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San Francisco Hospitals Charity Care Report: Charity Care in the Health Reform Era

San Francisco Department of Public Health

FY 2013 and FY 2014 Report

Prepared by the SFDPH Office of Policy and Planning
August 2015

Acknowledgments

Special thanks to San Francisco Charity Care Project's participating Hospitals and representatives:

- ***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***

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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 and highlight the community services hospitals provide in exchange for the considerable benefits that result from their tax-exempt status. The first of its kind in the Nation, the City and County of San Francisco (CCSF) took a unique approach by passing a local reporting law that would help to improve communication, cooperation, and understanding related to local hospitals' provision of free and reduced-cost care to low-income San Franciscans.

This annual report, required by the Ordinance, provides not just a forum to share and examine the charity care data provided by the hospitals, but also explores how the changes in the health care landscape today (most notably through the Affordable Care Act) impact the ways in which hospitals provide and report services for low-income individuals and the un/underinsured. The definition of charity care has expanded in San Francisco since the Ordinance was first passed, most meaningfully by including, and making 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, i.e. Healthy San Francisco (HSF) and San Francisco Provides Access to Healthcare (SFPATH).

A new era of health insurance and care delivery has begun by way of the Affordable Care Act (ACA), and against the backdrop of that historic legislation, San Francisco is in a new position to lead the Nation in redefining the parameters of charity care in innovative ways once again. The ACA's insurance provisions became active on January 1, 2014, and to therefore capture more relevant and timely analysis in light of health reform, this report combines analyses for fiscal years 2013 and 2014, for a total reporting period from 2011 through 2014. The following sections summarize the report's findings.

A. As Expected, the Total Number of Charity Care Patients and Expenditures Declined Significantly from FY 2013 to FY 2014, Most Likely Due to the ACA

For the first time in the history of this report, both the total number of charity care patients served and expenditures declined significantly from FY 2013 to FY 2014. On the first point, the total number of patients served decreased from 110,272 to 97,210, representing a 12 percent decline during that time period. As the number of patients declined, so did the total expenditures across the eight reporting hospitals included in this report, from $199.2 million to $178 million in FY 2014 (i.e., a 10.7% decline). This decline in number of patients and expenditures is likely due to the success of ACA – initiated health insurance coverage in San Francisco and is a testament to the largely successful City-wide effort to enroll eligible individuals into health insurance coverage through Medi-Cal Expansion and Covered California.

B. The ACA's Likely Effect was More Significant for the HSF Charity Care Population as Compared to the Non-HSF (Traditional) Charity Care Population

The aforementioned declines in number of patients and expenditures were not felt equally within the HSF and Non-HSF (Traditional) charity care populations. More specifically, though the number of patients in both the HSF and Non-HSF (Traditional) charity care populations decreased from FY 2013 to FY 2014, the decline in the HSF population was much more significant - ~10,000 less patients in the HSF group, as compared to ~3000 traditional charity care patients. In addition, while expenditures for the HSF patients understandably declined along with the reduced number of patients (from $126 million to $95 million), those associated with traditional charity care patients actually increased, from $73 million to $83 million, an amount comparable to previous years. The specific reasons behind this trend are unclear and future reports will note whether it continues.

C. As is the Case Nationwide, the City and County of San Francisco is in a Unique and Complicated Transition Period with Respect to Health Reform, and this is Expected to Manifest Itself in Various and Individualized Ways for Each Hospital

The general trends noted above are distributed somewhat unevenly across the eight charity care reporting hospitals in San Francisco, and, at the moment, present no clear hospital-specific findings. For example, five out of the eight reporting hospitals (CPMC, St. Luke's, Saint Francis, St. Mary's and SFGH) experienced a decrease in charity care expenditures from FY 2013 to FY 2014, while the others' (Chinese Hospital, Kaiser, UCSF) expenditures increased over that time period. Similarly, while all hospitals experienced a decrease in the number of HSF charity care patients, the experience was much more varied with respect to traditional charity care patients. This type of variation is understandable – the transition to ACA implementation is a complicated process that relates directly to charity care programs, and each hospital possesses specific characteristics that would lead to a variety of results. Some of these characteristics are related to a hospital's particular geographic location, patient migration patterns, insurance enrollment programming, and changes in hospitals' service delivery mix.

One of the main differences between the hospitals is related to reporting period. Some hospitals report on a July 1st to June 30th fiscal year (UCSF, SFGH, St. Mary's and Saint Francis), while others use a calendar year system (CPMC, St. Luke's, Chinese Hospital and Kaiser). This means that some hospitals experienced a full year of ACA implementation at the time of this report, while others' data includes only six months of that period. There are data variations within the two reporting groups, suggesting that the calendar year – fiscal year distinction may not be the driving force behind the results. The other aforementioned hospital-specific characteristics may have instead contributed to the noted variations between hospitals.

D. Medi-Cal Shortfall is an Important Consideration for Reporting Hospitals in the Health Reform Era

Another important consideration for all hospitals in San Francisco related to charity care is Medi-Cal Shortfall. In essence, one could view charity care and Medi-Cal programs as a combined mechanism for providing care to low-income populations. As the ACA continues to take hold in San Francisco and individuals previously ineligible for health insurance, including former charity care patients, are enrolled as part of the City's Medi-Cal Expansion efforts, Medi-Cal Shortfall will be an important measure to track into the future. Taken together across the reporting hospitals, charity care expenditures decreased by $21.1 million from FY 2013 to FY 2014, and the overall Medi-Cal Shortfall increased by almost twice that amount, to the tune of $63.5 million, indicating hospitals' continued commitment to serving low-income populations.

E. There Was Very Little Change in the Residential Trends for Traditional Charity Care Patients from FY 2013 to FY 2014

Though it is clear that the number of traditional charity care patients has declined, most probably due to ACA-initiated health insurance coverage, there has been very little change to the residential trends of traditional charity care patients in San Francisco. For example, most of the traditional charity care patients continue to be San Francisco residents (the proportion of which increased slightly from FY 2013 to FY 2014), and Districts 6, 9, 10, and 11 continue to represent the largest share of charity care patients in San Francisco. Overall, the proportion of homeless and out-of-state individuals within the general geographic breakdown of patients also remained consistent between FY 2013 and FY 2014, at approximately 12 percent and 1 percent, respectively. Finally, one notable change for FY 2013 and FY 2014 is that that the proportion of out-of-county residents has decreased over time. This suggests that in the new era of health reform, San Francisco's collective pool of traditional charity care patients may consist of:

- A greater proportion of San Franciscans,
- A decreased proportion of out-of-county residents and;
- A consistent proportion of homeless and out-of-state residents.

F. Conclusory FY 2013 and FY 2014 Charity Care Findings

On March 23, 2010, President Barack Obama signed the Patient Protection and Affordable Care Act (ACA). Since then, the legislation has met many hurdles and challenges, but remains the healthcare law of the land. The ACA altered the healthcare environment in many ways, but one of the most significant changes was to the health insurance landscape. On January 1, 2014, through the ACA, California opened its health insurance doors even wider by welcoming newly eligible individuals into the Medi-Cal program and offering insurance to others on the State-run health insurance marketplace, Covered California. Suddenly, millions of people across the State now had access to health insurance and the health coverage that accompanies it, marking a new era for healthcare access across the Nation, in California, and, of course, in San Francisco.

In preparation for health reform, San Francisco engaged in a variety of activities to ensure that eligible San Franciscans were able to enroll in new health insurance options under the Affordable Care Act. For example, the City and County participated in early expansion of Medi-Cal through the San Francisco Provides Access to HealthCare (SFPATH) program in 2011, which automatically transitioned over 13,000 program individuals to Medi-Cal on January 1, 2014. The San Francisco Department of Public Health (SFDPH) also collaborated with the Office of the Mayor, San Francisco Health Plan, the Human Services Agency, and other community partners in launching City-wide outreach and enrollment efforts through the Get Covered SF! Project.

As a result, the City and County of San Francisco was hugely successful in its enrollment efforts: over 97,000 San Franciscans enrolled in ACA-initiated coverage, and Healthy San Francisco enrollment declined by 60% in 2014. The City expected that its efforts to enroll as many eligible San Franciscans as possible in ACA-initiated insurance would lead to a decline in the number of charity care patients in San Francisco, and the aforementioned charity care findings corroborate this expectation. It is also true, however, that an estimated 35,000 to 40,000 individuals remain uninsured in San Francisco, due to factors such as ineligibility for health insurance and affordability concerns that put the new insurance options out of reach. At least 15,000 among this residually uninsured population are currently served by Healthy San Francisco, and another 7,500 are estimated to be eligible for Medi-Cal. In consideration of this and after comprehensive review of the data, the following main conclusion also follows:

- **There is a Continued Need for Charity Care Programs in San Francisco.** As mentioned earlier, the decline in the number of charity care patients in San Francisco is testament to a significant accomplishment in the City's ACA enrollment efforts. But, a significant number of San Franciscans remain uninsured due to ineligibility for ACA-initiated insurance and other factors. Thus, there remains a need to maintain charity care programs as a crucial part of the safety net. Charity care programs will remain critical forces in meeting population health needs into the future. On the other hand, given the decline in demand for charity care programs, there is also an opportunity to view the safety net in a holistic manner, where the programs function in a broader sea of community wellness efforts put forth by all stakeholders, such as SFDPH and hospitals themselves, to ensure that all San Franciscans have access to opportunities to be healthy.

The following conclusions provide insight into traditional charity care patients more specifically:

- **Traditional Charity Care Patients May Have Difficulty Navigating the Healthcare System and May Not be as Able to Access ACA-initiated Insurance as Former HSF Patients Who Have Now Transitioned Into Insurance.** Over time, the number of traditional charity care patients has steadily decreased, but the overall expenditures associated with that group have remained relatively consistent. The uninsured who seek traditional charity care tend to do so sporadically, i.e. after an acute care episode or emergency, which is also more costly than ongoing primary care. This lack of continuous engagement may be due to healthcare access barriers such as ineligibility for health

insurance, and other circumstances that make it difficult to maintain health coverage, such as homelessness. Due to such factors, the healthcare system may be particularly difficult to navigate for those individuals.

In FY 2014, the period of eligible individuals' transition into ACA-initiated insurance, the decrease in patients was much more significant for the HSF population than the traditional charity care population. Given these circumstances, it may be that traditional charity care patients are not as able to access and take advantage of new insurance coverage opportunities under the ACA as former HSF patients who have now transitioned into formal insurance. This is understandable, since HSF patients are more directly connected to a system of care and benefits that resemble health insurance, possibly making them more comfortable with the new ACA-initiated health insurance options and able to navigate the new system.

- **The Residential Locations from which Traditional Charity Care Patients Receive Care Remains Consistent.** The data also make it clear that there has been very little change with respect to the residential locations of traditional charity care patients in San Francisco. For example, Districts, 6, 9, 10, and 11 continue to contribute most significantly to the charity care landscape in San Francisco. Therefore, though health reform may have made an impact on the number of patients, the locations from which they visit hospitals to receive services remain consistent.

SECTION II: THE CHARITY CARE LANDSCAPE

A. History of Charity Care and Community Benefit Requirements

In 1956, the Internal Revenue Service (IRS) codified the first federal tax exemption requirements for non-profit hospitals. At that time, 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.*"[1] This qualification measurement is known as the "financial ability" standard. After this ruling, the IRS began to assess hospitals seeking tax-exempt status on the basis of hospitals' charity care and reduced-cost medical services provisions and is the federal agency responsible for setting and enforcing these tax exemption requirements.

[1] 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)

With the introduction of the Medicaid and Medicare programs, it was thought that these health insurance programs would decrease the demand for charity care, thus presenting a challenge to non-profit hospitals trying to meet the financial ability standard. To meet this challenge, the IRS added "community benefit" to the list of requirements for non-profit hospitals seeking tax-exempt status in 1969, thereby expanding its requirements to include the promotion of health.[2]

Since then, the most recent and significant changes to these federal requirements have come through the Patient Protection and Affordable Care Act (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, and when the ACA was passed in 2010, the legislation 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 on these requirements is done through Schedule H (Form 990), first introduced by the IRS in 2009 and 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 time, 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 already 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. At that time, San Francisco was on the cutting edge of these efforts by creating a local mechanism for increasing hospitals' transparency and accountability with respect to the provision of charity care. More than a decade later and combined with new ACA regulations to achieve the same goals, there is increasing similarity in the community benefit and charity care requirements between the levels of government, and the following section explores these intersections at the local, state and federal levels.

B. Community Benefit and Charity Care Requirements for Non-Profit Hospitals: Local, State, Federal

Against the backdrop of the Affordable Care Act, key requirements at the local, state and federal levels for California hospitals can be broken down into two main groups: Community Benefit requirements and Charity Care Services requirements. The following tables outline the requirements and intersections of each. More detailed information on each requirement is provided in this report's Appendix.

[2] Ibid, p. 3.

Table 1: Community Benefit Requirements

Key Requirements for Non-Profit Hospitals		Required? *(Effective Dates)*		
1. 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)*

Table 2: Charity Care Services Requirements

2. Charity Care Services		SF	CA	US
A	Maintain Financial Assistance Policy (FAP) (charity care and discount payment policies)	No	Yes *(1/1/07)*	Yes *(3/23/10)*
B	Limitations on Charges, Billing, and Collection	No	Yes *(1/1/07)*	Yes *(3/23/10)*
C	Report Financial Assistance Policy (charity care and discount payment policies)	Yes *(7/20/01)*	Yes *(1/1/08)*	No
D	Report levels and types of charity care provided annually	Yes *(7/20/01)*	No	Yes *(12/20/07)*
E	Report of hospital charity care to be compiled and prepared by governing agency	Yes *(7/20/01)*	No	Yes *(3/23/10)*
F	Mandatory review of tax exempt status by Sec. of the Treasury at least once every 3 years	No	No	Yes *(3/23/10)*

As is evident, there are some similarities between the San Francisco Charity Care Ordinance and State/Federal requirements.[3] At the federal level more specifically and after passage of the Affordable Care Act, there were notable adjustments to the federal charity care reporting requirements for non-profit hospitals seeking non-profit status related to the maintenance of financial assistance policies, billing, charges and patient collection limitations, etc. The main goal of the changes to non-profit reporting

[3] *See* Appendix for more information on local, State and federal reporting requirements.

was to increase accountability by non-profit institutions, relieve the effects of poverty, and improve access to care for needy patients. The ACA also determined that the Secretary of the Treasury, in consultation with the Secretary of Health and Human Services, would be responsible for producing a report in 2015 that would include information on charity care and community benefit-related trends. This report 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[4]
- Costs incurred for community benefit activities

As of the time of this report, this federal report has not yet been produced. Therefore, although the reporting requirements for the IRS, the Office of Statewide Health Planning and Development (OSHPD), and SFDPH seem to be converging, the extent to which the more specific reporting information available within the Charity Care Ordinance reflects federal reporting requirements is yet unknown.

C. The Affordable Care Act and the Evolving Charity Care Landscape

As shown, Local, State and Federal governments mandate charity care reporting at various levels. Now that the Affordable Care Act's health insurance provisions have become operational, there has been much discussion at the national level about the need for hospital-based charity care programs. In California, the uninsured rate is estimated to have dropped by approximately 50% post-ACA implementation, meaning that 2 million uninsured individuals remain throughout the State, and it is estimated that about 35,000 - 40,000 of these individuals reside in San Francisco.[5] These individuals remain uninsured for a variety of reasons:

- Affordability concerns, even in consideration of ACA-initiated subsidies
- Inability to engage in the health insurance marketplace
- Personal circumstances that make it difficult to maintain coverage, such as homelessness
- Lack of awareness about eligibility for new insurance options, etc.

The new landscape the ACA has created therefore presents Charity Care Programs with both a challenge and opportunity, the challenge being that the remaining uninsured will require safety net services even in the midst of health reform, and the opportunity being the chance to tighten and coordinate these safety net services around such individuals for the benefit of an entire healthcare system. In essence, though the

[4] Means-tested government programs include Medicaid and SCHIP; non-means tested government programs include Medicare and TRICARE.

[5] SFDPH estimates.

number of charity care individuals may diminish due to ACA-initiated health insurance coverage, charity care programs will remain critical forces in meeting population health needs into the future. To meet this challenge and take full advantage of the opportunity, the City must necessarily take note of best practices for responding to the ACA's effect across the Nation. For example, the Center for Health Care Strategies envisions a possible charity care shift towards more targeted health efforts for the remaining uninsured to ensure that they are able to access care, and the Healthy San Francisco program is an example of such targeted efforts, since it caters specifically to the uninsured in an organized manner.

It is also true that though the need for critical charity care services will remain even in the ACA-era, the demand (and hence expenditures) for charity care has decreased, due most probably to individual shifts to Medi-Cal and Covered California. As a response to this decrease in demand, there is also an opportunity for a more holistic view of community health, of which charity care programs play an important part. All hospitals in San Francisco provide community wellness services, and, within that context, the decrease in charity care demand invites an approach that considers the decrease alongside other important health promotion and community wellness gaps in our healthcare system.

1. San Francisco's Health Coverage Programs in the Era of Health Reform

To further outline the contributions of HSF/SFPATH and traditional charity care programs, the data is split between traditional charity care and HSF/SFPATH in Section III of this report. Traditional charity care is defined as the care provided to under- or uninsured patients not enrolled in HSF, and in many cases ineligible for public health insurance programs (e.g., Medi-Cal). The below information explains the HSF and SFPATH programs in more detail.

Healthy San Francisco (HSF)

Healthy San Francisco (HSF) is a locally-created and funded program that provides comprehensive, affordable health care to uninsured adults in San Francisco and has been included within the charity care report since 2009. HSF caters to the uninsured via a medical home-based model, pairing each member with a primary care provider at the time of enrollment and thereby improving access to preventive and coordinated care. It is an important contributor to San Francisco's hospital-based charity care landscape because, like traditional charity care, HSF is not insurance but rather offers relief to uninsured individuals in need of medical services who have less ability to pay. But, unlike traditional hospital-based charity care, HSF also provides an organized system of care with a defined set of benefits that go beyond hospital services and, in some cases, requires insurance-like cost sharing (e.g. through sliding-scale quarterly participation and point-of-service fees).

All of the hospitals included in this report provide services through HSF, with the majority of HSF enrollees receiving their medical home care at a DPH clinic (30%) or San Francisco Community Clinic Consortium (55%) with SFGH as the affiliated hospital. The remaining 15 percent of HSF patients are connected with

other medical homes, and the below table notes these medical home and hospital affiliations for FY 2013 and FY 2014. As is evident, some hospitals are directly affiliated with HSF medical homes, while others (Chinese Hospital, SFGH, Kaiser and St. Mary's) also serve as a HSF primary care site themselves. This means that HSF data for the latter hospitals would include primary care along with the other outpatient services reported, while the other hospitals' would include outpatient specialty care only. So, wherever comparisons are made between HSF and traditional charity care patient groups in this report, it is important to note the different types of service lines provided within each group and by the various hospitals.

HSF Medical Home	**Affiliated Hospital**
BAART Community Health Care	SFGH
Brown & Toland	CPMC
CCHCA	**Chinese Hospital**
DPH Clinics	**SFGH**
Glide	St. Francis
San Francisco Community Clinic Consortium	SFGH
Kaiser	**Kaiser Medical Center**
NEMS	SFGH
Sr. Mary Philippa	**St. Mary's**

*Hospitals in bold (Chinese Hospital, SFGH, Kaiser and St. Mary's) service as a primary care site.

HSF is available to uninsured individuals who live in households with incomes up to 400 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 start of ACA open enrollment in October 2013, there were approximately 52,000 HSF enrollees, and this number had declined by 65% to approximately 18,000 in December of 2014.[6] This decrease is probably due, in large part, to the transition of eligible HSF enrollees to ACA-initiated Medi-Cal and Covered California health insurance coverage. Due to the inability of some to access health insurance even in the new health reform landscape, most notably the undocumented, there is a clear and continued need for the HSF program in San Francisco.

It is important to also note that, in 2014, the San Francisco Health Commission approved programmatic changes to the Healthy San Francisco program to align with health reform efforts:

- A HSF Transition Period to allow those eligible for Covered California subsidies to enroll in or continue their HSF participation through December 31, 2014; this Transition Period was subsequently extended through December 31, 2015;
- Extended HSF eligibility to uninsured San Francisco seniors not eligible for Medicare and Medi-Cal;
- Decreased income eligibility cap from 500% of the federal poverty level (FPL) to 400% FPL to better align with subsidies available on Covered California.

[6] SFDPH data.

San Francisco Provides Access to Healthcare (SFPATH)

The last two versions of this report (FY 2011 and FY 2012) also included information about the San Francisco Provides Access to Healthcare (SFPATH) program, which began in 2011 as part of California's "Bridge to [Health] Reform Demonstration" via the State's Low Income Health Program (LIHP). In preparation for health reform, SFPATH was designed to expand early coverage to low-income adults who would become eligible for Medi-Cal under the Medicaid Expansion. Through this program, San Francisco succeeded in transitioning over 13,000 individuals to the Medi-Cal program on January 1, 2014, the first day that ACA-initiated health insurance became operational.[7] A small number of the remaining SFPATH enrollees were instead eligible for insurance through Covered California and encouraged to enroll there, and DPH and most other HSF enrollment sites were able to assist with enrollment. Individuals for the SFPATH program were first identified within the San Francisco Health Network's Healthy San Francisco member population. A small percentage of individuals from other HSF-affiliated clinics became SFPATH members after making the choice to enroll in the program. SFPATH remained a voluntary program throughout its existence.

