

Analysis of Hospital Charity Care and Bad Debt for the Senate Joint Resolution No. 23 Study

Prepared for the Revenue and Transportation Interim Committee
By Megan Moore, Legislative Research Analyst
Legislative Services Division

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This briefing paper provides information on the amount of charity care and bad debt provided by Montana hospitals and an analysis of where the population served resides in relation to the hospital providing the care. ¹ The data was requested at the June 2011, Revenue and Transportation Interim Committee meeting to support the Senate Joint Resolution No. 23 study of tax exemptions for nonprofit organizations.

Overview

The hospitals that supplied data provided charity care ranging from \$3.15 million to \$29.5 million in 2009 and from \$5.05 million to \$35.6 million in 2010. All hospitals provided a higher amount of charity care in 2010 than in 2009. The number of cases, which ranged from 1,055 to 19,205 in 2009 and from 1,428 to 20,040 in 2010, increased at all hospitals except two. Kalispell Regional saw a slight decrease in charity care cases of 0.3% and Benefis had 2 percent fewer charity care cases.

The change from 2009 to 2010 in the amount and number of cases written off as bad debt did not follow any discernible trend. The figures for Billings Clinic, Bozeman Deaconess, and St. James Healthcare did not change by much but the other four hospitals saw rather significant changes, some increased and others decreased:

- Kalispell Regional had a decrease of 20 percent in dollars spent and 30 percent in number of cases;
- St. Patrick had an increase of 41 percent in dollars spent and cases;
- St. Peter's had a 99.5 percent increase in dollars spent and a 130 percent increase in cases;
- St. Vincent saw an almost 21 percent decrease in dollars spent and a 14 percent decline in cases.

¹ Data was requested by the Montana Hospital Association with a deadline of December 1, 2011. The hospitals not included in the analysis did not provide data in time for inclusion in this analysis.

Summary of Charity Care and Bad Debt by Hospital, 2009-2010

	Amount			Cases		
	2009	2010	% Change 2010	2009	2010	% Change 2010
Benefis²	\$15,000,000	\$18,000,000	20%	7,393	7,274	-2%
Charity care	\$15,000,000	\$18,000,000	20%	7,393	7,274	-2%
Billings Clinic	\$63,093,207	\$70,542,563	12%	33,085	35,587	8%
Bad debt	\$33,614,877	\$34,929,494	4%	24,325	26,413	9%
Charity care	\$29,478,331	\$35,613,069	21%	8,760	9,174	5%
Bozeman Deaconess	\$23,477,898	\$34,399,159	47%	17,962	18,363	2%
Bad debt	\$19,731,171	\$20,576,178	4%	14,633	13,482	-8%
Charity care	\$3,746,727	\$13,822,981	269%	3,329	4,881	47%
Kalispell Regional	\$20,076,908	\$17,799,105	-11%	15,300	12,312	-20%
Bad debt	\$13,433,398	\$10,713,889	-20%	9,919	6,945	-30%
Charity care	\$6,643,510	\$7,085,215	7%	5,381	5,367	0%
St. James³	\$12,962,243	\$12,721,190	-2%	-	2,821	-
Bad debt	\$7,242,587	\$6,949,523	-4%	-	1,298	-
Charity care	\$5,719,656	\$5,771,666	1%	-	1,523	-
St. Patrick	\$29,966,304	\$39,346,954	31%	8,619	11,048	28%
Bad debt	\$9,856,333	\$13,935,434	41%	5,181	7,318	41%
Charity care	\$20,109,971	\$25,411,521	26%	3,438	3,730	8%
St. Peter's	\$8,354,658	\$15,435,823	85%	6,895	14,874	116%
Bad debt	\$5,202,673	\$10,380,688	100%	5,840	13,446	130%
Charity care	\$3,151,985	\$5,055,135	60%	1,055	1,428	35%
St. Vincent	\$41,025,256	\$41,228,469	0%	84,830	76,600	-10%
Bad debt	\$19,756,265	\$15,673,742	-21%	65,625	56,560	-14%
Charity care	\$21,268,990	\$25,554,727	20%	19,205	20,040	4%
Grand Total	\$200,994,231	\$249,473,262	24%	174,084	178,879	3%

Population Served by County of Residence

When examining the population benefitting from charity care and the cases that the hospital writes off as bad debt, the data show that residents of the county in which the hospital is located account for a larger share of these services than out-of-county residents.

