veteran with no other dependents can qualify if their income is below \$63,350 per year. For every dependent, that threshold goes up about \$8,000, thereby encompassing many low and middle-income veterans in San Francisco.

SFVAMC has also been working with San Francisco's homeless veterans since 1987 and has one of eight Comprehensive Homeless Centers in the VA system – located at our Downtown (3<sup>rd</sup> and Harrison) Clinic. The Center focuses on the healthcare needs of homeless veterans, has a compensated work therapy program, has a special program for the Chronic Mentally Ill Homeless, and works closely with community groups and task forces who target San Francisco's homeless population.

SFVAMC also helps low income veterans defray private emergency health care costs through the Emergency Care Provisions of the Millennium Bill. In fiscal years 2005 and 2006, nearly \$1.4 million was expended by SFVAMC to pay emergency care bills for veterans without other health insurance – and about 30% of those bills were paid for San Francisco residents. While limited by regulation, this program has provided a safety net for those who would otherwise be unable to pay for emergency services – or who might elect not to seek necessary emergency care because of their inability to defray the costs.

While SFVAMC's mission to serve veterans is clear and limits its ability to work with the Charity Care Project, SFVAMC supports the Project and anticipates taking a more active role to help identify opportunities for the VA to collaborate on its work with the poor and underserved.

#### *4. 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 health care 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.

##### 5. Saint Francis Memorial Hospital

Saint Francis Memorial Hospital, 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.

#### *6. San Francisco General Hospital Medical Center*

San Francisco General Hospital Medical Center is a licensed general acute care hospital within the Community Health Network (CHN), which is owned and operated by the San Francisco Department of Public Health. The hospital has maintained a teaching and research partnership with the UCSF Medical School for more than 130 years. 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 health care 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 2005 charity care for the period from July 2004 through June 2005. Its greatest challenge to providing charity care consists of high demand and restricted resources, both physical and financial.

### 7. *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 to "enhance individual and community health by providing compassionate, excellent and culturally sensitive care to the diverse patients it serves. It is a vital member of a not-for-profit community hospital system. In partnership with its medical staff, St. Luke's Hospital delivers high-quality health care services in a cost-effective manner. 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. St. Luke's is currently engaged in efforts to become financially viable with support from California Pacific Medical Center.

#### 8. 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 for improving charity care exists in the integration, access, and utilization of the SFGH Lifetime Clinical Record, which is planned for December 2006. This system, current in use at Saint Francis Medical Center, will more effectively provide optimal care for patients who rotate among the various hospital ERs, public health clinics, and the clinic at St. Mary's.

#### 9. University of California, San Francisco Medical Center

The University of California, San Francisco 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 care 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 requires notification and reporting about the specific type of community benefit defined as charity care, or health care services provided to low-income individuals without expectation of reimbursement. Other activities that are considered community benefits include 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. Figure 1 below presents charity care as one type of community benefit.

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



California does not currently require standardized reporting of community benefits, although many hospitals are increasingly adopting standards developed by the Public Health Institute, which require a breakout for benefits that serve the poor.<sup>8</sup> Thus, the following sections present a summary and analysis of charity care for fiscal year 2005, followed by a summary and analysis of standardized community benefits for the poor and underserved in San Francisco.

#### *A. Summary of Fiscal Year 2005 Charity Care Reports*

San Francisco hospitals report charity care according to the four measures: 1) the number of applications they received and accepted; 2) the number of individual patients they served; 3) the types of services they provided; and 4) the cost of charity care services.

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<sup>8</sup> A complete report on the approach of PHI and its standards are available at <http://www.phi.org/pdf-library/ASACB.pdf>.

1. Applications/Requests for Charity Care

a) Applications Accepted and Denied

Reporting hospitals received a total of 152,490 requests for charity care from at least 74,000 individuals in fiscal year 2005. Patients submit applications according to each hospital's unique requirements. For example, at St. Luke's and California Pacific Medical Center patients whose applications are accepted can receive care for one year, while at St. Mary's and SFGH applications are required every six months. Additionally, Saint Francis requires that patients seeking charity care apply each time they access services. In all cases, application submission may not correspond to hospitals' reporting schedules, so a patient at St. Luke's may have received services in 2005 based on an application submitted in 2004. Additionally at St. Luke's a patient may receive charity care without an application if he or she is eligible for Medi-Cal and receives a service that Medi-Cal does not cover. This is not necessarily true at other hospitals. Table 2 below shows the numbers of requests for charity care processed at each hospital, with 93% of all applications accepted and 7% denied.

**Table 2.**  
**Accepted and Denied Applications for Charity Care in FY 2005**

	<b>Accepted</b>	<b>Denied</b>	<b>Total Applications</b>
CPMC	1,303	262	1,565
Chinese	183	0	183
Kaiser	195	8	203
Saint Francis	1,539	11	1,550
SFGH	122,504	10,006	132,510
St. Luke's	2,307	0	2,307
St. Mary's	8,967	15	8,982
UCSF	5,190	<5	5,190
<b>Total</b>	<b>142,188</b>	<b>10,302</b>	<b>152,490</b>

Hospitals report that denied applications typically occur because patients are eligible for other public assistance programs, such as Medi-Cal, Healthy Families, or Healthy Kids. Charity care represents only one part of hospital's overall financial assistance programs, and all hospitals maintain a sliding fee schedule for patients who come close to qualifying for charity care. Thus, a denied application does not necessarily mean that a patient did not receive free or low cost care. Additional reasons for application denial include income or assets above set guidelines, and failure to complete the application, which can be expected for those without financial records.

Table 3 below shows accepted and denied charity care applications between 2001 and 2005. In 2005, reporting hospitals accepted 4,613 fewer applications for charity care than in 2001, not including charity care applications accepted by Kaiser and UCSF, which did not report in 2001, and 30,095 fewer than in 2004. This decrease in the last year primarily occurs at SFGH, which reports an increase in patients who qualify for other types of assistance programs.

**Table 3.**  
**Comparison of Accepted and Denied Applications for Charity Care**  
**between FY 2001 and FY 2005**

	<b>Accepted Applications</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
CPMC	638	619	1,039	1,174	1,303
Chinese	139	130	137	91	183
Kaiser	N/A	907	731	221	195
Saint Francis	1,211	1,327	1,603	1,474	1,539
SFGH	123,489	160,452	166,490	148,977	122,504
St. Luke's	6,722	1,361	13,042	3,129	2,307
St. Mary's	6,749	6,053	7,244	8,011	8,967
UCSF	N/A	N/A	2,617	1,353	5,190
<b>Total</b>	<b>138,948</b>	<b>170,849</b>	<b>192,903</b>	<b>164,430</b>	<b>142,188</b>

<b>Hospital</b>	<b>Denied Applications</b>				
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
CPMC	113	109	183	294	262
Chinese	0	0	0	0	0
Kaiser	N/A	0	0	17	8
Saint Francis*	0	0	0	42	11
SFGH	0	1,711	7,261	9,650	10,006
St. Luke's	0	0	0	0	0
St. Mary's*	0	0	0	0	15
UCSF*	N/A	N/A	0	0	0
<b>Total</b>	<b>113</b>	<b>1,820</b>	<b>7,444</b>	<b>10,003</b>	<b>10,302</b>

\* A zero indicates fewer than five denied applications.

b) Unduplicated Patients Who Received Charity Care

Hospital counts of unduplicated patients totaled 93,702 in fiscal year 2005. Details for each hospital appear in Table 4 below, and these figures represent unduplicated patients within each individual institution, not among all 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. Thus, the 74,000 unduplicated patients reported by SFGH represent the most conservative estimate of individuals receiving charity care services in 2005.

