San Francisco Hospitals

Charity Care Report FY 2012

Thanks to the San Francisco Charity Care Project's participating hospitals:

- California Pacific Medical Center, including St. Luke's Hospital
- Chinese Hospital
- Kaiser Foundation Hospital, San Francisco
- Saint Francis Memorial Hospital
- St. Mary's Medical Center
- San Francisco General Hospital
- University of California, San Francisco Medical Center

San Francisco Department of Public Health

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SECTION I: EXECUTIVE SUMMARY

San Francisco's Charity Care Ordinance, passed in 2001, was designed to promote transparency related to the provision of charity care among local non-profit hospitals. It was meant to shine a light on what hospitals provide in exchange for the benefits that result from their tax-exempt status. The City and County of San Francisco (CCSF) took a unique approach by passing a local reporting law that would, years to come, help to improve communication, cooperation, and understanding related to local hospitals' provision of free and reduced-cost care to the poor.

This report, required by the Ordinance, provides not just a forum to share and examine the charity care data provided by the hospitals, but it also explores how the changes in the health care landscape today (i.e., through the Affordable Care Act) will impact the ways in which hospitals provide and report services for the poor and the uninsured. Charity care has expanded since the Ordinance was first passed. Charity care now includes, and this report makes the distinction between, traditional charity care (for those not enrolled in and/or eligible for local coverage programs) and those enrolled in the local coverage programs (Healthy San Francisco and San Francisco Provides Access to Healthcare). In the twelfth year of this report, the following sections summarize the report's findings.

A. TOTAL CITYWIDE CHARITY CARE EXPENDITURES CONTINUE TO RISE

Together, San Francisco's hospitals provided $204.5 million in charity care services to low-income, under- and uninsured patients. Since local charity care reporting began, total citywide charity care expenditures have increased annually. In recent years, hospital spending has increased by a larger margin for HSF/SF PATH, while traditional charity care expenditures remain relatively stable. While more detail is provided in Section IV, local hospitals increased charity care spending by 17 percent from FY 2010 to FY 2012. The greatest increase was in the expenditures for health care services provided to HSF/SF PATH patients (28% increase from FY10 to FY12). Traditional charity care increased by only five percent during the same period.

B. LOCAL HOSPITALS CARED FOR MORE THAN 110,000 CHARITY CARE PATIENTS IN FY 2012

In FY 2012, hospitals cared for approximately 113,000 charity care patients (traditional charity care[1] and HSF/SF PATH patients). More than half of these patients (64%) were enrolled in HSF or SF PATH. These patients will soon have opportunities for coverage through Medi-Cal or private insurance with subsidies. Traditional charity care patients, in many cases, represent those who will not have opportunities even after the ACA is fully implemented. The last resort for under- or uninsured patients is often traditional charity care. The approximately 54,000 that accessed charity care through the traditional programs at non-profit hospitals in FY 2012 represent a portion of the estimated 84,679 uninsured adults in San Francisco.

C. AFTER YEARS OF INCREASES, PRIVATE HOSPITALS AND UCSF SAW A SMALL DECREASE IN THEIR SHARE OF CHARITY CARE

San Francisco General Hospital (SFGH) remains the City's primary safety net institution. In FY 2012, SFGH provided care to nearly 80 percent of the total charity care population, and 75 percent of the expenditures for this population. Over the years of this report, the share of patients and expenditures grew among the private hospitals and UCSF. FY 2012 saw something of a reduction in these numbers on the part of these hospitals. In FY 2010, the private hospitals and UCSF saw a total of 20 percent of charity care patients; 21.5 percent in FY 2011; and 21 percent in FY 2012. Regarding the financial burden, these same hospitals assumed 27.5 percent of total citywide charity care expenditures in FY 2010; 28.5 percent in FY 2011; and 25 percent in FY 2012.

D. THE NEW CHARITY CARE PROGRAM, SF PATH, COVERED MORE THAN 11,000 IN FY 2012

Close to 11,000 eligible individuals were automatically transferred from HSF to San Francisco Provides Access to Healthcare (SF PATH) in July, 2011. This was the first year of the program. At the end of the fiscal year, this increased to SF PATH enrollment of 11,152, a three percent increase. The majority of the

[1] The numbers of total traditional charity care patients used in this report are unduplicated by each facility, but not when the numbers among individual hospitals are combined. There may be some patients who seek care at more than one hospital in a year, and this cannot be accounted for with traditional charity care patients.

program’s members are within the lowest income category, 0 to 133 percent of the FPL. These SF PATH members made up 88 percent of the enrollees in the program. Those with the lowest incomes will be automatically moved to the Medi-Cal program in 2014, while those with in the higher income category will be able to access private insurance coverage through Covered California.

E. SAN FRANCISCO’S CHARITY CARE ORDINANCE OVERLAPS WITH STATE AND FEDERAL REQUIREMENTS

The requirements for non-profit hospitals from the SF Charity Care Ordinance share the following similarities with existing state and federal laws:

1. Non-profit hospitals must report their Financial Assistance Policy (FAP), related to charity care and discount payment policies.
2. Non-profit hospitals must report levels and types of charity care provided annually.
3. A report of hospital charity care must be compiled and prepared by the governing agency.

Looked at more closely, however, these requirements are not as closely related as they might seem. For example, the data that non-profit hospitals are required to provide to DPH differs in two important ways from the federal requirements. First, under IRS rules related to Schedule H (Form 990), hospital systems may complete the first section of the form (“*Financial Assistance and Certain Other Community Benefits at Cost*”) as a group return, rather than per facility. San Francisco’s Ordinance requires reporting per facility, allowing for more granular data and a deeper understanding of the provision of charity care services. Second, the specific data requested differs in San Francisco from both the IRS and the Office of Statewide Healthcare Planning and Development (OSHPD). For example, San Francisco non-profit hospitals are required to report the number of patients served in charity care programs and encounter level data (inpatient, outpatient, and emergency). These data will not be available through any other source.

Because the IRS has fallen behind in their requirement to produce annual reports on the data collected through Schedule H (Form 990), it is not clear how, if, or when the data will be made publicly available. Any modifications to the Charity Care Ordinance should be considered in light of the fact that many questions remain regarding the processing and reporting of charity care data on the federal level.

SECTION 2: INTRODUCTION

In 2001, the San Francisco Board of Supervisors passed the Charity Care Ordinance (Ordinance 163-01), amending the San Francisco Health Code by adding Sections 129-138 to authorize the Department of Public Health (DPH) to require hospitals to report on charity care policies, quantify the amount of charity care provided, and require that hospitals provide patient notification of policies on charity care. This law was the first of its kind in the nation and has supported a spirit of public disclosure locally that has been replicated in other municipalities and by the federal government as part of health reform, the Patient Protection and Affordable Care Act (ACA). The Ordinance makes states that:

> *"Charity care is vital to community health, and private hospitals, non-profits in particular, have an obligation to provide community benefits in the public interest in exchange for favorable tax treatment by the government.* [2]*"*

While it does not require hospitals to provide a specific level of free or discounted care to the community, San Francisco's Health Code requires DPH to report on the hospitals' charity care work in an annual report. DPH collects, presents, and analyzes these data for the Health Commission each year. The first report to satisfy the Ordinance's requirements was prepared in 2002, for the fiscal year (FY) 2001. DPH has produced these reports each year since then. The purpose is to examine San Francisco's hospitals' charity care data for the most recently completed fiscal year (FY12) as compared to the two most recent prior years (FY11 and FY10). This is primarily an informational report that allows readers to learn more about the health care provided to those who are under- or uninsured and least able to pay for costly health care services.

San Francisco's Ordinance defines charity care as:

> "*emergency, inpatient, and outpatient medical care, including ancillary services, provided to those who cannot afford to pay and without expectation of reimbursement, and that qualifies for inclusion in the line item 'Charity-Other' in the reports referred to in Section 128740(a) of the California Health and Safety Code, after reduction by the Ratio of Costs-to-Charges."*[3]

DPH works with the hospitals through the Charity Care Project work-group. All acute care hospitals in San Francisco (with the exception of the Veteran's Administration Hospital) participate in this work-group and report their charity care activities in San Francisco for the purposes of this annual report. According to the Ordinance, these hospitals ("mandatory hospitals") are required to submit charity care reports to SF-DPH within 120 days after the end of their fiscal year:

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[2] CCSF Health Code, Article 3 (Hospitals), Section 129. Charity Care Policy Reporting & Notice Requirement.
[3] CCSF Health Code, Article 3 (Hospitals), Section 130. Definitions.

- Chinese Hospital Association of San Francisco (CHASF)
- Dignity Health: Saint Francis Memorial Hospital (SFMH)
- Dignity Health: St. Mary's Medical Center (SMMC)
- Sutter Health: California Pacific Medical Center (CPMC)
- Sutter Health: St. Luke's Hospital (STL)

The "voluntary hospitals", all of which report the same data as the "mandatory hospitals," include:

- Kaiser Foundation Hospital, San Francisco (KFH – SF)
- San Francisco General Hospital (SFGH)
- University of California San Francisco, Medical Center (UCSF)

This report focuses on FY 2012, with the data and information taken from this time period. Though some hospitals report on a July to June fiscal year and others use a calendar year. CPMC, St. Luke's, and Chinese Hospital follow a calendar year (i.e., January 1 through December 31, 2012). The remaining hospitals use a fiscal year starting on July 1 of each year and ending on June 30 (i.e., July 1, 2011 through June 30, 2012).

The report includes descriptions of San Francisco hospitals' charity care activities by the number of applications processed, number of patients served, the amount of charity care provided, Medi-Cal shortfall, ratio of net patient revenue to charity care expenditures, types of charity care provided, and analysis by ZIP Code of charity care. Additionally, this report provides an update on the ways that charity care takes its place in the health care landscape, both within the City and County of San Francisco and outside of it. For the first time, it will include a section on San Francisco Provides Access to Healthcare (SF PATH), a local coverage program for San Franciscans that began enrolling patients in 2012. The report will also review the activities related to the ACA, as well as an exploration of what this will mean for patients covered by charity care programs as we look forward to health care reform implementation.

A. CHARITY CARE & THE HEALTH CARE LANDSCAPE

HISTORY OF CHARITY CARE AND COMMUNITY BENEFITS REQUIREMENTS

The Internal Revenue Service (IRS) sets and enforces the requirements for non-profit hospitals to follow so that they may obtain and maintain their tax-exempt status. The IRS codified the first federal tax exemption requirements for non-profit hospitals in 1956. It was determined that a hospital may qualify as a tax-exempt charitable organization if, among other things, it '*operated to the extent of its financial*

ability for those unable to pay for the services rendered and not exclusively for those who are able and expected to pay.'[4] This standard is known as the "financial ability" standard. After this ruling, the IRS began to assess hospitals seeking tax-exempt status on the basis of their provision of charity care and reduced-cost medical services.

In 1969, the IRS added "community benefit" to the list of requirements for non-profit hospitals seeking tax-exempt status. This change was prompted by the introduction of the Medicaid and Medicare programs. It was thought that these programs would decrease the demand for charity care, thus presenting a challenge to non-profit hospitals trying to meet the financial ability standard. The IRS expanded its requirements to include the promotion of health.[5]

The most recent and significant changes to these federal requirements have come through the ACA. Congress took up the issues of charity care and community benefit in relation to non-profit hospitals in the years between 2005 and 2009. When the ACA was passed in 2010, it included a number of additional requirements for non-profit hospitals related to charity care and community benefits to be regulated and enforced by the IRS. The reporting is done through Schedule H (Form 990), first introduced by the IRS in 2009. It was designed to supplement financial data collected from all tax-exempt organizations.

Given the considerable growth in both the number of uninsured and the costs of medical care over recent decades, state and local governments took a keen interest in the charitable medical services and community benefit work done by non-profit hospitals. By the time the federal government began to explore these issues in relation to national health reform, a number of states and localities throughout the nation had introduced laws and regulations impacting non-profit hospitals and the provision of charity care and community benefits. This was especially true in the City and County of San Francisco (CCSF), when it passed the Charity Care Ordinance in 2001. CCSF was on the cutting edge by creating on the local level a mechanism for greater transparency and accountability for the provision of Charity Care. More than a decade later, with the new ACA regulations, there is increasing overlap in the requirements between the levels of government. The following Section explores the mix of federal, state, and local regulations and programs related to charity care and community benefits, starting with a review of the intersection of local, state, and federal charity care regulations.

[4] Martha H. Somerville, Community Benefit in Context: Origins and Evolution, *The Hilltop Institute*, June 2012, p. 2. http://www.hilltopinstitute.org/publications/CommunityBenefitInContextOriginsAndEvolution-ACA9007-June2012.pdf (accessed October 2013)

[5] Ibid, p. 3.

TABLE 1: KEY CHARITY CARE/COMMUNITY BENEFIT REQUIREMENTS FOR NON-PROFIT HOSPITALS

Key Requirements for Non-Profit Hospitals		Required? *(Effective Dates)*		
Community Benefits		**SF**	**CA**	**US**
A	Community Benefit Reporting Requirement	No	Yes *(4/1/96)*	Yes *(3/23/12)*
B	Community Health Needs Assessment	No	Yes *(7/1/96)*	Yes *(3/23/12)*
C	Implementation Strategy (Community Benefit Plan)	No	Yes *(4/1/96)*	Yes *(3/23/12)*
Charity Care Services				
D	Maintain financial Assistance Policy (charity care and discount payment policies)	No	Yes *(1/1/07)*	Yes *(3/23/10)*
E	Limitations on Charges, Billing, and Collection	No	Yes *(1/1/07)*	Yes *(3/23/10)*
F	Report Financial Assistance Policy (charity care and discount payment policies)	Yes *(7/20/01)*	Yes *(1/1/08)*	No
G	Report levels and types of charity care provided annually	Yes *(7/20/01)*	No	Yes *(12/20/07)*
H	Report of hospital charity care to be compiled and prepared by governing agency	Yes *(7/20/01)*	No	Yes *(3/23/10)*
I	Mandatory review of tax exempt status by Sec. of the Treasury at least once every 3 years	No	No	Yes *(3/23/10)*

A. COMMUNITY BENEFIT REPORTING REQUIREMENT:

STATE

California law asserts that in order to receive favorable tax treatment by the government, there is a social obligation to provide community benefits. The definition of community benefits is particularly inclusive, and there is not a required minimum level. Non-profit hospitals in California are required to submit community benefit plans on an annual basis, specifying the economic value of the community benefits that will be provided according to the plan.

