

## Hospitals hit over aid to uninsured

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Stacy and Joseph Freeze sit on the porch of their South Toledo home. Mr. Freeze was hurt in an auto accident that left him unable to pay his mounting hospital bills.

Joseph Freeze was in bad shape.

Injured in a car accident in Toledo, he lay in a hospital bed at St. Vincent Mercy Medical Center, struggling to survive. Both his legs were broken. He had five fractured ribs, head injuries, and was being kept in a drug-induced coma.

As he slowly began to recover, a thought kept pushing itself into the mind of his wife, Stacy: "How will we pay for all this?"

Like 45 million other Americans, including 1.4 million Ohioans and 1.1 million Michiganders, the Freeze family lacked health insurance. The bill for Mr. Freeze totaled \$242,000. Mrs. Freeze, a stay-at-home mom, knew there was no way her husband, a computer technician making \$12 an hour, could make a dent in that.

That is when St. Vincent stepped in with "HELP."

Officials with the center's Hospital Eligibility Link Program went to work on Mr. Freeze's case and lined him up for aid through the state's Healthy Start program for the poor. In the end, the Freezes did not have to pay a penny.

The HELP program, which St. Vincent and other Mercy hospitals started seven years ago, helps patients sign up for public assistance or, if that fails, assists them in

applying for hospital programs that either write off a bill or offer large discounts.

But a growing number of critics question whether hospitals are doing enough when it comes to helping patients such as the Freezes. Mercy's parent company, Cincinnati-based Catholic Healthcare Partners, is one of 44 hospitals or health systems sued in 23 states over how much free care they provide as well as how they bill the uninsured. Toledo-based ProMedica Health System and Cleveland Clinic are among the others.

State and federal lawmakers have also begun to examine American hospitals' "nonprofit" status. In exchange for not having to pay taxes, the IRS expects nonprofit hospitals to provide a "community benefit" that includes some free care. Some lawmakers are skeptical of whether hospitals are providing enough of this "charity care."

Attorneys who have filed the lawsuits say the push by some hospitals to recover bills instead of donating or

discounting care has driven many patients into bankruptcy. Medical bills, according to bankruptcy experts, are one of the biggest factors leading to personal bankruptcy.

Hospital officials insist they're being unfairly criticized.

"Last year alone, U.S. hospitals provided over \$22 billion in care for which no payment was received," said Carmela Coyle, senior vice president for policy for the American Hospital Association. "I think the real issue underlying all of this is we have 45 million Americans with no health care coverage. What's unfortunate is we haven't heard more people advocate for something the AHA has long advocated, and that is we need a policy of coverage for everyone in the U.S."

The issue of how to deal with the uninsured and how hospitals cope could get even more attention if updated numbers on the uninsured released last week are any indication. For the third year in a row, the number of uninsured Americans increased last year and stands at 45 million, or 15.6 percent of the U.S. population, up from 15.2 percent.

"It's a big burden [on hospitals]," said John Callender senior vice president of Ohio Hospital Association. "It's becoming a bigger and bigger problem."

Attorneys in the lawsuits agree better coverage is needed but claim hospitals don't do enough.

"We argue that a very small percentage of the care they provide is truly charitable," said David Zoll, a Toledo attorney who filed the lawsuit against ProMedica. "It has to do with how they define charity care. They define it as providing services to people who are uninsured at a higher price than everybody else and then suing them to collect it. And when those patients can't pay after they've lost their house and their credit is destroyed, hospitals write it off as bad debt and count it as charity care."

The Blade asked hospitals and/or health systems in the Toledo metro area for information on how much charity care they provided last year.

ProMedica Health System officials initially refused to provide charity care information, saying the organization's attorneys had advised them not to discuss the topic because of the lawsuit filed against the company. But after learning its rival Mercy had provided such numbers, ProMedica officials agreed to disclose their charity-free care information.

The organization's charity care total for last year was \$10.5 million. When broken down for individual ProMedica hospitals, the totals are Toledo Hospital and Toledo Children's Hospital, \$6.9 million; Flower Hospital in Sylvania, \$2.1 million; and Bay Park Community Hospital in Oregon, \$825,000. ProMedica also provides some free care at its other hospitals.

Like other hospitals, the ProMedica organization also notes that it does more than just provide some free care to meet its charitable obligations, including spending millions on free health screenings and community outreach and education programs.

Mercy Health Partners officials provided information of their charity care totals and noted that they also release an annual report to the public on their "community benefit" - what the system spends on improving the health of the region. They also provided charity care numbers for their parent company, Catholic Healthcare Partners, which has been sued. Last year, CHP provided \$63 million worth of free care.

Medical College of Ohio Hospitals and St. Luke's Hospital in Maumee also provided financial data. The totals reported for ProMedica, Mercy, MCO, and St. Luke's are hard to compare because each could calculate charity care somewhat differently.

