

**Fiscal Year 2002 San Francisco Hospital
Charity Care Report Summary**

REVISED

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

Presented to
the San Francisco Health Commission
November 18, 2003

Table of Contents

I.	BACKGROUND	1
II.	SAN FRANCISCO'S CHARITY CARE ORDINANCE	1
	A. Definition of Charity Care	1
	B. Qualifying Hospitals	1
	1. Kaiser	2
	2. Chinese Hospital	2
	C. Charity Care Reporting	2
	D. Notification of Charity Care Policies	3
	E. Implementation	3
III.	SUMMARY OF FISCAL YEAR 2002 CHARITY CARE REPORTS	4
	A. Applications/Requests for Charity Care	4
	1. Applications Accepted and Denied	4
	2. Unduplicated Patients Who Received Charity Care	5
	B. Charity Care Services Provided	7
	1. By Hospital	7
	2. By Service	8
	C. Charity Care Expenditures	11
	1. Cost to Charge Ratio	11
	2. Charity Care Expenditures	11
	D. Charity Care Policies	12
	E. Compliance Plans	13
IV.	ANALYSIS	14
	A. Expenditures Per Unduplicated Patient	14
	B. Ratio of Hospital Beds to Charity Care Services and Expenditures	14
	C. Charity Care Expenditures as a Percentage of All Hospital Expenditures	15
	D. Charity Care Patients By Supervisorial District	16
	E. Selected Income Indicators by Supervisorial District	19
	F. County Charity Care Patients in Other Hospital Zip Codes	19
	G. Benefits of Non-Profit Hospital Status	20
	1. Property Tax Exemptions	20
	2. Corporate Income Tax Exemptions	21
	3. Total Estimated Income Tax and Property Tax Benefits Compared to Charity Care Provided	22
V.	PROJECT HOPE CENTER FOR HEALTH AFFAIRS	23
VI.	FISCAL YEAR 2003 CHARITY CARE REPORTS	24
VII.	CONCLUSION	24

Table of Contents (cont.)

- Attachment 1: Ordinance No. 163-01, Charity Care Policy Reporting and Notice Requirement
- Attachment 2: San Francisco Charity Care Policy, Reporting And Notice Requirement Regulations
- Attachment 3: Summary of Reporting Hospitals' Charity Care Policies
- Attachment 4: Draft Resolution in Support of San Francisco's Charity Care Ordinance and Urging Full Compliance With Its Provisions

I. BACKGROUND

An estimated 135,000 San Franciscans are uninsured (17 percent of the non-elderly population). Many of them rely on charity care provided by hospitals to access needed primary and acute care services. Most uninsured residents seek care at San Francisco General Hospital, which is the county public hospital and one of the two hospitals in the City that receive Disproportionate Share Hospital (DSH) income because of their use. The uninsured are working adults and parents, children and youth, the indigent and homeless persons.

II. SAN FRANCISCO'S CHARITY CARE ORDINANCE

To enable the City and County of San Francisco to evaluate the need for charity care in the community and to plan for the continued fulfillment of the City's responsibility to provide care to indigents, the Board of Supervisors passed Ordinance Number 163-01, the Charity Care Policy Reporting and Notice Requirement (the "Ordinance"). The Ordinance, which was signed by the Mayor on July 20, 2001, requires hospitals to report the amount of charity care they provide. In addition, the Ordinance requires hospitals to submit copies of their charity care policies and to notify patients of those policies. (A copy of the Ordinance is attached hereto as Attachment 1.)

A. Definition of Charity Care

The Ordinance defines charity care as:

“ . . . emergency, inpatient or outpatient medical care, including ancillary services, provided to those who cannot afford to pay and without expectation of reimbursement and that qualifies for inclusion in the line item “Charity-Other” in the [annual reports to the Office of Statewide Health Planning and Development].”

Because charity care is defined as the provision of services without the expectation of reimbursement, bad debt is excluded from this definition. Additionally, under-reimbursement by public and private health insurance programs for covered services is excluded as these payments are made as payment in full for services rendered. It is important to distinguish under-reimbursement from non-payment for services provided to publicly- or privately-insured individuals. When an insurer does not cover a particular service for a beneficiary, the cost of this service may be provided as charity care by the hospital if the patient meets the hospital's charity care guidelines.

The Ordinance's definition also excludes hospitals providing charity care pursuant to the requirements of the Hill-Burton program. Under the Hill-Burton program, charity care is provided by hospitals in exchange for low interest rate financing. Hill-Burton charity care is not included in the definition of charity care because the relationship between the benefit of the program and the obligation under the program are linked. In San Francisco, only Chinese Hospital participates in the Hill-Burton program.

B. Qualifying Hospitals

The Ordinance pertains to all hospitals in San Francisco except public hospitals and hospitals that are part of health maintenance organizations regulated by the Department of Managed Health Care. Thus,

excluded from the requirements of the Charity Care Ordinance are: San Francisco General Hospital Medical Center, the University of California, San Francisco, the San Francisco VA Medical Center, and Kaiser Permanente. The remaining hospitals that are subject to the Ordinance are as follows:

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

Though San Francisco General Hospital (SFGH) is exempt from reporting, it has voluntarily complied with the Ordinance for both years that reporting has been required. In November 2002, when the Health Commission heard a report on the first Annual Charity Care report, it encouraged both Kaiser Permanente (Kaiser) and the University of California, San Francisco (UCSF) to voluntarily comply with the Ordinance. Kaiser complied with the reporting provisions of the Ordinance for fiscal year 2002 and UCSF has indicated that it intends to comply for fiscal year 2003.

1. Kaiser

With its charity care report submission, Kaiser noted that its hospital is uniquely distinct from the other acute care hospitals reporting pursuant to the ordinance. It is an integrated prepaid health care delivery system that combines the financing and delivery of health care services. It is not simply a hospital, nor a health maintenance organization, nor a medical group because it incorporates all these elements into one delivery system. Kaiser Foundation Hospital – San Francisco is financed almost entirely through prepaid revenue received from the dues of the members of the health plan, in contrast to a fee-for-service hospital that relies on revenues received from billing for specific services rendered.

Because Kaiser does not allocate revenues to its hospital based upon charges and because it does not track the cost of providing care to an individual patient, it is impossible for Kaiser to devise a cost to charge ratio or to determine the cost of providing care to non-members as charity care. Therefore, to determine charity care provided requires an estimate of the value of care based on what the facility might normally charge. As a result, the value of charity care reported by Kaiser was derived from the average of all non-member visit charges.

2. Chinese Hospital

Chinese Hospital provides charity care as part of the Hill-Burton program. As noted above, charity care provided under the Hill-Burton program is excluded from the definition of charity care. In effect, charity care is provided in partial payment of the hospitals' Hill-Burton debt and all charity care provided by the hospital is assigned to the Hill-Burton program.

While Chinese Hospital did not provide charity care as defined by the Ordinance, it did submit a charity care report with information related to the provision of its Hill-Burton charity care. Therefore, for purposes of this report and to enable the Health Commission to have the full picture of charity care provided in San Francisco, Chinese Hospital's Hill-Burton charity care is included in the data summaries and analyses in this report.

C. Charity Care Reporting

The Ordinance requires that qualifying hospitals:

- Submit to the Department of Public Health (the “Department”) annual reports that include the following information:
 - The dollar amount of charity care provided during the prior year, after adjustment by the cost-to-charge ratio and excluding bad debt;
 - A calculation of the hospital’s cost-to-charge ratio;
 - The total number of applications, patient and third party requests for charity care;
 - The total number of hospital acceptances and denials for charity care received and decided;
 - The zip code of each patient’s residence on such acceptance or denial;
 - The number of individuals seeking, applying, or otherwise eligible for charity care who were referred to other medical facilities, along with the identification of the facility to which those individuals were referred;
 - The total number of patients who received hospital services reported as charity care and whether those services were for emergency, inpatient or outpatient medical care, or for ancillary services.
 - All charity care policies;
 - Any application or eligibility forms used;
 - The hospital locations and hours at which the information may be obtained by the general public; and
 - Any other information the Department shall require.

The Ordinance also requires the Department to report annually to the Health Commission on the information obtained pursuant to the Ordinance.