FEDERAL

In order to determine whether a nonprofit hospital's community benefit contributions are sufficient to support federal tax exemption, hospitals are required to report unreimbursed costs related to financial

assistance, Medicaid, community health improvement services and community benefit operations, and other categories considered as benefits. This is done annually through IRS, Schedule H (Form 990).

The revision of Form 990 and the development of Schedule H grew out of Congressional attention and action to reports of some non-profit hospitals' billing and collections practices. It requires non-profit hospitals to report information on:

- Charity care (financial assistance) and other community benefits
- Community building activities
- Medicare, bad debt and collection practices
- Management companies and joint ventures
- Facilities comprising the organization

B. Community Health Needs Assessment:

STATE

California's Hospital Community Benefit Program (HCBP) is a result of legislation passed in 1994 (SB 697). It states that private non-profit hospitals "*assume a social obligation to provide community benefits in the public interest"* in exchange for their tax-exempt status. It was the first law in California to emphasize the role of non-profit hospitals in relation to the communities they serve. Among other regulations, the HCBP requires hospitals to conduct a community needs assessment every three years. This may be done by the hospital on an individual basis, or in conjunction with other health care providers. Hospitals submit a copy of this plan to the Office of Statewide Health Planning and Development (OSHPD).

FEDERAL

Similar to California's HCBP, the ACA requires that tax-exempt hospitals conduct a community health needs assessment (CHNA) at least once every three years. The CHNA requires hospitals to work with a broad representation of community members, community-based organizations, and those working in the local public health field.

C. Implementation Strategy (Community Benefit Plan)

STATE

The HCBP also requires that hospitals develop a community benefit plan in consultation with community members on an annual basis and that they submit it to OSHPD. OSHPD has stated that the regulations based on SB 697 have encouraged hospitals to work collaboratively with community partners and provided a framework for meaningful contributions by non-profit hospitals. This has certainly been the

case in San Francisco, where the non-profit hospitals created the Building a Healthier San Francisco (BHSF) and the Community Benefits Partnership (CBP) collaboratives in 1994 and 2008 respectively to improve community health and well-being, in the spirit of the HCBP. These two collaboratives have proven to be a model of how hospitals and the communities they serve can benefit from community benefit planning in action.

FEDERAL

The ACA requires that tax-exempt hospitals adopt a strategy to determine goals and objectives to address the findings in the CHNA. Each tax-exempt hospital must report on Schedule H (Form 990) how it is addressing the community health needs identified in each assessment it conducts and, if any identified needs are not being addressed, describe the reasons they are not being addressed.

D. MAINTAIN FINANCIAL ASSISTANCE POLICY (CHARITY CARE AND DISCOUNT PAYMENT POLICIES)

STATE

The California Hospital Fair Pricing Act (AB 774 of 2006) was developed to address and lessen the impact of high medical costs on the un- and underinsured needing health care in California. It requires that hospitals have written policies regarding discounted payments and charity care for "*financially qualified patients*." AB 774 requires that hospitals offer charity care discounts or free care to individuals in households making less than 350 percent FPL, who are also either uninsured or insured with high medical costs. Effective January 1, 2011, AB 1503 amended the Hospital Fair Pricing Act to extend these regulations to non-profit hospital-based emergency departments. Emergency room physicians are required to provide charity care services in a manner similar to hospitals.

FEDERAL

The ACA requires that non-profit hospitals develop a Financial Assistance Policy (FAP) that is widely publicized by the hospital and specifies the following:

- Eligibility criteria for financial assistance, and whether such assistance includes free or discounted care;
- The basis for calculating amounts that will be billed to patients who qualify for discounted care under the policy;
- The method for applying for financial assistance; and
- If the hospital does not have a separate policy on billing and collections, the actions the hospital may take in the event of non-payment, including collections action and reporting to credit agencies.

The hospital must have a similar policy related to hospital-based emergency care.

E. Limitations on Charges, Billing, and Collection

STATE

Non-profit hospitals are limited in the amounts they may charge patients with income below 350 percent of the FPL. In addition, these hospitals may not report adverse information to a consumer credit reporting agency for patients meeting the requisite criteria (uninsured and/or facing high medical costs) nor may the hospital pursue action against the patient in civil court. The law also includes protections related to a patient's property rights and limits on hospital payment practices.

FEDERAL

The ACA requires each tax-exempt hospital to limit amounts charged for emergency or other medically necessary care provided to patients eligible under the FAP to not more than the amounts generally billed to patients who have insurance covering such care. Hospitals may not use gross charges in determining amounts charged to patients who qualify for financial assistance. In addition, non-profit hospitals may not engage in "extraordinary collection actions" before it has made "reasonable efforts" to determine whether a patient is eligible for financial assistance under the hospital's policy.

F. Report Financial Assistance Policy (charity care and discount payment policies)

LOCAL

San Francisco's Charity Care Ordinance requires that non-profit hospitals report information related to their FAP. San Francisco's Health Code, Section 129 through 138, focuses on the Charity Care Policy Reporting and Notice Requirement. The list of information that hospitals are required to report to the San Francisco Department of Public Health (DPH) annually, specifies the following:

> *"All charity care policies, including but not limited to explanations regarding the availability of charity care and the time periods and procedures for eligibility, application, determination, and appeal; any application or eligibility forms used, and the hospital locations and hours at which the information may be obtained by the general public".*[6]

[6] SF Health Code, Section 131. Reporting to the Department of Public Health. http://www.hospitalcouncil.net/sites/main/files/file-attachments/1_charity_care_policy_reporting_sec_129_.pdf

STATE

The state's Hospital Fair Pricing Act, not unlike San Francisco's Charity Care Ordinance, focuses much of its requirements on reporting and public dissemination of charity care-related information. It requires that non-profit hospitals:

- Make available information regarding the availability of charity care, discounts, and government-sponsored health insurance; and
- Standardize procedures for determining charity care eligibility, and for billing and collection processes.

To ensure compliance with the Act, California's Office of Statewide Hospital Planning and Development (OSHPD) requires reporting every other year. Hospitals must include their:

- Charity care policy;
- Discount payment policy;
- Eligibility procedures for charity care;
- Review process; and
- Application form.

This information is made publicly accessible on the OSHPD website.

G. REPORT LEVELS AND TYPES OF CHARITY CARE PROVIDED ANNUALLY

LOCAL

In conjunction with the reporting of FAP policies, local non-profit hospitals are required to quantify and report the details regarding the charity care services provided in the course of the hospital's fiscal year. All hospitals in San Francisco report charity care services to DPH annually, including those not required to do so. The data collected for FY2012 is contained in this report by the required hospitals, as well as the hospitals that report voluntarily. (See Attachment A for the charity care data reported by hospitals and to see the categories required by the Charity Care Ordinance.)

FEDERAL

To meet requirements set forth in the ACA, hospitals use Schedule H (Form 990) to provide information on charity care-related activities, among other, similar activities provided to establish a hospital's tax-exempt status. This form requires hospitals to quantify a significant number of charity care services, including, but not limited to the following:

- Amount of gross patient charges written off under financial assistance policies;
- Ratio of patient care cost to charges; and
- The cost of Medicaid and other means-tested government health programs.

H. Annual report of hospital charity care to be compiled and prepared by governing agency

LOCAL

As noted, all San Francisco hospitals work closely with DPH on charity care and community benefit-related projects. As required by the Charity Care Ordinance, DPH has been producing a report from the data collected since the first one in 2002. The Charity Care report is presented each year to the Health Commission, shared with the Board of Supervisors, and made public through the DPH website and the San Francisco Public Library. Because San Francisco was an early adopter of charity care reporting regulations, the federal government was able to identify best practices which informed some of the ACA's rules on this subject.

FEDERAL

The ACA requires the Treasury Department, in consultation with the Department of Health and Human Services (HHS), to prepare an annual report for several Congressional committees. The reports must include:

- Levels of charity care;
- Bad-debt expenses;
- Unreimbursed costs for services provided with respect to means-tested and non-means-tested government programs[7]; and
- Costs incurred for community benefit activities.

Furthermore, in five years from the March 2010 effective date, the Treasury and HHS must provide Congress with a report on charity care and community benefit-related trends. It is not clear at this time what data will be made publicly available and in what manner. As of the date of this report, the IRS has granted an exemption related to Part 1 of Schedule H (Form 990) which allows hospital systems to report in the aggregate. This means that facility-level data will not necessarily be made available to localities by the IRS, as the numbers will be reported by system (e.g., all Sutter Hospitals), rather than per facility (e.g., California Pacific Medical Center).

The effective date for these reports is March 23, 2010. There was an expectation that in 2011, the Secretary of the Treasury/IRS would prepare a report for Congress. This has not been the case, however, and there is not any indication of when this first annual report will be completed and when (or if) it will be made publicly available. The report on charity care and community benefit trends is not due until

[7] Means-tested government programs include Medicaid and S-CHIP; non-means-tested government programs include Medicare and TRICARE.

March 2015. However, it is likely that this report too will be delayed, since it is designed to analyze five years of annual reports and identify larger themes and issues based on the data contained within them.

I. REVIEW OF TAX EXEMPT STATUS BY THE TREASURY AT LEAST ONCE EVERY THREE YEARS

FEDERAL

The ACA mandates that the Secretary of the Treasury review, at least once every three years, information about each section 501(c)(3) hospitals' community benefit activities (currently reported on Schedule H, Form 990,). It also requires each tax exempt hospital to file with Form 990 a copy of its audited financial statements. Hospitals that fail to meet the new requirements can lose their tax exemptions. In addition, the ACA provides for the imposition of a $50,000 excise tax on hospitals that fail to conduct the required community health needs assessment in any applicable three-year period.[8]

SAN FRANCISCO'S HEALTH COVERAGE PROGRAMS

The Healthy San Francisco (HSF) and San Francisco Provides Access to Healthcare (SF PATH) programs both provide health care services to uninsured San Franciscans. They are an important part of San Francisco's provision of hospital-based charity care. Like traditional charity care, these programs are not insurance but offer relief to uninsured individuals in need medical services who have no ability to pay. Unlike traditional hospital-based charity care, HSF and SF PATH provide an organized system of care with a defined set of benefits that go beyond hospital services and, in some cases, require insurance-like cost sharing (e.g., monthly premiums, copayments).

Because it is a form of charity care in which hospitals are not paid for services provided, data related to both programs are included in this report. HSF has been a part of this annual report since the FY 2009, while SF PATH is being included for the first time this year. SF PATH enrolled its first members in FY2012 (July 2011).

In Section IV of this report, the data is split between traditional charity care and HSF/SF PATH. Traditional charity care is defined as the care provided to under- or uninsured patients not enrolled in, and in most cases ineligible for, HSF/SF PATH and other public health insurance programs (e.g., Medi-Cal). SF PATH data is included only as part of San Francisco General Hospital's data, as SFGH is the only SF PATH-affiliated hospital. The SF PATH numbers are included, for the purposes of this report, within SFGH's HSF data (as opposed to the traditional charity care data).

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[8] Wiggin and Dana law firm, blog posting, "*New Requirements for Tax Exempt Hospitals*," July 8, 2010; http://www.wiggin.com/12308 (accessed 10/31/13).

Healthy San Francisco (HSF)

HSF is a locally-created and funded program that provides comprehensive, affordable health care to uninsured adults in San Francisco. HSF is available to uninsured individuals who live in households with incomes up to 500 percent of the federal poverty level (FPL), irrespective of the person's employment, immigration status, or pre-existing medical condition(s). HSF began enrolling uninsured, eligible individuals in 2007. At the end of FY 2012, there were a total of 46,822 individuals enrolled in HSF. This is a decrease of 7,562 individuals from FY 2011. These enrollees were not left without a coverage plan; they were enrolled in SF PATH. Taking the two local health coverage programs as a whole, there was an increase in the number of enrollees in this same time period, with the total enrollment at 57,974 at the end of FY 2012.

All of the hospitals included in this report provide services through HSF; most are directly affiliated with medical homes. HSF members choose a medical home (i.e., a primary care provider) at the time of enrollment. Having a medical home allows for improved access to preventive health care services. Each medical home is paired with a hospital, which will count the care provided to these patients as charity care. The majority of HSF enrollees receive their care at a medical home that is either a DPH clinic (30%) with SFGH as the affiliated hospital, or a SF Community Clinic Consortium clinic (55%), each of which has its own arrangement with a local hospital. The remaining 15 percent of HSF patients are connected with medical homes at Kaiser Permanente Medical Center (Kaiser Hospital), Brown & Toland Physicians (California Pacific Medical Center), Chinese Community Health Care Association (Chinese Hospital), and BAART Community Health Care (San Francisco General Hospital).

San Francisco Provides Access to Healthcare (SF PATH)

While HSF was a local creation SF PATH came about differently, through California's Demonstration 1115 Medicaid Waiver which was made effective November 1, 2010. This waiver brought approximately $10 billion in federal funds to California. The funding allowed the state to invest in its health delivery system, as preparation for national health care reform and to help control health costs within the soon-to-be expanded Medi-Cal program. One of several projects resulting from this waiver was the "Bridge to Reform Demonstration." The Demonstration expanded coverage to eligible low-income adults through the Low Income Health Program (LIHP). This allows for financial support to counties who wish to provide coordinated health care services to low income, uninsured individuals in households up to 200% of the FPL. It is designed to improve access to care, enhance quality of care, reduce episodic care, and improve health status by enrolling patients into a structured local health care delivery system.