**Table 4.**  
**Estimated Number of Unduplicated Patients Who Received Charity Care in FY 2005**

	<b>Unduplicated Patients</b>	<b>% of Total</b>
CPMC	1,303	1.4%
Chinese	158	0.2%
Kaiser	226	0.2%
Saint Francis	1,639	1.7%
SFGH	73,912	78.9%
St. Luke's	2,307	2.5%
St. Mary's	8,967	9.6%
UCSF	5,190	5.5%
<b>Total</b>	<b>93,702</b>	<b>100.0%</b>

The number of unduplicated patients in 2005 reflects an overall increase since reporting began in 2001, as appears in Table 5 below. Together, hospitals reported almost 30,000 more unduplicated patients in 2005 compared to 2001, with the exceptions of Kaiser and UCSF, which did not report in 2001.

**Table 5.**  
**Comparison of Estimated Number of Unduplicated Patients Who Received Charity Care between FY 2001 and FY 2005**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
CPMC	638	619	1,039	1,174	1,303
Chinese	35	103	104	77	158
Kaiser	N/A	907	731	221	226
Saint Francis	1,211	1,327	1,603	1,474	1,639
SFGH	50,784	78,968	84,165	81,383	73,912
St. Luke's	6,722	13,708	13,042	3,129	2,307
St. Mary's	6,749	6,053	7,244	8,011	8,967
UCSF	N/A	N/A	2,617	1,353	5,190
<b>Total</b>	<b>66,139</b>	<b>101,685</b>	<b>110,545</b>	<b>96,822</b>	<b>93,702</b>

The spike in patients at St. Luke's in 2002 and 2003 has been primarily attributed to reporting anomalies, which were corrected in 2004 by the implementation of a new billing system. Between 2004 and 2005, only SFGH and UCSF showed significant changes in numbers of patients. UCSF reports almost 4,000 additional charity care patients since 2004, while SFGH reports 8,000 fewer charity care patients. SFGH officials attributed this decline to three possible factors: 1) improved enrollment of patients in other types of assistance programs; 2) different patients who qualify for other types of programs; and 3) a decrease in the need for ancillary services by primary care clinic patients, which has determined whether or not they are counted in fiscal years 2004 and 2005.

2. Charity Care Services Provided

a) By Hospital

Hospitals reported providing approximately 95,000 charity care services in fiscal year 2005, and these include emergency services, inpatient services, and outpatient medical care. Table 6 below shows the number of charity care services reported by each hospital and its proportion relative to all charity care services.

**Table 6.**  
**Charity Care Services Provided by Reporting Hospitals in FY 2005<sup>9</sup>**

	<b>Total</b>	<b>% of Total</b>
CPMC	2,460	2.6%
Chinese	183	0.2%
Kaiser*	226	0.2%
Saint Francis	1,639	1.7%
SFGH	73,912	77.8%
St. Luke's	2,401	2.5%
St. Mary's	8,967	9.4%
UCSF	5,190	5.5%
<b>Total</b>	<b>94,978</b>	<b>100.0%</b>

These numbers are likely underreported because data collection at some hospitals combines multiple services received by unique patients. For example, at St. Mary's and UCSF there is no difference between the number of services provided and the number of patients served; however, patients often receive more than one type of service. A similar situation occurs at Kaiser, which remains unable to track services outside of its emergency department. San Francisco General Hospital Medical Center provides the bulk of charity care services. St. Mary's provides a high percentage of charity care through its clinic.

Table 7 below provides a comparison of charity care services provided between 2001 and 2005. Most hospitals that reported their charity care services in 2001 show some increase as of 2005. St. Luke's spike in 2002 and 2003 reportedly results from erroneous data, corrected in 2004 by a new billing system.

**Table 7.**  
**Comparison of Charity Care Services Provided by Reporting Hospitals between FY 2001 and FY 2005**

<b>Hospital</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
CPMC	703	619	1,039	2,114	2,460
Chinese	139	130	104	91	183
Kaiser	N/A	907	731	221	226
Saint Francis	1,211	1,327	1,603	1,474	1,639
SFGH	56,132	90,140	84,165	85,338	73,912
St. Luke's	6,722	17,216	13,042	3,177	2,401

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

St. Mary's	6,749	6,053	7,244	8,011	8,967
UCSF	N/A	N/A	2,617	1,353	5,190
<b>Total</b>	<b>71,656</b>	<b>116,392</b>	<b>110,545</b>	<b>101,779</b>	<b>94,978</b>

Between 2004 and 2005, St. Luke's services decreased by 24 percent and UCSF's increased by 284 percent, some of which can be attributed to improved tracking of non-emergency services.

b) By Service

Hospitals also reported the type of service provided, whether emergency, inpatient or outpatient. Approximately 76 percent of all charity care services in fiscal year 2005 were provided in an outpatient setting. Emergency care accounted for 19 percent of all charity care services, and inpatient care represented approximately six percent. Figure 2 shows that balance of charity care services is holding relatively steady, with a slight increase in emergency services from last year, possibly attributable to a decline in outpatient charity care at St. Luke's. Additionally, Kaiser is unable to report non-emergency charity care services.

**Figure 2.**  
**Charity Care Services Provided by Type of Service Provided**  
**between FY 2001 and FY 2005**

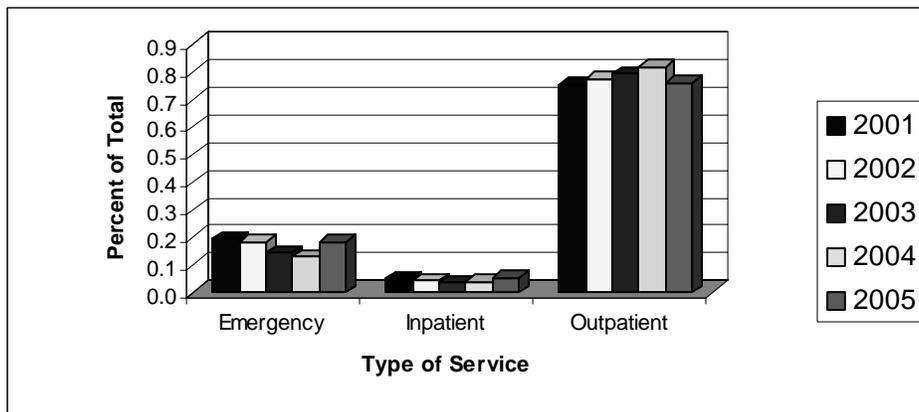


Table 8 shows the distribution of each hospital's charity care services by type of service. California Pacific, Chinese, St. Luke's and Saint Francis provided most of their charity care in the emergency room, while SFGH, St. Mary's, and UCSF provided the majority of their charity care in an outpatient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