D. Notification of Charity Care Policies

Hospitals must whenever practicable during the admission process provide patients with verbal notification of the hospital’s charity care policies, including the process necessary to apply for charity care. In addition, hospitals are required to post multilingual notices as to the hospital’s charity care policies in specific areas of the hospital. At a minimum, notices are required to be posted in English, Spanish and Chinese.

E. Implementation

On December 17, 2001, the Department issued regulations implementing the Ordinance. (A copy of the regulations is attached hereto as Attachment 2.) In finalizing these regulations, the Department received and considered comments from a number of organizations, including the Hospital Council of Northern and Central California, the Service Employees’ International Union, and Consumers’ Union.

The Department’s regulations remained as close as possible to the specific requirements contained in the Ordinance. The one exception is the compliance plan. A provision for a compliance plan was included in the regulations in recognition of the possibility that hospitals may need time to fully comply with the Ordinance and regulations. In these instances, the compliance plan affords hospitals the opportunity to advise the Department of the anticipated date of compliance and avoid the penalties for noncompliance that are included in the Ordinance. For hospitals submitting a compliance plan, the regulations require that the compliance plan must:

- Identify the required information that cannot currently be provided;
- Provide an explanation of why that information cannot be provided;
- Identify each step the hospital will take to bring it into compliance; and
- Specify the date on which the hospital will be in compliance.

Pursuant to the regulations, the Department created a standardized Annual Report form to assist hospitals in reporting the required information. The first Annual Report was due on June 1, 2002 for the fiscal year ending 2001. Reports for fiscal year 2002 and for subsequent fiscal years are due within 150 days after the close of that fiscal year.

III. SUMMARY OF FISCAL YEAR 2002 CHARITY CARE REPORTS

A. Applications/Requests for Charity Care

1. Applications Accepted and Denied

Together, the reporting hospitals accepted 170,849 requests for charity care in fiscal year 2002. Both Saint Francis and St. Mary's report that the number of denied requests for charity care is unknown but that anecdotal information from staff indicated that less than five charity care applications were denied because their income level was too high. Both St. Luke's and Kaiser report that they have no records indicating that applicants who met financial eligibility criteria were denied necessary care. Table 1 below shows the total number of requests for charity care that were accepted and denied.

Table 1.
Accepted and Denied Applications for Charity Care in FY 2002

Hospital	Accepted	Denied	Total Number of Applications
CPMC	619	109	728
Chinese	130	0	130
Kaiser	907	0	907
Saint Francis	1,327	<5	1,327-1,331
SFGH	160,452	1,711	162,163
St. Luke's	1,361	0	1,361
St. Mary's	6,053	<5	6,053-6,057
Total	170,849	1,820-1,824	172,668-172,676

In 2002, reporting hospitals accepted 30,994 more applications for charity care than in 2001, not including the 907 charity care applications accepted by Kaiser, which did not report in 2001. This increase is primarily attributed to an increase in charity care applications at SFGH.

St. Luke's reported significantly fewer accepted charity care applications in 2002 than it did in 2001. This is largely a result of improved accuracy in reporting. In 2001, St. Luke's reported that the number of unduplicated charity care patients was equal to the number of charity care applications. However, this would not necessarily be the case for two reasons. First, charity care applications at St. Luke's are valid for one year. Therefore, if a patient with an accepted charity care application presents at the hospital for services while the application is still valid, no new application is required. Further, if

a patient is Medi-Cal eligible and is provided a service that Medi-Cal does not cover, the patient is deemed income eligible for charity care without the need for an application.

Improved reporting also accounts for the significant increase in denied charity care. Table 2 compares accepted and denied charity care applications between 2001 and 2002.

**Table 2.
Comparison of Accepted and Denied Applications for Charity Care
in FY 2001 and FY 2002**

Hospital	Accepted Applications			Denied Applications		
	2001	2002	Difference	2001	2002	Difference
CPMC	638	619	(19)	113	109	(4)
Chinese	139	130	(9)	0	0	0
Kaiser	N/A	907	N/A	N/A	0	N/A
Saint Francis	1,211	1,327	116	<5	<5	0
SFGH	123,489	160,452	36,963	0	1,711	1,711
St. Luke's	6,722	1,361	(5,361)	0	0	0
St. Mary's	6,749	6,053	(696)	<5	<5	0
Total	138,948	170,849	30,994	113-121	1,820-1,828	1,707

2. Unduplicated Patients Who Received Charity Care

Hospitals reporting providing charity care services to 101,685 unduplicated patients in fiscal year 2002. SFGH provided services to 78 percent of all charity care patients and St. Luke's provided charity care to 14 percent of the charity care patients.

As was the case in 2001, Saint Frances, St. Mary's, and CPMC reported that the number of applications or requests that were accepted was the same as the total unduplicated number of patients who received charity care. However it is unlikely that every charity care patient served by these hospitals applied for charity care just once and was accepted for charity care just once during the fiscal year, particularly given the fact that charity care applications are valid for up to a year in some instances. Therefore, it is possible that either the number of applications for charity care was under-reported or the number of individuals who received charity care services was not unduplicated and, therefore, over-reported. Given these limitations, the number of unduplicated patients reported by hospitals is provided in Table 3.

Table 3.
Estimated Number of Unduplicated Patients Who Received Charity Care in FY 2002

Hospital	Unduplicated Charity Care Patients	% of Total
CPMC	619	0.6%
Chinese	103	0.1%
Kaiser	907	0.9%
Saint Francis	1,327	1.3%
SFGH	78,968	77.7%
St. Luke's	13,708	13.5%
St. Mary's	6,053	6.0%
Total	101,685	100.0%

Table 4 compares the number of unduplicated patients receiving charity care services in 2001 with the same data for 2002. Both St. Luke's and SFGH show a significant increase in the number of patients receiving charity care. While an increase in the demand for charity care services may account for a portion of this increase, there are other factors that also may have contributed.

First, is the hospitals' improved ability to capture the information required by the Ordinance. The first year, hospitals had to report information that they had already been collecting and had no opportunity to modify their data gathering systems in anticipation of the Ordinance's reporting requirements. However, in this second year, they are better able to capture the data as they are required to be reported. As an example, SFGH was able to report the number of patients who were Medi-Cal eligible but were denied coverage for particular services that were then provided as charity care. They had been unable to report this data in 2001. St. Luke's reported that its number of unduplicated charity care patients was significantly higher than last year's due to a problem with billing that caused Medi-Cal and private insurance claims from previous years to be billed late. As a result, payments for service were denied and the costs were written off to charity care in fiscal year 2002.

Table 4.
Comparison of Estimated Number of Unduplicated Patients Who Received Charity Care in FY 2001 and FY 2002

Hospital	2001	2002	Difference
CPMC	638	619	(19)
Chinese	35	103	68
Kaiser	N/A	907	N/A
Saint Francis	1,211	1,327	116
SFGH	50,784	78,968	28,184
St. Luke's	6,722	13,708	6,986
St. Mary's	6,749	6,053	(696)
Total	66,139	101,685	34,639

B. Charity Care Services Provided

1. By Hospital

Hospitals reported providing 116,392 charity care services (emergency services, inpatient services, and outpatient medical care) in fiscal year 2002. Together, SFGH and St. Luke's provided more than 92 percent of all charity care services, providing 77.4 percent and 14.8 percent respectively. There are, however, some limitations to this data.

For Saint Frances, St. Mary's, CPMC and Kaiser, the total number of charity care services provided is equal to the number of unduplicated charity care patients. However, it is likely that some charity care patients received more than one type of service during their visit. For example, an emergency patient who was admitted would at least have received both emergency services and inpatient services. These hospitals may have categorized their charity care services by the first service the patient received, thereby undercounting the number of services provided. Alternatively, these hospitals may have over-reported the number of unduplicated patients who received charity care by counting more than once a patient who received two or more modes of service in one visit. Because, as stated above, unduplicated numbers of patients served is difficult to report, it is impossible to determine if either of these presumptions is true.

Table 5 shows the charity care services provided by each hospital in fiscal year 2002.