In the Charity Care Report, HSF data includes SFPATH information, but only by way of San Francisco General Hospital (SFGH), as it was the only SFPATH-affiliated hospital. Since the SFPATH program was active only between July 1, 2011, and December 31, 2013, the program is no longer in existence and will not be included in future versions of the Charity Care Report.

2. *The Charity Care Ordinance and Annual Report in San Francisco*

Now that this report has outlined the various requirements at the federal, state and local levels and how the ACA may affect charity care demand in San Francisco, it is useful to turn to a more in-depth review of San Francisco's reporting requirement within the Charity Care Ordinance. 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 provide patient notification of charity care policies. 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, as evidenced by the ACA's reporting requirements. The Ordinance 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.* [8]*"*

[7] SFDPH estimates.

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

While it does not require hospitals to provide a specific level of free or discounted care to the community, San Francisco's Health Code does require DPH to report on the hospitals' charity care work in an annual report. To fulfill this requirement, DPH collects, presents, and analyzes these data for the Health Commission each year. This annual charity care report allows readers to learn more about the health care provided to those who are under/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."*[9]

To produce the annual report, DPH collaborates with all reporting 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. There are eight total reporting hospitals, and, according to the Ordinance, the following hospitals (i.e. mandatory hospitals) are required to submit charity care reports to SFDPH within 120 days after the end of their fiscal year:

- 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)

The first report to satisfy the Ordinance's requirements was prepared in 2002, for the fiscal year (FY) 2001, and DPH has produced these reports each year since then,[10] with the FY 2011 Charity Care Report providing a 10-year retrospective analysis of the charity care landscape. Normally, the process is to examine San Francisco's hospitals' charity care data for the most recently completed fiscal year as compared to the two most recent prior years. The Affordable Care Act's insurance provisions became active on January 1, 2014, and to therefore capture more relevant and timely analysis in light of health

[9] CCSF Health Code, Article 3 (Hospitals), Section 130. Definitions.
[10] All SFDPH charity care reports can be found on the SFDPH website, at https://www.sfdph.org/dph/default.asp.

reform, this report combines analyses for fiscal years 2013 and 2014, for a total reporting period from 2011 through 2014.

It is important to also note that some hospitals report on a July to June fiscal year and others use a calendar year. More specifically, CPMC, St. Luke's, Chinese Hospital and Kaiser follow a calendar year (i.e., January 1 through December 31), while the remaining hospitals use a fiscal year starting on July 1 of each year and ending on June 30.

After providing more information about each hospital and its charity care policies, the data analysis portion of the report outlines hospitals' charity care activities along two main dimensions:

- Patients and services: i.e. number of charity care applications processed and patients served, amount of charity care provided, Medi-Cal shortfall, ratio of net patient revenue to charity care expenditures, and types of charity care provided
- Zip code analysis providing more insight into residential trends for traditional charity care patients

3. San Francisco Charity Care Ordinance: Reporting Hospitals

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

Sutter Health: California Pacific Medical Center (CPMC) & St. Luke's Campus (STL)

CPMC is an affiliate of Sutter Health, a not-for-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:

- The Pacific Campus (Pacific Heights) is the center for acute care including, oncology, orthopedics, ophthalmology, cardiology, liver, kidney, and heart transplant services.
- The California Campus (Laurel Heights) is the center for prenatal, obstetrics, and pediatric services.
- The Davies Campus (Castro District) is the center for neurosciences, microsurgery, and acute rehabilitation.
- 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 1,154 licensed beds (926 at Pacific/California/Davies, 228 at St. Luke's) and 865 active beds (691 at Pacific/California/Davies, 174 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 about 12,000 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.

FY13 and FY14 CPMC Patient Population and Services

	2013	2014
Adjusted patient days	221,852	225,865
Outpatient visits	389,560	372,114
Emergency service visits	53,197	52,288

FY13 and FY14 St. Luke's Patient Population and Services

	2013	2014
Adjusted patient days	44,527	42,115
Outpatient visits	49,641	39,850
Emergency service visits	26,948	25,093

CHINESE HOSPITAL

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.

FY13 and FY14 CHASF Patient Population & Services

	2013	2014
Adjusted patient days	30,759	28,155
Outpatient visits	68,392	78,691
Emergency service visits	4,449	4,787

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 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 and remains committed to this program.

FY13 and FY14 SFMH Patient Population and Services

	2013	2014
Adjusted patient days	48,827	49,042
Outpatient visits	127,590	120,235
Emergency service visits	28,679	28,086

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 our sisters and brothers who are 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 3,900 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 1,276 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, 1102 employees, 532 physicians and credentialed staff, and 254 volunteers. For 157 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. St. Mary's Breast Imaging Services has been designated as a Breast Center of Excellence by the American College of Radiology and our Cancer Program is accredited with commendation by the American College of Surgeons Commission on Cancer. Becker's Hospital Review named us as one of America's 100 hospitals with outstanding orthopedic programs.

We offer a full range of diagnostic services and a 24 hour Emergency Department. Surgical specialties include general, orthopedic, ophthalmology, podiatric, plastic, cardiovascular, and gynecologic surgery. St. Mary's is certified as an Advanced Primary Stroke Center by The Joint Commission and we received the stroke care excellence award. We are one of only two San Francisco hospitals designated as a Blue Distinction® Center from Blue Cross in Knee and Hip Replacement. Health Grades awarded us a Distinguished Hospital Award for Clinical Excellence and named us one of America's 100 top hospitals for General Surgery, Stroke Care, Gastrointestinal Care and Gastrointestinal Medical Treatment. We have the only Adolescent Psychiatric inpatient and day treatment units in our service area. Patients in need of financial assistance are cared for in every department, and our financial counselors help direct them to appropriate assistance including charity care.

FY13 and FY14 SMMC Patient Population and Services

	2013	2014
Adjusted patient days	51,125	46,305
Outpatient visits	156,598	121,315
Emergency service visits	14,485	14,458

Kaiser Permanente: Kaiser Foundation Hospital, San Francisco (KFH-SF)

Kaiser Permanente is committed to helping shape the future of health care, and is recognized as one of America's leading nonprofit health care providers with hospitals, physicians, and health plan working together in one integrated health care system. Founded in 1945, our mission is to provide high-quality, affordable health care services, and to improve the health of our members and the communities we serve. We currently serve almost 10 million members in eight states and the District of Columbia.

Care for our members is focused on their total health and guided by their personal physicians, specialists and team of caregivers. Our medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health.

The Kaiser Permanente San Francisco hospital located at 2425 Geary Blvd. was built in 1954, and in 2001, became the first hospital in San Francisco to meet the 2030 earthquake safety standards required by California's Hospital Facilities Seismic Safety Act. The hospital has 247 licensed beds and is a Joint Commission Certified Primary Stroke Center as part of our integrated health care system in San Francisco. Kaiser Permanente also operates medical office buildings and clinics at the Geary and French campuses, with a third to open in Mission Bay in early 2016.

Currently the Medical Center has over 520 physicians and more than 3,500 nurses and staff who provide culturally competent care. The Department of Medicine includes both Chinese and Spanish modules, and Linguistic and Cultural Services offers interpretation services in 56 languages, including American Sign Language.

FY13 and FY14 KFH-SF Patient Population and Services

	2013	2014
Adjusted patient days	52,611	53,558
Outpatient visits	25,573	26,988
Emergency service visits	33,179	34,245

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 451 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.

San Francisco Health Network operates five primary care clinic centers on the SFGH campus: the Adult Medical Center (which includes the Positive Health Center and General Medicine Clinic), Women's Health Center, Children's Health Center, Family Health Center, and Urgent Care 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.

FY13 AND FY14 SFGH PATIENT POPULATION AND SERVICES

	2013	2014
Adjusted patient days	197,862	176,859
Outpatient visits	594,777	641,111
Emergency room visits	72,940	79,535

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 University of California 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 tertiary care referral center with three major sites (Parnassus Heights, Mount Zion and Mission Bay). UCSF Medical Center at Parnassus is a 600 bed hospital and is home to UCSF's health sciences schools. UCSF Medical Center at Mount Zion is a hub of specialized clinics and surgery services. On February 1, 2015, UCSF opened the UCSF Medical Center at Mission Bay, which houses three state-of-the-art hospitals. UCSF Benioff Children's Hospital San Francisco has 183-beds and serves all pediatric specialties. UCSF Bakar Cancer Hospital has 70 adult beds and serves patients with orthopedic urologic, gynecologic, head and neck and gastrointestinal and colorectal cancers. The UCSF Betty Irene Moore Women's Hospital, which serves women of reproductive age to menopause and beyond features a 36-bed birth center.

UCSF Medical Center and UCSF Benioff Children's Hospital are world leaders in health care, with the Medical Center consistently ranking among the nation's best by US News & World Report. UCSF's expertise covers all major 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. In addition to its Affiliation Agreement with the City and County of San Francisco to provide physicians at SFGH, in order to meet the needs of the City's most vulnerable populations, UCSF has established clinics around San Francisco and provides staff for other existing clinics, including:

-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, with approximately 90% of patients at this clinic having incomes below the Federal Poverty Level.
-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 per year. UCSF Medical Center has provided emergency care and radiological services for HSF enrollees since the program began enrolling members in summer of 2007.

FY13 and FY14 UCSFMC Patient Population and Services

	2013	2014
Adjusted patient days	282,502	290,350
Outpatient visits	894,987	1,139,768
Emergency service visits	28,007	33,433

4. Reporting Hospitals Charity Care Policies

The Charity Care Ordinance requirements focus not only on data related to the provision of charity care, but also requires hospitals to submit charity care policies for DPH review.

The California Hospital Fair Pricing Act (AB 774 enacted 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*" and authorizes a hospital to negotiate payment plans with them. AB 774 also 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. All of San Francisco's hospitals meet or exceed this requirement. A person with "high medical costs" was previously defined as a person "whose family income does not exceed 350% of the [FPL] and who does not receive a discounted rate from the hospital or physician as a result of 3rd party coverage."[11]

Effective January 1, 2015, SB 1276 was enacted in response to the notion that though many individuals may become newly eligible for coverage on the State's Covered California health insurance marketplace, some of the plans offered may also introduce high out-of-pocket costs for consumers. To address this concern, the law revises AB 774 to alter the definition of an individual with "high medical costs" to include even those who do receive a discounted rate from a hospital as a result of 3rd party coverage.[12] The law also further defined a negotiated payment plan as one that considers a patient's family income and essential living expenses in the payment negotiation process. Finally, the law also requires that a hospital obtain information as to whether a particular patient may be eligible for insurance on the California Health Benefit Exchange and provide information to the patient regarding possible eligibility for the Exchange or another state or county health coverage program. Hospitals must revise their policies and submit them to Office of Statewide Health Planning and Development (OSHPHD) by January 1, 2015, and the next FY 2015 report will discuss this law and its attendant changes to the charity care landscape.

The table below illustrates San Francisco's non-profit hospitals policies related to traditional charity care.

[11] *See* SB 1276, available at http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1276.

[12] Ibid.

Table 3: Traditional Charity Care Eligibility, by FPL and Hospital

<table>
<tr><th>Single Person - Monthly FPL Limit</th><th>State Charity</th><th>CPMC/ STL</th><th>CHASF</th><th>SFMH/ SMMC</th><th>KFH - SF</th><th>UCSF</th><th>SFGH</th></tr>
<tr><td>450% to 500% FPL
$4,190 - $4,655</td><td rowspan="8">State law requires non-profit hospitals provide free or discounted care to patients in households <350% of the federal poverty</td><td></td><td></td><td rowspan="3"></td><td></td><td rowspan="3"></td><td rowspan="3"></td></tr>
<tr><td>400% to 450% FPL
$3,723 - $4,190</td><td></td><td></td><td></td></tr>
<tr><td>350% to 400% FPL
$3,259 - $3,723</td><td></td><td></td><td></td></tr>
<tr><td>300% to 350% FPL
$2,793 - $3,259</td><td rowspan="5">Free
or discount (case by case)</td><td rowspan="3">Discount</td><td rowspan="3">Discount</td><td rowspan="3">Discount</td><td rowspan="3">Discount
(Sliding Scale)</td></tr>
<tr><td>250% to 300% FPL
$2,327 - $2,793</td></tr>
<tr><td>200% to 250% FPL
$1,862 - $2,327</td></tr>
<tr><td>150% to 200% FPL
$1,396 - $1,862</td><td rowspan="2">Free</td><td rowspan="2">Free</td><td rowspan="2">Free</td><td rowspan="2">Free</td></tr>
<tr><td>100% to 150% FPL
$931 - $1,396</td></tr>
<tr><td>0 to 100% FPL
0 - $931</td><td>Free</td></tr>
</table>

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 are usually 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:

- Chinese Hospital
- 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.

5. Charity Care Posting and Notification Requirements

Both San Francisco's Charity Care Ordinance and the ACA require that hospitals communicate clearly to patients regarding their financial assistance programs, especially with regard to free and discounted charity care. 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.

Every other year, DPH staff visits each hospital to conduct a review of the facilities' compliance with the above posting and notification requirements. The last review was conducted in FY 2013 and confirmed that each hospital is in compliance. The next review of this requirement will occur for the FY 2015 report.

SECTION III: CHARITY CARE BY THE NUMBERS[13]

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.

The information is divided into three main sections:

A. Charity Care Patients: number of applications, patients, expenditure amount, etc.

B. Charity Care Services: Emergency, Inpatient and Outpatient services analysis

C. Zip Code Analysis: residential locations of traditional charity care patients

[13] NOTE: In the Charity Care Report, HSF data includes SFPATH information, but only by way of San Francisco General Hospital (SFGH), as it was the only SFPATH-affiliated hospital. Since the SFPATH program was active only between July 1, 2011, and December 31, 2013, the program is no longer in existence and will not be included in future versions of the Charity Care Report.

NOTE: Where not included with the text, data corresponding to the various tables and graphs is located in the Charity Care Report Appendix.

As mentioned earlier, wherever comparisons are made between HSF and traditional charity care patient groups in this report, it is important to note the different types of service lines provided within each group and by the various hospitals. Like traditional charity care, the HSF program is not insurance but rather offers relief to uninsured individuals in need of medical services who have less ability to pay. But, unlike traditional hospital-based charity care, HSF also provides an organized system of care with a defined set of benefits that go beyond hospital services and, in some cases, requires insurance-like cost sharing (e.g. through sliding-scale quarterly participation and point-of-service fees). Moreover, some hospitals are directly affiliated with HSF medical homes, while others (Chinese Hospital, SFGH, Kaiser and St. Mary's) also serve as a HSF primary care site themselves. This means that HSF data for the latter hospitals would include primary care along with the other outpatient services reported, while the other hospitals' would include outpatient specialty care only.

A. Charity Care Patients

1. Charity Care Applications

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 UCSF both determine charity care eligibility after the service is rendered.

Individuals seeking to access traditional charity care or requiring assistance in paying for hospital services must apply to the individual hospital. HSF/SFPATH 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. The following tables show the number of applications accepted by hospitals in FY 2013 and FY 2014, 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/SFPATH patient.

It is also important to note that with the array of programs that are available to low-income individuals (e.g., HSF, 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 missing income documentation), income or assets above the hospital's limits for charity care, or, as noted, eligibility 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.

Overall analysis.

Before the Availability of ACA-initiated Insurance, There was a Decrease in the Number of Accepted Traditional Charity Care Applications as Individuals Shifted Instead to the HSF Program. In FY 2014, the Number of Accepted Traditional Charity Care Applications Increased and the Number of Denials Decreased Significantly, Suggesting that Individuals who Applied Were

Table 4: Non-HSF (Traditional) Charity Care Applications by Hospital, FY10 - FY14

Traditional Charity Care Applications & Patients FY 2014				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	2,818	299	3,117	2,818
St. Luke's	1,210	101	1,311	1,210
Chinese	682	0	682	164
Kaiser	3,275	902	4,673	3,352
*Saint Francis	2,161	42	2,161	2,161
*St. Mary's	1,096	--	1,096	1,428
*UCSF	14,706	139	14,845	3,376
*SFGH	29,121	5,977	35,098	31,047
Total	**55,069**	**7,460**	**62,025**	**45,556**

Traditional Charity Care Applications & Patients FY 2013				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	4,105	433	4,538	4,105
St. Luke's	2,329	213	2,542	2,329
Chinese	719	0	719	246
Kaiser	2,554	548	3102	2,958
*Saint Francis	2,098	3	2,101	1,476
*St. Mary's	349	3	352	1,053
*UCSF	10,081	638	10,719	2983
*SFGH	27,184	12,670	39,854	33,762
Total	**49,419**	**14,508**	**63,927**	**48,912**

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

Traditional Charity Care Applications & Patients FY 2011				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	7,347	361	7,708	7,347
St. Luke's	3,440	49	3,489	3,440
Chinese	308	0	308	308
Kaiser	1,769	456	2,225	2,766
*Saint Francis	765	24	789	1,247
*St. Mary's	523	0	523	710
*UCSF	3,397	0	3,397	3,353
*SFGH	35,710	13,375	49,085	39,137
Total	**53,259**	**14,265**	**67,524**	**58,308**

Traditional Charity Care Applications & Patients FY 2010				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	6,810	524	7,334	6,810
St. Luke's	2,585	121	2,706	2,585
Chinese	316	0	316	310
Kaiser	1,327	270	1,597	267
*Saint Francis	885	25	910	1,715
*St. Mary's	918	0	918	918
*UCSF	2,457	0	2,457	2,402
*SFGH	54,148	12,437	66,585	50,298
Total	**69,446**	**13,377**	**82,823**	**65,305**

* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Previous charity care reports have noted the success of the Healthy San Francisco (HSF) program and the shift from traditional charity care to HSF as an alternative. Given that situation, one would expect the numbers of accepted traditional charity care applications to fall and denials rates to rise as patients continue to enroll in HSF/SFPATH as opposed to traditional charity care. On the first point (i.e. charity care applications), the number of accepted traditional charity care applications fell by 28.5 percent between FY 2010 and FY 2012, and this report shows the numbers falling by an additional .45 percent between FY 2012 and FY 2013. Similarly, the acceptance rate for traditional charity care applications decreased over

that time, from 83.8 percent in FY 2010 to 77.3 percent in FY 2013. In terms of denials, the overall application denial rate remained steady at 23 percent from FY 2012 to FY 2013 after an increase in earlier years (21% in FY 2011, 16% in FY 2010). This continued increase in denial rates and decrease in acceptance rates are likely as a result of previous growth in San Francisco's health coverage programs - HSF and SFPATH.

Coinciding with the beginning of ACA-initiated health insurance coverage, however, there was a particularly sharp decrease in overall application denials for FY 2014. The number of application denials was nearly halved from 14,508 in FY 2013, resulting in 7,460 application denials across all eight reporting hospitals. In other words, the application denial rate went from 23 percent in FY 2012 and FY 2013 to 12 percent in FY 2014. This suggests that as health reform was beginning to take hold in San Francisco, many of those who applied for traditional charity care in FY 2014 were otherwise ineligible for ACA-initiated coverage, increasing the likelihood of acceptance into a traditional charity care program. This hypothesis is also supported by the increase in the number of accepted applications from FY 2013 to FY 2014, which went from 49,419 to 55,069, with an increased acceptance rate of 88.8 percent.

It is important to note here that a recently enacted state bill, SB 1276 (Chapter 758), may have an effect on the number of accepted and denied traditional charity care applications in the future. Effective January 1, 2015, the bill widens the eligibility pool for charity care applicants, and hospitals are required to adjust their policies to reflect this. The next report will discuss this law and its attendant changes to the charity care landscape in San Francisco.

Hospital-specific analysis.

SFGH Drove the Significant Decrease in Traditional Charity Care Application Denial Rates, Reporting That Most of the Individuals who Applied were Eligible for its Charity Care Program.

The sharp decline in traditional charity care denial rates is largely due to SFGH, which saw its rate drop from 27 percent to 17 percent over the FY 2011 – 2014 time period. The hospital reported that this drop was due mainly to the availability of ACA-initiated insurance options. More specifically, as individuals previously eligible for charity care instead gained insurance via Medi-Cal Expansion or Covered California and utilized those pathways for care, there was a decrease in the number of applications that were denied, since most of the individuals who applied for charity care were actually eligible for the program.

Chinese Hospital does not report application denials, as a result of an application process in which the hospital's financial counselors determine eligibility before the application is processed. Further, due to a procedural difficulty in 2013 that prevented Saint Francis from reporting the number of denied applications, this information is unavailable for FY 2014, but will be available for the FY 2015 report and into the future.

2. Unduplicated Patients

The below information highlights the unduplicated patient count, comparing traditional charity care to HSF charity care for the four fiscal years, FY 2011 – FY 2014. 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.

Overall analysis.