**Table 8.**  
**Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2005**

		<b>Emergency</b>	<b>Inpatient</b>	<b>Outpatient</b>	<b>Total</b>
<b>CPMC</b>	Services	1,066	442	952	2,460
	% of Total	43.3%	18.0%	38.7%	
<b>Chinese</b>	Services	67	21	95	183
	% of Total	36.6%	11.5%	51.9%	
<b>Kaiser</b>	Services	226	0	0	226
	% of Total	100.0%	0.0%	0.0%	
<b>Saint Francis</b>	Services	1,307	80	252	1,639
	% of Total	79.7%	4.9%	15.4%	
<b>SFGH</b>	Services	12,653	3,275	57,984	73,912
	% of Total	17.1%	4.4%	78.5%	
<b>St. Luke's</b>	Services	1,331	172	898	2,401
	% of Total	55.4%	7.2%	37.4%	
<b>St. Mary's</b>	Services	799	187	7,981	8,967
	% of Total	8.9%	2.1%	89.0%	
<b>UCSF</b>	Services	206	1,212	3,772	5,190
	% of Total	4.0%	23.4%	72.7%	
<b>Total</b>	<b>Services</b>	<b>17,655</b>	<b>5,389</b>	<b>71,934</b>	<b>94,978</b>
	<b>% of Total</b>	<b>18.6%</b>	<b>5.7%</b>	<b>75.7%</b>	

Table 9 shows each hospital's percentage of the total emergency, inpatient and outpatient charity care provided in 2005. 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 2005**

	Emergency		Inpatient		Outpatient		All Services	
	Services	% of Total	Services	% of Total	Services	% of Total	Services	% of Total
CPMC	1,066	6.0%	442	8.2%	952	1.3%	2,460	2.6%
Chinese	67	0.4%	21	0.4%	95	0.1%	183	0.2%
Kaiser*	226	1.3%	0	0.0%	0	0.0%	226	0.2%
Saint Francis	1,307	7.4%	80	1.5%	252	0.4%	1,639	1.7%
SFGH	12,653	71.7%	3,275	60.8%	57,984	80.6%	73,912	77.8%
St. Luke's	1,331	7.5%	172	3.2%	898	1.2%	2,401	2.5%
St. Mary's	799	4.5%	187	3.5%	7,981	11.1%	8,967	9.4%
UCSF	206	1.2%	1,212	22.5%	3,772	5.2%	5,190	5.5%
<b>Total</b>	<b>17,655</b>	<b>100.0%</b>	<b>5,389</b>	<b>100.0%</b>	<b>71,934</b>	<b>100.0%</b>	<b>94,978</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 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 the 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 value of the services provided, which may or may not be reasonable for the market. 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.

However, data on the actual cost of delivering care in a particular hospital remains elusive. A generally accepted cost to charge ratio for estimating the relationship between the hospitals charges and its costs yields an estimation of the percentage of a hospital's charges that are actual costs. This ratio 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 2005**

	<b>Cost to Charge Ratio</b>
CPMC	28.74%
Chinese	50.20%
Kaiser	N/A
Saint Francis	23.93%
SFGH	46.17%
St. Luke's	32.56%
St. Mary's	22.32%
UCSF	32.49%

In general, a higher cost to charge ratio indicates a closer relationship between costs and charges.

b) Charity Care Expenditures

Hospitals in San Francisco are required to report to the Department of Public Health the value of charity care provided according to OSHPD's definition, 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 of charity care costs among hospitals, it is important to apply the hospitals' cost to charge ratio to the value of charity care charges reported. Table 11 shows the value of each reporting hospital's charity care charges, their cost-to-charge ratios, and their charity care expenditures for 2005.

**Table 11.**  
**Charity Care Expenditures in Fiscal Year 2005**

	<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	\$18,707,312	28.74%	\$5,376,835	5.7%
Chinese	\$297,022	50.20%	\$149,105	0.2%
Kaiser	\$813,863	N/A	\$813,863	0.9%
Saint Francis	\$9,608,835	23.93%	\$2,299,430	2.4%
SFGH	\$165,521,731	46.17%	\$76,419,043	81.0%
St. Luke's	\$8,308,908	32.56%	\$2,705,790	2.9%
St. Mary's	\$13,292,584	22.32%	\$2,967,551	3.1%
UCSF	\$11,051,208	32.49%	\$3,590,537	3.8%
<b>Total</b>			<b>\$94,322,154</b>	<b>100.0%</b>

Table 12 below shows a comparison of expenditures from 2001 through 2005. During these four years, reported charity care costs have increased at all hospitals, except St. Luke's which shows an increase since 2003, when they reclassified Medi-Cal denials previously logged as charity care in Fiscal Year 2001 and Fiscal Year 2002. Between 2004 and 2005, three hospitals showed a decline in charity care costs: Chinese (6.2%), Kaiser (6.2%), and Saint Francis (20.2%). All hospitals report that expenditures for charity care are typically budgeted each year to accommodate previous years figures with a slight cost increase.

**Table 12.  
Comparison Charity Care Expenditures between FY 2001 and FY 2005**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
CPMC	\$1,507,101	\$1,504,619	\$2,391,084	\$4,311,690	\$5,376,835
Chinese	\$100,569	\$150,295	\$191,141	\$158,959	\$149,105
Kaiser	N/A	\$1,361,158	\$1,096,470	\$867,626	\$813,863
Saint Francis	\$907,117	\$1,485,932	\$2,065,139	\$2,881,000	\$2,299,430
SFGH	\$56,249,604	\$58,005,945	\$54,715,511	\$70,638,906	\$76,419,043
St. Luke's	\$3,880,228	\$3,956,923	\$2,355,063	\$2,615,000	\$2,705,790
St. Mary's	\$1,789,243	\$1,897,194	\$2,139,047	\$2,117,000	\$2,967,551
UCSF	N/A	N/A	\$4,272,291	\$3,267,005	\$3,590,537
<b>Total</b>	<b>\$64,433,862</b>	<b>\$68,362,066</b>	<b>\$69,225,746</b>	<b>\$86,857,186</b>	<b>\$94,322,154</b>

*4. Charity Care Policies*

All reporting hospitals submitted copies of their charity care policies pursuant to the Charity Care Ordinance. As reported in 2004, many hospitals have expanded their charity care guidelines by adopting or exceeding recommendations from 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, few major policy differences exist with regard to charity care at San Francisco hospitals. A summary of the key components of hospitals' charity care policies in effect for fiscal year 2005 is included as Attachment D.