Table 5.
Charity Care Services Provided by Reporting Hospitals in FY 2002

Hospital	Total Charity Care Services Provided	% of Total
CPMC	619	0.5%
Chinese	130	0.1%
Kaiser	907	0.8%
Saint Francis	1,327	1.1%
SFGH	90,140	77.4%
St. Luke's	17,216	14.8%
St. Mary's	6,053	5.2%
Total	116,392	100.0%

Table 6 provides a comparison of charity care services provided in 2001 and 2002. Saint Francis, St. Luke's and SFGH all reported increased charity care services in 2002 compared to 2001. Overall, San Francisco hospitals provided 43,829 more charity care services in 2002 than in 2001, not including Kaiser's 907 services since Kaiser did not report in 2001. The large increase reported for SFGH is attributable in large part to the ability to report services to Medi-Cal eligibles that were denied reimbursement. For St. Luke's, the increase is attributable in part to the billing issue described previously.

Table 6.
Comparison of Charity Care Services Provided by Reporting Hospitals
in FY 2001 and FY 2002

Hospital	2001	2002	Difference
CPMC	703	619	(84)
Chinese	139	130	(9)
Kaiser	N/A	907	N/A
Saint Francis	1,211	1,327	116
SFGH	56,132	90,140	34,008
St. Luke's	6,722	17,216	10,494
St. Mary's	6,749	6,053	(696)
Total	71,656	116,392	43,829

2. By Service

Hospitals reported the number of unduplicated patients served by the type of service provided: emergency services, inpatient services and outpatient services. Approximately three-quarters of all charity care services were provided in an outpatient setting. Inpatient care represented approximately four percent of charity care services. Figure 1 shows that the distribution of charity care services by type of service was consistent between 2001 and 2002.

Figure 1.
Charity Care Services Provided by Type of Service Provided in FY 2002

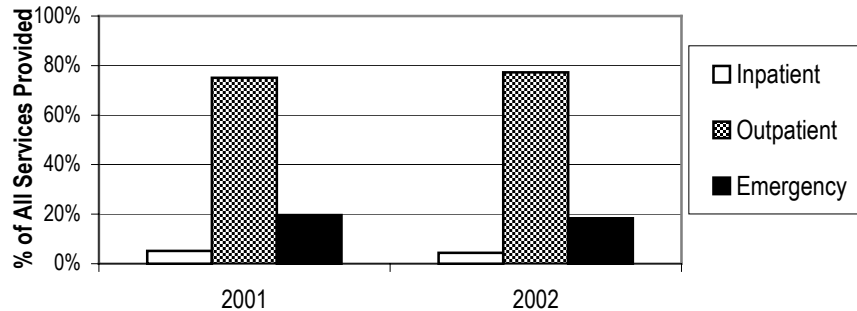


Table 7 and Figure 2 both show the distribution of each hospital's charity care services by type of service. SFGH, St. Luke's and St. Mary's each provided more than 50 percent of their charity care in an outpatient setting, while CPMC, Chinese and Kaiser provided most (or in the case of Kaiser, all) of their charity care in the emergency room.

Table 7.
Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2002

	Emergency	Inpatient	Outpatient	TOTAL
CPMC				
Charity Care Services	436	102	81	619
% of Hospital's Total	70.4%	16.5%	13.1%	100.0%
Chinese				
Charity Care Services	69	19	42	130
% of Hospital's Total	53.1%	14.6%	32.3%	100.0%
Kaiser				
Charity Care Services	907	0	0	907
% of Hospital's Total	100.0%	0.0%	0.0%	100.0%
Saint Francis				
Charity Care Services	1,130	154	43	1,327
% of Hospital's Total	85.2%	11.6%	3.2%	100.0%
SFGH				
Charity Care Services	12,899	3,146	74,095	90,140
% of Hospital's Total	14.3%	3.5%	82.2%	100.0%
St. Luke's				
Charity Care Services	5,439	1,531	10,246	17,216
% of Hospital's Total	31.6%	8.9%	59.5%	100.0%
St. Mary's				
Charity Care Services	538	150	5,365	6,053
% of Hospital's Total	8.9%	2.5%	88.6%	100.0%
Total				
Charity Care Services	21,418	5,102	89,872	116,392
% of Total	18.4%	4.4%	77.2%	100.0%

Figure 2.
Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2002

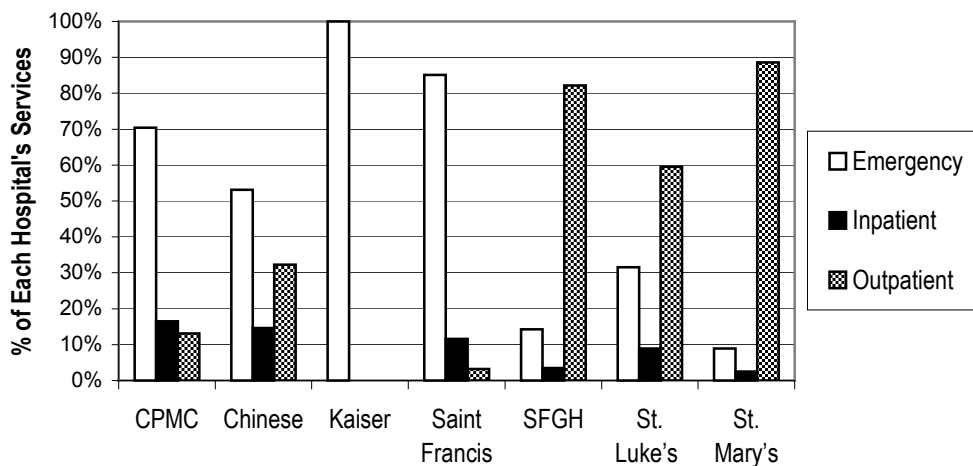
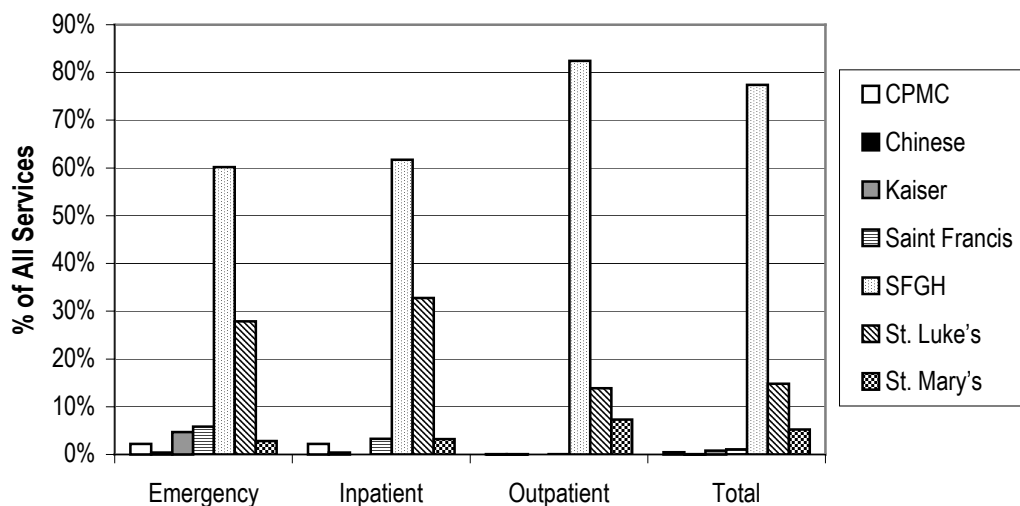


Table 8 and Figure 3 both show each hospital's percentage of total emergency, inpatient and outpatient charity care provided in 2002. SFGH accounts for 60 percent of emergency and inpatient services and more than 80 percent of outpatient services. St. Luke's and SFGH together provide approximately 92 percent of the charity care provided by reporting hospitals in San Francisco, both by service and in total.