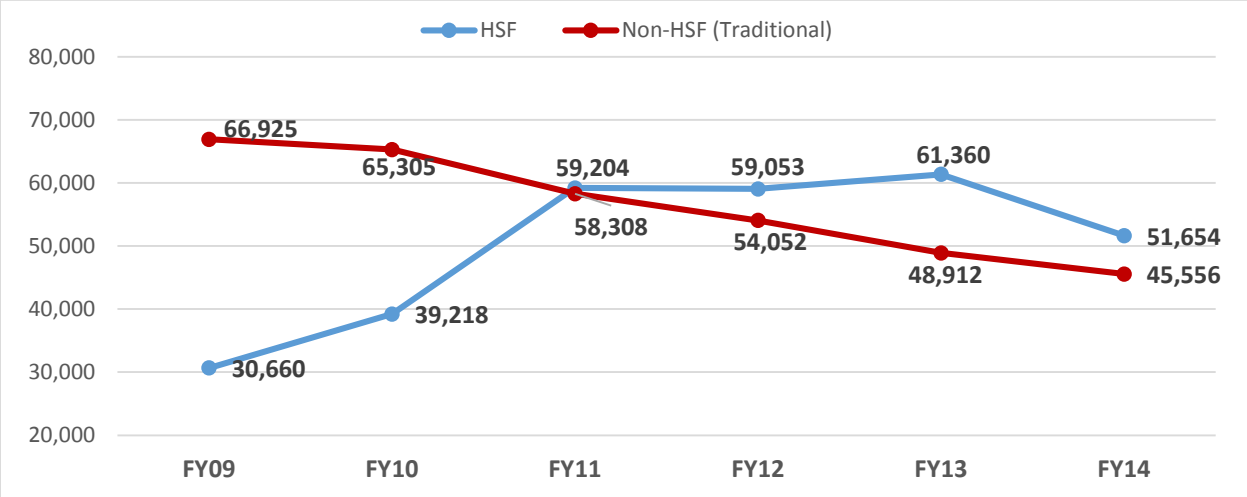
There was a Significant Decline in the Overall Number of Charity Care Patients, Suggesting that Many Individuals Previously Eligible for Charity Care Instead Received ACA-initiated Health Insurance

For the analysis time period of this report (i.e. FY 2011-2014), there has been a decrease in the overall number of charity care patients (traditional and HSF) across the eight reporting hospitals, with a 3.8 percent decrease from FY 2011 to FY 2012, a 2.5 percent decrease from FY 2012 to FY 2013, and a significant 11.8 percent decrease from FY 2013 to FY 2014, corroborating the notion that in light of expanded insurance coverage that began in 2014, many individuals previously eligible for charity care instead received insurance coverage through expanded Medi-Cal or Covered California.

HSF v. Non-HSF (Traditional) Charity Care analysis.

The Overall Decline in Number of Charity Care Patients was Mostly Driven by the HSF Population, Suggesting that Traditional Charity Care Individuals had Less Access to ACA-initiated Insurance

Figure 1: Number of HSF and Non-HSF Charity Care Patients, FY 2009 to FY 2014



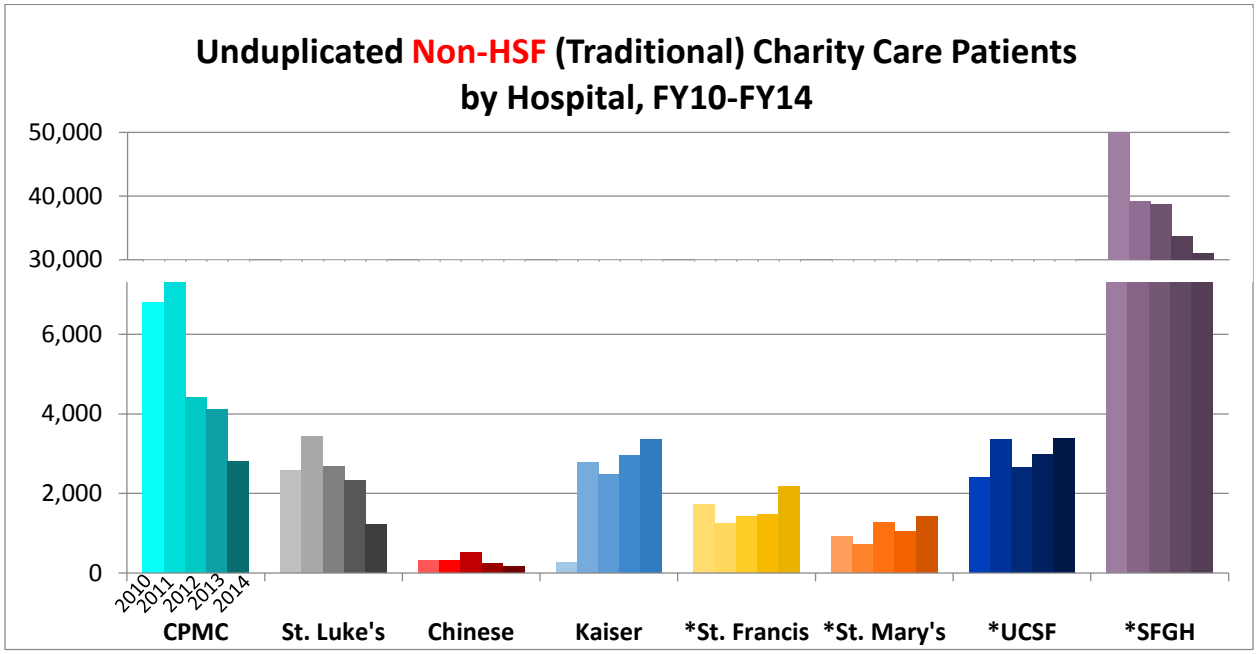
Before the ACA's insurance provisions became operational in January 2014, charity care reports noted a shift from Non-HSF (traditional) charity care towards HSF coverage, as evidenced by decreasing Non-HSF (traditional) charity care population and a corresponding uptick in the numbers for the HSF population. For example, from FY 2012 to 2013, there was a 3.9 percent increase in HSF patients and a 9.5 percent decrease in Non-HSF (traditional) charity care patients. But, with the onset of the ACA's insurance provisions and expanded access to health insurance coverage, there were notable decreases in *both* Non-HSF (traditional) and HSF charity care populations from FY 2013 to FY 2014 – 6.9 percent and 15.8 percent, respectively.

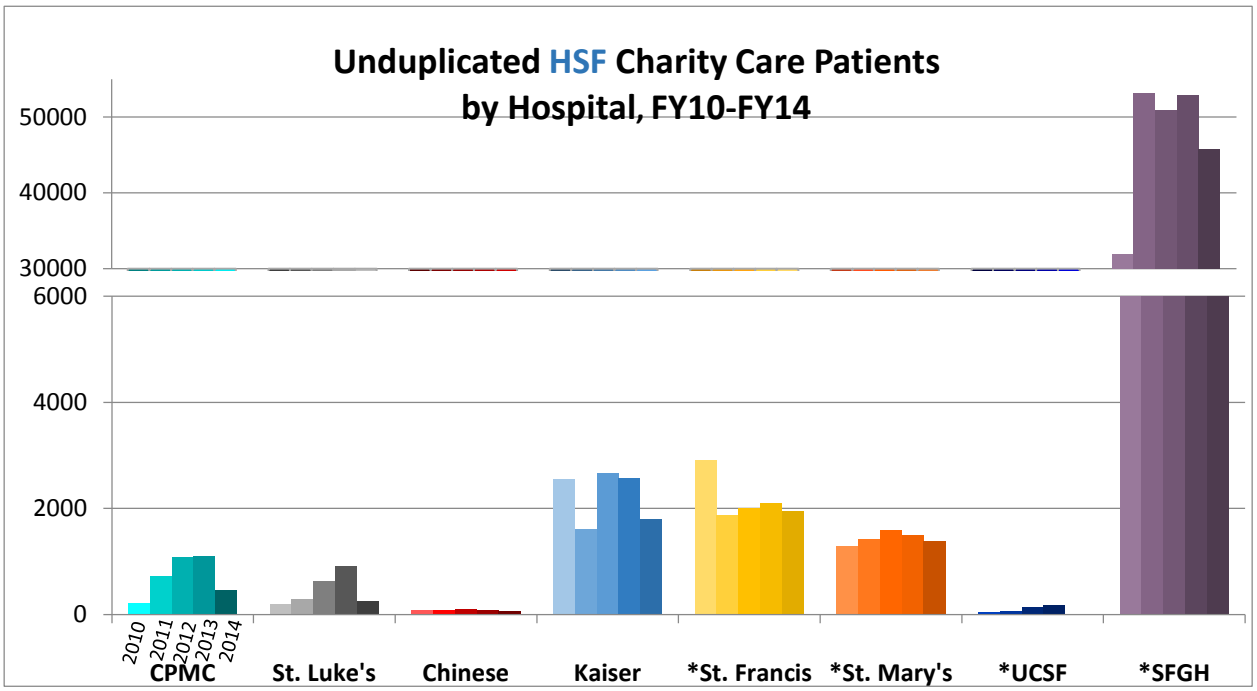
It is clear then that the decrease appears to be occurring much faster for the HSF population, suggesting that more individuals in the HSF population were able to gain ACA-initiated coverage, perhaps because many in the Non-HSF (traditional) charity care group are ineligible for coverage or somehow less able to navigate the new health insurance landscape. This is further supported by the fact that the HSF population is already connected to an organized system of care and defined benefit packages that are similar to insurance, which may make former HSF individuals better able to navigate the new insurance landscape under the ACA. Moreover, since the decline in traditional charity care patients was already noticeable before the availability of ACA-initiated insurance, the possible effect of the ACA for that group is much less clear. As the provisions of the ACA continue to take hold across the Nation and in San Francisco, this trend towards decline may continue for both populations, but it is important to also consider the impact of the aforementioned SB 1276 law, which widens the eligibility pool for charity care programs across the State. This law, which took effect on January 1, 2015, may therefore prevent a more significant decrease in the number of patients than might otherwise be the case, and the FY 2015 report will include an analysis on that point.

Hospital-specific analysis.

All Eight Reporting Hospitals Experienced a Decline in HSF Patients, but the Trend was More Varied for Traditional Charity Care Patients

Figure 2: Unduplicated Charity Care Patients by Hospital, FY 2010-2014





* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

*As is the case with some of the graphs in this report, the axes have been altered to show SFGH's contribution alongside the other reporting hospitals.

When examining individual hospital trends with respect to Non-HSF (traditional) charity care patients, CPMC, St. Luke's, Chinese Hospital and SFGH all saw a decrease from FY 2013 to FY 2014, meaning the overall decrease for that population was driven by those four hospitals. St. Mary's, Saint Francis, Kaiser and UCSF each saw increases in the number of Non-HSF (traditional) charity care patients. But when one considers the number of HSF charity care patients, all eight reporting hospitals saw significant decreases, bolstering the notion that the HSF population may have been more successful in gaining ACA-initiated coverage than the Non-HSF (Traditional) charity care population.

3. Charity Care Expenditures

The Charity Care Ordinance requires that hospitals report the dollar value of charity care provided, after a cost-to-charge adjustment. 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. It represents the qualifying hospital's total operating expenses minus total other operating revenue divided by gross patient revenue as reported to California's Office of Statewide Health Planning and Development (OSHPHD).

Overall analysis.

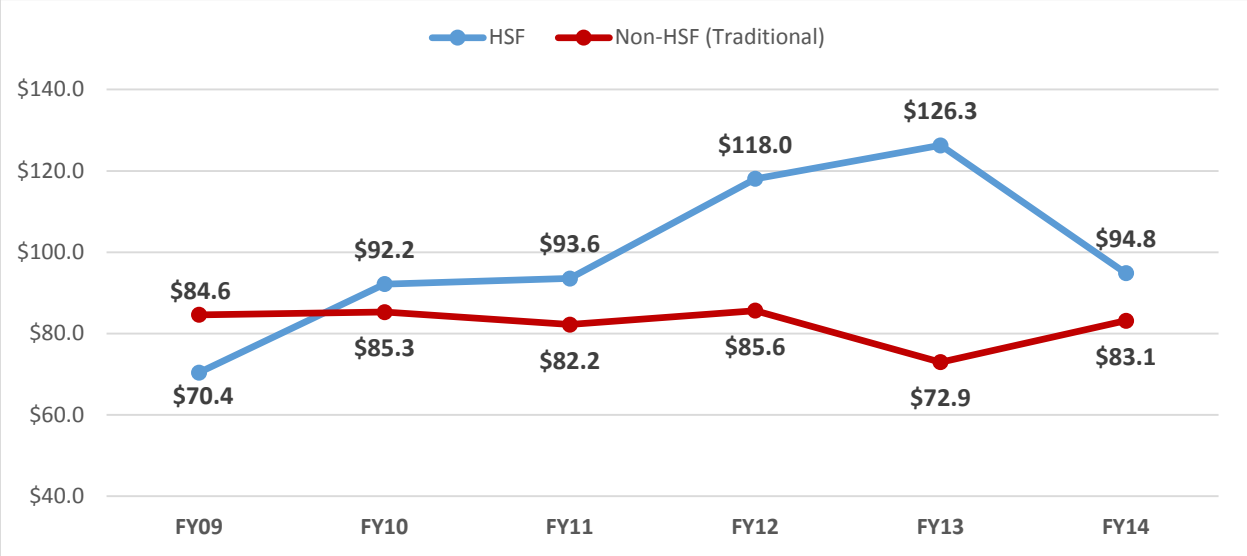
As Expected with a Significant Decline in the Total Number of Charity Care Patients, There was a Corresponding Overall Decline in the Total Amount of Charity Care Expenditures

The aforementioned analyses of the decline in charity care applications and unduplicated charity care patients both support the hypothesis that ACA-initiated coverage in 2014 likely had a significant impact on charity care in San Francisco. And, given that there were significantly less patients in the charity care population in FY 2014, one would therefore expect the hospitals' overall charity care expenditures to also decrease accordingly, and this was the case, where expenditures went from $199.2 million in FY 2013 to $177.9 million in FY 2014 (i.e. 10.7% decrease). In FY 2012, the total charity care expenditures for all hospitals were $203.7 million and in FY 2011, $175.7 million.

HSF v. Non-HSF (Traditional) Charity Care analysis.

The Overall Decline in Expenditures was Solely Driven by the HSF Population – Expenditures for the Non-HSF (Traditional) Charity Care Population Actually Increased to Resemble Previous Expenditure Levels

Figure 3: Total Charity Care Expenditures (in Millions) from FY 2009 to FY 2014



The HSF charity care expenditures appears to track the number of patients over time – with an increase in the number of patients in the program, overall expenditures increased, as well. For FY 2014 and for the first time in the history of the report, HSF spending decreased significantly, from $126.28 million to $94.82 million. This is understandable, due to the dramatic decrease in HSF patients during that time period. With respect to traditional charity care patients, expenditures for the traditional charity care group have remained relatively flat except for FY 2013, despite a steady decrease in the number of charity care patients during that time period. More patient-specific information would be needed to determine the reason for this trend, but future reports will note whether it continues.

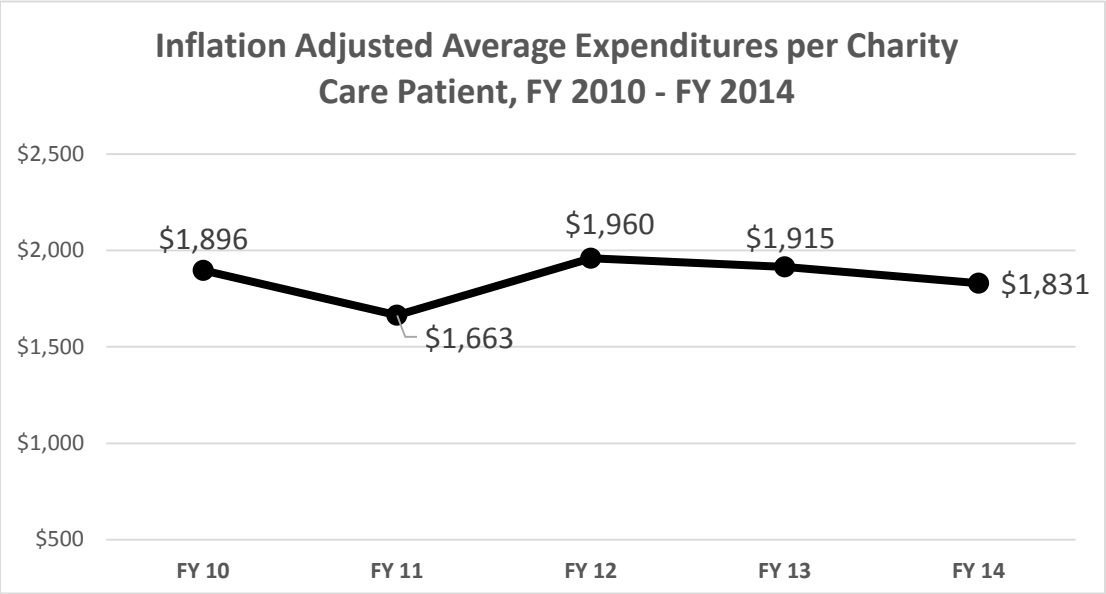
With respect to HSF and Non-HSF (traditional) charity care expenditure comparisons, previous charity care reports also noted higher HSF expenditures as compared to Non-HSF (traditional) charity care expenditures as the HSF program continued to gain traction in San Francisco and individuals who would have been eligible for traditional charity care instead joined the HSF program. As has repeatedly been the case, HSF charity care expenditures for FY 2014 ($94.82 million) exceeded those of Non-HSF, but the gap between the two decreased significantly, due to a decline in HSF charity care spending.

Table 5: Charity Care Expenditures FY10 – FY14 (Excluding SFGH)

Charity Care Expenditures for Non-SFGH Hospitals					
	FY 2010	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**
Non-HSF Expenditures (No SFGH)	$33,666,296	$33,001,352	$28,276,400	$31,296,929	$33,555,470
HSF Expenditures (Excluding SFGH)	$13,954,261	$17,297,376	$21,534,961	$26,775,327	$14,126,659
Total	$47,620,557	$50,298,728	$49,811,361	$58,072,256	$47,682,129

As mentioned earlier, in previous years, the overall trend has reflected higher HSF expenditures. But, removing SFGH from the calculation (as shown in the above table) reverses the trend, meaning that the other hospitals together were actually spending more on Non-HSF (Traditional) charity care populations than HSF charity care populations, and this has remained consistent for FY 2014, as well. This reversal is understandable, since SFGH has continuously seen the most charity care patients in San Francisco, and most of its charity care patients are HSF individuals.

Figure 4: Inflation-Adjusted[14] Overall Expenditures per Charity Care Patient, FY 2010 – FY 2014



The above table reflects the average cost per charity care patient, after adjusting for inflation. On the whole, the cost per charity care patient has been decreasing in recent years.

[14] Inflation-adjusted calculations made using the medical care San Francisco-Oakland-San Jose Consumer Price Indices for all Urban Consumers, available at http://www.bls.gov/home.htm.

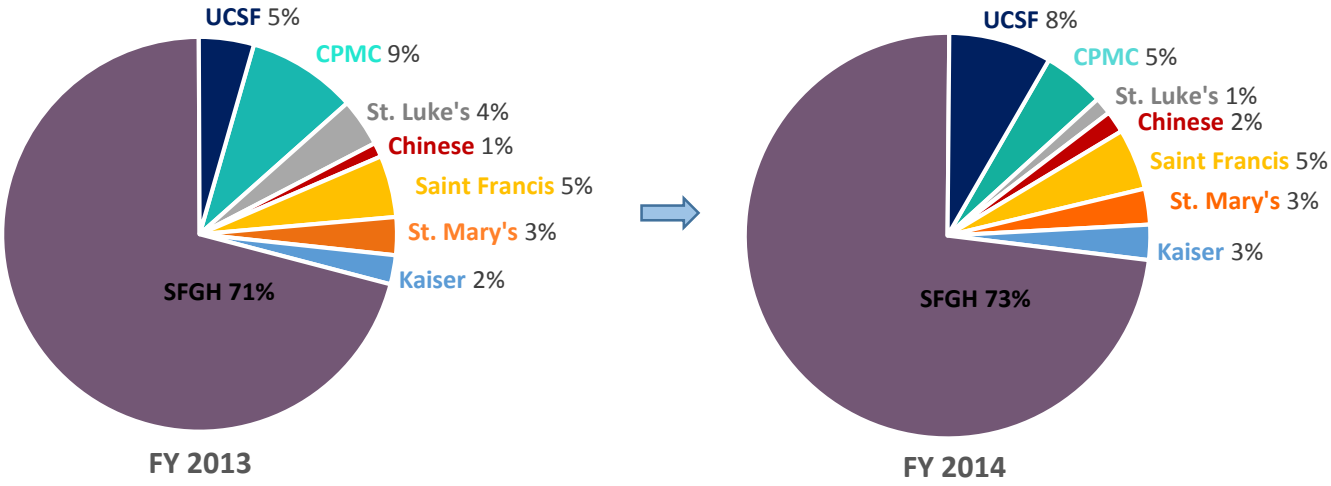
Hospital-specific analysis.

