Fiscal Year 2003 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:

Fiscal Year 2003 San Francisco Hospital Charity Care Report Summary

I. INTRODUCTION

A. San Francisco's Charity Care Ordinance

In 2001, San Francisco passed Ordinance Number 163-01, the Charity Care Policy Reporting and Notice Requirement (the Charity Care Ordinance), which requires nonprofit hospitals to notify patients of their charity care policies and to report to the Department of Public Health (the Department) specific information about the charity care they provide. The Ordinance defines charity care as the provision of health care services to those who cannot afford to pay and without expectation of reimbursement. The purpose of the Ordinance is 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. A more detailed summary of the Charity Care Ordinance is attached as Attachment A.

B. San Franciscans' Reliance on Charity Care

According to the most recent California Health Interview Survey data, approximately 90,000 San Franciscans under the age of 65 (or 13.8 percent of the non-elderly population) are uninsured. San Francisco's low income and uninsured residents 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. However, for many uninsured San Franciscans, emergency care is often the only care they receive. Because they are least likely to have a regular source of medical care, receive fewer preventive services, and less care for chronic conditions, the uninsured often present in the emergency room in crisis. In addition, by the time they are seen in the emergency room, uninsured patients often have multiple and complex health problems because they delay seeking care until it is absolutely necessary. Because of their dependence on emergency room care for medical treatment, San Francisco's low-income uninsured populations rely heavily on charity care provided by hospitals to access needed primary and acute care services.

C. San Francisco's Section 17000 Obligation

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

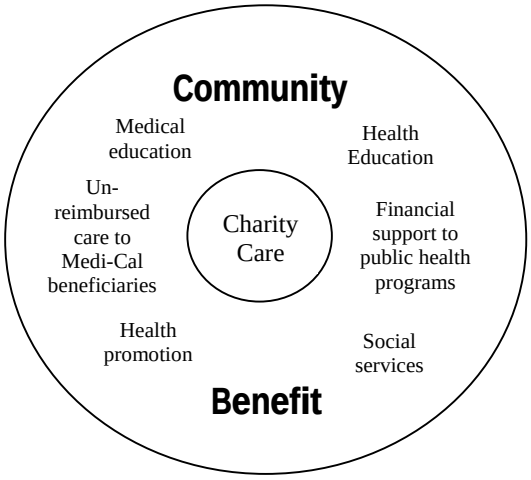
[1] California Welfare and Institutions Code §17000.

The county's health care responsibilities under Section 17000 fall primarily to the Department of Public Health, which provides direct health care services through its acute care hospital, San Francisco General Hospital Medical Center, and its community-based primary care clinics. As a result, most charity care is appropriately provided to indigent residents by the Department. However, San Francisco's other hospitals play an important role in helping the county meet the needs of its indigent residents.

D. Charity Care and Community Benefit

All of San Francisco's private hospitals are nonprofit corporations; there are no for-profit hospitals in San Francisco. Under California law, "nonprofit hospitals assume a social obligation to provide community benefits in the public interest."[2] Community benefits are unreimbursed hospital activities that address community-identified needs and are designed to improve the health status of the communities served by the hospital. Charity care is one type of community benefit that hospitals provide. Other eligible community benefits activities include, but are not limited to: the difference between cost and reimbursement for services provided to beneficiaries of public insurance programs, such as Medi-Cal and Medicare; health promotion, health education, disease and injury prevention, and social service activities; financial or in-kind support of public health programs; medical education; and research. However, there is no clear, established definition of these activities. As a result, reporting of community benefit across hospitals is inconsistent. Figure 1 below may be helpful in understanding charity care in relation to community benefit.

Figure 1.
Charity Care vs. Community Benefit



San Francisco's Charity Care Ordinance focuses on the specific type of community benefit defined as charity care – health care services provided to low-income without the expectation of reimbursement. Section III of this report discusses the charity care data reported by hospitals

[2] California Health and Safety Code §449.10(a).

pursuant to the Charity Care Ordinance. Section IV contains information on the broader community benefits activities in which hospitals engage.

E. Preparation of this Report

This report is the third Charity Care Report Summary prepared pursuant to the Charity Care Ordinance. This report was prepared with the involvement of the Charity Care Report Working Group. After the Fiscal Year 2002 Charity Care Summary Report was presented to the Health Commission, the Commission directed the Department to work more closely with stakeholders in the preparation of the fiscal year 2003 report. In summer 2004, the Department convened a Charity Care Report Working Group and invited each of San Francisco's reporting hospitals, as well as other organizations that had been involved with the Charity Care Ordinance. The Charity Care Report Working Group comprised: California Pacific Medical Center, Saint Francis Medical Center, St. Luke's Hospital, St. Mary's Medical Center, Kaiser Permanente Medical Center, the University of California, San Francisco Medical Center, the Hospital Council of Northern and Central California, the San Francisco Department of Public Health, Service Employees' International Union (SEIU) Local 250, and Consumers' Union.

Though the Charity Care Ordinance, with which this report is intended to comply, focuses on the specific community benefit of charity care, the report attempts to place charity care in the greater context of community benefit while maintaining the integrity and consistency of the charity care data as it had been reported in the past.

II. REPORTING HOSPITALS

A. Qualifying Hospitals

The Charity Care 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. The hospitals required to comply with the Charity Care Ordinance are as follows:

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

The Charity Care Ordinance excludes Kaiser Foundation Hospital (Kaiser), San Francisco General Hospital (SFGH), the University of California, San Francisco Medical Center (UCSF), and the Veterans' Administration Hospital. However, Kaiser, SFGH and UCSF have voluntarily complied with the provisions of the Charity Care Ordinance and their information is included in this report.

B. Reporting Hospital Characteristics

No two hospitals in San Francisco are the same. They differ in the services they provide, the neighborhoods in which they are located, and the characteristics of their patient populations. Each hospital's individual characteristics impact how hospitals meet the needs of their community and how much charity care they provide.

1. California Pacific Medical Center

California Pacific Medical Center (CPMC), a Sutter Health Affiliate, is the largest private, not-for-profit medical center in Northern California and the second largest in the state. Licensed for over a 1,250-bed facility, the Medical Center integrates three campuses: Pacific, California and Davies. The Pacific Campus is located at 2333 Buchanan Street in San Francisco's Pacific Heights neighborhood and features acute care for adults and children, including the Medical Center's largest Emergency Department. The California Campus is located at 3700 California Street in Laurel Village and is dedicated to ambulatory care, skilled nursing, and obstetrics. The Davies Campus situated in Duboce Triangle is a general hospital facility with special services in emergency medicine, psychiatry, rehabilitation and microsurgery.

California Pacific Medical Center's mission is "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." Patient care is based on best practice models and is provided throughout the continuum of life to children and adults from diverse ethnic, cultural, geographic, educational and socioeconomic backgrounds.

CPMC operates with a private medical staff of more than 1,000 active physicians representing a wide range of specialties. Given CPMC's capacity as a tertiary level medical facility, patients come to CPMC from San Francisco, the Greater Bay Area, as well as other parts of California. Approximately two-thirds of California Pacific Medical Center's patients are from San Francisco, 25 percent from the Greater Bay Area, and approximately 8 percent from other counties in California and out-of-state. The ethnic distribution of inpatients varies by department but overall included 68 percent Caucasian, 21 percent Asian, 9 percent African American, and 1 percent Other/Unknown while outpatients were 62 percent Caucasian, 23 percent Asian, 5 percent African American, and 10 percent Other/Unknown.

2. Chinese Hospital

Chinese Hospital, located in Chinatown, is a unique healthcare provider with a long history of providing access to culturally competent health care services to San Francisco's Chinese community. Chinese Hospital is a 54-bed, acute care, community-owned, nonprofit hospital offering a wide range of medical, surgical and specialty programs. 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.

Chinese Hospital provides charity care as part of the Hill-Burton program, which is not included in the definition of charity care contained in the City's Charity Care Ordinance. 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.

While Chinese Hospital did not provide charity care as defined by the Charity Care 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.

3. Kaiser Foundation Hospital

Kaiser Permanente is an integrated prepaid health care delivery system that combines the financing and delivery of health care services. Kaiser is not simply a hospital, nor a health maintenance organization, nor a medical group because it incorporates all these elements into one delivery system.

When The Kaiser Permanente San Francisco Medical Center opened its doors in 1954. Today, the San Francisco campus serves one in every five San Franciscans and offers a broad range of specialty services. Kaiser Permanente prides itself on creating a working environment in which everyone shares a strong, unified commitment to patient safety and care. Kaiser Permanente's National Labor-Management Partnership with the AFL-CIO is a model for teamwork in healthcare. Working in a labor management environment the medical center's 341 doctors and 1,300 staff provide a wide range of quality specialty services such as: health education and prevention services, cardiac services, high risk obstetrics, kidney transplant services, chronic disease management, and HIV care.

The Kaiser Permanente San Francisco Medical Center is one of the top three hospitals in California for heart attack survival. Their cardiovascular specialists treat members who are referred to them from throughout Northern California for heart attacks, coronary artery disease, valve disorders, and other illnesses that require life-saving procedures, such as cardiac catheterization, angioplasty, and open-heart surgery. Their teams perform 1,700 cardiac surgeries and 5,000 cardiac catheterizations each year.