Table 8.
Each Hospital's Percentage of Total Emergency, Inpatient and Outpatient Charity Care Services Provided by Reporting Hospitals in FY 2002

	Emergency		Inpatient		Outpatient		TOTAL	
	Services	% of Total	Services	% of Total	Services	% of Total	Services	% of Total
CPMC	436	2.0%	102	2.0%	81	0.1%	619	0.5%
Chinese	69	0.3%	19	0.4%	42	0.0%	130	0.1%
Kaiser	907	4.2%	0	0.0%	0	0.0%	907	0.8%
Saint Francis	1,130	5.3%	154	3.0%	43	0.0%	1,327	1.1%
SFGH	12,899	60.2%	3,146	61.7%	74,095	82.4%	90,140	77.4%
St. Luke's	5,439	25.4%	1,531	30.0%	10,246	11.4%	17,216	14.8%
St. Mary's	538	2.5%	150	2.9%	5,365	6.0%	6,053	5.2%
Total	21,418	100.0%	5,102	100.0%	89,872	100.0%	116,392	100.0%

Figure 3.
Each Hospital's Percentage of Total Emergency, Inpatient and Outpatient Charity Care Services Provided by Reporting Hospitals in FY 2002



C. *Charity Care Expenditures*

1. Cost to Charge Ratio

Charity care is reported annually to the Office of Statewide Health Planning and Development (OSHPD) as the value of hospital charges. However, hospital charges for care are not equal to hospitals costs for care – charges are always higher than costs. The cost of care is the actual level of expenditures. Charges reflect the fee that hospitals hope to receive in payment for providing the service. As a result, calculating charity care based on charges inflates the level of charity care actually provided since it does not equal the amount of money actually spent by the hospital on the provision of charity care. Analyzing the information based on costs provides a truer measure of the actual expense incurred by hospitals to provide charity care.

It is difficult to obtain information about the actual cost of delivering care in a particular hospital. However, there is a generally accepted cost to charge ratio formula that can be used to estimate the relationship between the hospitals charges and its costs. This formula yields an estimation of the percentage of a hospital’s charges that are actual costs and is expressed as: (Total Operating Expenses – Total Other Operating Revenue)/Gross Patient Revenue x 100. Table 8 shows the cost to charge ratios for each of the hospitals reporting pursuant to the Ordinance.

Table 9.
Hospitals’ Cost to Charge Ratios for FY 2002

Hospital	Cost to Charge Ratio
CPMC	26.42%
Chinese	58.50%
Kaiser	N/A
Saint Francis	26.05%
SFGH	70.26%
St. Luke’s	42.24%
St. Mary’s	26.26%

2. Charity Care Expenditures

Hospitals were required to report the value of charity care provided in accordance with the definition provided by OSHPD, adjusted by the hospital’s cost to charge ratio. Some hospitals reported charity care in terms of charges and others in terms of costs. As explained above, in order to ensure comparison of “apples to apples,” it is important to apply the hospitals’ cost to charge ratio to the value of charity care charges reported in order to determine each hospital’s actual cost of providing that care. Table 10 shows the value of the reporting hospital’s charity care charges, their cost-to-charge ratios and the cost of providing charity care. Consistent with the data for charity care services, more than 90 percent of all charity care expenditures were incurred at either SFGH, which accounted for 85 percent, or St. Luke’s, which accounted for six percent.

**Table 10.
Charity Care Expenditures in Fiscal Year 2002**

Hospital	Charity Care Charges	Cost to Charge Ratio	Charity Care Expenditures (Charity Care Charges*Cost to Charge Ratio)	% of All Charity Care Expenditures
CPMC	\$5,695,000	26.42%	\$1,504,619	2.2%
Chinese	\$256,915	58.50%	\$150,295	0.2%
Kaiser	\$1,361,158	N/A	\$1,361,158	2.0%
Saint Francis	\$5,704,154	26.05%	\$1,485,932	2.2%
SFGH	\$82,558,988	70.26%	\$58,005,945	84.9%
St. Luke's	\$9,367,716	42.24%	\$3,956,923	5.8%
St. Mary's	\$7,224,653	26.26%	\$1,897,194	2.8%
Total	\$112,168,584		\$68,362,066	100%

Comparing 2001 to 2002, all hospitals except CPMC spent more on charity care in 2002 than they did in 2001. In total, reporting hospitals provided \$68.3 million in charity care, \$2.5 million above 2001 expenditures, not including Kaiser, which did not report in 2001.

**Table 11.
Comparison Charity Care Expenditures in FY 2001 and FY 2002**

Hospital	2002 Charity Care Expenditures	2001 Charity Care Expenditures	Difference
CPMC	\$1,504,619	\$1,507,101	(\$2,482)
Chinese	\$150,295	\$100,569	\$49,726
Kaiser	\$1,361,158	N/A	N/A
Saint Francis	\$1,485,932	\$907,117	\$578,815
SFGH	\$58,005,945	\$56,249,604	\$1,756,341
St. Luke's	\$3,956,923	\$3,880,228	\$76,695
St. Mary's	\$1,897,194	\$1,789,243	\$107,951
Total	\$68,362,066	\$64,433,862	\$2,567,046

D. Charity Care Policies

Of the reporting hospitals, all hospitals submitted charity care policies. There are considerable differences in the detail of hospital charity care policies. As Saint Francis and St. Mary's are part of Catholic Healthcare West, their charity care policies are identical. Though St. Luke's and CPMC are both Sutter Health System hospitals, their charity care policies are widely different. As mentioned previously, as Chinese Hospital does not provide charity care as it is defined here, they submitted only a Hill-Burton Assistance Program Charity Care Policy.

No charity care policy except SFGH's included an appeals process or provided copies of multi-language notification signage. A summary of some of the key components of hospitals' charity care policies is attached as Attachment 3. In some instances, the attachment notes that a key policy area is not included in the charity care policy. It is important to note that it is possible that these activities

may occur in the hospital (verbal notification of charity care availability, for example), but may just not be reflected in the hospital’s charity care policy.

E. Compliance Plans

Hospitals were largely compliant with the Ordinance and the Regulations. St. Luke’s was able to comply with zip code reporting requirements in advance of its target date of December 2002. The data that continue to be difficult to produce are generally consistent among hospitals. As noted above, for example, no hospital was able to provide zip codes of patients denied charity care. Following is information on missing information and each hospital’s compliance plan.

**Table 12.
Reporting Hospitals’ Charity Care Ordinance Compliance Plans**

Hospital	Missing Information	Timeline for Compliance
CPMC	• Medical facilities to which charity care applicants are referred	• Not able to comply
	• Posted charity care notices in Spanish and Chinese and locations of posting	• Not provided
	• Zip codes of denied charity care applicants	• Not provided
Chinese Hospital	• N/A –Chinese Hospital currently provides only Hill-Burton Charity Care and is, therefore, not required to report under the Ordinance at this time.	• N/A
Kaiser	• Zip codes of charity care patients	• Compliance is voluntary
	• Medical facilities to which charity care applicants are referred	• Compliance is voluntary
	• Charity care policy	• Compliance is voluntary
	• Posted charity care notices in Spanish and Chinese and locations of posting	• Compliance is voluntary
	• Zip codes of denied charity care applicants	• Compliance is voluntary
Saint Francis	• Denied charity care applications	• October 2002
	• Medical facilities to which charity care applicants are referred	• October 2002
	• Posted charity care notices in Spanish and Chinese and locations of posting	• December 2002
	• Zip codes of denied charity care applicants	• Not provided
SFGH	• Medical facilities to which charity care applicants are referred	• Compliance is voluntary
	• Zip codes of denied charity care applicants	• Compliance is voluntary
St. Luke’s	• Medical facilities to which charity care applicants are referred	• December 2002
	• Posted charity care notices in Spanish and Chinese and locations of posting	• Not provided
	• Zip codes of denied charity care applicants	• Not provided
St. Mary’s	• Denied charity care applications	• Not provided
	• Medical facilities to which charity care applicants are referred	• November 2003
	• Posted charity care notices in Spanish and Chinese and locations of posting	• November 2003
	• Zip codes of denied charity care applicants	• Not provided

IV. ANALYSIS

A. Expenditures Per Unduplicated Patient

The average expenditure per unduplicated patient was \$672, though the range of hospital expenditures per accepted charity care application varied widely among reporting hospitals. In fiscal year 2002, reporting hospitals spent between \$289 and \$2,431 per unduplicated patient served. These great differences may be explainable by looking at the types of charity care services each hospital provided. St. Luke's and St. Mary's, which had the lowest per patient expenditures, provided the majority of their charity care in outpatient services. Conversely, CPMC, which had the highest per patient cost, provided 87 percent of its care in either the emergency room or in an inpatient setting. Table 13 shows the average expenditure per unduplicated patient served.