In response to this opportunity, San Francisco developed the SF PATH program. SF PATH and other LIHPs became effective on July 1, 2011 and are designed to run through December 31, 2013. From the enrollee's perspective SF PATH and HSF operate identically, and the experience does not differ in any notable way. On the first of January, 2014, the majority of LIHP enrollees throughout the state will

become Medi-Cal eligible under national health care reform. The remaining enrollees become eligible for a health insurance product through the California Health Benefit Exchange –Covered California. San Francisco has been preparing for the January 1, 2014 date by enrolling as many eligible individuals as possible into SF PATH. Those enrolled in SF PATH in the proper income category will automatically move into Medi-Cal in 2014.

SF PATH began on July 1, 2011 by transferring over 10,000 HSF members that met the eligibility criteria for the new program. The state's eligibility requirements include the following criteria:

- Adults between 19 and 64;
- Ineligible for Medi-Cal or the Children's Health Insurance Program;
- Not pregnant;
- Within the county's income eligibility requirements;
- Meet county residency requirements; and
- Meet federal requirements for citizenship and immigration verifications and restrictions.

The monthly enrollment numbers are provided in the table below:

TABLE 2: SF PATH ENROLLMENT NUMBERS BY MONTH, FY 2012[9]

	0 to 133% FPL	133 to 200% FPL	Total
July 2011	9,256	1,540	10,796
August 2011	9,426	1,481	10,907
September 2011	9,454	1,422	10,876
October 2011	9,616	1,364	10,980
November 2011	9,451	1,319	10,770
December 2011	9,403	1,289	10,692
January 2012	9,465	1,264	10,729
February 2012	9,430	1,232	10,662
March 2012	9,471	1,205	10,676
April 2012	9,617	1,181	10,798
May 2012	9,849	1,165	11,014
June 2012	10,009	1,143	11,152

[9] California Department of Health Care Services (DHCS) LIHP enrollment reports, http://www.dhcs.ca.gov/provgovpart/Pages/lihp.aspx (accessed September 2013).

In this first year of SF PATH, membership remained remarkably stable. When members were automatically transferred from HSF to SF PATH in July, 2011, the number of enrollees in the new program was 10,796. At the end of the fiscal year, this had increased to 11,152, a three percent increase. Income eligibility criterion for the program was steeply reduced part-way through the program's first year, from 200 percent of FPL to 25 percent of the FPL. Beginning November 1, 2012, new enrollees with household incomes higher than 25 percent and lower than 200 percent were enrolled in HSF, instead of SF PATH. As can be seen in Table 2, the majority of the program's members are within the lowest income category, 0 to 133 percent of the FPL. These SF PATH members made up 88 percent of the enrollees in the program. It is these members with the lowest incomes that will be automatically moved to the Medi-Cal program in 2014, while those with in the higher income category will be able to access insurance coverage through Covered California.

SECTION III: REPORTING HOSPITALS

This section of the report provides a general description of each hospital that participates in the Charity Care project/report. The data in this section represents the overall work done for all patient populations, helping to put the Charity Care work provided by these hospitals into a broader perspective.

A. HOSPITAL DESCRIPTIONS

CHINESE HOSPITAL ASSOCIATION OF SAN FRANCISCO (CHASF)

Located in Chinatown, Chinese Hospital was established in 1929 and primarily serves San Francisco's Chinese community. The stand-alone acute care, community-owned, non-profit small hospital (31 staffed and 54 licensed beds) offers a range of medical, surgical, and specialty programs. Additionally, Chinese Hospital operates three community clinics located in the Sunset and Excelsior neighborhoods of San Francisco and in Daly City. Chinese Hospital owns a Knox-Keene licensed, integrated, prepaid health plan, Chinese Community Health Plan (CCHP), which provides low-cost insurance products to the community. Without these low-cost insurance products, many of CCHP's members would otherwise access health care services through the charity care program.

Chinese Hospital is unique in providing bilingual healthcare services in both Chinese and English. Approximately 95 percent of patients are from San Francisco and five percent are from outside San Francisco. The vast majority (80%) of patients seen at Chinese Hospital are seniors covered by Medicare. Of these individuals, 80 percent also have Medi-Cal. Despite the low income of the majority of patients, Chinese Hospital only qualifies for 12 percent of federal Disproportionate Share Hospital (DSH) reimbursement because of its small size. (To qualify for DSH, hospitals must have at least 100 licensed beds.) More than ten percent of patients are covered by Medi-Cal and one percent of patients have no insurance coverage. Chinese Hospital is an active participant in a variety of public health coverage programs, including Healthy San Francisco, which started on July 1, 2007, Medi-Cal, Healthy Families, and Healthy Kids. Chinese Hospital also sponsors a non-profit private agency, the Chinese Community Health Resource Center (CCHRC), which provides linguistically and culturally sensitive community education, wellness programs, and counseling services.

FY12 CHASF Patient Population & Services

- Total number unduplicated patients served: 28,329
- Hospital Services:
  - Adjusted patient days[10]: 31,477
  - Outpatient visits: 55,811
  - Emergency services visits: 4,537

DIGNITY HEALTH: SAINT FRANCIS MEMORIAL HOSPITAL (SFMH)

Saint Francis Memorial Hospital (SFMH), established in 1906, is a general adult medical/surgical hospital in downtown San Francisco with 150 staffed beds and 257 licensed beds. It is a non-profit hospital, required by City Ordinance to report Charity Care data, and an affiliate member of the Dignity Health system. SFMH serves all San Franciscans primarily from the surrounding neighborhoods of Nob Hill, Polk Gulch, Tenderloin, Chinatown and North Beach. Many of San Francisco's visitors and tourists are also treated at SFMH due to the proximity to the major tourist attractions and hotels.

SFMH is home to the Bothin Burn Center, the only burn center in the San Francisco Bay Area verified by the American Burn Association and the American College of Surgeons, Trauma Division. Additionally, SFMH specializes in orthopedic services through the Spine Care Institute of San Francisco, the Total Joint

[10] Adjusted Patient Day is defined by OSHPD as "*total gross inpatient and outpatient revenue divided by gross inpatient revenue times the number of patient (census" days. This statistic adjusts the number of patient days (usually by increasing) to compensate for outpatient services.*"

Center and provides Occupational Medicine Services at clinics on the main campus and at AT&T Park, and Sports Medicine Services at clinics in San Francisco, Marin, and Walnut Creek. The hospital also serves the community through its Emergency Department, its partnership with Glide Health Services, and programs with other primary care clinics in the Tenderloin neighborhood. SFMH has served many Healthy San Francisco patients since the program's inception through its Emergency Department and its relationship with Glide Health Services.

FY12 SFMH Patient Population and Services

- Total number unduplicated patients served: 49,412
- Hospital Services:
  - Adjusted patient days: 49,800
  - Outpatient visits: 131,200
  - Emergency services visits: 32,229

DIGNITY HEALTH: ST. MARY'S MEDICAL CENTER (SMMC)

St. Mary's Medical Center (SMMC) has cared for the people of the San Francisco Bay Area since its founding in 1857 by the Sisters of Mercy. A member of Dignity Health, SMMC is a 501(c)(3) not-for-profit hospital. As such, it is mandated by San Francisco local ordinance to provide annual Charity Care data. The hospital and Sr. Mary Philippa Health Center are located in the Western Addition neighborhood. Its main site is located on the corner of Hayes and Stanyan Streets.

St. Mary's Medical Center's mission is to deliver compassionate, high-quality, affordable health services to the poor and disenfranchised and to advocate on their behalf. SMMC is committed to partnering with others in the community to improve quality of life in San Francisco. SMMC sponsors and operates the Sr. Mary Philippa Health Center serving over 3,500 patients annually for internal medicine, specialty, and subspecialty care. SMMC began its formal affiliation with HSF in July of 2008 and began enrolling patients in September of that year and serves as a medical home for 1,320 patients providing primary and specialty care as well as diagnostic and inpatient services.

A fully accredited teaching hospital in the heart of San Francisco, it has 403 licensed beds, 1,119 employees, 583 physicians and credentialed staff, and 265 volunteers. For 155 years, St. Mary's has built a reputation for quality, personalized care, patient satisfaction, and exceptional clinical outcomes. Our Centers of Excellence include Total Joint Center, Spine Center, Oncology, Outpatient Therapies, Acute Physical Rehabilitation, and Cardiology. SMMC offers a full range of diagnostic services and 24 hour Emergency Department. Surgical specialties include general, orthopedic, ophthalmology, podiatric, plastic, cardiovascular, and gynecologic surgery. SMMC was recertified as a Primary Stroke Center last year. As one of only three San Francisco hospitals to earn designation as a Blue Distinction® Center from

Blue Cross in Knee and Hip Replacement and Spine Surgery, SMMC takes pride in its work. In addition, SMMC operates the only Adolescent Psychiatric inpatient and day treatment units in its service area. Patients in need of financial assistance are cared for in every department, as financial counselors help direct them to appropriate assistance including Charity Care.

FY12 SMMC Patient Population and Services

- Total number unduplicated patients served: 38,879
- Hospital Services:
  - Adjusted patient days: 54,501
  - Outpatient visits: 130,685
  - Emergency services visits: 17,523

SUTTER HEALTH: CALIFORNIA PACIFIC MEDICAL CENTER (CPMC) & ST. LUKE'S CAMPUS (STL)

CPMC is an affiliate of Sutter Health, a non-profit health care system. CPMC was created in 1991 by the merger of Children's Hospital and Pacific Presbyterian Medical Center. In 1996, CPMC became a Sutter Health affiliate. In 1998, the Ralph K. Davies Medical Center merged with CPMC. Nine years later, in 2007, St. Luke's Hospital became the fourth campus of CPMC. CPMC consists of four acute care campuses:

1. The Pacific Campus (Pacific Heights) is the center for acute care including, oncology, orthopedics, ophthalmology, cardiology, liver, kidney, and heart transplant services.
2. The California Campus (Laurel Heights) is the center for prenatal, obstetrics, and pediatric services.
3. The Davies Campus (Castro District) is the center for neurosciences, microsurgery, and acute rehabilitation.
4. The St. Luke's Campus (Mission District) is a vital community hospital serving underinsured residents in the South-of-Market districts. St. Luke's Campus also has one of the busiest emergency departments in the City.

These four locations have a total of 1,173 licensed beds (945 at Pacific/California/Davies, 228 at St. Luke's) and 874 active beds (708 at Pacific/California/Davies, 166 at St. Luke's). In addition to the acute-care hospital, CPMC manages several primary care clinics. The St. Luke's Health Care Center (St. Luke's campus) provides pediatric, adult, and women's services to a panel of over 14,000 patients. The Family Health Center (California campus) provides pediatric, adult, and women's services utilizing medical preceptors and residents. The Bayview Child Health Center (Bayview Hunters Point) provides pediatric primary care services for 1,000 children, nearly all of whom are insured by Medi-Cal. Since January

2009, CPMC has participated in the Healthy San Francisco program (HSF) as an inpatient partner for the North East Medical Services (NEMS), which primarily serves residents of Chinatown, Richmond, and Sunset districts. In addition, since December 2010, CPMC has been the primary inpatient partner for the Brown & Toland Medical Group's participation in HSF. Brown & Toland as the medical home and CPMC as the inpatient provider have agreed to enroll up to 1,500 new patients.

FY 2012 CPMC & St. Luke's Patient Population and Services

- Total number unduplicated patients served: 248,963 (213,199 - California/Pacific/Davies; 35,764 - St. Luke's)

- Hospital Services (Pacific, California, & Davies campuses):
  - Adjusted patient days: 240,785
  - Outpatient visits: 415,903
  - Emergency services visits: 54,502

- Hospital Services (St. Luke's campus):
  - Adjusted patient days: 49,899
  - Outpatient visits: 55,336
  - Emergency services visits: 26,511

KAISER PERMANENTE: KAISER FOUNDATION HOSPITAL, SF (KFH-SF)

As part of the Kaiser Permanente integrated health system, KFH-SF provides hospital services to Kaiser Foundation Health Plan (KFHP) members and other patients. KFH-SF was established in 1954 as a not-for-profit hospital and is located at 2425 Geary Boulevard. KFH-SF has 247 licensed and staffed beds. KFH-SF is not required by the City ordinance to report charity care data and provides this data voluntarily. KFH-SF is part of a larger integrated health care system in San Francisco, including the KFH Medical Office Building at 2238 Geary Boulevard in the Western Addition and the French Campus at 4141 Geary Boulevard in the Richmond District. Primary Care Services are provided by The Permanente Medical Group to KFH members.

KFH-SF services include such specialties as cardiovascular surgery and critical care services, high-risk obstetrics and neonatal intensive care, and HIV care and research. The hospital is a Joint Commission Certified Primary Stroke Center.

KFH-SF began accepting HSF patients on July 1, 2009. HSF patients receive their full range of eligible services within the Kaiser Permanente integrated health care system in the San Francisco Service Area.

- Hospital Services:
  - Adjusted patient days: 62,631
  - Outpatient visits: 26,426
  - Emergency services visits: 33,027

UNIVERSITY OF CALIFORNIA, SAN FRANCISCO MEDICAL CENTER (UCSF)

The University of California, San Francisco (UCSF) was founded in 1864 as Toland Medical College in San Francisco and became affiliated with the UC system in 1873. UCSF Medical Center, including UCSF Benioff Children's Hospital, is part of UCSF and is a non-profit hospital affiliated with the UC system. Consequently it is not subject to San Francisco's Charity Care Ordinance, but reports voluntarily. UCSF Medical Center is a Disproportionate Share Hospital.

UCSF Medical Center operates as a 720-licensed bed tertiary care referral center with two major sites (Parnassus Heights and Mount Zion). During FY 2012, there were a total of 650 available beds through these two hospitals. A third location, a 289-bed women's, children's, and cancer hospital complex at Mission Bay, is scheduled to open in February 1, 2015. UCSF Benioff Children's Hospital currently operates at the Parnassus site. UCSF Medical Center and UCSF Children's Hospital are world leaders in health care, with the Medical Center consistently ranked among the nation's best by US News & World Report. UCSF's expertise covers virtually all specialties, including cancer, heart disease, neurological disorders, and organ transplantation, as well as special services for women and children. UCSF has the only nationally designated Comprehensive Cancer Center in Northern California. As a regional academic medical center, UCSF attracts patients from throughout California, Nevada, and the Pacific Northwest, as well as from all San Francisco neighborhoods and abroad.