The San Francisco Medical Center established an HIV research unit in 1988 and quickly became a leader in the field. Kaiser's HIV program provides specialized care for members, with advice and support from a dedicated HIV Advisory Board made up of community members and providers. The medical center has conducted and participated in more than 150 clinical trials. Today, Kaiser San Francisco treats one out of every four HIV cases in San Francisco.

4. Saint Francis Memorial Hospital

Located atop Nob Hill in San Francisco, Saint Francis Memorial Hospital, a member of Catholic Healthcare West, meets the health care needs of the community with a full spectrum of care, from emergency care, acute care hospital services to a variety of outpatient services. The hospital's location makes it a desirable point of service for health care for both the city's affluent and poorest residents. Residents from the Tenderloin, Nob Hill, Downtown San Francisco, Civic Center, and the Chinatown/North Beach neighborhoods access healthcare at Saint Francis. The Tenderloin and Chinatown neighborhoods contain the largest population of underserved

residents in Saint Francis's catchment area. Saint Francis serves six of the most diverse, densely populated neighborhoods in San Francisco, that are populated by persons of the following ethnicities: Chinese, Pacific Islander, African American, Hispanic and Vietnamese.

Founded by physicians in 1905, the not-for-profit fully accredited 362-bed hospital provides millions of dollars in charity care and community services each year. Saint Francis is renowned for a number of specialties, including Bothin Burn Center, the only specialized burn facility in the San Francisco Bay Area, the Center for Sports Medicine, the San Francisco Spine Center, Occupational Health Clinics, the Total Joint Center and the Wound Healing Center. The majority (71%) of Saint Francis patients are San Francisco residents, another 9 percent from the Bay Area and the remainder from throughout California, other U.S. States and countries outside the U.S. The hospital's inpatient populations are 55 percent Caucasian, 23 percent Asian, 12 percent African American, 4 percent Hispanic, and 6 percent other/unknown. Outpatients are 63 percent Caucasian, 17 percent Asian, 7 percent African American, 5 percent Hispanic and 7 percent other/unknown.

5. San Francisco General Hospital

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

SFGH is part the Community Health Network (CHN), which is the division of the Department that encompasses all personal health care services, including primary care, specialty care, acute care, home care, long-term care, and emergency care. The Community Health Network patient population has 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.

6. St. Luke's Hospital

St. Luke's Hospital, an affiliate of Sutter Health since 2001, is a full-service 260-bed licensed acute care facility. St. Luke's, located in the Mission district, has cared for San Franciscans for over 130 years. St. Luke's Hospital offers a full range of services including: inpatient and outpatient surgery, labor, delivery and maternity, a neonatal intensive care unit, cardiac catheterization and a diabetes and asthma education program. 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.

In 1995, St. Luke's Hospital formed St. Luke's Health Care Center (SLHCC), a related, nonprofit corporation that operates a nonprofit community clinic under Section 1204(a) of the Health and Safety Code. The St. Luke's Health Care Center operates 8 clinics that 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 (in contrast with the private-practice status of physicians on most hospital's medical staffs). SLHCC is instrumental in spearheading St. Luke's expansion of services to medically underserved residents. This enables St. Luke's to respond directly to the needs of residents who may otherwise have difficulty accessing health care. The physicians at the St. Luke's Health Care Center are proud to participate in California's Medi-Cal Managed Care and Healthy Families Programs, including 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. St. Luke's community also includes Visitacion Valley, Bernal Heights, Noe Valley, Glen Park, Bayview/Hunters Point and the Excelsior. The ethnic distribution of inpatients varies by department but overall included 24 percent Caucasian, 37 percent Hispanic, 18 percent Asian/Pacific Islander, 17 percent African American, and 5 percent Other/Unknown while outpatients were 21 percent Caucasian, 36 percent Hispanic, 17 percent Asian/Pacific Islander, 15 percent African American, and 10 percent Other/Unknown.

7. St. Mary's Medical Center

St. Mary's Medical Center, a member of Catholic Healthcare West and sponsored by the Sisters of Mercy, has cared for the people of the San Francisco Bay Area for more than 145 years. A fully accredited teaching hospital, it has 575 physicians on staff and more than 1,500 employees. Each year, the Sister Mary Philippa Health Center provides charity care and service to more than 5,000 adults of San Francisco and surrounding Bay Area counties. 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.

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 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. Approximately 37 percent of the 5,000 patients of St. Mary's Sister Mary Philippa Health Center have no health care coverage and receive their care free of charge.

The majority of St. Mary's outpatients are from San Francisco (72%), 18 percent from the Bay Area, and 10 percent from California and other states. The inpatient populations are 73 percent from San Francisco, 17.3 percent Bay Area, and 9.3 percent from California and other states.

The ethnic populations served are African American (8.9%), Asian (19.6%), Caucasian (58.7%), Hispanic (5.9%), and American Indians and Others (6.9%).

8. University of California, San Francisco Medical Center

The University of California, San Francisco (UCSF) Medical Center is licensed to provide inpatient care at Moffitt-Long hospital on the 107-acre Parnassus campus and at UCSF Mount Zion located on Divisadero. Together these sites include 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.

As an academic medical center, UCSF Medical Center is unlike community hospitals in that it offers pioneering treatments not widely available elsewhere. For example, UCSF Medical Center has the only nationally designated Comprehensive Cancer Center in Northern California. UCSF Medical Center also has Northern California's only nationally designated Center of Excellence in Women's Health, which offers specialized care and health education for women.

Another area of distinction is the provision of health services for children. The UCSF Children's Hospital is a "hospital within a hospital" with 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 Medical Center also has 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.

III. CHARITY CARE

A. Summary of Fiscal Year 2003 Charity Care Reports

1. Applications/Requests for Charity Care

a) Applications Accepted and Denied

Together, the reporting hospitals accepted 190,286 requests for charity care in fiscal year 2003. 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.

It is important to note, however, that applications are not necessarily an accurate indicator of the number of individuals that received charity care or the amount of charity care provided because

each hospital has different application requirements and guidelines. For example, charity care applications are valid for different periods of time at different hospitals. At St. Luke's applications are valid for one year, at St. Mary's they are valid for six months, at SFGH they are valid for three months, and at St. Francis, patients are eligibilized each time they access services.

Table 1.
Accepted and Denied Applications for Charity Care in FY 2003

	Accepted	Denied	Total Applications
CPMC	1,039	183	1,222
Chinese	137	0	137
Kaiser	731	0	731
Saint Francis	1,603	<5	1,603 - 1,608
SFGH	166,490	7,261	173,751
St. Luke's	13,042	0	13,042
St. Mary's	7,244	<5	7,244 - 7,249
UCSF	2,617	<5	2,617 - 2,622
Total	**190,286**	**7,444 - 7,459**	**200,347 - 200,362**

In 2003, reporting hospitals accepted 50,607 more applications for charity care than in 2001, not including charity care applications accepted by Kaiser and UCSF, which did not report in 2001, and 19,437 more than in 2002, not including UCSF. This increase is primarily attributed to an increase in charity care applications at SFGH and St. Luke's.

As an example of the inexact measure of applications, in 2003, 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.

The number of denied charity care applications also rose significantly between 2001 and 2003. This is likely the result of improved reporting. However, charity care applications may be denied for a number of reasons and it does not necessarily mean that a patient was denied free or low cost care. In fact, hospitals report that the primary reason that charity care applications are denied is because the applicants are actually eligible for other public assistance programs, such as Medi-Cal, Healthy Families, or Healthy Kids. Other reasons why applicants may be denied charity care are that they do not fall under the hospital's income or asset guidelines or that they fail to complete the necessary application paperwork. Table 2 shows accepted and denied charity care applications between 2001 and 2003.

Table 2.
Comparison of Accepted and Denied Applications for Charity Care between FY 2001 and FY 2003

	Accepted Applications			Denied Applications		
	2001	**2002**	**2003**	**2001**	**2002**	**2003**
CPMC	638	619	1,039	113	109	183
Chinese	139	130	137	0	0	0
Kaiser	N/A	907	731	N/A	0	0
Saint Francis	1,211	1,327	1,603	<5	<5	<5
SFGH	123,489	160,452	166,490	0	1,711	7,261
St. Luke's	6,722	1,361	13,042	0	0	0
St. Mary's	6,749	6,053	7,244	<5	<5	<5
UCSF	N/A	N/A	2,617	N/A	N/A	<5
Total	**138,948**	**170,849**	**192,903**	**113-121**	**1,820 - 1,828**	**7,444 - 7,459**

b) Unduplicated Patients Who Received Charity Care

Hospitals reporting providing charity care services to 110,545 unduplicated patients in fiscal year 2003. These figures represent unduplicated patients within each hospital, though numbers are not unduplicated between hospitals. That is, a person who received charity care at two hospitals would be counted twice, but a person who received charity care at the same hospital on two separate occasions would be counted only once. The number of unduplicated patients reported by each hospital is provided in Table 3.

