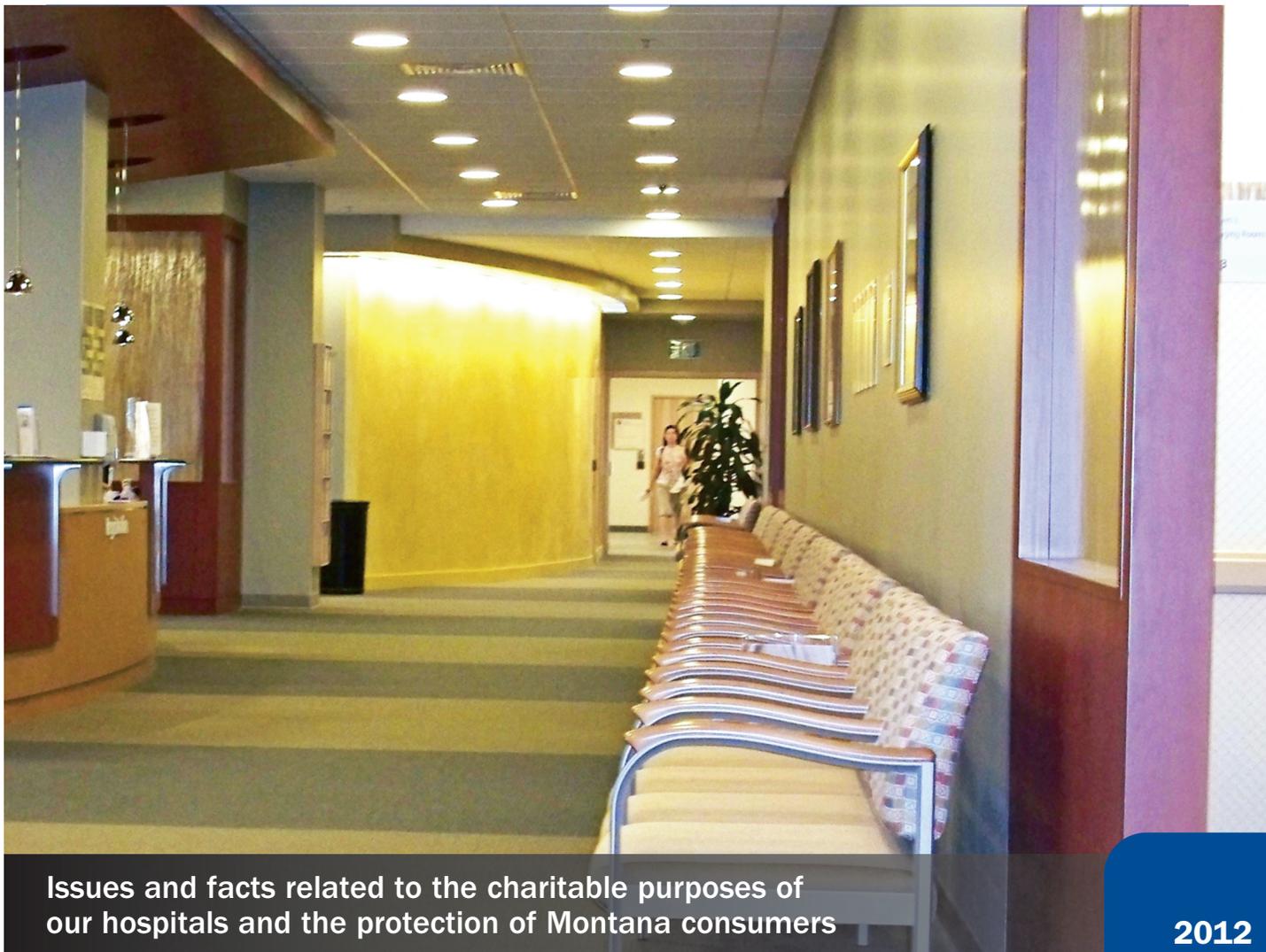


MONTANA'S HOSPITALS:



Issues and facts related to the charitable purposes of our hospitals and the protection of Montana consumers

2012

Fifth Annual Report prepared for Montana Attorney General Steve Bullock



MONTANA OFFICE OF CONSUMER PROTECTION

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August 2012

The first *Montana Hospitals Report* was initiated by Attorney General Mike McGrath and published in January 2008. At the time, Attorney General McGrath wrote that it was his hope that the report would “provide a valuable starting point for an informed public policy discussion on the health care concerns so important to our quality of life in Montana.”

Five years later, the wealth of information summarized in the series of annual hospital reports undertaken by Larry White from The University of Montana has helped inform the public debate by shining a light on the charity care and other community benefits provided by the 10 major nonprofit hospitals in Montana. Along the way, the reports have expanded to include an analysis of 12 small critical access hospitals, as well as hospital foundations.

I would like to acknowledge and thank Larry White and his team for the significant contribution their work has made to our understanding of the role Montana’s nonprofit hospitals play in providing health care in our communities.

With this fifth report, we are beginning to see some clear trends emerging.

Charity care applications have increased substantially. In the three years from 2008 to 2010, the number of applications for charity care received by the study hospitals increased dramatically, from 27,200 in 2008; to 41,600 in 2009; and to 46,800 in 2010. This is likely related to both increased need and awareness, since the economic downturn associated with the Great Recession of 2008 coincided with efforts by Montana hospitals to improve access to their charity policies and application forms online. Over this same three-year period, the overall approval rate for charity applications declined from 93% in 2008 to 90% in 2010.

The first *Montana Hospitals Report* found that in fiscal year 2006, the 10 large hospitals provided \$33.56 million in charity care. In this fifth report, for fiscal year 2010, the amount of charity care those hospitals provided had reached \$61.41 million. When adjusted for inflation (based on the overall CPI), that represents an increase from \$33.56 million to \$56.78 million – a 70% increase over the five-year span of the reports (shown in Graph 3 on page 14).

In 2010, Montana's nonprofit hospitals reported almost \$195 million in community benefits in return for total tax exemptions valued at \$58 million. As the report notes, the composition of the community benefits provided continues to change from year to year for various reasons. This report notes that significantly, for the first time, the costs of subsidized services exceeded charity care for the large hospitals. In FY 2010, the large hospitals reported 33% more in subsidized services costs than in the previous year; small hospitals had a 52% increase.

Much of this increase in subsidized services can be attributed to certain hospitals claiming the costs of their physician clinics. St. Peter's Hospital in Helena claimed \$5.06 million, Bozeman Deaconess \$5.69 million and Community Medical Center in Missoula \$4.26 million for their hospital-owned medical practices located within their metropolitan areas. This relatively recent development reflects changes in the way health care services are provided for many Montanans.

As the report notes, this trend in claiming hospital-owned physician clinics as a community benefit – and its implications for the extent to which Montana's nonprofit hospitals are fulfilling their charitable purposes – is “appropriately a matter of concern and attention.” Thus, this is a subject that merits consideration by hospital management and boards of directors.

As I have noted in previous years, Montana's hospitals provide invaluable, essential services. They are to be commended for the increases in charity care they provide to Montanans. In a changing health care environment, it is essential that our hospitals continue to offer charity care to those in need.

Sincerely,

A handwritten signature in black ink, appearing to read 'S. Bullock', with a long horizontal flourish extending to the right.

STEVE BULLOCK
Attorney General

**Montana's Hospitals: Issues and Facts Related to the Charitable
Purposes of Our Hospitals and the Protection of Montana Consumers
Fifth Annual Report**

Prepared for Montana Attorney General

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By

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I. INTRODUCTION

Nonprofit hospitals are subject to state laws governing nonprofit corporations, and as such, must operate to benefit the public as a whole, and not any class of private individuals such as hospital directors, officers or employees. They are further required by Internal Revenue Service (IRS) regulation to provide a “community benefit” in return for their exemption from paying income taxes. An exemption from property tax as well as income tax is usually also granted by state and local governments to nonprofit hospitals that obtain the federal designation as 501(c)(3) charitable organizations. Federal regulations do not require that a specific amount of community benefit be furnished in exchange for its tax exemption, but the expectation is that the benefits provided will be proportionate to the value of the tax exemption.¹

This report is the fifth in a series that analyzes the community benefits provided by the 22 largest nonprofit hospitals.² This year’s report focuses more specifically than previous reports on the apparent growth in “subsidized services” as a claimed community benefit by the hospitals. Like prior years, this report also focuses on charity care. As in the past, the report also examines certain aspects of hospital collection practices, their prices for selected services and their foundations.

NOTE: The data upon which this report is based are taken from information provided by the hospitals about their fiscal year that ended in 2010 and from prior years.

Of Montana’s 60 hospitals, 46 are designated as nonprofit (11 are local government sponsored and three are for profit). In the study group of 22 hospitals, 10 are classified as Prospective Payment System (PPS) hospitals by the federal government and 12 have the federal designation Critical Access Hospital (CAH). For this report, the PPS hospitals are referred to as “large hospitals” and the CAH facilities are referred to as “small hospitals.”

Table 1 is a list of the study hospitals.

¹ In 1956 the Internal Revenue Service requirements for a hospital to qualify as tax exempt stated, very simply, that a hospital must “...provide charity care to the extent of its financial ability.” In the years following the enactment of Medicare and Medicaid, the regulations became less specific as the “community benefit” standard was introduced. In so many words, federal law reflects an expectation that tax exempt hospitals will provide a community benefit proportionate to the value of their tax exemption.

² The four previous reports can be accessed at the Montana Department of Justice website at <https://doj.mt.gov/consumer/for-consumers/montana-hospitals/>

Table 1
Montana Hospitals – 2010 Community Benefits Study

LARGE (PROSPECTIVE PAYMENT SYSTEM) HOSPITALS	SMALL (CRITICAL ACCESS) HOSPITALS
FACILITY NAME/CITY	FACILITY NAME/CITY
BENEFIS GREAT FALLS	CENTRAL MT MED. CENTER LEWISTOWN
BILLINGS CLINIC	COMMUNITY OF ANACONDA
BOZEMAN DEACONESS	FRANCIS MAHON DEAC. GLASGOW
COMMUNITY MED. CTR. MISSOULA	GLENDIVE MEDICAL CENTER
NORTHERN MT MED CTR HAVRE	HOLY ROSARY MILES CITY
NORTHWEST HEALTHCARE KALISPELL	LIVINGSTON HEALTHCARE
ST. JAMES BUTTE	MARCUS DALY MEMORIAL HAMILTON
ST. PATRICK MISSOULA	NORTH VALLEY WHITEFISH
ST. PETER HELENA	SIDNEY HEALTH CENTER
ST. VINCENT BILLINGS	ST. JOHN'S LUTHERAN LIBBY
	ST. JOSEPH POLSON
	ST. LUKE COMMUNITY RONAN

II. COMMUNITY BENEFIT IN RETURN FOR TAX EXEMPTION

To obtain a “big picture” perspective of the economic exchange society makes by granting tax exempt status to Montana hospitals, we compare the value of the nonprofit hospitals’ tax exemptions to the costs of the community benefits provided. We calculate the value of the tax exemption for both operating income (patient care activities) and total income (includes non-operating income such as investment earnings and rental income) because total income can vary significantly from year to year.

Table 2 shows this comparison and reveals that, in 2010, for large and small hospitals combined, community benefits costs increased over Fiscal Year (FY) 2009 by \$31.7 million. As shown in the last column in Table 2, the study hospitals provided median benefits of approximately three times the value of their tax exemption on total income.³ The detail behind this calculation is shown in Appendix 1. Graph 1 traces the trend comparing community benefit to tax exemption over a four-year period for large hospitals and three years for small hospitals. Although the relationships vary due to income fluctuations, the hospitals show an overall upward trend in community benefit contributions as a percentage of tax exemptions over the years of the study.