SFGH Continues to Make the Vast Majority of Charity Care Expenditures in San Francisco

Five out of Eight Reporting Hospitals Experienced Expenditure Decreases from FY 2013 to FY 2014

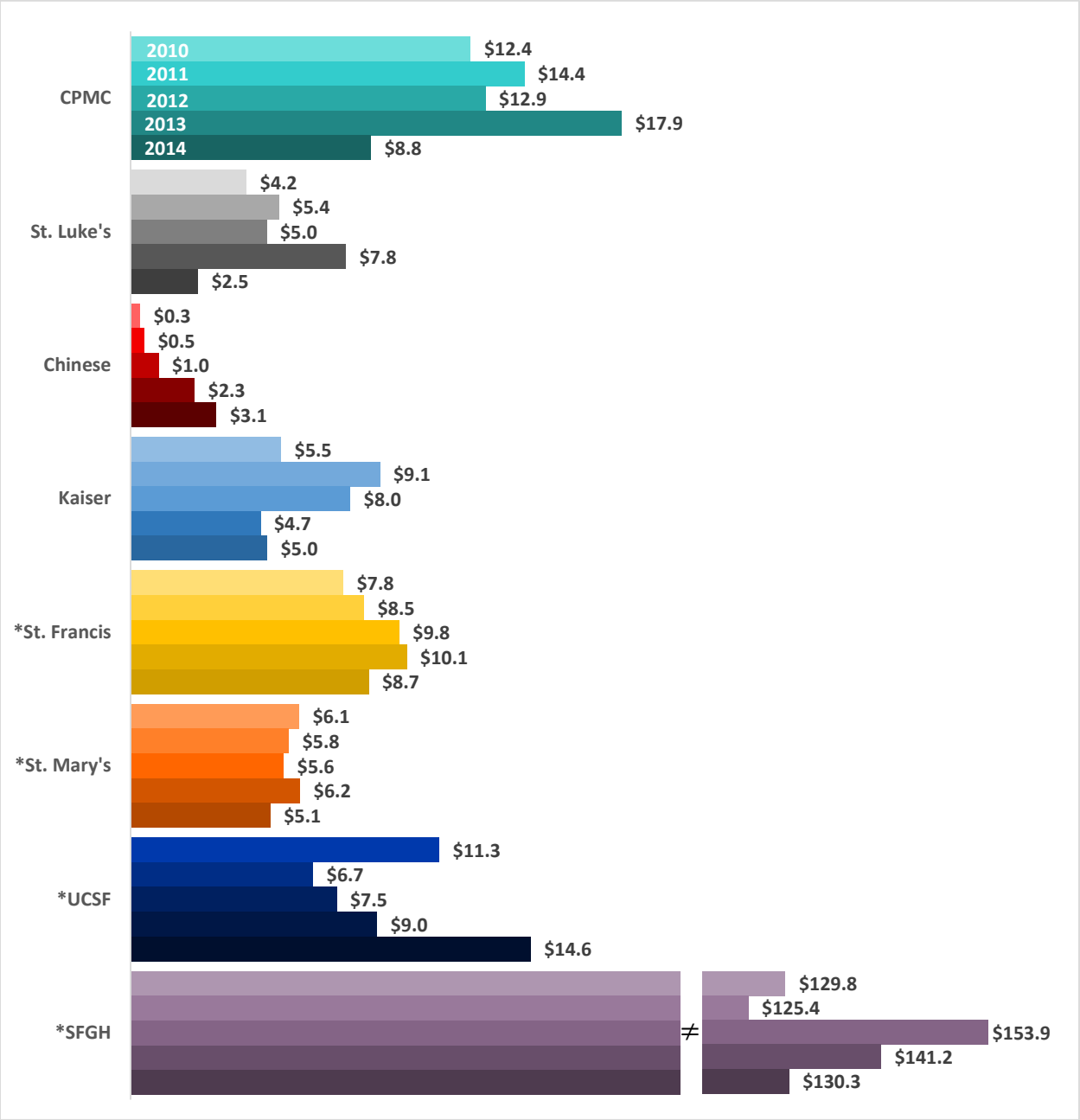
For Most Hospitals, the Proportion of HSF Spending Decreased from FY 2013 to FY 2014

Figure 5: Charity Care Expenditures by Hospital, FY 2013 to FY 2014



Though the ACA has had an impact on the overall expenditures, there has been little change with respect to reporting hospitals' share of the charity care expenditures. As has repeatedly been the case, SFGH is the driving force behind the total expenditure amount, representing 73 percent of the total in FY 2014, which is a two percentage point increase from FY 2013 (75.5% in FY 2012 and 71.4% in FY 2011). The proportions for UCSF, CPMC and St. Luke's changed from FY 2013 to FY 2014, with UCSF's share increasing by 3 percentage points and CPMC and St. Luke's decreasing by 4 and 3 percentage points, respectively. As previous reports have shown, each individual hospital's share of charity care expenditures fluctuate over time.

Figure 6: Charity Care Expenditures (in Millions) by Hospital, FY 2010 to FY 2014

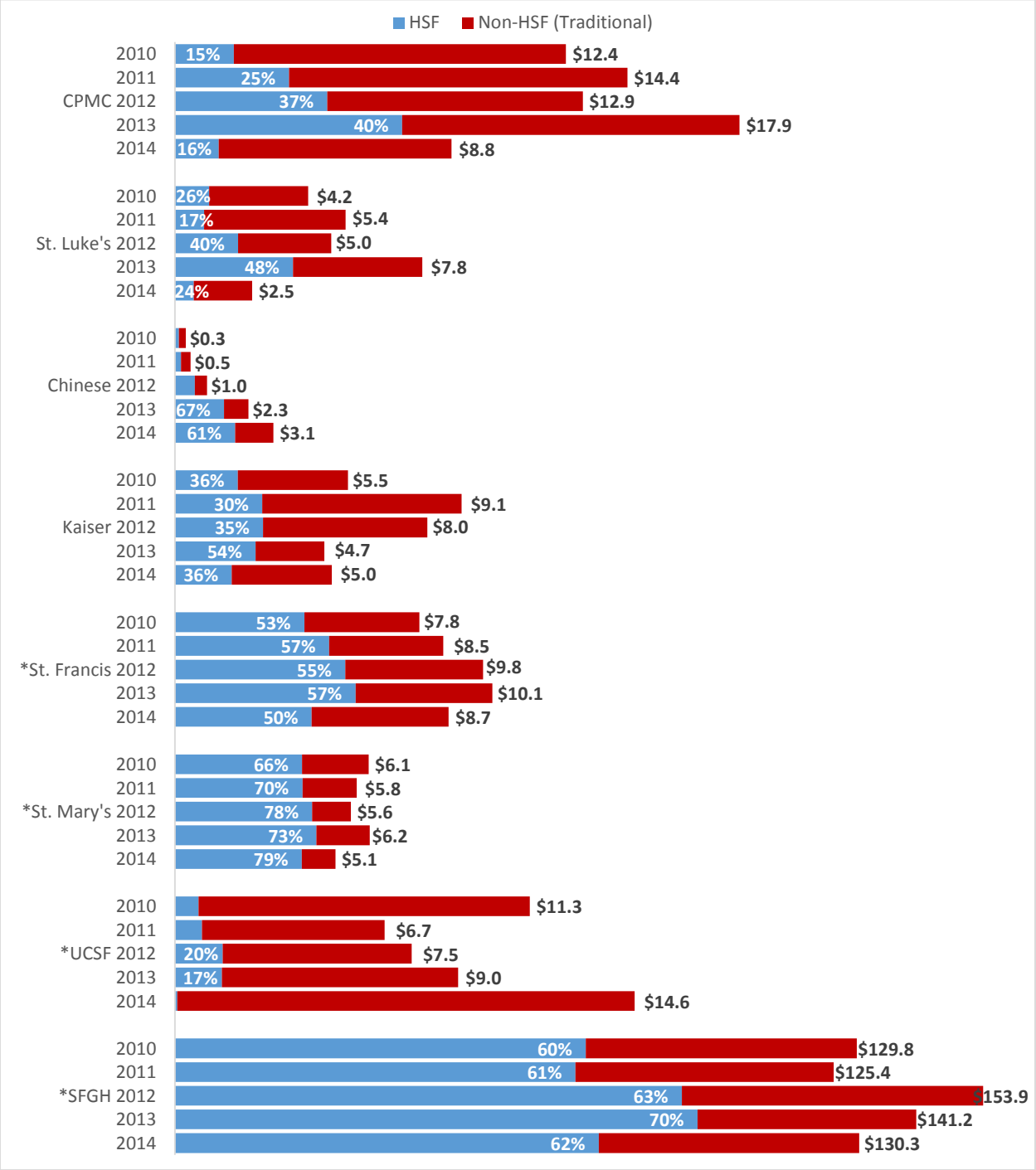


* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

The above chart delineates the specific charity care expenditures per hospital, and it is clear that some hospitals saw more changes on this measure than others from FY 2013 to FY 2014. Of the eight reporting hospitals, five (CPMC, St. Luke's, Saint Francis, St. Mary's and SFGH) saw a decrease in overall charity care expenditures during that time period, with CPMC and St. Luke's recording the most significant of these changes—a 51.1 percent and 68.7 percent decrease, respectively. The expenditures for Chinese Hospital and Kaiser increased slightly from FY 2013 to FY 2014, with UCSF recording a marked 62.3 percent increase

in expenditures, due to its status as a tertiary hospital that often tackles difficult medical cases, thereby increasing the inflow of patients with a need for more intensive (and expensive) care and medical services.

Figure 7: HSF and Non-HSF Charity Care Expenditures by Hospital, FY 2010 to FY 2014



*The graph has been altered to more effectively reflect each hospital's data contributions alongside SFGH.

* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

A further analysis of HSF/Non-HSF (Traditional) charity care expenditures by hospital also reflects the fact that most hospitals saw a decrease in the proportion of HSF spending in FY 2014.

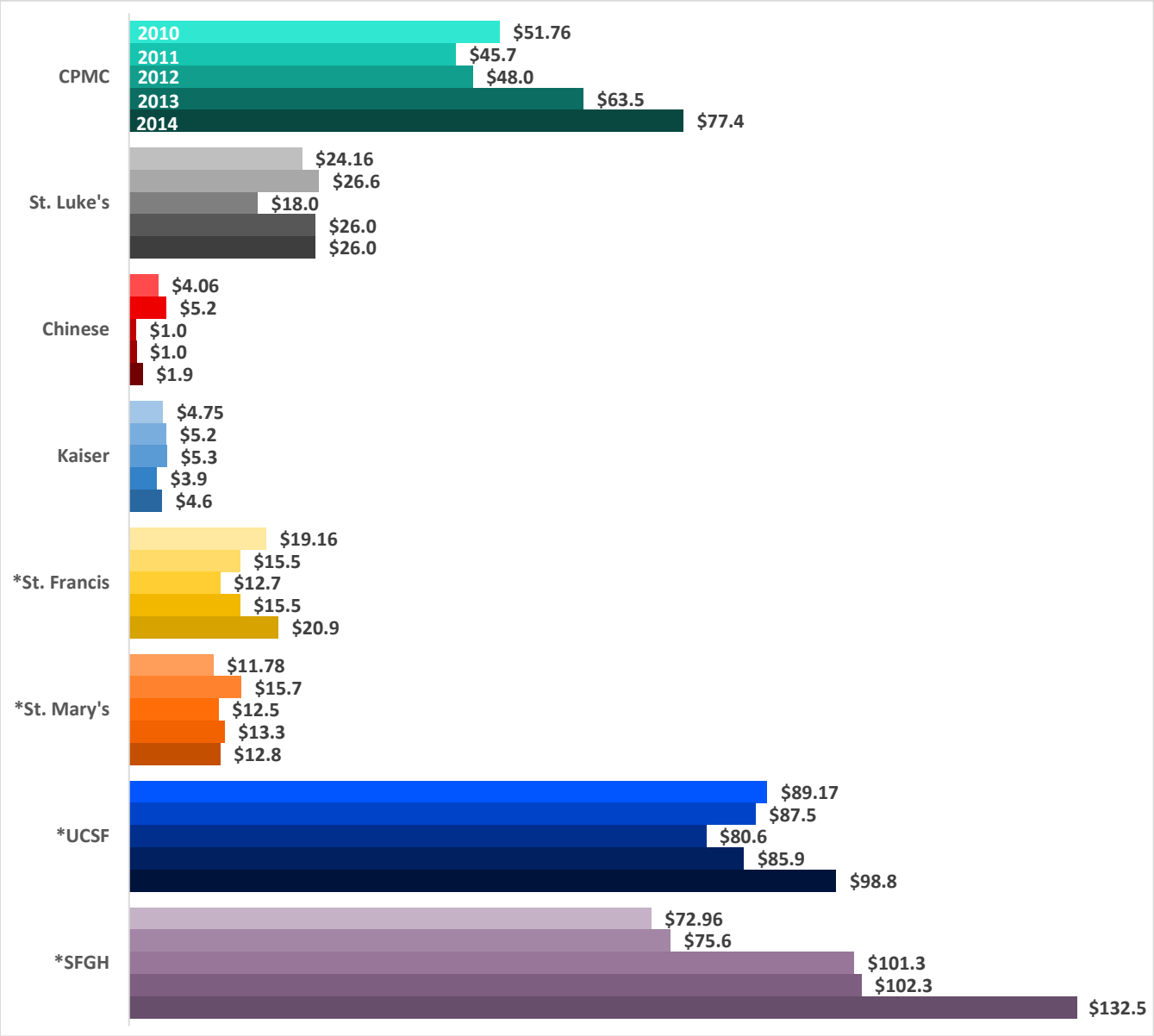
4. Medi-Cal Shortfall

Overall Medi-Cal Shortfall Values Increased Across the Reporting Hospitals, Surpassing the Decreased Amount of Charity Care Expenditures, Further Supporting the Notion that Many Charity Care Patients are Now Being Served within the Expanded Medi-Cal Program and Highlighting a Continued Hospital Commitment to Low-Income Populations

Medi-Cal is California's Medicaid program, the jointly funded federal/state health insurance coverage option for low-income children, families, seniors, persons with disabilities, and, now, single adults with ACA enactment and Medi-Cal expansion. Hospitals do track the amount of Medi-Cal expenditures spent in services to Medi-Cal beneficiaries as compared to hospital reimbursement from the program, and the difference between these two amounts is known as the Medi-Cal Shortfall. Generally, hospitals must absorb the cost of this difference. While Medi-Cal shortfall does not technically fall within the definition of charity care, it is a window into each hospital's contribution to the City and County's safety net services due to Medi-Cal's focus on health care for low-income individuals.

Medi-Cal Shortfall may also hold particular significance for charity care within the health reform context. More specifically, as more individuals gain insurance due to Medi-Cal Expansion, there is also likely to be an increase in Medi-Cal Shortfall, as well. For some hospitals, the decrease in charity care expenditures may instead be shifted to Medi-Cal Shortfall hospital costs, since many individuals who would otherwise be eligible for charity care may have received Medi-Cal due to the Expansion. So, although Medi-Cal provides hospitals with a reimbursement mechanism for recouping some of the cost of caring for that individual, it adds a cost, as well, in the form of Medi-Cal Shortfall. Applying this logic in the San Francisco case, one can surmise that although hospitals' unreimbursed costs through charity care decreased in FY 2014 due to an increase Medi-Cal enrollment for individuals who would otherwise be part of the charity care population, this increase in enrollment also led to an increase in the Shortfall that always accompanies the Medicaid program.

Figure 8: Medi-Cal Shortfall (in Millions) by Hospital, FY 2010 to FY 2014

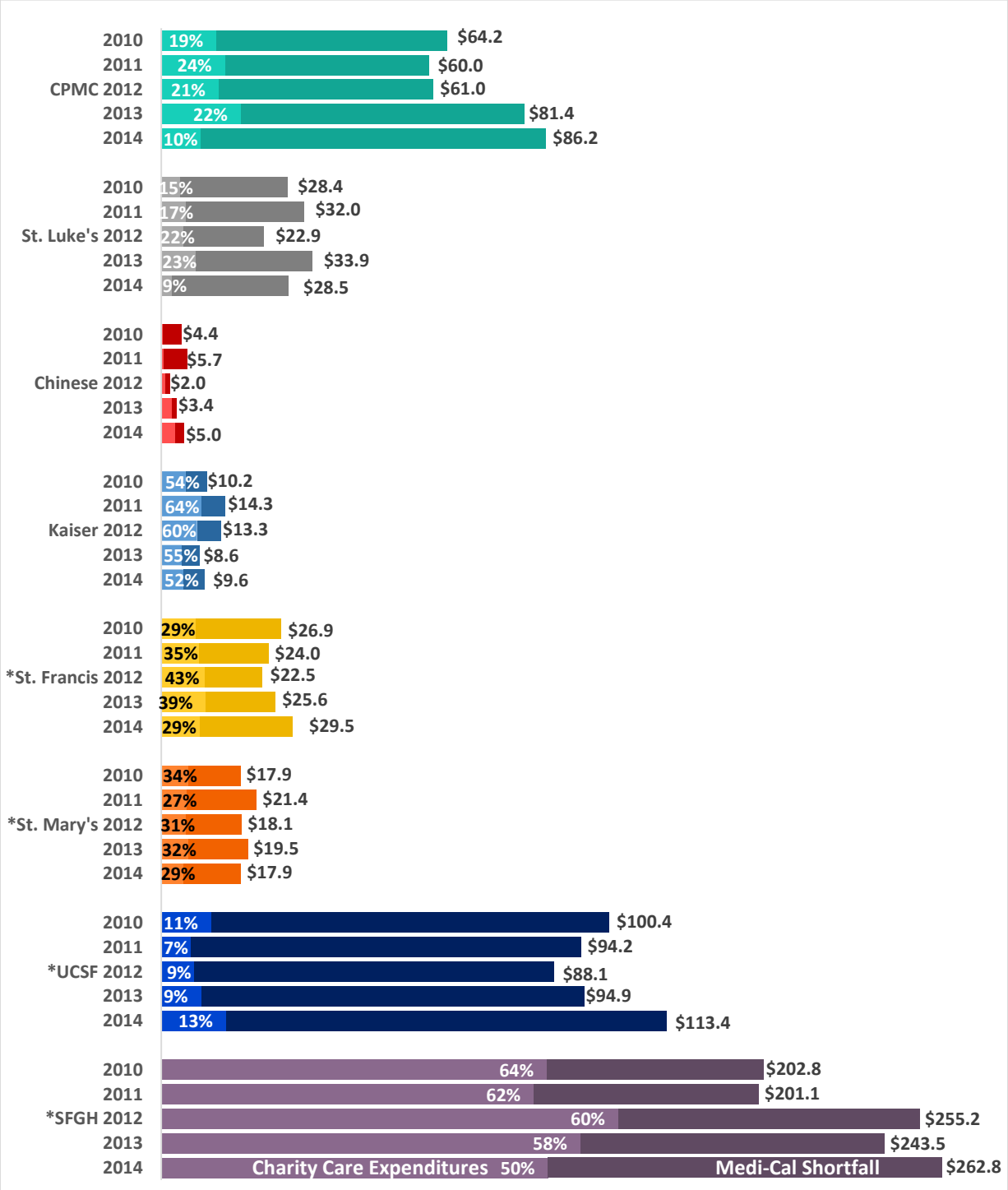


* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

As is apparent, there was a decrease in most hospitals' Medi-Cal Shortfall between FY 2011 and FY 2012, with the exception of CPMC and SFGH (and KFH's remained stable), but in FY 2013 and FY 2014, hospitals experienced more varied levels of change on this measure. For instance, in FY 2013, the Medi-Cal Shortfall values for CPMC and St. Luke's increased dramatically as compared to FY 2012, while the other hospitals' values remained relatively stable. And for FY 2014, the Medi-Cal Shortfall values increased for all hospitals except for St. Mary's, with CPMC, UCSF, and SFGH recording the most significant increases. It does appear, then, that with a decrease in the number of charity care patients in San Francisco and the rise in Medi-Cal

enrollment numbers due to the ACA in San Francisco, there was also a general increase in Medi-Cal Shortfall, as well.

Figure 9: Medi-Cal Shortfall and Charity Care Expenditures (in Millions) by Hospital, FY 2010 to FY 2014



* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Charity Care Expenditures and Medi-Cal Shortfall (in Millions) by Hospital FY 2010								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
Charity Care Expenditures	$12.40	$4.23	$0.35	$5.49	$7.75	$6.14	$11.26	$129.83
Medi-Cal Shortfall	$51.76	$24.16	$4.06	$4.75	$19.16	$11.78	$89.17	$72.96

Charity Care Expenditures and Medi-Cal Shortfall (in Millions) by Hospital FY 2011								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
Charity Care Expenditures	$14.36	$5.42	$0.50	$9.09	$8.51	$5.77	$6.66	$125.44
Medi-Cal Shortfall	$45.65	$26.56	$5.21	$5.21	$15.50	$15.67	$87.53	$75.65

Charity Care Expenditures and Medi-Cal Shortfall (in Millions) by Hospital FY 2012								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
Charity Care Expenditures	$12.95	$4.96	$1.02	$8.01	$9.80	$5.58	$7.51	$153.87
Medi-Cal Shortfall	$48.01	$17.97	$1.01	$5.32	$12.74	$12.51	$80.63	$101.30

Charity Care Expenditures and Medi-Cal Shortfall (in Millions) by Hospital FY 2013								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
Charity Care Expenditures	$17.9	$7.8	$2.3	$4.7	$10.1	$6.2	$9.0	$141.2
Medi-Cal Shortfall	$63.5	$26.0	$1.0	$3.9	$15.5	$13.3	$85.9	$102.3

Charity Care Expenditures and Medi-Cal Shortfall (in Millions) by Hospital FY 2014								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
Charity Care Expenditures	$8.8	$2.5	$3.1	$5.0	$8.7	$5.1	$14.6	$130.3
Medi-Cal Shortfall	$77.4	$26.0	$1.9	$4.6	$20.9	$12.8	$98.8	$132.5

Similarly, one could view charity care and Medi-Cal programs as a combined mechanism for providing care to low-income populations. Taken together across the reporting hospitals, charity care expenditures decreased by $21.1 million from FY 2013 to FY 2014, but the overall Medi-Cal Shortfall increased by approximately three times that amount, to the tune of $63.5 million. This highlights the fact that though charity care expenditures have decreased, the overall commitment to low-income populations via Medi-Cal across the reporting hospitals remained strong FY 2014.

