Fiscal Year 2006 San Francisco Hospital Charity Care Report Summary

Prepared by
the San Francisco Department of Public Health
Office of Policy and Planning

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I. INTRODUCTION

This report has been designed to meet the requirements of San Francisco Ordinance Number 163-01, the Charity Care Policy Reporting and Notice Requirement Ordinance (the Charity Care Ordinance), promulgated by the Board of Supervisors in 2001. Primarily, the report presents in five sections an update on hospital charity care, or pro bono services, and other community benefits provided to low-income and needy individuals in fiscal year 2006. The first section of the report explains San Francisco's need for charity care. The second provides an overview of San Francisco's hospitals and their charity care policies. The third and fourth sections present detailed estimates and analysis of the costs of charity care, as well as other community benefits provided for poor and underserved populations. The report concludes with a summary of planning activities from 2007, and recommendations for 2008.

This is the sixth Charity Care Report Summary pursuant to the Charity Care Ordinance. According to directives from the San Francisco Health Commission, this report was prepared with the participation of San Francisco's Charity Care Project, a public-private policy partnership that includes the following organizations: California Pacific Medical Center, Chinese Hospital, Consumers Union, Health Access, the Hospital Council of Northern and Central California, Kaiser Permanente, Operation Access, Saint Francis Memorial Hospital, San Francisco Community Clinic Consortium, the San Francisco Department of Public Health, including San Francisco General Hospital Medical Center, San Francisco Medical Society, Service Employees' International Union United Health Care Workers – West (SEIU UHW), St. Luke's Hospital, St. Mary's Medical Center, and the University of California, San Francisco Medical Center.

The Department of Public Health greatly appreciates the participation of representatives from all of these organizations in the production of this report.

A. San Francisco and the Need for Charity Care

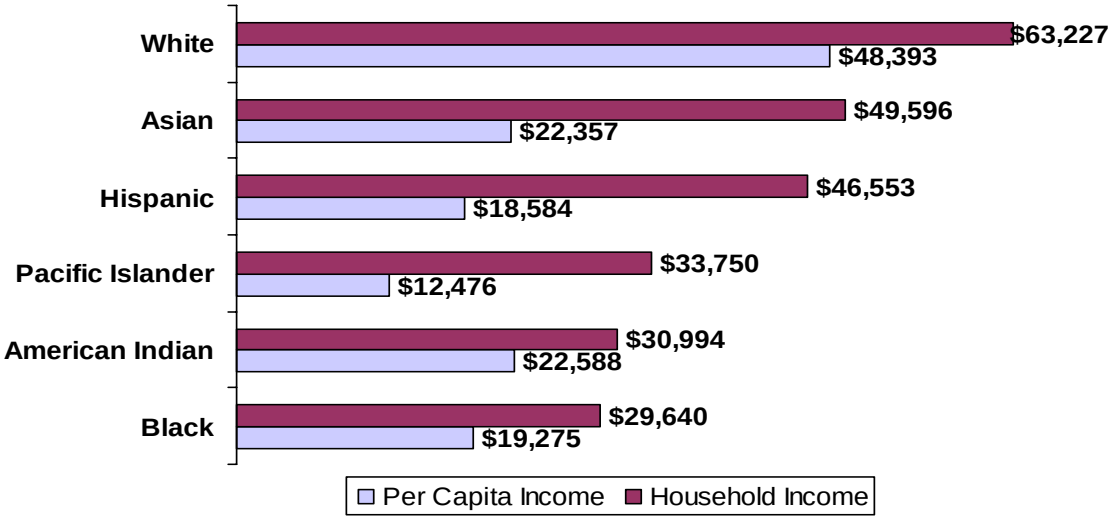
The need for charity care stems largely from the ongoing problems of poverty and lack of insurance in San Francisco. The uninsured and underinsured, especially those living at or near poverty, face significant challenges in paying for health care. The most recent California Health Interview Survey data (2005) indicates that approximately 73,000 San Franciscans under the age of 65 (or 10.9 percent of the non-elderly population) are uninsured. These residents, in addition to those who are publicly insured and/or of low-income households may require more care due to delayed treatment and lack of preventative care.

The Department of Public Health's Healthy San Francisco program has been designed specifically to address many of the health challenges facing low-income patients, especially those who receive services at Community Clinics and San Francisco General Hospital. Additional programs and services, however, are needed from other San Francisco institutions and organizations to further improve access to services. For example, to maximize service delivery

and cost efficiency, Healthy San Francisco assumes an ongoing commitment to charity care from San Francisco's local nonprofit hospitals. Fortunately, hospitals report that Healthy San Francisco is prompting useful discussion and planning especially to address unmet health and social needs.

There is a well documented correlation between poverty and health status. Higher income, better-educated people tend to live longer than their poorer, less educated counterparts. People whose family income in 1980 was in the top five percent of incomes had a life-expectancy at all ages that was about 25 percent longer than those in the bottom five percent, according to the National Longitudinal Mortality Survey.[1] In San Francisco, 11.9 percent of residents subsist at or below the federal poverty level, which means they earn an annual income between $9,800 for a single adult, and $20,000 for a family of four.[2] Additionally, income is not evenly distributed among ethnic groups. White individuals and households maintain the most affluence, while Pacific Islander, American Indian and African-American households earn almost 50 percent less than Whites (Figure 1).

Figure 1: San Francisco Median Income by Race per Capita and Household, 2000[3]



The health status of San Francisco's poorer residents is also affected by a lack of access to housing, jobs, and education opportunities. Moreover, poverty rates are concentrated in the eastern and southeastern sections of San Francisco, specifically the Bayview, Tenderloin and South of Market areas. The 2007 tri-annual assessment of San Francisco's community health, which appears on the just launched Web site www.healthmattersinsf.org, confirms a greater need for attention to these neighborhoods by health care, social services, economic development, violence prevention, and other professionals. These neighborhoods show higher rates of hospitalization for some of the specific chronic conditions that benefit from primary care, so-called Ambulatory Care Sensitive Conditions (ACSCs) and years of life lost. According to the

[1] Agnes Deaton, "Health, Income, and Inequality," National Bureau of Economic Research, Spring 2003

[2] Source U.S. Department of Health and Human Services: http://aspe.hhs.gov/poverty/figures-fed-reg.shtml

[3] Source 2000 Census

findings, the Tenderloin has the highest rates of hospitalizations for ACSCs, followed by Bayview Hunters Point, South of Market, Potrero Hill, Visitacion Valley, Mission, Castro, Twin Peaks, and the Marina (Table 1).

Table 1.
High Hospitalization Rates for ACSCs by Neighborhood/ZIP Code[4]

ZIP Code #			94124	94107	94103	94102	94134	94117	94114	94110	94131	94123
ZIP Code Name	High Values	All City	Bay View	Potrero Hill	South of Market	Tenderloin	Vis Valley	Haight	Castro	Mission	Twin Peaks	Marina
Hospitalization Rates												
Asthma	>16.21	6.91	35.69	19.34	17.98	35.98	16.78					
Asthma: Adults	>8.11	5.37	20.74	17.28	16.46	33.5	9.88					
Congestive Heat Failure	>19.58	14.44	39.95	38.33	37.1	68.58	25.97					
COPD	>11.04	4.89	13.87		22.11	37.76						
Diabetes	>16.77	8.43	30.51	20.19	24.97	39.85						
Uncontrolled Diabetes	>1.34	0.35	1.49									
Long Term Complications of Diabetes	>8.63	4.92	15.81		17.35	24.02	8.73					
Short Term Complications of Diabetes	>6.71	9.83	11.75	10.01		14.18		6.9				
Hepatitis	>2.27	1.86		3.24	3.83	15.99		3.14	5.85	2.99		
Pneumonia	>42.71	24.55	56.99		69.21	109.61						
Alcohol Abuse	>7.88	6.2		11.86	24.44	31.62		10.32	14	11.18	8.29	8.05

The analysis of charity care applications by ZIP code, which appears in Section III of this report, shows that the majority of charity care applications originate in these same neighborhoods, validating the need for health care intervention and other behavioral and economic services.

B. Organizational Obligations to Meet Health and Social Needs

Both public and nonprofit entities in San Francisco maintain an obligation to the local community of San Francisco, including its low-income populations. The City and County of San Francisco must provide care for vulnerable populations according to the state of California. Section 17000 of the California Welfare and Institutions Code specifies that counties "relieve and support all incompetent, poor, indigent persons, and those incapacitated by age, diseases, or accident, lawfully resident therein. . . ."[5] Additionally, California courts have repeatedly ruled that indigent care must extend beyond emergency services.

[4] Source Building a Healthier San Francisco, Health Matters Web site, November 29, 2007: http://www.healthmattersinsf.org/index.php?module=htmlpages&func=display&pid=39

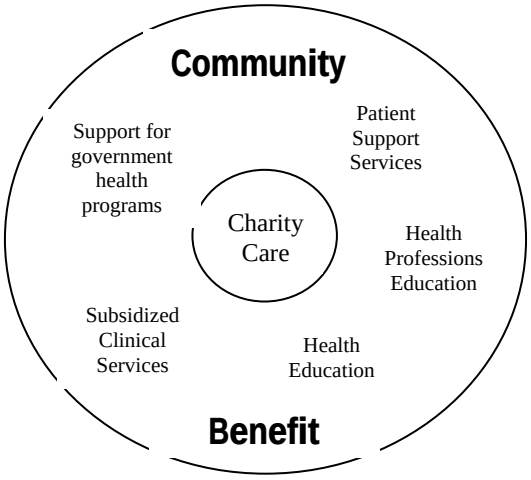
[5] California Welfare and Institutions Code §17000.

San Francisco meets its responsibilities under Section 17000 primarily through the work of the Department of Public Health. The Department provides individual local coverage through the Healthy San Francisco program, and direct health care services through its acute care hospital, San Francisco General Hospital Medical Center (SFGHMC), and its community-based primary care clinics, as well as through numerous contracted services with other local facilities and organizations.

All of San Francisco's hospitals are nonprofit or public institutions, which provide charity care and other community benefits. In general, federal, state and local governments look to the provision of community benefits as proof of charitable nonprofit status, and entitlement to income and property tax exemptions. As reported in Section III of this report, San Francisco nonprofit hospitals received approximately $78.9 million in estimated tax exemptions in 2006, of which $6.4 million represents property taxes from the City and County of San Francisco.