Of the hospitals examined, four had similar ratios of expenses on in-county recipients to expenses on out-of-county recipients in 2009. For those four hospitals – Billings Clinic, Bozeman Deaconess, St. Patrick and St. Vincent – 52 percent to 57 percent of charity care funds were spent on in-county patients

² Bad debt is not available due to a recent computer conversion.

³ Detail, other than totals of charity care and bad debt, is not available for 2009 because St. James Healthcare converted to a new system and the 2009 detail is not accessible.

compared with 43 percent to 47 percent benefitting out-of-county patients. The other hospitals provided a larger share of charity care to residents of the county in which the hospital is located. Benefis gave 74 percent of charity care to Cascade County residents, Kalispell Regional Hospital provided nearly 70 percent of charity care to in-county residents, and St. Peter's Hospital provided more than 82 percent of charity care to residents of Lewis and Clark County.

The 2010 data for charity care by county was largely consistent with the 2009 data with the exception of Benefis and Bozeman Deaconess Hospital. The Benefis share of charity care going to county residents dropped from 74 percent in 2009 to 66 percent in 2010. For Bozeman Deaconess, the provision of in-county charity care increased from about 54 percent in 2009 to more than 81 percent in 2010. The breakdown between in-county and out-of-county population served fluctuated a few percentage points for the other hospitals.

Data on bad debt written off by county of residence vary more from hospital to hospital than data on charity care. This may be because hospitals have less control over uncollected debt than over who benefits from charity care. The dollar amount of bad debt written off for in-county residents for 2009 ranged from a low of 50 percent to a high of 71 percent. For 2010, the range was from 55 percent to 74 percent.

Charity Care and Bad Debt Sorted by Recipient In-County or Out-of-County, 2009-2010

	2009				2010			
	Bad debt	%	Charity care	%	Bad debt	%	Charity care	%
Benefis	-		\$15,000,000		-		\$18,000,000	
In-county	-	-	\$11,154,122	74%	-	-	\$11,857,300	66%
Out-of-county	-	-	\$3,845,878	26%	-	-	\$6,142,700	34%
Billings Clinic	\$33,614,877		\$29,478,331		\$34,929,494		\$35,613,069	
In-county	\$16,924,516	50%	\$15,287,120	52%	\$19,318,030	55%	\$17,738,789	50%
Out-of-county	\$16,690,361	50%	\$14,191,211	48%	\$15,611,464	45%	\$17,874,280	50%
Bozeman Deaconess	\$19,731,171		\$3,746,727		\$20,576,178		\$13,822,981	
In-county	\$13,937,049	71%	\$2,006,294	54%	\$15,221,913	74%	\$11,240,747	81%
Out-of-county	\$5,794,122	29%	\$1,740,433	46%	\$5,354,265	26%	\$2,582,234	19%
Kalispell Regional	\$13,433,398		\$6,643,510		\$10,713,889		\$7,085,215	
In-county	\$8,833,802	66%	\$4,614,927	69%	\$6,774,622	63%	\$5,146,293	73%
Out-of-county	\$4,597,811	34%	\$2,003,846	30%	\$3,869,823	36%	\$1,932,694	27%
Unknown	\$1,786	0%	\$24,736	0%	\$69,445	1%	\$6,228	0%
St. James	\$7,242,587		\$5,719,656		\$6,949,523		\$5,771,666	
In-county	-	-	-	-	\$4,450,275	-	\$4,281,852	74%
Out-of-county	-	-	-	-	\$2,499,249	-	\$1,489,814	26%
St. Patrick	\$9,856,333		\$20,109,971		\$13,935,434		\$25,411,521	
In-county	\$5,437,365	55%	\$11,503,728	57%	\$8,329,746	60%	\$13,737,180	54%
Out-of-county	\$4,415,363	45%	\$8,606,243	43%	\$5,605,431	40%	\$11,674,340	46%
Unknown	\$3,605	0%	\$0	0%	\$257	0%	\$0	0%
St. Peter's	\$5,202,673		\$3,151,985		\$10,380,688		\$5,055,135	