With respect to CPMC more specifically, the hospital reports that across its four campuses (California, Pacific, Davies and St. Luke's), there was a shift from Charity Care to Medi-Cal Shortfall between FY 2013 and FY 2014 largely due to the implementation of the Affordable Care Act. Taken together, Medi-Cal Shortfall and Charity Care expenditures totaled 115.3 million in FY 2013 and 114.7 for FY 2014. The reduction of Charity Care at the St. Luke's campus was also a result of a shift in patients to Medi-Cal, but the costs do not reflect this associated increase because the hospital's sub-acute census declined in FY 2014, which is a high cost service predominately utilized by Medi-Cal patients.

5. Net Patient Revenue and Charity Care Expenditures

Another way to compare charity care trends in San Francisco is to review each reporting hospital's ratio of charity care compared to net patient revenue, which allows for a useful comparison of each hospital's charity care contribution relative to its size. For purposes of this report, net patient revenue information is taken from the OSHPD financial reports. [15] Note that Kaiser is excluded from this portion of the report, as the hospital is not required to report this information to OSHPHD.

Table 6: Charity Care as Compared to Net Patient Revenue, FY 2013[16]

FY 2013 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**
CPMC	$1,113,925,584	$17,913,168	1.61%	**2%**
St. Luke's	$109,809,103	$7,847,513	7.15%	
Chinese	$107,070,689	$2,332,463	2.18%	
*St. Francis	$206,126,585	$10,069,967	4.89%	
*St. Mary's	$210,885,407	$6,184,299	2.93%	
*UCSF	$2,097,806,241	$8,986,294	0.43%	
*SFGH	$677,697,391	$141,159,972	20.83%	

* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Table 6 shows each hospital's ratio of charity care expenditures (as reported to SFDPH), compared to the net patient revenue (as reported to OSHPD). As has repeatedly been the case, these data show that SFGH is an outlier with a ratio of nearly 21 percent in FY 2013 and a slight reduction to 17.59 for FY 2014. This is far outside the range of the other hospitals in San Francisco, and well above those of the other hospitals as well as the 2 percent state average. The range of ratios across the hospitals for FY 2013 is 0.4 percent at UCSF to 20.8 percent at San Francisco General Hospital. All hospitals in San Francisco are above the state average on this metric except CPMC and UCSF. Chinese Hospital was below the state average for FY 2012 but raised its ratio above the state average for FY 2013.

[15] OSHPD defines net patient revenue as (gross patient revenue) + (capitation premium revenue) – (related deductions from revenue). Net patient revenue includes the payments received for inpatient and outpatient care, including emergency services.

[16] 2014 OSHPHD data not yet available.

B. Charity Care Services

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 utilized by charity care patients along those same lines. More specifically, it 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."[17]

To ensure consistency, hospitals were instructed to report the total number of unduplicated patients, along with separate tallies of those who received emergency, inpatient, and outpatient services. This means that, as noted in the Ordinance, this data does not count the number of services, but rather the number of patients who access those services. For example, if during the reporting year, John Doe visited SFGH's emergency room twice, 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 tally for that hospital. The following sections outline the data across the aforementioned categories: emergency department, inpatient, and outpatient services.

Finally, wherever comparisons are made between HSF and traditional charity care patients in this report, it is important to note the different types of service lines provided within each group. The Healthy San Francisco program caters to the uninsured via a medical home-based model, pairing each member with a primary care provider at the time of enrollment and thereby improving access to preventive and coordinated care. Traditional charity care programs do not typically function in this manner – most services are hospital-based. Moreover, some reporting hospitals are directly affiliated with HSF medical homes, while others (Chinese Hospital, SFGH, Kaiser and St. Mary's) serve as a primary care site themselves. This means that hospitals that provide primary care along with other services would necessarily include such services in their outpatient reporting data, while the other hospitals' outpatient information would include outpatient specialty care only.

1. Emergency Department: Charity Care Patient Count

Overall analysis.

From FY 2013 to FY 2014, there was a Significant Decrease in the Number of Emergency Charity Care Patients

Against the backdrop of ACA-initiated care and the corresponding increase in access to services such as primary care, one would expect the number of charity care patients seeking emergency room services to

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

decrease, and this has been the case in San Francisco. For FY 2014, there was a total of 20,371 charity care patients who sought emergency care across the eight reporting hospitals, a significant 16.8 percent decrease from the 24,489 charity care patients in FY 2013. There were a total of 25,531 patients in 2012 and 24,528 for FY 2011.

HSF v. Non-HSF (Traditional) Charity Care analysis.

Overall Decline in Emergency Care Patients Was Mostly Driven by the HSF Population

The above decrease from FY 2013 to FY 2014 in the number of emergency care charity care patients is mostly driven by the HSF charity care population, whose numbers went from 11,087 to 8,048 (i.e. 27.4% decrease) during that time period. In terms of Non-HSF (Traditional) charity care emergency patients, the numbers declined by only 8.05 percent. This is consistent with the aforementioned finding that those in the current Non-HSF (Traditional) charity care pool may be less able (than the HSF charity care population) to obtain the type of ACA-initiated coverage (e.g. primary care) that would prevent emergency care usage.

Hospital-specific analysis.

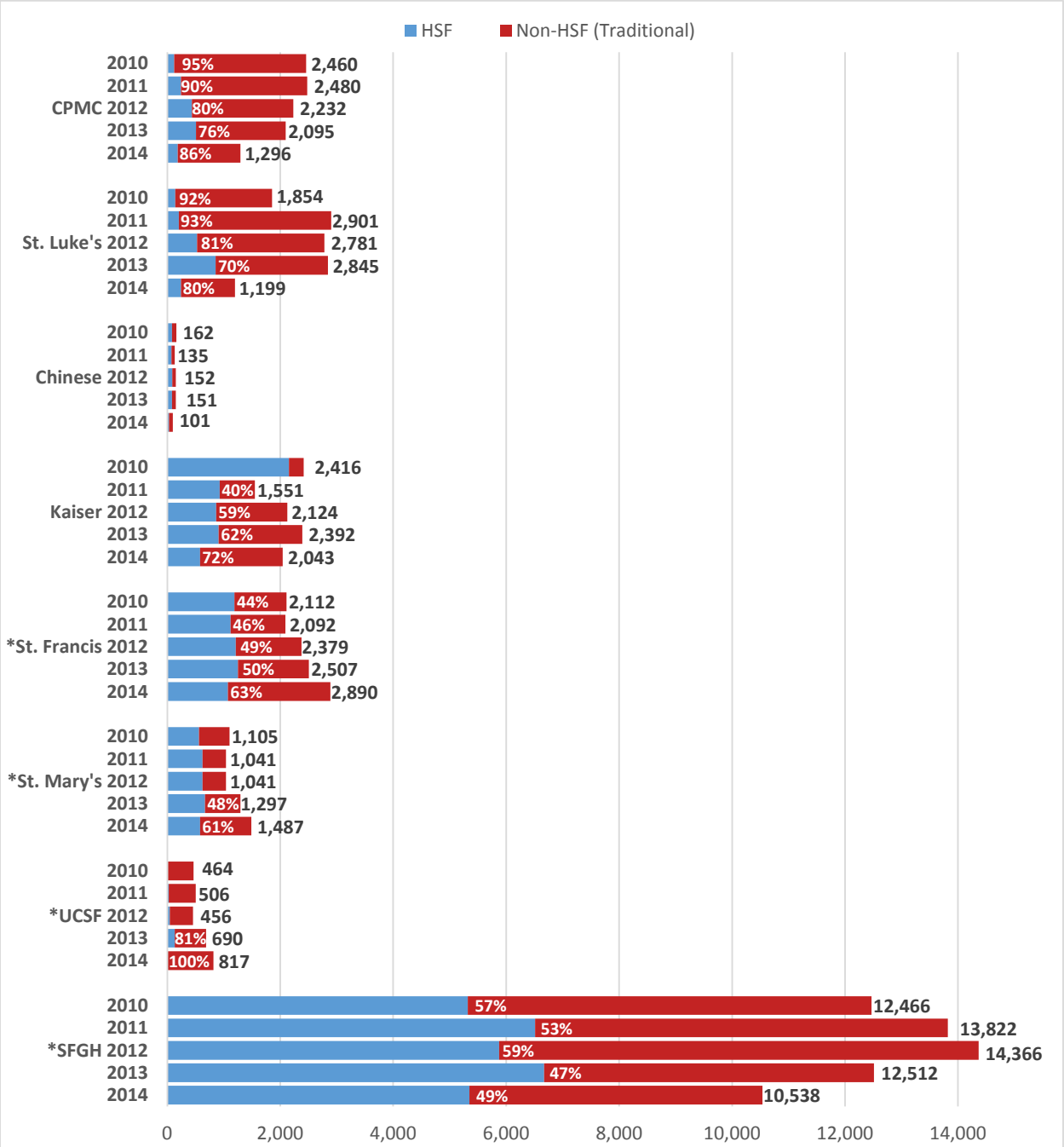
Every Reporting Hospital Saw Decreases in the Number of HSF Emergency Care Patients, but the Experience was More Varied for Non-HSF (Traditional) Charity Care patients

Kaiser, SFGH, and Dignity Health Hospitals Saw the Majority of Emergency Care Patients

The figures below show the number of unduplicated patients who received emergency department charity care from all reporting hospitals in FY 2013 and FY 2014. In previous years, SFGH, St. Luke's, CPMC, and Kaiser together saw most of the charity care emergency patients, but from FY 2013 to FY 2014, this dynamic changed slightly, with the Dignity Health system hospitals joining Kaiser and SFGH as caring for the most emergency care patients.

Every reporting hospital experienced decreases in its HSF population seeking emergency services, but the trend is mixed for the Non-HSF (Traditional) charity care population. For example, the total number of charity care patients within the Dignity Health System (i.e. Saint Francis and St. Mary's) hospitals increased significantly, driven solely by the Non-HSF (Traditional) charity care population. The increase in Dignity Health's care for emergency room traditional charity care patients runs alongside a significant decrease for the Sutter Health reporting hospitals (i.e. CPMC and St. Luke's), where their numbers dropped dramatically from FY 2013 to FY 2014. Finally, UCSF also experienced significant changes, with a very sharp decrease in its HSF population, from 132 in FY 2013 to 4 in FY 2014, and a significant increase in its Non-HSF (traditional) charity care population, from 558 in FY 2013 to 813 in FY 2014.

Figure 10: Charity Care Patients Accessing Emergency Services, FY 2010 – FY 2014



* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Charity Care Patients Accessing Emergency Services by Hospital FY 2010								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	122	144	82	2,157	1,189	564	12	5,319
Non-HSF (Traditional)	2,338	1,710	80	259	923	541	452	7,147

Charity Care Patients Accessing Emergency Services by Hospital FY 2011								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	244	205	76	928	1,121	623	27	6,515
Non-HSF (Traditional)	2,236	2,696	59	623	971	418	479	7,307

Charity Care Patients Accessing Emergency Services by Hospital FY 2012								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	437	528	88	867	1,216	623	44	5,877
Non-HSF (Traditional)	1,795	2,253	64	1,257	1,163	418	412	8,489

Charity Care Patients Accessing Emergency Services by Hospital FY 2013								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	510	858	82	912	1,251	670	132	6,672
Non-HSF (Traditional)	1,585	1,987	69	1,480	1,256	627	558	5,840

Charity Care Patients Accessing Emergency Services by Hospital FY 2014								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	184	243	29	580	1,076	582	4	5,350
Non-HSF (Traditional)	1,112	956	72	1,463	1,814	905	813	5,188

2. Inpatient Services: Charity Care Count

Overall analysis.

Though Charity Care Patients Continue to Utilize Emergency Services More than Inpatient, there was a Slight Decrease in the Overall Number of Inpatients from FY 2013 to FY 2014.

It is well-understood that charity care patients utilize emergency services more than inpatient services, and, even in the new health reform era, this continues to be the case. There were a total of 5,932 charity care patients who accessed inpatient services in FY 2014, representing a slight decrease from FY 2013, where there were 6,326 patients in that category.

HSF v. Non-HSF (Traditional) Charity Care analysis.

The Overall Decrease in Inpatients was Solely Driven by the HSF Population

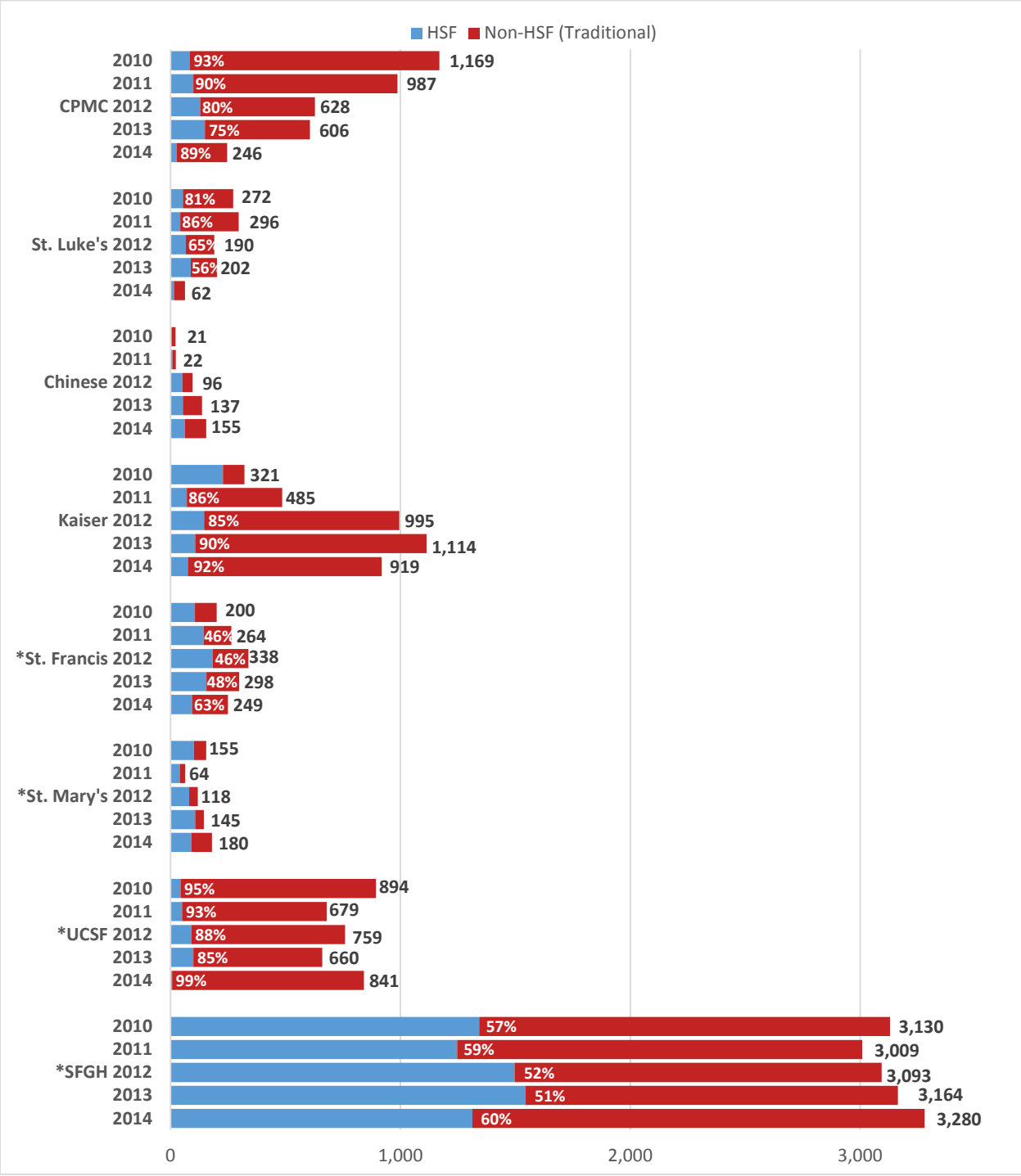
The aforementioned decrease in charity care patients seeking inpatient care is solely due to the HSF population, which went from 2,302 patients in FY 2013 to 1,679 patients in FY 2013. The number of traditional charity care patients seeking inpatient services actually increased by 229 patients, meaning there was more of a need for inpatient services for that population during that time period.

Hospital-specific analysis.

Most Hospitals Experienced a Decrease in the Number of HSF Inpatients

SFGH Continues to Provide the Majority of Inpatient Services to Charity Care Patients

Figure 11: Charity Care Patients Accessing Inpatient Services, FY 2010 – FY 2014



* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Charity Care Patients Accessing Inpatient Services by Hospital FY 2010								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	84	53	6	228	106	101	43	1,343
Non-HSF (Traditional)	1,085	219	15	93	94	54	851	1,787

Charity Care Patients Accessing Inpatient Services by Hospital FY 2011								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	99	42	8	70	143	40	50	1,247
Non-HSF (Traditional)	888	254	14	415	121	24	629	1,762

Charity Care Patients Accessing Inpatient Services by Hospital FY 2012								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	128	66	51	146	183	81	90	1,497
Non-HSF (Traditional)	500	124	45	849	155	37	669	1,596

Charity Care Patients Accessing Inpatient Services by Hospital FY 2013								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	149	88	53	107	156	107	99	1,543
Non-HSF (Traditional)	457	114	84	1,007	142	38	561	1,621

Charity Care Patients Accessing Inpatient Services by Hospital FY 2014								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	26	14	61	75	93	90	7	1,313
Non-HSF (Traditional)	220	48	94	844	156	90	834	1,967

As the above analysis suggests, hospitals have been providing inpatient services for more Non-HSF (Traditional) charity care patients than HSF patients. And, as expected, the vast majority of inpatient charity care patients were seen at SFGH in FY 2014 – the hospital's services represent over half of the total, and it, along with Chinese Hospital, St. Mary's, and UCSF, were the hospitals that experienced an increase in their total number of inpatients for FY 2014.

With regard to HSF and traditional charity care patients, every hospital except Chinese Hospital saw a decrease in HSF patients seeking inpatient care, which contributed significantly to the overall decrease in number of patients from FY 2013 to FY 2014. The other significant contributors to this trend were CPMC and St. Luke's Hospital, each of which saw their number of patients in this category decrease by over 50 percent. There were also notable but more varied changes in the Non-HSF (Traditional) charity care patients. As was the case with respect to emergency care, UCSF again recorded significant change in this category with an almost 10 fold decrease in HSF patients seeking inpatient care, and a 49% increase for its Non-HSF (Traditional) charity care population.

3. Outpatient Services: Charity Care Count

Overall analysis.

Though there was a Significant Decline in the Number of Patients Seeking Outpatient Services from FY 2013 to FY 2014, It Continues to Represent the Majority of Charity Care Services Provided in San Francisco

As has repeatedly been the case, outpatient clinics are used far more frequently by charity care patients than any other service. According to the numbers reported by all hospitals, there was a total of 87,660 charity care patients that accessed outpatient services in FY 2014, compared to just over 20,000 patients accessing emergency services, and about 6,000 seeking inpatient care. This total number of outpatients is consistent with a general decline over time, where there were 99,212 outpatients in FY 2013, and 103,124 in FY 2012, but the decline is much more significant from FY 2013 to FY 2014.

HSF vs. Non-HSF (Traditional) Charity Care analysis.

The Overall Decline in Outpatients was Due Mostly to the HSF Population

As was the case with emergency and inpatient services, this overall decline is driven by the HSF charity care population, whose numbers decreased by over 8,000 patients from FY 2013 to FY 2014. The decline in the Non-HSF (Traditional) charity care population was much less significant- about 3,400 less patients in FY 2014 as compared to FY 2013.