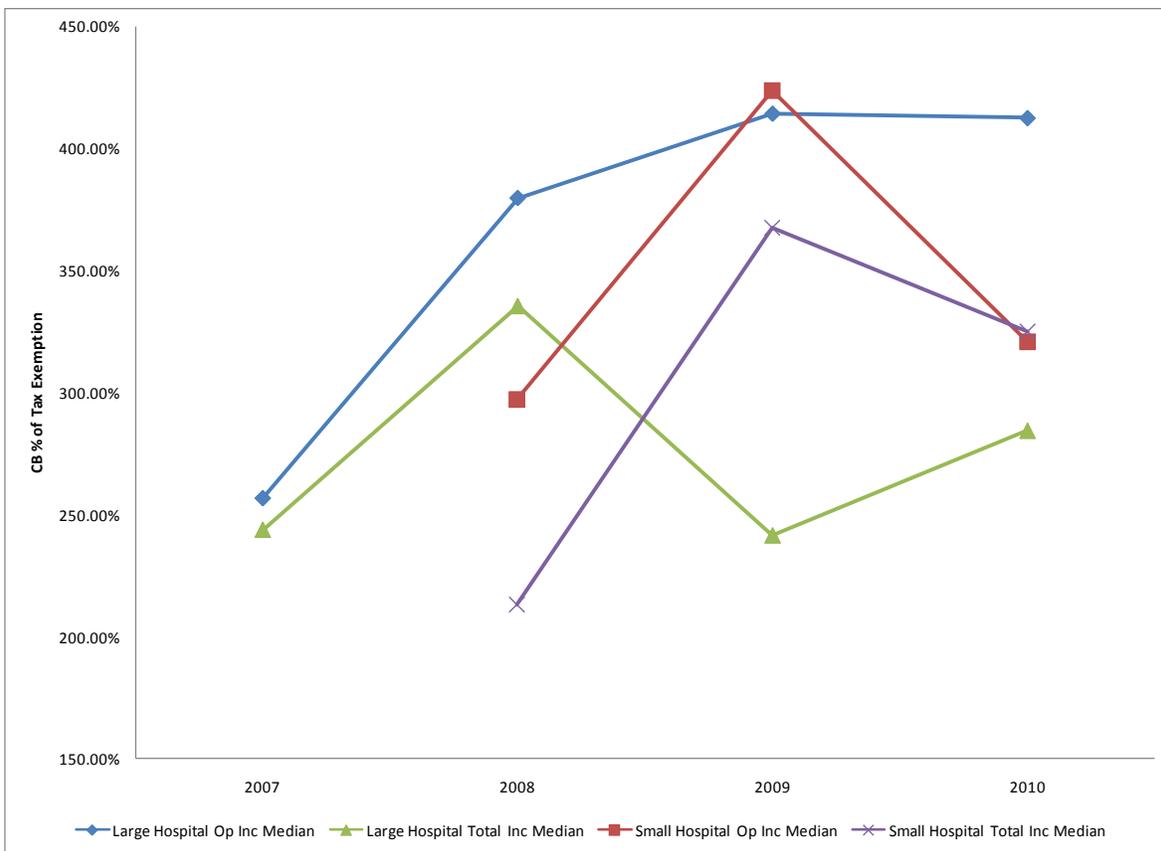
³ As discussed later in this report, the total community benefits may be overstated by the failure of some hospitals to remove the costs of charity care, bad debts and/or Medicaid costs from the costs of subsidized services, as required by applicable regulations. Regardless of this irregularity in the data, there is no question that the median benefits substantially exceed the value of the tax exemptions received by the hospitals.

Table 2
Community Benefit Cost Compared to Value of Tax Exemption - 2010

FACILITY	TOTAL COMMUNITY BENEFIT COST	VALUE TAX EXEMPTION OPR.INC.	OPR.INC COMMUNITY BENEFIT % TAX EXEMPTION	VALUE TAX EXEMPTION TOTAL INC.	TOTAL INC. COMMUNITY BENEFIT % TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 16,425,702	\$ 7,985,573	206%	\$ 8,638,887	190%
BILLINGS CLINIC	\$ 32,587,066	\$ 8,287,081	393%	\$ 12,170,123	268%
BOZEMAN DEACONESS HOSPITAL	\$ 15,899,932	\$ 4,374,784	363%	\$ 5,589,594	284%
COMMUNITY MED. CTR. MISSOULA	\$ 7,833,215	\$ 2,187,200	358%	\$ 3,035,746	258%
NORTHERN MT MED CTR HAVRE	\$ 3,896,639	\$ 124,458	3131%	\$ 382,705	1018%
NORTHWEST HEALTHCARE (KRH)	\$ 14,880,089	\$ 2,982,480	499%	\$ 6,431,654	231%
ST. JAMES BUTTE	\$ 6,782,251	\$ (2,799,930)	*	\$ (2,727,492)	*
ST. PATRICK MISSOULA	\$ 28,708,598	\$ 6,641,907	432%	\$ 7,339,819	391%
ST. PETER HELENA	\$ 14,192,992	\$ 2,579,833	550%	\$ 4,481,815	317%
ST. VINCENT BILLINGS	\$ 25,038,959	\$ (105,217)	*	\$ 6,687,332	374%
2010 Total/Median	\$ 166,245,443	\$ 32,258,169	413%	\$ 52,030,182	284%
2009 Total/Median	\$ 141,524,190	\$ 38,261,088	415%	\$ 34,739,561	242%
CENTRAL MT MEDICAL CENTER	\$ 1,321,202	\$ 22,160	5962%	\$ 54,694	2416%
COMM. HOSPITAL OF ANACONDA	\$ 2,571,702	\$ 365,209	704%	\$ 497,960	516%
FRANCIS MAHON DEAC. HOSPITAL	\$ 3,648,862	\$ 1,044,687	349%	\$ 1,252,535	291%
GLENDIVE MEDICAL CENTER	\$ 2,356,665	\$ 734,950	321%	\$ 656,953	359%
HOLY ROSARY MILES CITY	\$ 3,659,134	\$ (668,701)	*	\$ (683,158)	*
LIVINGSTON HEALTHCARE	\$ 643,545	\$ (399,907)	*	\$ (283,809)	*
MARCUS DALY MEMORIAL HOSPITAL	\$ 1,079,182	\$ 1,268,132	85%	\$ 1,390,822	78%
NORTH VALLEY HOSPITAL	\$ 611,587	\$ 211,892	289%	\$ 495,181	124%
SIDNEY HEALTH CENTER	\$ 7,121,274	\$ (113,022)	*	\$ 271,491	2623%
ST. JOHN'S LUTHERAN HOSPITAL	\$ 3,119,823	\$ 394,481	791%	\$ 523,626	596%
ST. JOSEPH HOSPITAL	\$ 840,256	\$ 339,961	247%	\$ 356,457	236%
ST. LUKE COMMUNITY HOSPITAL	\$ 940,381	\$ 1,324,303	71%	\$ 1,769,283	53%
2010 Total/Median	\$ 27,913,613	\$ 4,524,144	321%	\$ 6,302,035	325%
2009 Total/Median	\$ 23,521,486	\$ 2,791,769	344%	\$ 3,703,661	478%

* Not calculated due to loss

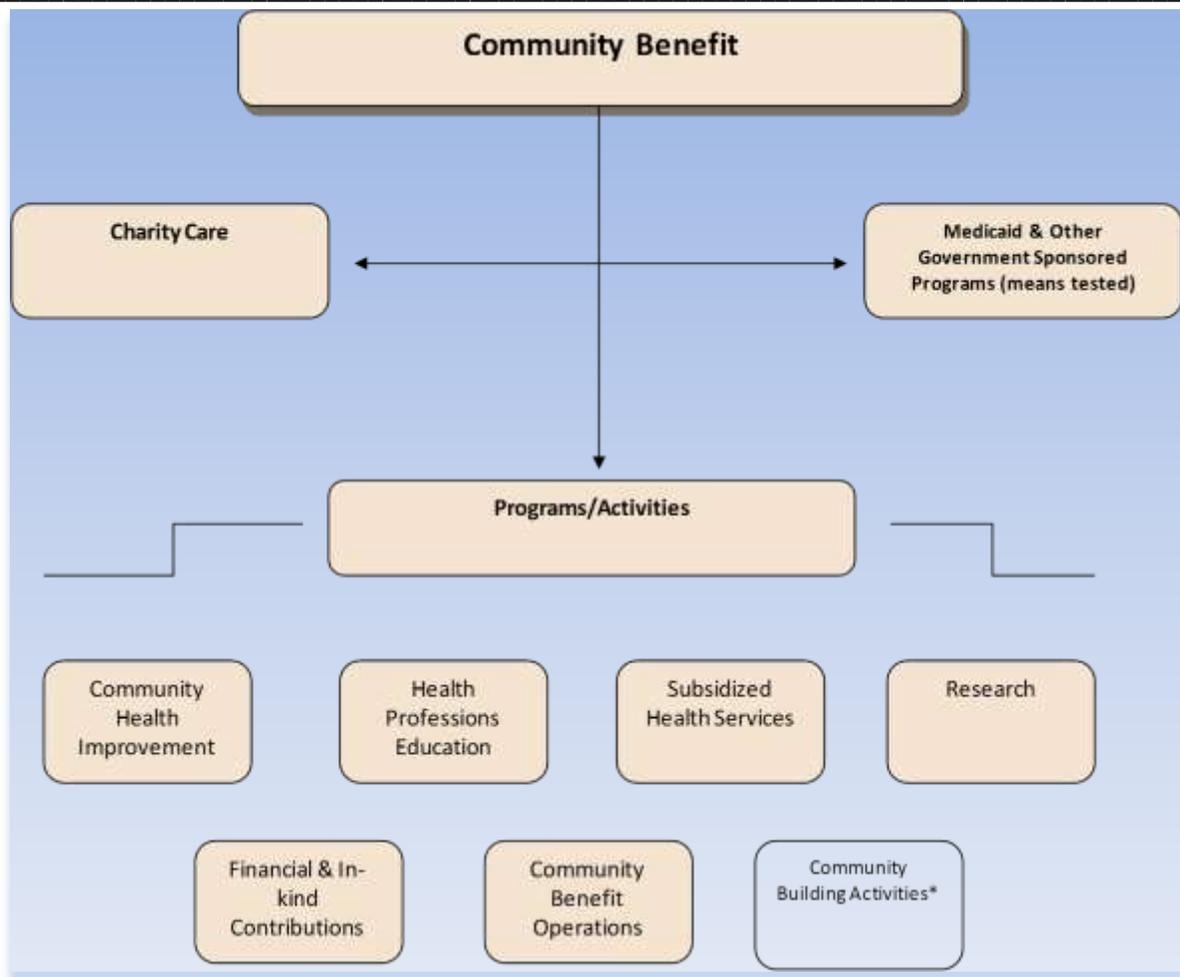
Graph 1
Trends in Community Benefit Compared to Tax Exemption



III. COMMUNITY BENEFITS

As Table 2 shows, the study hospitals collectively reported almost \$200 million in community benefits in FY 2010. We will now examine the details that support this amount. To do so, we first must understand what the IRS allows hospitals to include when calculating the cost of community benefits. Appendix 2 provides a description of each of the categories of community benefits, which are shown in the following diagram.⁴

⁴ Taken from Julie Trocchio, "Thinking Strategically About Community Benefit," ACHE Congress on Leadership, March 2011.



* Included in Montana community benefits (See Appendix 2)

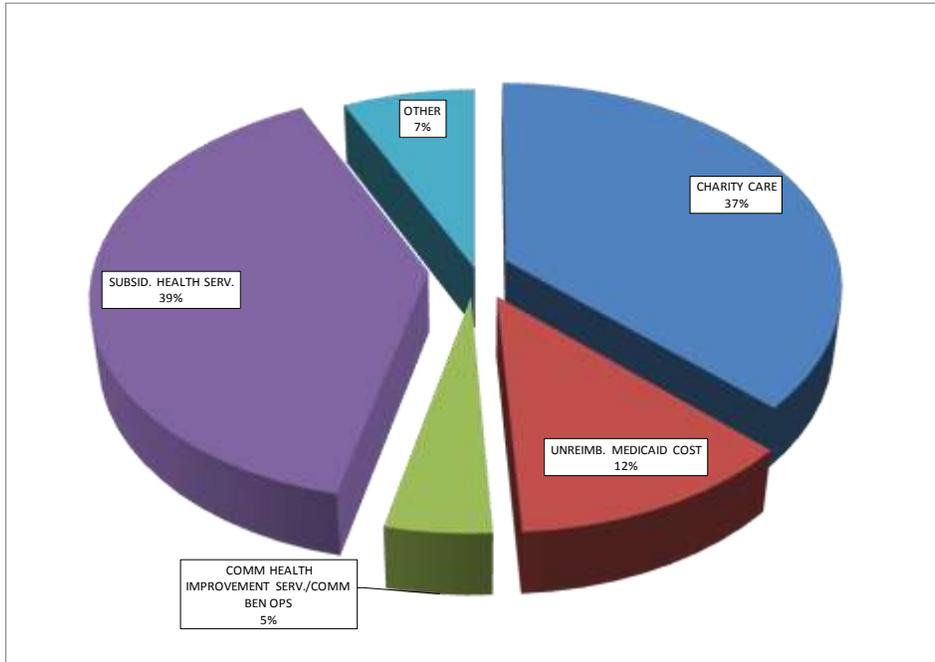
Community Benefit - Percent Operating Expense: Because hospitals vary so greatly in size, comparing the amount of community benefits among and between hospitals is best done as a percentage of the hospitals' operating expenses. Table 3 provides this comparison. The reader can see the variation from highest to lowest percent of operating cost. This variation is greatest for the smaller hospitals and is perhaps due to their variation in recording subsidized services as a community benefit. This topic will be developed further in section V.