To help meet the needs of the City's most vulnerable populations, UCSF has established clinics around San Francisco and provides staff for other existing clinics. Examples include:

1. St. Anthony Free Medical Center: The UCSF School of Pharmacy partners with the St. Anthony Foundation to provide needed pharmaceutical care to patients with no health insurance and limited access to health care. The vast majority (90%) of patients at this clinic have incomes below the Federal Poverty Level.
2. UCSF School of Dentistry Buchanan Dental Center: The Dental School clinic on Buchanan Street provides comprehensive services to low-income adults and children. The clinic sees approximately 2,700 patients each year, with 10,000 total patient visits.

3. Glide Health Services: This Tenderloin district community clinic is managed by the UCSF School of Nursing, in cooperation with Glide Memorial United Methodist Church, Catholic Healthcare West, and other community partners.

UCSF Medical Center has provided emergency care for HSF enrollees since the program began enrolling members in summer of 2007 and also provides radiological services.

FY12 UCSFMC Patient Population and Services

- Total number unduplicated patients served: 171,922
  - Hospital Services:
    - Adjusted patient days: 256,860
    - Outpatient visits: 830,737
    - Emergency services visits: 29,707

SAN FRANCISCO GENERAL HOSPITAL (SFGH)

San Francisco General Hospital (SFGH) was founded in 1872 and is located in the Potrero Hill neighborhood of San Francisco, on the edge of the Mission District. It is a general acute care hospital with 463 budgeted beds and 645 licensed beds. SFGH is owned by the City and County of San Francisco and is a component of the DPH. SFGH reports charity care data on a voluntary basis for the purposes of this report.

SFGH attracts patients from well beyond its physical location for two main reasons. First, because of its unique position as the county's public hospital, specializing in care for the uninsured and others who have difficulty accessing adequate health care services. In addition, SFGH operates the only Level I Trauma Center for San Francisco and northern San Mateo County. Individuals who are seriously injured in San Francisco and in parts of San Mateo County are brought to SFGH's emergency room for care.

SFGH has maintained a teaching and research partnership with the UCSF Medical School for more than 130 years, and provides inpatient, outpatient, emergency, skilled nursing, diagnostic, mental health, and rehabilitation services for adults and children. It is the largest acute inpatient and rehabilitation hospital for psychiatric patients in the city, and the only acute hospital in San Francisco that provides 24-hour psychiatric emergency services. SFGH participates in the Charity Care Work-Group and reports charity care-related data on a voluntary basis.

DPH CHN operates three operates four primary care clinic centers on the SFGH campus: the Children's Health Center, Family Health Center, the Positive Health Program Center and General Medical Clinic the Adult Medical Center. In addition, there is a network of affiliated community clinics spread throughout San Francisco, in neighborhoods with the greatest need for access. SFGH has been a key provider for

HSF since enrollment began in July 2007, providing specialty care, emergency care, pharmacy, diagnostic, and inpatient services for HSF members. SFGH is recognized as a DSH by the California state and a federal government, meaning that it provides care to a disproportionate share of Medi-Cal and the uninsured.

FY 2012 SFGH Patient Population and Services

- Total number unduplicated patients served: 103,895
- Hospital Services:
  - Adjusted patient days: 219,397
  - Outpatient visits: 515,050
  - Emergency room visits: 77,628

B. CHARITY CARE POLICIES

The Charity Care Ordinance requirements do not focus solely on data related to the provision of charity care. Hospitals are also required to submit their charity care policies.

INDIVIDUAL HOSPITAL CHARITY CARE POLICIES

California's Hospital Fair Pricing Act (AB 774) requires hospitals to provide discounted or free services to patients in households at or below 350 percent FPL. All of San Francisco's hospitals meet or exceed this requirement. Table 3 illustrates the of San Francisco's non-profit hospitals policies related to traditional charity care.

TABLE 3: TRADITIONAL CHARITY CARE ELIGIBILITY, BY FPL AND HOSPITAL

Single Person - Monthly FPL Limit	State Charity Care Policy	CPMC/ STL	CHASF	SFMH/ SMMC	KFH - SF	UCSF	SFGH
450% to 500% FPL $4,190 - $4,655							
400% to 450% FPL $3,723 - $4,190							
350% to 400% FPL $3,259 - $3,723							
300% to 350% FPL $2,793 - $3,259	State law requires non-profit hospitals provide free or discounted care to patients in households <350% of the federal poverty level (FPL).						
250% to 300% FPL $2,327 - $2,793				***Discount***	***Discount***	***Discount***	***Discount*** ***(Sliding Scale)***
200% to 250% FPL $1,862 - $2,327			***Free*** ***or discount*** ***(case by case)***				
150% to 200% FPL $1,396 - $1,862							
100% to 150% FPL $931 - $1,396							
0 to 100% FPL 0 - $931		***Free***		***Free***	***Free***	***Free***	***Free***

All of the hospitals report to DPH all charity care provided within the parameters shown in Table 3, whether services are discounted or free. The discounts offered through charity care are treated as "sliding scale) payments by the hospitals, as they are dependent on the patients' income and usually are only a very small fraction of the usual charges for the care provided.

All of San Francisco's reporting hospitals follow similar eligibility procedures for their charity care, or financial assistance programs. All patients must go through an application process, and provide proof of income. One of the few significant differences among the hospitals' charity care policies is the life-span of an application. The following hospitals allow for one year of eligibility for a patient whose application is approved:

- CHA SF
- Dignity Hospitals (SFMH and SMMC)
- Sutter Hospitals (CPMC and STL)

The remaining hospitals allow for a shorter time span:

- UCSF (6 months), and
- SFGH (6 months)
- KFH – SF (3 months)

When the eligibility period expires, the patient may re-apply.

POSTING AND NOTIFICATION REQUIREMENTS

Both San Francisco's Charity Care Ordinance and the ACA require that hospitals communicate clearly to patients regarding the financial assistance programs, free and discounted charity care specifically. According to the Ordinance, this must be done in the following ways:

1. Verbal notification during the admissions process whenever practicable; and
2. Written notices in the prominent languages of the patient populations served by the hospital (at least English, Spanish, and Chinese). These notices must be posted in a variety of specified locations, including admissions waiting rooms, emergency department, and outpatient areas.

The hospitals' charity care policies confirm that these rules are followed.

SECTION IV: THE PROVISION OF CHARITY CARE

This section of the report reviews the data provided by the hospitals in a number of ways, including an analysis of charity care applications received, unduplicated charity care patients by hospital, charity care expenditures, Medi-Cal shortfall, analysis of net patient revenue to charity care expenditures, types of charity care provided, and ZIP Code analysis of charity care provided.

NOTE: In this section, SFGH's numbers for HSF include the SF PATH participants for FY12 – the first year of the program. SFGH is the only hospital in the SF PATH network.

A. HOSPITAL CHARITY CARE – NUMBERS OF PATIENTS AND FINANCIAL OUTLAYS

CHARITY CARE APPLICATIONS

Individuals seeking to access traditional charity care or who need help paying for hospital services must apply to the individual hospital. HSF/SF PATH applications, by contrast, are processed through the One-e-App system, available at enrollment sites across San Francisco. Hospitals do not process HSF/SF PATH applications, so this report does not include them. Table 4 shows the number of applications accepted by hospitals in FY 2012, as well as those denied. This is compared to the full number of unduplicated patients. The number of applications will not always match the number of unduplicated patients, because some patients may have completed more than one application within the course of the year, have an active application from a prior year, or receive services as an HSF/SF PATH patient. The reduction in charity care patients in FY 2012 can be ascribed to enrollment of this population in HSF/SF PATH.

TABLE 4: TRADITIONAL CHARITY CARE APPLICATIONS BY HOSPITAL FY 2010 – FY 2012

Traditional Charity Care Applications & Patients - FY 2012					
Reporting Hospitals		**Applications**			**Patients**
System	**Hospital**	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
Chinese	CHASF	513	0	513	513
Dignity Health	SFMH	860	25	885	1,417
Dignity Health	SMMC	449	10	459	1,260
Sutter	CPMC	4,419	716	5,135	4,419
Sutter	St. Luke's	2,679	263	2,942	2,679
Kaiser Permanente	KFH-SF	2,658	494	3,152	2,488
CCSF	SFGH	31,011	12,784	43,795	38,630
UC Regents	UCSF	7,055	454	7,509	2,646
Total		**49,644**	**14,746**	**64,390**	**54,052**

Traditional Charity Care Applications & Patients – FY 2011					
Reporting Hospitals		**Applications**			**Patients**
System	**Hospital**	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
Chinese	CHASF	308	0	308	308
Dignity Health	SFMH	765	24	789	1,247
Dignity Health	SMMC	523	0	523	710
Sutter	CPMC	7,347	361	7,708	7,347
Sutter	STL	3,440	49	3,489	3,440
Kaiser Permanente	KFH-SF	1,769	456	2,225	2,766
CCSF	SFGH	35,710	13,375	49,085	39,137
UC Regents	UCSF	3,397	0	3,397	3,353
Total		**53,259**	**14,265**	**67,524**	**58,308**

Traditional Charity Care Applications & Patients – FY 2010					
Reporting Hospitals		**Applications**			**Patients**
System	**Hospital**	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
Chinese	CHASF	316	0	316	310
Dignity Health	SFMH	885	25	910	1,189
Dignity Health	SMMC	918	0	918	918
Sutter	CPMC	6,810	524	7,334	6,810
Sutter	STL	2,585	121	2,706	2,585
Kaiser Permanente	KFH-SF	1,327	270	1,597	267
CCSF	SFGH	38,419	12,094	50,513	41,830
UC Regents	UCSF	2,457	0	2,457	2,402
Total		**53,717**	**13,034**	**66,751**	**56,311**

Nearly 15,000 charity care applications were denied in FY 2012. It is important to consider, however, that with the array of programs that are available to low-income individuals (e.g., HSF/SF PATH, Medi-Cal), a charity care application denial will, in many cases, not mean that the patient is denied assistance. Reasons for denied applications vary, but generally include incomplete applications (such as not providing income documentation), income or assets above the hospital's limits for charity care, or, as noted, the applicant is eligible for another program. There are also cases that simply reflect an application in administrative limbo, in which the application is considered denied in the hospital's system because the applicant submitted it in the previous fiscal year, but it was not approved until the following fiscal year. Chinese Hospital has no application denials, a result of an application process in which the hospital's financial counselors determine eligibility before the application is processed.

The denial rate for all traditional charity care applications among the hospitals in FY 2012 was 23 percent. The individual hospital denial rates were:

- San Francisco General Hospital: 29%
- Kaiser Foundation Hospital: 16%

- St. Luke's Hospital: 14%
- California Pacific Medical Center: 9%
- UCSF Medical Center: 6%
- Saint Francis Memorial Hospital: 3%
- Saint Mary's Medical Center: 2%

There has been a steady increase in traditional charity care application denials over the years (21% in FY 2011, 15% in FY 2010), which is a result of the growing coverage programs - HSF and SF PATH. These options capture many of the patients who would otherwise have been served in traditional charity care programs. The shift from traditional charity care to HSF/SF PATH has been seen in past years through the reduction of application numbers and number of patients. While this reduction continues, it has started to stabilize. From FY 2010 to FY 2012, the number of traditional charity care applications fell 4 percent, while last year's report showed a reduction of 17 percent.

UNDUPLICATED CHARITY CARE PATIENTS BY HOSPITAL

Table 5 shows the unduplicated patient count, comparing traditional charity care to HSF charity care for the three fiscal years, FY 2010 – FY 2012. The unduplicated patient count reflects the number of individual patients counted only once in the record for the year by each hospital, regardless of the number of services that an individual receives at one hospital. Because there is no central processing of charity care applications, but rather applications are processed by each individual hospital, these numbers are not unduplicated among all the hospitals. For example, an individual receiving charity care services at St. Mary's Medical Center and then additional services at St. Luke's Hospital in the same year will be counted once by St. Mary's Medical Center and once by St. Luke's Hospital.

TABLE 5: FY 2010 – FY 2012 CHARITY CARE UNDUPLICATED PATIENTS (HSF AND TRADITIONAL)

Charity Care Unduplicated Patients FY2012 -					
	Non-HSF	**Non-HSF %**	**HSF**	**HSF %**	**Total**
CHASF	513	84%	98	16%	611
SFMH	1,417	41%	2,013	59%	3,430
SMMC	1,260	44%	1,585	56%	2,845
CPMC	4,419	80%	1,087	20%	5,506
STL	2,679	81%	631	19%	3,310
KFH	2,488	48%	2,663	52%	5,151
SFGH	38,630	43%	50,834	57%	89,464
UCSF	2,646	95%	142	5%	2,788

Unduplicated Patients FY 2011 -					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CHASF	308	78%	87	22%	395
SFMH	1,247	40%	1,872	60%	3,119
SMMC	710	33%	1,428	67%	2,138
CPMC	7,347	91%	728	9%	8,075
STL	3,440	92%	291	8%	3,731
KFH	2,766	63%	1,604	37%	4,370
SFGH	39,137	42%	53,118	58%	92,255
UCSF	3,353	98%	76	2%	3,429

Unduplicated Patients FY 2010 -					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CHASF	310	77%	93	23%	403
SFMH	1,189	41%	1,715	59%	2,904
SMMC	918	42%	1,293	58%	2,211
CPMC	6,810	97%	213	3%	7,023
STL	2,585	93%	193	7%	2,778
KFH	267	9%	2,560	91%	2,827
SFGH	41,830	54%	35,895	46%	77,725
UCSF	2,402	98%	55	2%	2,457

Between FY 2010 and FY 2012, the shift from traditional charity care toward HSF continued. Although not technically directly comparable because numbers are not unduplicated between hospitals, as a crude measure, the percentage of HSF patients increased from 42 percent of the overall share of charity care patients in FY 2010, to 50 percent in FY 2011, and then to 65 percent of all charity care patients in FY 2012.

