

CHARITY CARE

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Changing CON Law

- **Could expand access to charity care**
- **However, North Carolina lacks consistent charity care standards**
- **Difficult to measure and compare**
- **Each hospital and ambulatory surgery center (ASC) has its own formula**
- **Each facility has its own unique policies**

Charity Care at Hospitals and ASCs

Hospitals:

- Majority are non-profit
- Access to financial support from foundations, charities, gifts planned giving and fund raising
- Have charity care policies
- Ability to raise patient charges
- Most provide extensive charity care through emergency departments and inpatient admissions to comply with EMTALA
- Most provide annual reports of numbers of patients served

Ambulatory Surgery Centers:

- Include non-profit and for-profit
- Usually no charity financial support
- Have charity care policies
- Ability to raise patient charges
- No EMTALA requirements
- Must provide annual reports of numbers of patients served
- Physician owners often provide charity care in their practices and at local hospitals

Charity Care Questions

Do hospitals and ambulatory surgery centers have a common definition for charity care?

No because the definition of charity care is inexact and different facilities have different policies and eligibility requirements

Does NC have legislation requiring hospitals to provide a specific minimum percentage of hospital or ambulatory surgery revenues for charity care and community benefits?

No. Only a few states have such requirements. Georgia has annual reporting requirements for charity care provided by ambulatory surgery centers

Charity Care Questions

What are NC hospitals and ASCs required to report regarding charity care?

HB 834 that was passed in 2013 requires tax exempt hospitals and ambulatory surgery facilities that file IRS form 990 to provide public access to financial policies and report charity care and community benefits.

Annual license renewal applications for all hospitals and ambulatory surgery centers require the facilities to report the numbers of patients that obtained services by payor category including Self Pay/Indigent/Charity.

Charity Care Comparisons

Hospital Percentages of Self Pay/Indigent/ Charity Patients of Total Patients		Ambulatory Surgery Cases	Emergency Visits	Inpatient Days of Care
High Per Capita Income Counties	WakeMed	5.9%	22.5%	5.6%
	New Hanover Regional	4.1%	25.4%	4.7%
	Carolinas Medical Center	5.5%	33.0%	4.2%
	UNC Hospitals	11.1%	24.9%	5.1%
Low Per Capita Income Counties	Halifax Regional	1.9%	21.1%	4.3%
	Anson Community Hospital	6.4%	24.3%	4.3%
	Vidant Edgecombe Hospital	2.7%	20.7%	5.4%
	Scotland Memorial Hospital	2.8%	30.4%	6.6%

Freestanding Licensed Ambulatory Surgery Centers Percentages of Self Pay/Indigent/Charity of Total Patients		Ambulatory Surgery Cases
Not for profit	Caromont Specialty Surgery	2.2%
Not for profit	Presbyterian Surgery Center Huntersville	1.5%
Not for profit	Presbyterian Surgery Center Monroe	0.8%
Not for profit	RMS Surgery Center	1.1%
For profit	Charlotte Surgery Center	0.6%
For profit	High Point Surgery Center	0.7%
For profit	Rex Surgery Center of Raleigh	1.1%
For profit	Cleveland Ambulatory Services	0.7%

Sources: 2013 License Renewal Applications for Specified Hospitals and Licensed Ambulatory Surgical Facilities

Charity Care Questions

Are non-profit hospitals and ASCs required to provide elective surgery to patients regardless of their ability to pay?

No. Hospitals typically provide high percentages of medically necessary charity care in their Emergency Departments. Most hospitals report low percentages of charity care in ambulatory surgery.

Do some ambulatory surgery centers have specific requirements for providing a minimum level of access for Medicaid and charity care?

Yes. The three single-specialty ambulatory surgery centers that are being developed as demonstration projects are required to provide a minimum of 7 percent of services to Medicaid and charity patients combined

Charity Care Comparison for Ambulatory Surgery Performed in Licensed Operating Rooms of Hospitals in Counties Over 100,000 Population

Hospital Name	Ambulatory Surgery	
	# Cases	% of Total
UNC Hospitals	1913	11.1%
Onslow Memorial	476	12.6%
CMC-NorthEast	536	8.0%
North Carolina Baptist	1271	6.3%
Vidant Medical Center	537	6.1%
WakeMed	806	5.9%
Carolinas Medical Center	851	5.6%
Randolph Hospital	133	5.3%
Catawba Memorial Hospital	290	5.1%
Iredell Memorial	208	5.1%
High Point Regional	165	4.9%
Cone Health	805	4.7%
Southeastern Regional	209	4.7%
Cleveland Regional	188	4.6%
Cape Fear Valley Medical Center	283	4.5%
Presbyterian Hospital Huntersville	148	4.4%
Wayne Memorial	316	4.3%
CMC-Union	202	4.2%
New Hanover Regional	710	4.1%
Gaston Memorial	343	3.7%
Presbyterian Hospital Matthews	163	3.7%
Durham Regional	120	3.7%

Source: 2013 Hospital License Renewal Applications

Payor Mix Comparison for Physician-Owned ASCs and Hospital-Owned ASC

	Physician-Owned Surgical ASCs	Hospital-Owned Surgical ASCs
Medicare	40%	29%
Medicaid	11%	7%
Self Pay / Indigent/Charity	2%	5%
Combined Totals	53%	41%