*5. Posting Requirements*

When the fiscal year 2002 charity care report was presented to the Health Commission in November 2002, 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 2004, Department staff verified that each hospital was in compliance with all 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. Specific data continues to be difficult to produce for all hospitals. For example, 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	<ul style="list-style-type: none"> <li>• Medical facilities to which denied charity care applicants are referred</li> </ul>	<ul style="list-style-type: none"> <li>• Not provided</li> </ul>
Chinese	<ul style="list-style-type: none"> <li>• None</li> </ul>	
Kaiser	<ul style="list-style-type: none"> <li>• Zip codes of accepted charity care applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting is voluntary</li> </ul>
	<ul style="list-style-type: none"> <li>• Zip codes of denied charity care applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting is voluntary</li> </ul>
	<ul style="list-style-type: none"> <li>• Medical facilities to which denied charity care applicants are referred</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting is voluntary</li> </ul>
Saint Francis	<ul style="list-style-type: none"> <li>• Medical facilities to which denied charity care applicants are referred</li> </ul>	<ul style="list-style-type: none"> <li>• Not provided</li> </ul>
	<ul style="list-style-type: none"> <li>• Zip codes of denied charity care applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Not provided</li> </ul>
SFGH	<ul style="list-style-type: none"> <li>• Medical facilities to which denied charity care applicants are referred</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting is voluntary</li> </ul>
St. Luke's	<ul style="list-style-type: none"> <li>• None</li> </ul>	
St. Mary's	<ul style="list-style-type: none"> <li>• Zip codes of denied charity care applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Not provided</li> </ul>
	<ul style="list-style-type: none"> <li>• Medical facilities to which denied charity care applicants are referred</li> </ul>	<ul style="list-style-type: none"> <li>• Not provided</li> </ul>
UCSF	<ul style="list-style-type: none"> <li>• Zip codes of denied charity care applicants</li> </ul>	<ul style="list-style-type: none"> <li>• Reporting is voluntary</li> </ul>

***B. Analysis/Discussion***

The following sections present an analysis of San Francisco's hospital charity care for fiscal year 2005, comparing locations of need with delivery of care, and expenditures to 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. Hospitals generally have reported the zip codes of the unduplicated patients who received charity care. However, Kaiser has been unable to provide any zip code information. (Therefore, the following analysis excludes the 203 Kaiser charity care applications.) Table 14 shows approved charity care applications by Supervisorial district as well as by homelessness or a residence outside of San Francisco.

**Table 14.**  
**Approved Charity Care Applications by Supervisorial District<sup>10</sup> for FY 2005**

District	Charity Care Applicants*	% of Total
District 1	2,843	3.7%
District 2	3,853	5.1%
District 3	3,801	5.0%
District 4	3,157	4.2%
District 5	5,215	6.9%
District 6	12,176	16.0%
District 7	4,697	6.2%
District 8	3,341	4.4%
District 9	11,110	14.6%
District 10	8,767	11.5%
District 11	5,474	7.2%
Outside SF	5,106	6.7%
Homeless/Other	6,445	8.5%
<b>Total</b>	<b>75,984</b>	<b>100.0%</b>

\* Excludes 203 Kaiser applications, and approximately 72,000 applications from SFGH and St. Mary's for duplicate patients.

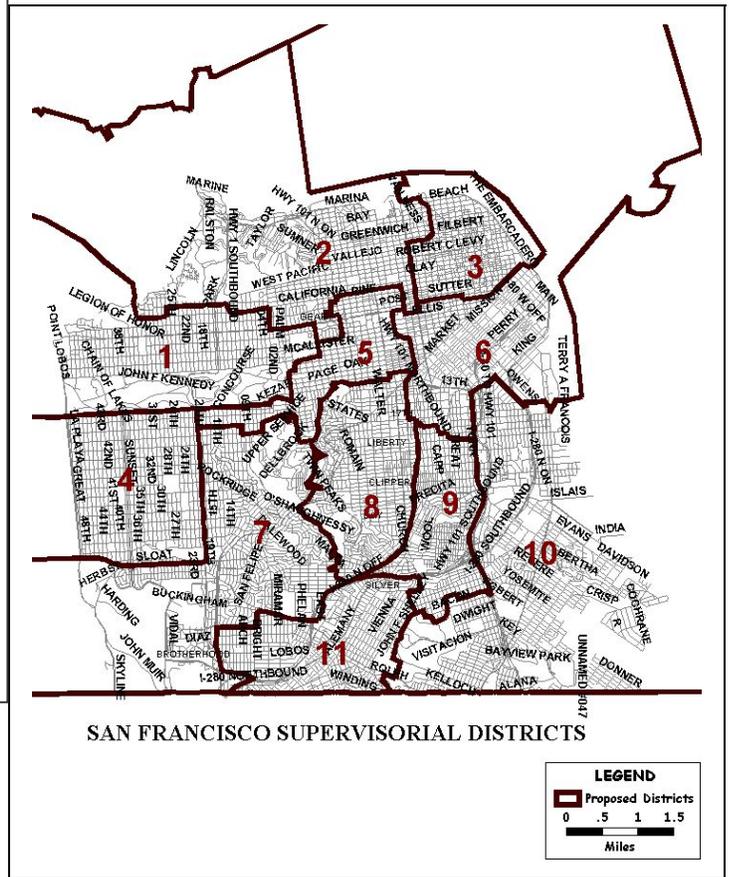


Table 15 shows accepted charity care applicants in each San Francisco Supervisorial district by hospital.

<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 2005**

District	CPMC	Chinese	SFGH	Saint Francis	St. Luke's	St. Mary's	UCSF	Total
<b>District 1</b>								
Applicants	59	5	1,611	13	18	977	160	2,843
Percentage	2.1%	0.2%	56.7%	0.5%	0.6%	34.4%	5.6%	100.0%
<b>District 2</b>								
Applicants	96	9	2,595	117	36	744	256	3,853
Percentage	2.5%	0.2%	67.4%	3.0%	0.9%	19.3%	6.6%	100.0%
<b>District 3</b>								
Applicants	59	73	2,882	153	28	442	164	3,801
Percentage	1.6%	1.9%	75.8%	4.0%	0.7%	11.6%	4.3%	100.0%
<b>District 4</b>								
Applicants	32	11	2,053	7	25	681	347	3,157
Percentage	1.0%	0.4%	65.1%	0.2%	0.8%	21.6%	11.0%	100.0%
<b>District 5</b>								
Applicants	92	4	3,542	45	52	1,145	335	5,215
Percentage	1.8%	0.1%	67.9%	0.9%	1.0%	22.0%	6.4%	100.0%
<b>District 6</b>								
Applicants	107	13	10,104	363	197	1,214	177	12,176
Percentage	0.9%	0.1%	83.0%	3.0%	1.6%	10.0%	1.5%	100.0%
<b>District 7</b>								
Applicants	39	10	3,480	10	117	656	385	4,697
Percentage	0.8%	0.2%	74.1%	0.2%	2.5%	14.0%	8.2%	100.0%
<b>District 8</b>								
Applicants	82	0	2,439	11	67	507	235	3,341
Percentage	2.5%	0.0%	73.0%	0.3%	2.0%	15.2%	7.0%	100.0%
<b>District 9</b>								
Applicants	67	3	9,564	14	487	819	156	11,110
Percentage	0.6%	0.0%	86.1%	0.1%	4.4%	7.4%	1.4%	100.0%
<b>District 10</b>								
Applicants	27	26	7,831	10	340	428	105	8,767
Percentage	0.3%	0.3%	89.3%	0.1%	3.9%	4.9%	1.2%	100.0%
<b>District 11</b>								
Applicants	15	16	4,643	8	228	441	124	5,474
Percentage	0.3%	0.3%	84.8%	0.1%	4.2%	8.0%	2.3%	100.0%
Outside SF	303	10	447	523	368	802	2,653	5,106
Percentage	5.9%	0.2%	8.8%	10.2%	7.2%	15.7%	52.0%	100.0%
Homeless/Other	321	2	5,242	360	337	95	88	6,445
Percentage	5.0%	0.0%	81.3%	5.6%	5.2%	1.5%	1.4%	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 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 Supervisorial 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.