The number of charity care patients increased over three years, with approximately 98,328 patients in FY 2010 to 113,105 in FY 2012. There was a reduction, however, in the number of charity care patients between FY 2011 and FY 2012. This was driven by four hospitals that saw a decrease in the number of charity care patients served, including CPMC (-32%), St. Luke's (-11%), UCSF (-19%), and to a lesser extent SFGH (-3%). The first three hospitals, however, did see an increase in the share of HSF patients served in the same time period (with SFGH holding steady). UCSF reported that the implementation of a new billing system, Apex, at the end of FY 2012 complicated their ability to capture all of the charity care patients served by the hospital. This administrative error would explain why the hospital saw a significant increase in the number of approved traditional charity care applications, but a decrease in the number of unduplicated charity care patients.

Each hospital follows a different procedure in determining charity care eligibility for financial assistance programs. Hospitals report that their procedures require the following:

- Dignity Hospitals (SMMC and SFMH) prefer, but do not require, eligibility determination before the service is rendered.
- Sutter hospitals (CPMC and STL) determine charity care eligibility at the point of service and make a real time determination.
- KFH SF's approach is a combination of determining eligibility before the service is rendered and after, depending on the situation.
- Chinese Hospital, SFGH, and USF both determine charity care eligibility after the service is rendered.

CHARITY CARE EXPENDITURES

The Charity Care Ordinance requires that hospitals report the dollar value of charity care provided, after being adjusted by the cost-to-charge ratio. The cost-to-charge ratio is the relationship between the hospital's cost of providing service and the charge assessed by the hospital for the service. The cost-to-charge ratio is the difference between the qualifying hospital's total operating expenses and total other operating revenue divided by gross patient revenue, as it is also reported to OSHPD.

Table 6 delineates the specific charity care expenditures per hospital, through the HSF program, traditional charity care, and the total of these two. The total amount for all hospitals was $203.7 million. In FY 2011, the total charity care expenditures for all hospitals were $175.7 million and in FY 2010, $173.6 million. It is SFGH that drives overall expenditures. SFGH increased its amount spent on charity care by 22 percent between FY 2011 and FY 2012. SFGH alone represented three-quarters of total citywide charity care expenditures in FY 2012.

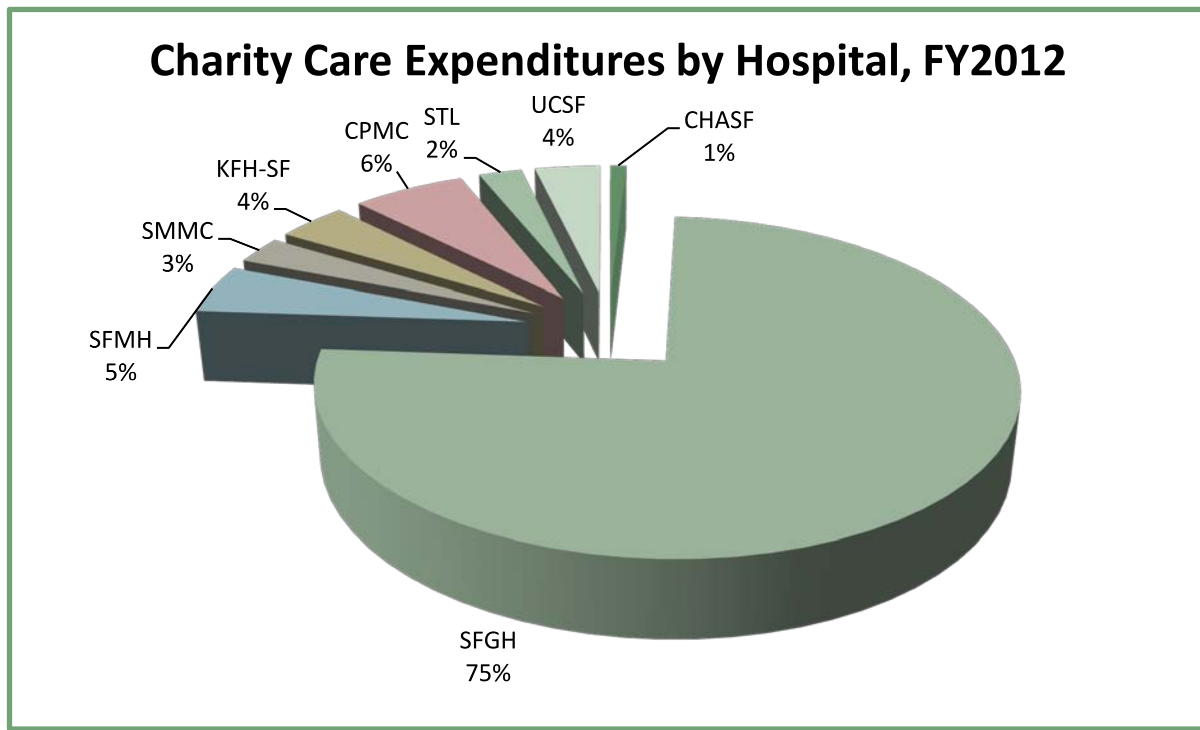
Some hospitals saw significant changes in charity care expenditures from FY 2011 to FY 2012. Chinese hospital spent an increase of 26 percent over the previous year through the HSF program, increasing total expenditures from $498,433 in FY 2011 to $628,531. While this represents a small proportion of the City's overall charity care expenditures, this is a significant increase in the hospital's effort to care for the uninsured through HSF. Other hospitals that increased their charity care expenditures in this time period included SFMH (15%), UCSF (13%), and SFGH (22%).

TABLE 6: CHARITY CARE EXPENDITURES BY HOSPITAL, FY 2010 – FY 2012

System	Hospital	2012 Traditional	2012 HSF	2012 - Total
Chinese	CHASF	$390,154	$628,531	$1,018,685
CCSF	SFGH	$57,360,542	$96,509,500	$153,870,042
Dignity Health	SFMH	$4,373,498	$5,405,651	$9,797,149
Dignity Health	SMMC	$1,227,215	$4,356,395	$5,583,610
Kaiser Permanente	KFH-SF	$5,215,906	$2,796,654	$8,012,560
Sutter	CPMC	$8,112,969	$4,832,311	$12,945,280
Sutter	STL	$2,954,657	$2,003,398	$4,958,055
UC Regents	UCSF	$6,002,001	$1,512,021	$7,514,022
Total		**$85,636,942**	**$118,044,461**	**$203,699,403**
System	**Hospital**	**2011 Traditional**	**2011 HSF**	**2011 - Total**
Chinese	CHASF	$309,602	$188,831	$498,433
CCSF	SFGH	$49,188,916	$76,254,858	$125,443,774
Dignity Health	SFMH	$3,620,157	$4,891,635	$8,511,792
Dignity Health	SMMC	$1,721,359	$4,046,602	$5,767,961
Kaiser Permanente	KFH-SF	$6,320,229	$2,772,003	$9,092,232
Sutter	CPMC	$10,739,085	$3,617,423	$14,356,508
Sutter	STL	$4,494,005	$922,528	$5,416,533
UC Regents	UCSF	$5,796,915	$858,354	$6,655,269
Total		**$82,190,268**	**$93,552,234**	**$175,742,502**
System	**Hospital**	**2010 Traditional**	**2010 HSF**	**2010 - Total**
Chinese	CHASF	$244,131	$121,220	$345,351
CCSF	SFGH	$47,809,138	$78,218,941	$126,028,079
Dignity Health	SFMH	$3,645,416	$4,108,598	$7,754,014
Dignity Health	SMMC	$2,112,231	$4,031,298	$6,143,529
Kaiser Permanente	KFH-SF	$3,490,463	$1,998,457	$5,488,920
Sutter	CPMC	$10,538,613	$1,864,439	$12,403,052
Sutter	STL	$3,146,093	$1,080,424	$4,226,517
UC Regents	UCSF	$10,509,349	$749,825	$11,259,174
Total		**$81,495,434**	**$92,173,202**	**$173,648,636**

Figure 1 shows each hospital's financial charity care contribution in FY 2012, relative to the total ($203,699,403).

Figure 1: Charity Care Expenditures by Hospital, FY 2012



For the third year in a row, the HSF expenditures reported by all hospitals exceeded the amount spent on traditional charity care. In FY 2012, the total spent on traditional charity care was $85.6 million, while HSF/SF PATH spending $118 million. However, the majority of the HSF/SF PATH hospital care is provided at SFGH, so if SFGH is removed from the analysis, the trend reverses. Excluding SFGH, hospitals spend slightly more on traditional charity (see Table 7), though the trend is a decrease in traditional charity care spending, while HSF spending is increasing.

Table 7: Charity Care Expenditures from FY 2010 to FY 2012 (excluding SFGH)

	FY2010	**FY2011**	**FY2012**
Non-HSF Expenditures (No SFGH)	$33,666,296	$33,001,352	$28,276,400
HSF Expenditures (No SFGH)	$13,954,261	$17,297,376	$21,534,961
Total	**$47,620,557**	**$50,298,728**	**$49,811,361**

NET PATIENT REVENUE AND CHARITY CARE EXPENDITURES

Reviewing each hospital's ratio of charity care compared to net patient revenue is another way of comparing charity care across hospitals, as well as to the state average. This helps to compare each hospital's charity care contribution relative to its size. Net patient revenue is taken from the OSHPD financial reports for the purposes of this report. One of the common ways to measure hospital financial performance is by analyzing the margins (i.e., the difference in revenues vs. expenses). These margins can be expressed by using financial ratios and as dollar amounts. For the third year, DPH's Charity Care Report has included a review of each hospital's charity care expenditures as it compares to the hospital's net patient revenue. (KFH-SF is excluded, as they are not required to report this information to OSHPD.) OSHPD defines net patient revenue as gross patient revenue plus capitation premium revenue minus related deductions from revenue. Net patient revenue includes the payments received for inpatient and outpatient care, including emergency services.

Table 8 shows each hospital's ratio of charity care expenditures reported to DPH, compared to the net patient revenue as reported to OSHPD. These data show that SFGH is an outlier with a ratio of nearly 24 percent. This is far outside the range of the other hospitals in San Francisco, and well above the 2.52 percent average among all hospitals. The range of ratios is 0.39 percent at UCSF to 23.84 percent at San Francisco General Hospital. All hospitals in San Francisco are above the state average on this metric except Chinese Hospital, CPMC, and UCSF.

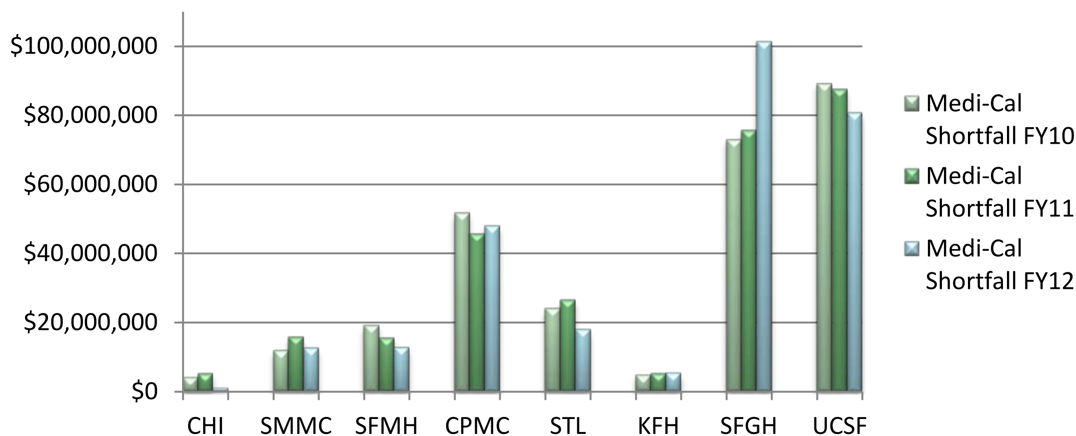
TABLE 8: FY 2012 CHARITY CARE AS COMPARED TO NET PATIENT REVENUE

Hospital	Net Patient Revenue	Charity Care Costs	Ratio of CC Costs to Net Pt. Revenue	State Avg CC Costs to Net Pt. Revenue
CHASF	$102,059,762	$1,018,685	1%	**2%**
SFMH	$201,928,009	$9,797,149	4.85%	
SMMC	$209,186,531	$5,583,610	2.2%	
CPMC	$1,158,169,599	$12,945,280	1.1%	
STL	$115,856,480	$4,958,055	4.3%	
SFGH	$645,398,935	$153,870,042	23.8%	
UCSF	$1,950,012,342	$7,514,022	0.4%	

MEDI-CAL SHORTFALL

Medi-Cal is California's Medicaid program, the federal/state health insurance coverage for low-income children, families, seniors, and persons with disabilities. While Medi-Cal shortfall does not technically fall within the definition of charity care, hospitals track the amount of expenditures spent in services to the Medi-Cal population and how much is reimbursed by the program. The difference between these two amounts is considered the Medi-Cal shortfall. Because of Medi-Cal's focus on health care for low-income individuals, the hospitals have volunteered these data for inclusion in the report. Figure 2 compares FY 2010, FY 2011, and FY 2012 Medi-Cal shortfalls as reported by all hospitals. Most hospitals saw a decrease in their Medi-Cal shortfall between FY 2011 and FY 2012, with the exception of CPMC and SFGH (and KFH's remained stable).