Community benefits include un-reimbursed hospital activities that address community-identified needs and improve the health status of those served by the hospital. Activities other than charity care that are considered community benefits include health promotion and education, financial or in-kind support of public health programs, medical education, research, and the difference between cost and reimbursement for services provided to beneficiaries of insurance programs for low-income and disabled individuals such as Medi-Cal (Figure 2).

Figure 2.
Charity Care as a Type of Community Benefit



Currently California does not require standardized reporting of community benefits, although many hospitals are adopting standards developed by the Public Health Institute (PHI), which requires a breakout for benefits that serve the poor.[6] San Francisco hospitals, as a result of the work of the Charity Care Project, all use a modified form of PHI guidelines. They each report adjusted data developed according to internal institutional standards based on guidelines from either the Association for Community Health Improvement (ACHI), or the Catholic Health Association (CHA).

[6] A complete report on the approach of PHI and its standards are available at http://www.phi.org/pdf-library/ASACB.pdf.

In addition to the above, San Francisco's hospitals meet specific California requirements for community benefits. Since 1994, nonprofit hospital community benefits legislation, Senate Bill 697 (Torres), has required each nonprofit hospital in California to:

- Conduct a community needs assessment once every three years,
- Develop a community benefit plan in consultation with the community, and
- Annually submit a copy of its plan to the Office of Statewide Health Planning and Development (OSHPD).

In January of 2007 Assembly Bill 774 (Chan) took effect requiring nonprofit hospitals to maintain charity care policies and provide discounts for patients living at up to 350% of the federal poverty level.

San Francisco's Charity Care Ordinance complements state legislation, and some of its requirements predated AB 774. For example, requiring hospitals to provide charity care notification and reporting. In San Francisco charity care is defined as the provision of health care services without expectation of reimbursement to those who cannot afford to pay. The Charity Care Ordinance (Attachment A), includes two requirements for nonprofit hospitals: 1) notify patients of charity care policies; and 2) report to the Department of Public Health specific information about the charity care provided.

As a result of these requirements, San Francisco residents are able to obtain some sense of the quantity and type of assistance that local nonprofit hospitals offer to San Francisco's low-income populations and others in need. Additionally, the San Francisco Health Commission is able to offer policy oversight and guidance regarding the collaborative efforts of the Charity Care Project. The Project strives to improve the effectiveness and efficiency of charity care and other hospital community benefits, while acknowledging anti-trust regulations and the competitive environment in which hospitals operate.

II. REPORTING HOSPITALS

San Francisco has eight acute-care hospitals that serve the general public.[7] None operates under a for-profit ownership model, and five are subject to the Charity Care Ordinance and its notification and reporting requirements.[8] All actively participate in the Charity Care Project and the three hospitals not subject to the Ordinance—Kaiser Permanente, San Francisco General Hospital Medical Center (SFGHMC), and University of California, San Francisco Medical Center (UCSFMC)—voluntarily comply with some of the provisions. San Francisco's hospitals

[7] This does not include hospitals that may be licensed to provide acute care, but primarily provide long-term care, such as Laguna Honda Hospital. It also excludes San Francisco's Veterans' Administration Medical Center (SFVAMC). As a federal facility that serves a specialized population, SFVAMC is neither subject to the Ordinance, nor has it actively participated in the Charity Care Project, although SFVAMC officials are provided with minutes and agendas for all meetings. A representative from SFVAMC has indicated that the hospital plans to attend Project meetings in 2008, and a description of the hospital's community program highlights appears in Attachment C.

[8] The three hospitals that are not subject to the Ordinance are: Kaiser Permanente San Francisco, which is operated as part of an integrated, pre-paid health plan; SFGHMC, which is operated by the City and County of San Francisco, and UCSFMC, which is constitutionally exempt by the State of California from local authority.

vary considerably by size, location, and specialty. California Pacific Medical Center (CPMC) and UCSFMC operate the largest facilities (Table 2).

Table 2.
San Francisco Hospitals by Size[9]

System	Hospital	Staffed Beds	% of Beds Subject to Ordinance	% of All Reported Beds		Avg Daily Census (ADC)	% of ADC Subject to Ordinance	% of Total Reported ADC
Subject to Ordinance								
CHW	Saint Francis	239	15.4%	8.7%		123	13.7%	6.3%
CHW	St. Mary's	322	20.8%	11.8%		116	12.9%	5.9%
Chinese	Chinese	52	3.4%	1.9%		32	3.6%	1.6%
Sutter	CPMC	791	51.1%	28.9%		489	54.4%	24.9%
Sutter	St. Luke's	145	9.4%	5.3%		138	15.4%	7.0%
Subtotal		**1,549**	**100.0%**	**56.6%**		**897**	**100.0%**	**45.8%**
Other Reporting Facilities								
Kaiser Permanente	KPSF	217		7.9%		203		10.3%
SF DPH	SFGHMC	383		14.0%		374		19.1%
UC Regents	UCSFMC	587		21.5%		486		24.8%
Subtotal		**1,187**		**43.4%**		**1,063**		**54.2%**
Grand Total		**2,736**	**100.0%**	**100.0%**		**1,960**	**100.0%**	**100.0%**

The following sections provide a brief overview of the work, clientele and charity care policies of those hospitals in San Francisco that are subject to the Ordinance, and those that participate voluntarily in this report.

A. Hospitals Subject to Ordinance (by Affiliated System)

1. Catholic Healthcare West

a) Saint Francis Memorial Hospital (SFMH)

A member of Catholic Healthcare West, SFMH is located on Nob Hill, and maintains 239 staffed beds, with a staff of over 900 employees and 530 physicians. The majority (71%) of Saint Francis patients are San Francisco residents, while another nine percent live in the greater Bay Area. Among the hospital's inpatient population, 55 percent are Caucasian, and 23 percent Asian. African Americans comprise 12 percent of patients, and Hispanics four percent. SFMH partners with many primary care clinics in the areas near the hospital, including Glide Health Clinic, St. Anthony's Foundation Free Clinic, Curry Senior Center, South of Market Medical Clinic, and the Tom Waddell Clinic. The hospital's specialty centers include: Bothin Burn Center, Center for Sports Medicine, The San Francisco Spine Center, Occupational Medicine Services, Total Joint Center, Adult Behavioral Health (inpatient and outpatient services) and its Emergency Department.

[9] Source California Office of Statewide Health and Planning Department (OSHPD), 2006 Hospital Annual Financial Data.

b) St. Mary's Medical Center (SMMC)

Located between the Haight-Ashbury and Richmond districts, SMMC is a fully accredited teaching hospital and a member of Catholic Healthcare West. Sponsored by the Sisters of Mercy, the hospital and its clinics maintain 575 physicians on staff, more than 1,100 employees, 322 staffed beds, and approximately 100,000 annual patient visits and admissions. Approximately 70 percent of St. Mary's patients are from San Francisco, and another 18 percent are from the Bay Area. The majority of patients, almost 60 percent, are Caucasian, with 20 percent Asian, nine percent African American, six percent American Indian and other, and five percent Hispanic. SMMC's programs primarily serve adults, with 96 percent of patients over the age of 18 years and 60 percent over the age of 65. The McAuley Adolescent Behavioral unit, however, is the only inpatient psychiatric program for youth in San Francisco, and the hospital supports a school program that provides day-treatment counseling and therapy, providing educational and emotional testing program for parochial primary school children. The hospital's centers of excellence include Cardiovascular Services, Orthopedic Services, the Spine Center, Rehabilitation Services, and the Weight-Loss Surgery Center. Each year, the hospital's clinic, the Sister Mary Philippa Health Center, provides charity care and services to more than 5,000 San Francisco adults. Approximately 37 percent of these patients have no health care coverage and receive their care free of charge.

2. Chinese Hospital

a) Chinese Hospital

Located in Chinatown, Chinese Hospital primarily serves San Francisco's Chinese Community with a small (52 staffed beds) acute care, community-owned, nonprofit hospital that offers a range of medical, surgical and specialty programs. The hospital owns a Knox-Keene licensed, integrated, prepaid health plan, Chinese Community Health Plan (CCHP), which provides low cost insurance products to the community. Executives at Chinese Hospital report that many of CCHP's members would otherwise access health care services as charity care. Approximately 90 percent of Chinese Hospital's patients are monolingual Chinese. More than 65% are seniors covered by Medi-Care and Medi-Cal (Chinese Hospital does not qualify for federal or state Disproportionate Share Hospital reimbursement because it has fewer than 100 licensed beds); 12% Medi-Cal and 1.2% no insurance coverage. Chinese Hospital is an active participant in the San Francisco Health Plan, Medi-Cal, Healthy Family and Healthy Kids programs. Chinese Hospital also sponsors a non-profit private agency, the Chinese Community Health Resource Center (CCHRC) that provides linguistically and culturally sensitive community education, wellness programs and counseling services. Additionally, Chinese Hospital operates two community clinics located in Sunset and Excelsior area; which provide primary and specialty services to a majority of monolingual Chinese.

3. *Sutter Health*

a) California Pacific Medical Center (CPMC)

CPMC is one of the largest (791 staffed beds) nonprofit, teaching medical centers in California. It is located at multiple campuses in three San Francisco neighborhoods (Duboce Triangle, Pacific Heights, and Laurel Heights), and the hospital serves patients from San Francisco, the greater Bay Area, Northern and Southern California. The ethnic distribution of inpatients varies by department but overall included 67 percent Caucasians, 25 percent Asian and Pacific Islander, 6 percent African American and 1 percent Hispanic. As a tertiary referral center, CPMC operates with a private medical staff of more than 1,019 physicians and 5,653 employees. More than 56 percent of births in the city occur at CPMC, and in 2006 the Joint Commission on Accreditation awarded CPMC a Primary Stroke Center certification. CPMC is also one of five California hospitals accredited by the Society of Chest Pain Centers. Additionally, CPMC collaborates with Mission Neighborhood Health Center, St. Anthony Free Medical Clinic, North East Medical Services and South of Market Health Center with the goal of increasing primary and specialty care access in vulnerable neighborhoods. CPMC also maintains a medical education program and research institute to promote innovation. California Pacific added St. Luke's hospital as an additional campus in 2007.

b) St. Luke's Hospital (SLH) and Health Care Center (SLHCC)

An affiliate of Sutter Health since 2001, [10] SLH has recently become a campus of CPMC, which is partnering with the community to assess the health of the surrounding community and design services that are responsive to community needs. In 2006, SLH worked in conjunction with its medical staff to maintain 145 staffed beds. Located in the Mission district, the ethnic distribution of patients has varied by department but generally included approximately 25 percent Caucasian, 35 percent Hispanic, 15 percent Asian/Pacific Islander, 15 percent African American, and 10 percent Other/Unknown. The facility has traditionally offered a range of services including inpatient and outpatient surgery, labor, delivery and maternity, neonatal intensive care, cardiac catheterization and diabetes and asthma education. Additionally, SLHCC operates eight clinics. These include one primary and general medicine site, three sites focused on women's health, one pediatric center, an orthopedic center and two occupational medicine clinics. SLHCC is also the location of the HealthFirst program, which offers a new model for chronic disease management. St. Luke's has historically provided a disproportionate share of service to Medi-Cal beneficiaries and uninsured individuals.