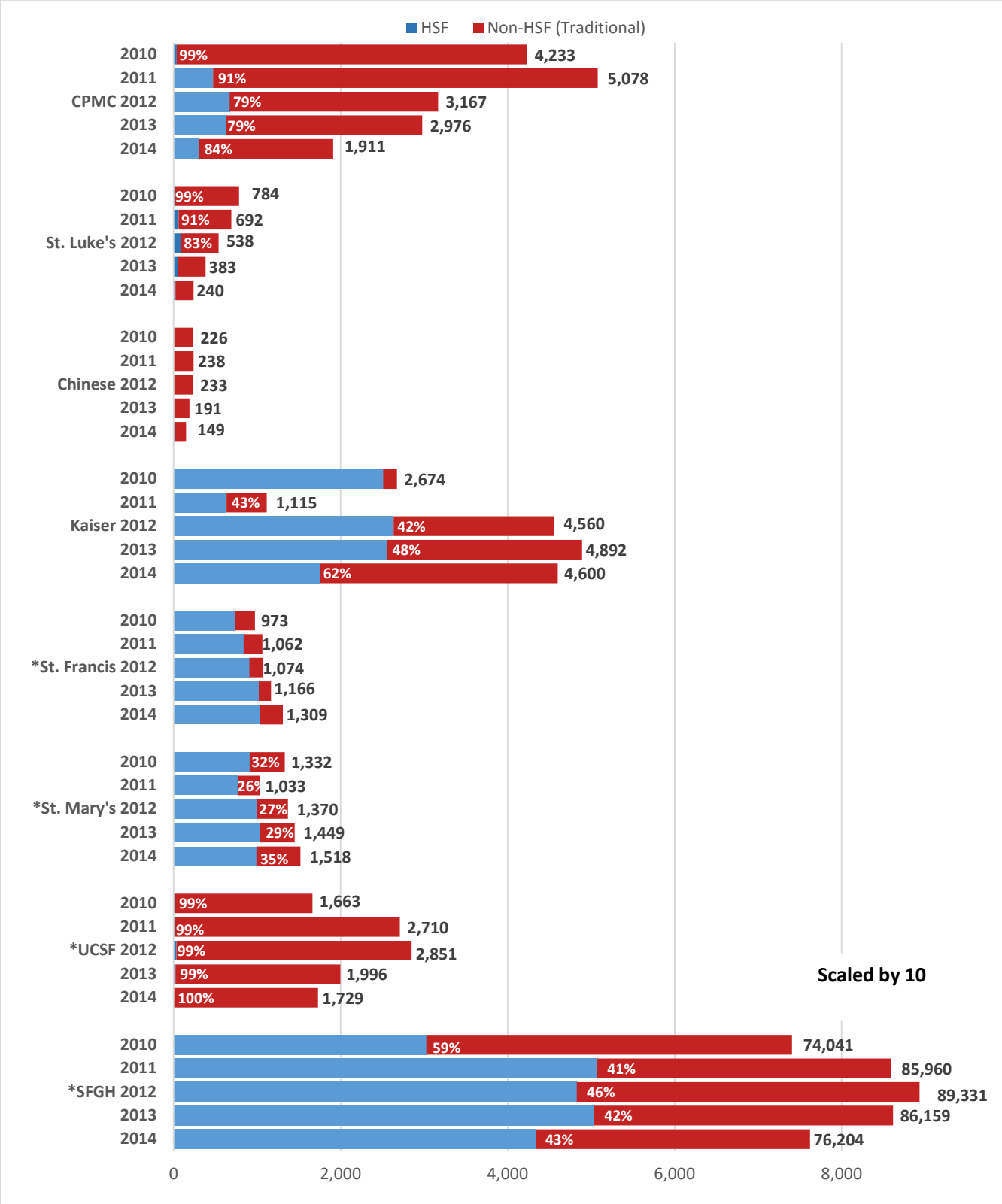
Hospital-specific analysis.

As Has Repeatedly Been the Case, Five out of the Eight Reporting Hospitals Provide More Outpatient Care than Any Other Type of Service

SFGH and Kaiser Serve the Majority of Charity Care Patients Seeking Outpatient Services

In this category, as well, SFGH continues to provide much of the outpatient charity care in San Francisco – about 87 percent of the total outpatient services in FY 2012, FY 2013 and FY 2014. Excluding SFGH from the analysis, Kaiser serves the most outpatients, and its share has been increasing over time, from 33 percent in FY 2012, to 37 percent in FY 2013 and 40 percent in FY 2014. Most of the hospitals also provided more outpatient services than any other type of service, the exceptions being St. Luke's, Saint Francis, and CPMC, all of which provided more emergency charity care services. As mentioned earlier, SFGH, Kaiser, St. Mary's and Chinese Hospital all provide primary care as part the outpatient services offered to HSF patients, so these hospitals' data would include primary care visits, while the other hospitals' outpatient data would include outpatient specialty care only.

Figure 12: Charity Care Patients Accessing Outpatient Services, FY 2010 – FY 2014



*The graph has been altered to more effectively reflect each hospital's data contributions alongside SFGH.

* Asterisks denote hospitals on a fiscal year calendar, i.e. July 1st to June 30th. For example, FY 2012 would begin July 1, 2011, and end on June 30, 2012.

Charity Care Patients Accessing Outpatient Services by Hospital FY 2010								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	37	11	5	2,510	733	911	10	30,263
Non-HSF (Traditional)	4,196	773	221	164	240	421	1,653	43,778

Charity Care Patients Accessing Outpatient Services by Hospital FY 2011								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	473	60	3	633	838	765	18	50,708
Non-HSF (Traditional)	4,605	632	235	482	224	268	2,692	35,252

Charity Care Patients Accessing Outpatient Services by Hospital FY 2012								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	671	90	4	2,635	907	1,001	33	48,273
Non-HSF (Traditional)	2,496	448	229	1,925	167	369	2,818	41,058

Charity Care Patients Accessing Outpatient Services by Hospital FY 2013								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	627	52	8	2,552	1,020	1,034	23	50,338
Non-HSF (Traditional)	2,349	331	183	2,340	146	415	1,973	35,821

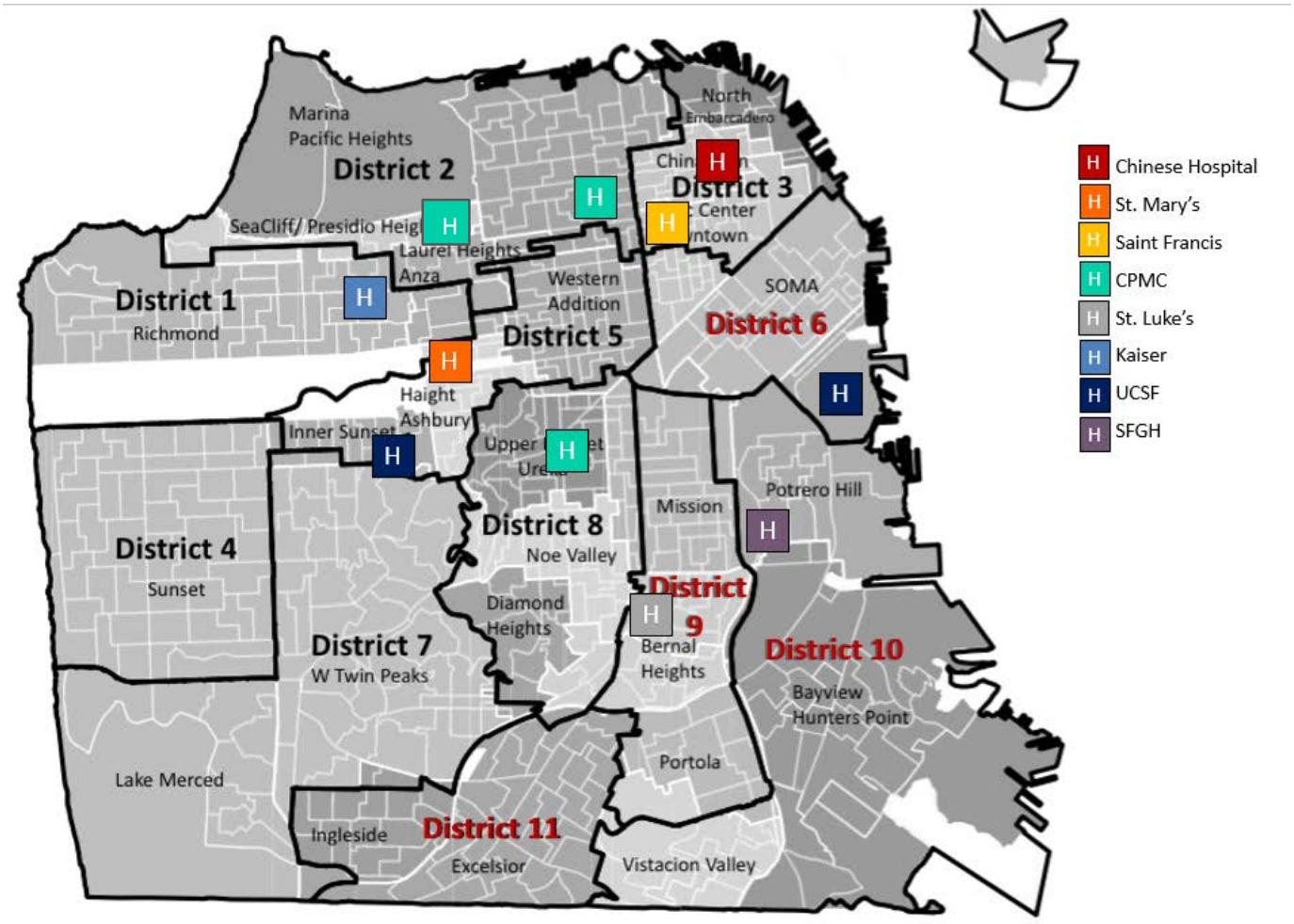
Charity Care Patients Accessing Outpatient Services by Hospital FY 2014								
	CPMC	St. Luke's	Chinese	Kaiser	Saint Francis	St. Mary's	UCSF	SFGH
HSF	309	22	18	1,757	1,033	992	0	43,370
Non-HSF (Traditional)	1,602	218	131	2,843	276	526	1,729	32,834

C. Zip Code Analysis

San Francisco's Charity Care Ordinance requires that hospitals provide the zip codes of their charity care recipients, and this report presents an analysis of this data. 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. Since zip code data for HSF patients is not required as part of charity care reporting, this section focuses on Non-HSF (Traditional) charity care patients only. Given that this report has also found that these patients don't seem as able to take advantage of health reform options as HSF patients who have now transitioned to ACA-initiated coverage, this section is a window into particular traditional charity care patients' residential trends.

This section presents the data by supervisorial district, along with an expanded view of out-of-county charity care patients, since traditional charity care programs are not limited to CCSF residents.

Figure 13: Map of San Francisco Showing Supervisorial Districts and Hospital Locations



*Districts highlighted in red represent those with the highest proportions of traditional charity care patients.
Source: San Francisco Department of Elections website, available at http://www.sfgov2.org/index.aspx?page=2618.

1. Charity Care by Supervisorial District

Districts 6, 9, 10 and 11 Continue to Represent the Highest Proportions of Traditional Charity Care Patients in San Francisco

District 1 (Richmond) Continues to Represent the Smallest Proportion of Charity Care Patients

Another Population that Consistently Contributes to the Charity Care Landscape in San Francisco is the Homeless

Table 7: Non-HSF (Traditional) Charity Care Patient by Districts, FY 2013 – FY 2014

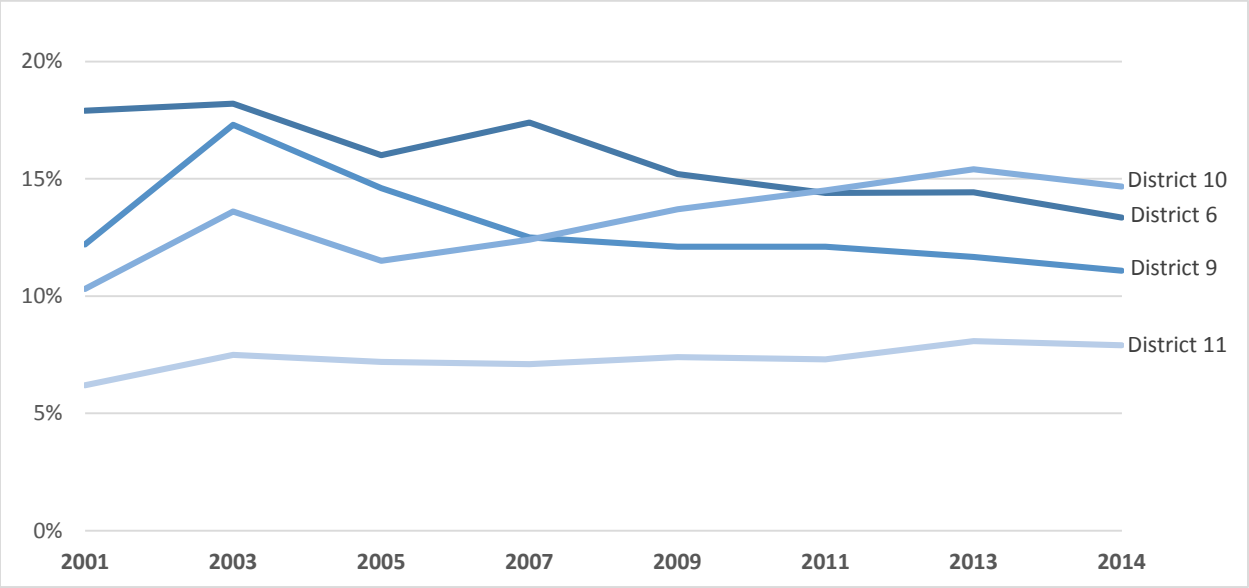
2013

Districts	Charity Care Recipients	% of Total
District 1	1,035	2.4%
District 2	1,629	3.7%
District 3	1,863	4.2%
District 4	1,620	3.7%
District 5	1,897	4.3%
District 6	6,342	14.4%
District 7	2,676	6.1%
District 8	1,273	2.9%
District 9	5,130	11.7%
District 10	6,771	15.4%
District 11	3,555	8.1%
Homeless/Other	5,421	12.3%
CA (outside SF)	4,755	10.8%
Total	**43,967**	**100%**

2014

Districts	Charity Care Recipients	% of Total
District 1	999	2.4%
District 2	1,528	3.6%
District 3	1,793	4.3%
District 4	1,742	4.1%
District 5	1,903	4.5%
District 6	5,609	13.3%
District 7	3,102	7.4%
District 8	1,283	3.1%
District 9	4,657	11.1%
District 10	6,168	14.7%
District 11	3,322	7.9%
Homeless/Other	5,407	12.9%
CA (outside SF)	4,521	10.8%
Total	**42,034**	**100%**

Figure 14: Proportion of Traditional Charity Care Patients, Districts 6, 9, 10, and 11



The above tables show the distribution of all reporting hospitals' traditional charity care recipients by Supervisorial district.[18] As is evident and has repeatedly been the case, the majority of the charity care patients in San Francisco reside in Districts 6 (SOMA), 9 (Mission, Bernal Heights), 10 (SE neighborhoods, including Bayview –Hunters Point), and District 11 (Excelsior). District 1 (Northwest/Richmond) continues to represent the smallest share—about 2.4 percent. District profiles reveal that Districts 6, 9, 10 and 11 also have some of the lowest average household income levels in San Francisco, which presumably contributes to the concentration of charity care patients in those areas. From FY 2013 to FY 2014 more specifically, there was very little change in the charity care landscape by district, suggesting that though the number of traditional charity care patients may have decreased over that time, the residential locations that contribute the most in San Francisco remain consistent.

2. Hospital Locations and Charity Care Patient Residence

SFGH Serves the Majority of Traditional Charity Care Patients Across the Represented Hospital Campus Zip Codes

Removing SFGH from the Analysis Shows that Hospitals within a Particular Zip Code Usually See the Highest Number of Patients within that Zip Code

A number of factors influence the particular location that a charity care patient receives care, including personal preferences, ambulance diversion, location, and transportation, among others. The tables below

[18] *See* Appendix for District profiles, including median income levels.

show the zip code for each of the ten hospital campuses, and the bold/highlighted cells show the number of patients residing in a zip code who received care by the hospital in that zip code.

Table 8: Charity Care Recipients in Local Hospital's ZIP codes, FY 2013 – FY 2014

Charity Care Recipients in Local Hospital's ZIP codes, FY2013 (Non-HSF)								
Zip Code	**Hospital in Zip Code**	**CPMC**	**STL**	**CHI**	**SFMH**	**SMMC**	**SFGH**	**UCSF**
94109	SFMH	119	9	18	**148**	19	1571	68
94110	SFGH STL	206	**425**	7	14	16	**4344**	93
94114	CPMC (Davies)	**76**	10	1	10	13	518	41
94115	CPMC (Pacific), UCSF (Mt. Zion)	**120**	15	2	11	11	799	**54**
94117	SMMC	48	7	2	9	**54**	676	78
94118	CPMC (California)	**79**	1	5	4	29	432	59
94122	UCSF (Parnassus)	97	6	9	9	11	705	**177**
94133	Chinese Hospital	52	5	**36**	22	1	480	26

Charity Care Recipients in Local Hospital's ZIP codes, FY2014 (Non-HSF)								
Zip Code	**Hospital in Zip Code**	**CPMC**	**STL**	**CHI**	**SFMH**	**SMMC**	**SFGH**	**UCSF**
94109	SFMH	108	12	13	**146**	25	1347	97
94110	SFGH STL	125	**194**	0	11	26	**4,133**	135
94114	CPMC (Davies)	**99**	11	0	3	4	434	162
94115	CPMC (Pacific), UCSF (Mt. Zion)	**90**	15	0	11	20	726	**163**
94117	SMMC	72	11	2	9	**49**	618	139
94118	CPMC (California)	**114**	3	5	5	23	349	94
94122	UCSF (Parnassus)	72	7	7	8	21	714	**267**
94133	Chinese Hospital	52	6	**29**	36	12	488	43

The tables above make two main points. First, that SFGH serves the majority of traditional charity care patients across the represented hospital campus zip codes, which is consistent with the finding that SFGH serves the majority of charity care patients in San Francisco. Second, removing SFGH from the analysis also shows that many of the patients in the various hospital zip codes are receiving charity care at that zip code's corresponding hospital. For example, most patients who reside in zip code 94109, where the Saint Francis hospital campus is located, seek care at that hospital, and the same is true for patients in zip codes 94110 (SFGH, St. Luke's), 94115 (CPMC, UCSF), 94118 (CPMC), 94122 (UCSF). And, for the remaining zip

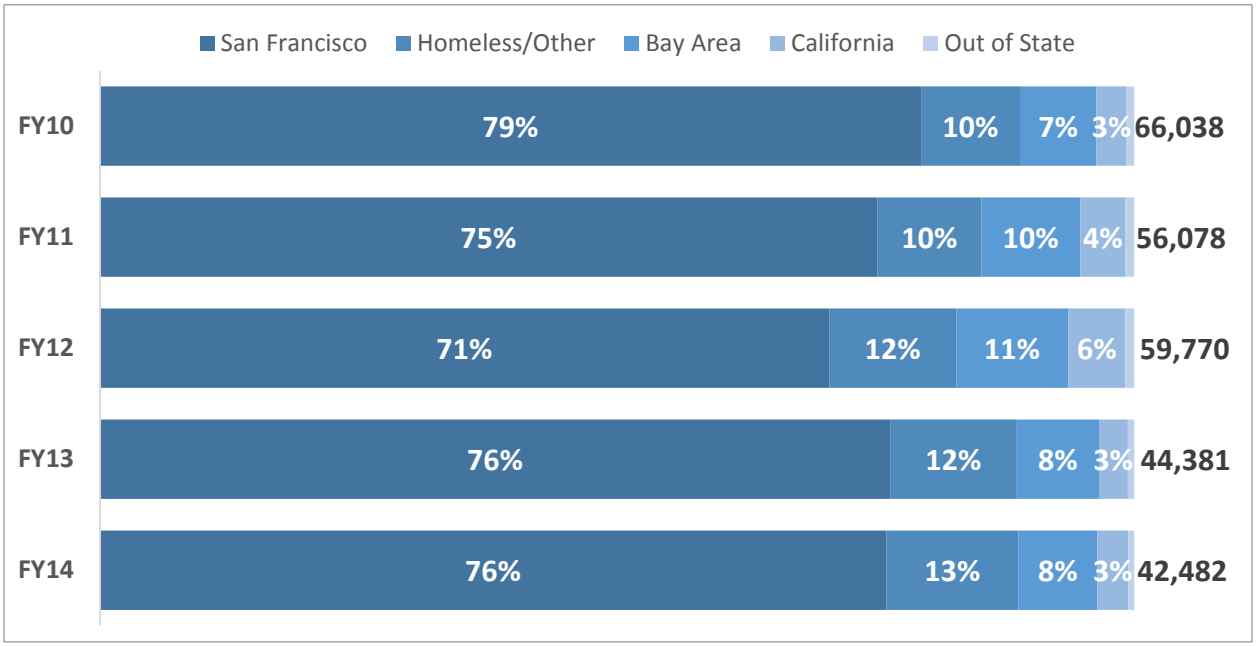
codes, while the corresponding hospital may not care for the highest number of patients, it still sees a significant proportion of the patients in that zip code.