FIGURE 2: MEDI-CAL SHORTFALL, FY 2010 TO FY 2012



B. CHARITY CARE SERVICES PROVIDED

Hospitals provide a range of medical services that can generally be categorized into inpatient, outpatient, and emergency services. The Charity Care Ordinance requires that hospitals report the types of services the patients utilized. The Ordinance requires that hospitals report "*the total number of patients who received hospital services within the prior year reported as being charity care and whether those services were for emergency, inpatient or outpatient medical care, or for ancillary services.*"[11] To ensure consistency, hospitals were instructed to report the total number of unduplicated patients, and

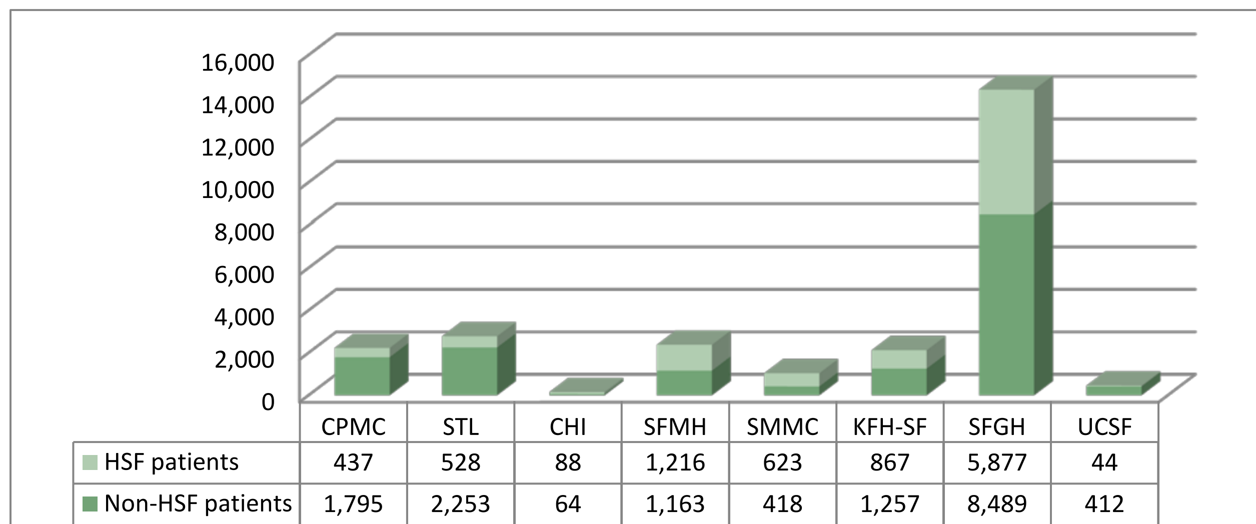
[11] CCSF Health Code, Article 3 (Hospitals), Section 131. *Reporting to the Department of Public Health*.

then the number who received emergency, those who received inpatient, and those who received outpatient services. This means that, as noted in the Ordinance, this section is not counting the number of services, but the number of patients who access those services. For example, if during the reporting year, John Doe visited SFGH's emergency room two times, was an inpatient for a one-week stay, and visited an outpatient clinic at SFGH, he would be counted in the following manner: Once for emergency, once for inpatient, and once in the outpatient section for that hospital.

EMERGENCY DEPARTMENT: CHARITY CARE PATIENT COUNT

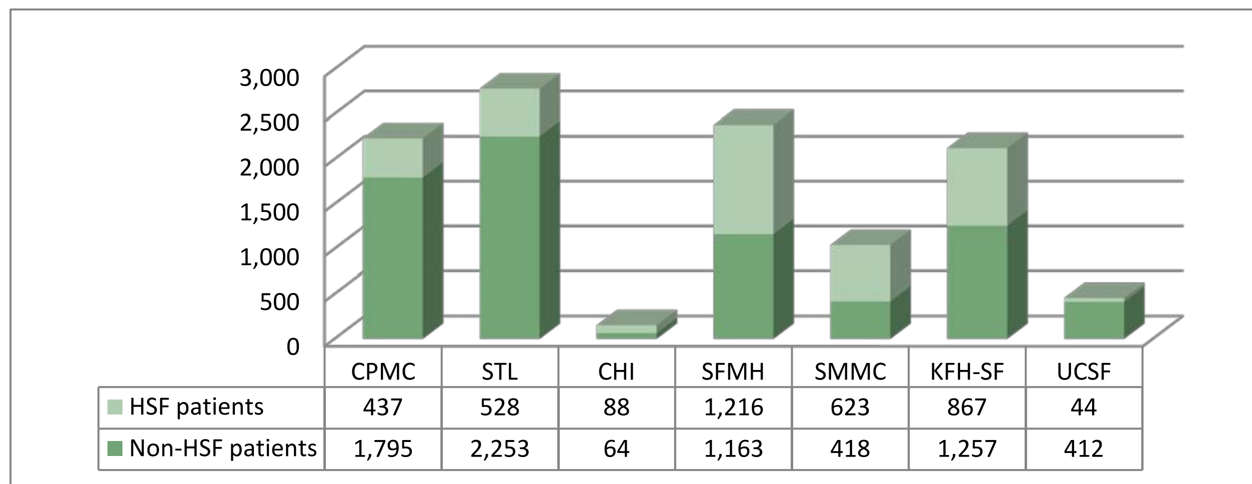
Figure 3 shows the number of unduplicated patients who received emergency department charity care from all reporting hospitals in FY 2012. Figure 4 shows the same information, with the exclusion of SFGH. While SFGH provided emergency room care for more charity care patients than any other reporting hospital (14,366 charity care patients received emergency services at SFGH), the hospital is left off chart #4 so that the other hospitals' work can be seen more clearly. (This will also be done in the following sections that focus on service types.) Of the remaining hospitals, St. Luke's Hospital, CPMC, and Kaiser saw the most patients in the Emergency Room. Between FY 2011 and FY 2012, the total number of unduplicated patients receiving emergency department charity care in all San Francisco hospitals increased 4 percent from 24,528 to 25,531.

FIGURE 3: CHARITY CARE PATIENTS ACCESSING EMERGENCY ROOM SERVICES, FY 2012



	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	SFGH	UCSF
HSF patients	437	528	88	1,216	623	867	5,877	44
Non-HSF patients	1,795	2,253	64	1,163	418	1,257	8,489	412

Figure 4: Charity Care Patients Accessing Emergency Room Services (excluding SFGH), FY 2012



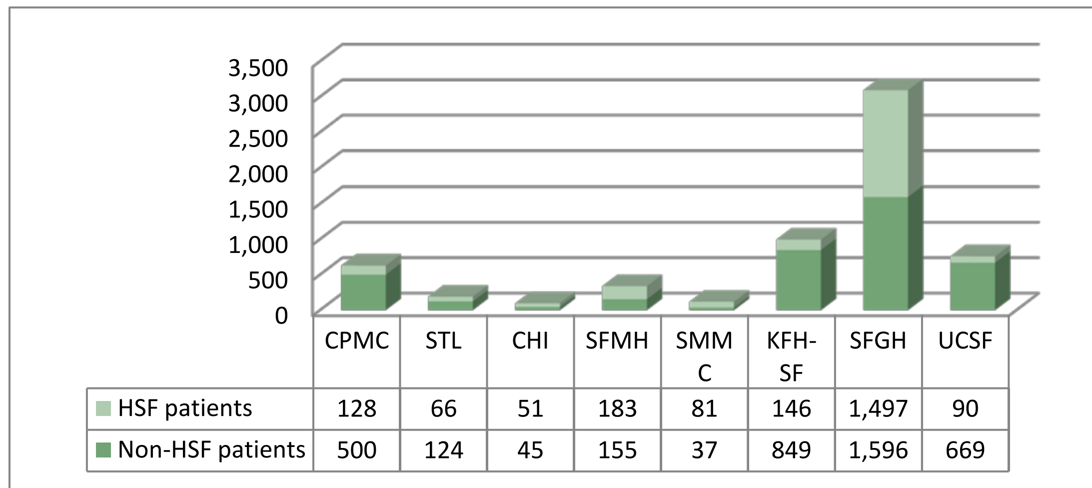
	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	UCSF
HSF patients	437	528	88	1,216	623	867	44
Non-HSF patients	1,795	2,253	64	1,163	418	1,257	412

INPATIENT SERVICES: CHARITY CARE COUNT

Not surprisingly, the number of charity care patients accessing inpatient services is considerably lower than the number of charity care patients accessing emergency services. Unchanged from last year, in FY 2012 SFGH had the lowest percentage of charity care patients that accessed inpatient services, relative to the total number of charity care patients cared for throughout the year (3%), similarly, SMMC provided inpatient care for 4 percent of their charity care patients. UCSF has the highest percentage of charity care patients who access inpatient services, at 27 percent. While this is high compared to the other hospitals, it is consistent with previous years and also is not surprising given UCSF's position as a hospital that takes on difficult medical cases (i.e., increasing the odds of patients seeking services there that have the need for intensive care and medical services).

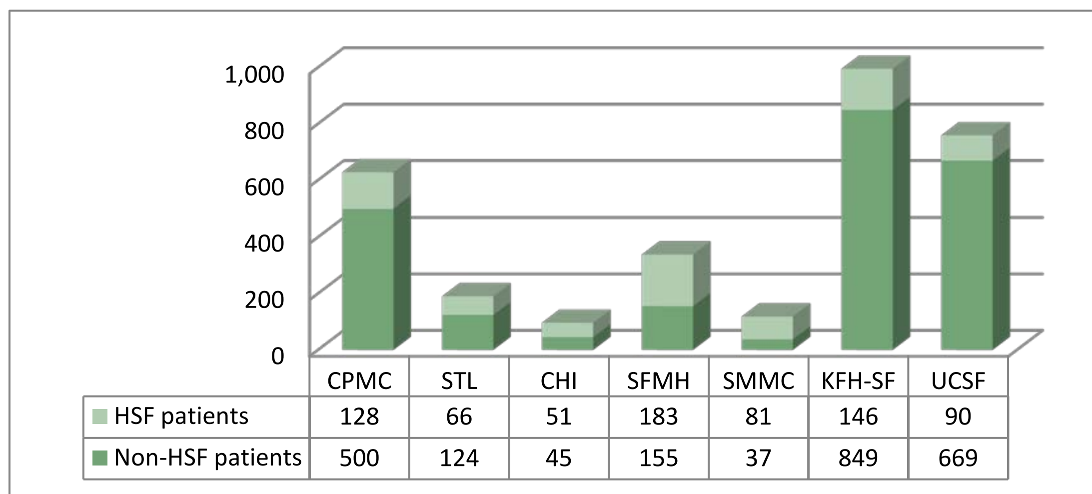
Most hospitals provided inpatient care for more traditional charity care patients than HSF patients, with only the voluntarily-reporting hospitals as the exceptions (KFH, SFGH, and UCSF). Only Saint Francis Memorial Hospital and St. Mary's Medical Center served more HSF inpatients than non-HSF (traditional charity care) inpatients. Between FY 2010 and FY 2011, the total number of unduplicated patients receiving inpatient charity care in all San Francisco hospitals increased 25 percent from 5,806 to 7,282.

FIGURE 5: CHARITY CARE PATIENTS ACCESSING INPATIENT SERVICES, FY 2012



	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	SFGH	UCSF
HSF patients	128	66	51	183	81	146	1,497	90
Non-HSF patients	500	124	45	155	37	849	1,596	669

FIGURE 6: CHARITY CARE PATIENTS ACCESSING INPATIENT SERVICES (EXCLUDING SFGH), FY 2012



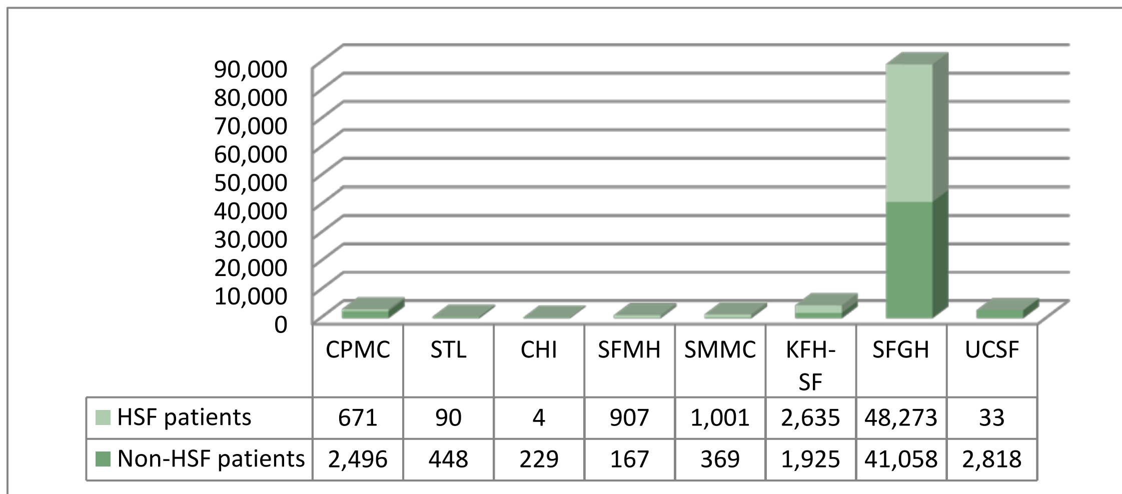
	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	UCSF
HSF patients	128	66	51	183	81	146	90
Non-HSF patients	500	124	45	155	37	849	669

OUTPATIENT SERVICES: CHARITY CARE PATIENT COUNT

Outpatient clinics are used far more frequently by charity care patients than any other service. According to the numbers reported by all hospitals (including SFGH), there were a total of nearly 103,124 charity care patients that accessed outpatient services in FY 2012, compared to just over 25,531 patients accessing emergency services, and 7,282 inpatients. SFGH provided 87 percent of the total outpatient services. Excluding SFGH, KFH-SF served the most outpatients (33% of the total outpatients). SFGH, Saint Francis Memorial Hospital, St. Mary's Medical Center, and Kaiser San Francisco all provided

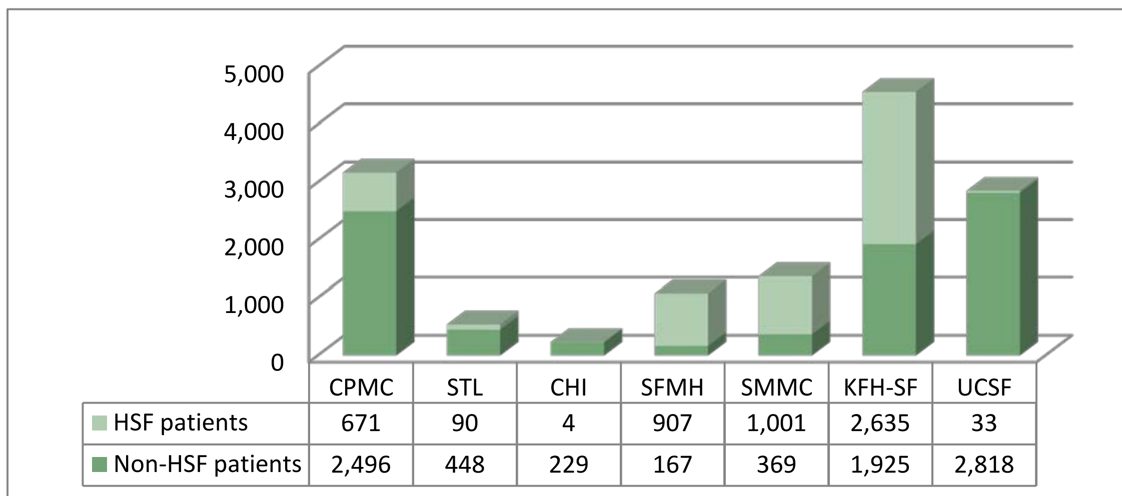
more outpatient services to HSF members than to traditional charity care patients. Most of the hospitals provided more outpatient services than any other type of service. The exceptions were St. Luke's and SFMH, both of which provided more emergency-type charity care services. Between FY 2011 and FY 2012, the total number of unduplicated patients receiving outpatient charity care in all San Francisco hospitals increased 5 percent from 97,888 to 103,124.