Table 3.
Estimated Number of Unduplicated Patients Who Received Charity Care in FY 2003

	Unduplicated Patients	% of Total
CPMC	1,039	0.9%
Chinese	104	0.1%
Kaiser	731	0.7%
Saint Francis	1,603	1.5%
SFGH	84,165	76.1%
St. Luke's	13,042	11.8%
St. Mary's	7,244	6.6%
UCSF	2,617	2.4%
Total	**110,545**	**100.0%**

Table 4 compares the number of unduplicated patients receiving charity care services in 2003 with the same data for 2001 and 2002. All hospitals show an increase in the number of patients receiving charity care in 2003 compared to 2001, with the exceptions of Kaiser and UCSF, which did not report in 2001. In addition, CPMC, Chinese, Saint Francis, SFGH, and St. Mary's provided charity care to more patients in 2003 compared to 2002. While an actual increase in the provision of charity care services may account for some of this, it may also be that hospitals are getting better at reporting their data. The first year, hospitals had to report information that they

had already been collecting and had no opportunity to modify their data gathering systems in anticipation of the Charity Care Ordinance's reporting requirements. Hospitals continue to improve their ability to capture the data as they are required to be reported.

Table 4.
Comparison of Estimated Number of Unduplicated Patients Who Received Charity Care between FY 2001 and FY 2003

	2001	2002	2003
CPMC	638	619	1,039
Chinese	35	103	104
Kaiser	N/A	907	731
Saint Francis	1,211	1,327	1,603
SFGH	50,784	78,968	84,165
St. Luke's	6,722	13,708	13,042
St. Mary's	6,749	6,053	7,244
UCSF	N/A	N/A	2,617
Total	**66,139**	**101,685**	**110,545**

2. Charity Care Services Provided

a) By Hospital

Hospitals reported providing 111,924 charity care services (emergency services, inpatient services, and outpatient medical care) in fiscal year 2003. All hospitals except Chinese, SFGH and St. Luke's reported that the number of services provided was equal to the number of unduplicated patients served. However, because it is possible that patients could have received charity care services at a hospital more than once in a year, the number of unduplicated patients may be overstated, or the number of charity care services may be understated for those hospitals. For UCSF, the latter is the case. Though charity care patients at UCSF may have received more than one charity care service, they were counted only once in UCSF's report. Table 5 shows the total number of charity care services reported by each hospital and each hospital's proportion of all charity care services provided.

Table 5.
Charity Care Services Provided by Reporting Hospitals in FY 2003

	Total	% of Total
CPMC	1,039	0.9%
Chinese	137	0.1%
Kaiser	731	0.7%
Saint Francis	1,603	1.4%
SFGH	85,072	76.0%
St. Luke's	13,481	12.0%
St. Mary's	7,244	6.5%
UCSF	2,617	2.3%
Total	**111,924**	**100.0%**

Table 6 provides a comparison of charity care services provided between 2001 and 2003. All hospitals that reported in 2001 provided either just about the same or more charity care services in 2003 than in 2001. In addition, CPMC, Saint Francis, and St. Mary's provided more services in 2003 than in 2002.

Table 6.
Comparison of Charity Care Services Provided by Reporting Hospitals between FY 2001 and FY 2003

	2001	2002	2003
CPMC	703	619	1,039
Chinese	139	130	137
Kaiser	N/A	907	731
Saint Francis	1,211	1,327	1,603
SFGH	56,132	90,140	85,072
St. Luke's	6,722	17,216	13,481
St. Mary's	6,749	6,053	7,244
UCSF	N/A	N/A	2,617
Total	**71,656**	**116,392**	**111,924**

b) By Service

Hospitals reported the number of patients served by the type of service provided: emergency services, inpatient services, and outpatient services. Approximately 80 percent of all charity care services were provided in an outpatient setting. Emergency care accounted for 15 percent of all charity care services, and inpatient care represented approximately four percent. Figure 2 shows that the distribution of charity care services is slowly moving away from emergency and inpatient care towards outpatient care.

Figure 2.
Charity Care Services Provided by Type of Service Provided between FY 2001 and FY 2003

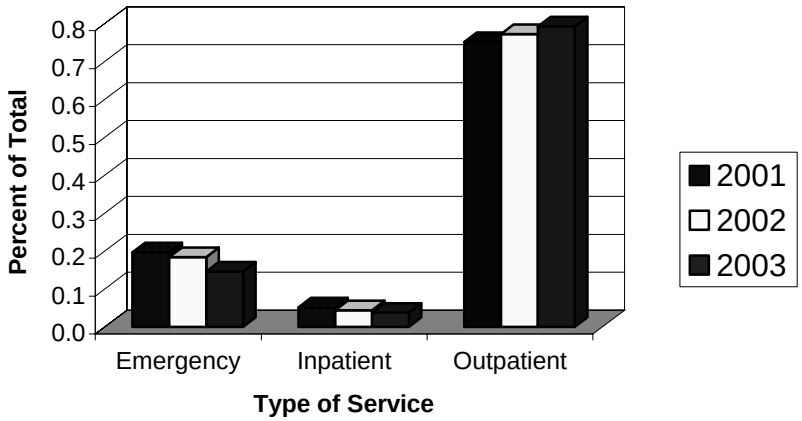


Table 7 shows the distribution of each hospital's charity care services by type of service. CPMC, Chinese, Saint Francis, and Kaiser provided most (or in the case of Kaiser, all) of their charity care in the emergency room, while SFGH, St. Luke's, St. Mary's, and UCSF each provided the majority of their charity care in an outpatient setting. St. Luke's estimates that it provided an additional 8,196 outpatient charity care services to approximately 4,469 additional patients in fiscal year 2003. Due to complications from a mid-year database conversion, patient-level data was unavailable at the time of this report. However, St. Luke's was able to calculate the cost of providing charity care services to these additional patients and that information is included later in this report in the charity care expenditure section.

Table 7.
Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2003

	Emergency	Inpatient	Outpatient	Total
CPMC				
Services	801	105	133	1,039
% of Total	77.1%	10.1%	12.8%	
Chinese				
Services	63	36	38	137
% of Total	46.0%	26.3%	27.7%	
Kaiser				
Services	731	0	0	731
% of Total	100.0%	0.0%	0.0%	
Saint Francis				
Services	1,158	224	221	1,603
% of Total	72.2%	14.0%	13.8%	
SFGH				
Services	9,460	2,831	72,781	85,072
% of Total	11.1%	3.3%	85.6%	
St. Luke's				
Services	3,651	880	8,950	13,481
% of Total	27.1%	6.5%	66.4%	
St. Mary's				
Services	525	146	6,573	7,244
% of Total	7.2%	2.0%	90.7%	
UCSF				
Services	96	235	2,286	2,617
% of Total	3.7%	9.0%	87.4%	
Total	**16,485**	**4,457**	**90,982**	**111,924**

Table 8 shows each hospital's percentage of the total emergency, inpatient and outpatient charity care provided in 2003.

Table 8.
Each Hospital's Percentage of Total Emergency, Inpatient and Outpatient Charity Care Services Provided by Reporting Hospitals in FY 2003

	Emergency		Inpatient		Outpatient		All Services	
	Services	% of Total	Services	% of Total	Services	% of Total	Services	% of Total
CPMC	801	4.9%	105	2.4%	133	0.1%	1,039	0.9%
Chinese	63	0.4%	36	0.8%	38	0.0%	137	0.1%
Kaiser	731	4.4%	0	0.0%	0	0.0%	731	0.7%
Saint Francis	1,158	7.0%	224	5.0%	221	0.2%	1,603	1.4%
SFGH	9,460	57.4%	2,831	63.5%	72,781	80.0%	85,072	76.0%
St. Luke's	3,651	22.1%	880	19.7%	8,950	9.8%	13,481	12.0%
St. Mary's	525	3.2%	146	3.3%	6,573	7.2%	7,244	6.5%
UCSF	96	0.6%	235	5.3%	2,286	2.5%	2,617	2.3%
Total	**16,485**	**100.0%**	**4,457**	**100.0%**	**90,982**	**100.0%**	**111,924**	**100.0%**

3. Charity Care Expenditures

a) Cost to Charge Ratio

Charity care is reported annually to the California Office of Statewide Health Planning and Development (OSHPD) as the value of hospital charges. However, hospital charges for care are not equal to hospital 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 9 shows the cost to charge ratios for each of the hospitals reporting pursuant to the Charity Care Ordinance.

Table 9.
Hospitals' Cost to Charge Ratios for FY 2003

	Cost to Charge Ratio
CPMC	28.35%
Chinese	53.04%
Kaiser[3]	N/A
Saint Francis	26.14%
SFGH	55.55%
St. Luke's[4]	35.81%
St. Mary's	23.73%
UCSF	34.49%

b) 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 changes, their cost-to-charge ratios, and the cost of providing charity care.