**Table 16.**  
**Selected Income Indicators and Charity Care Services by Supervisorial District <sup>11</sup> for FY 2005**

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	3.7%	7.6%	3.9%	\$31,594	St. Mary's
District 2	5.1%	5.9%	1.5%	\$75,877	CPMC (California & Pacific), Kaiser
District 3	5.0%	13.6%	4.3%	\$37,597	Chinese, Saint Francis
District 4	4.2%	7.6%	3.5%	\$26,336	None
District 5	6.9%	13.3%	3.3%	\$36,248	UCSF (Mt. Zion)
District 6	16.0%	23.7%	7.0%	\$24,751	None
District 7	6.2%	6.8%	1.5%	\$39,829	UCSF (Parnassus)
District 8	4.4%	6.8%	1.2%	\$49,392	CPMC (Davies)
District 9	14.6%	14.6%	4.8%	\$21,423	St. Luke's
District 10	11.5%	16.2%	9.0%	\$21,789	SFGH
District 11	7.2%	8.3%	5.2%	\$19,176	None

The highlighted rows in Table 16 show that Districts 6 (Tenderloin, Civic Center), 9 (Bernal Heights, Mission), and 10 (Bayview/Hunters’ Point, Potrero Hill) have the greatest number of charity care applicants. Additionally, these districts have largest proportion of residents in poverty, the greatest percentage of households on public assistance, and among the lowest per capita incomes. District 9 and District 10 have hospitals – St. Luke’s and SFGH, respectively.

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

District 11, with 10 percent of residents receiving charity care, has the lowest per capita income of all districts.

3. Location: Charity Care Patients in Hospitals' Zip Codes

An analysis of the ZIP Code data for each hospital's charity care patients indicates that many San Francisco charity care patients who reside near a nonprofit hospital nevertheless receive their health care services at other hospitals that are further away 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.**  
**FY 2005 San Francisco Charity Care Applicants in Hospitals' Zip Codes**

Zip Code	Hospital(s) in Zip Code	CPMC	Chinese	Saint Francis	SFGH	St. Luke's	St. Mary's	UCSF
94109	Saint Francis	60	15	256	3,098	34	602	113
94110	SFGH St. Luke's	72	1	13	9,833	505	825	155
94114	CPMC (Davies)	68		4	1,307	16	288	153
94115	CPMC (Pacific), UCSF (Mt. Zion), Kaiser	69	4	17	1,537	27	445	140
94117	St. Mary's	39		11	2,089	30	776	221
94118	CPMC (California)	42	3	5	1,637	15	679	301
94122	UCSF (Parnassus)	21	10					53
94133	Chinese Hospital	18	45	23	961	7	103	75

4. Size: Expenditures Per Unduplicated Patient

The average expenditure per unduplicated patient in fiscal year 2005 was \$1,007, compared to \$899 in 2004 and \$644 in 2003. Also, the range of hospital expenditures per charity care patient varied widely among reporting hospitals. In fiscal year 2005, reporting hospitals spent between \$331 and \$4,127 per unduplicated patient served. This is higher than 2004, when spending ranged from \$264 to \$3,673 per unduplicated patient served. Previously, the wide range was explained in part by looking at the types of charity care services each hospital provided. St. Luke's, St. Mary's, and SFGH, historically had the lowest per patient expenditures, and 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 highest number of charity care services have the lowest average per patient expenditures.

**Table 18.**  
**Average Charity Care Expenditure per Unduplicated Patient Served in FY 2005**

	<b>Expenditure</b>	<b>Unduplicated Patient</b>	<b>Average Expenditure Per Patient</b>
CPMC	\$5,376,835	1,303	\$ 4,127
Chinese	\$149,105	158	\$ 944
Kaiser	\$813,863	226	\$ 3,601
Saint Francis	\$2,299,430	1,639	\$ 1,403
SFGH	\$76,419,043	73,912	\$ 1,034
St. Luke's	\$2,705,790	2,307	\$ 1,173
St. Mary's	\$2,967,551	8,967	\$ 331
UCSF	\$3,590,537	5,190	\$ 692
<b>Total</b>	<b>\$94,322,154</b>	<b>93,702</b>	<b>\$ 1,007</b>

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

Hospitals reporting under the Charity Care Ordinance had a total of 2,696 Staffed Beds, and a total average daily census of 1,979 patients in Fiscal Year 2005. California Pacific MC and UCSF each maintain approximately one-quarter of the City's daily hospital census, while SFGH represents another 20 percent. Table 19 compares each hospital's percentage of staffed beds and average daily census to charity care services and expenditures. The numbers show that there is no correlation between the measures of hospital size and the amount of charity care provided. San Francisco General Hospital, with approximately 13% of San Francisco's staffed hospital beds, provides almost 80 percent of charity care services.

**Table 19.**  
**Comparison of Percentage of Staffed Beds and Average Daily Census to Percentage of Charity Care Services and Charity Care Expenditures by Reporting Hospitals for FY 2005**

<b>Hospital</b>	<b>Staffed Beds</b>		<b>Average Daily Census (ADC)</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 ADC</b>		
CPMC	776	28.8%	498	25.2%	2.6%	5.7%
Chinese	52	1.9%	32	1.6%	0.2%	0.2%
Kaiser	217	8.0%	194	9.8%	0.2%	0.9%
Saint Francis	239	8.9%	125	6.3%	1.7%	2.4%
SFGH	363	13.5%	402	20.3%	77.8%	81.0%
St. Luke's	153	5.7%	138	7.0%	2.5%	2.9%
St. Mary's	322	11.9%	132	6.7%	9.4%	3.1%
UCSF	574	21.3%	460	23.2%	5.5%	3.8%
<b>Total</b>	<b>2,696</b>	<b>100.0%</b>	<b>1,979</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Table 20 provides the same information excluding San Francisco General Hospital Medical Center.