FIGURE 7: CHARITY CARE PATIENTS ACCESSING OUTPATIENT SERVICES, FY 2012



	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	SFGH	UCSF
HSF patients	671	90	4	907	1,001	2,635	48,273	33
Non-HSF patients	2,496	448	229	167	369	1,925	41,058	2,818

FIGURE 8: CHARITY CARE PATIENTS ACCESSING OUTPATIENT SERVICES (EXCLUDING SFGH), FY 2012



	CPMC	STL	CHI	SFMH	SMMC	KFH-SF	UCSF
HSF patients	671	90	4	907	1,001	2,635	33
Non-HSF patients	2,496	448	229	167	369	1,925	2,818

C. ZIP CODE ANALYSIS OF CHARITY CARE RECIPIENTS

The Ordinance requires that hospitals provide the ZIP Codes of their charity care recipients, and this report presents an analysis of these data allowing a review of the location of charity care patients. This section focuses on traditional charity care patients only. ZIP Code data for HSF patients is not required as part of charity care reporting. All of the hospitals, except Kaiser San Francisco, are able to provide the ZIP Codes of each charity care patient who has received services at the hospital. This section shows these data by supervisorial district, and an expanded view of out-of-county charity care patients.

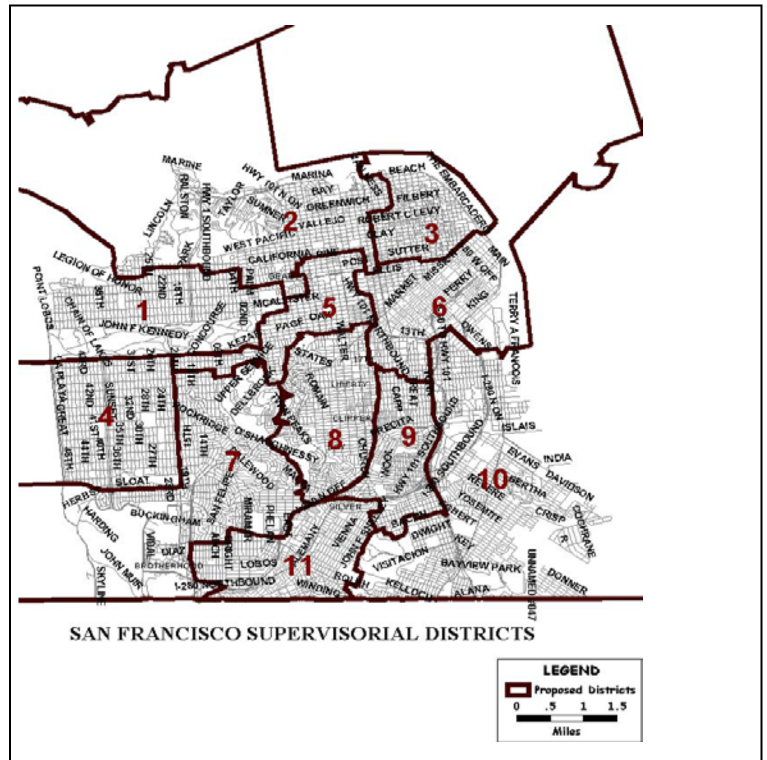
CHARITY CARE BY SUPERVISORIAL DISTRICT (NON-HSF)

Table 9 shows the distribution of all reporting hospitals' traditional charity care recipients by Supervisorial district. Charity care programs primarily serve charity care patients within San Francisco, but traditional charity care programs are not limited to residents only.

A nearly equal number of charity care patients reside in Districts 10 (southeast neighborhoods, including Bayview Hunters Point) and 6 (South of Market). In FY 2012, close to 8,000 charity care recipients in FY 2012 resided in District 10, while approximately 7,500 resided in District 6. This makes up one-quarter of the total number of charity care patients in San Francisco. District 9 (Mission District, Bernal Heights) had the third highest representation, with just over 6,323 recipients (11% of the total).

TABLE 9: CHARITY CARE RECIPIENTS BY DISTRICT

Districts	Charity Care	% of
District 1	1,409	2.4%
District 2	2,284	3.9%
District 3	2,635	4.5%
District 4	2,201	3.7%
District 5	2,595	4.4%
District 6	7,564	12.8%
District 7	3,378	5.7%
District 8	1,841	3.1%
District 9	6,323	10.7%
District 10	7,642	12.9%
District 11	4,171	7.1%
Homeless/Other	7,345	12.4%
CA (outside SF)	9,761	16.5%
Total	**59,150**	**100.0%**



CHARITY CARE PATIENTS IN HOSPITALS' ZIP CODE

A number of factors impact where a patient receives care, including personal preferences, ambulance diversion, location, and transportation, among other possibilities. An analysis of charity care data over the decade supports the idea that many local patients access charity care services in outside their neighborhoods of residence. Table 10, below shows the ZIP Code for each of the ten hospital campuses in San Francisco in relation to the ZIP codes in which their charity care patients reside. The bold/highlighted cells show the number of patients residing in a ZIP Code who received care by the hospital in its respective ZIP Code.

What Table 10 indicates is that not all charity care patients receive care in their ZIP Code of residence. Some hospitals provide the majority of charity care services to patients that live in the ZIP code of the hospital, including St. Luke's (87% of patients share the hospital's ZIP code), St. Francis Memorial Hospital (85%), and Chinese Hospital (63%). Others attract patients from a wider swath of the city, including San Francisco General Hospital (47%), California Pacific Medical Center (38%), UCSF (35%), and St. Mary's Medical Center (32%).

TABLE 10: CHARITY CARE RECIPIENTS IN LOCAL HOSPITALS' ZIP CODES, FY 2012 (NON-HSF)

Zip Code	Hospital in Zip Code	CPMC	STL	CHI	SFMH	SMMC	SFGH	UCSF
94109	SFMH	138	23	21	**617**	9	1,780	194
94110	SFGH	250	**533**	8	22	15	**5,238**	273
94114	CPMC	**96**	13	1	6	17	538	321
94115	CPMC (Pacific),	**206**	15	2	13	14	922	**127**
94117	SMMC	74	7	2	13	**63**	854	291
94118	CPMC	**89**	4	6	13	56	470	157
94122	UCSF	113	9	13	4	19	800	**581**
94133	CHA SF	65	6	**92**	40	4	584	77

OUT-OF-COUNTY CHARITY CARE PATIENTS

Hospital-based charity care programs do not limit eligibility only to patients who reside in San Francisco. In FY 2012, of the charity care recipients who live in California, 17 percent are from counties outside of San Francisco (with the majority from the seven-county greater Bay Area). Another 12 percent are listed

as homeless or other. The “other” category consists of patients who did not have a valid address in the hospital’s financial system. This includes homeless individuals, those with errors in their record, and some who provided inaccurate information. Unfortunately, the data for charity care utilization among the homeless cannot be captured accurately in this report because some hospitals do not identify patients using a standard homeless code in their registration systems. Only a very small proportion of charity care patients are from out-of-state (1%). Charity care patients from out-of-state have remained at or near this very small proportion throughout the history of this report. Figure 8 shows that 82 percent of charity care recipients live in San Francisco (including the homeless/other category), while the great majority of remaining patients reported in-state addresses.

FIGURE 9: PLACE OF RESIDENCE FOR CHARITY CARE PATIENTS, FY 2012

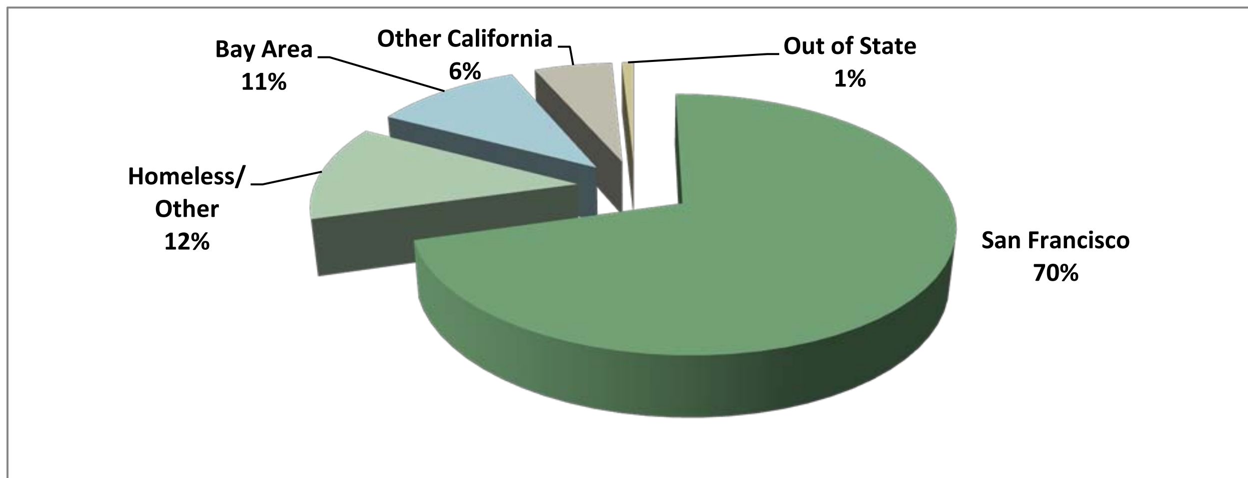
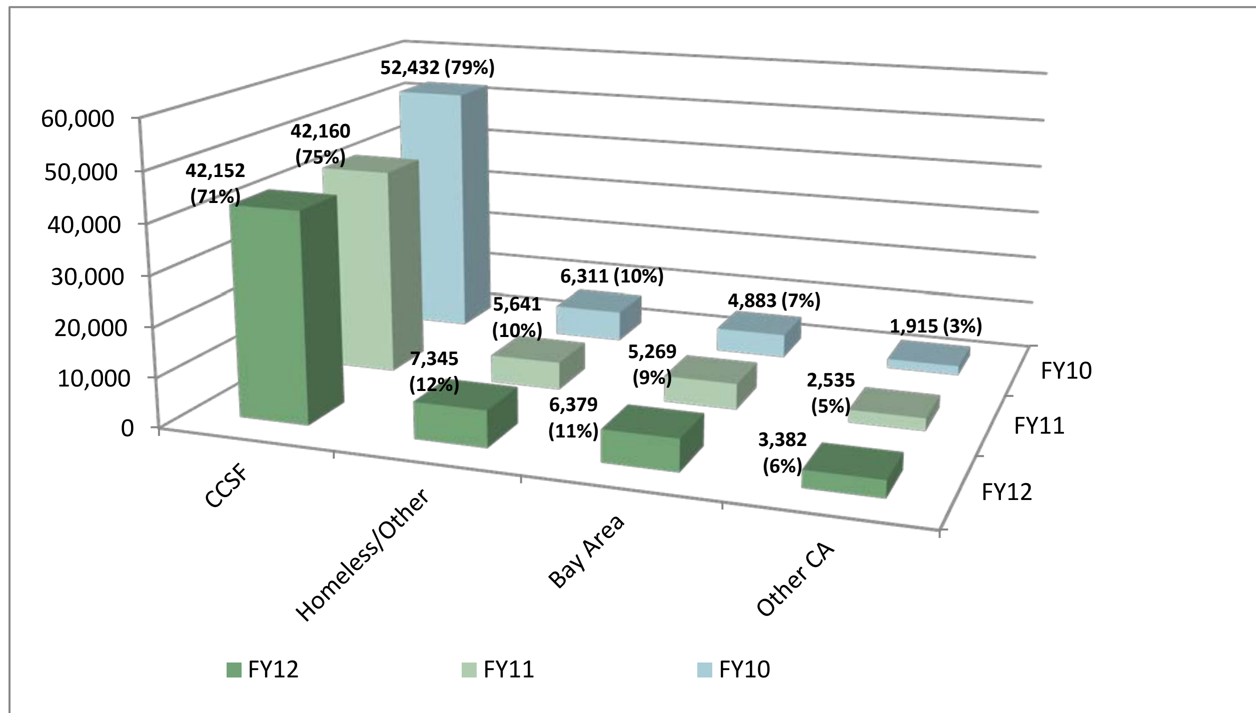


Figure 9 shows where traditional charity care residents have been coming from starting in FY 2010 through to this report’s time period, FY 2012. Not surprisingly, in the current year, there has been a decrease in both the numbers and proportion of charity care patients seeking care at San Francisco hospitals. In FY10, the chart shows that hospitals reported seeing 52,432 charity care patients from San Francisco, representing 79 percent of the whole. Two years later, the number declined by more than 10,000 patients, while the proportion declined by 8 percentage points. There were increases in all other categories of reported residences: homeless/other, bay area counties, and other California counties. (Please note that patients coming from outside the state were excluded from Figure 9 because they represented just one percent in each year.)