3. General Place of Residence for Charity Care Patients

San Francisco's collective pool of traditional charity care patients in the era of health reform may consist of:

- **A greater proportion of San Franciscans,**
- **A decreased proportion of out-of-county residents and;**
- **A consistent proportion of homeless and out-of-state residents**

Figure 15: Charity Care Reported Residence, FY 2010 to FY 2014



As mentioned earlier, traditional charity care programs do not limit eligibility to CCSF residents, and the zip code information provided therefore allows for an analysis of the geographic locations that hospitals serve outside of San Francisco. Out-of-county patients may access charity 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. This proportion of out-of-county traditional charity care patients (i.e. Bay Area + California residents) has declined over time, from about 17 percent in FY 2012 to 11 percent in FY 2013 and FY 2014. This general decline could be due to other counties' health reform readiness activities that may have improved the services available and connected residents to ACA-initiated care in areas closer to the patients' place of residence. The decline in Bay Area/California patients ran alongside a corresponding increase in the proportion of traditional charity care patients residing in San Francisco, which went from 71 percent in FY 2012 to 76 percent in FY 2013 and 2014. It is

important to note, however, that higher proportions of San Francisco residents have also been noted in the past – FY 2010 is an example, where the proportion of San Franciscans was 79 percent. Future reports will note whether this trend is one the City can expect in the era of health reform.

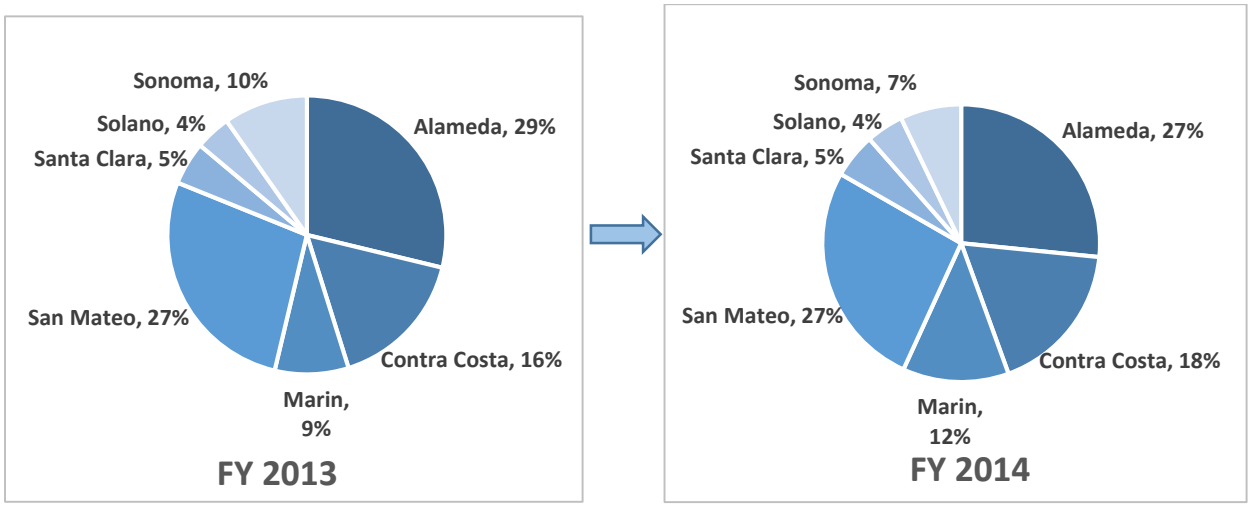
Homeless/Other patients have consistently represented approximately 12 percent of the total from FY 2012 to FY 2014, which is an increase from FY 2010 and 2011's 10 percent values. The "Other" category consists of patients who did not have a valid address in the hospital's financial system, which would include homeless individuals, those with errors in their record, and some who provided inaccurate information. Unfortunately, the data for charity care utilization among the homeless more specifically cannot be captured accurately in this report because some hospitals do not identify patients using a standard homeless code in their registration systems. Finally, only a very small proportion of charity care patients resided outside of California (1%) in FY 2013 and FY 2014 and this has been the case throughout the history of this report.

So, taken together, this data indicates although the total number of traditional charity care patients has declined over time, probably due to enrollment in the HSF/SFPATH programs and ACA-initiated insurance coverage both in San Francisco and in surrounding counties, San Francisco's collective pool of traditional charity care patients in the era of health reform may consist of:

- A greater proportion of San Franciscans,
- A decreased proportion of out-of-county residents and;
- A consistent proportion of homeless and out-of-state residents.

The next section focuses more specifically on traditional charity care patients in neighboring counties.

Figure 16: Reported Bay Area Place of Residence for Charity Care Patients, FY 2013 – FY 2014



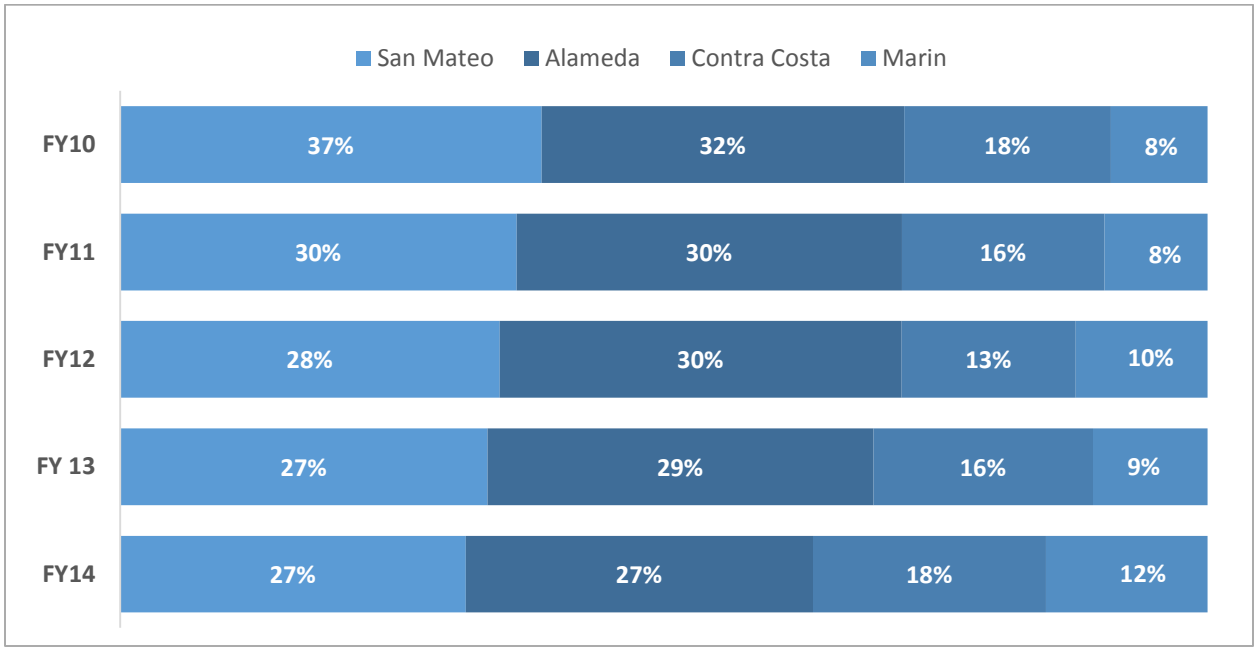
The above figure shows the percentage of traditional charity care patients with addresses in the seven greater Bay Area counties in FY 2013 and FY 2014. Alameda and San Mateo counties have consistently

represented the greatest proportion of charity care patients in San Francisco hospitals, representing 56 percent of the total in FY 2013 and 54 percent in FY 2014. In terms of absolute numbers, between FY 2013 and FY 2014, the number of Alameda county residents decreased from 1,003 to 847 (16 %) and those coming from San Mateo decreased from 955 individuals to 843 (12%).

Similar to previous years, the analysis of FY 13 and FY 14 data shows that residents in the seven greater Bay Area counties received charity care, by and large, from SFGH, UCSF, and CPMC hospitals. In FY 2013, of the 3,525 charity care patients reporting zip codes in those seven counties, 1,161, or 32.9 percent, sought care at SFGH, 845 (24%) sought care at UCSF, and 1047 (29.7%) at CPMC.

Interestingly, UCSF surpassed SFGH in caring for the largest proportion of out-of-county Bay Area charity care patients in FY 2014. More specifically, the number of greater bay area residents seeking charity care at SFGH dropped to 869 in FY 2014 (now representing 26.7% of the total), whereas UCSF experienced increased vists to 1,427 patients, representing 43.9 percent of the total. CPMC experienced a decrease of 495 charity care patients during that time, decreasing its share from 29.7 percent in FY 2013 to 17 percent of the total in FY 2014. St. Luke's also experienced a decrease of 137 patients, representing a drop from 9.3 percent in FY 2013 to 5.8 percent of the total in FY 2014. The remaining hospitals all reported fewer than five percent out-of-county Bay Area patients seeking services at their facilities, although Saint Francis cared for an increased proportion from FY 2013 to FY 2014 (i.e. 2% to 4% of the total), with an increase of 66 patients from FY 13 to FY 14.

Figure 17: Bay Area Place Residents Receiving SF Charity Care from FY10-FY14



The above chart highlights the proportion of charity care patients in the four Bay Area counties closest to San Francisco. Unsurprisingly, it is from these four neighboring counties that San Francisco hospitals report seeing patients more frequently than any other non-San Francisco county. Between FY 2010 and FY 2012, there were steady increases in the number of such residents seeking traditional charity care services in San Francisco, but the number decreased sharply in 2013 and increased only slightly in 2014. As suggested earlier, this sharp decrease may be due to other counties' health reform readiness activities that may have improved the services available to charity care patients and connected them to ACA-initiated care in areas closer to the patients' place of residence. These changes may also be due to adjustments in charity care policies at hospitals located within the other counties, or individuals who re-locate out of San Francisco but continue to patronize the same San Francisco hospital.

Section IV – CONCLUSIONS

A. Against the Backdrop of the Affordable Care Act, Charity Care Programs Remain a Critical Part of the Safety Net

On January 1, 2014, through the Affordable Care Act, California opened its health insurance doors even wider by welcoming newly eligible individuals into the Medi-Cal program and offering insurance to others on the State-run health insurance marketplace, Covered California. This expansion of health insurance also had an effect on another critical element of the healthcare landscape across the Nation—charity care. Traditionally provided to individuals unable to access health insurance, charity care programs serve as an essential element of the safety net services in many localities, San Francisco included. With the advent of the Affordable Care Act, it was thought that the demand for charity care programs would decrease, given that many individuals previously eligible for charity care programs would instead receive care through ACA-initiated Medicaid Expansion efforts (where available) and the health insurance exchanges.

Given the significant reduction in charity care patients across the Nation mostly likely due to the ACA, this prediction does appear to ring true. And, as this report has made clear, there has been a significant decline in the total number of charity care patients seeking services in hospitals across the City and County of San Francisco. It is also true that this impact was much more significantly felt within the HSF charity care program, as opposed to that of traditional charity care. Due to the fact that many of the individuals who will continue to seek charity care services are either ineligible or unable to receive coverage through ACA-initiated Medi-Cal and Covered California health plans, there continues to be a real need for charity care programs in San Francisco. This necessitatates a targeted approach to addressing the future needs of these individuals.

All hospitals in San Francisco are partners in maintaining the City's safety net – it cannot function without these partnerships. Traditional charity care programs, Healthy San Francisco, Medi-Cal and community wellness services are all critical elements of this safety net, even against the backdrop of the Affordable

Care Act, and each hospital has a responsibility to play its role in preserving it. Moreover, each hospital's individual strengths and specialties can help to ensure that there is a City-wide approach to improving and maintaining the health of all San Franciscans.

B. San Francisco General Hospital Continues to Provide a Majority of the Charity Care Services in San Francisco

Though health reform has made many changes to the charity care landscape in San Francisco, one of the trends that has persisted is that San Francisco General Hospital (SFGH) continues to provide the majority of charity care services. In FY 2013 and 2014, SFGH continued to make approximately 70% of the charity care expenditures in San Francisco, while the proportional contributions of the other reporting hospitals changed slightly from FY 2013 to FY 2014. As previous reports have shown, each individual hospital's share of charity care expenditures fluctuate over time, and, within that context, it is critically important to promote continued distribution of the charity care expenditures and services across San Francisco.

C. There are Similarities Among Local, State and Federal Charity Care Reporting Requirements

Though the 2001 Charity Care Ordinance led the Nation in charity care policy making activities, there are now many similarities in the reporting requirements at the State and Federal levels. Through the ACA, the U.S. Department of Health and Human Services and the Secretary of the Treasury are required to make a report available to Congress that outlines charity care services. The report is due sometime in 2015, though there may be delays to the reporting timeframes. The federal government's report may not provide as much charity care detail for review as San Francisco would like, so when the federal report becomes available, it must be reviewed in light of such reporting gaps that the Charity Care Ordinance attempts to fill.

FY 2013, FY 2014 CHARITY CARE REPORT: APPENDIX

Attachment 1: Charity Care Ordinance

Attachment 2: Local, State and Federal Reporting Requirements for Community Benefit and Charity Care

Attachment 3: Hospital Charity Care Data for FY 2013 and FY 2014

Attachment 4: Traditional Charity Care Applications by Hospital, FY 2011 to FY 2014

Attachment 5: Charity Care Unduplicated Patients by Hospital, FY 2011 to FY 2014

Attachment 6: Charity Care Expenditures by Hospital, FY 2011 to FY 2014

Attachment 7: San Francisco District Profiles

Amended in committee
6/26/01

FILE NO. 010142 ORDINANCE NO. 163-01

[Charity Care Policy Reporting and Notice Requirement.]

Ordinance amending the San Francisco Health Code by adding Sections 129-137 to authorize the Department Of Public Health to require hospitals to report on policies and amount of charity care provided and requiring patient notification of policies on charity care.

Note: Additions are *single-underline italics Times New Roman*;
deletions are ~~*strikethrough italics Times New Roman*~~.
Board amendment additions are double underlined.
Board amendment deletions are ~~strikethrough normal~~.

Be it ordained by the People of the City and County of San Francisco:

Section 1. Article 3 of the San Francisco Health Code is hereby amended by adding Sections 129-137, to read as follows:

Sec. 129. CHARITY CARE POLICY REPORTING AND NOTICE REQUIREMENT.

Declaration of policy. *It is the policy of the City and County of San Francisco that charity care—medical care provided to those who cannot afford to pay and without expectation of reimbursement—is a vital portion of community health care services. While San Francisco General Hospital is the primary provider of charity care services in San Francisco, private hospitals also have a responsibility to serve uninsured and poor patients. Nonprofit hospitals in particular have an obligation to provide community benefits in the public interest in exchange for favorable tax treatment by the government. It is essential that on an ongoing basis, the City and County of San Francisco evaluate the need for charity care in the community given the City's responsibility to provide care to indigents. To plan for the continuing fulfillment of this responsibility, the City needs information from the hospitals in San Francisco on each hospital's policies on the availability of and criteria for charity care. For planning purposes, the City also needs information on the amount of charity care provided by each hospital. Upon receipt of such information, the City can better fulfill its mandate to provide*

care to indigents and fashion an appropriate response to unmet needs for charity care including the recommendation of budgetary, regulatory or other action at the State and Federal levels.

To maximize the access to charity care within the community and to enhance the health of the public by informing individuals of the availability of charity care, it is further the policy of the City and County of San Francisco that each hospital notify patients of that hospital's policies on charity care. Such notice shall include visually prominent multilingual postings explaining the hospital's policy on charity care. It shall also be the policy of the City and County of San Francisco to require hospitals when practicable, to verbally notify patients at the time of admission as to the availability of charity care and the process for applying or qualifying for such care.

Sec. 130. Definitions. *For purposes of Sections 129-137 of Article 3, certain words and phrases shall be construed as hereafter defined. Words in the singular include the plural, and words in the plural shall include the singular. Words in the present tense shall include the future. Masculine pronouns include feminine meaning and are not gender-specific.*

(a) Bad Debt. The term "Bad Debt" means the unpaid accounts of any person who has received medical care or is financially responsible for the cost of care provided to another, where such person has the ability to pay but is unwilling to pay.

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

(c) Cost. The term "Cost" means the actual amount of money a hospital spends to provide each service, but not the full list price charged by the hospital for that service.

(d) Department. The term "Department" means the Department of Public Health of the City and County of San Francisco.

(e) Director of Health. The term "Director of Health" includes the Director of Health or a designee.

(f) Hospital. The term "Hospital" includes every entity in San Francisco licensed as a general acute care hospital, as defined by Section 1250(a) of the California Health and Safety Code, other than hospitals exempt from taxation under Section 6.8-1 of the San Francisco Business and Tax Regulations Code. For purposes of Section 131, the term "Hospital" shall also not include hospitals owned and operated by a nonprofit system that does not provide a significant level of service on a fee-for-service basis and whose annual financial statement is consolidated with a nonprofit health maintenance organization, filed with the California Department of Managed Health Care.

(g) Policies. The term "policies" means the hospital's criteria and procedures on the provision of charity care including any criteria and procedures for patient and community notification of charity care availability, the application or eligibility proces, the criteria for determinations on eligibility for charity care and the appeal process on such determinations, and the hospital's internal accounting procedures for charity care.

(h) Ratio of Cost-to-Charge. The term "Cost-to-Charge" shall have the same meaning as that given by the Office of Statewide Health Planning and Development in the reports referred to in Section 128740(a) of the California Health and Safety Code and describes the relationship between the hospital's cost of providing services and the charge assessed by the hospital for the service.

Sec.131. Reporting to the Department of Public Health.

(a) Hospitals shall disclose to the Department of Public Health the following information in the form of reports to be filed annually with the Department within ~~*30 days of the end of the prior calendar year.*~~ 120 days after the end of each hospital's fiscal year

DM
6/26/02

1. The dollar amount of charity care provided during the prior year as specified by the Department, after adjustment by the Cost-to-Charge ratio. Each hospital shall file a calculation of its

Ratio of Costs-to-Charges with its report. Figures representing bad debt shall not be included in the amount reported.

2. The total number of applications, patient and third party requests for charity care, and the total number of hospital acceptances and denials for charity care received and decided during the prior year; the zip code of each patient's residence on each such acceptance and denial, and the number of individuals seeking, applying, or otherwise eligible for charity care who were referred to other medical facilities along with the identification of the facility to which the individuals were referred.

3. 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.

4. 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.

5. Such other information as the Department shall require.

Sec. 132. Notification.

(a) During the admission process whenever practicable, hospitals shall provide patients with verbal notification as to the hospital's policies describing the availability of charity care and any process necessary to apply for charity care.

(b) Hospitals shall post multilingual notices as to any policies on charity care in several prominent locations within the hospital including, but not limited to the emergency department, billing office, waiting rooms for purposes of admissions, the outpatient area, and the inpatient area. Said notices shall be published in at least the following languages-- English, Spanish, and Chinese; and shall be clearly visible to the public from the location where they are posted.

Sec. 133. Authority to Adopt Rules and Regulations.

The Director may issue and amend rules, regulations, standards, or conditions to implement ~~and enforce~~ this ordinance. The Director is authorized to implement the provisions of this ordinance, including any rules, regulations, standards, or conditions issued hereunder.

Sec. 134. Enforcement. *Any hospital which fails to comply with the reporting or notification requirements specified in this ordinance or in the rules and regulations of the Department may be liable for a civil penalty, in an amount not to exceed $500 for each day the violation continues. The penalty shall be assessed and recovered in a civil action brought on behalf of the City and County of San Francisco. Any monies recovered pursuant to this section shall be deposited in the Treasury of the City and County San Francisco and appropriated for use by the Department of Public Health.*

Sec. 135. City Undertaking Limited To Promotion Of General Welfare. *In undertaking the adoption and enforcement of this ordinance, the City and County is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.*

Sec. 136. Severability. *If any part or provision of this ordinance, or the application thereof to any person or circumstances, is held invalid, the remainder of the ordinance, including the application of such part or provision to the other persons, or circumstances, shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable.*

Sec. 137. Preemption. *Nothing in these sections shall be interpreted or applied so as to create any power, duty or obligation in conflict with any federal or state law.*

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Sec. 138. Annual Report to The Health Commission. *The Department shall make a report on an annual basis to the Health Commission on the information obtained from the hospitals for use including but not limited to future planning on the Department's provision of care to the community.*

APPROVED AS TO FORM:

LOUISE H. RENNE, City Attorney

By: _____
ALEETA M. VAN RUNKLE
Deputy City Attorney

City and County of San Francisco

Tails

Ordinance

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 010142 **Date Passed:**

Ordinance amending the San Francisco Health Code by adding Sections 129-137 to authorize the Department of Public Health to require hospitals to report on policies and amount of charity care provided and requiring patient notification of policies on charity care.

July 2, 2001 Board of Supervisors — PASSED ON FIRST READING
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee

July 9, 2001 Board of Supervisors — FINALLY PASSED
Ayes: 11 - Ammiano, Daly, Gonzalez, Hall, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee

File No. 010142

I hereby certify that the foregoing Ordinance was FINALLY PASSED on July 9, 2001 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

JUL 20 2001

Date Approved

Mayor Willie L. Brown Jr.

Attachment 2: Community Benefit and Charity Care Reporting Requirements at the Local, State and Federal Levels

1. *Community Benefit Requirements*

A. *Community Benefit Reporting Requirement*

		SF	CA	US
A	Community Benefit Reporting Requirement	No	Yes *(4/1/96)*	Yes *(3/23/12)*

Local

None.

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 no 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 in response to reports of some non-profit hospitals' billing and collections practices. It now 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*

		SF	CA	US
B	Community Health Needs Assessment	No	Yes *(7/1/96)*	Yes *(3/23/12)*

Local

None.