**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 2005**

Hospital	Staffed Beds		Average Daily Census		% of Charity Care Services	% of Charity Care Expenditures
	No.	% of All Beds	No.	% of All Beds		
CPMC	776	33.3%	498	31.6%	11.7%	30.0%
Chinese	52	2.2%	32	2.0%	0.9%	0.8%
Kaiser	217	9.3%	194	12.3%	1.1%	4.5%
Saint Francis	239	10.2%	125	7.9%	7.8%	12.8%
St. Luke's	153	6.6%	138	8.7%	11.4%	15.1%
St. Mary's	322	13.8%	132	8.3%	42.6%	16.6%
UCSF	574	24.6%	460	29.1%	24.6%	20.1%
<b>Total</b>	<b>2,333</b>	<b>100.0%</b>	<b>1,578</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

This table magnifies the comparison between size and charity care for the nonprofit hospitals and UCSF Medical Center. It also shows how clinics serve as a doorway to less expensive services. While St. Mary's, which maintains active clinics, provides 43 percent of all charity care services and 17 percent of total expenditures with 14 percent of the beds, CPMC, which does not operate a clinic, provides 12 percent of services and 30 percent of expenditures with 33 percent of the beds. Thus, the participation of each hospital varies 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 compare hospitals' charity care expenditures with size is to examine the cost of charity care provided with each hospital's total operating expenses and net income. Table 21 below shows this comparison for each reporting hospital. The data shows that the City and County of San Francisco spent five times the net income of SFGH on charity care. St. Mary's and Saint Francis spend 26% and 20% of net income on charity care respectively, and both of these hospitals and St. Luke's spend approximately two percent of their operating expenses on charity care. 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 2005<sup>12</sup>**

<b>Hospital</b>	<b>Total Operating Expenses</b>	<b>Total Net Income</b>	<b>Charity Care Expenditures</b>	<b>Charity Care Expenditures as % of Total Operating Expenses</b>	<b>Net Income as % of Total Operating Expenses</b>	<b>Charity Care as % of Total Net Income</b>
CPMC	\$763,711,313	\$109,737,475	\$5,376,835	0.7%	14.4%	4.9%
Chinese	\$56,092,955	\$4,511,000	\$149,105	0.3%	8.0%	3.3%
Kaiser	N/A	N/A	\$813,863	N/A	N/A	N/A
Saint Francis	\$125,347,386	\$11,815,507	\$2,299,430	1.8%	9.4%	19.5%
SFGH	\$425,900,623	\$14,515,596	\$76,419,043	17.9%	3.4%	526.5%
St. Luke's	\$127,220,327	(\$23,442,654)	\$2,705,790	2.1%	N/A	N/A
St. Mary's	\$150,083,627	\$11,541,850	\$2,967,551	2.0%	7.7%	25.7%
UCSF	\$1,129,052,839	(\$5,230,699)	\$3,590,537	0.3%	N/A	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 no statutory link between the financial benefits of non-profit 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 Health care 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 comparison of tax benefit to total community benefit for the poor and underserved appears in the following section of this report.

a) Property Tax Exemptions

The nonprofit hospitals subject to the Charity Care Ordinance received a total of \$7.4 million in property tax savings in fiscal year 2005. 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 2005, the City property tax rate was 1.144 percent for each \$100,000 in property value. SFGH and UCSF are

<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.

excluded from Table 22 because the City and County of San Francisco does not assess government-owned property.

**Table 22.**  
**Annual Assessed Value of Exempt Properties for FY 2005<sup>13</sup>**

Hospital	Value of Exempt Property	Annual Property Tax Savings
CPMC	\$244,313,723	\$2,794,949
Chinese	\$17,627,555	\$201,659
Kaiser	\$266,528,412	\$3,049,085
Saint Francis	\$75,716,654	\$866,199
St. Luke's	\$24,448,300	\$279,689
St. Mary's	\$44,533,448	\$509,463
<b>Total</b>	<b>\$673,168,092</b>	<b>\$7,451,971</b>

b) Corporate Income Tax Exemptions

The reporting hospitals subject to the Charity Care Ordinance received approximately \$60.2 million in income tax savings in fiscal year 2005 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 2005, 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.

**Table 23.**  
**Annual Hospital Net Income<sup>14</sup> and**  
**Estimated Annual Value of Income Tax Exemption in FY 2005**

Hospital	Annual Net Income	Estimated Annual Value of State Income Tax Exemption	Estimated Annual Value of Federal Income Tax Exemption	Total Estimated Annual Value of Income Tax Exemption
CPMC	\$109,737,475	\$9,700,793	\$38,408,116	\$48,108,909
Chinese	\$4,511,000	\$398,772	\$1,533,740	\$1,932,512
Saint Francis	\$11,815,507	\$1,044,491	\$4,135,427	\$5,179,918
SFGH	\$14,515,596	\$0	\$0	\$0
St. Luke's	(\$23,442,654)	\$0	\$0	\$0
St. Mary's	\$11,541,850	\$1,020,300	\$4,039,648	\$5,059,947
UCSF	(\$5,230,699)	\$0	\$0	\$0
<b>Total</b>	<b>\$123,448,075</b>	<b>\$12,164,356</b>	<b>\$48,116,931</b>	<b>\$60,281,287</b>

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

<sup>14</sup> Net income figures were obtained from OSHPD data for hospital fiscal years ending between January 1 and December 31, 2005. Hospitals with no net income have no estimated income tax. Because Kaiser is not subject to OSHPD reporting requirements, it is excluded from this table.

While estimated the value of corporate income tax exemption from OSHPD data is most efficient, the results may be inflated because net income as reported to OSHPD may include items that would not be subject to corporate income tax.

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

In addition to income tax savings, the nonprofit reporting hospitals (excluding Kaiser) received property tax benefits valued at approximately \$7.7 million in fiscal year 2005. Table 24 below shows that for all hospitals except St. Luke's, the total tax benefit derived from nonprofit status exceeds expenditures on charity care.

**Table 24.**  
**Charity Care Expenditures Compared to Estimated Tax Benefits<sup>15</sup> for FY 2005**

Hospital	Total Estimated Annual Value of Income Tax Exemption	Total Estimated Annual Value of City & County Property Tax Exemption	Total Tax Benefits (Income Tax + Property Tax)	Charity Care Expenditures	Charity Care Provided in Excess of Total Tax Benefit
CPMC	\$48,108,909	\$2,794,949	\$50,903,858	\$5,376,835	(\$45,527,023)
Chinese	\$1,932,512	\$201,659	\$2,134,172	\$149,105	(\$1,985,067)
Kaiser	N/A	\$3,049,085	\$3,049,085	\$813,863	(\$2,235,222)
Saint Francis	\$5,179,918	\$866,199	\$6,046,117	\$2,299,430	(\$3,746,687)
St. Luke's	\$0	\$279,689	\$279,689	\$2,705,790	\$2,426,101
St. Mary's	\$5,059,947	\$509,463	\$5,569,410	\$2,967,551	(\$2,601,859)
<b>Total</b>	<b>\$60,281,287</b>	<b>\$7,701,043</b>	<b>\$67,982,330</b>	<b>\$11,345,023</b>	<b>(\$56,637,307)</b>

Hospitals received aggregate tax benefits in excess of charity care provided in other reporting years as well as fiscal year 2005. Table 25 provides details since reporting began in 2001.