Figure 10: Charity Care Patients Reported Residence, FY10 through FY12



The decline in San Francisco residents accessing traditional charity care can be ascribed to the Healthy San Francisco and SF PATH programs enrolling these patients. Out-of-county patients may access care in San Francisco hospitals for many reasons, from the uninsured patient who has an automobile accident on the freeway and is taken to SFGH's Emergency Department, to the patient with a serious illness who seeks medical care at one of San Francisco's renowned medical institutions.

Figure 10 shows the percentage of charity care patients with addresses in the seven-county greater Bay Area counties. Alameda and San Mateo counties represent the greatest proportion (58% of the total), followed by Contra Costa, Sonoma, Marin, Santa Clara, and Solano counties.

FIGURE 11: REPORTED BAY AREA PLACE OF RESIDENCE FOR CHARITY CARE PATIENTS, FY 2012

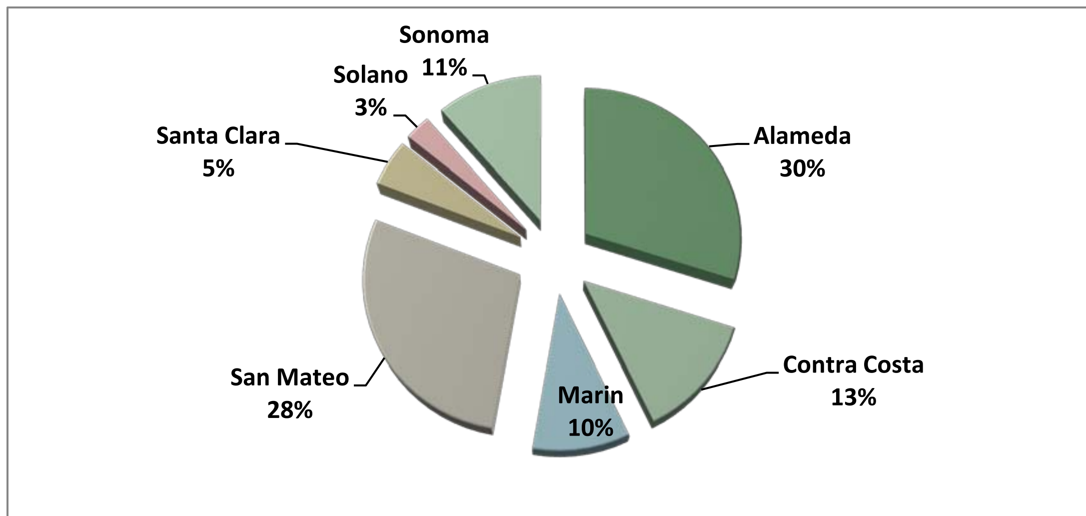
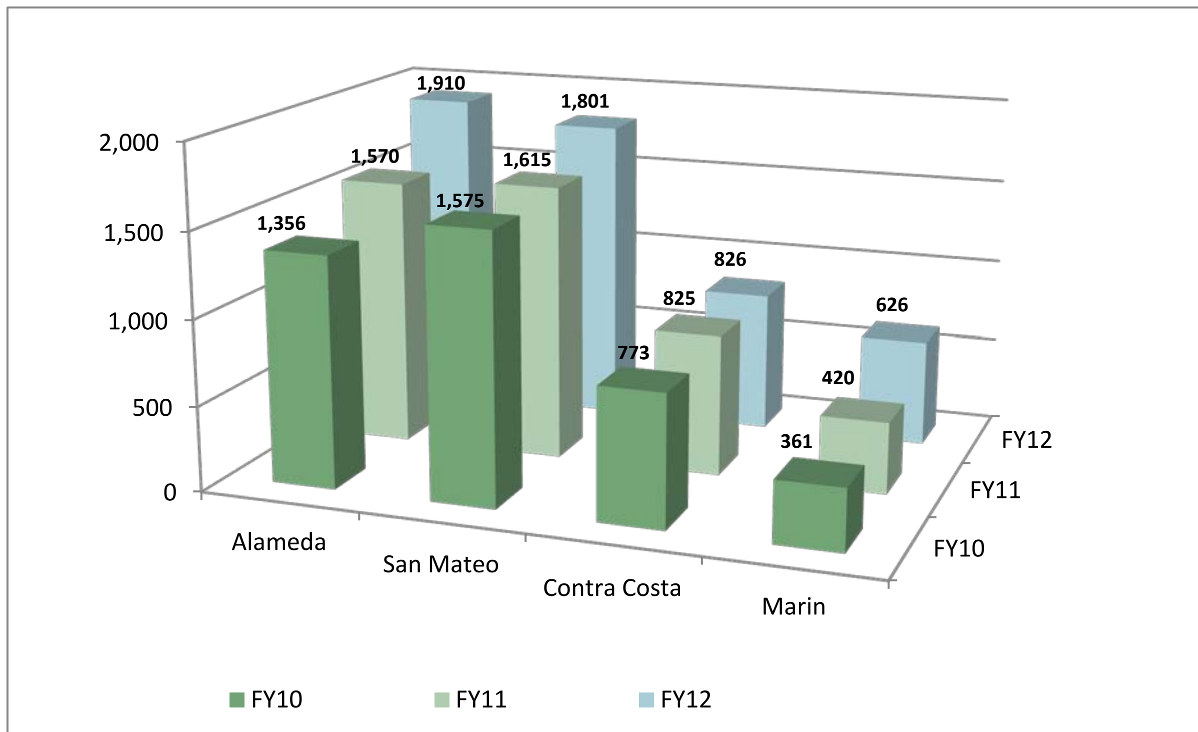


Figure 11 shows the numbers of charity care patients who live in the four Bay Area counties closest to San Francisco. Not surprisingly, it is from these four neighboring counties that San Francisco hospitals report seeing patients more frequently than any other non-San Francisco county. Over the time-period presented here, there were increases in the number of out-of-county patients seen at these hospitals on an annual basis. While patients from Marin were the smallest population shown in Figure 11,they increased 73 percent from FY10 to FY12. Alameda county, with the largest number of charity care patients at almost 2,000 in FY12, increased by 40 percent in that same time period.

A past analysis of FY10 charity care data showed that residents of the seven greater Bay Area counties received charity care from three hospitals almost exclusively: SFGH, CPMC, and UCSF, generally in that order. For example, in FY10, nearly half (49%) of the patients reporting Alameda county addresses were seen at SFGH, while 32 percent were seen at CPMC, and 14 percent at UCSF. The other hospitals reported fewer than five percent of patients from Alameda county. Data were similar for almost all other counties, with Marin, Napa, and Sonoma as the outliers. Patients from Marin most frequently accessed care at CPMC (45%), with less than one-third each accessing care at UCSF (29%) and SFGH (26%). Napa and Sonoma had similar results. As noted elsewhere in this report, SFGH provides charity care to 80 percent of the overall charity care population. A significantly larger proportion of the out-of-county charity care population is cared for outside of San Francisco’s public safety net hospital and Level 1 Trauma Center.

FIGURE 12: NEIGHBORING BAY AREA COUNTIES - RESIDENCE OF CC PATIENTS, FY10 THROUGH FY12



SECTION V. CONCLUSIONS

A. CONTINUE TO SUPPORT THE HOSPITALS' PROVISION OF CHARITY CARE

After Commonwealth Care was implemented in 2006 in Massachusetts, there was reason to believe that the burden on non-profit hospitals would be significantly lifted because the amount of charity care provided would be significantly reduced. This did happen to a degree as the numbers of uninsured declined by significant numbers. However, studies have begun to show that, even in a state with the lowest percentage of uninsured in the country, some individuals still face problems accessing and affording the health care they need. One study found that, among those in households under 300 percent of the federal poverty level (FPL), nearly 32 percent did not get needed care in the past year[12]. This percentage did not change after the state's health reform program considerably reduced the number of uninsured.

This provides a good lesson for counties like San Francisco. Health reform, in and of itself, does not remove all long-standing barriers to care, nor, as we know, will it provide a program for all. Anything short of a universal plan will leave some individuals to continue to fall through the cracks. Whether by choice or circumstance, some people will remain under- or uninsured. Hospitals will continue to care for these patients. Fortunately, we know that most of the charity care patients served were enrolled in either HSF or SF PATH. Given these programs' emphasis on integration of care starting with the patient's primary care medical home, this puts San Francisco's system of care in a good position for implementation of federal health reform when many HSF/SF PATH members transition to Medi-Cal or private insurance.

B. SAN FRANCISCO GENERAL HOSPITAL (SFGH) CONTINUES TO PROVIDE A MAJORITY OF CHARITY CARE, WHILE PRIVATE HOSPITALS AND UCSF INCREASE THEIR PROPORTION OF SPENDING

SFGH continues to provide the majority of charity care in San Francisco. Taking all of the reporting years into account, SFGH provides 80 percent of the charity care provided in San Francisco, both in terms of patients and expenditures. In FY 2012, SFGH was essentially at the average for the share of charity care patients (79%), but spent a lower than average amount (75%) on the services provided to these patients.

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[12] Pryor, Carol and Andrew Cohen. 2009. Consumers' Experiences in Massachusetts: Lessons for National Health Reform. September: The Henry J. Kaiser Family Foundation.

Taking the long view, we can see that the private, non-profit hospitals are holding steady in terms of the share of patients seen, but are increasing their expenditures. In more recent years, the private hospitals and UCSF remained steady with the percentage of patients, but saw a slight decrease in the share of expenditures (a 3.5 percentage point drop since FY11 and a 2.5 percentage point drop since FY10). While we have every reason to see the need for traditional charity care dropping, we will still want to see a fair distribution of charity care services and expenditures throughout the hospitals in San Francisco.

C. EVALUATE BENEFITS OF CHARITY CARE ORDINANCE IN LIGHT OF ACA IMPLEMENTATION

In 2001 when San Francisco's Charity Care Ordinance was passed, San Francisco was at the forefront hospital charity care policy making. Over time both the State and federal governments have caught up and, in some ways, exceed San Francisco's requirements. However, the reporting requirements differ in the details and there is lack of clarity on the federal level regarding how the information non-profit hospitals provide will be made available.

Because the IRS has fallen behind in their requirement to produce annual reports on the data collected through Schedule H (Form 990), it is not clear how, if, or when the data will be made publicly available. There is speculation that the IRS and the Treasury have neither the capacity, nor the expertise to handle the data being provided by the hospitals related to both community benefit and charity care practices. Even if the data is made publicly available on a regular basis, delays of up to two years are expected. (San Francisco's Charity Care Ordinance requires non-profit hospitals to submit their reports no more than 120 days after the close of their fiscal year.) Any modifications to the Charity Care Ordinance should be considered in light of the fact that many questions remain regarding the processing and reporting of charity care data on the federal level.

San Francisco Hospital Charity Care Reporting FY 2012

	CPMC	St. Luke's	Chinese	Saint Francis	St. Mary's		KFH-SF	SFGH	UCSF
Data Categories	2012	2012	2012	2011-12	2011-12		2012	2011-12	2011-12
Cost of Charity Care Provided									
Non-HSF Charity Care Costs	$ 8,112,969	$ 2,954,657	$390,154	$4,373,498	$1,227,215		$5,215,906	$ 57,360,542	$6,002,001
HSF Charity Care Costs	$4,832,311	$2,003,398	$628,531	$5,405,651	$4,356,395		$2,796,654	$96,509,500	$1,512,021
Total	$12,945,280	$4,958,055	$1,018,685	$9,797,149	$5,583,610		$8,012,560	$153,870,042	$7,514,022
Applications for Charity Care									
Total # of Applications Accepted	4,419	2,679	513	860	449		2,658	31,011	7,055
Total # of Applications Denied	716	263	0	25	10		494	12,784	454
Total	5,135	2,942	513	885	459		3,152	43,795	7,509
Referred to Other Facilities	none	none	none	none	none		none	none	none
Unduplicated/Individual CC Recipients									
Total Unduplicated CC Patients (HSF)	1,087	631	98	2,013	1,585		2,663	50,834	142
Total Unduplicated Patients (Non-HSF)	4,419	2,679	513	1,417	1,260		2,488	38,630	2,646
Emergency (HSF)	437	528	88	1,216	623		867	5,877	44
Emergency (Non-HSF)	1,795	2,253	64	1,163	418		1,257	8,489	412
Inpatient (HSF)	128	66	51	183	81		146	1,497	90
Inpatient (Non-HSF)	500	124	45	155	37		849	1,596	669
Outpatient (HSF)	671	90	4	907	1,001		2,635	48,273	33
Outpatient (Non-HSF)	2,496	448	229	167	369		1,925	41,058	2,818
Costs & Charges									
Gross Patient Revenue	$3,536,859,000	$547,778,000	$203,055,059	$812,962,203	$860,244,271			$2,046,406,378	$6,871,418,735
Total Other Operating Revenue	$40,217,000	$2,363,000	$2,770,502	$8,827,219	$10,837,487			$7,321,045	$23,039,684
Total Operating Expenses	$963,414,000	$149,301,000	$94,126,960	$210,911,541	$223,077,816			$718,689,048	$1,916,318,807
Cost-to-Charge Ratio	26.10%	26.82%	44.99%	24.86%	24.67%			34.80%	27.55%
Medi-Cal Shortfall	$48,007,645	$17,970,502	$1,010,029	$12,740,022	$12,512,801		$5,324,117	$101,300,000	$80,632,000