Table 3
Community Benefit Percent Operating Cost and Total – 2010

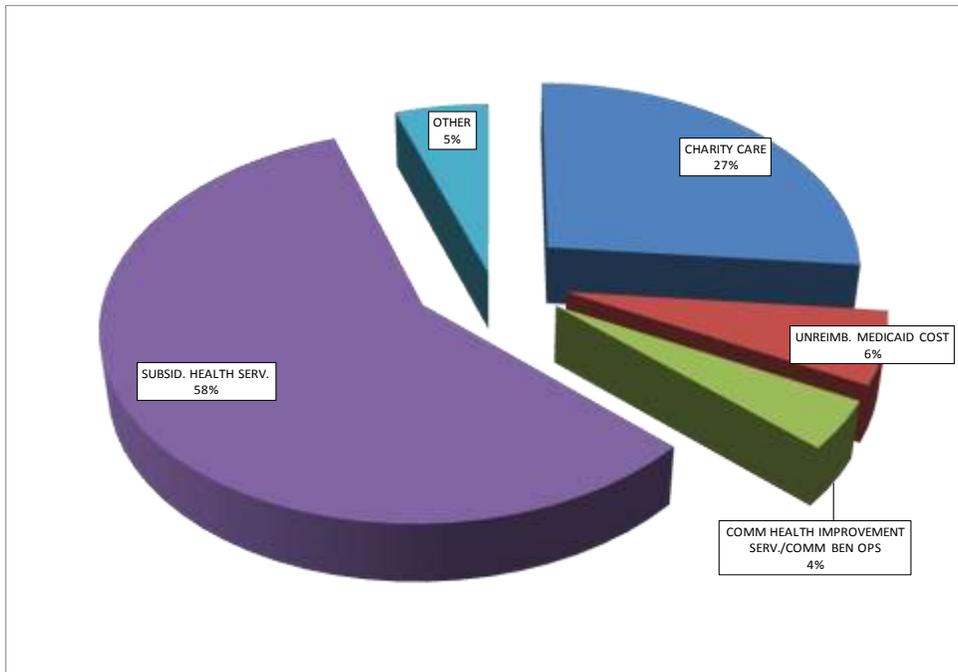
FACILITY	CB% OPERATING EXPENSE	TOTAL COMMUNITY BENEFIT COSTS
ST. PATRICK MISSOULA	13.22%	\$ 28,708,598
ST. PETER HELENA	10.94%	\$ 14,192,992
BOZEMAN DEACONESS HOSPITAL	10.46%	\$ 15,899,932
ST. VINCENT BILLINGS	8.21%	\$ 25,038,959
NORTHERN MT MED CTR HAVRE	7.48%	\$ 3,896,639
ST. JAMES BUTTE	7.27%	\$ 6,782,251
BILLINGS CLINIC	6.77%	\$ 32,587,066
NORTHWEST HEALTHCARE (KRH)	6.64%	\$ 14,880,089
COMMUNITY MED. CTR. MISSOULA	5.84%	\$ 7,833,215
BENEFIS GREAT FALLS	5.43%	\$ 16,425,702
Median/Total	7.37%	\$ 166,245,443
SIDNEY HEALTH CENTER	17.19%	\$ 7,121,274
FRANCIS MAHON DEAC. HOSPITAL	14.26%	\$ 3,648,862
ST. JOHN'S LUTHERAN HOSPITAL	12.84%	\$ 3,119,823
HOLY ROSARY MILES CITY	9.49%	\$ 3,659,134
COMM. HOSPITAL OF ANACONDA	9.12%	\$ 2,571,702
GLENDIVE MEDICAL CENTER	6.45%	\$ 2,356,665
CENTRAL MT MEDICAL CENTER	5.20%	\$ 1,321,202
ST. JOSEPH HOSPITAL	3.51%	\$ 840,256
ST. LUKE COMMUNITY HOSPITAL	2.72%	\$ 940,381
MARCUS DALY MEMORIAL HOSPITAL	2.42%	\$ 1,079,182
LIVINGSTON HEALTHCARE	1.88%	\$ 643,545
NORTH VALLEY HOSPITAL	1.73%	\$ 611,587
Median/Total	5.83%	\$ 27,913,613

Community Benefits – Detail: Although there are nine categories that comprise the total community benefits cost, four categories comprise the majority of all costs: (1) charity care, (2) Medicaid costs, (3) community health improvement, and (4) subsidized health services. Graph 2 displays the proportion of these costs for the study hospitals and Appendix 3 provides the specific amounts for all community benefit costs.

Graph 2A
Large Hospital Selected Community Benefits Costs – 2010



Graph 2B
Small Hospital Selected Community Benefits Costs – 2010



Significantly, for the first time, costs of subsidized services exceeded charity care for the large hospitals in FY 2010.

While individual small hospitals vary substantially in how they report subsidized services, as a group subsidized services in small hospitals are more than two times the cost of charity care. The proportion of Medicaid costs in small hospitals is also much lower than in large hospitals because, as critical access hospitals, they are reimbursed the cost of this care. We now examine in depth the two largest categories in Graph 2 - charity care and subsidized services.

IV. CHARITY CARE

As has been stated in this report in prior years, charity care is regarded as the most important community benefit that nonprofit hospitals can provide. Accordingly, this section of the report will analyze several aspects of charity care at the study hospitals.

Charity Care Policies: In 2007, the IRS published new regulations governing hospital community benefits that require hospitals to have a charity care policy and that they publicize it. Our analysis of these policies over the past five years shows that five of the 10 large hospitals have made their financial assistance policies more liberal but no changes were made since last year's report (i.e., the large hospitals' policies remained unchanged from FY 2009 to FY 2010). The changes in policy at the small hospitals have been tracked for three years. In 2010, St. John's Lutheran Hospital joined North Valley and Francis Mahon Deaconess in liberalizing its policies.

Hospitals use the poverty line established by Federal Poverty Guidelines (FPG) to establish need. In 2009, for a family of four, the poverty line was \$22,050. Montana's hospitals structure their charity policies on a sliding scale such that financial assistance begins with a 10% discount and progresses to a write off of 100% as a family's level of poverty approaches the FPG.

Tables 4A and 4B display the lower and upper limits of the hospitals' charity policies. The shaded areas highlight changes.

We inspected hospitals' policies for provisions that take into account circumstances involving catastrophic or unusual situations where a family may still be eligible for charity care even if their income level is above the guidelines set by the hospital's policy. As in FY 2009, all of the large hospitals' policies provide for such circumstances. Some institutions, like Billings Clinic, clearly define what circumstances would qualify as catastrophic. New language to their policy this year provides that catastrophic medical debt will be defined as medical debt that is greater than 25% of the patient's annual family income. All Billings Clinic debt in excess of the 25% would be treated as charity care. Other institutions provide more general language such as Northern Montana Medical Center in Havre, which includes charity policy language that says a catastrophic situation occurs when circumstances indicate severe financial hardship or personal loss as determined by the hospital. Also, five of the 12 smaller institutions include language allowing for catastrophic or unusual circumstances.

Table 4A
Large Hospital 2010 Charity Policy and Five-Year Changes

FACILITY	% FPG CHARITY CARE BEGINS 2006	% FPG CHARITY BEGINS 2010	% FPG FOR FULL WRITE OFF 2006	% FPG FOR FULL WRITE OFF 2010
BENEFIS GREAT FALLS	200%	220%	150%	180%
BILLINGS CLINIC	300%	300%	110%	120%
BOZEMAN DEACONESS HOSPITAL	200%	250%	100%	150%
COMMUNITY MED. CTR. MISSOULA	300%	300%	200%	200%
NORTHERN MT MED CTR HAVRE	200%	200%	100%	100%
NORTHWEST HEALTHCARE (KRH)	200%	300%	125%	150%
ST. JAMES BUTTE	400%	400%	200%	200%
ST. PATRICK MISSOULA	400%	400%	200%	200%
ST. PETER HELENA	200%	250%	125%	150%
ST. VINCENT BILLINGS	400%	400%	200%	200%
Average	280%	302%	151%	165%

Table 4B
Small Hospital Charity Policy and Three-Year Changes

FACILITY	% FPG CHARITY BEGINS 2008	% FPG CHARITY BEGINS 2010	% FPG FOR FULL WRITE OFF 2008	% FPG FOR FULL WRITE OFF 2010
CENTRAL MT MEDICAL CENTER	300%	300%	150%	100%
COMM. HOSPITAL OF ANACONDA	200%	220%	100%	130%
FRANCIS MAHON DEAC. HOSPITAL	175%	200%	100%	100%
GLENDIVE MEDICAL CENTER	200%	200%	100%	100%
HOLY ROSARY MILES CITY	400%	400%	200%	200%
LIVINGSTON HEALTHCARE	200%	200%	100%	100%
MARCUS DALY MEMORIAL HOSPITAL	200%	200%	100%	100%
NORTH VALLEY HOSPITAL	200%	200%	50%	100%
SIDNEY HEALTH CENTER	175%	175%	100%	100%
ST. JOHN'S LUTHERAN HOSPITAL	200%	250%	100%	100%
ST. JOSEPH HOSPITAL	400%	400%	200%	200%
ST. LUKE COMMUNITY HOSPITAL	300%	300%	150%	150%
Average	246%	254%	121%	123%

Access to Charity Care Information: Similar to FY 2009, all but one of the large hospitals, Northern Montana Medical Center, provided some information about financial assistance on their website. This information could be found by doing a search for “financial assistance” (except one, Bozeman Deaconess). It could also be found by doing a Google search (“hospital name, financial assistance policy”). Additionally, the large hospitals that did provide information also provided a link to a downloadable financial assistance application.

This year, 10 of the 12 small facilities provided financial assistance or charity care information on their websites, with additions this year by Community Hospital of Anaconda and North Valley Hospital of Whitefish. While it was less likely that a search for financial assistance could be performed on small hospitals’ websites, results for financial assistance information were successful for three of the hospitals. Additionally, for six of the small hospitals that did not provide a search function, there was a clearly marked link to financial assistance on the home page. For nine of the small hospitals, it was also possible to do a Google search for financial assistance information and receive a link to a downloadable financial assistance application.

Charity Care Approvals: To evaluate charity approval rates among hospitals, we compare the number of applications approved to the number of patients the hospital served. “Adjusted patient days” is a volume measure that combines inpatient and outpatient care, thus capturing the total workload of the facility.

Table 5 displays the number of approved charity applications per 1000 adjusted patient days. For the second year in a row, the number of charity applications for all hospitals grew (a 66% increase in two years). The approval rate of charity applications remained about the same overall. Bozeman Deaconess reported a dramatic increase in both the number of applications received and in approval rate compared to FY 2009. The number of applications jumped from 1,015 in 2009 to 4,823 in 2010, and the approval rate rose from 86% to 98%.

Table 5⁵
Approved Charity Applications per 1000 Adjusted Patient Days - 2010

FACILITY NAME/CITY	APPROVALS Per 1000 ADJ. PATIENT DAYS	TOTAL CHARITY APPLICATIONS	CHARITY APPLICATIONS APPROVED	PERCENT APPROVED	AVG. COST PER CHARITY CASE APPROVED
BOZEMAN DEACONESS HOSPITAL	117.97	4823	4742	98%	\$ 1,009
NORTHWEST HEALTHCARE (KRH)	80.80	5907	5367	91%	\$ 614
COMMUNITY MED. CTR. MISSOULA	72.50	3562	3259	91%	\$ 415
BENEFIS GREAT FALLS	69.18	7509	7261	97%	\$ 1,121
ST. PATRICK MISSOULA	54.12	4713	3976	84%	\$ 2,809
BILLINGS CLINIC	46.74	10583	8933	84%	\$ 1,526
ST. PETER HELENA	36.29	2371	2113	89%	\$ 1,218
ST. VINCENT BILLINGS	25.09	2300	2215	96%	\$ 5,584
ST. JAMES BUTTE	23.60	700	667	95%	\$ 5,112
NORTHERN MT MED CTR HAVRE	19.21	294	267	91%	\$ 2,616
2010 Average/Totals	54.55	42762	38800	92%	\$ 2,202
2009 Average/Totals	57.43	38093	35400	92%	\$ 1,637
NORTH VALLEY HOSPITAL	57.89	735	672	91%	\$ 395
ST. JOSEPH HOSPITAL	47.83	550	490	89%	\$ 1,616
FRANCIS MAHON DEAC. HOSPITAL	40.47	392	330	84%	\$ 2,762
GLENDIVE MEDICAL CENTER	37.63	357	347	97%	\$ 1,397
LIVINGSTON HEALTHCARE	26.91	352	327	93%	\$ 1,370
ST. JOHN'S LUTHERAN HOSPITAL	23.74	263	211	80%	\$ 2,238
CENTRAL MT MEDICAL CENTER	14.76	210	194	92%	\$ 1,915
SIDNEY HEALTH CENTER	12.75	194	158	81%	\$ 6,722
COMM. HOSPITAL OF ANACONDA	11.73	176	147	84%	\$ 1,475
HOLY ROSARY MILES CITY	8.75	483	480	99%	\$ 3,870
MARCUS DALY MEMORIAL HOSPITAL	8.53	248	131	53%	\$ 2,895
ST. LUKE COMMUNITY HOSPITAL	1.22	80	48	60%	\$ 2,927
2010 Average/Totals	24.35	4040	3535	84%	\$ 2,465
2009 Average/Totals	20.03	3505	3129	88%	\$ 1,611

Charity Care Costs: For large hospitals in 2010, charity care costs, when adjusted for inflation, increased by the lowest amount in five years (\$2.7million).⁶ See Graph 3, below. While the total cost of charity care grew to more than \$61 million, the median cost of charity care as a proportion of operating expenses declined slightly to 2.76%. The small hospitals recorded a decline in both the amount of charity care as well as the percent of operating expense. Table 6 contains the detail for each hospital.