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)*

		SF	CA	US
C	Implementation Strategy (Community Benefit Plan)	No	Yes *(4/1/96)*	Yes *(3/23/12)*

Local

None.

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 active community benefit planning.

Federal

The ACA requires that tax-exempt hospitals adopt a strategy to determine goals and objectives to address the findings in the corresponding CHNA. Each tax-exempt hospital must report on Schedule H (Form 990) the strategies it is using to address the community health needs identified in each assessment conducted and, in the case of unaddressed needs, describe the reasons for this.

2. Charity Care Services Requirements

A. Maintain Financial Assistance Policy (charity care and discount payment policies)

		SF	CA	US
A	Maintain Financial Assistance Policy (FAP) (charity care and discount payment policies)	No	Yes *(1/1/07)*	Yes *(3/23/10)*

Local

None.

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*" and authorizes a hospital to negotiate payment plans with them. 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. A person with "high medical costs" was previously defined as a person "whose family income does not exceed 350% of the [FPL] and who does not receive a discounted rate from the hospital or physician as a result of 3rd party coverage."[19]

Effective January 1, 2015, SB 1276 was enacted in response to the notion that though many individuals may become newly eligible for coverage on the State's Covered California marketplace, some of the plans offered

[19] *See* text of SB 1276, available at http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201320140SB1276.

may also introduce high out-of-pocket costs for consumers. To address this concern, the law revises AB 774 and AB 1503 to alter the definition of an individual with "high medical costs" to include even those who do receive a discounted rate from a hospital as a result of 3rd party coverage. The law also further defined a negotiated payment plan as one that must consider a patient's family income and essential living expenses in the payment negotiation process. Finally, the law also requires that a hospital obtain information as to whether a particular patient may be eligible for insurance on the California Health Benefit Exchange and provide information regarding possible eligibility for the Exchange or another state or county health coverage program. Hospitals must revise their policies and submit them to Office of Statewide Health Planning and Development by January 1, 2015, and the FY 2015 report will discuss this law and its attendant changes.

A previous 2011 law (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.

B. Limitations on Charges, Billing, and Collection

		SF	CA	US
B	Limitations on Charges, Billing, and Collection	No	Yes *(1/1/07)*	Yes *(3/23/10)*

Local

None.

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.

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

		SF	CA	US
C	Report Financial Assistance Policy (charity care and discount payment policies)	Yes *(7/20/01)*	Yes *(1/1/08)*	No

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".*[20]

[20] 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.

Federal

None.

D. Report levels and types of charity care provided annually

		SF	CA	US
D	Report levels and types of charity care provided annually	Yes *(7/20/01)*	No	Yes *(12/20/07)*

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 fiscal years 2013 and 2014 is contained in this report by the required hospitals, as well as the hospitals that report voluntarily. (See Attachment A in Appendix for the charity care data reported by hospitals and the categories required by the Charity Care Ordinance.)

State

None.

Federal

To meet community benefit 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.

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

		SF	CA	US
E	Report of hospital charity care to be compiled and prepared by governing agency	Yes *(7/20/01)*	No *(1/1/07)*	Yes *(3/23/10)*

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.

State

None.

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[21]; and
- Costs incurred for community benefit activities.

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

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. This data is compiled on the IRS website and notes the aforementioned information, but it is not clear at this time whether this data will be compiled into a written report, but at the time of this report, no report has yet been produced.

F. Review of tax exempt status by the Treasury at least once every three years

		SF	CA	US
F	Mandatory review of tax exempt status by Sec. of the Treasury at least once every 3 years	No	No	Yes *(3/23/10)*

Local

None.

State

None.

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.[22]

[22] 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).

Attachment 3: Hospital Charity Care Data for FY 2013 and FY 2014

Charity Care Hospital Data FY 2014

	CPMC	St. Luke's	Chinese	Saint Francis	St. Mary's		KFH-SF	SFGH	UCSF
Data Categories	2014	2014	2014	2013-14	2013-14		2014	2013-14	2013-14
Cost of Charity Care Provided									
Non-HSF Charity Care Costs	$7,387,137	$1,857,462	$1,216,987	$4,342,712	$1,063,680		$3,174,015	$49,575,970.16	$14,513,477
HSF Charity Care Costs	$1,378,495	$595,844	$1,909,418	$4,337,442	$4,028,096		$1,803,733	$80,695,651.29	$73,631
Total	$8,765,632	$2,453,306	$3,126,405	$8,680,154	$5,091,776		$4,977,748	$130,271,621.45	$14,587,108
Applications for Charity Care									
Total # of Apps Accepted	2,818	1,210	682	2161	1096		3,275	29,121	14,706
Total # of Applications Denied	299	101	0	--	42		902	5,977	139
Total	3,117	1,311	682	2,161	1,138		4673	35,098	14,845
Referred to Other Facilities	none	none	none	none	none		none	none	none
Unduplicated/Individual CC Recipients									
Total Unduplicated CC Patients (HSF)	463	259	63	1943	1,390		1,792	45,733	11
Total Unduplicated Patients (Non-HSF)	2,818	1,210	164	2161	1,428		3,352	31,047	3,376
Emergency (HSF)	184	243	29	1,076	582		580	5,350	4
Emergency (Non-HSF)	1,112	956	72	1,814	905		1,463	5,188	813
	1,296	**1,199**	**101**	**2,890**	**1,487**		**2,043**	**10,538**	**817**
Inpatient (HSF)	26	14	61	93	90		75	1,313	7
Inpatient (Non-HSF)	220	48	94	156	90		844	1,967	834
	246	**62**	**155**	**249**	**180**		**919**	**3,280**	**841**
Outpatient (HSF)	309	22	18	1033	992		1,757	43,370	0
Outpatient (Non-HSF)	1,602	218	131	276	526		2,843	32,834	1,729
	1,911	**240**	**149**	**1,309**	**1,518**		**4,600**	**76,204**	**1,729**
Costs & Charges									
Gross Patient Revenue	$3,434,287,543	$515,524,400	$223,361,207	$877,214,299	862,297,371			$2,366,922,234	8,562,006,217
Total Other Operating Revenue	$57,410,994	$2,244,330	$6,724,487	$2,816,101	7,261,871			$93,869,721	27,942,792
Total Operating Expenses	$1,030,383,191	$151,334,245	$102,204,900	$214,769,116	224,507,642			$770,552,650	2,231,767,942
Cost-to-Charge Ratio	28.30%	28.92%	42.75%	24.16%	25.19%			28.60%	25.74%
Medi-Cal Shortfall	$77,434,330	$26,041,068	$1,909,418	$20,850,660	$12,771,179		$4,612,822	$132,500,000	$98,785,000

Charity Care Hospital Data FY 2013

	CPMC	St. Luke's	Chinese	Saint Francis	St. Mary's		KFH-SF	SFGH	UCSF
Data Categories	2013	2013	2013	2012-13	2012-13		2013	2012-13	2012-13
Cost of Charity Care Provided									
Non-HSF Charity Care Costs	$ 10,705,757	$ 4,100,620	$777,068	$4,338,209	$1,694,849		$2,182,703	$41,651,432.49	$7,497,723
HSF Charity Care Costs	$7,207,411	$3,746,893	$1,555,395	$5,731,758	$4,489,450		$2,555,849	$99,508,539.50	$1,488,571
Total	$17,913,168	$7,847,513	$2,332,463	$10,069,967	$6,184,299		$4,738,552	$141,159,972	$8,986,294
Applications for Charity Care									
Total # of Apps Accepted	4,105	2,329	719	2,098	349		2,554	27,184	10,081
Total # of Applications Denied	433	213	0	3	3		548	12,670	638
Total	4,538	2,542	719	2,101	352		3,102	39,854	10,719
Referred to Other Facilities	none	none	none	none	none		none	none	none
Unduplicated/Individual CC Recipients									
Total Unduplicated CC Patients (HSF)	1,111	909	87	2,098	1,503		2,582	52,886	184
Total Unduplicated Patients (Non-HSF)	4,105	2,329	246	1,476	1,053		2,958	33,762	2983
Emergency (HSF)	510	858	82	1,251	670		912	6,672	132
Emergency (Non-HSF)	1,585	1,987	69	1,256	627		1,480	5,840	558
	2,095	**2,845**	**151**	**2,507**	**1,297**		**2,392**	**12,512**	**690**
Inpatient (HSF)	149	88	53	156	107		107	1,543	99
Inpatient (Non-HSF)	457	114	84	142	38		1,007	1,621	561
	606	**202**	**137**	**298**	**145**		**1,114**	**3,164**	**660**
Outpatient (HSF)	627	52	8	1,020	1,034		2,552	50,338	23
Outpatient (Non-HSF)	2,349	331	183	146	415		2,340	35,821	1,973
	2,976	**383**	**191**	**1,166**	**1,449**		**4,892**	**86,159**	**1,996**
Costs & Charges									
Gross Patient Revenue	$3,405,031,416	$514,048,380	$221,472,554	$842,957,458	$862,297,371			$2,199,200,001	$7,666,282,346
Total Other Operating Revenue	$46,513,815	$1,494,999	$3,428,358	$3,641,757	$9,101,094			$105,616,773	$29,599,666
Total Operating Expenses	$1,143,615,628	$177,031,475	$100,338,251	$212,527,976	$255,301,507			$756,404,633	$2,044,900,198
Cost-to-Charge Ratio	32.20%	34.15%	43.76%	24.74%	25.07%			29.60%	26.29%
Medi-Cal Shortfall	$63,498,573	$26,034,883	$1,039,191	$15,512,771	$13,336,807		$3,884,896	$102,302,876	$85,900,000

Attachment 4: Traditional Charity Care Applications by Hospital, FY 2011 to FY 2014

Traditional Charity Care Applications & Patients FY 2014				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	2,818	299	3,117	2,818
St. Luke's	1,210	101	1,311	1,210
Chinese	682	0	682	164
Saint Francis	2,161	--	2,161	2,161
St. Mary's	1,096	42	1,138	1,428
Kaiser	3,275	902	4,673	3,352
SFGH	29,121	5,977	35,098	31,047
UCSF	14,706	139	14,845	3,376
Total	**55,069**	**7,460**	**63,025**	**45,556**

Traditional Charity Care Applications & Patients FY 2013				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	4,105	433	4,538	4,105
St. Luke's	2,329	213	2,542	2,329
Chinese	719	0	719	246
Saint Francis	2,098	3	2,101	1,476
St. Mary's	349	3	352	1,053
Kaiser	2,554	548	3102	2,958
SFGH	27,184	12,670	39,854	33,762
UCSF	10,081	638	10,719	2983
Total	**49,419**	**14,508**	**63,927**	**48,912**

Traditional Charity Care Applications & Patients FY 2012				
Reporting Hospitals	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	4,419	716	5,135	4,419
St. Luke's	2,679	263	2,942	2,679
Chinese	513	0	513	513
Saint Francis	860	25	885	1,417
St. Mary's	449	10	459	1,260
Kaiser	2,658	494	3,152	2,488
SFGH	31,011	12,784	43,795	38,630
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	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	7,347	361	7,708	7,347
St. Luke's	3,440	49	3,489	3,440
Chinese	308	0	308	308
Saint Francis	765	24	789	1,247
St. Mary's	523	0	523	710
Kaiser	1,769	456	2,225	2,766
SFGH	35,710	13,375	49,085	39,137
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	**Accepted**	**Denied**	**Total**	**Unduplicated Patients**
CPMC	6,810	524	7,334	6,810
St. Luke's	2,585	121	2,706	2,585
Chinese	316	0	316	310
Kaiser	1,327	270	1,597	267
Saint Francis	885	25	910	1,715
St. Mary's	918	0	918	918
UCSF	2,457	0	2,457	2,402
SFGH	54,148	12,437	66,585	50,298
Total	**69,446**	**13,377**	**82,823**	**65,305**

Attachment 5: Charity Care Unduplicated Patients by Hospital, FY 2011 to FY 2014

Charity Care Unduplicated Patients FY 2014 - HSF & Traditional Charity Care					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CPMC	2,818	86%	463	14%	**3,281**
St. Luke's	1,210	82%	259	18%	**1,469**
Chinese	164	72%	63	28%	**227**
Saint Francis	2,161	53%	1,943	47%	**4,104**
St. Mary's	1,428	51%	1,390	49%	**2,818**
Kaiser	3,352	65%	1,792	35%	**5,144**
SFGH	31,047	40%	45,733	60%	**76,780**
UCSF	3,376	100%	11	0%	**3,387**
Total	45,556	47%	51,654	53%	**97,210**

Charity Care Unduplicated Patients FY 2013 - HSF & Traditional Charity Care					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CPMC	4,105	79%	1,111	21%	**5,216**
St. Luke's	2,329	72%	909	28%	**3,238**
Chinese	246	74%	87	26%	**333**
Saint Francis	1,476	41%	2,098	59%	**3,574**
St. Mary's	1,053	41%	1,503	59%	**2,556**
Kaiser	2,958	53%	2,582	47%	**5,540**
SFGH	33,762	39%	52,886	61%	**86,648**
UCSF	2,983	94%	184	6%	**3,167**
Total	48,912	44%	61,360	56%	**110,272**

11.8% decrease from FY13 to FY14

Charity Care Unduplicated Patients FY 2012 - HSF & Traditional Charity Care					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CPMC	4,419	80%	1,087	20%	**5,506**
St. Luke's	2,679	81%	631	19%	**3,310**
Chinese	513	84%	98	16%	**611**
Saint Francis	1,417	41%	2,013	59%	**3,430**
St. Mary's	1,260	44%	1,585	56%	**2,845**
Kaiser	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**
Total	54,052	48%	59,053	52%	**113,105**

2.5% decrease from FY12 to FY13

Charity Care Unduplicated Patients FY 2011 - HSF & Traditional Charity Care					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CPMC	7,347	91%	728	9%	**8,075**
St. Luke's	3,440	92%	291	8%	**3,731**
Chinese	308	78%	87	22%	**395**
Saint Francis	1,247	40%	1,872	60%	**3,119**
St. Mary's	710	33%	1,428	67%	**2,138**
Kaiser	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**
Total	**58,308**	**50%**	**59,204**	**50%**	**117,512**

3.8% decrease from FY11 to FY12

Charity Care Unduplicated Patients FY 2010 - HSF & Traditional Charity Care					
	Non-HSF	Non-HSF %	HSF	HSF %	Total
CPMC	6,810	97%	213	3%	7,023
St. Luke's	2,585	93%	193	7%	2,778
Chinese	310	77%	93	23%	403
Saint Francis	1715	41%	2904	59%	4,619
St. Mary's	918	42%	1,293	58%	2,211
Kaiser	267	9%	2,560	91%	2,827
SFGH	50,298	54%	31,907	46%	82,205
UCSF	2,402	98%	55	2%	2,457
Total	**65,305**	**62%**	**39,218**	**38%**	**104,523**

12.4% increase from FY10 to FY11

Attachment 6: Charity Care Expenditures by Hospital, FY 2011 to FY 2014

Charity Care Expenditures FY 2014 – HSF & Traditional Charity Care			
Reporting Hospital	**Non-HSF (Traditional)**	**HSF**	**Total Charity Care**
CPMC	$7,387,137	$1,378,495	$8,765,632
St. Luke's	$1,857,462	$595,844	$2,453,306
Chinese	$1,216,987	$1,909,418	$3,126,405
Saint Francis	$4,342,712	$4,337,442	$8,680,154
St. Mary's	$1,063,680	$4,028,096	$5,091,776
Kaiser	$3,174,015	$1,803,733	$4,977,748
SFGH	$49,575,970	$80,695,651	$130,271,621
UCSF	$14,513,477	$73,631	$14,587,108
Total	**$83,131,440**	**$94,822,310**	**$177,953,750**

Charity Care Expenditures FY 2013 – HSF & Traditional Charity Care			
Reporting Hospital	**Non-HSF (Traditional)**	**HSF**	**Total Charity Care**
CPMC	$10,705,757	$7,207,411	$17,913,168
St. Luke's	$4,100,620	$3,746,893	$7,847,513
Chinese	$777,068	$1,555,395	$2,332,463
Saint Francis	$4,338,209	$5,731,758	$10,069,967
St. Mary's	$1,694,849	$4,489,450	$6,184,299
Kaiser	$2,182,703	$2,555,849	$4,738,552
SFGH	$41,651,432	$99,508,540	$141,159,972
UCSF	$7,497,723	$1,488,571	$8,986,294
Total	**$72,948,361**	**$126,283,867**	**$199,232,228**

10.7% decrease from FY13 to FY14

Charity Care Expenditures FY 2012 – HSF & Traditional Charity Care			
Reporting Hospital	**Non-HSF (Traditional)**	**HSF**	**Total Charity Care**
CPMC	$8,112,969	$4,832,311	$12,945,280
St. Luke's	$2,954,657	$2,003,398	$4,958,055
Chinese	$390,154	$628,531	$1,018,685
Saint Francis	$4,373,498	$5,405,651	$9,797,149
St. Mary's	$1,227,215	$4,356,395	$5,583,610
Kaiser	$5,215,906	$2,796,654	$8,012,560
SFGH	$57,360,542	$96,509,500	$153,870,042
UCSF	$6,002,001	$1,512,021	$7,514,022
Total	**$85,636,942**	**$118,044,461**	**$203,699,403**

2.2% decrease from FY12 to FY13

Charity Care Expenditures FY 2011 – HSF & Traditional Charity Care			
Reporting Hospital	**Non-HSF (Traditional)**	**HSF**	**Total Charity Care**
CPMC	$10,739,085	$3,617,423	$14,356,508
St. Luke's	$4,494,005	$922,528	$5,416,533
Chinese	$309,602	$188,831	$498,433
Saint Francis	$3,620,157	$4,891,635	$8,511,792
St. Mary's	$1,721,359	$4,046,602	$5,767,961
Kaiser	$6,320,229	$2,772,003	$9,092,232
SFGH	$49,188,916	$76,254,858	$125,443,774
UCSF	$5,796,915	$858,354	$6,655,269
Total	**$82,190,268**	**$93,552,234**	**$175,742,502**

15.9% increase from FY11 to FY12

Charity Care Expenditures FY 2010 – HSF & Traditional Charity Care			
Reporting Hospital	**Non-HSF (Traditional)**	**HSF**	**Total Charity Care**
CPMC	$10,538,613	$1,864,439	$12,403,052
St. Luke's	$3,146,093	$1,080,424	$4,226,517
Chinese	$224,131	$121,220	$345,351
Saint Francis	$3,645,416	$4,108,598	$7,754,014
St. Mary's	$2,112,231	$4,031,298	$6,143,529
Kaiser	$3,490,463	$1,998,457	$5,488,920
SFGH	$51,616,040	$78,218,941	$129,834,981
UCSF	$10,509,349	$749,825	$11,259,174
Total	**$85,282,336**	**$92,173,202**	**$177,455,538**

1.0% decrease from FY10 to FY11

Attachment 7: District Profiles, 2012

Districts	Neighborhoods within District	Demographics
District 1	Richmond	Population: 69,550 Median Household Income: $74,668
District 2	Anza Vista, Cathedral Hill, Cow Hollow, Golden Gate Valley, Jordan Park, Laurel Heights, Lake Street corridor, Marina, Pacific Heights, Presidio, Presidio Heights, Russian Hill, Russian Hill, Sea Cliff	Population: 69,610 Median Household Income: $105,509
District 3	Barbary Coast, Chinatown, Financial District, Fisherman's Wharf, Nob Hill, North Beach, Polk Street, Russian Hill, Telegraph Hill, Union Square	Population: 73,520 Median Household Income: $43,513
District 4	Sunset/Parkside	Population: 72,490 Median Household Income: $77,376
District 5	Alamo Square, Cole Valley, Fillmore/Western Addition, Haight-Ashbury, Hayes Valley, Inner Sunset, JapanTown, Lower Haight, Lower Pacific Heights, North of the Panhandle	Population: 74,760 Median Household Income: $67,331
District 6	**Mid-Market/Civic Center, Mission Bay, Northern Mission, Rincon Hill, South Beach, South of Market, Tenderloin, Treasure Island/Yerba Buena Island**	**Population: 70,790** **Median Household Income: $37,431**
District 7	Merced Manor, Miraloma, Mount Davidson, St. Francis Wood, West Portal, West of Twin Peaks	Population: 72,920 Median Household Income: $94,121
District 8	Buena Vista, Castro, College Hill, Corona Heights, Diamond Heights, Duboce Triangle, Eureka Valley, Glen Park, Inner Mission, Mission-Dolores, Noe Valley, Twin Peaks, Upper Market	Population: 75,500 Median Household Income: $95,930
District 9	**Bernal Heights, Mission, Portola, St. Mary's Park**	**Population: 76,720** **Median Household Income: $67,989**
District 10	**Bayview, Hunter's Point, Dogpatch, Potrero Hill, Sunnydale, Visitacion Valley**	**Population: 72,560** **Median Household Income: $55,487**
District 11	**Cayuga, Crocker Amazon, Ingleside, Merced Heights, Mission Terrace, Lakeview, Ocean View, Outer Mission**	**Population: 76,820** **Median Household Income: $71,504**

* Source: City & County of San Francisco Board of Supervisors, Supervisors Information. Available at: http://www.sfbos.org/index.aspx?page=1616 ; Department of Planning 2012 Supervisorial District Profiles.