Table 10.
Charity Care Expenditures in Fiscal Year 2003

	Charity Care Charges	Cost to Charge Ratio	Charity Care Expenditures (Charity Care Charges*Cost to Charge Ratio)	% of Total
CPMC	$8,435,000	28.35%	$2,391,084	3.4%
Chinese	$360,371	53.04%	$191,141	0.3%
Kaiser	$1,096,470	N/A	$1,096,470	1.6%
Saint Francis	$7,900,302	26.14%	$2,065,139	3.0%
SFGH	$98,501,257	55.55%	$54,715,511	78.7%
St. Luke's[4]	$6,576,833	35.81%	$2,657,905	3.8%
St. Mary's	$9,014,105	23.73%	$2,139,047	3.1%
UCSF	$12,387,043	34.49%	$4,272,291	6.1%
Total	**$131,884,338**		**$69,528,589**	**100.0%**

[3] As noted in Section II.B. above, because Kaiser Foundation Hospital is a part of the overall Kaiser Permanente managed health care system, they do not calculate a cost to charge ratio.

[4] St. Luke's reported a separate cost to charge ratio of 65.4 percent for outpatient services provided at a cost of $669,000 by the St. Luke's Health Care Center.

Comparing 2001 to 2003, CPMC, Chinese, Saint Francis, and St. Mary's provided more charity care in 2003 than they did in 2001. St. Luke's reported a significant drop between Fiscal Year 2003 and Fiscal Year 2002 primarily due to a reclassification of prior year Medi-Cal denials that were logged as charity care in Fiscal Year 2001 and Fiscal Year 2002.

Table 11.
Comparison Charity Care Expenditures between FY 2001 and FY 2003

	2001	2002	2003
CPMC	$1,507,101	$1,504,619	$2,391,084
Chinese	$100,569	$150,295	$191,141
Kaiser	N/A	$1,361,158	$1,096,470
Saint Francis	$907,117	$1,485,932	$2,065,139
SFGH	$56,249,604	$58,005,945	$54,715,511
St. Luke's	$3,880,228	$3,956,923	$2,657,905
St. Mary's	$1,789,243	$1,897,194	$2,139,047
UCSF	N/A	N/A	$4,272,291
Total	**$64,433,862**	**$68,362,066**	**$69,528,589**

4. Charity Care Policies

All reporting hospitals submitted copies of their charity care policies pursuant to the Charity Care Ordinance. There are considerable differences in the detail of hospital charity care policies. At SFGH, for example, reported charity care includes not only free care, provided to patients with incomes at or below 100 percent of the federal poverty level (FPL), but also care provided on a sliding scale for individuals with incomes up to 500 percent of FPL who have co-payments ranging from $0 to $500 depending on income and the type of care provided. Other hospitals indicated that their reported data included only free care and not care provided under a sliding scale. A summary of some of the key components of hospitals' charity care policies in effect for fiscal year 2003 is attached as Attachment B.

Earlier this year, San Francisco's nonprofit hospitals adopted the voluntary charity care guidelines put forward by the California Healthcare Association. These voluntary guidelines call for the provision of free care for patients with incomes at 200 percent of FPL or below. These guidelines are attached as Attachment C. In addition, some San Francisco hospitals have adopted charity care policies that are more generous than the voluntary guidelines. These new policies will be reflected in the fiscal year 2004 charity care summary report.

5. Posting Requirements

When the fiscal year 2002 charity care report was presented to the Health Commission in November 2003, many hospitals had not yet submitted copies of their posted charity care notice in the three languages required by the Charity Care Ordinance (English, Spanish and Chinese). Letters were sent to hospitals requesting that they submit this missing information, and the hospitals complied.

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

6. Compliance Plans

Hospitals are largely compliant with the Charity Care Ordinance and the Regulations and compliance improves each year. The data that continue to be difficult to produce are generally consistent among hospitals. In particular, 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. 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 denied charity care applicants are referred	• Not able to comply
	• Zip codes of denied charity care applicants	• Not provided
Chinese	• None	• N/A
Kaiser	• Zip codes of accepted charity care applicants	• Compliance is voluntary
	• Zip codes of denied charity care applicants	• Compliance is voluntary
	• Medical facilities to which denied charity care applicants are referred	• Compliance is voluntary
	• Charity care policy	• Compliance is voluntary
	• Posted charity care notices in Spanish and Chinese and locations of posting	• Compliance is voluntary
Saint Francis	• Number of denied charity care applications	• October 2002
	• Medical facilities to which denied charity care applicants are referred	• October 2002
	• Zip codes of denied charity care applicants	• Not provided
SFGH	• Medical facilities to which denied charity care applicants are referred	• Compliance is voluntary
	• Zip codes of denied charity care applicants (partial info provided in FY 03)	• Compliance is voluntary
St. Luke's	• Medical facilities to which denied charity care applicants are referred	• December 2002
	• Zip codes of denied charity care applicants	• Not provided
St. Mary's	• Number of denied charity care applications	• Not provided
	• Zip codes of denied charity care applicants	• Not provided
	• Medical facilities to which denied charity care applicants are referred	• November 2003

B. Analysis/Discussion

1. Charity Care Patients By Supervisorial District

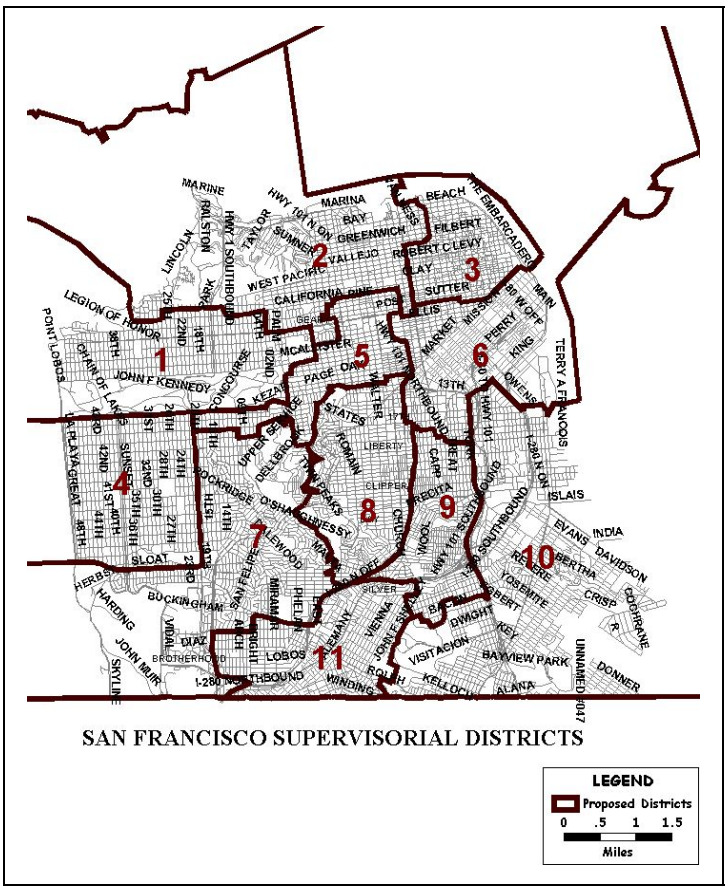
Pursuant to the Charity Care Ordinance, hospitals were required to report the residence zip codes of charity care applicants who were provided and denied services. Each hospital except Kaiser

was able to provide this information. (Therefore, the 731 charity care applications at Kaiser are not included in the zip code analyses that follow.) Hospitals generally reported the zip codes of the unduplicated patients who received charity care, except for SFGH, which reported zip code data for 111,459 accepted charity care applicants and 371 denied applicants. Table 13 shows the approved charity care applications by supervisorial district as well as charity care applicants who were homeless or residing outside of San Francisco.

Table 13.
Approved Charity Care Applications by Supervisorial District[5] for FY 2003

District	Approved Charity Care Applications	% of Total
District 1	3,617	2.7%
District 2	5,721	4.2%
District 3	5,921	4.4%
District 4	4,592	3.4%
District 5	7,929	5.8%
District 6	24,663	18.2%
District 7	7,573	5.6%
District 8	5,073	3.7%
District 9	23,456	17.3%
District 10	18,455	13.6%
District 11	10,173	7.5%
Outside SF	7,079	5.2%
Homeless/Other	11,433	8.4%
Total	**135.685**	**100.0%**

* Excludes data not available for 731 Kaiser patients and not available for 55,031 of SFGH's 166,490 SFGH charity care applicants.



While Table 13 shows the total number of accepted charity care applicants in each supervisorial district, Table 14 provides this information by hospital.