B. Other Reporting Hospitals

Three additional hospitals that are not subject to the Ordinance, but actively participate in the Charity Care Project and voluntarily comply with some provisions of the Ordinance are:

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[10] This acquisition resulted from a 2000 lawsuit settlement over antitrust violations concerning CPMC's hospital admissions practices as contracted with Brown & Toland Medical Group. Per San Francisco Chronicle: http://www.sfgate.com/cgi-bin/article.cgi?file=/chronicle/archive/1999/02/03/BU80284.DTL and http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2000/10/27/BU104765.DTL&hw=st+luke+antitrust&sn=005&sc=419

1. *Kaiser Permanente*

a) Kaiser Permanente San Francisco (KPSF)

As part of the Kaiser Permanente integrated health system, KPSF fulfills contractual obligations to provide hospital services to group and individual members. KPSF, with 217 staffed beds, provides health care to one out of every five San Franciscans, and maintains two campuses located on Geary Boulevard west of Divisidero. The facilities serve such specialties as cardiovascular surgery and critical care services, high-risk obstetrics and neonatal intensive care, liver transplants, chronic disease management and HIV care and research.

2. *City and County of San Francisco Department of Public Health*

a) San Francisco General Hospital Medical Center (SFGHMC) and Community Health Network Clinics:

A general acute care hospital with 383 staffed beds, SFGHMC is located in Potrero Hill and operates within the Community Health Network (CHN) of the San Francisco Department of Public Health. Approximately 25 percent of CHN patients are Hispanic, 25 percent are Caucasian, 21 percent are African American, and 20 percent are Asian/Pacific Islander. SFGHMC 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 twenty-four hour psychiatric emergency services. SFGHMC operates the only Level I Trauma Center for San Francisco and northern San Mateo County. In addition, SFGHMC provides care to a disproportionate share of Medi-Cal and uninsured individuals.

3. *Regents of the University of California*

a) University of California, San Francisco Medical Center (UCSFMC)

UCSFMC provides inpatient care at Moffitt-Long hospital on the 107-acre Parnassus campus, and at UCSF Mount Zion located on Divisadero Street in the Western Addition. Together these sites provide 587 staffed beds, and serve as the principal clinical teaching site for the UCSF School of Medicine. As a tertiary academic medical center, UCSFMC offers treatments that are not widely available elsewhere. The facility has one of one of the nation's largest centers for kidney and liver transplants. Other specialty programs provide treatment for AIDS, surgical eye care, and in the area of orthopedics, spine deformities, degenerative disc disease, tumors and fractures. Additionally, the hospital maintains a women’s center that provides specialized care and health education for women. In the area of neurology and neurosurgery, UCSF Medical Center maintains the largest brain tumor treatment program in the nation, as well as the only comprehensive memory disorders center and the only comprehensive epilepsy center in Northern California.

C. Hospital Clientele (Payer Mix)

To assess hospital performance, analysts often use measures of cost, access and quality. This report, while acknowledging the importance of quality (e.g., accreditation results) and cost (e.g., efficiency and pricing), is primarily concerned with access to hospital care, especially for San Francisco's low-income populations.

Access to health care can be affected by myriad factors including insurance coverage, facility location, and the availability of culturally competent services. Hospitals that are not located near low-income populations typically make efforts to reach these patients through specific initiatives and programs.

A summary of utilization by payer for San Francisco hospitals (Table 3) shows that St. Luke's and SFGHMC MC, which have traditionally relied heavily on public funding sources, serve high percentages of Medi-Cal patients.

Table 3.
Utilization by Payer[11]

System	Hospital	Medicare	Medi-Cal	Third Party	Uninsured/ Other Public	Total
Subject to Ordinance						
CHW	Saint Francis	45.1%	13.2%	31.8%	9.9%	100.0%
CHW	St. Mary's	56.4%	6.1%	32.4%	5.2%	100.0%
Chinese	Chinese	64.2%	11.9%	22.4%	1.5%	100.0%
Sutter	CPMC	37.7%	7.9%	49.9%	4.5%	100.0%
Sutter	St. Luke's	33.0%	42.6%	18.4%	6.1%	100.0%
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	N/A	N/A
SF DPH	SFGHMC	19.9%	42.9%	15.4%	21.7%	100.0%
UC Regents	UCSFMC	28.4%	20.2%	47.6%	3.8%	100.0%

D. Hospital Charity Care Policies

All reporting hospitals have submitted copies of their charity care policies to the Department of Public Health pursuant to the Charity Care Ordinance, and since 2004, they have either adopted or exceeded the charity care income guidelines from the California Healthcare Association (see Attachment C). This means that all hospitals provided free care to patients who document incomes at 200 percent of the federal poverty level (FPL), although many provide care for those with incomes at or below 350 percent. Both CPMC and St. Luke's provide free care to those with incomes up to 400 percent of FPL. Additionally some San Francisco hospitals provide care

[11] Utilization is calculated as Charges divided by Gross Revenue with data from the California Office of Statewide Health and Planning Department (OSHPD), 2006 Hospital Annual Financial Data. Kaiser Permanente, which operates as an integrated prepaid health plan financed by member dues, does not publish gross patient revenue or other financial data by individual hospital at this time.

on a sliding scale for individuals with incomes up to 500 percent of FPL, which exceeds the requirements of California law (AB 774).

With regard to hospital charity care processes and procedures, few major differences exist among San Francisco hospitals, except the length of time an application remains valid (see Section II). At all hospitals, charity care patients must go through an application process, and provide some proof of income, which can be challenging for some individuals. A summary of the key components of hospitals' charity care policies in effect for fiscal year 2006 is included as Attachment B.

1. Posting and Notification Requirements

When the fiscal year 2002 charity care report was presented to the Health Commission in November 2002, many hospitals had not yet submitted copies of their posted charity care notice in the three languages required by the Charity Care Ordinance (English, Spanish and Chinese). Letters were sent to hospitals requesting that they submit this missing information, and the hospitals complied. In 2004 and again in the fall of 2007, staff from the Department of Public Health verified that each hospital was in compliance with all posting requirements.

2. Reporting Compliance

Hospitals are generally compliant with the Charity Care Ordinance and Regulations, and provide data according to specifications in a timely manner. All facilities, however, report difficulty providing detailed information on denied charity care applicants – the ZIP codes of denied applicants, and the names of any facilities to which denied applicants were referred.

III. CHARITY CARE: APPLICATIONS, SERVICES, AND COSTS

This section presents San Francisco hospital charity care data and analysis for fiscal year 2006. In general, nonprofit hospitals have collectively continued a trend to increasing charity care, although individual hospital performance varies. Since 2005 expenditures on charity care have increased 9 percent citywide (from $94.3 million to $102.7 million), while the number of services provided has decreased 2 percent. Moreover, since the inception of this report in 2001, expenditures on charity care citywide have increased 46.5 percent (from $70.1 million), while the number of services provided has decreased 7 percent.

Hospitals subject to the Charity Care Ordinance, however, present a slightly different picture. In the last year at these facilities, both expenditures and number of services have increased approximately 20 percent. Since 2001, expenditures on charity care have increased 100 percent (from $8.1 million to $16.3 million) and the number of services has increased 20 percent (from 15,524 to 18,617).

Additional analysis of charity care by hospital size and tax benefits shows that in 2006 Saint Francis, St. Luke's and St. Mary's provided the most charity care to San Francisco's populace. These hospitals all provided charity care in excess of their estimated tax benefits. They also spent approximately 2 to 3 percent of their total operating costs on charity, while CPMC, Chinese and UCSFMC reported less 1 percent of total operating expenditures on charity care.

Unless otherwise indicated, all data that appears in this section was reported directly from representatives at San Francisco's hospitals to the Department of Public Health, Office of Policy and Planning.

A. Hospital Charity Care for Fiscal Year 2006

San Francisco nonprofit hospitals report charity care according to four measures: 1) the number of applications they received and accepted; 2) the number of individual patients they served; 3) the types of services they provided; and 4) the estimated cost of charity care services provided. The following sections present these measures for each hospital along with a comparative analysis by hospital and patient location, hospital size, and estimated tax benefit.

1. Hospital Charity Care Applications and Unduplicated Patients

Data from 2006 shows a significant need for charity care with 81,447 unduplicated patients receiving charity services from SFGHMC. Additionally, those hospitals covered by the Charity Care Ordinance received a total of 15,561 requests for charity care services in fiscal year 2006 and served between 10,000 and 15,000 patients (Table 4). The great majority of completed applications were accepted (98 percent), and hospitals report that denied applications typically occur because patients were eligible for other public assistance programs, such as Medi-Cal, Healthy Families, or Healthy Kids. Additional reasons for application denial include income or assets above set guidelines, and failure to complete the application.

Table 4.
Charity Care Applications and Patients in FY 2006

System	Hospital	Applications			Unduplicated Patients[12]
		Accepted	Denied	Total	
Hospitals Subject to Ordinance					
CHW	Saint Francis	1,629	9	1,638	2,626
CHW	St. Mary's	10,291	13	10,304	10,291
Chinese	Chinese	222	0	222	201
Sutter	CPMC	1,178	144	1,322	1,178
Sutter	St. Luke's	1,978	97	2,075	1,978
Subtotal		**15,298**	**263**	**15,561**	**16,274**
Other Reporting Hospitals					
Kaiser Permanente	KPSF	177	93	270	258
SF DPH	SFGHMC	116,530	12,108	128,638	81,447
UC Regents	UCSFMC	3,668	0	3,668	3,668
Subtotal		**120,375**	**12,201**	**132,576**	**85,373**
Grand Total		**135,673**	**12,464**	**148,137**	**101,647**

Two factors limit hospital application and patient data: 1) each hospital maintains its own application and eligibility period; and 2) hospitals do not share their data with each other. This situation makes data comparison and consolidation difficult. For example, with regard to

[12] Because hospitals do not share patient data, this report cannot present the total number of unduplicated patients citywide. Totals represent only the sum of unduplicated patients at each hospital.

applications, at St. Luke's and California Pacific Medical Center, charity care patients may receive services for one year after completing an application, while St. Mary's requires re-application every six months, and Saint Francis patients must reapply each time they seek access to services. Additionally, application dates do not necessarily correspond to hospitals' reporting schedules, so a patient may have received services in 2006 based on an application submitted in 2005. Moreover, hospitals do not share their data so there is no way to determine a citywide number of unduplicated patients: patients who received services at two different hospitals would be counted twice.