In-county	\$3,200,818	62%	\$2,588,056	82%	\$6,891,869	66%	\$4,166,999	82%
Out-of-county	\$2,001,855	38%	\$563,929	18%	\$3,488,819	34%	\$888,136	18%
St. Vincent	\$19,756,265		\$21,268,990		\$15,673,742		\$25,554,727	
In-county	\$12,813,038	65%	\$11,336,574	53%	\$10,267,092	66%	\$13,432,752	53%
Out-of-county	\$6,943,227	35%	\$9,932,417	47%	\$5,406,650	34%	\$12,121,975	47%
Grand Total	\$101,594,717		\$99,399,514		\$113,158,948		\$136,314,314	

Population Served by State of Residence

A large share of recipients of charity care and bad debt write-offs reside in Montana as compared with those who reside in other states.

In 2009, the percentage of charity care provided to Montana residents ranged from 77 percent to 97 percent for the hospitals examined. The data for 2010 also show much of the charity care money went to state residents: 74 percent to 100 percent.

Montana residents also accounted for a large share of the dollars written off as bad debt. For 2009, the in-state population percentages ranged from 76 percent to 93 percent and for 2010, the range was 80 percent to 97 percent.

Charity Care and Bad Debt Sorted by Recipient In-State or Out-of-State, 2009-2010

	2009				2010			
	Bad debt	%	Charity care	%	Bad debt	%	Charity care	%
Benefis	-		\$15,000,000		-		\$18,000,000	
In-state	-	-	\$14,579,134	97%	-	-	\$17,291,228	96%
Out-of-state	-	-	\$420,866	3%	-	-	\$708,772	4%
Billings Clinic	\$33,614,877		\$29,478,331		\$34,929,494		\$35,613,069	
In-state	\$25,677,424	76%	\$22,608,318	77%	\$28,115,067	80%	\$26,436,541	74%
Out-of-state	\$7,937,452	24%	\$6,870,013	23%	\$6,814,427	20%	\$9,176,528	26%
Bozeman Deaconess	\$19,731,171		\$3,746,727		\$20,576,178		\$13,822,981	
In-state	\$17,508,830	89%	\$3,245,847	87%	\$18,649,684	91%	\$13,393,851	97%
Out-of-state	\$2,222,341	11%	\$500,880	13%	\$1,926,494	9%	\$429,130	3%
Kalispell Regional	\$13,433,398		\$6,643,510		\$10,713,889		\$7,085,215	
In-state	\$11,357,277	85%	\$5,988,652	90%	\$8,664,645	81%	\$6,854,934	97%
Out-of-state	\$2,074,335	15%	\$630,122	9%	\$1,979,799	18%	\$224,053	3%
Unknown	\$1,786	0%	\$24,736	0%	\$69,445	1%	\$6,228	0%
St. James	\$7,242,587		\$5,719,656		\$6,949,523		\$5,771,666	
In-state	-	-	-	-	\$6,746,235	97%	\$5,756,068	100%
Out-of-state	-	-	-	-	\$203,289	3%	\$15,599	0%
St. Patrick	\$9,856,333		\$20,109,971		\$13,935,434		\$25,411,521	
In-state	\$9,195,209	93%	\$19,483,479	97%	\$13,124,575	94%	\$23,660,044	93%
Military	\$0	0%	\$0	0%	\$620	0%	\$0	0%
Out-of-state	\$657,519	7%	\$626,493	3%	\$809,982	6%	\$1,751,476	7%

Unknown	\$3,605	0%	\$0	0%	\$257	0%	\$0	0%
St. Peter's	\$5,202,673		\$3,151,985		\$10,380,688		\$5,055,135	
In-state	\$4,264,656	82%	\$3,059,886	97%	\$9,068,688	87%	\$4,871,037	96%
Out-of-state	\$938,017	18%	\$92,099	3%	\$1,311,999	13%	\$184,098	4%
St. Vincent	\$19,756,265		\$21,268,990		\$15,673,742		\$25,554,727	
In-state	\$17,668,427	89%	\$17,159,495	81%	\$13,817,713	88%	\$20,581,271	81%
Out-of-state	\$2,087,838	11%	\$4,109,495	24%	\$1,856,028	12%	\$4,973,456	19%
Grand Total	\$101,594,717		\$99,399,514		\$113,158,948		\$136,314,314	

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