Table 13.
Average Charity Care Expenditure Per Unduplicated Patient Served in FY 2002

Hospital	Charity Care Expenditures	Unduplicated Patients	Average Expenditure per Unduplicated Patient
CPMC	\$1,504,619	619	\$2,431
Chinese	\$150,295	103	\$1,459
Kaiser	\$1,361,158	907	\$1,501
Saint Francis	\$1,485,932	1,327	\$1,120
SFGH	\$58,005,945	78,968	\$735
St. Luke's	\$3,956,923	13,708	\$289
St. Mary's	\$1,897,194	6,053	\$313
Total	\$68,362,066	101,685	\$672

B. Ratio of Hospital Beds to Charity Care Services and Expenditures

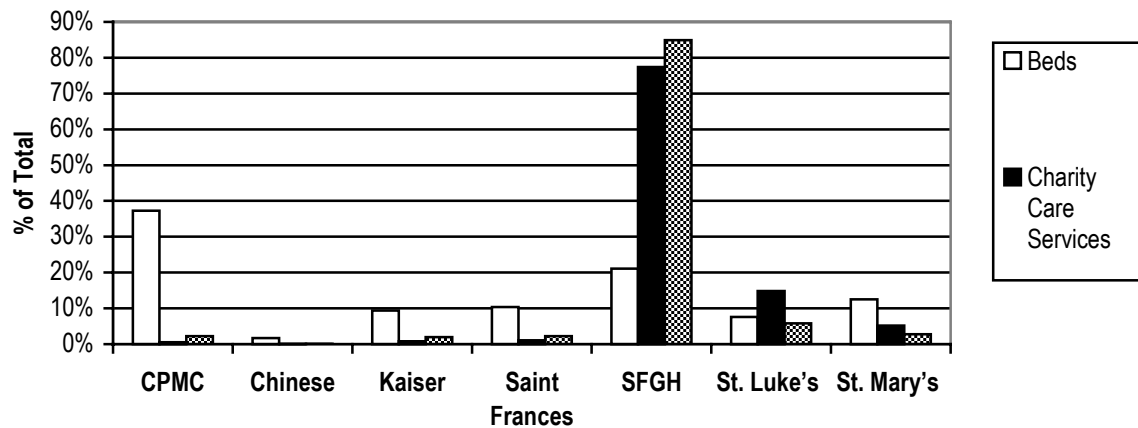
Hospitals reporting under the Ordinance have a total of 3,431 licensed beds between them. CPMC has the largest number of beds, representing nearly 40 percent of all reporting hospitals' licensed beds. SFGH has the next largest number of licensed beds, representing 21 percent. When comparing the percentage of all licensed beds to the percentage of charity care provided, both SFGH and St. Luke's provided a disproportionate amount of charity care services. Though SFGH accounts for 23 percent of the reporting hospitals' beds, it accounts for nearly 82 percent of all charity care services provided and 85 percent of charity care expenditures. St. Luke's represents 7 percent of all beds, but provided 18 percent of all charity care services. Conversely, CPMC has 40 percent of the licensed bed capacity but accounted for 2.2 percent of charity care expenditures and less than one percent of charity care services. Table 14 and Figure 4 provide this comparison for each reporting hospital.

When comparing the percentage of all licensed beds to the percentage of charity care expenditures, only SFGH spends disproportionately more on charity care than other hospitals. While SFGH accounts for 21 percent of all licensed beds, it accounts for 85 percent of all charity care expenditures.

Table 14.
Comparison of Percentage of Licensed Beds to Percentage of Charity Care Services Provided and Charity Care Expenditures by Reporting Hospitals for FY 2002

Hospital	Licensed Beds		Each Hospital's % of Total Charity Care Services Provided	Each Hospital's % of Total Charity Care Expenditures
	No.	% of All Beds		
CPMC	1,279	37.3%	0.5%	2.2%
Chinese	59	1.7%	0.1%	0.1%
Kaiser	323	9.4%	0.8%	2.0%
Saint Francis	356	10.4%	1.1%	2.2%
SFGH	724	21.1%	77.4%	84.9%
St. Luke's	260	7.6%	14.8%	5.8%
St. Mary's	430	12.5%	5.2%	2.8%
Total	3,431	100.0%	100.0%	100.0%

Figure 4.
Comparison of Percentage of Licensed Beds to Percentage of Charity Care Services Provided and Charity Care Expenditures by Reporting Hospitals for FY 2002



C. Charity Care Expenditures as a Percentage of All Hospital Expenditures

Another way to analyze hospitals' charity care expenditures is by comparing the cost of charity care provided with each hospital's total operating expenses. Table 15 below shows this comparison for each reporting hospital. The data show that SFGH spends a larger portion of its expenditures on charity care than other reporting hospitals. Charity care expenditures range from .3 percent of total operating expenses at CPMC to 16 percent at SFGH.

**Table 15.
Comparison of Charity Care to Total Operating Expenses for FY 2002**

Hospital	Total Operating Expenses	Charity Care Expenditures	% of Charity Care to Total Operating Expenses
CPMC	\$522,650,000	\$1,504,619	0.3%
Chinese	\$42,800,414	\$150,295	0.4%
Kaiser	N/A	\$1,361,158	N/A
Saint Francis	\$100,393,000	\$1,485,932	1.5%
SFGH	\$374,540,493	\$58,005,945	15.5%
St. Luke's	\$104,137,719	\$3,956,923	3.8%
St. Mary's	\$122,913,000	\$1,897,194	1.5%

D. Charity Care Patients By Supervisorial District

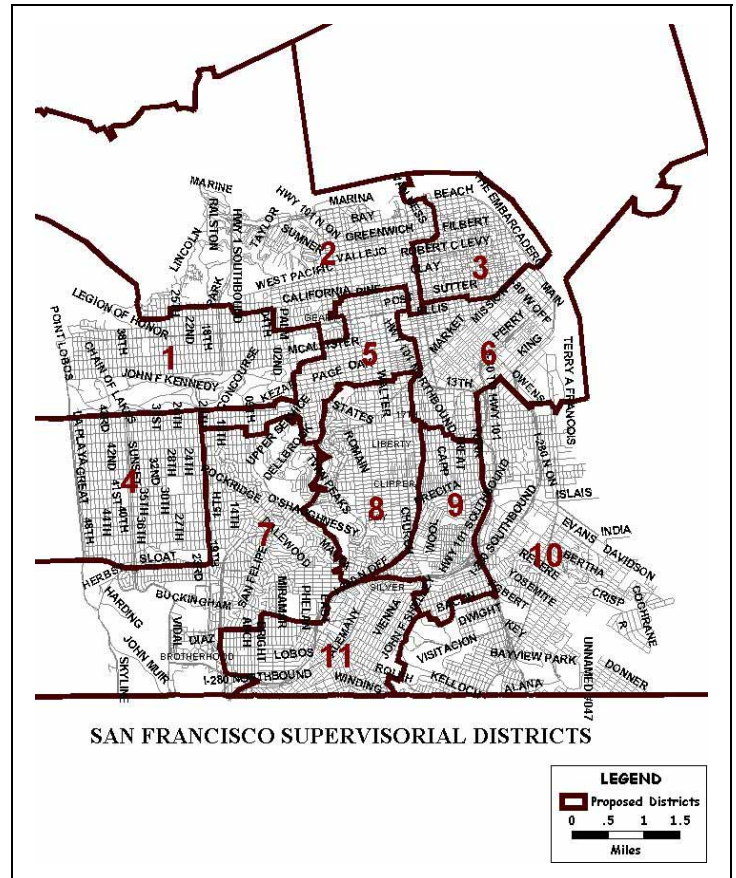
Pursuant to the Ordinance, hospitals were required to report the residence zip codes of charity care applicants who were provided and denied services. Hospitals generally reported the zip codes of the unduplicated patients who received charity care. Each hospital except Kaiser was able to provide this information. (Therefore, the 907 charity care applications at Kaiser are not included in the analysis that follows.) However, St. Luke's was only able to report on the zip codes of 947 of the 13,708 patients that received charity care. No hospital was able to provide the zip codes of applicants who were denied charity care.

Hospitals reported accepting charity care applications for 74,484 San Francisco residents or approximately nine percent of the City's total population. Non-residents accounted for four percent of accepted applications. Homeless patients or patients whose zip codes were unknown represented 11 percent of charity care applications.