⁵ Compare Table 3 in 2011 Report.

⁶ Inflation is calculated using the CPI index with 1982-1984 as the reference base.

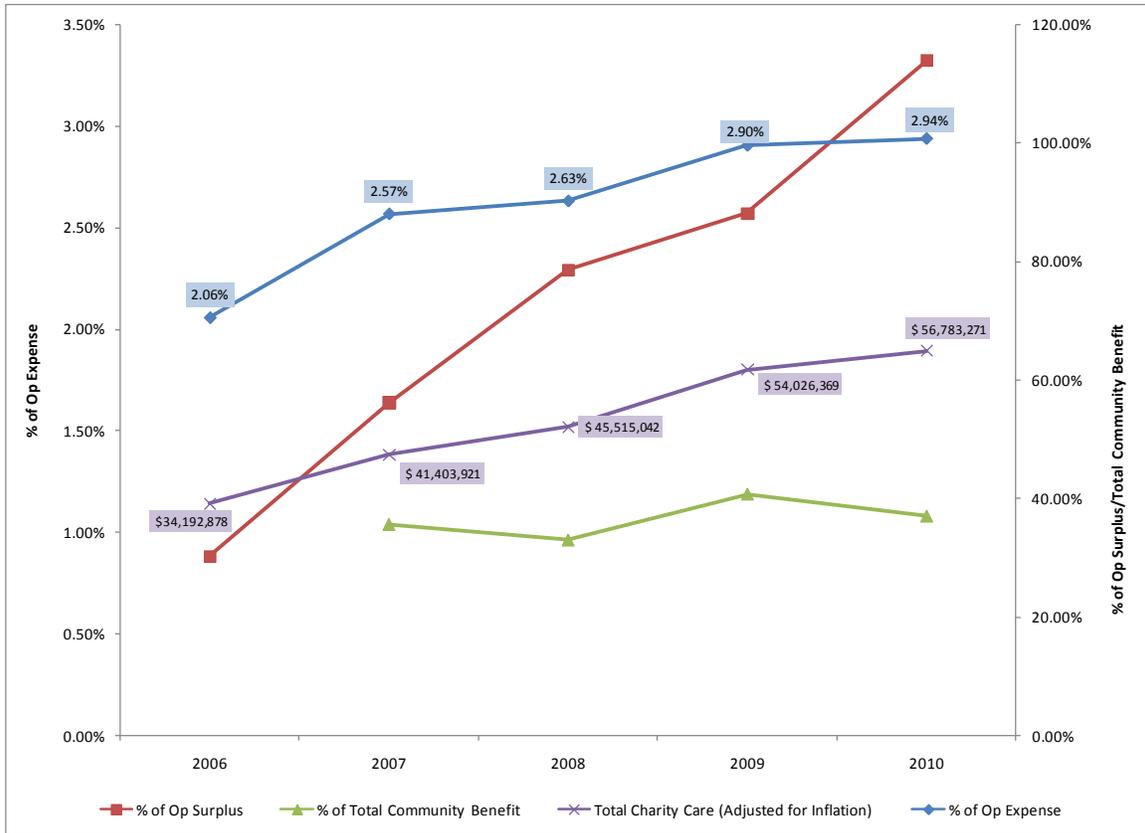
Table 6⁷
Charity Costs and Percent Operating Expense/Surplus – 2010

FACILITY NAME/CITY	CHARITY COSTS 2010	CHARITY CARE AS A PERCENT OF OP. EXPENSE	CHARITY CARE % OP. SURPLUS
ST. PATRICK MISSOULA	\$ 11,167,329	5.14%	82.20%
ST. VINCENT BILLINGS	\$ 12,367,798	4.05%	*
ST. JAMES BUTTE	\$ 3,409,521	3.66%	*
BOZEMAN DEACONESS HOSPITAL	\$ 4,785,351	3.15%	48.75%
BILLINGS CLINIC	\$ 13,635,106	2.83%	104.61%
BENEFIS GREAT FALLS	\$ 8,136,269	2.69%	75.66%
ST. PETER HELENA	\$ 2,572,693	1.98%	55.89%
NORTHWEST HEALTHCARE (KRH)	\$ 3,294,444	1.47%	50.28%
NORTHERN MT MED CTR HAVRE	\$ 698,516	1.34%	218.35%
COMMUNITY MED. CTR. MISSOULA	\$ 1,351,291	1.01%	24.00%
2010 Total/Median	\$ 61,418,318	2.76%	78.93%
2009 Total/Median	\$ 57,493,329	2.79%	62.61%
HOLY ROSARY MILES CITY	\$ 1,857,576	4.82%	*
FRANCIS MAHON DEAC. HOSPITAL	\$ 911,365	3.56%	34.41%
ST. JOSEPH HOSPITAL	\$ 792,001	3.30%	195.02%
SIDNEY HEALTH CENTER	\$ 1,062,029	2.56%	*
ST. JOHN'S LUTHERAN HOSPITAL	\$ 472,311	1.94%	47.14%
CENTRAL MT MEDICAL CENTER	\$ 371,531	1.46%	*
GLENDIVE MEDICAL CENTER	\$ 484,746	1.33%	60.45%
LIVINGSTON HEALTHCARE	\$ 448,112	1.31%	*
MARCUS DALY MEMORIAL HOSPITAL	\$ 379,251	0.85%	14.81%
COMM. HOSPITAL OF ANACONDA**	\$ 216,894	0.77%	23.32%
NORTH VALLEY HOSPITAL	\$ 265,121	0.75%	*
ST. LUKE COMMUNITY HOSPITAL	\$ 140,490	0.41%	5.21%
2010 Total/Median	\$ 7,401,427	1.40%	47.14%
2009 Total/Median	\$ 7,433,241	1.59%	40.49%

* Facility had operating loss

⁷ Compare Table 4 in 2011 Report.

Graph 3⁸
Charity Care Trends – Large Hospitals 2006-2010 Inflation Adjusted



Uncompensated Care: To calculate uncompensated care, The American Hospital Association:

...combines the hospital’s bad debt and charity care costs to arrive at the hospital’s total costs of unreimbursed care provided to medically indigent and underinsured patients. In terms of accounting, bad debt consists of services for which hospitals anticipated but did not receive payment. Charity care, in contrast, consists of services for which hospitals neither received, nor expected to receive, payment because they had determined, with the assistance of the patient, the patient’s inability to pay. In practice, however, hospitals often have difficulty in distinguishing bad debt from charity care.⁹

⁸ Compare Graph 2 in 2011 Report, which did not use inflation-adjusted dollars.

⁹ American Hospital Association, “Uncompensated Hospital Care Cost Fact Sheet,” p.2, Jan. 2012.

Whether the cost is categorized as charity or bad debt, the effect on the hospital's finances is the same: it results in free care and reduces profitability. However, bad debts are not considered community benefits by the IRS and consequently it is in the hospitals' best interest to develop and administer charity policies that maximize free or discounted care for those unable to pay. As importantly, in fulfilling their charitable obligations as nonprofit entities, hospitals should make every effort to identify those patients who would qualify for charity care, which would avoid putting financially needy patients through the added stress of collection efforts.

Table 7 displays uncompensated care costs and their percent of operating expenses. In 2010, uncompensated care for all U.S. hospitals amounted to 5.8%, according to the American Hospital Association (see footnote 10, at p. 4). This is similar to the median amount reported by Montana's large hospitals, although there is fairly significant variation among the hospitals.

Table 7¹⁰
Uncompensated Care Cost Percent of Operating Expense – 2010

FACILITY NAME/CITY	CHARITY CARE COST	BAD DEBT COST	UNCOMPENSATED CARE COST	UNCOMP. CARE % OP EXPENSES
ST. JAMES BUTTE	\$ 3,409,521	\$ 4,497,353	\$ 7,906,874	8.48%
ST. PATRICK MISSOULA	\$ 11,167,329	\$ 4,982,002	\$ 16,149,331	7.44%
BOZEMAN DEACONESS HOSPITAL	\$ 4,785,351	\$ 6,033,583	\$ 10,818,934	7.12%
BILLINGS CLINIC	\$ 13,635,106	\$ 16,604,938	\$ 30,240,044	6.28%
ST. VINCENT BILLINGS	\$ 12,367,798	\$ 6,889,780	\$ 19,257,578	6.31%
NORTHERN MT MED CTR HAVRE	\$ 698,516	\$ 2,112,876	\$ 2,811,392	5.39%
NORTHWEST HEALTHCARE (KRH)	\$ 3,294,444	\$ 7,307,587	\$ 10,602,031	4.73%
BENEFIS GREAT FALLS	\$ 8,136,269	\$ 6,940,138	\$ 15,076,407	4.98%
ST. PETER HELENA	\$ 2,572,693	\$ 3,638,273	\$ 6,210,966	4.79%
COMMUNITY MED. CTR. MISSOULA	\$ 1,351,291	\$ 3,428,153	\$ 4,779,444	3.57%
Total/Median	\$ 61,418,318	\$ 62,434,683	\$ 123,853,001	5.91%
LIVINGSTON HEALTHCARE	\$ 448,112	\$ 2,300,831	\$ 2,748,943	8.04%
HOLY ROSARY MILES CITY	\$ 1,857,576	\$ 1,138,471	\$ 2,996,047	7.77%
MARCUS DALY MEMORIAL HOSPITAL	\$ 379,251	\$ 2,666,310	\$ 3,045,561	6.84%
NORTH VALLEY HOSPITAL	\$ 265,121	\$ 1,835,364	\$ 2,100,485	5.95%
ST. JOSEPH HOSPITAL	\$ 792,001	\$ 485,081	\$ 1,277,082	5.33%
ST. JOHN'S LUTHERAN HOSPITAL	\$ 472,311	\$ 730,614	\$ 1,202,925	4.95%
SIDNEY HEALTH CENTER	\$ 1,062,029	\$ 707,769	\$ 1,769,798	4.27%
COMM. HOSPITAL OF ANACONDA	\$ 216,894	\$ 958,391	\$ 1,175,285	4.17%
ST. LUKE COMMUNITY HOSPITAL	\$ 140,490	\$ 1,290,821	\$ 1,431,311	4.14%
FRANCIS MAHON DEAC. HOSPITAL	\$ 911,365	\$ 36,478	\$ 947,843	3.70%
CENTRAL MT MEDICAL CENTER	\$ 371,531	\$ 477,758	\$ 849,289	3.34%
GLENDIVE MEDICAL CENTER	\$ 484,746	\$ 731,404	\$ 1,216,150	3.33%
Total/Median	\$ 7,401,427	\$ 13,359,292	\$ 20,760,719	5.15%

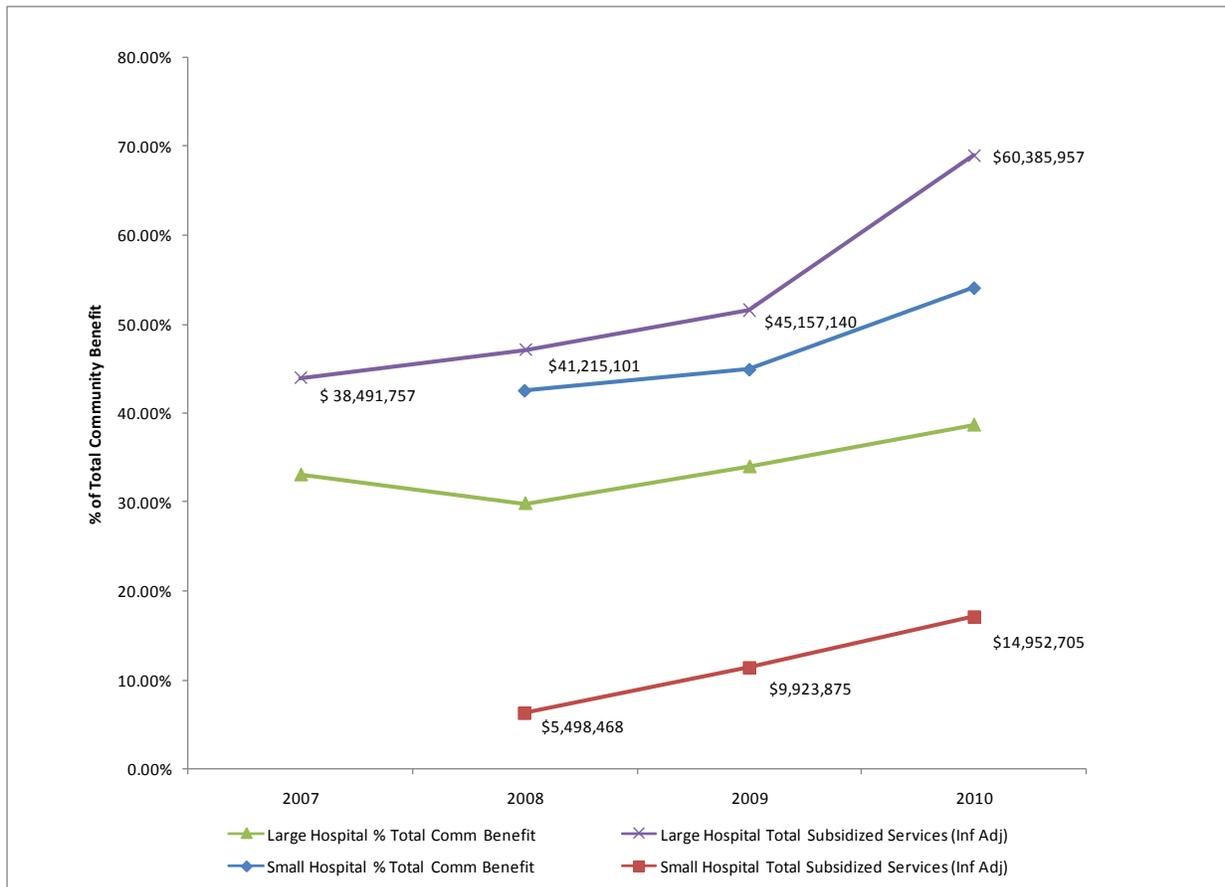
¹⁰ Compare Table 8 in 2011 Report.

