

**Montana's Hospitals: Issues and Facts Related to the Charitable Purposes  
of our Hospitals and the Protection of Montana Consumers  
June 2010**

**Overview**

**Charity care is increasing but varies widely across hospitals.**

- Large hospitals have increased charity care significantly over the three years covered by the reports, from a median 1.57% of their budgets (about 35% of their surplus “profits”) in 2006 to 2.43% of their budgets (about 64% of their surplus “profits”) in 2008. Tables 5(A) & (B)
- Four hospitals – St. James in Butte, Billings Clinic, St. Patrick in Missoula, and Benefis in Great Falls – provide the highest levels of charity care. Tables 5(A) & (B)
- The variation in charity care among hospitals reflects the differences in charity care policies, where the most liberal policies (charity care begins at 400% of poverty level with a full write-off at 200%) are twice as generous as the most strict policies (200% and 100%, respectively).

Table 2

- Smaller hospitals show a lower level of charity care overall, and even more variation in charity care policies. Tables 2 & 3
- Charity policies are strongly correlated to charity care approvals, and some hospitals could better communicate those policies to consumers. Based on a review of the readability and online availability of the hospitals’ charity care policies, the report concludes that “Clearly, hospitals have an opportunity to better communicate their charity policies.”
- Uncompensated care (the total of charity care and bad debt) as a share of hospital budgets ranges from less than 3% to more than 10%, but it is in the interest of all hospitals to ensure that all qualified patients are provided charity care rather than incurring bad debts. Tables 11 & 12

**Some “community benefits” are vaguely defined and are overtaking basic charity care.**

Charity care and unreimbursed Medicaid costs are clear indicators of a hospital’s public benefit, and are the primary forms of community benefit provided by most hospitals. However, more vague categories of “community benefits” predominate at some hospitals.

- Traditional charity care now amounts to only a fraction of hospitals’ total tax exemption value compared to community benefits. Table 9
- Several large hospitals spend millions more on “subsidized health services” than they spend on charity care, but those services are not specified and, in practice, the benefit provided by these services is unclear. Appendices 2 & 5
- Smaller hospitals show a similar divergence between those focused on direct charity care and those focused on subsidized health services. Appendices 3 & 5

**Pricing remains confusing and varies widely.**

The [MHA website](#) provides basic hospital pricing information through [Montana Hospital Pricepoint](#). However, it is still difficult to compare pricing across hospitals. It may be impractical to comparison shop for emergency procedures, but there are significant price differences for the most common causes of hospitalization. Some treatments may cost twice as much on average at one hospital over another. Appendix 4.

**Hospital foundations provide mixed benefits for their donations.**

Hospital foundations are charities that direct community donations to supporting the community hospital. Many provide millions of dollars in annual grants to support specific services. Some of them, however, make more efficient use of donors' dollars than others.

- Donors should scrutinize large hospital foundations to ensure that they are making the most of charitable contributions. Table 14.
- Basic national guidelines for foundations, such as those suggested by [Charity Navigator](#), recommend that “the most efficient charities spend at least 75% of their budget on their programs and services and less than 25% on fundraising and administrative fees.”
- Four large hospital foundations spent less than the 65% of their budgets on programs supporting their hospitals, with the remainder going to overhead and fundraising. Two of these foundations spent under 30% of their budgets on these programs, and one foundation spent nearly forty cents on the dollar of its donations on fundraising.