[5] 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 14.
Charity Care by Hospital by Supervisorial District for FY 2003

District	CPMC	Chinese	Saint Francis	SFGH	St. Luke's	St. Mary's	UCSF	Total
District 1								
Applicants	16	6	14	2,899	78	605	81	3,617
% of Applicants in District	0.4%	0.2%	0.4%	80.1%	2.2%	16.7%	2.2%	100.0%
District 2								
Applicants	37	7	70	4,699	353	556	113	5,721
% of Applicants in District	0.6%	0.1%	1.2%	82.1%	6.2%	9.7%	2.0%	100.0%
District 3								
Applicants	25	51	102	5,271	140	332	65	5,921
% of Applicants in District	0.4%	0.9%	1.7%	89.0%	2.4%	5.6%	1.1%	100.0%
District 4								
Applicants	8	8	5	3,927	106	538	140	4,592
% of Applicants in District	0.2%	0.2%	0.1%	85.5%	2.3%	11.7%	3.1%	100.0%
District 5								
Applicants	31	1	46	6,667	346	839	168	7,929
% of Applicants in District	0.4%	0.0%	0.6%	84.1%	4.4%	10.6%	2.1%	100.0%
District 6								
Applicants	46	16	311	21,950	1,591	750	99	24,663
% of Applicants in District	0.2%	0.1%	1.3%	89.0%	6.4%	3.0%	0.4%	100.0%
District 7								
Applicants	16	8	23	6,313	639	575	179	7,573
% of Applicants in District	0.2%	0.1%	0.3%	83.4%	8.4%	7.6%	2.4%	100.0%
District 8								
Applicants	37	0	9	4,206	415	406	93	5,073
% of Applicants in District	0.7%	0.0%	0.2%	82.9%	8.2%	8.0%	1.8%	100.0%
District 9								
Applicants	15	1	16	18,127	4,759	538	65	23,456
% of Applicants in District	0.1%	0.0%	0.1%	77.3%	20.3%	2.3%	0.3%	100.0%
District 10								
Applicants	7	14	23	15,194	2,976	242	56	18,455
% of Applicants in District	0.0%	0.1%	0.1%	82.3%	16.1%	1.3%	0.3%	100.0%
District 11								
Applicants	9	9	7	8,377	1,415	356	42	10,173
% of Applicants in District	0.1%	0.1%	0.1%	82.3%	13.9%	3.5%	0.4%	100.0%
Outside SF	111	15	976	2,902	1,579	1,496	1,410	7,079
Homeless/Other	679	-	-	10,204	451	1	98	11,433

2. *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 see 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 15 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 15, Districts 6 (Tenderloin, Civic Center), 9 (Bernal Heights, Mission), and 10 (Bayview/Hunters' Point, Potrero Hill) have the largest proportion of residents in poverty, the greatest percentage of households on public assistance, and among the lowest per capita incomes. These rows are highlighted. Not surprisingly, these are also the districts where the greatest number of charity applicants reside. Of these districts, District 9 and District 10 have hospitals – St. Luke's and SFGH, respectively.

Table 15.
Selected Income Indicators and Charity Care Services by Supervisorial District [6] for FY 2003

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	5.3%	7.6%	3.9%	$31,594	St. Mary's
District 2	8.1%	5.9%	1.5%	$75,877	CPMC (California & Pacific), Kaiser
District 3	9.2%	13.6%	4.3%	$37,597	Chinese, Saint Francis
District 4	6.7%	7.6%	3.5%	$26,336	None
District 5	10.7%	13.3%	3.3%	$36,248	UCSF (Mt. Zion)
District 6	34.6%	23.7%	7.0%	$24,751	None
District 7	11.2%	6.8%	1.5%	$39,829	UCSF (Parnassus)
District 8	8.1%	6.8%	1.2%	$49,392	CPMC (Davies)
District 9	38.6%	14.6%	4.8%	$21,423	St. Luke's
District 10	23.6%	16.2%	9.0%	$21,789	SFGH
District 11	12.7%	8.3%	5.2%	$19,176	None

3. *Charity Care Patients in Other Hospital Zip Codes*

An analysis of the zip code data for each hospital's charity care patients indicates that many uninsured San Francisco residents who reside near a nonprofit hospital bypass closer hospitals and receive charity care services at hospitals further from their homes. Table 16 shows the number of charity care applicants that reside in zip codes where other hospitals exist. The

[6] Economic Indicator Data from Census 2000.

highlighted cells show the number of charity care patients who live in the zip code where the hospital is located.

Table 16.
Charity Care Services Provided in FY 2003 for Residents in Zip Codes Where Other Hospitals Exist

Zip Code	Hospital(s) in Zip Code	CPMC	Chinese	Saint Francis	SFGH	St. Luke's	St. Mary's	UCSF
94109	Saint Francis	25	14	155	4,134	155	483	56
94110	SFGH St. Luke's	15	-	16	12,903	3,198	529	65
94114	CPMC (Davies)	32	-	4	1,653	94	172	57
94115	CPMC (Pacific), UCSF (Mt. Zion), Kaiser	15	-	9	2,223	184	288	62
94117	St. Mary's	19	1	21	3,122	186	626	120
94118	CPMC (California)	12	1	9	1,318	25	400	44
94122	UCSF (Parnassus)	4	5	3	2,364	84	477	123
94133	Chinese Hospital	5	28	12	1,390	12	44	24

As the data indicate, a number of patients are traveling a distance to obtain needed services on a charity care basis. 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 would be 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;
- the hospital closer to the resident's home does not provide the services the patient needs;
- the patient is already familiar with a hospital out of his/her neighborhood perhaps because other family members are enrolled in public health insurance programs under which that hospital is the provider;
- residents in the area are not aware that the hospital in their zip code provides charity care; and/or
- residents prefer to go to a particular even though another hospital is closer.

4. Expenditures Per Unduplicated Patient

The average expenditure per unduplicated patient was $644, though the range of hospital expenditures per charity care patient varied widely among reporting hospitals. In fiscal year 2003, reporting hospitals spent between $204 and $2,301 per unduplicated patient served. These great differences may be explained in part by looking at the types of charity care services each hospital provided. St. Luke's, St. Mary's, and SFGH, which had the lowest per patient expenditures, provided the majority of their charity care in outpatient services. Conversely, 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 17 shows the average expenditure per unduplicated patient served.

Table 17.
Average Charity Care Expenditure Per Unduplicated Patient Served in FY 2003

	Expenditure	Unduplicated Patient	Average Expenditure Per Patient
CPMC	$2,391,084	1,039	$ 2,301
Chinese	$191,141	104	$ 1,838
Kaiser	$1,096,470	731	$ 1,500
Saint Francis	$2,065,139	1,603	$ 1,288
SFGH	$54,715,511	84,165	$ 650
St. Luke's	$2,657,905	13,042	$ 204
St. Mary's	$2,139,047	7,244	$ 295
UCSF	$4,272,291	2,617	$ 1,633
Total	**$69,528,589**	**107,928**	**$ 644**

5. Ratio of Average Daily Census to Charity Care Services and Expenditures

Hospitals reporting under the Charity Care Ordinance together have an average daily census of 1,834. CPMC represents approximately one-quarter of the City's daily hospital census, while SFGH and UCSF each represent another 21 percent. Table 18 compares of proportion of the Citywide each hospital's average daily census to their percentage of all charity care services and their percentage of all charity care expenditures.

Table 18.
Comparison of Percentage of Average Daily Census to Percentage of Charity Care Services Provided and Charity Care Expenditures by Reporting Hospitals for FY 2003

Hospital	Average Daily Census		Each Hospital's % of Total Charity Care Services Provided	Each Hospital's % of Total Charity Care Expenditures
	No.	% of All Beds		
CPMC	504	24.84%	0.9%	3.4%
Chinese	33	1.61%	0.1%	0.3%
Kaiser	197	9.70%	0.7%	1.6%
Saint Francis	138	6.79%	1.4%	3.0%
SFGH	428	21.08%	76.0%	78.7%
St. Luke's	164	8.07%	12.0%	3.8%
St. Mary's	138	6.78%	6.5%	3.1%
UCSF	429	21.13%	2.3%	6.1%
Total	**2,031**	**100.00%**	**100.0%**	**100.0%**

6. *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 19 below shows this comparison for each reporting hospital. The data show that SFGH, and St. Luke's to a lesser extent, spend a larger portions of their expenditures on charity care than other reporting hospitals. At Saint Francis and St. Mary's the ratio of operating expenses to charity care expenditures are comparable at around 1.7 percent.

Table 19.
Comparison of Charity Care to Total Operating Expenses for FY 2003[7]

Hospital	Total Operating Expenses	Charity Care Expenditures	% of Charity Care to Total Operating Expenses
CPMC	$601,184,000	$2,391,084	0.4%
Chinese	$34,043,147	$191,141	0.6%
Kaiser	N/A	$1,096,470	N/A
Saint Francis	$116,116,299	$2,065,139	1.8%
SFGH	$399,280,485	$54,715,511	13.7%
St. Luke's	$118,584,876	$2,657,905	2.2%
St. Mary's	$131,688,134	$2,139,047	1.6%
UCSF	$885,468,214	$4,272,291	0.5%

7. *Benefits of Nonprofit Hospital Status*

As a result of their charitable status, nonprofit 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 nonprofit 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.

Though there is no statutory link between the amount of charity care a hospital provides and its tax-exempt status, there is a general public perception that a hospital "earns" its nonprofit status by providing care to those who cannot afford to pay for it. While not perfect, comparing the estimated benefits of tax exemptions and the value of charity care provided is the closest measure of how hospitals perform relative to community expectation.

a) Property Tax Exemptions

The nonprofit hospitals subject to the Charity Care Ordinance received a total of $6.9 million in property tax savings in fiscal year 2003. The annual value of the local property tax exemption is

[7] 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.

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 2003, the City property tax rate was 1.117 percent for each $100,000 in property value. SFGH and UCSF are excluded from Table 20 because the City and County of San Francisco does not assess government-owned property.