More charity care applicants were residents of District 6, which includes the Tenderloin and Civic Center districts, than any other supervisorial district. After District 6, District 9 (Bernal Heights, Mission) residents and homeless patients, respectively, accounted for the next highest groups of charity care applicants. Table 16 shows all charity care provided by supervisorial district.

Table 16.
Charity Care Recipients by Supervisorial District¹ for FY 2002

Supervisorial District	Unduplicated Charity Care Patients	% of Total
District 1	2,388	2.71%
District 2	3,586	4.07%
District 3	3,863	4.38%
District 4	2,916	3.31%
District 5	4,878	5.54%
District 6	15,859	18.00%
District 7	4,710	5.35%
District 8	2,933	3.33%
District 9	14,859	16.86%
District 10	11,757	13.34%
District 11	6,451	7.32%
Other SF Zip Codes	284	0.32%
Non-SF Zip Codes	3,743	4.25%
Homeless/Unknown	9,883	11.22%
Total*	88,110	100%



* Excludes data not available for 907 Kaiser patients and 12,761 St. Luke's patients.

While Table 16 shows the total number of charity care applicants in each supervisorial district, Table 17 provides this information by hospital. Except in District 1, the Richmond, charity care applicants at SFGH represented more than 80 percent of the applicants in each supervisorial district. In Districts 3 (Chinatown, North Beach), 6 (Tenderloin, Civic Center), 9 (Bernal Heights, Mission), 10 (Bayview/Hunters' Point, Potrero Hill) and 11 (Crocker Amazon, Excelsior, Outer Mission), SFGH provided charity care to more than 90 percent of all the accepted charity care applicants in the district.

¹ The sum of these applications is slightly higher than the total number of accepted applications reported earlier due to rounding when applying formulas to estimate the number of applicants in each supervisorial district.

Table 17.
Charity Care by Hospital by Supervisorial District for FY 2002

District	CPMC	Chinese	SFGH	Saint Francis	St. Luke's	St. Mary's	Total
District 1							
Applicants	13	5	1,732	2	3	634	2,388
% of Applicants in the District	0.5%	0.2%	72.5%	0.1%	0.1%	26.5%	100.0%
District 2							
Applicants	24	8	3,001	44	14	495	3,586
% of Applicants in the District	0.7%	0.2%	83.7%	1.2%	0.4%	13.8%	100.0%
District 3							
Applicants	11	54	3,499	49	7	244	3,864
% of Applicants in the District	0.3%	1.4%	90.6%	1.3%	0.2%	6.3%	100.0%
District 4							
Applicants	2	8	2,468	3	8	427	2,916
% of Applicants in the District	0.1%	0.3%	84.6%	0.1%	0.3%	14.6%	100.0%
District 5							
Applicants	23	2	4,186	41	14	612	4,878
% of Applicants in the District	0.5%	0.0%	85.8%	0.8%	0.3%	12.5%	100.0%
District 6							
Applicants	31	19	14,868	307	101	533	15,859
% of Applicants in the District	0.2%	0.1%	93.8%	1.9%	0.6%	3.4%	100.0%
District 7							
Applicants	9	6	4,205	6	23	461	4,710
% of Applicants in the District	0.2%	0.1%	89.3%	0.1%	0.5%	9.8%	100.0%
District 8							
Applicants	16	0	2,614	6	21	276	2,933
% of Applicants in the District	0.5%	0.0%	89.1%	0.2%	0.7%	9.4%	100.0%
District 9							
Applicants	8	1	14,242	9	154	446	14,860
% of Applicants in the District	0.1%	0.0%	95.8%	0.1%	1.0%	3.0%	100.0%
District 10							
Applicants	5	16	11,297	14	78	347	11,757
% of Applicants in the District	0.0%	0.1%	96.1%	0.1%	0.7%	3.0%	100.0%
District 11							
Applicants	7	5	6,069	1	42	327	6,451
% of Applicants in the District	0.1%	0.1%	94.1%	0.0%	0.7%	5.1%	100.0%

E. Selected Income Indicators by Supervisorial District

The level of charity care provided by any hospital is somewhat dependent upon 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. This would be particularly true for uninsured residents who do not have ready access to transportation. As a result, a hospital located in a relatively affluent community will have fewer uninsured patients needing charity care because most residents will have health care coverage. Conversely, those in lower income areas will witness a higher level of charity care demand. Table 18 provides hospital and charity care information along with selected income indicators for the City’s supervisorial districts. For purposes of this comparison, data on charity care provided for non-SF residents and for homeless individuals was excluded.

As noted in Table 18, Districts 6 (Tenderloin, Civic Center), 9 (Bernal Heights, Mission), and 10 (Bayview/Hunters’ Point, Potrero Hill) have the largest proportion of residents in poverty, the greatest percentage of households on public assistance, and among the lowest per capita incomes. Not surprisingly, these are also the districts where most of the patients receiving charity care reside. Of these districts, District 9 and District 10 have hospitals – St. Luke’s and SFGH, respectively.

Table 18.
Selected Income Indicators and Charity Care Services by Supervisorial District ² for FY 2002

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	3.4%	7.6%	3.9%	\$32,222	None
District 2	5.0%	5.9%	1.5%	\$72,539	CPMC (California & Pacific)
District 3	6.0%	13.6%	4.3%	\$36,832	Chinese, Saint Francis
District 4	4.1%	7.6%	3.5%	\$26,334	None
District 5	6.5%	13.3%	3.3%	\$36,482	St. Mary's
District 6	22.2%	23.7%	7.0%	\$24,796	None
District 7	6.8%	6.8%	1.5%	\$39,797	None
District 8	4.6%	6.8%	1.2%	\$51,342	CPMC (Davies)
District 9	24.4%	14.6%	4.8%	\$22,811	St. Luke's
District 10	15.0%	16.2%	9.0%	\$20,717	SFGH
District 11	8.0%	8.3%	5.2%	\$19,261	None

F. County Charity Care Patients in Other Hospital Zip Codes

An analysis of the zip code data for SFGH charity care patients indicates that many uninsured San Francisco residents who reside near a non-profit hospital bypass that hospital and travel to SFGH to receive services in another area. As Table 19 shows, SFGH consistently provided significantly more charity care services in zip codes where non-profit hospitals are located than did those hospitals located in those zip codes.

² Economic Indicator Data from Census 2000

Table 19.
Charity Care Services Provided by DPH in FY 2002 for Residents in Zip Codes
Where Other Hospitals Exist

Zip Code	Hospital(s) in Zip Code	SFGH Charity Care Patients in the Zip Code	Charity Care Provided by the Hospital in the Zip Code
94118	CPMC (California)	1,024	15
94114	CPMC (Davies)	1,101	11
94115	CPMC (Pacific)	1,793	17
94133	Chinese Hospital	1,173	30
94109	Saint Francis	3,648	88
94110	SFGH	14,779	14,779
	St. Luke's	14,779	108
94117	St. Mary's	2,336	501

As the data indicate, some SFGH patients (approximately 11,075 excluding those in 94110 where SFGH is located) are traveling a distance to obtain needed services on a charity care basis from SFGH. For unknown reasons, these uninsured residents are not using the health care providers and hospitals that are geographically close to their homes. While additional analysis is still needed to determine the reasons why this occurs, it does suggest that one of the following may be a factor:

- residents in the area are patients of one of the Department's district health centers and are referred to SFGH for ancillary services;
- residents in the area are not aware that the hospital in their zip code provides charity care;
- the non-profit hospital has not informed the public and residents within its neighborhood that they provide charity care; and/or
- residents prefer to go to SFGH even though another hospital is closer.

G. Benefits of Non-Profit Hospital Status

As a result of their charitable status, non-profit hospitals pledge to serve their communities. One way in which they do accomplish this is through the provision of charity care. In exchange, communities support them through private donations, tax exemptions, low-cost financing and other mechanisms. One key financial benefit resulting from non-profit status is exemption from local, state and federal taxes. This benefit includes exemption from local property taxes, as well as state and federal corporate income taxes.