The new IRS Form 990 Schedule H now asks hospitals to estimate the amount of their bad debts attributable to patients eligible for charity care. Twelve of the 22 Montana study hospitals recorded an estimate ranging from 1% to 100% with a median of 10.5%. Assuming this estimate and applying it to all bad debts, Montana hospitals would have contributed approximately \$7.9 million more in charity care in FY 2010.

V. SUBSIDIZED SERVICES

This category of community benefits now represents the largest amount reported by the study hospitals and is growing the most. In FY 2010, the large hospitals reported 33% more in subsidized services costs than the prior year; small hospitals had a 52% increase. The trends in subsidized services costs are shown in Graph 4.

**Graph 4
Trends in Subsidized Services**



Subsidized Services Categories: In an effort to understand what services hospitals are reporting as subsidized, we organized their IRS Schedule H worksheet information into Tables 8A and 8B below. Of the \$65 million reported by the large hospitals, more than \$20 million (31%) was for “Physician Clinics.” In the small hospitals, this category constituted 30% of all subsidized services.

The IRS instructions call for the costs of charity care, bad debts, and Medicaid to be deducted from the subsidized services costs (since they are reported elsewhere). Five of the large hospitals and four small hospitals failed to make some or all of these deductions in their worksheets and therefore have overstated the cost of subsidized services benefits. Given the limitations in the data available for this Report, it is not feasible to fully identify and analyze the implications of this reporting irregularity. It can safely be concluded, however, that it has resulted in some level of “double counting,” and therefore overstatement of the community benefits claimed by those hospitals.

**Table 8A
Categories of Subsidized Services – Large Hospitals – 2010**

Facility Name/City	Emergency and Trauma Services	Neonatal Intensive Care	Physician Clinics	Inpatient Units: Burn, Rehab, Other	Women's and Children's Services	Renal Dialysis Services	Subsidized Continuing Care	Behavioral Health Services	Palliative Care	Outpatient Services and Other	Total
BENEFIS GREAT FALLS	\$ -	\$ 237,535	-	\$ 73,633	\$ -	\$ 1,167,211	\$ -	\$ 154,651	\$ 1,038,691	\$ 3,317,200	\$ 5,988,921
BILLINGS CLINIC	\$ -	\$ -	\$ 3,419,816	\$ 200,436	\$ -	\$ 2,036,965	\$ 4,088,195	\$ 917,246	\$ -	\$ 735,941	\$ 11,398,599
BOZEMAN DEACONESS HOSPITAL	\$ -	\$ -	\$ 5,692,934	\$ 46,416	\$ 497,494	\$ 41,508	\$ -	\$ 672,441	\$ 201,356	\$ 431,469	\$ 7,583,618
COMMUNITY MED. CTR. MISSOULA	\$ 109,153	\$ -	\$ 4,265,191	\$ 195,389	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,280	\$ 4,740,013
NORTHERN MT MED CTR HAVRE	\$ 398,461	\$ -	\$ -	\$ 159,498	\$ 192,119	\$ 377,298	\$ 1,375,538	\$ 108,986	\$ -	\$ 119,479	\$ 2,731,379
NORTHWEST HEALTHCARE (KRH)	\$ 3,314,445	\$ -	\$ -	\$ -	\$ 640,267	\$ -	\$ -	\$ 3,065,949	\$ -	\$ 93,102	\$ 7,113,763
ST. JAMES BUTTE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,715	\$ -	\$ -	\$ 265,994	\$ 597,709
ST. PATRICK MISSOULA	\$ 5,371,334	\$ -	\$ -	\$ -	\$ 247,756	\$ 4,070,289	\$ 222,519	\$ 1,486,237	\$ 63,998	\$ 280,906	\$ 11,743,039
ST. PETER HELENA	\$ -	\$ -	\$ 5,016,592	\$ 1,889,897	\$ -	\$ -	\$ -	\$ 36,741	\$ -	\$ 1,907,993	\$ 8,851,223
ST. VINCENT BILLINGS	\$ 290,494	\$ -	\$ 1,866,594	\$ 853,836	\$ 550,406	\$ -	\$ -	\$ 488,977	\$ 170,180	\$ 269,489	\$ 4,489,976
Total	\$ 9,483,887	\$ 237,535	\$ 20,261,127	\$ 3,419,105	\$ 2,128,042	\$ 7,693,271	\$ 6,017,967	\$ 6,931,228	\$ 1,474,225	\$ 7,591,853	\$ 65,238,240

**Table 8B
Categories of Subsidized Services – Small Hospitals – 2010**

Facility Name/City	Emergency and Trauma Services	Physician Clinics	Inpatient Units: Burn, Rehab, Other	Women's and Children's Services	Subsidized Continuing Care	Behavioral Health Services	Palliative Care	Outpatient Services and Other	Total
CENTRAL MT MEDICAL CENTER	\$ 445,518	\$ 119,755	\$ -	\$ -	\$ 317,427	\$ -	\$ -	\$ -	\$ 882,700
COMM. HOSPITAL OF ANACONDA	\$ 306,771	\$ 1,734,118	\$ -	\$ 25,153	\$ 67,409	\$ -	\$ -	\$ -	\$ 2,133,451
FRANCIS MAHON DEAC. HOSPITAL	\$ 178,779	\$ 1,302,608	\$ 833,900	\$ 11,348	\$ 107,795	\$ -	\$ -	\$ 217,615	\$ 2,652,045
GLENDIVE MEDICAL CENTER	\$ 494,293	\$ -	\$ 40,273	\$ -	\$ 1,031,815	\$ 5,072	\$ -	\$ 54,397	\$ 1,625,850
HOLY ROSARY MILES CITY	\$ -	\$ 31,649	\$ -	\$ -	\$ -	\$ -	\$ 15,974	\$ -	\$ 47,623
LIVINGSTON HEALTHCARE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
MARCUS DALY MEMORIAL HOSPITAL	\$ -	\$ 266,886	\$ 13,623	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 280,509
NORTH VALLEY HOSPITAL	\$ 1,338	\$ 24,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,040
SIDNEY HEALTH CENTER	\$ 190,155	\$ 1,210,349	\$ -	\$ 297,227	\$ 4,232,071	\$ -	\$ -	\$ 30,518	\$ 5,960,320
ST. JOHN'S LUTHERAN HOSPITAL	\$ 2,133,347	\$ 111,541	\$ 322,946	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,567,834
ST. JOSEPH HOSPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ST. LUKE COMMUNITY HOSPITAL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 3,750,201	\$ 4,801,608	\$ 1,210,742	\$ 333,728	\$ 5,756,517	\$ 5,072	\$ 15,974	\$ 302,530	\$ 16,176,372

Subsidized Services – Physician Clinics: Due to the amount of subsidized services claimed under “Physician Clinics” and the ambiguity of the IRS instructions on what physician clinics qualify as a subsidized service community benefit, we asked the hospitals for the IRS Schedule H worksheets for each clinic they claim as subsidized. Using this and other information in the Form 990, we assembled the

information in Appendix 4A-4B, which displays each of the physician clinic/outpatient services claimed by each facility.

The IRS and other guidance available regarding subsidized services were used in an attempt to evaluate the eligibility of the entries. Specific attention was paid to these points:

- IRS Worksheet 6 guidance, which states “subsidized health services generally include...satellite clinics designed to serve low-income communities”¹¹

- VHA/CHA reporting guidance, which states “subsidized health services...are provided despite a negative margin because they are needed in the community and other providers are unwilling to provide the services, or the services would otherwise not be able to meet patient demand”

This guidance goes on to say “...the category of subsidized services is not a ‘catch-all’ category for any services that operate at a loss. Care needs to be taken to ascertain whether the negative contribution margin is truly community benefit.”¹²

The information submitted by two large hospitals (Billings Clinic and St. Vincent) about physician clinics was sufficient to conclude that the amounts claimed as subsidized fit the definitions provided in the cited guidance (see Appendix 4A).

Three facilities, Bozeman Deaconess, Community Medical Center, and St. Peter’s reported clinics that are hospital-owned medical practices located within their metropolitan areas. While every large hospital has such clinics, unlike most, these three claim such as subsidized. Finally, five large hospitals – Benefis, St. Patrick, Northwest Healthcare, Northern Montana, and St. James – each of which sponsor several physician clinics, did not report any losses attributed to physician clinics.

Small hospitals, due to their remote locations, can more readily justify physician clinic losses as a community benefit. Nevertheless, these institutions also display significant variation in amounts claimed as subsidized services for physician clinics (see Appendix 4B). Three – Community Hospital of Anaconda, Francis Mahon Deaconess and Sidney Health Center – report losses of more than \$1 million each while five others report no physician clinic losses.

There is no question that health care delivery systems nationally and in Montana are undergoing changes, including increases in hospital-owned physician clinics. It is not within the purview of this Report to analyze or judge the policy implications of this trend. But, from the perspective of analyzing the extent to which Montana’s nonprofit hospitals are fulfilling their charitable purposes, the situation concerning subsidized services – and particularly those involving physician clinics – is appropriately a matter of concern and attention.

¹¹ IRS Instructions for Schedule H, 2010, p.15

¹² “A Guide for Planning and Reporting Community Benefit”, Catholic Health Care Association, 2006.

At this point, at least three salient observations can be offered:

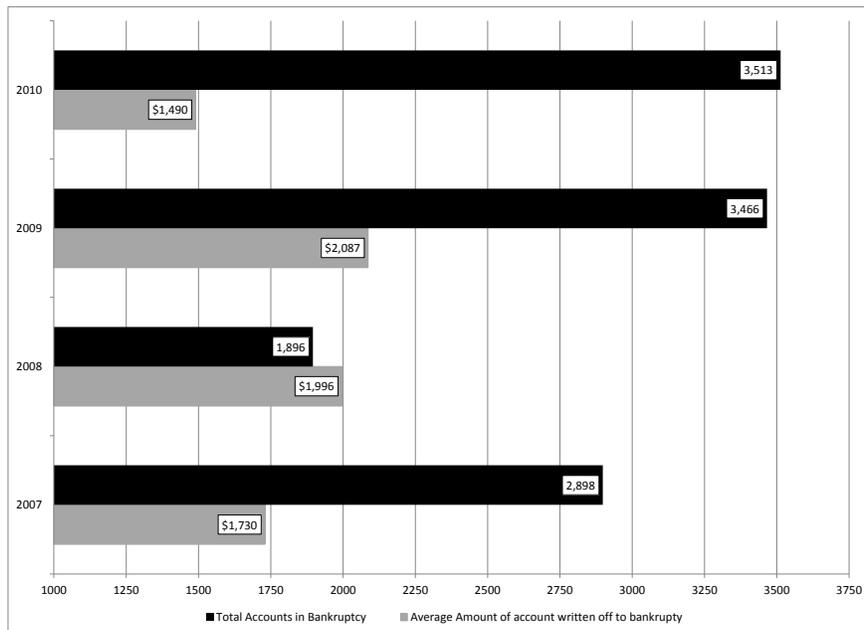
- (1) There are significant reporting variations among the hospitals with respect to accounting for subsidized services;
- (2) Based on applicable guidelines, it is questionable whether some of the amounts claimed by some hospitals as subsidized services costs are properly considered community benefits; and
- (3) In the aggregate, subsidized services account for a greater amount of hospitals' claimed community benefits than charity care, and among large hospitals, this was not true until FY 2010.

VI. HOSPITAL COLLECTION PRACTICES

Because the Attorney General has responsibility for consumer protection, we again this year evaluated certain collection procedures and activities at the study hospitals. For the third year in a row, the rate at which Montana hospitals turned accounts to collection agencies did not change. Accounts totaling approximately 5.65% of operating revenues were sent to collection during 2010. The detail for amounts sent to collection can be found in Appendix 5.