Despite these data limitations, ongoing need for hospital charity care appears clearly (Table 5). Since 2005 the number of charity care patients increased at most hospitals, especially Chinese (27 percent), and Saint Francis (60 percent). Patient decreases occurred only at CPMC (10 percent), St. Luke's (14 percent), SFGHMC (four percent), and UCSFMC (29 percent). Additionally, since 2001 the number of unduplicated patients shows a slightly greater increase at most hospitals, with numbers at Chinese and Saint Francis increasing by 474.3 percent and 116.8 percent respectively.

Table 5.
Comparison of Estimated Number of Unduplicated Patients Who Received Charity Care between FY 2001 and FY 2006[13]

System	Hospital	2001[14]	2005	2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	1,211	1,639	2,626	116.8%	60.2%
CHW	St. Mary's	6,749	8,967	10,291	52.5%	14.8%
Chinese	Chinese	35	158	201	474.3%	27.2%
Sutter	CPMC	638	1,303	1,178	84.6%	-9.6%
Sutter	St. Luke's[15]	6,722	2,307	1,978	-70.6%	-14.3%
Subtotal		**15,355**	**14,374**	**16,274**	**6.0%**	**13.2%**
Other Reporting Hospitals						
Kaiser Permanente	KPSF	N/A	226	258	-71.6%	14.2%
SF DPH	SFGHMC	92,563	85,015	81,447	-12.0%	-4.2%
UC Regents	UCSFMC	N/A	5,190	3,668	40.2%	-29.3%
Subtotal		**92,563**	**90,431**	**85,373**	**-7.8%**	**-5.6%**
Grand Total		**107,918**	**104,805**	**101,647**	**-5.8%**	**-3.0%**

2. Location: Approved Applications by Supervisorial District

Pursuant to the Charity Care Ordinance, hospitals were required to report the residence ZIP Codes of charity care applicants who were provided and denied services. Hospitals generally

[13] Because hospitals do not share patient data, this report cannot present the total number of unduplicated patients citywide. Totals represent only the sum of unduplicated patients at each hospital.

[14] Kaiser Permanente began reporting in 2002, and since then reports a 71.6 percent decrease (from 907) in unduplicated charity care patients. UCSFMC began reporting in 2003 and since that year shows a 40.2 percent increase (from 2,617) in unduplicated charity care patients.

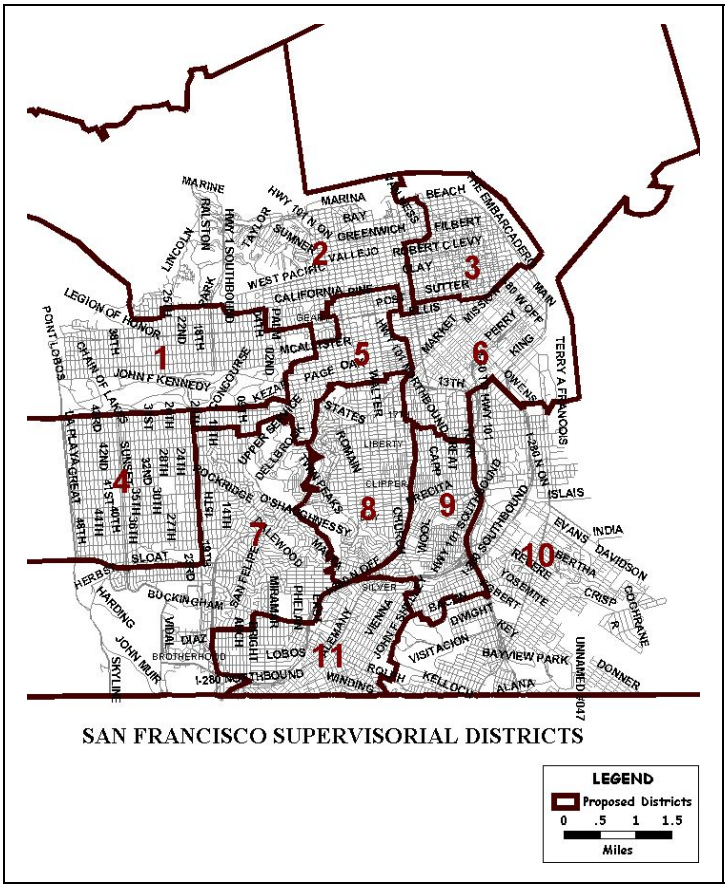
[15] The spike in patients at St. Luke's in 2002 and 2003 has been primarily attributed to reporting anomalies, which were corrected in 2004 by the implementation of a new billing system.

have reported the ZIP codes of the unduplicated patients who received charity care. Approved applications by Supervisorial district shows that Districts 6, 9 and 10 (italicized, Table 6) demand the most care.

Table 6.
Approved Charity Care Applications by Supervisorial District[16] for FY 2006

District	Charity Care Applicants*	% of Total
District 1	3,154	3.8%
District 2	4,251	5.1%
District 3	4,369	5.2%
District 4	3,258	3.9%
District 5	6,070	7.2%
District 6	*14,477*	*17.2%*
District 7	5,010	6.0%
District 8	3,413	4.1%
District 9	*10,361*	*12.3%*
District 10	*9,946*	*11.8%*
District 11	5,629	6.7%
Outside SF	6,809	8.1%
Homeless/Other	7,311	8.7%
Total	**84,058**	**100.0%**

* Excludes 270 KPSF applications, and approximately 51,000 applications from SFGHMC and St. Mary's for duplicate patients.



A breakdown of applications by hospital and district shows that among only the nonprofit hospitals subject to the Ordinance, charity care patients in Districts 6, 9, and 10 are served primarily by Saint Francis, St. Luke's and St. Mary's. Additionally, among the same group of hospitals, 50 percent of the homeless population was seen at Saint Francis (Table 7).

[16] The sum of these applications may deviate slightly from the total number of accepted applications due to rounding when applying formulas to estimate the number of applicants in each supervisorial district.

Table 7.
Charity Care by Hospital by Supervisorial District for FY 2006

	Hospitals Subject to Ordinance							All Reporting Hospitals			
District	**CPMC**	**Chinese**	**Saint Francis**	**St. Luke's**	***St. Mary's***	**Total**		**Total for Hospitals Subject to Ordinance**	**SFGH MC**	**UCSF MC**	**Grand Total**
District 1											
Applicants	49	10	50	18	*1,172*	**1,299**		1,299	*1,739*	116	**3,154**
Percentage	3.7%	0.8%	3.8%	1.4%	*90.3%*	**100.0%**		41.2%	*55.1%*	3.7%	**100.0%**
District 2											
Applicants	83	10	178	36	*821*	**1,127**		1,127	*2,936*	188	**4,251**
Percentage	7.3%	0.9%	15.8%	3.2%	*72.8%*	**100.0%**		26.5%	*69.1%*	4.4%	**100.0%**
District 3											
Applicants	48	65	*234*	28	*575*	**950**		950	*3,324*	96	**4,369**
Percentage	5.1%	6.8%	*24.6%*	3.0%	*60.6%*	**100.0%**		21.7%	*76.1%*	2.2%	**100.0%**
District 4											
Applicants	40	13	35	25	*789*	**903**		903	*2,135*	221	**3,258**
Percentage	4.4%	1.4%	3.9%	2.8%	*87.5%*	**100.0%**		27.7%	*65.5%*	6.8%	**100.0%**
District 5											
Applicants	98	1	110	52	*1,307*	**1,568**		1,568	*4,252*	250	**6,070**
Percentage	6.2%	0.1%	7.0%	3.3%	*83.4%*	**100.0%**		25.8%	*70.0%*	4.1%	**100.0%**
District 6											
Applicants	96	22	*630*	197	*1,259*	**2,205**		2,205	*12,101*	171	**14,477**
Percentage	4.4%	1.0%	*28.6%*	8.9%	*57.1%*	**100.0%**		15.2%	*83.6%*	1.2%	**100.0%**
District 7											
Applicants	40	14	51	117	*843*	**1,065**		1,065	*3,600*	345	**5,010**
Percentage	3.8%	1.3%	4.7%	11.0%	*79.2%*	**100.0%**		21.3%	*71.9%*	6.9%	**100.0%**
District 8											
Applicants	87	1	45	67	*523*	**723**		723	*2,540*	150	**3,413**
Percentage	12.0%	0.1%	6.3%	9.2%	*72.4%*	**100.0%**		21.2%	*74.4%*	4.4%	**100.0%**
District 9											
Applicants	54	5	77	*487*	*737*	**1,360**		1,360	*8,907*	94	**10,361**
Percentage	4.0%	0.4%	5.6%	*35.8%*	*54.2%*	**100.0%**		13.1%	*86.0%*	0.9%	**100.0%**
District 10											
Applicants	34	37	89	*340*	*658*	**1,157**		1,157	*8,706*	83	**9,946**
Percentage	2.9%	3.2%	7.7%	*29.4%*	*56.9%*	**100.0%**		11.6%	*87.5%*	0.8%	**100.0%**
District 11											
Applicants	18	27	37	*228*	*609*	**917**		917	*4,647*	65	**5,629**
Percentage	1.9%	2.9%	4.0%	*24.8%*	*66.4%*	**100.0%**		16.3%	*82.6%*	1.2%	**100.0%**
Outside SF	391	20	*1,441*	*1,060*	*1,106*	**4,018**		4,018	819	*1,972*	**6,809**
Percentage	9.7%	0.5%	*35.9%*	*26.4%*	*27.5%*	100.0%		59.0%	12.0%	*29.0%*	**100.0%**
Homeless/ Other	*209*	4	*488*	-	*262*	**963**		963	*6,301*	47	**7,311**
Percentage	*21.7%*	0.4%	*50.7%*	0.0%	*27.2%*	100.0%		13.2%	*86.2%*	0.6%	**100.0%**

3. *Location: Charity Care Patients in Hospitals' ZIP Codes*

Numerous factors may affect where a patient receives his or her care, including past experience, ambulance diversion, clinic location, physician practices, service options, and transportation. An analysis of charity care ZIP Code data for patients shows that many individuals who reside near a hospital do not necessarily receive health care services at that hospital.[17] Table 8 shows the number of accepted charity care applicants who reside in ZIP Codes where other hospitals are located. The highlighted cells show the number of charity care patients who received treatment from a hospital in their own reported zip code.