<sup>15</sup> SFGH and UCSF MC are excluded from this table because property tax cannot be calculated for either facility, and neither received any income tax benefit in fiscal year 2005. Kaiser's total tax benefit does not include income tax, which cannot be estimated.

**Table 25.**  
**Comparisons of Charity Care Expenditures and Estimated Tax Benefits<sup>16</sup>**  
**between FY 2001 and FY 2005**

	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	Charity Care Provided in Excess of Tax Benefit in FY 2005
CPMC	(\$36,332,363)	(\$60,308,995)	(\$50,916,673)	(\$64,048,029)	(\$45,527,023)
Chinese	(\$1,148,754)	(\$953,044)	(\$1,156,076)	(\$1,706,757)	(\$1,985,067)
Kaiser	N/A	N/A	N/A	(\$2,141,446)	(\$2,235,222)
Saint Francis	(\$8,102,945)	(\$2,644,269)	(\$2,337,320)	(\$2,048,194)	(\$3,746,687)
St. Luke's	\$3,109,655	\$3,697,636	\$2,395,079	\$2,349,318	\$2,426,101
St. Mary's	\$436,468	\$113,549	(\$2,851,117)	(\$1,371,081)	(\$2,601,859)
<b>Total</b>	<b>(\$42,037,939)</b>	<b>(\$60,095,123)</b>	<b>(\$54,866,108)</b>	<b>(\$71,083,190)</b>	<b>(\$56,637,307)</b>

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 fluctuating primarily due to changes in net income and estimated tax benefit, rather than charity care provided.

***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 Health care 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. A program that includes private hospitals and confirms patient enrollment has been proposed, but participation would be voluntary according to the Deputy City Attorney for DPH. Design is currently on hold due to lack of interest from some hospitals.

**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 designed to improve the health status of

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

the entire community. 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
- Medical education; and
- 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 remains inconsistent. Activities that one hospital may deem as community benefit may not be included as community benefit by another. Additionally, unreimbursed care for Medicare beneficiaries does not necessarily represent care to low-income populations. Individuals qualify for Medicare based on age or disability. Also, seeing patients with both Medi-Cal and Medicare coverage is not optional; therefore although these shortfalls can pose 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 same sense as providing charity care or tertiary donations.

To alleviate some of these challenges, all participants in San Francisco's Charity Care Project have agreed to follow the guidelines established by the Public Health Institute in reporting their community benefits, and all hospital data processes increasingly allow more detailed comparisons of specific hospital community benefits.

1. Reported Community Benefits for Fiscal Year 2005

Table 26 presents hospital community benefits in San Francisco for the poor and underserved in fiscal year 2005. Medi-Cal shortfall appears as a separate total because of its contingent nature; hospitals must serve Medi-Cal patients as part of their federal Medicare contract. The data shows that most of San Francisco's hospitals provide significant amounts of indirect care to the poor through community benefits.

**Table 26.**  
**Hospital Community Benefits Provided in FY 2005**

	<b>CPMC</b>	<b>Chinese</b>	<b>Kaiser</b>	<b>Saint Francis</b>	<b>St. Luke's</b>	<b>St. Mary's</b>	<b>UCSF</b>
Traditional Charity Care	\$5,376,835	\$149,105	\$813,863	\$2,299,430	\$2,705,790	\$2,967,551	\$3,590,122
Community Health	\$576,923	\$6,409	\$108,664	\$678,750	\$76,044	\$538,972	N/A
Subsidized Services	\$225,509	N/A	\$684,431	\$208,640	\$108,092	\$361,078	N/A
Grants and Contributions	\$2,575,721	N/A	\$1,813,110	\$7,404	\$0	\$295,239	N/A
Administration and Operations	\$605,103	N/A	\$273,144	N/A	\$0	\$22,524	N/A
<b>Total</b>	<b>\$9,360,091</b>	<b>\$155,514</b>	<b>\$3,693,212</b>	<b>\$3,194,224</b>	<b>\$2,889,926</b>	<b>\$4,185,364</b>	<b>\$3,590,122</b>
<b>Medi-Cal Shortfall</b>	<b>\$40,346,000</b>	<b>\$1,329,014</b>	<b>\$3,464,645</b>	<b>\$17,060,415</b>	<b>\$19,738,000</b>	<b>\$5,824,834</b>	<b>\$36,100,000</b>

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

The following sections present highlights of the community benefit programs provided by San Francisco's reporting hospitals. A complete community benefit report for each hospital is available directly from the institution, or from California's Office of Statewide Health Planning and Development.

1. California Pacific Medical Center

a) Partnership for Community Health

The Partnership for Community Health (formerly known as Charity Care Partnership Fund) represents 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 not only aids a frail health care safety-net but also builds a continuum of health care that significantly reduce barriers to care and improve the health of our community.

The Medical Center committed \$2 million in 2004, followed by another \$4 million in the subsequent two years, to the Partnership for Community Health Program that supports preventive and primary health care as well as specialty medicine for the uninsured. California Pacific established partnership with the San Francisco Community Clinic Consortium and community-based health care providers in the areas identified by the San Francisco Health

Commission as particularly in need of additional outpatient resources. The participating primary care clinics include Mission Neighborhood Health Center, North East Medical Services, South of Market Health Center, Saint Anthony Free Medical Clinic and the Family Health Center at California Pacific.

Specialty referral for primary care clinic patients have required establishing a host of new relationships, policies and procedures. California Pacific has developed a network of physicians both in private practice and with the Medical Center Physician Foundation who extend access to needed specialist care to the uninsured. The Community Health Resource Center provides expert case management services so that the uninsured patients referred by the primary care providers are appropriately connected to the specialists and that clinical follow-up occurs. The Medical Center provides hospital-based services as part of its ongoing delivery of charity care to the uninsured independent of the Partnership in Community Health Program.

#### b) Community Health Grants Program

California Pacific works to improve community health in a number of ways, including the sponsoring the Community Health Grants Program. California Pacific Medical Center recognizes that there are many nonprofit community-based organizations and public programs that have a long history and established expertise in serving vulnerable populations. By supporting these organizations and programs that work within the Medical Center's community health priority areas, California Pacific has an opportunity to fundamentally improve community health. The Medical Center Community Benefit Advisory Council has identified and recommended the following four funding priority areas:

- Reduce health disparities in San Francisco;
- Improve access to primary care for low-income and uninsured populations;
- Prevent onset and deterioration of chronic disease conditions; and
- Expand behavioral health services for vulnerable populations

The 2005 and 2006 Community Health Grants Program invested more than \$1 million in community health promotion by awarding more than 20 community-based organizations to address the health of vulnerable populations particularly targeting the uninsured, children and youth, seniors, and underserved communities. They include Tenderloin AIDS Resource Center, Latina Breast Cancer Agency, NICOS Chinese Health Coalition and Community Educational Services, to name a few.