Bankruptcy: The number of accounts resulting in bankruptcy at large hospitals in 2010 increased slightly over 2009 (3,513 – 3,466) while the average amount per account declined substantially to \$1,490 from \$2,087. The trend over four years is displayed in Graph 5 and the detail for all hospitals is found in Appendix 6.

Graph 5¹³
Bankruptcy Trends 2007-2010 (Large Hospitals)



¹³ Compare Graph 3 in 2011 Report.

VII. PRICING

Appendix 7 displays the adjusted average prices the study hospitals charged for nine of the most common reasons for inpatient hospitalization in 2010. The prices are not strictly comparable because the Diagnostic Related Group (DRG) classifications do not entirely reflect the differences in severity among cases.

VIII. HOSPITAL FOUNDATIONS

All but three of the study hospitals have charitable foundations that support the parent institution and its patients. Table 9 displays the size, activity level and efficiency of these foundations. The American Institute of Philanthropy suggests that 60% or more of a charity's expenses should be spent on charitable programs and highly efficient charities devote 75% of their expenses to programs.¹⁴ Although five foundations failed to reach the 60% threshold, the median experienced by all foundations is above 75%.

Table 9¹⁵
Hospital Foundation Assets, Receipts and Expenses – 2010

FACILITY NAME	NET ASSETS	CONTRIBUTIONS AND GRANTS	TOTAL REVENUE	FUNDRAISING COSTS	PROGRAM SERVICES EXPENSE	TOTAL EXPENSES	Program Expense % Total Expense
BENEFIS GREAT FALLS	\$20,226,006	\$ 2,169,377	\$ 3,276,844	\$ -	\$ 2,256,001	\$ 2,401,493	93.94%
BILLINGS CLINIC	\$27,779,779	\$ 5,116,702	\$ 5,985,160	\$ 44,744	\$ 4,825,307	\$ 5,172,280	93.29%
BOZEMAN DEACONESS HOSPITAL	\$19,789,980	\$ 3,254,902	\$ 3,718,360	\$ 601,293	\$ 601,026	\$ 1,494,097	40.23%
COMMUNITY MED. CTR. MISSOULA	\$ 4,877,513	\$ 535,533	\$ 631,107	\$ 114,373	\$ 1,829,707	\$ 2,316,073	79.00%
NORTHERN MT MED CTR HAVRE	\$ 1,590,324	\$ 137,303	\$ 193,036	\$ 42,440	\$ 304,447	\$ 384,896	79.10%
NORTHWEST HEALTHCARE (KRH)	\$ 4,158,679	\$ 1,501,318	\$ 1,604,587	\$ -	\$ 1,092,568	\$ 1,638,644	66.68%
ST. JAMES BUTTE	\$ 533,093	\$ 291,294	\$ 386,480	\$ -	\$ -	\$ 234,535	0.00%
ST. PATRICK MISSOULA	\$ 6,971,708	\$ 1,724,333	\$ 2,054,384	\$ 289,588	\$ 2,027,541	\$ 2,576,054	78.71%
ST. PETER HELENA	\$11,193,245	\$ 1,817,711	\$ 2,237,763	\$ 24,011	\$ 809,496	\$ 916,005	88.37%
ST. VINCENT BILLINGS	\$31,901,063	\$ 8,067,393	\$ 9,345,612	\$ 238,322	\$ 7,891,036	\$ 8,857,304	89.09%
Median							79.05%
CENTRAL MT MEDICAL CENTER	n/a	n/a	n/a	\$ -	n/a	n/a	n/a
COMM. HOSPITAL OF ANACONDA	\$ 330,296	\$ 40,359	\$ 74,484	\$ -	\$ 500	\$ 23,735	2.11%
FRANCIS MAHON DEAC. HOSPITAL	n/a	n/a	n/a	\$ -	n/a	n/a	n/a
GLENDAVE MEDICAL CENTER	\$ 1,589,790	\$ 143,504	\$ 205,646	\$ -	\$ -	\$ 118,260	0.00%
HOLY ROSARY MILES CITY	\$ 1,079,851	\$ 225,484	\$ 334,571	\$ -	\$ 416,915	\$ 451,675	92.30%
LIVINGSTON HEALTHCARE	\$ 1,500,748	\$ 124,335	\$ 135,612	\$ -	\$ 52,625	\$ 52,635	99.98%
MARCUS DALY MEMORIAL HOSPITAL	\$ 1,157,713	\$ 73,955	\$ 164,394	\$ 3,091	\$ 106,272	\$ 145,182	73.20%
NORTH VALLEY HOSPITAL	\$ 757,988	\$ 564,393	\$ 595,128	\$ -	\$ 706,797	\$ 712,108	99.25%
SIDNEY HEALTH CENTER	\$ 6,302,732	\$ 566,981	\$ 824,903	\$ 31,819	\$ 435,655	\$ 578,533	75.30%
ST. JOHN'S LUTHERAN HOSPITAL	\$ 1,560,372	\$ 278,175	\$ 279,904	\$ -	\$ 35,731	\$ 36,604	97.62%
ST. JOSEPH HOSPITAL	n/a	n/a	n/a	\$ -	n/a	n/a	n/a
ST. LUKE COMMUNITY HOSPITAL	\$ 1,295,833	\$ 267,979	\$ 311,114	\$ -	\$ -	\$ 294,306	0.00%
Median							75.30%

n/a = No Foundation

¹⁴ American Institute of Philanthropy, June 2012, <http://www.charitywatch.org/criteria.html>.

¹⁵ Compare Table 9 in 2011 Report.

IX. CONCLUSIONS

In 2010, Montana nonprofit hospitals reported almost \$195 million in community benefits in return for total tax exemptions valued at \$58 million. The composition of the community benefits provided continues to change from year to year for many reasons including changes in IRS regulations, hospital charity policies and practices, community needs, and possibly due to hospital management's attention to subsidized services.

Between 2008 and 2010 there was a significant increase in the number of applications for charity care received by the study hospitals (46,800 vs. 27,200). While there are likely multiple contributing factors, improvements by the hospitals in making their charity policies and applications easily available on the web have no doubt contributed to this significant increase in applications. Overall, the approval rate for charity applications received has declined from 93% to 90%. The variation in approval rates is particularly noticeable among small hospitals.

The amount of subsidized services reported as community benefit by the study hospitals in 2010 jumped by \$22.6 million from 2009 (\$81.3 vs. \$58.7) or 38.5%. Some of this increase in subsidized services could be the result of an overall decrease in operating profit (\$60.8 million in 2010 vs. \$68.2 million in 2009). However, the significant variation seen among the study hospitals and the lack of detail contained in some IRS Schedule H worksheets make it questionable if some subsidized services costs are based on applicable guidelines.

Appendix 1A

Calculation of Value of Tax Exemption on Operating Income – 2010

FACILITY NAME	OPERATING INCOME	FEDERAL INCOME TAX	STATE INCOME TAX	ESTIMATED PROPERTY TAX	TAX EXEMPT BOND VALUE	OPERATING TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 10,753,747	\$ 3,656,274	\$ 479,079	\$ 2,225,840	\$ 1,624,380	\$ 7,985,573
BILLINGS CLINIC	\$ 13,034,245	\$ 4,431,643	\$ 580,676	\$ 1,362,878	\$ 1,911,884	\$ 8,287,081
BOZEMAN DEACONESS HOSPITAL	\$ 9,816,988	\$ 3,337,776	\$ 437,347	\$ 84,597	\$ 515,064	\$ 4,374,784
COMMUNITY MED. CTR. MISSOULA	\$ 5,630,962	\$ 1,914,527	\$ 250,859	\$ 21,813	\$ -	\$ 2,187,200
NORTHERN MT MED CTR HAVRE	\$ 319,900	\$ 108,766	\$ 14,252	\$ 1,440	\$ -	\$ 124,458
NORTHWEST HEALTHCARE (KRH)	\$ 6,552,290	\$ 2,227,779	\$ 291,905	\$ 220,181	\$ 242,616	\$ 2,982,480
ST. JAMES BUTTE	\$ (7,920,339)	\$ (2,692,915)	\$ (352,851)	\$ 245,836	\$ -	\$ (2,799,930)
ST. PATRICK MISSOULA	\$ 13,585,320	\$ 4,619,009	\$ 605,226	\$ 706,448	\$ 711,224	\$ 6,641,907
ST. PETER HELENA	\$ 4,603,475	\$ 1,565,182	\$ 205,085	\$ 197,417	\$ 612,150	\$ 2,579,833
ST. VINCENT BILLINGS	\$ (2,402,584)	\$ (816,879)	\$ (107,035)	\$ 818,697	\$ -	\$ (105,217)
CENTRAL MT MEDICAL CENTER	\$ (38,476)	\$ (13,082)	\$ (1,714)	\$ 14,830	\$ 22,126	\$ 22,160
COMM. HOSPITAL OF ANACONDA	\$ 929,896	\$ 316,165	\$ 41,427	\$ 7,617	\$ -	\$ 365,209
FRANCIS MAHON DEAC. HOSPITAL	\$ 2,648,222	\$ 900,395	\$ 117,978	\$ 26,313	\$ -	\$ 1,044,687
GLENDIVE MEDICAL CENTER	\$ 801,909	\$ 272,649	\$ 35,725	\$ 30,378	\$ 396,198	\$ 734,950
HOLY ROSARY MILES CITY	\$ (1,940,766)	\$ (659,860)	\$ (86,461)	\$ 77,620	\$ -	\$ (668,701)
LIVINGSTON HEALTHCARE	\$ (1,039,935)	\$ (353,578)	\$ (46,329)	\$ 0	\$ -	\$ (399,907)
MARCUS DALY MEMORIAL HOSPITAL	\$ 2,560,023	\$ 870,408	\$ 114,049	\$ 161,378	\$ 122,298	\$ 1,268,132
NORTH VALLEY HOSPITAL	\$ (28,097)	\$ (9,553)	\$ (1,252)	\$ 222,696	\$ -	\$ 211,892
SIDNEY HEALTH CENTER	\$ (1,166,739)	\$ (396,691)	\$ (51,978)	\$ 3,931	\$ 331,716	\$ (113,022)
ST. JOHN'S LUTHERAN HOSPITAL	\$ 1,001,988	\$ 340,676	\$ 44,639	\$ 9,167	\$ -	\$ 394,481
ST. JOSEPH HOSPITAL	\$ 406,110	\$ 138,077	\$ 18,092	\$ 49,609	\$ 134,182	\$ 339,961
ST. LUKE COMMUNITY HOSPITAL	\$ 2,694,065	\$ 915,982	\$ 120,021	\$ 4,566	\$ 283,734	\$ 1,324,303

Appendix 1B

Calculation of Value of Tax Exemption on Total Income – 2010

FACILITY NAME/CITY	TOTAL INCOME	FEDERAL INCOME TAX	STATE INCOME TAX	ESTIMATED PROPERTY TAX	TAX EXEMPT BOND VALUE	TOTAL TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 12,452,651	\$ 4,233,901	\$ 554,766	\$ 2,225,840	\$ 1,624,380	\$ 8,638,887
BILLINGS CLINIC	\$ 23,131,871	\$ 7,864,836	\$ 1,030,525	\$ 1,362,878	\$ 1,911,884	\$ 12,170,123
BOZEMAN DEACONESS HOSPITAL	\$ 12,976,030	\$ 4,411,850	\$ 578,082	\$ 84,597	\$ 515,064	\$ 5,589,594
COMMUNITY MED. CTR. MISSOULA	\$ 7,837,557	\$ 2,664,769	\$ 349,163	\$ 21,813	\$ -	\$ 3,035,746
NORTHERN MT MED CTR HAVRE	\$ 991,458	\$ 337,096	\$ 44,169	\$ 1,440	\$ -	\$ 382,705
NORTHWEST HEALTHCARE (KRH)	\$ 15,521,667	\$ 5,277,367	\$ 691,490	\$ 220,181	\$ 242,616	\$ 6,431,654
ST. JAMES BUTTE	\$ (7,731,968)	\$ (2,628,869)	\$ (344,459)	\$ 245,836	\$ -	\$ (2,727,492)
ST. PATRICK MISSOULA	\$ 15,400,199	\$ 5,236,068	\$ 686,079	\$ 706,448	\$ 711,224	\$ 7,339,819
ST. PETER HELENA	\$ 9,549,469	\$ 3,246,819	\$ 425,429	\$ 197,417	\$ 612,150	\$ 4,481,815
ST. VINCENT BILLINGS	\$ 15,261,045	\$ 5,188,755	\$ 679,880	\$ 818,697	\$ -	\$ 6,687,332
CENTRAL MT MEDICAL CENTER	\$ 46,126	\$ 15,683	\$ 2,055	\$ 14,830	\$ 22,126	\$ 54,694
COMM. HOSPITAL OF ANACONDA	\$ 1,275,108	\$ 433,537	\$ 56,806	\$ 7,617	\$ -	\$ 497,960
FRANCIS MAHON DEAC. HOSPITAL	\$ 3,188,720	\$ 1,084,165	\$ 142,057	\$ 26,313	\$ -	\$ 1,252,535
GLENDIVE MEDICAL CENTER	\$ 599,083	\$ 203,688	\$ 26,689	\$ 30,378	\$ 396,198	\$ 656,953
HOLY ROSARY MILES CITY	\$ (1,978,360)	\$ (672,642)	\$ (88,136)	\$ 77,620	\$ -	\$ (683,158)
LIVINGSTON HEALTHCARE	\$ (738,029)	\$ (250,930)	\$ (32,879)	\$ 0	\$ -	\$ (283,809)
MARCUS DALY MEMORIAL HOSPITAL	\$ 2,879,069	\$ 978,883	\$ 128,263	\$ 161,378	\$ 122,298	\$ 1,390,822
NORTH VALLEY HOSPITAL	\$ 708,582	\$ 240,918	\$ 31,567	\$ 222,696	\$ -	\$ 495,181
SIDNEY HEALTH CENTER	\$ (166,836)	\$ (56,724)	\$ (7,433)	\$ 3,931	\$ 331,716	\$ 271,491
ST. JOHN'S LUTHERAN HOSPITAL	\$ 1,337,821	\$ 454,859	\$ 59,600	\$ 9,167	\$ -	\$ 523,626
ST. JOSEPH HOSPITAL	\$ 449,008	\$ 152,663	\$ 20,003	\$ 49,609	\$ 134,182	\$ 356,457
ST. LUKE COMMUNITY HOSPITAL	\$ 3,851,210	\$ 1,309,411	\$ 171,571	\$ 4,566	\$ 283,734	\$ 1,769,283