1. Property Tax Exemptions

The non-profit hospitals subject to the Ordinance received a total of \$6.9 million in property tax savings in fiscal year 2002. 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 20 along with the hospitals' charity care expenditures. For fiscal year 2002, the City property tax rate was 1.124 percent for each \$100,000 in property value.

Table 20.
Annual Assessed Value of Exempt Properties for FY 2002
Compared to Charity Care Expenditures³

Hospital	Value of Exempt Property	Annual Property Tax Savings
CPMC	\$180,004,395	\$2,023,249
Chinese	\$15,652,223	\$175,931
Kaiser	\$162,890,691	\$1,830,891
Saint Francis	\$70,348,877	\$790,721
St. Luke's	\$23,068,269	\$259,287
St. Mary's	\$158,687,321	\$1,783,645
Total	\$610,651,776	\$6,863,726

2. Corporate Income Tax Exemptions

The reporting hospitals subject to the Ordinance received approximately \$52 million in income tax savings in fiscal year 2002 as a result of their non-profit status. The annual value of State and federal corporate income tax exemptions can be estimated by taking the net income and multiplying it by the applicable state and federal income tax rates. For fiscal year 2002, 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 21. While this is the most efficient way to estimate the value of corporate income tax exemption, it must be noted that net income as reported to OSHPD may include items that would not be subject to corporate income tax. For SFGH, this is particularly true since a significant portion of the hospital's income is derived from local general funds. Kaiser is excluded from Table 21 because it is not subject to OSHPD reporting requirements.

Table 21.
Annual Hospital Net Income⁴ and Estimated Annual Value of Income Tax Exemption in FY 2002

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	\$136,383,131	\$12,056,269	\$47,734,096	\$59,790,365
Chinese	\$1,898,944	\$167,867	\$759,541	\$927,408
Saint Francis	\$7,529,364	\$665,596	\$2,673,884	\$3,339,480
St. Luke's	(\$13,305,347)	\$0	\$0	\$0
St. Mary's	(\$5,628,977)	\$0	\$0	\$0
Total	\$126,877,115	\$12,889,731	\$51,167,521	\$64,057,252

³ SFGH is not included since the City Assessor's Office does not estimate the value of county-owned property.

⁴ Net income figures were obtained from OSHPD data for hospital fiscal years ending between January 1 and December 31, 2002. Because Kaiser is not subject to OSHPD reporting requirements, it is excluded from this table. SFGH is also excluded from this table because a significant portion of SFGH's revenue is from City and County general fund contributions, which are not taxable.

3. Total Estimated Income Tax and Property Tax Benefits Compared to Charity Care Provided

The reporting hospitals received corporate and property tax benefits valued at approximately \$69 million in fiscal year 2002. Table 22 shows that in every case, the tax benefit that reporting hospitals derive as a result of their nonprofit status exceeds the level of charity care provided.

Table 22.
Charity Care Expenditures Compared to Estimated Tax Benefits⁵ for FY 2002

Hospital	Total Estimated Annual Value of Income Tax Exemption	City & County Property Tax Savings	Total Tax Benefits (Income Tax + Property Tax)	Charity Care Expenditures	Charity Care Provided in Excess of Total Tax Benefit
CPMC	\$59,790,365	\$2,023,249	\$61,813,614	\$1,504,619	(\$60,308,995)
Chinese	\$927,408	\$175,931	\$1,103,339	\$150,295	(\$953,044)
Saint Francis	\$3,339,480	\$790,721	\$4,130,201	\$1,485,932	(\$2,644,269)
St. Luke's	\$0	\$259,287	\$259,287	\$3,956,923	\$3,697,636
St. Mary's	\$0	\$1,783,645	\$1,783,645	\$1,897,194	\$113,549
Total	\$64,057,253	\$5,032,833	\$69,090,086	\$8,994,963	(\$60,095,123)

Looking at the difference between charity care expenditures and total tax benefits for fiscal year 2001 compared to 2002, in the aggregate in 2002, San Francisco's non-profit hospitals spent approximately the same amount on charity care but the value of tax exemption was significantly higher. Individually, each hospital's charity care expenditures were relatively stable between the two years but the value of their tax benefits changed significantly, with the most significant being a \$24 million increase in tax benefit for CPMC in 2002.

Table 23.
Comparisons of Charity Care Expenditures and Estimated Tax Benefits⁶ between FY 2001 and FY 2002

Hospital	2001			2002		
	Total Tax Benefits	Charity Care Expenditures	Charity Care Provided in Excess of Tax Benefit	Total Tax Benefits	Charity Care Expenditures	Charity Care Provided in Excess of Tax Benefit
CPMC	\$37,839,464	\$1,507,101	(\$36,332,363)	\$61,813,614	\$1,504,619	(\$60,308,995)
Chinese	\$1,249,323	\$100,569	(\$1,148,754)	\$1,103,339	\$150,295	(\$953,044)
Saint Francis	\$9,010,062	\$907,117	(\$8,102,945)	\$4,130,201	\$1,485,932	(\$2,644,269)
St. Luke's	\$770,573	\$3,880,228	\$3,109,655	\$259,287	\$3,956,923	\$3,697,636
St. Mary's	\$1,352,775	\$1,789,243	\$436,468	\$1,783,645	\$1,897,194	\$113,549
Total	\$50,222,197	\$8,184,258	(\$42,037,939)	\$69,090,086	\$8,994,963	(\$60,095,123)

⁵ Kaiser and SFGH are excluded from this table because the benefits of tax exemption cannot be estimated for either hospital.

⁶ Kaiser and SFGH are excluded from this table because the benefits of tax exemption cannot be estimated for either hospital.

As noted above, non-profit hospitals also derive other benefits as a result of their non-profit status. These benefits, which include exemption from state and federal corporate income taxes, and low-cost financing, would also have to be considered in order to obtain an accurate picture of the full financial benefits that accrue from tax-exempt status. This analysis does not provide information on the level of these income tax savings, but anticipates that they may be significant.

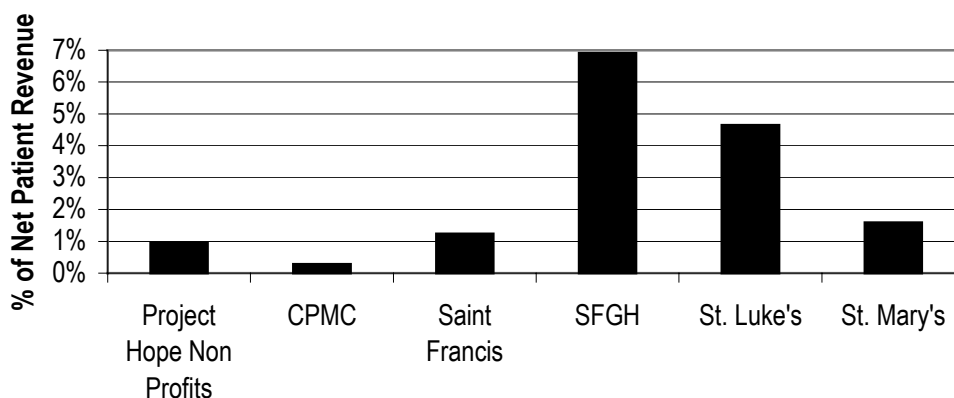
V. PROJECT HOPE CENTER FOR HEALTH AFFAIRS

In 2002, the Project Hope Center for Health Affairs (Project Hope) created three policy analysis briefs on two studies related to the provision of charity care in California. The studies surveyed 291 private, general acute care hospitals, both for-profit and non-profit, as well as included some information on 74 public hospitals when it was available. The studies attempted to answer the following questions:

- What criteria do California hospitals use to determine charity care eligibility
- How much charity care do California hospitals provide, and how does the amount provided vary with tax status, financial performance, and other characteristics?
- Who receives charity care from California hospitals, and what services do they receive?

Project Hope found that on average, California hospitals spend less than one percent of their net patient revenue on charity care for the uninsured. To compare this figure to San Francisco's reporting hospitals, Figure 5, below, uses the most recently published OSHPD data on net patient revenue and charity care, rather than the data reported under the Ordinance to ensure consistent comparisons. As Figure 5 shows, all reporting hospitals but CPMC exceed the statewide average for charity care as percentage of net patient revenue.