## 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 shares a long history of partnership with safety net providers and supports their work through both grants and in-kind contributions. 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. By sharing our evidence-based

clinical care guidelines, provider trainings, and health educational materials, we partner with community-based organizations to address major health issues such as diabetes, asthma, and cardiovascular disease, as well as emerging issues such as chronic pain. Kaiser Permanente funds community initiatives to implement clinical data tracking systems; support the integration of mental health into primary care; and increase community provider capacity to offer group visits to patients dealing with chronic conditions.

#### b) Improving San Francisco's Chronic-Care Management

In 2005, Kaiser Permanente awarded over \$1.3 million dollars to the Safety Net to build stronger, quality-improvement programs and infrastructure focused on the management of chronic conditions. The San Francisco Department of Public Health and four San Francisco community clinics received \$100,000 each, including: Glide Health Services, Mission Neighborhood Health Center, Northeast Medical Services South of Market Health Center, St. Anthony's Free Medical Clinic. \$200,000 was also awarded to support the collaborative efforts between the San Francisco Community Clinic Consortium (SFCCC) and SFDPH. \$480,000 was awarded to the SFCCC to build an infrastructure for quality improvement in the care of patient populations with chronic conditions in partnership with SFDPH. Additionally, \$125,000 was awarded to SFCCC to support Health Information efforts with their ten partner clinics and the Department of Public Health.

#### c) Operation Access

In 2005 Kaiser Permanente San Francisco provided 55 surgeries, including 20 surgeries at the first Super Surgery Day, the largest number of surgeries in a single day done in the history of Operation Access through 2005. The Permanente Group's Doug Grey, M.D., co-founded *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. Operation Access clients are referred from the San Francisco Community Clinic Consortium. 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. In 2005, Kaiser Permanente donated \$100,000 to Operation Access and most recently doubled this donation.

### 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 Health care for the Homeless grant funds. During FY 2005 the Glide Health Clinic completed its first year as a Homeless Health care 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 29,674 patient visits in Fiscal Year 2005 to over 28,064 visits in Fiscal Year 2004, over a third 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.
- 540 adult HIV positive patients in fiscal year 2005 and 587 patients in fiscal year 2006.
- Approximately 37 percent of SMP patients have no health coverage and receive their care free of charge, consistent in fiscal year 2005 and 2006.
- 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 New Leaf Services for our Community, the HIV Clinic integrated primary care with medical, social and volunteer services for over 500 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

The San Francisco Charity Care Ordinance has been in effect for five years and appears to be a great success, primarily by clarifying that the provision of charity care in San Francisco is a

collaborative effort. State law establishes that the City and County of San Francisco maintains primary responsibility for the health care needs of indigent and uninsured populations; however, San Francisco's nonprofit hospitals willingly provide essential and greatly appreciated support in accordance with their status as nonprofit institutions.

Unfortunately, even if San Francisco and all its hospitals pooled their available resources, unmet demand for charity care services would likely remain. This Charity Care Report Summary for fiscal year 2005 indicates that at least 74,000 low-income, uninsured, and/or underinsured patients received charity care in fiscal year 2005. This is based on the numbers of unduplicated patients seen only at San Francisco General Hospital, and represents an increase of more than 20,000 patients since 2001.

The following findings provide summaries and recommendations as to how San Francisco's health care providers and organizations can continue to work together to improve charity care services and community benefits for poor and underserved populations.

***A. Continuing To Emphasize Outpatient Charity Care in Specific Locations Will Benefit San Francisco***

Increasing access to targeted outpatient health care is expected to benefit San Francisco's low-income and uninsured populations, as well as San Francisco's health care delivery system at large. In fiscal year 2005, Charity Care Project participants attempted to bolster delivery of primary care in numerous ways. SFGH, St. Mary's, and St. Luke's maintained their clinic operations. CPMC donated \$2.5 million to San Francisco Community Clinic Consortium, and Saint Francis maintained their donations to clinics at Glide Church and the St. Anthony Foundation. Additionally, the Charity Care Project promoted a shuttle/voucher transportation grant for the Bayview/Hunter's Point Foundation that has been approved by the San Francisco County Transportation Authority. 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 health care delivery system.*

Section I of this report indicates that 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 health care 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 highest number of charity services continue 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, St. Luke’s, 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. Mary’s, or UCSF which provided the majority of their care in an outpatient setting in fiscal year 2005. 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 health care 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 and the new San Francisco Health Access Program (HAP), which is currently in development. Thus, hospitals are encouraged to continue to promote existing clinics and otherwise 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, including participation in HAP, especially for residents of the following high-risk neighborhoods:

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

***B. Continuing Collaboration Through the Charity Care Project will Increase Access to Health Care***

In response to the annual requirements of the Charity Care Ordinance and the ongoing guidance of the San Francisco Health Commission, the Department of Public Health, San Francisco’s hospitals, SEIU Local 250, and other organizations that comprise San Francisco’s Charity Care Project have pursued three primary objectives in the last two years:

- Continual improvement of annual analysis and reporting of charity care policies and expenditures for San Francisco hospitals.

- Coordination with community stakeholders to monitor and focus charity care and other community benefits provided by hospitals in exchange for non-profit, tax-exempt status.
- Planned distribution of specific healthcare treatment and services for poor and underserved populations to increase access to healthcare.

In 2005, the Charity Care Project received an achievement award from the National Association of Counties (NACo) for innovative government practices, and has discovered that it shares objectives with the African American Health Disparity Project, and other community organizations. The Department hopes that the Charity Care Project will continue its collaborative efforts to serve populations with disproportionate unmet health care needs, and to improve access to needed health services for the City’s underserved communities. The Project has identified the following issues related to charity care and community benefits for exploration next year:

- Consistency and expansion of charity care and community benefits reporting;
- Improved access to services for populations with disproportionate unmet health needs through existing facilities and infrastructures, including participation in the planning and implementation of HAP;
- Collaboration with other organizations and working groups throughout San Francisco that have similar goals;
- Qualitative research on the patient experience with charity care; and
- Outreach to physicians about their challenges and opportunities with regard to charity care.

**Recommendation:** The Charity Care Project should continue to meet and expand its conversation and efforts to increase and improve the provision of charity care and other community benefits to populations with disproportionate unmet health care needs.

***C. Continuing to Standardize Charity Care and Community Benefit Reporting Will Improve Health Care Services in San Francisco to Populations with Disproportionate Unmet Needs***

According to state law, hospitals with non-profit status maintain a social responsibility 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 ongoing development and implementation, especially for activities that serve communities with disproportionate unmet health care needs, such as those who use charity care.

In 2005, the Charity Care Project met with Kevin Barnett of the Public Health Institute (PHI), which maintains an ongoing demonstration project, “Advancing the State of the Art in Community Benefit.” which Saint Francis Memorial Hospital has been an active participant in this project, and PHI has provided the San Francisco Charity Care Project with useful principals for community benefit strategic planning and accountability. The Department hopes to continue

to work with San Francisco's hospitals to promote the principles of PHI and improve local programs for those populations otherwise served by charity care.

**Recommendation:** The Charity Care Project should continue to standardize reporting of charity care and community benefits, and 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.