Source: 2012 Ambulatory Surgical Facility License Renewal
Applications for Facilities with Licensed Operating Rooms

Charity Care Summary

Setting minimum standards for charity care for all ambulatory surgery centers and hospitals would:

- Require consistent charity care definitions and closer scrutiny of policies**
- Require a determination of the minimum requirements for the for-profit and non-profit facilities**
- Require more transparent reporting systems because only the tax exempt facilities and the three single-specialty ASC demonstration projects must report financial data**

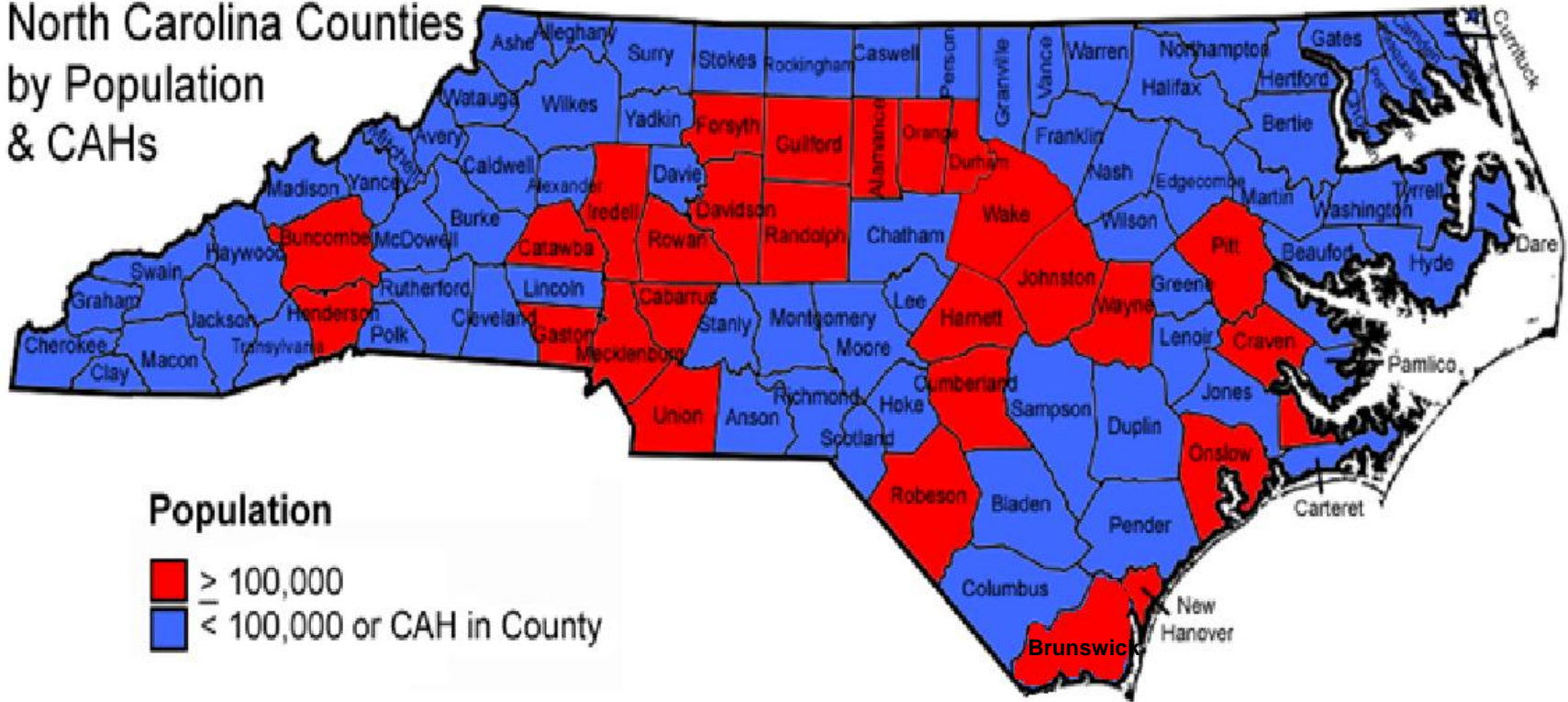
Proposed CON Limitation for Single-Specialty Ambulatory Surgery Centers

No single-specialty ambulatory surgery centers would be permitted to be developed in counties with populations of less than 100,000 and those with critical access hospitals unless the proposal included written support from the local hospital in that county.

What about single-specialty ASCs being developed in a county of over 100,000 but near the border of a smaller county with a financially vulnerable hospital?

Eighty-five percent of hospitals in North Carolina are part of major health systems with only 17 independent hospitals remaining.

North Carolina Counties by Population & CAHs



ASCs with GI Procedure Rooms (No ORs)

55 ASC (79.7%) in Counties > 100,000

14 ASCs (20.3%) in Counties < 100,000

69 Total ASCs with GI Procedure Rooms

ASCs with Surgical Operating Rooms

36 ASCs (80.0%) in Counties > 100,000

9 ASCs (20.0%) in Counties < 100,000

45 Total ASCs with Surgical ORs

Most ASCs are located in urban counties. ASCs located near the borders of adjacent counties are typically located in municipalities with strong growth such as Cary, Huntersville, Matthews, Kernersville, and Concord.

Thank you