Table 20.
Annual Assessed Value of Exempt Properties for FY 2003[8]

Hospital	Value of Exempt Property	Annual Property Tax Savings
CPMC	$221,055,800	$2,469,189
Chinese	$15,606,844	$174,328
Kaiser	$170,704,133	$1,906,765
Saint Francis	$69,513,673	$776,468
St. Luke's	$23,529,630	$262,826
St. Mary's	$120,444,612	$1,345,366
Total	**$620,854,692**	**$6,934,943**

b) Corporate Income Tax Exemptions

The reporting hospitals subject to the Charity Care Ordinance received approximately $88 million in income tax savings in fiscal year 2003 as a result of their nonprofit 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 2003, 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.

[8] SFGH and UCSF are not included since the City Assessor's Office does not estimate the value of public-owned property.

Table 21.
Annual Hospital Net Income[9] and
Estimated Annual Value of Income Tax Exemption in FY 2003

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	$116,825,628	$10,327,386	$40,888,970	$51,216,355
Chinese	$2,737,834	$242,025	$930,864	$1,172,888
Saint Francis	$8,464,033	$748,221	$2,877,771	$3,625,992
SFGH	($5,267,235)	$0	$0	$0
St. Luke's	($33,230,646)	$0	$0	$0
St. Mary's	$8,507,932	$752,101	$2,892,697	$3,644,798
UCSF	$66,211,825	$5,853,125	$22,512,021	$28,365,146
Total	**$164,249,371**	**$17,922,857**	**$70,102,322**	**$88,025,179**

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

The nonprofit reporting hospitals (excluding Kaiser) received corporate and property tax benefits valued at approximately $64.7 million in fiscal year 2003. Table 22 shows that in every case except St. Luke's, the tax benefit that reporting hospitals derive as a result of their nonprofit status exceeds the level of charity care provided.

Table 22.
Charity Care Expenditures Compared to Estimated Tax Benefits[10] for FY 2003

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	$51,216,355	$2,469,189	$53,685,544	$2,391,084	($51,294,460)
Chinese	$1,172,888	$174,328	$1,347,217	$191,141	($1,156,076)
Saint Francis	$3,625,992	$776,468	$4,402,459	$2,065,139	($2,337,320)
St. Luke's	$0	$262,826	$262,826	$2,657,905	$2,395,079
St. Mary's	$3,644,798	$1,345,366	$4,990,164	$2,139,047	($2,851,117)
Total	**$59,660,033**	**$5,028,178**	**$64,688,211**	**$9,444,316**	**($55,243,895)**

[9] Net income figures were obtained from OSHPD data for hospital fiscal years ending between January 1 and December 31, 2003. Because Kaiser is not subject to OSHPD reporting requirements, it is excluded from this table.

[10] Kaiser, SFGH, and UCSF are excluded from this table because income tax cannot be calculated for Kaiser and property tax cannot be calculated for SFGH or UCSF.

Table 23 shows that in all reporting years, in the aggregate hospitals received tax benefits in excess of charity care provided. Individually, only St. Luke's in 2003, and St. Luke's and St. Mary's in 2001 and 2002, provided charity care in excess of the tax benefit they received.

Table 23.
Comparisons of Charity Care Expenditures and Estimated Tax Benefits[11] between FY 2001 and FY 2003

	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
CPMC	($36,332,363)	($60,308,995)	($50,916,673)
Chinese	($1,148,754)	($953,044)	($1,156,076)
Saint Francis	($8,102,945)	($2,644,269)	($2,337,320)
St. Luke's	$3,109,655	$3,697,636	$2,395,079
St. Mary's	$436,468	$113,549	($2,851,117)
Total	($42,037,939)	($60,095,123)	($54,866,108)

C. Charity Care to Individuals on Public Assistance Programs

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

Under the terms of the negotiated settlement, uninsured patients enrolled in public assistance programs that are not linked with Medi-Cal will bill the CHIP Hospital and Physician Programs (to be reimbursed to the extent that funds are available) or to write the expenses off as charity care. All of the nonprofit hospitals subject to the Charity Care Ordinance have preliminarily agreed to abide by the terms of this settlement. The Department is currently working with the San Francisco Department of Human Services (DHS) to determine the most expedient way for hospitals to confirm that patients are enrolled in public assistance. DHS, DPH, the hospitals, and the City Attorney are exploring the feasibility of giving hospitals access to real-time computerized enrollment information, taking into consideration State and federal privacy regulations. Once adopted, this new policy will make significant progress toward removing barriers to health care for San Francisco's most vulnerable residents.

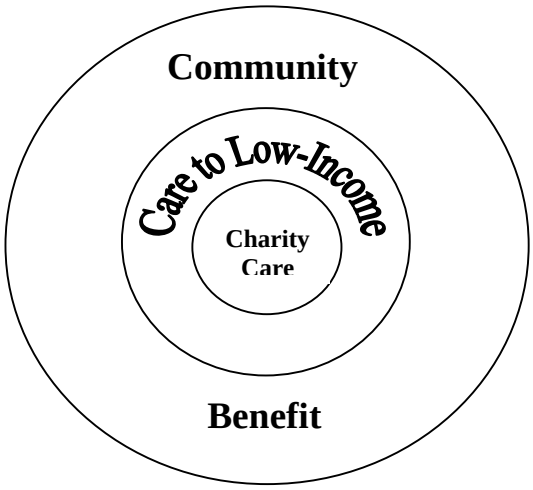
[11] Kaiser and SFGH are excluded from this table because the benefits of tax exemption cannot be estimated for either hospital.

IV. COMMUNITY BENEFITS

A. Community Benefits Law

In addition to charity care, nonprofit hospitals provide community benefits. As noted in Section I, above, community benefits refer to a much broader category of services than charity care, which is but one type of community benefit that hospitals provide. Community benefits are services provided to improve the health status of the entire community that includes uninsured, underinsured and insured residents. Figure 3 depicts how community benefit relates to care for low-income populations.

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



In 1994, California's nonprofit hospital community benefits legislation, Senate Bill 697 (Torres), was signed into law requiring each private nonprofit hospital 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 General Hospital and UCSF Medical Center are excluded from this section since they are not private nonprofit hospitals and are not required to prepare community benefits plans.

B. Community Needs Assessment

1. Summary

In compliance with Senate Bill 697, every three years a community health assessment is produced by *Building a Healthier San Francisco* (BHSF), a collaborative of San Francisco hospitals, the Department of Public Health, the United Way, human service providers,

philanthropic foundations and community based organizations. Hospitals rely on these needs assessments to inform their community benefits plans.

For two years BHSF worked closely with the Department and designed the Assessment to complement the Department's citywide Overview of Health. The Overview reports on the city as a whole, its trends and highlights; while the Assessment focuses on the numerous neighborhoods of ethnic communities, age groupings, specific economic levels, lifestyles, etc.

The 2004 Assessment is presented by zip code with data from the following sources:

- Census 2000. Race, ethnicity, age, education, income, poverty, disabilities, linguistic isolation, and housing characteristics.
- California Office of Statewide Health Planning and Development. Ambulatory Care Sensitive Conditions, Referral Sensitive Procedures, and leading causes of hospitalizations.
- San Francisco Department of Public Health Vital Records. Births and years of life lost.
- San Francisco Police Department. Crime information by Police Districts.

The focus groups[12] of 10 to 12 participants each included: African Americans, Asian Americans (Non-Chinese), Chinese Americans (Cantonese Speaking), Disabled, Homeless, Latino (Spanish Speaking), Lesbian-Gay-Bisexual-Transgendered (LGBT), Lower Income, Middle Income, Middle Aged, Newcomers, and Whites.

2. Ambulatory Care Sensitive Conditions

Ambulatory care sensitive conditions (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."[13] The 2004 Needs Assessment includes zip code data on hospitalizations for ACSCs, which had not been reported in previous needs assessments. Or, more simply put, hospitalization for conditions where hospitalization may have been preventable. Though, "this measure does not identify what barriers are responsible for the differences, nor does it identify whether the barriers are in the health care system or in the preferences and practices of individuals or communities," [14] it is, nonetheless a useful indicator of inappropriate reliance on hospital care and/or inadequate access to outpatient care services.

The Needs Assessment analyzed data for nine ACSC conditions and included summary data for the following for ACSC conditions:

- Adult and pediatric asthma
- Adult diabetes
- Chronic obstructive pulmonary disease (COPD)
- Congestive heart failure

[12] Focus group opinions may not be representative of San Franciscans generally.

[13] 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.

[14] Building a Healthier San Francisco, 2004 Community Health Assessment, p. 23.

Though this information is applicable Citywide and does not exclusively apply to the low-income, uninsured populations the City is trying to impact through its Charity Care Ordinance, the zip code data do indicate that the areas of high risk for ACSC hospitalizations correspond to areas of high reliance on charity care. The data show that for all four conditions, Bayview-Hunters Point, the Tenderloin, and South of Market/Mission neighborhoods consistently had among the highest rates of hospitalizations for these conditions. These neighborhoods coincide with Supervisorial Districts 10, 6 and 9, which, as reported in Table 16 above, have the highest rates of persons in poverty as well as the largest number of charity care applicants. The Needs Assessment similarly finds a poverty-hospitalization correlation. "The higher the poverty rate for an area, the higher the age-adjusted rate of hospitalization. . . ."[15]

C. Hospitals' Reported Community Benefits

In addition to charity care, hospitals report a wide range of community benefits. As reported in Section I above, eligible community benefits activities include, among other things:

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

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

In addition, implicit in this calculation is the concept that the hospital provides the funding for the difference between cost and reimbursement as a community benefit for which it receives no compensation. However, hospitals do shift a portion of their charges that are unreimbursed to other classes of patients, such as the privately insured and, as a consequence, may not absorb all of these costs themselves. Table 24 shows Medi-Cal and Medicare shortfalls for each hospital, in addition to each hospital's charity care expenditures.