Table 8.
FY 2006 San Francisco Charity Care Applicants in Hospitals' ZIP Codes

		Number of Applicants Accepted by Hospital						
ZIP Code	Hospital(s) in ZIP Code	CPMC	Chinese	Saint Francis	SFGHMC	St. Luke's	St. Mary's	UCSFMC
94109	Saint Francis	42	15	330	3620	34	681	95
94110	SFGHMC St. Luke's	57	2	72	9068	505	723	94
94114	CPMC (Davies)	77		23	1380	16	308	92
94115	CPMC (Pacific), UCSFMC (Mt. Zion), Kaiser Permanente	65		30	1814	27	432	136
94117	St. Mary's	48		51	2558	30	982	141
94118	CPMC (California)	36	6	35	1008	12	712	89
94122	UCSFMC (Parnassus)	25	5	14	1,776	15	640	217
94133	Chinese Hospital	14	36	49	1095	7	170	28

4. *Charity Care Services Provided*

a) Services by Hospital

Hospitals reported providing approximately 104,000 emergency, inpatient and outpatient charity care services in fiscal year 2006, with hospitals subject to the Charity Care Ordinance responsible for approximately 18,600 of these (Table 9). Hospitals that operate one or more clinics (St. Mary's, St. Luke's, UCSFMC, and SFGHMC) report the provision of many more services than other hospitals. Additionally, most hospitals that reported their charity care services in 2001 show some increase in 2006. Among hospitals subject to the Charity Care Ordinance, between 2005 and 2006 the total number of services provided decreased at CPMC only.

[17] CPMC reports that it has recently met with executive staff at San Francisco General Hospital to arrange for a patient navigator to refer SFGHMC urgent care patients who reside near a CPMC campus to CPMC.

Table 9.
Comparison of Total Charity Care Services Provided by Reporting Hospitals between FY 2001 and FY 2006[18]

System	Hospital	2001[19]	2005	2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	1,211	1,639	2,662	119.8%	62.4%
CHW	St. Mary's	6,749	8,967	10,291	52.5%	14.8%
Chinese	Chinese	139	183	222	59.7%	21.3%
Sutter	CPMC	703	2,460	2,349	234.1%	-4.5%
Sutter	St. Luke's[20]	6,722	2,401	3,093	-54.0%	28.8%
Subtotal		**15,524**	**15,650**	**18,617**	**19.9%**	**19.0%**
Other Reporting Facilities						
Kaiser Permanente	KPSF	907	226	258	-71.6%	14.2%
SF DPH	SFGHMC	92,563	85,015	81,447	-12.0%	-4.2%
UC Regents	UCSFMC	N/A	5,190	3,668	40.2%	-29.3%
Subtotal		**92,563**	**90,431**	**85,373**	**-2.0%**	**-5.6%**
Grand Total		**108,087**	**106,081**	**103,990**	**-7.5%**	**-2.0%**

b) Services by Type of Care

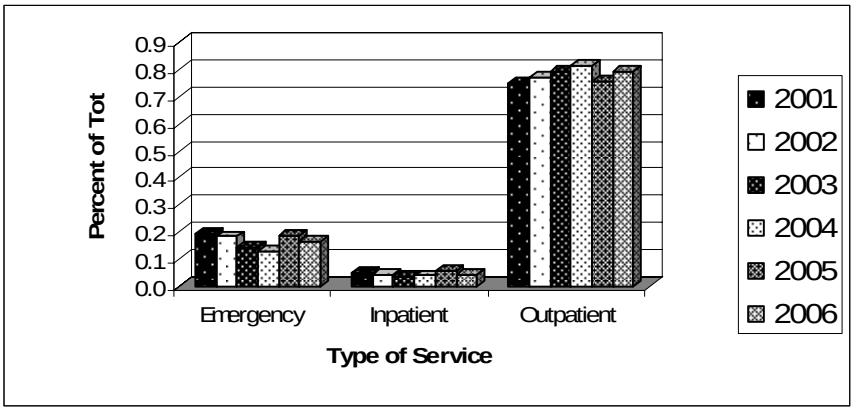
Hospitals also reported services by the type of care provided, whether emergency, inpatient or outpatient. Among all hospitals, approximately 79 percent of 2006 charity care services were provided in an outpatient setting, while emergency care accounted for 16 percent of all services, and inpatient care represented approximately five percent of services. Among nonprofit hospitals subject to the Charity Care Ordinance, however, 30 percent of services occurred in an emergency setting, whereas only 62 percent represented outpatient services. Historically, levels have shown little fluctuation over time (Figure 3).

[18] Numbers of services are typically underreported because data collection at some hospitals combines multiple services received by unique patients. For example, at St. Mary's, SFGHMC and UCSFMC there is no difference between the number of services provided and the number of patients served, although patients often receive more than one type of service. A similar situation occurs at Kaiser Permanente, which remains unable to track services outside of its emergency department. This explains the similarity of this table to Table 5, which reports on the number of unduplicated patients.

[19] Kaiser Permanente began reporting in 2002, and since then reports a 71.6 percent decrease (from 907) in unduplicated charity care patients. UCSFMC began reporting in 2003 and since that year shows a 40.2 percent increase (from 2,617) in unduplicated charity care patients.

[20] St. Luke's installed a new billing system in 2004 and reports unreliable data prior to this time.

Figure 3.
Charity Care Services Provided by Type of Service Provided between FY 2001 and FY 2006



Among individual hospitals St. Luke's and Saint Francis provided most of their charity care in the emergency room, while SFGHMC, Chinese, CPMC, St. Mary's, and UCSFMC provided the majority of their charity care services in an outpatient setting (Table 10). In general, hospitals with clinics provide more outpatient services. Facilities also provide outpatient services through donations and subsidized health services to community organizations, which are reported as community benefits.

Table 10.
Distribution of Each Hospital's Charity Care Services by Type of Service Provided in FY 2006

System	Hospital	Emergency	Inpatient	Outpatient	Total
Hospitals Subject to Ordinance					
CHW	Saint Francis	1,370	341	951	2,662
CHW	St. Mary's	1,063	253	8,975	10,291
Chinese	Chinese	52	23	147	222
Sutter	CPMC	849	505	995	2,349
Sutter	St. Luke's	2,363	167	563	3,093
Subtotal		**5,697**	**1,289**	**11,631**	**18,617**
Other Reporting Facilities					
Kaiser Permanente	KPSF[21]	258	N/A	N/A	258
SF DPH	SFGHMC	10,972	2,821	67,654	81,447
UC Regents	UCSFMC	251	626	2,791	3,668
Subtotal		**11,481**	**3,447**	**70,445**	**85,373**
Grand Total		**17,178**	**4,736**	**82,076**	**103,990**

Over time, change in the provision of specific types of charity care among individual hospitals shows variations (Tables 11-13). Since 2001, the number of emergency department services has increased most at CPMC and UCSFMC, while in the last year St. Luke's shows by far the greatest increase (Table 11).

[21] Kaiser Permanente does not publish data on charity services that are not provided in the emergency department.

Table 11.
Change in Provision of Emergency Department Services between FY 2001 and FY 2006

System	Hospital	ED Services 2001[22]	ED Services 2005	ED Services 2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	891	1,307	1,370	53.8%	4.8%
CHW	St. Mary's	564	799	1,063	88.5%	33.0%
Chinese	Chinese	55	67	52	-5.5%	-22.4%
Sutter	CPMC	429	1,066	849	97.9%	-20.4%
Sutter	St. Luke's	2,449	1,331	2,363	-3.5%	77.5%
Subtotal		**4,388**	**4,570**	**5,697**	**29.8%**	**24.7%**
Other Reporting Facilities						
Kaiser Permanente	KPSF	907	226	258	-71.6%	14.2%
SF DPH	SFGHMC	9,735	12,653	10,972	12.7%	-13.3%
UC Regents	UCSFMC	96	206	251	161.5%	21.8%
Subtotal		**10,738**	**13,085**	**11,481**	**6.9%**	**-12.3%**
Grand Total		**15,126**	**17,655**	**17,178**	**13.6%**	**-2.7%**

With regard to inpatient services, Saint Francis and CPMC show the greatest increase in number of services since 2001 (Table 12).

Table 12.
Change in Provision of Inpatient Services between FY 2001 and FY 2006

System	Hospital	IP Services 2001[23]	IP Services 2005	IP Services 2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	100	80	341	241.0%	326.3%
CHW	St. Mary's	99	187	253	155.6%	35.3%
Chinese	Chinese	21	21	23	9.5%	9.5%
Sutter	CPMC	119	442	505	324.4%	14.3%
Sutter	St. Luke's	1,174	172	167	-85.8%	-2.9%
Subtotal		**1,513**	**902**	**1,289**	**-14.8%**	**42.9%**
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	N/A	N/A
SF DPH	SFGHMC	2,239	3,275	2,821	26.0%	-13.9%
UC Regents	UCSFMC	235	1,212	626	166.4%	-48.3%
Subtotal		**2,239**	**4,487**	**3,447**	**54.0%**	**-23.2%**
Grand Total		**3,752**	**5,389**	**4,736**	**26.2%**	**-12.1%**

[22] St. Luke's installed a new billing system in 2004 and reports unreliable data prior to this time. Kaiser Permanente began reporting in 2002, and since then reports a 75.1 percent decrease (from 907) in emergency charity services. UCSFMC began reporting in 2003 and since that year shows a 161.5 percent increase (from 96) in number of emergency charity services.

[23] Data represents 2001 or the earliest year available for UCSFMC (2003). Also, St. Luke's installed a new billing system in 2004 and reports that data prior to this time is unreliable.