Appendix 2

Community Benefit Definitions⁸

Charity Care:

The cost of free or discounted services provided to persons who meet the organization's criteria for financial assistance and are thereby deemed unable to pay for all or a portion of the services. Charity care does not include bad debts or uncollectable charges.

Community Benefit Operations:

The cost of activities associated with community health needs assessments as well as community benefit planning and administration. Community benefit operations also include the organization's activities associated with fundraising or grant-writing for community benefit programs.

Community Building*:

These are the costs of activities and programs that address the root causes of health problems such as poverty, homelessness and environmental problems. Examples include housing rehabilitation, economic development projects, community leadership development, and child care for residents with qualified need. *Note that although the IRS does not count community building costs as community benefit, we continue to include them in our analysis of Montana hospitals because these programs address the underpinnings of the health status of the community.

Community Health Improvement Services:

The costs of activities or programs carried out or supported for the express purpose of improving community health that are subsidized by the healthcare organization. Such services do not generate inpatient or outpatient bills, although there may be a nominal patient fee or sliding scale fee for these services.

Contributions to Community Groups:

The cost of contributions made by the organization to health care organizations and other community groups restricted to one or more of the community benefit activities.

Health Professional Education:

The cost of educational programs that result in a degree, certificate, or training necessary to be licensed to practice as a health professional, as required by state law, or continuing education necessary to retain state license or certification by a board in the individual's health profession specialty. It does not include education or training programs available exclusively to the organization's employees and medical staff

or scholarships provide to those individuals. However, it does include education programs if the primary purpose of such programs is to educate health professionals in the broader community.

Research:

The cost of any study or investigation the goal of which is to generate generalizable knowledge made available to the public such as knowledge about underlying biological mechanisms of health and disease, natural processes, or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes, and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations, including publication in a medical journal. The organization may include the cost of internally funded research it conducts as well as the cost of research it conducts funded by a tax-exempt or government entity.

Subsidized Health Services:

The cost of clinical services provided despite a financial loss to the organization. In order to qualify as a subsidized health service, the organization must provide the service because it meets an identified community need. A service meets an identified community need if it is reasonable to conclude that if the organization no longer offered the service, the service would be unavailable in the community, the community's capacity to provide the service would be below the community's need, or the service would become the responsibility of government or another tax-exempt organization.

Unreimbursed Medicaid:

The unpaid costs of Medicaid and other public programs (such as State Health Insurance Program-SCHIP) for low-income persons. This is the loss created when the payments from these programs are less than the costs of caring for beneficiaries of these programs.

Appendix 3

Large Hospital Community Benefits - 2010

FACILITY NAME/CITY	CHARITY CARE	UNREIMB. MEDICAID COST	COMM HEALTH IMPROVEMENT SERV./COMM BEN OPS	SUBSID. HEALTH SERV.	CONTRIBUTIONS COMM GRP	HEALTH PROF. ED.	RESEARCH	COMM. BUILDING	TOTAL
BENEFIS GREAT FALLS	\$ 8,136,269	\$ -	\$ 318,093	\$ 5,988,921	\$ 1,418,903	\$ 289,290	\$ 199,302	\$ 74,924	\$ 16,425,702
BILLINGS CLINIC	\$ 13,635,106	\$ -	\$ 3,159,112	\$ 11,398,597	\$ 279,250	\$ 1,899,582	\$2,024,489	\$ 190,930	\$ 32,587,066
BOZEMAN DEACONESS HOSPITAL	\$ 4,785,351	\$ 2,437,204	\$ 447,026	\$ 7,583,618	\$ 448,178	\$ 189,201	\$ -	\$ 9,354	\$ 15,899,932
COMMUNITY MED. CTR. MISSOULA	\$ 1,351,291	\$ -	\$ 274,427	\$ 4,740,013	\$ 163,141	\$ 709,323	\$ -	\$ 595,020	\$ 7,833,215
NORTHERN MT MED CTR HAVRE	\$ 698,516	\$ 187,251	\$ 64,131	\$ 2,731,379	\$ 68,129	\$ 50,682	\$ -	\$ 96,551	\$ 3,896,639
NORTHWEST HEALTHCARE (KRH)	\$ 3,294,444	\$ 4,006,928	\$ 131,371	\$ 7,113,763	\$ 6,856	\$ 249,884	\$ -	\$ 76,843	\$ 14,880,089
ST. JAMES BUTTE	\$ 3,409,521	\$ 2,081,971	\$ 291,763	\$ 597,709	\$ 27,362	\$ 55,266	\$ -	\$ 318,659	\$ 6,782,251
ST. PATRICK MISSOULA	\$ 11,167,329	\$ 4,817,758	\$ 586,091	\$ 11,743,039	\$ 35,000	\$ 281,032	\$ 69,932	\$ 8,417	\$ 28,708,598
ST. PETER HELENA	\$ 2,572,693	\$ 2,226,052	\$ 367,205	\$ 8,851,223	\$ 19,050	\$ 77,155	\$ -	\$ 79,614	\$ 14,192,992
ST. VINCENT BILLINGS	\$ 12,367,798	\$ 4,441,621	\$ 1,909,600	\$ 4,489,976	\$ 602,284	\$ 824,737	\$ 68,124	\$ 334,819	\$ 25,038,959
Total 2010	\$ 61,418,318	\$ 20,198,785	\$ 7,548,819	\$ 65,238,238	\$ 3,068,153	\$ 4,626,152	\$2,361,847	\$1,785,131	\$ 166,245,443
Total 2009	\$ 57,493,329	\$ 14,893,534	\$ 9,435,684	\$ 48,054,947	\$ 3,600,881	\$ 4,127,339	\$2,514,584	\$1,403,892	\$ 141,524,190

Appendix 3

Small Hospital Community Benefits – 2010

FACILITY NAME/CITY	CHARITY CARE	UNREIMB. MEDICAID COST	COMM HEALTH IMPROVEMENT SERV./COMM BEN OPS	SUBSID. HEALTH SERV.	CONTRIBUTIONS COMM GRP	HEALTH PROF. ED.	RESEARCH	COMM. BUILDING	TOTAL
CENTRAL MT MEDICAL CENTER	\$ 371,531	\$ -	\$ 32,782	\$ 882,699	\$ 23,405	\$ -	\$ -	\$ 10,785	\$ 1,321,202
COMM. HOSPITAL OF ANACONDA	\$ 216,894	\$ -	\$ 206,686	\$ 2,127,069	\$ 14,882	\$ 3,755	\$ -	\$ 2,416	\$ 2,571,702
FRANCIS MAHON DEAC. HOSPITAL	\$ 911,365	\$ -	\$ 45,400	\$ 2,652,045	\$ -	\$ -	\$ -	\$ 40,052	\$ 3,648,862
GLENDIVE MEDICAL CENTER	\$ 484,746	\$ -	\$ 92,950	\$ 1,625,850	\$ 106,793	\$ 43,346	\$ -	\$ 2,980	\$ 2,356,665
HOLY ROSARY MILES CITY	\$ 1,857,576	\$ 1,119,249	\$ 253,324	\$ 47,623	\$ 20,705	\$ 133,951	\$ -	\$ 226,706	\$ 3,659,134
LIVINGSTON HEALTHCARE	\$ 448,112	\$ 130,832	\$ 42,981	\$ -	\$ 20,896	\$ 724	\$ -	\$ -	\$ 643,545
MARCUS DALY MEMORIAL HOSPITAL	\$ 379,251	\$ -	\$ 238,964	\$ 280,578	\$ 41,077	\$ 53,445	\$ -	\$ 85,867	\$ 1,079,182
NORTH VALLEY HOSPITAL	\$ 265,121	\$ -	\$ 106,937	\$ 26,040	\$ 48,344	\$ 100,548	\$ -	\$ 64,597	\$ 611,587
SIDNEY HEALTH CENTER	\$ 1,062,029	\$ -	\$ 54,671	\$ 5,960,320	\$ 22,404	\$ 21,850	\$ -	\$ -	\$ 7,121,274
ST. JOHN'S LUTHERAN HOSPITAL	\$ 472,311	\$ -	\$ 13,467	\$ 2,567,834	\$ 2,444	\$ 1,352	\$ -	\$ 62,415	\$ 3,119,823
ST. JOSEPH HOSPITAL	\$ 792,001	\$ -	\$ 44,655	\$ -	\$ -	\$ 3,600	\$ -	\$ -	\$ 840,256
ST. LUKE COMMUNITY HOSPITAL	\$ 140,490	\$ 464,728	\$ 16,239	\$ -	\$ 136,296	\$ 160,444	\$ -	\$ 22,184	\$ 940,381
Total 2010	\$ 7,401,427	\$ 1,714,809	\$ 1,149,056	\$ 16,170,058	\$ 437,246	\$ 523,015	\$ -	\$ 518,002	\$ 27,913,613
Total 2009	\$ 7,433,241	\$ 2,218,899	\$ 1,324,580	\$ 10,663,272	\$ 795,963	\$ 672,292	\$ -	\$ 515,805	\$ 23,624,052

Appendix 4A

Large Hospital Physician Clinics – 2010

BENEFIS GREAT FALLS	
	none

NORTHERN MT MED CTR HAVRE	
	none

BILLINGS CLINIC	
Columbus Clinic	\$ 428,156
Red Lodge Clinic	\$ 409,919
Miles City Clinic	\$ 1,316,090
Cody Clinic	\$ 1,089,907
Outreach Services	\$ 175,744
Total	\$ 3,419,816

NORTHWEST HEALTHCARE (KRH)	
	none

ST. JAMES BUTTE	
	none

ST. PATRICK MISSOULA	
	none

BOZEMAN DEACONESS HOSPITAL	
Internal Medicine Associates	\$ 1,649,735
Hathaway Internal Medicine	\$ 338,480
Medical Oncology Clinic	\$ 1,741,124
Bridger Internal Medicine	\$ 219,037
Bozeman Urology	\$ 137,637
Rheumatology	\$ 91,626
Pulmonology	\$ 220,963
Medical Associates Clinic	\$ 934,974
GI Clinic	\$ 289,168
Nephrology	\$ 70,190
Total	\$ 5,692,934

ST. PETER HELENA	
St Peter's Medical Group	\$ 5,016,592
Total	\$ 5,016,592

ST. VINCENT BILLINGS	
Hardin Medical Clinic	\$ 573,655
Laurel Medical Clinic	\$ 101,737
Mountain View Clinic	\$ 364,117
Absarokee Medical Clinic	\$ 212,951
Sr Bruner Clinic	\$ 610,699
Pediatric Cardiology	\$ 3,435
Total	\$ 1,866,594

COMMUNITY MED. CTR. MISSOULA	
Fort Msla Medical Associates	\$ 661,709
CMC Rehab Phys	\$ 295,505
Parkside	\$ 27,958
Perinatal Assoc	\$ 204,873
Stevensville	\$ 208,972
Mt Ped Surgery	\$ 447,833
Endo & Diab Phys	\$ 282,706
CPG on Reserve	\$ 250,503
MT Cancer Specialists	\$ 817,421
CMC Cardiology	\$ 786,118
FC North	\$ 55,459
Cardiology Outreach	\$ 226,134
Total	\$ 4,265,191