Last year, Mercy says it provided \$42.2 million worth of "community benefit." That includes \$9.7 million in free care, \$6.8 million in outreach programs like free health screenings and educational programs, \$2.4 million in free health clinics and other clinical services, and \$7.2 million in medical education and research. Mercy also counts \$16 million in nonreimbursed expenses of Medicaid - a statefederal program for the poor that often doesn't pay the true cost of care, hospital officials said.

When asked how much free care each of their hospitals provided out of their own pocket, Mercy provided these totals: St. Vincent's, \$4.2 million, and St. Charles Mercy Medical Center in Oregon, \$4 million. St. Anne Mercy Medical Center in West Toledo provided about \$2 million worth of free care last year but will likely get reimbursed for a portion of that this year from the state. Mercy also provides some free care at its hospitals in Tiffin and Willard.

Officials at St. Luke's Hospital in Maumee said they provided \$3.8 million worth of "uncompensated" care last year. Unlike Mercy, St. Luke's does not break out free care from that total. Like Mercy, St. Luke's does count programs such as free health screenings and educational efforts, such as the hospital's extensive anti-tobacco educational efforts.

Medical College of Ohio Hospitals reported it provided \$1.5 million in free care last year, but those figures are based on charges, not cost. Charge estimates are usually higher than the more accurate cost estimates. [The other three local health providers all based their figures on cost]. MCO officials said they provide a range of other community benefit services and a significant amount of medical education and research, which many hospitals count as part of their community benefit.

James Unland, a Chicago health-care financial consultant and president of Healthcare Capital Group, said it is commendable that the local hospitals shared their charitable contributions. But he said the key is how easily they communicate to indigent patients about how to receive their free or discounted care. Surveys by consumer advocacy groups have found many hospitals do not tell patients about their assistance programs.

Though many health analysts are skeptical of the value of the lawsuits against hospitals over charity care, Mr. Unland said the issue is gaining attention. One way or another - through lawsuits or government action - hospitals will be forced to do a better job, he said.

"They have to deal with this. This issue is not going to go away," he said.

He pointed to the first settlement in the lawsuits as a reasonable compromise. North Mississippi Health Services settled, agreeing to no longer collect more than 10 percent of the cost of procedures from any uninsured patient, regardless of their income level.

Susan Sherry, deputy director of the Community Catalyst, a Boston-based consumer advocacy group, said the lawsuits may force more hospitals to begin developing better standards on charity care, as well as what it means to be a nonprofit hospital.

"I think the lawsuits are really putting a fundamental challenge to the industry and asking the question: Have

nonprofit institutions lost touch with their roots and connections to the community?" she said. "A lot of hospitals have drifted away from their charitable missions."

Nonprofit hospitals' role in providing free or reduced cost care has evolved over the last 200 years. In the 19th century, nonprofit hospitals were set up primarily to provide charity or free care to the poor or under-served.

Today, however, health care is big business. U.S. health-care expenditures last year were \$1.5 trillion or 15 percent of the country's gross domestic product. As health care adopted a more businesslike model, federal rules on what a hospital must do to become or remain nonprofit have changed. Currently, 85 percent of U.S. hospitals are considered nonprofit.

Tax law used to dictate that nonprofit hospitals had to, as a primary mission, provide free or reduced cost care to those who couldn't pay as long as a hospital had the financial ability to do so. But in 1969 the IRS instead adopted a "community benefit" standard to judge whether a hospital could call itself nonprofit.

Now, if a hospital convinces the IRS that it performs a community benefit, which basically means it works to improve the health of the community, it is considered a nonprofit hospital. Things such as free health screenings, hosting educational classes for people on how to quit smoking, or supporting healthy-eating campaigns help a hospital meet this goal. Free or charity care is still a part of this mix but is not as essential as it once was. In addition, the IRS does not tell hospitals how much charity care they should provide or define charity care.

Ms. Sherry said that ambiguity has helped spark the recent controversy. She added that the actual amount of charity care often pales in comparison to a hospital or health system's revenues. For example, in terms of net revenue, Mercy takes in more than \$750 million annually and ProMedica collects more than \$1 billion.

Ms. Sherry said hospitals often prefer to talk about "uncompensated" care. That's a much broader category that can include free care to the uninsured, bad debt, as well as what a hospital is not able to recover from what they charge Medicaid or Medicare.

Ms. Sherry's group, Community Catalyst, says charity care should mean any care a hospital provides without the expectation of payment. It should be based on actual costs, they say, and should not include bad debt.

Deborah Youngblood, regional vice president of finance for Mercy, said beyond just providing some free care, her group has rules in place that say patients making less than 200 percent of the federal poverty level [translating to a family of four making less than \$37,700 annually] get free care if they don't qualify for other government aid programs such as Medicaid. Mercy also discounts care for those making more than that.

The key thing patients with financial concerns must do, she said, is to ask for help. Most hospitals are more than willing to work with patients who have difficulty paying, she said.

"Hospitals are not the bad guy. We really want to help. If you're not sure, call us," she said. "We're going to do the right thing. We're not going to take somebody's house."

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