The number of outpatient services provided by each hospital has also changed variably over time (Table 13). Since 2001, Saint Francis and CPMC show the greatest increase in outpatient service provision, with a decline appearing at St. Luke's.

Table 13.
Change in Provision of Outpatient Services between FY 2001 and FY 2006

System	Hospital	OP Services 2001[24]	OP Services 2005	OP Services 2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	220	252	951	332.3%	277.4%
CHW	St. Mary's	6,086	7,981	8,975	47.5%	12.5%
Chinese	Chinese	62	95	147	137.1%	54.7%
Sutter	CPMC	155	952	995	541.9%	4.5%
Sutter	St. Luke's	3,099	898	563	-81.8%	-37.3%
Subtotal		**9,622**	**10,178**	**11,631**	**20.9%**	**14.3%**
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	N/A	N/A
SF DPH	SFGHMC	44,158	57,984	67,654	53.2%	16.7%
UC Regents	UCSFMC	2,286	3,772	2,791	22.1%	-26.0%
Subtotal		**44,158**	**61,756**	**70,445**	**59.5%**	**14.1%**
Grand Total		**56,066**	**71,934**	**82,076**	**52.6%**	**14.1%**

5. *Charity Care Expenditures*

Hospitals in San Francisco are required to report to the Department of Public Health the estimated value of charity care provided as either charges or costs. Values reported as charges, however, are then adjusted by the hospital's cost to charge ratio.[25] Reported estimates for 2006 show a range of approximately $265,000 to $5.2 million in hospital expenditures on charity care (Table 14).

[24] Data represents 2001 or the earliest year available for UCSFMC (2003). Also, St. Luke's installed a new billing system in 2004 and reports unreliable data prior to this time.

[25] This ratio provides a crude method for determining the individual percentage by which to discount charges and establish some idea of costs. It is expressed as: (Total Operating Expenses – Total Other Operating Revenue)/Gross Patient Revenue. In general, a higher cost to charge ratio indicates a closer relationship between costs and charges (prices). The calculation for estimating costs is: Charity Care Expenditures = Charity Care Charges * Cost to Charge Ratio).

Table 14.
Charity Care Expenditures in Fiscal Year 2006

System	Hospital	Charity Care Charges	Cost to Charge Ratio	Charity Care Expenditures
CHW	Saint Francis	$17,366,997	23.93%	$4,155,987
CHW	St. Mary's	$15,409,564	22.93%	$3,533,505
Chinese	Chinese	$536,547	49.44%	$265,295
Sutter	CPMC	$19,503,596	26.79%	$5,225,596
Sutter	St. Luke's	$10,367,378	30.47%	$3,158,558
Subtotal		**$63,184,081**		**$16,338,941**
Kaiser Permanente	KPSF	N/A	N/A	$1,131,063
SF DPH	SFGHMC	$177,968,691	44.77%	$79,684,447
UC Regents	UCSFMC	$18,918,867	29.13%	$5,510,297
Subtotal		**$196,887,558**		**$86,325,808**
Grand Total		**$260,071,639**		**$102,664,748**

A comparison of expenditures from 2001 through 2006 shows that reported charity care costs have increased at all hospitals (Table 15). Saint Francis shows the largest increase since both 2001 (358 percent) and in the last year (81 percent). All hospitals report that charity care expenditures are budgeted each year according to the previous year's figures with a slight cost increase.

Table 15.
Change in Charity Care Expenditures between FY 2001 and FY 2006

System	Hospital	2001[26]	2005	2006	% Change from 2001*	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	$907,117	$2,299,430	$4,155,987	358.2%	80.7%
CHW	St. Mary's	$1,789,243	$2,967,551	$3,533,505	97.5%	19.1%
Chinese	Chinese	$100,569	$149,105	$265,295	163.8%	77.9%
Sutter	CPMC	$1,507,101	$5,376,835	$5,225,596	246.7%	-2.8%
Sutter	St. Luke's	$3,880,228	$2,705,790	$3,158,558	-18.6%	16.7%
Subtotal		**$8,184,258**	**$13,498,711**	**$16,338,941**	**99.6%**	**21.0%**
Other Reporting Facilities						
Kaiser Permanente	KPSF	$1,361,158	$813,863	$1,131,063	-16.9%	39.0%
SF DPH	SFGHMC	$56,249,604	$76,419,043	$79,684,447	41.7%	4.3%
UC	UCSFMC	$4,272,291	$3,590,537	$5,510,297	29.0%	53.5%
Subtotal		**$61,883,053**	**$80,823,443**	**$86,325,807**	**39.5%**	**6.8%**
Grand Total		**$70,067,311**	**$94,322,154**	**$102,664,748**	**46.5%**	**8.8%**

[26] Data represents 2001 or the earliest year available for Kaiser Permanente (2002) and UCSFMC (2003).

a) Comparison of Expenditures by Hospital Size

In comparing expenditures on hospital charity care, it can be useful to consider a hospital's size, which provides an indication of ability to contribute resources to low-income populations. One way to measure charity care by hospital size is to compare the value of charity care provided to each hospital's total operating expenses (Table 16). This shows how much of their total operating expenditures hospitals allocate to charity. In 2006, charity care accounted for 2 to 3 percent of operating costs at Saint Francis, St. Luke's and St. Mary's.

Table 16.
Comparison of Charity Care to Total Operating Expenses for FY 2006[27]

System	Hospital	Total Operating Expenses	Charity Care Expenditures	Charity Care Expenditures as % of Total Operating Expenses
Hospitals Subject to Ordinance				
CHW	Saint Francis	$143,098,611	$4,155,987	2.9%
CHW	St. Mary's	$159,615,501	$3,533,505	2.2%
Chinese	Chinese	$44,222,996	$265,295	0.6%
Sutter	CPMC	$767,670,552	$5,225,596	0.7%
Sutter	St. Luke's	$129,912,192	$3,158,558	2.4%
Subtotal		**$1,244,519,852**	**$16,338,941**	**1.3%**
Other Reporting Facilities				
Kaiser Permanente	KPSF	N/A	$1,131,063	N/A
SF DPH	SFGHMC	466,707,907	$79,684,447	17.1%
UC	UCSFMC	$1,178,335,355	$5,510,297	0.5%
Subtotal		**$1,645,043,262**	**$86,325,808**	**5.2%**
Grand Total		**$2,889,563,114**	**$102,664,748**	**3.6%**

6. Benefits of Nonprofit Hospital Status

Charitable status brings hospitals support through private donations, tax exemptions, and low-cost financing. One key financial benefit resulting from nonprofit status is exemption from local property taxes, as well as state and federal corporate income taxes. Although California maintains no standardized statutory link between quantity of nonprofit financial benefits and either the charity care or other community benefits, such benefits are required. The Healthcare Financial Management Association (HFMA), which advises many private hospitals throughout the United States, recommends charity care as one specific way for hospitals to warrant their tax-exempt status. Moreover, charity care represents an important type of community benefit in San Francisco where, like most urban areas, there is high demand for indigent care. A comparison of tax benefit to charity care provides one way to evaluate hospital performance with regard to community expectation.

[27] For all hospitals except Chinese Hospital, total operating expense appears as reported to both OSHPD and to DPH as part of the cost-to-charge ratio computation. Chinese Hospital's total operating expense figure excludes the costs paid to outside hospitals for services provided to their managed care (full-risk) enrollees.

a) Property Tax Exemptions

The nonprofit hospitals subject to the Charity Care Ordinance received a total of $6.4 million in local property tax savings in fiscal year 2006 (Table 17).[28]

Table 17.
Annual Assessed Value of Exempt Properties for FY 2006[29]

System	Hospital	Value of Exempt Property	Annual Property Tax Savings
Hospitals Subject to Ordinance			
CHW	Saint Francis	$101,842,837	$1,161,008
CHW	St. Mary's	$133,413,870	$1,465,813
Chinese	Chinese	$20,482,189	$233,497
Sutter	CPMC	$253,868,853	$2,894,105
Sutter	St. Luke's	$55,307,125	$630,501
Total		**$564,914,874**	**$6,384,925**
Other Reporting Facilities			
Kaiser Permanente	KPSF	$264,459,486	$3,014,838
UCSF Regents	UCSF MC	N/A	N/A
Subtotal		**$264,459,486**	**$3,014,838**
Grand Total		**$829,374,360**	**$9,399,763**

b) Corporate Income Tax Exemptions

The reporting hospitals subject to the Charity Care Ordinance collectively received approximately $72.6 million in income tax savings in fiscal year 2006 as a result of their nonprofit status (Table 18).

[28] The annual value of the local property tax exemption is quantifiable by taking the value of tax-exempt property and multiplying it by the applicable property tax rate. For fiscal year 2005, the City property tax rate was 1.144 percent for each $100,000 in property value. SFGHMC and UCSFMC are excluded from Table 22 because the City and County of San Francisco does not assess government-owned property. Kaiser Permanente, which is not subject to the Ordinance maintains $264.5 million in property for an estimated tax savings of $3 million

[29] Property data from the San Francisco Assessor's Office. SFGHMC and UCSFMC are not included because the Assessor's Office does not estimate the value of their property.

Table 18.
Annual Hospital Net Income and
Estimated Annual Value of Income Tax Exemption in FY 2006[30]

System	Hospital	Annual Net Income	Estimated Annual Value of State Income Tax Exemption	Estimated Annual Value of Federal Income Tax Exemption	Total Estimated Annual Value of Income Tax Exemption
Hospitals Subject to Ordinance					
CHW	Saint Francis	($1,860,749)	$0	$0	$0
CHW	St. Mary's	$3,960,751	$350,130	$1,386,263	$1,736,393
Chinese	Chinese	$8,945,737	$790,803	$3,041,551	$3,832,354
Sutter	CPMC	$152,834,572	$13,510,576	$53,492,100	$67,002,676
Sutter	St. Luke's	($33,954,000)	$0	$0	$0
Total		**$129,926,311**	**$14,651,510**	**$57,919,914**	**$72,571,423**
Other Reporting Facilities					
Kaiser Permanente	KPSF	N/A	N/A	N/A	N/A
UC Regents	UCSFMC	N/A	N/A	N/A	N/A

The estimated values for corporate income tax exemption may be inflated because net income as reported to OSHPD can include items that would not be subject to corporate income tax.

c) Tax Benefits Compared to Charity Care

Total income tax benefits for the hospitals subject to the Charity Care Ordinance equaled $78.9 million in fiscal year 2006. Saint Francis, St. Luke's and St. Mary's all show estimated charity care expenditures in excess of their total estimated tax benefits (Table 19). The total for all hospitals, however, shows that net tax benefits exceed charity care by $62.6 million.