Appendix 4B

Small Hospital Physician Clinics – 2010

CENTRAL MT MEDICAL CENTER	
Clinic	\$ 119,755
Total	\$ 119,755

COMM. HOSPITAL OF ANACONDA	
Anaconda Internal Medicine	\$ 97,024
Pintler Family Medicine	\$ 507,666
Pintler Surgery Specialists	\$ 1,129,428
Total	\$ 1,734,118

FRANCIS MAHON DEAC. HOSPITAL	
Oncology & OP Clinics	\$ 104,382
Physicians	\$ 1,198,226
Total	\$ 1,302,608

GLENDIVE MEDICAL CENTER	
none	

HOLY ROSARY MILES CITY	
Powder River Medical Service	\$ 31,649
Total	\$ 31,649

LIVINGSTON HEALTHCARE	
none	

MARCUS DALY MEMORIAL HOSPITAL	
Bitterroot Clinic	\$ 266,886
Total	\$ 266,886

NORTH VALLEY HOSPITAL	
none	

SIDNEY HEALTH CENTER	
Employed Physician Offices	\$ 1,210,349
Total	\$ 1,210,349

ST. JOHN'S LUTHERAN HOSPITAL	
Clinic	\$ 111,541
Total	\$ 111,541

ST. JOSEPH HOSPITAL	
none	

ST. LUKE COMMUNITY HOSPITAL	
none	

Appendix 5

Amounts Sent to Collection as Percent of Operating Revenue - 2010

FACILITY	OPERATING REVENUES	AMOUNT TURNED TO COLLECTION	NUMBER OF INDIVIDUALS TURNED TO COLLECTION	AVERAGE AMOUNT PER INDIVIDUAL	AMOUNT AS % OF OP REV
BENEFIS GREAT FALLS	\$ 313,531,088	\$ 9,160,193	14,770	\$ 620	2.92%
BILLINGS CLINIC	\$ 494,500,654	\$ 25,773,576	17,253	\$ 1,494	5.21%
BOZEMAN DEACONESS HOSPITAL	\$ 161,792,765	\$ 8,154,169	6,447	\$ 1,265	5.04%
COMMUNITY MED. CTR. MISSOULA	\$ 139,657,161	\$ 7,460,700	3,266	\$ 2,284	5.34%
NORTHERN MT MED CTR HAVRE	\$ 52,444,024	\$ 3,748,609	2,185	\$ 1,716	7.15%
NORTHWEST HEALTHCARE (KRH)	\$ 230,659,455	\$ 14,337,971	12,769	\$ 1,123	6.22%
ST. JAMES BUTTE	\$ 85,324,208	\$ 6,150,873	4,534	\$ 1,357	7.21%
ST. PATRICK MISSOULA	\$ 230,739,786	\$ 18,357,992	17,536	\$ 1,047	7.96%
ST. PETER HELENA	\$ 134,280,452	\$ 3,706,022	5,730	\$ 647	2.76%
ST. VINCENT BILLINGS	\$ 302,677,773	\$ 24,387,130	23,877	\$ 1,021	8.06%
CENTRAL MT MEDICAL CENTER	\$ 25,352,535	\$ 815,620	823	\$ 991	3.22%
COMM. HOSPITAL OF ANACONDA	\$ 29,131,871	\$ 1,258,965	870	\$ 1,447	4.32%
FRANCIS MAHON DEAC. HOSPITAL	\$ 28,233,175	\$ 900,171	865	\$ 1,041	3.19%
GLENDIVE MEDICAL CENTER	\$ 37,320,499	\$ 1,419,007	1,012	\$ 1,402	3.80%
HOLY ROSARY MILES CITY	\$ 36,628,655	\$ 1,506,422	2,640	\$ 571	4.11%
LIVINGSTON HEALTHCARE	\$ 33,129,762	\$ 2,913,939	2,378	\$ 1,225	8.80%
MARCUS DALY MEMORIAL HOSPITAL	\$ 47,076,333	\$ 4,902,728	2,941	\$ 1,667	10.41%
NORTH VALLEY HOSPITAL	\$ 35,293,433	\$ 3,386,084	955	\$ 3,546	9.59%
SIDNEY HEALTH CENTER	\$ 40,267,420	\$ 1,305,871	2,439	\$ 535	3.24%
ST. JOHN'S LUTHERAN HOSPITAL	\$ 25,298,731	\$ 4,400,827	2,189	\$ 2,010	17.40%
ST. JOSEPH HOSPITAL	\$ 24,377,115	\$ -	0	\$ -	0.00%
ST. LUKE COMMUNITY HOSPITAL	\$ 37,241,328	\$ 2,132,943	4,522	\$ 472	5.73%

Appendix 6

Amounts in Bankruptcy as Percent of Operating Revenues - 2010

FACILITY	OPERATING REVENUES	AMOUNT IN BANKRUPTCY	NUMBER ACCOUNTS IN BANKRUPTCY	AVERAGE AMOUNT PER ACCOUNT	AMOUNT AS % OF OP REV
BENEFIS GREAT FALLS	\$ 313,531,088	\$ 257,825	391	\$ 659	0.08%
BILLINGS CLINIC	\$ 494,500,654	\$ 596,932	756	\$ 790	0.12%
BOZEMAN DEACONESS HOSPITAL	\$ 161,792,765	\$ 244,131	114	\$ 2,142	0.15%
COMMUNITY MED. CTR. MISSOULA	\$ 139,657,161	\$ 202,590	312	\$ 649	0.15%
NORTHERN MT MED CTR HAVRE	\$ 52,444,024	\$ 161,825	32	\$ 5,057	0.31%
NORTHWEST HEALTHCARE (KRH)	\$ 230,659,455	\$ 1,026,597	397	\$ 2,586	0.45%
ST. JAMES BUTTE	\$ 85,324,208	\$ 2,973	7	\$ 425	0.00%
ST. PATRICK MISSOULA	\$ 230,739,786	\$ 684,943	536	\$ 1,278	0.30%
ST. PETER HELENA	\$ 134,280,452	\$ 286,263	579	\$ 494	0.21%
ST. VINCENT BILLINGS	\$ 302,677,773	\$ 318,509	389	\$ 819	0.11%
CENTRAL MT MEDICAL CENTER	\$ 25,352,535	\$ 94,295	23	\$ 4,100	0.37%
COMM. HOSPITAL OF ANACONDA	\$ 29,131,871	\$ 27,790	15	\$ 1,853	0.10%
FRANCIS MAHON DEAC. HOSPITAL	\$ 28,233,175	\$ 2,234	3	\$ 745	0.01%
GLENDIVE MEDICAL CENTER	\$ 37,320,499	\$ 62,865	25	\$ 2,515	0.17%
HOLY ROSARY MILES CITY	\$ 36,628,655	\$ 14,035	15	\$ 936	0.04%
LIVINGSTON HEALTHCARE	\$ 33,129,762	\$ 32,797	48	\$ 683	0.10%
MARCUS DALY MEMORIAL HOSPITAL	\$ 47,076,333	\$ 235,428	83	\$ 2,836	0.50%
NORTH VALLEY HOSPITAL	\$ 35,293,433	\$ 231,634	116	\$ 1,997	0.66%
SIDNEY HEALTH CENTER	\$ 40,267,420	\$ 4,059	9	\$ 451	0.01%
ST. JOHN'S LUTHERAN HOSPITAL	\$ 25,298,731	\$ 94,646	35	\$ 2,704	0.37%
ST. JOSEPH HOSPITAL	\$ 24,377,115	\$ 26,184	62	\$ 422	0.11%
ST. LUKE COMMUNITY HOSPITAL	\$ 37,241,328	\$ 1,350	16	\$ 84	0.00%

Appendix 7

Average Hospital Prices

FACILITY	194 Simple Pneumonia	392 Esophagitis	470 Major Joint Replacement	743 Uterine & Adnexa Procedure	766 Cesarean Section	775 Vaginal Delivery	794 Neonate w/other complications	795 Normal Newborn	885 Psychoses
BENEFIS GREAT FALLS	\$ 13,076	\$ 9,230	\$ 36,141	\$ 13,491	\$ 9,023	\$ 4,832	\$ 3,038	\$ 1,721	\$ 8,699
BILLINGS CLINIC	\$ 11,252	\$ 8,859	\$ 29,068	\$ 12,141	\$ 11,971	\$ 5,958	\$ 2,835	\$ 1,636	\$ 10,112
BOZEMAN DEACONESS HOSPITAL	\$ 9,281	\$ 7,344	\$ 29,229	\$ 11,635	\$ 9,304	\$ 4,685	\$ 2,188	\$ 1,861	\$ 4,658
COMMUNITY MED. CTR. MISSOULA	\$ 11,627	\$ 9,978	\$ 33,273	\$ 14,540	\$ 11,733	\$ 7,085	\$ 3,770	\$ 1,606	n/a
NORTHERN MT MED CTR HAVRE	\$ 12,016	\$ 7,761	\$ 38,130	\$ 13,206	\$ 9,428	\$ 5,380	\$ 2,474	\$ 2,169	\$ 6,147
NORTHWEST HEALTHCARE (KRH)	\$ 12,130	\$ 10,378	\$ 26,930	\$ 9,652	\$ 11,997	\$ 5,080	\$ 2,076	\$ 1,619	\$ 10,306
ST. JAMES BUTTE	\$ 9,581	\$ 6,137	\$ 36,906	\$ 10,742	\$ 12,384	\$ 5,270	\$ 2,008	\$ 1,538	\$ 6,794
ST. PATRICK MISSOULA	\$ 14,090	\$ 9,548	\$ 32,409	\$ 16,395	n/a	n/a	n/a	n/a	\$ 14,677
ST. PETER HELENA	\$ 13,222	\$ 8,800	\$ 30,551	\$ 9,813	\$ 7,863	\$ 4,292	\$ 2,715	\$ 1,674	\$ 8,354
ST. VINCENT BILLINGS	\$ 11,018	\$ 8,733	\$ 34,745	\$ 15,564	\$ 10,960	\$ 5,956	\$ 2,585	\$ 1,527	\$ 10,471
Average	\$ 11,729	\$ 8,677	\$ 32,738	\$ 12,718	\$ 10,518	\$ 5,393	\$ 2,632	\$ 1,706	\$ 8,913
CENTRAL MT MEDICAL CENTER	\$ 6,733	\$ 4,655	\$ 24,226	\$ 11,663	\$ 8,874	\$ 3,501	\$ 1,986	\$ 1,829	\$ 4,326
COMM. HOSPITAL OF ANACONDA	\$ 8,980	\$ 5,849	\$ 40,569	\$ 9,441	\$ 9,553	\$ 4,491	\$ 1,451	\$ 1,755	\$ 4,650
FRANCIS MAHON DEAC. HOSPITAL	\$ 12,652	n/a	\$ 31,774	n/a	\$ 9,349	\$ 4,439	\$ 2,002	\$ 1,571	\$ 5,439
GLENDIVE MEDICAL CENTER	\$ 11,668	\$ 5,993	\$ 46,198	\$ 10,136	\$ 8,980	\$ 4,699	\$ 1,603	\$ 1,456	\$ 7,525
HOLY ROSARY MILES CITY	\$ 11,918	\$ 7,116	\$ 41,382	\$ 19,859	\$ 13,028	\$ 5,056	\$ 2,284	\$ 1,659	\$ 3,945
LIVINGSTON HEALTHCARE	\$ 9,755	\$ 4,050	\$ 40,940	\$ 11,095	\$ 9,333	\$ 4,190	\$ 2,186	\$ 1,705	\$ 2,966
MARCUS DALY MEMORIAL HOSPITAL	\$ 14,198	\$ 10,246	\$ 50,975	\$ 16,114	\$ 12,024	\$ 5,036	\$ 2,879	\$ 1,939	\$ 5,413
NORTH VALLEY HOSPITAL	\$ 16,117	\$ 6,250	\$ 24,102	\$ 13,965	\$ 7,366	\$ 5,960	\$ 4,562	\$ 2,346	\$ 2,512
SIDNEY HEALTH CENTER	\$ 10,747	\$ 6,081	\$ 22,874	\$ 14,935	\$ 8,473	\$ 4,747	\$ 1,499	\$ 1,288	\$ 4,760
ST. JOHN'S LUTHERAN HOSPITAL	\$ 8,182	\$ 7,175	\$ 33,747	\$ 14,263	\$ 10,309	\$ 4,939	\$ 2,199	\$ 1,479	\$ 2,560
ST. JOSEPH HOSPITAL	\$ 9,909	\$ 4,238	\$ 25,410	\$ 8,101	\$ 8,748	\$ 5,654	\$ 2,057	\$ 1,632	\$ 5,207
ST. LUKE COMMUNITY HOSPITAL	\$ 13,631	\$ 6,579	\$ 52,666	\$ 14,524	\$ 12,700	\$ 7,028	\$ 3,302	\$ 1,754	\$ 1,469
Average	\$ 11,208	\$ 6,203	\$ 36,239	\$ 13,100	\$ 9,895	\$ 4,978	\$ 2,334	\$ 1,701	\$ 4,231

n/a = service not provided