[15] Building a Healthier San Francisco, 2004 Community Health Assessment, p. 28.

Table 24.
Hospital Community Benefits Provided in FY 2003[16]

	CPMC	Chinese	Kaiser	Saint Francis	St. Luke's	St. Mary's	UCSF
Traditional Charity Care	$2,147,000	$191,141	$1,096,470	$2,065,139	$1,988,742	$1,939,996	$4,272,291
Unpaid Medi-Cal costs	$26,673,084	$1,293,272	$2,591,254	$6,709,873	$23,372,293	$4,441,341	$46,969,000
Unpaid Medicare costs	$44,836,881	$462,113	Not available	$6,674,446	$1,243,205	$6,182,233	$0
Total	**$73,656,966**	**$1,946,526**	**$3,687,724**	**$15,449,458**	**$26,604,240**	**$12,563,570**	**$51,241,291**

D. Public Health Institute's Community Benefit Demonstration Project

For the past two years, the Public Health Institute has been working on a demonstration project to implement institutional reforms at its partner hospitals that will enhance the use of charitable resources to address unmet health needs in local communities.[17] Called Advancing the State of the Art in Community Benefit (ASACB), the partnership includes nonprofit hospitals in California, Texas, Arizona, and Nevada, including Catholic Healthcare West, which operates Saint Francis and St. Mary's in San Francisco.

The ASACB Demonstration is being implemented in two phases – the first phase, which was recently completed, focused on the development of accounting tools and performance measures to guide institutional reforms. The second phase of the project is pilot implementation of the reforms in the partner hospitals. The accounting and performance monitoring tools "will increase the accountability of hospitals and encourage a more strategic investment of charitable resources to address unmet health needs in low income, ethnically and culturally diverse communities."[18] The project relies upon the following five core principles to provide guidance toward these goals:

1. **Emphasis on Disproportionate Unmet Health Needs.** Under this principle, "[a]ll services, activities, and donations to be reported as community benefits will include outreach and design elements that ensure access for communities with disproportionate unmet health-related needs (DUHN)."[19] Communities with DUHN are defined as either: a) communities where there is a high prevalence or severity for a particular health concern; or b) communities where residents have multiple unmet health needs and have limited access to timely, quality care.
2. **Emphasis on Primary Prevention.** The ASACB Demonstration values a comprehensive approach to prevention that incorporates health promotion, disease prevention, and health protection activities to reduce demand for emergency room care and avoid preventable illness.
3. **Build a Seamless Continuum of Care.** This principle focuses on the development of evidence-based links between community health improvement activities and clinical service delivery.

[16] Data from Kaiser was unavailable at the time of this report.

[17] Barnett, K., 2004, Advancing the State of the Art in Community Benefit: A User's Guide to Excellence and Accountability, The Public Health Institute, Oakland, CA. (Draft Copy)

[18] *Ibid*., p. 2.

[19] *Ibid*., p. 7.

4. **Building Community Capacity.** This principle recognizes the need to target charitable resources to build the capacity of existing community assets, such as community-based organizations, businesses, community groups, and residents.
5. **Emphasis on Collaborative Governance.** The last ASACB principle, related to the previous principle emphasizing the enhancement of community capacity, recognizes the need to engage community stakeholders in strategic community benefit programming.

The Department strongly supports the ASACB Demonstration. With the Department's involvement with BHSF and the Charity Care Ordinance, the Department is pleased to host a regional roundtable discussion on December 15, 2004 on the findings of the ASACB Demonstration and discuss their implications for practice in the field.

E. Highlights of Hospital Community Benefits Programs

As described above, in addition to the charity care San Francisco hospitals provide, hospitals also offer an array of innovative programs and services to improve the health of their communities. Following are just a couple examples from each hospital.

1. California Pacific Medical Center

a) Health Champions

Health Champions was created to address the growing trend of poor nutrition and physical inactivity in children and adolescents. Health Champions is driven by the belief that not only students, but also families and teachers must be included in program design to build the necessary foundation for a lifetime of health. The program has provided increased physical activity opportunities, nutrition services, health screenings, mental health counseling, staff wellness, and health education for more than 1,200 students in San Francisco elementary and middle schools. Students take part in classroom cooking using mobile kitchens, benefit from nutrition and safety presentations, and participate in school-wide fitness events. Teachers receive health-related professional development. Parents are invited to family fitness nights, science and health fairs, and health screenings.

b) African American Breast Health Program

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

- Increase visibility and awareness of the importance of early detection for breast cancer in underserved African American communities in San Francisco.
- Provide culturally competent breast health education in community settings.

- Increase access and utilization of early detection screening, including clinical examinations and mammograms, as well as well-coordinated follow-up services for high-risk African American women.
- Ensure comprehensive, high-quality clinical treatment for women participating in the screening services who test positive for breast cancer.

2. Chinese Hospital

a) Chinese Community Health Resource Center

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

The following highlights some of CCHRC's programs:

- Health seminars and Forums

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

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

CCHRC's annual health day is a collaborative project designed for monolingual and bilingual Cantonese and Mandarin-speaking Chinese residing in San Francisco Bay areas with an emphasis on disease prevention and health promotion. The Health Fair uniquely addressed the need of those who were often unable to benefit from similar educational opportunities because of language, cultural and financial barriers. The health day usually draws more than 750 participants from all San Francisco Bay areas. 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) Subsidized Care

One Kaiser's primary strategies to meet its social mission and to satisfy its tax-exempt status are through subsidized health insurance including; MediCal, MrPib, KIPSA, KP Cares for Kids and the Medical Financial Assistance program. Kaiser San Francisco currently has a contract with the San Francisco Health Plan to provide comprehensive health care to 3,000 low income members.

Kaiser Permanente's Medical Financial Assistance Program provides funding for members who cannot afford their monthly dues because of unforeseen financial problems. While the program is intended as a short-term solution, it is often used to provide coverage in extreme situation like the recent hotel strike where Kaiser offered to extend coverage for two months.

In addition to Kaiser's subsidized programs they are one of only two health plans that continue to provide coverage to seniors living in San Francisco. All other plans have left the San Francisco market due to the unprofitably of caring for the aging population.

b) Kaiser Permanente-Inner Mission STEPS Project

Working with Mission Neighborhood Health Center's Clinics, a partnership pilot has been initiated to strengthen treatment, management &prevention of diabetes & obesity within San Francisco's safety net. There are three immediate objectives for the pilot program. 1. To allow KP/SF Diabetes Care Managers to visit DPH and San Francisco Clinic Consortium Clinics to develop and implement a technical assistance program. 2. KP/SF Health Education managers will assess community strategies regarding what works and what does not work in community based management of diabetes and obesity. 3. The Department of Public Health and Inner Mission community based organizations will form a task force to develop and implement a primary prevention and intervention weight management program.

c) Community Clinic Consortium - Improving Chronic Disease Management:

In 2003, Kaiser San Francisco worked with Kaiser Permanente Northern California Region Community Clinic Partners Program to continue its partnership with the San Francisco Community Clinic Consortium (SFCCC. Projects included: distribution of diabetes analyzers to member clinics, staff training for utilization, and implementation of a conference focusing on chronic conditions with key strategic partners that included the San Francisco Department of Public Health, the Community Health Network, University of California, San Francisco, and other public provider stakeholders. Participating in the event were over 200 health educators,

nurses and physicians. Planning began for a long-term program that will allow for sharing of best practices and providing access to KFH-San Francisco providers for the nine member clinics.

4. Saint Francis Memorial Hospital

a) Homecoming Project

SFMH is playing a key role in the expansion of the Homecoming Project both within Saint Francis and at its sister hospital, St. Mary's Medical Center. The Homecoming Project provides community based case management services to frail, isolated seniors upon discharge from the hospital through a unique partnership between SFMH, San Francisco Senior Center Little Brothers Friends of the Elderly and Project Open Hand. This program reduces hospital re-admissions and encourages independent living.

b) Partnership with Glide Health Clinic

For the past five years SFMH has partnered with the Glide Health Clinic to provide both by providing both financial and technical support. During FY 2003, saw 2,055 patients. This year, the clinic reached its goal of becoming a fully licensed primary care clinic and a member of the San Francisco Clinic Consortium. This new designation allows the clinic to receive federal funding as a 330 Healthcare for the Homeless Access Point allowing them to serve additional 3,000 homeless clients a year.

c) Rally Family Visitation Program

The Rally Family Visitation Program, now in its 11th year of service, provides court ordered supervised child visitation and monitored child exchange for families experiencing conflict due to separation or divorce. In FISCAL YEAR 2003, the program provided supervised visitation to over 200 children and monitored exchanges to 150 children. The program serves 250 families per year (862 individual clients). Rally is now in its 2nd year of funding from the Federal office of Violence Against Women Safe Havens, which is administered through the San Francisco Department of Children, Youth and Families. The grant's goal is to expand services to families exposed to Domestic Violence.