[30] Net income figures were obtained from OSHPD data for hospital fiscal years ending between January 1 and December 31, 2006. St. Luke's net income also includes its health centers, which are reported separately to OSHPD. Hospitals with no net income have no estimated income tax. The annual value of state and federal corporate income tax exemptions has been estimated by multiplying the net income by applicable state and federal income tax rates. For fiscal year 2006, the State corporate income tax rate was 8.84 percent, and the federal corporate income tax rate was between 15 and 39 percent, depending on hospital net income.

Table 19.
Charity Care Expenditures Compared to Estimated Tax Benefits for FY 2006

System	Hospital	Estimated Income Tax Exemption	Estimated City & County Property Tax Exemption	Total Tax Benefits	Charity Care Expenditures	Charity Care Provided in Excess of Total Tax Benefit
Hospitals Subject to Ordinance						
CHW	Saint Francis	$0	$1,161,008	$1,161,008	$4,155,987	$2,994,979
CHW	St. Mary's	$1,736,393	$1,465,813	$3,202,207	$3,533,505	$331,298
Chinese	Chinese	$3,832,354	$233,497	$4,065,851	$265,295	($3,800,556)
Sutter	CPMC	$67,002,676	$2,894,105	$69,896,781	$5,225,596	($64,671,185)
Sutter	St. Luke's	$0	$630,501	$630,501	$3,158,558	$2,528,056
Subtotal		**$72,571,423**	**$6,384,925**	**$78,956,348**	**$16,338,941**	**($62,617,408)**
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	$1,131,063	N/A
UC Regents	UCSFMC	N/A	N/A	N/A	$5,510,297	N/A
Subtotal		**N/A**	**N/A**	**N/A**	**$6,641,360**	**N/A**
Grand Total		**N/A**	**N/A**	**N/A**	**$22,980,301**	**N/A**

A historical perspective shows that the $62.6 million difference between tax benefits and charity care represents an increase of 49 percent since 2001 and 22 percent since last year (Table 20).

Table 20.
Comparisons of Charity Care Expenditures and Estimated Tax Benefits between FY 2001 and FY 2006[31]

System	Hospital	Charity Care Less Tax Benefit 2001	Charity Care Less Tax Benefit 2005	Charity Care Less Tax Benefit 2006	% Change from 2001	% Change from 2005
Hospitals Subject to Ordinance						
CHW	Saint Francis	($8,102,945)	($3,746,687)	$2,994,979	N/A	N/A
CHW	St. Mary's	$436,468	($2,601,859)	$331,298	-24.1%	-112.7%
Chinese	Chinese	($1,148,754)	($1,985,067)	($3,800,556)	230.8%	91.5%
Sutter	CPMC	($36,332,363)	($45,527,023)	($64,671,185)	78.0%	42.1%
Sutter	St. Luke's	$3,109,655	$2,426,101	$2,528,056	-18.7%	4.2%
Total		($42,037,939)	($51,434,535)	($62,617,408)	49.0%	21.7%
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	N/A	N/A
UC	UCSFMC	N/A	N/A	N/A	N/A	N/A

[31] A negative number (in parentheses) indicates the amount by which the tax benefit received exceeds the charity care provided.

Primarily these changes are due to fluctuations in net income and estimated tax benefit, rather than the amount of charity care provided. Additionally, hospital property on the Assessor's roles decreased in both 2004 and 2005.

IV. COMMUNITY BENEFITS

In addition to charity care, nonprofit hospitals provide a variety of other community services and contributions designed to improve the health status of the entire community and populations with disproportionate unmet needs, such as low-income individuals.

San Francisco's hospitals report a wide range of community benefits. As reported in Section I above, community benefits activities include, among other things:

- Health promotion, health education, disease and injury prevention, and social service activities;
- Financial or in-kind support of public health programs
- Medical education; and
- The difference between cost and reimbursement for services provided to low-income and disabled individuals such as those enrolled in Medi-Cal.

The definitions of these activities are quite broad and not clearly defined in California statute and, as a result, reporting of these activities across hospitals remains inconsistent. Activities that one hospital may deem as community benefit may not be included as community benefit by another. Additionally, un-reimbursed care does not necessarily benefit low-income populations. Individuals qualify for Medicare based primarily on age. Also, providing care to patients with both Medi-Cal and Medicare coverage is not optional; therefore although these shortfalls (and others) may pose a significant cost to hospitals, taking these patients is not voluntary in the same sense as providing charity care or tertiary donations.

To alleviate some of the challenges around reporting community benefits and ensuring that general marketing and outreach with no specific program goals or outcomes are excluded, all participants in San Francisco's Charity Care Project have agreed to follow the guidelines established by the Public Health Institute in reporting their community benefits. Both Kaiser Permanente and CPMC provide data on community benefits provided for low-income populations only. All hospitals focus on benefits that serve individuals with disproportionate need.

A. Estimated Value of Hospital Community Benefits

Table 21 presents hospital community benefits in San Francisco for the poor, underserved and/or disproportionately needy populations in fiscal year 2006. Medi-Cal shortfall appears as a separate total because of its contingent nature: hospitals must serve Medi-Cal patients as part of their federal Medicare contract. The data shows that most of San Francisco's hospitals provide significant amounts of indirect care to low-income populations through such community benefits as subsidized services, grants to community-based organizations, and community health programs.

Table 21.
Hospital Community Benefits Provided in FY 2006

	System and Hospital						
	CHW		Chinese	Sutter		Kaiser	UC
Type of Benefit	Saint Francis	St. Mary's	Chinese	CPMC	St. Luke's	KPSF	UCSFMC
Traditional Charity Care	$4,155,987	$3,533,505	$265,295	$5,225,596	$3,158,558	$1,131,063	$5,510,297
Community Health	$872,000	$705,795	$362,409	$612,055	$397,493	N/A	N/A
Subsidized Services	$574,000	$497,264	$1,324,634	$2,688,481	-	$729,710	N/A
Grants and Contributions	$695,000	$318,034	-	$2,499,338	$11,500	$2,323,351	N/A
Administration and Operations	$183,000	$105,412	$65,000	$709,459	-	$444,448	N/A
Subtotal	**$6,479,987**	**$5,160,010**	**$2,017,338**	**$11,734,929**	**$3,567,551**	**$4,628,572**	**$5,510,297**
Medi-Cal Shortfall	$11,019,000	$7,111,626	$1,131,840	$53,541,321	$23,336,911	$3,053,853	$75,871,000
Grand Total	**$17,498,987**	**$12,271,636**	**$3,149,178**	**$65,276,250**	**$26,904,462**	**$7,682,425**	**$81,381,297**

B. Tax Benefits Compared to Community Benefits

A comparison of community benefits to estimated tax benefits shows that all of the hospitals except CPMC provide community benefit in excess of tax benefit (Table 22).

Table 22.
Community Benefits Compared to Estimated Tax Benefits for FY 2006[32]

System	Hospital	Estimated Income Tax Exemption	Estimated City & County Property Tax Exemption	Total Estimated Tax Benefits	Community Benefit Expenditures	Community Benefit in Excess of Tax Benefits
Hospitals Subject to Ordinance						
CHW	Saint Francis	$0	$1,161,008	$1,161,008	$17,498,987	$16,337,979
CHW	St. Mary's	$1,736,393	$39,040	$1,775,433	$12,271,636	$10,496,203
Chinese	Chinese	$3,832,354	$233,497	$4,065,851	$3,149,178	($916,673)
Sutter	CPMC	$67,002,676	$2,894,105	$69,896,781	$65,276,250	($4,620,531)
Sutter	St. Luke's	$0	$630,501	$630,501	$26,904,462	$26,273,961
Subtotal		**$72,571,423**	**$4,958,151**	**$77,529,574**	**$126,585,164**	**$46,144,165**
Other Reporting Facilities						
Kaiser Permanente	KPSF	N/A	N/A	N/A	$7,682,425	N/A
UC	UCSFMC	N/A	N/A	N/A	$81,381,297	N/A
Subtotal		**N/A**	**N/A**	**N/A**	**$89,063,722**	**N/A**
Grand Total		**N/A**	**N/A**	**N/A**	**$215,648,886**	**N/A**

[32] A negative number (in parentheses) indicates the amount by which the tax benefit received exceeds the community benefits provided.

V. CONCLUSIONS AND RECOMMENDATIONS

The San Francisco Charity Care Ordinance has been in effect for six years and appears to be a great success, primarily by clarifying that the provision of charity care and community benefits in San Francisco is a critical and collaborative effort, despite competition among facilities. State law establishes that the City and County of San Francisco maintains primary responsibility for the health care needs of indigent and uninsured populations; however, San Francisco's nonprofit hospitals provide essential and greatly appreciated support in accordance with their status as nonprofit institutions.

Unfortunately, even if San Francisco and all its hospitals pooled their available resources, unmet demand for charity care services would likely remain. This Charity Care Report Summary indicates that at least 80,000 low-income, uninsured, and/or underinsured patients received charity care in fiscal year 2006. This is based on the numbers of unduplicated patients seen only at San Francisco General Hospital, and represents an increase of more than 20,000 patients since 2001, and a slight decrease (of approximately 4,000) since last year.

With such significant need and limited resources, collaboration and attention to low-income populations appears more important than ever. Since its inception in 2002, participants in the Charity Care Project have attempted to improve their organization's individual and collaborative efforts in a strategic and meaningful way. The following sections provide a very brief summary of collaborative work from 2007, based on direction received from the San Francisco Health Commission in 2006, and a look forward at recommendations and rationales for continued cooperation in improving charity care services and other community benefits for poor and underserved populations. Detailed information about the collaborative and individual work of San Francisco's hospitals appears in Attachment C.