Figure 5.
Comparison of Charity Care Costs in FY 2002 as a Percentage of Net Patient Revenue Between Non-profit Hospitals in the Project Hope Study and Hospitals Reporting Pursuant to the Charity Care Ordinance in San Francisco⁷



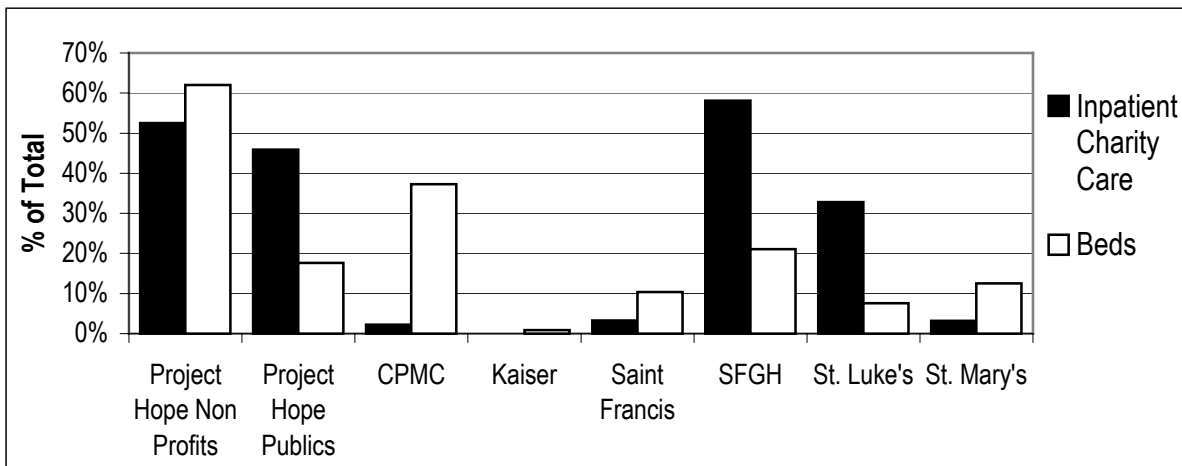
Project Hope further found that looking specifically at inpatient services, charity care was concentrated in just a small number of facilities statewide. Nearly 90 percent of for-profit and 65

⁷ San Francisco hospital information is from the most recently published data from OSHPD, which is based on the March 2003 data extract. Kaiser is excluded as it is not subject to OSHPD reporting requirements.

percent of non-profit hospitals reported no inpatient charity care charges at all. Even at public facilities, inpatient charity care was reported in only 16 percent of public hospitals.

In San Francisco, the data have also shown that inpatient charity care is concentrated in a limited number of the City’s acute care hospitals – SFGH and St. Luke’s. Together, they represent 29 percent of reporting hospitals’ beds, but 90 percent of inpatient charity care. Because there are no for-profit hospitals in San Francisco, Figure 6 shows San Francisco data compared to just non-profit and public hospitals in the Project Hope study.

Figure 6.
Comparison of Inpatient Charity Care Services for Non-profit and Public Hospitals in the Project Hope Study and Reporting Pursuant to the Charity Care Ordinance in San Francisco in FY 2002



VI. FISCAL YEAR 2003 CHARITY CARE REPORTS

Pursuant to the Regulations, annual charity care reports for fiscal year 2003 are due within 150 days of the close of the hospital’s fiscal year. Table 24 shows the hospitals’ fiscal years and the due dates for the fiscal year 2002-03 charity care reports.

Table 24.
Due Dates for FY 2002-03 Annual Charity Care Report

Hospital	2002-03 Fiscal Year	Report Due
CPMC	01/01/03 – 12/31/03	05/31/04
Chinese Hospital	01/01/03 – 12/31/03	05/31/04
Kaiser	01/01/03 – 12/31/03	05/31/04
Saint Francis	07/01/02 – 06/30/03	11/29/04
SFGH	07/01/02 – 06/30/03	11/29/04
St. Luke’s	07/01/02 – 06/30/03	11/29/04
St. Mary’s	07/01/02 – 06/30/03	11/29/04

VII. CONCLUSION

Overall, 85,606 San Francisco residents and visitors received 97,840 charity care services at a cost of \$68.2 million in fiscal year 2002. The information provided by the seven reporting hospitals confirms

that two hospitals – SFGH and St. Luke’s – provide the vast majority of charity care in the City. Together, these hospitals provide more than 90 percent of San Francisco’s charity care, at 73 percent and 18 percent, respectively. This finding is consistent with data on inpatient charity discharges from the Project Hope study, which found that statewide the majority of inpatient charity care was concentrated in relatively few facilities, which provided a disproportionate share of the State’s charity care services.

Though charity care services are provided to residents throughout the City, the largest proportions of charity care services continue to be provided for patients who reside in the Tenderloin, the Mission, Bayview/Hunters’ Point, and Potrero Hill neighborhoods. Not surprisingly, 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.

The types and amounts of charity care provided by the reporting hospitals varied greatly. There was very little in common among reporting hospitals in terms of the types of charity care services provided, the amount of charity care provided, or charity care expenditures. Half of the reporting hospitals provided charity care in an amount that exceeded the estimated income and property tax exemptions they receive as non-profit corporations.

This is the second year that hospitals have been required to report this information. In year one, hospitals had to report charity care information using data collected prior to the implementation of the Ordinance. In year two, however, hospitals had the experience from year one upon which to improve data tracking systems to better meet the requirements of the Ordinance. As was evident on this report, improvements in data collection by some hospitals have led to more accurate charity care data for 2002 and additional improvements are scheduled for fiscal year 2003. These improvements will allow the Department and the Health Commission to have the most accurate data on charity care provided at the local level and will begin to reveal trends in the provision of charity care in the City, which the Health Commission will be able to use to inform its planning for care to the City’s most vulnerable populations.

**Attachment 3
Summary of Reporting Hospitals' Charity Care Policies**

Hospital	Copy of Policy Provided	Application	Necessary Documentation	Eligibility Criteria	Internal tracking/handling policies	Posted notices	Locations of Posted Notices	Verbal / Written notice	Formal Appeals Process
CPMC	Yes	Yes	<ul style="list-style-type: none"> • Prior year tax return • Current pay stub • Verification of employment • Rent verification • Prior month's bank statement 	<ul style="list-style-type: none"> • 250% FPL • Sliding fee schedule available • Consideration of assets owned • Consideration of employment income and future earning capacity • Consideration of living expenses and other reasonable and necessary expenses • Homeless automatically qualify for charity care • Medi-Cal eligibles not approved for stay on the basis of medical necessity automatically qualify for charity care 	Yes	Yes (English provided)	Unknown	Unknown	No
Chinese Hospital	<ul style="list-style-type: none"> • No (Hill-Burton Policy provided) 								
Saint Francis	Yes	Yes	<ul style="list-style-type: none"> • Prior year tax return • 13 weeks of current pay stubs • Public benefits award letter • Medicaid Decision/Denial Notice 	<ul style="list-style-type: none"> • 200% of the federal poverty level (FPL) • Sliding fee schedule available • One car, one home, liquid assets up to Medicaid guideline 	Yes	Yes (English provided)	Emergency and Main Admitting Departments	Unknown	No
SFGH	Yes	Yes	<ul style="list-style-type: none"> • Identification • Verification of SF residence • Verification of prior gross monthly income 	<ul style="list-style-type: none"> • Sliding fee scale up to 500% FPL • 100% of FPL eligible for free care • Assets within Medi-Cal guidelines • Charity care application valid for 3 months 	Yes	Yes	Emergency and Main Admitting Departments, Waiting Rooms	Yes	Yes
St. Luke's	Yes	Yes	<ul style="list-style-type: none"> • Proof of income and/or assets 	<ul style="list-style-type: none"> • Baseline economic guidelines a multiple of FPL 	Yes	Yes (English provided)	Unknown	Unknown	No
St. Mary's	Yes	Yes	<ul style="list-style-type: none"> • Prior year tax return • 13 weeks of current pay stubs • public benefits award letter • Medicaid Decision/Denial Notice 	<ul style="list-style-type: none"> • 200% FPL • Sliding fee schedule available • One car, one home, liquid assets up to Medicaid guideline 	Yes	Yes (English provided)	Emergency and Main Admitting Departments	Unknown	No