



Monday, September 15, 2008

Hospitals gave \$2.6B for care

Michigan nonprofits' 2007 expenses included free health programs, screenings, immunizations.

Christina Rogers / The Detroit News

Michigan's nonprofit hospitals say they spent \$2.6 billion to bring health care programs and services to patients who could not afford it in 2007, according to an annual report to be released today by the state's hospital association.

The expenditures, which include charity care and money loss to unpaid patient bills, are part of their purpose as tax-exempt institutions and are intended to benefit the community by providing health services to those who can't pay, said the Michigan Health and Hospital Association in its 11th annual report. The \$2.6 billion also counts money spent on education, immunizations, health screenings and other outreach services for improving access to medical care.

About 132 of Michigan's 146 nonprofit hospitals volunteered to provide figures on their community contributions, including those in Metro Detroit.

Last year, hospitals provided:

- \$2.1 billion in un-reimbursed medical care to state residents, including \$209 million in charity care for low-income patients who qualify for free services and \$605 million written off as bad debt for unpaid patient bills.
- \$94.5 million on voluntary programs and services such as free clinics, health screenings, immunizations and prescription drugs.
- \$331.5 million for research, education and in-kind contributions.
- 224,000 free visits to hospital- and community-based health clinics at a value of \$35 million.

David Seaman, the association's executive vice president, said the report seeks to show the evolving role of hospitals and the broad range of health services that they take on beyond their main mission as acute medical care providers.

"The reality is that as the environment changes, hospitals have become the central focus of health care giving," Seaman said.

The spending break down on this year's report is similar to new reporting requirements set to go into effect in 2009 on tax forms filed by nonprofit hospitals. The new forms will require health systems to report detailed data about their community contributions to justify their tax-exempt status to the Internal Revenue Service.

Caroline Sallee, a consultant and health care researcher with the Anderson Economic Group in Lansing, said the report puts a dollar figure on these community contributions.

However, it fails to point out that many of these hospital programs are also supported through taxpayer funding in the form of state and federal grants, she said. And many hospitals tend to raise rates for privately insured and uninsured patients to offset some of the losses incurred by bad debt.

"It's not that this is all free," Sallee said. "This isn't the sort of thing the hospitals are taking a hit. They have to make the money some way."

Seaman did acknowledge that losses on patient care are made up in other areas, such as philanthropy, and said the report isn't intended to "tell the whole story of how we derive revenue." But rather it has come along way in breaking down just how and where it sinks money into the community.

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