5. St. Luke's Hospital

a) Asthma Education Program: A Breath of Fresh Air

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

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

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

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

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

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

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

6. St. Mary's Medical Center

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

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

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

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

b) Integrated HIV Care Services

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

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

7. University of California, San Francisco Medical Center

a) Community Outreach Internship Program

The Community Outreach Internship Program (COIP) is one of the many innovative UCSF partnerships with a wide range of community-based organizations. Since 1996 UCSF has worked with Florence Crittenton Services – a Western Addition-based foster care and parenting organization – to provide job training, mentorship, and UCSF career opportunities through COIP. COIP is an intensive, hand-on program, requiring multiple UCSF departments. COIP interns have high school diplomas, but typically have little work experience, and come from disadvantaged economic backgrounds. UCSF Medical Center provided jobs, mentorship, counseling, and training during a five-month internship. COIP interns are qualified to work at a variety of employers throughout the Bay Area after graduation – 80 percent of the interns that complete the program are hired immediately, earning significantly higher starting salaries and benefits.

b) Community Programs in Health Education

UCSF, and particularly UCSF Medical Center, provides a broad range of community programs in health education. UCSF Medical Center serves as the principal clinical teaching facility for the UCSF School of Medicine, and the Medical Center provides internships for over 150 nursing students, including students from programs at the University of San Francisco and California State University San Francisco. Additionally, physicians and staff volunteer their time in a variety of health education ways. For example, the Department of Nutrition and Food Services collaborates with the San Francisco Unified School District, as well as some private schools, to combat childhood obesity and diabetes by having dieticians and dietetic interns teach nutrition classes in San Francisco schools. The Department also provides externships in food services to local colleges, tours of campus facilities, and services as a resource for local media and public health organizations.

c) Young Women's Health Conference (YWHC)

Co-sponsored by the UCSF and State Senator Jackie Speier, this annual event is designed by and for young women. The goal of the Young Women's Health Conference (YWHC) is to provide resources and information on a wide range of health topics so that young women will be empowered with the knowledge and tools to make wise decisions about their health and well-being. Over 1,000 high school girls attended the conference in 2003. Participants visit an exhibit hall featuring local youth-serving organizations and engage in small interactive workshops on topics such as depression, body image, reproductive health, youth rights, dating violence, and maintaining healthy family relationships. They hear presentations from women who can serve as role models by sharing their inspiring stories of success and perseverance and have the opportunity to share their talents during a vibrant and entertaining open microphone session.

V. CONCLUSIONS AND RECOMMENDATIONS

The need for charity care in San Francisco is high and continues to grow. More than 110,000 low-income, uninsured patients relied on charity care services in fiscal year 2003, up more than 8,000 from 2002, and more than 44,000 from 2001. The City and County of San Francisco cannot meet the needs of this population alone. In fact, even if the reporting hospitals and the City pooled all their available resources, it is likely that they would still be unable to meet the demand for charity care services. What can be done, however, is that hospitals can work together to evaluate the need for charity care in our community and plan for the most effective and targeted use of valuable charity care resources.

A. An Increase in Targeted Outpatient Charity Care Would Benefit San Francisco

An increase in targeted charity care provided on an outpatient basis would benefit San Francisco's low-income and uninsured populations. The following factors contribute to this conclusion:

1. *The characteristics of each hospital impact how and how much charity care it provides.*

The types and amounts of charity care provided by the reporting hospitals varied greatly. Many factors impact how and how much hospitals provide charity care. These factors include the hospital's physical location, the hospital's traditional patient population, and the services the hospital provides. As an example, Saint Francis does not have an outpatient clinic and, as a result, provides fewer outpatient services than other reporting hospitals.

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

The type of charity care hospitals provide also impacts the amount of money they spend on charity care. Four hospitals – CPMC, Chinese, Kaiser, and Saint Francis – provided the majority of their charity care in an emergency room or inpatient setting. The remaining three hospitals – SFGH, St. Luke's, and St. Mary's – provided the majority of their care in an outpatient setting. Though the amount of charity care expenditures at CPMC, Kaiser, and Saint Francis were similar to those at St. Luke's and St. Mary's, St. Luke's and St. Mary's saw significantly more patients than CPMC, Kaiser, and Saint Francis. It is no surprise that it is more cost effective to provide health care services in an outpatient setting.

3. *The neighborhoods that have the highest rates of ACSC hospitalizations also have the highest numbers of charity care applicants.*

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. 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. In addition, these are the same areas that the 2004 Needs Assessment data indicate have high rates of unnecessary

hospitalizations for adult and pediatric asthma, adult diabetes, chronic obstructive pulmonary disease, and congestive heart failure.

4. <u>The uninsured rely more heavily on emergency room and inpatient care.</u>

As reported in Section I above, for the uninsured, emergency care is often the only care they receive. Because they are least likely to have a regular source of medical care, receive fewer preventive services, and less care for chronic conditions, the uninsured often present in the emergency room in crisis. In addition, by the time they are seen in the emergency room, uninsured patients often have multiple and complex health problems because they delay seeking care until it is absolutely necessary.

These four factors, taken together point to the need for greater provision of outpatient care to residents of those neighborhoods most reliant on charity care hospitalizations and most likely to be hospitalized for an avoidable condition. The data in this report show that San Franciscans already receive the majority of hospital charity care services in an outpatient setting. However, according to the 2004 Needs Assessment, there are high rates of ACSC hospitalizations particularly in the City's low-income neighborhoods that could be prevented through increased utilization of outpatient services.

Increasing the provision of outpatient charity care may be more feasible for hospitals than for others depending on their individual characteristics. However, hospitals could explore a variety of alternative methods to expand targeted outpatient care. In light of recent and significant budget reductions for the Department, investigating creative alternatives may be more critical than ever.

Recommendation: Hospitals should pursue innovative approaches to increase the provision of outpatient charity care to residents of the following high-risk neighborhoods:

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

B. The Public Health Institute's Demonstration Project Will Bring Planning and Accountability to Community Benefits Programming

For the first time, as a result of the participation of stakeholders in the preparation of this report, the Charity Care Report Summary provides information on hospitals' community benefit as the context for charity care. As a result of their nonprofit status, hospitals assume a social obligation to provide community benefit in the interest of the public they serve. Nonprofit hospitals prepare community benefits plans each year using data from the needs assessments that they conduct every three years. Charity care is just one type of community benefit and consists solely of providing health care services without the expectation of reimbursement to low-income, uninsured people who cannot afford to pay for their care. Hospitals provide a range of important and innovative programs and services to benefit the community. However, what a hospital includes in its community benefits plan is different from hospital to hospital and is not always targeted to the low-income populations that are the focus of the Charity Care Ordinance.

While reporting hospitals agree that there is wide variation in community benefits activities across hospitals, the Public Health Institute's Advancing the State of the Art in Community Benefit demonstration project is providing leadership on strategic planning and accountability for these activities.

Recommendation: The Department and the San Francisco hospital community should work closely with the Public Health Institute and review the feasibility of implementing the institutional reforms recommended in the Advancing the State of the Art in Community Benefit demonstration project.

C. Charity Care Eligibility for Individuals on Public Assistance is Good Policy

Implementing a policy that deems public assistance recipients eligible for hospital charity care will increase access to needed health care services for San Francisco's most vulnerable residents. At the same time, it will reduce hospital administrative costs by eliminating the need to eligibilize these patients for charity care and eliminating collection procedures for unpaid hospital bills related to their care. The hospitals reporting pursuant to the Charity Care Ordinance have been engaged in collaborative discussions with the Department and have already tentatively agreed to implement this policy. Additional work is needed and underway to ensure that hospitals have the tools they need to implement this policy.

Recommendation: The Department should continue to work with San Francisco's nonprofit hospitals and the Department of Human Services to provide hospitals with the information they need to deem as eligible for charity care patients on public assistance.

D. Charity Care Report Working Group is an Effective Planning Tool

The fiscal year 2003 Charity Care Report Summary is the third such report prepared under San Francisco's Charity Care Ordinance. It is also the first time that the community stakeholders have come together to work collaboratively on the preparation of this report. The Working Group provided a forum not only to discuss the content of the report, but also the charity care needs of the most vulnerable in our community. There was a strong sense of concern and interest in improving the availability of charity care services to San Franciscans who cannot afford to pay for their care.

It is the hope of the Department that this is just the first of many collaborations on charity care and community benefit that this group takes on to improve access to needed health services for the City's underserved communities. The group identified the following additional issues related to charity care that it would be interested in exploring in the future:

- Physician provision of charity care;
- Health plans' contribution to care for low-income, uninsured populations;
- Hospitals' participation in public health insurance programs; and
- Financing of charity care.

Recommendation: The Charity Care Report Working Group should continue its discussions in an effort to improve and increase the provision of charity care to low-income and uninsured San Franciscans.