A. Update on Health Commission 2005 Report Recommendations

San Francisco hospitals collaborate on numerous health projects throughout the year, and they as well as other stakeholders have committed significant resources to the work of the Charity Care Project. In 2006, the Charity Care Project spent time not only producing this report, but also implementing recommendations from last year's Charity Care Summary Report. A brief summary of the work of the Charity Care Project relative to last year's recommendations appears as follows:

1. *Hospitals should continue to pursue creative approaches to increase outpatient charity care, including participation in Healthy San Francisco (HSF), especially for residents of the following high-risk neighborhoods: Bayview/Hunters Point, Potrero Hill; Tenderloin, Civic Center; Bernal Heights, Mission, and Visitacion Valley*

In addition to participation from individual hospitals, the Charity Care Project participated as a group on the following three public health initiatives in 2007:

a) Healthy San Francisco (HSF):

The Charity Care Project met throughout the summer of 2007 with Tangerine Brigham, Deputy Director of Health and Director of Healthy San Francisco (HSF). Discussions concerned proposed standards for hospital CEOs concerning care and treatment of HSF patients. The Project agreed to propose to CEOs that hospitals use the Healthy San Francisco eligibility tool, One-E-App, to determine whether patients meet individual charity care requirements. The group also agreed on a proposed calculation methodology for reporting any cost shortfalls, including those associated with treating Healthy San Francisco patients.[33] In December, 2007 this proposal was submitted to the Hospital Council, and is currently under consideration.

b) Hepatitis B Initiative:

In April, the Charity Care Project received a presentation from Ted Fang and Susan Fernyak, M.D. about a new public health campaign to turn San Francisco into the first Hepatitis B free city in the United States. This effort involves city government, private healthcare and nonprofit community organizations in a two-year-long campaign to screen, vaccinate, and treat all Asian and Pacific Islanders (APIs) residents for hepatitis B (HBV). The "SF Hep B Free" campaign will be the largest healthcare campaign to target APIs in the United States. APIs have the highest risk of HBV of any ethnic group, with an infection rate of 100 times that of Caucasian Americans. API residents of San Francisco comprise 34 percent of the city's population and bear a disproportionate burden of liver disease and liver cancer as a result of undetected chronic hepatitis B infection. This campaign—***Be Sure, Be Tested, Be Free—***relies on the help of members of the Charity Care Project for convenient free or low-cost testing at healthcare settings and local events to screen, vaccinate and treat all San Francisco's API residents of Hepatitis B (HBV).

c) Building a Healthier San Francisco:

Most of the members of the Charity Care project also participate in the assessment of health and community benefit that occurs every three years, per the State of California. This year, more than 300 people involved in health and community programs and services attended the September demonstration and launch of Health Matters in San Francisco (www.healthmattersinsf.org), a one-stop source of information about the health status of San Francisco, created by the Building a Healthier San Francisco coalition. The site presents unbiased data and information about the City and County, healthy communities in general, and how municipalities change.

2. *The Charity Care Project should continue to meet and expand its conversation and efforts to increase and improve the provision of charity care and other community benefits to populations with disproportionate unmet health care needs.*

In response to this directive, the Charity Care Project met monthly throughout 2007, agreeing that a collaborative focus on populations who need uncompensated care is critical. Participants concurred that the population most in need of community benefit programs, services and

[33] The calculation to be used is as follows: Shortfall = (Charge * Cost to Charge Ratio) – Payment. This formula appropriately allows estimation of costs before any reimbursement is deducted. It maintains all limitations associated with estimating costs, however, and is in no way an exact accounting measure, as used by hospitals for budgeting and internal reporting.

treatment is partially served by Medi-Cal (women and children), and partially by charity care and sliding scale discounts (men).

Moreover, to increase and improve benefits for this population, the Project expanded its work in two specific directions. It conducted preliminary outreach to San Francisco physicians about uncompensated care, and began development of a collaborative community benefit planning tool.

Information about physicians has been lacking from this report, largely due to data unavailability. Thus, attendance at Charity Care Project meetings from a representative of the San Francisco Medical Society was much welcomed and appreciated in 2007. Physicians, as individual and salaried practitioners, present a wide variety of practices and opinions on uncompensated care. Preliminary inquiry this year shows that local physicians who accept Medi-Cal tend to be salaried. Also, informal interviews with approximately 15 salaried and independent physicians indicated that accepting Medi-Cal poses a significant administrative burden for physicians. Also, anecdotally, some physicians are reported to maintain a belief that the County is responsible for caring for uninsured patients, and physicians cannot afford to take on the burden of the uninsured. Hospitals report that programs such as Operation Access pose a useful model for physicians because they allow for the provision of charity care at less cost and administrative burden. The group plans to continue to collect information from physicians as possible, and improve its understanding of unmet community needs.

Additionally, the group is currently working on a presentation and discussion plan for improving community benefit programs and services in 2008 and 2009. A planning tool based on calendar and program description input from all hospitals is currently in development.

3. *The Charity Care Project should continue to standardize reporting of charity care and community benefits, and the Department and San Francisco's hospitals should promote the institutional reforms and community benefits reporting recommended by the Public Health Institute (PHI) in its ongoing demonstration project, Advancing the State of the Art in Community Benefit.*

In accordance with this recommendation, participants of the Charity Care Project met with Kevin Barnett of PHI in April, 2007. Kevin reported that he is currently interested in how hospitals are sharing the burden of uncompensated care, as well the public health dimension of this issue. He believes that San Francisco's continued focus on inputs such as applications and outputs such as services and expenditures assumes that one or more hospitals are not pulling their weight, and he suggested that the group could be more productive by moving to a place where all hospitals can work together equitably. The group agreed that looking at unmet needs of the uninsured and underinsured, attempting to address them as a group, and incorporating them into its reporting would be productive.

B. Findings and Recommendations for 2007-2008

The following findings provide summaries and recommendations as to how San Francisco's health care providers and organizations can continue to work together to improve charity care services and community benefits for poor and underserved populations.

1. Healthy San Francisco (HSF) provides a unique opportunity for the non-profit and public health care delivery systems to collaborate on the provision of services to uninsured residents.

San Francisco benefits greatly from the collaborative work of all of its hospitals on community health, and the Hospital Council reports enthusiasm for participation in Healthy San Francisco (HSF) from all of its member organizations. Likewise, the Department of Public Health is excited about collaborating with San Francisco's hospitals and other organizations on this program to provide integrated access to treatment and services through a primary care medical home model. It seems natural that the Department of Public Health and the San Francisco Hospital Council would collaborate on the implementation of Healthy San Francisco.

Healthy San Francisco represents a tremendous opportunity to improve access to health care for the uninsured, while reducing associated administrative costs and improving health outcomes. Moreover, the Department believes that it is important to have the full participation of all nonprofit hospitals in HSF, and the Charity Care Project and Hospital Council have provided Healthy San Francisco with valuable input regarding collaborative implementation.

Recommendation: The Charity Care Project and its hospital members should pursue support for Healthy San Francisco in the following ways:

1. Nonprofit hospitals will implement access to the web-based eligibility and enrollment system for Healthy San Francisco (One-e-App) to verify HSF participant eligibility as part of a hospital's screening process to determine eligibility for charity care or sliding scale.
2. Nonprofit hospitals will continue to provide charity care to HSF participants with emergency health care needs.
3. A new voluntary reporting category identified as "Healthy San Francisco Charity Care" will be added to the annual San Francisco Hospital Charity Care Report Summary.
4. A new voluntary reporting category identified as "Healthy San Francisco Community Benefits" will be added to the annual San Francisco Hospital Charity Care Report Summary.

This recommendation does not propose reimbursement for services provided by non-profit hospitals to Healthy San Francisco participants.

2. Ongoing collaboration and planning around community benefits through the Charity Care Project will increase and improve access to health care, especially for populations with disproportionate unmet needs

In response to the annual requirements of the Charity Care Ordinance and the ongoing guidance of the San Francisco Health Commission, the Charity Care Project has pursued three primary objectives in the last two years:

- Continual improvement of annual analysis and reporting of charity care policies and expenditures for San Francisco hospitals.
- Coordination with community stakeholders to monitor and focus charity care and other community benefits provided by hospitals in exchange for non-profit, tax-exempt status.
- Planned distribution of specific healthcare treatment and services for poor and underserved populations to increase access to healthcare.

The Department hopes that the Charity Care Project will continue its collaborative efforts to serve populations with disproportionate unmet health care needs, and to improve access to needed health services for the City's underserved communities. The Project has identified the following issues related to charity care and community benefits for exploration next year:

- Collaboration with Building a Healthier San Francisco to identify unmet needs of populations regarding uncompensated care (e.g., for respite beds, physicians who accept Medi-Cal, case management, etc.)
- Cooperation with other organizations and working groups throughout San Francisco that have similar goals, such as a $700,000 capital expenditure grant partnership between San Francisco hospitals and the Department of Public Health to cover the capital costs associated with opening a Psychiatric Urgent Care Center; and
- Outreach to physicians about their challenges and opportunities with regard to serving low-income populations

Recommendation: The Charity Care Project should continue to meet and expand its conversation and efforts to increase and improve the provision of charity care and other community benefits to populations with disproportionate unmet health care needs, especially for residents of the following neighborhoods: Bayview/Hunters Point, Potrero Hill; Tenderloin, Civic Center; and Bernal Heights, Mission, and Visitacion Valley.

3. Continuing to standardize reporting, analysis and application of charity care and community benefit data will improve the provision of health care services in San Francisco to individuals with disproportionate health needs

According to state law, hospitals with non-profit status maintain a social responsibility to provide community benefits in the public interest. Thus, California's non-profit hospitals prepare community benefits plans each year with data from needs assessments conducted every three years. Although these plans include many important programs and services in addition to charity care, hospitals' community benefits vary widely and not all community programs serve the financially needy populations that are the focus of the Charity Care Ordinance, or individuals with disproportionately unmet health needs.

To focus this report on such populations with disproportionate unmet needs, this report relies on the ongoing development and implementation of local reporting standards, as well as collaborative planning. Over the past three years, the Charity Care Project has worked to capture as much data as possible, across all San Francisco hospitals, especially for activities that serve communities with disproportionate unmet health care needs, such as those who use charity care.

In 2007, the Charity Care Project met with Kevin Barnett of the Public Health Institute (PHI), which maintains an ongoing demonstration project, "Advancing the State of the Art in

Community Benefit." PHI has provided the San Francisco Charity Care Project with useful principals for community benefit strategic planning and accountability. The Department hopes to continue to work with San Francisco's hospitals to promote the principles of PHI and improve local programs for those populations otherwise served by charity care.

Recommendation: The Charity Care Project should continue to standardize, analyze, and apply reported data on charity care and other community benefits, collaborating with Building a Healthy San Francisco, and promoting institutional reforms and community benefits standards recommended by the Public Health Institute in its ongoing demonstration project, Advancing the State of the Art in Community Benefit.