

Washington State 2010 **Charity Care in Washington Hospitals**

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LIST OF COMMONLY USED ABBREVIATIONS

- FY fiscal year
- RCW Revised Code of Washington
- U.S. United States
- WAC Washington Administrative Code

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Executive Summary

By law, hospitals in Washington cannot deny patients access to care based on inability to pay. Hospitals are required to develop a policy and submit annual data to the Washington State Department of Health on the charity care they provide. This report summarizes data for charity care from all eligible Washington hospitals for each facility's fiscal years (FY) ending in 2010 – 94 hospitals in total. Among the hospitals, six different fiscal calendars are represented.

Washington hospitals reported just over \$1 billion in charity care charges in FY 2010. Charity care was 2.6 percent of total hospital revenue and 5.5 percent of adjusted (non-Medicare, non-Medicaid) revenue. Total charity care charges increased 21 percent from what hospitals reported for FY 2009, and an increase of 50 percent from what was reported for FY 2008. When adjusted for inflation, charity care charges in Washington rose faster than both the Consumer Price Index and the Producer Price Index. Although the charity care in Washington is growing, uncompensated care as a percent of hospital expenses has remained relatively steady over the past six years.

Forty-one hospitals each reported more than \$4 million in charity care charges in FY 2010. These 41 hospitals accounted for 94 percent of all charity care charges statewide. Harborview Medical Center in Seattle reported the highest dollar amount of charity care in FY 2010 and accounted for 19 percent of total charity care charges for the state. Wide variation was seen in charity care charges among hospitals ranging from \$0 to \$187 million.

Hospitals in urban areas reported higher charity care charges than hospitals in rural areas. For example, hospitals in King County reported charity care charges of \$209,576 per 1,000 residents compared to hospitals in the central Washington area that reported charity care charges of \$91,945 per 1,000 residents. Hospitals in rural areas reported charity care charges of 8 percent of adjusted (non-Medicare, non-Medicaid) revenue compared to the 5.2 percent reported by hospitals in urban areas. Some of these variations may relate to the proportion of hospital revenue coming from Medicare and Medicaid.

No national charity care data are available to compare with Washington's charity care data. National data are available for uncompensated hospital care, which includes charity care and bad debt. Using these data, uncompensated care is 4.9 percent of Washington's hospital expenses, lower than the U.S. as a whole, where it is 5.8 percent of hospital expenses.

While the amount of charity care charges forgiven continues to increase each year, the total amount of charges will be forgiven in the future is unknown. Economic changes, such as unemployment rate, wage changes, and government policy make prediction very difficult.

Background

Charity Care Defined

The Revised Code of Washington (RCW) [70.170.060](#) prohibits any Washington hospital from denying patients care based on inability to pay, or adopting admission policies that would significantly reduce charity care. The law, enacted by the 1989 Legislature, requires each hospital to develop a charity care policy and a bad debt policy. In addition, the Department of Health is required to report on charity care to the legislature annually. See Appendices 1 and 2 for more details.

Charity care is defined in RCW [70.170.020](#) as, “the “necessary hospital health care rendered to indigent persons.” A person is defined as indigent in Washington Administrative Code (WAC) [246-453-040](#) if his or her family income is at or below 200 percent of the federal poverty level. Charity care is distinct from bad debt, which is defined as uncollectible amounts, excluding contractual adjustments arising from failure to pay by patients whose care has not been classified as charity care.

Hospitals report charity care as billed charges that are written off and as a percentage of total patient service revenue and adjusted revenue. Hospital accounting finds “adjusted revenue” by subtracting Medicare and Medicaid charges from total patient care revenue. This allows meaningful comparisons of charity care among hospitals. Medicare and Medicaid prohibit hospitals from billing patients for the difference between the billed charges and Medicare or Medicaid payment levels. Because hospitals cannot bill Medicare or Medicaid patients for the difference of payment received, these patients cannot be counted as charity care. The payer mix differs widely among hospitals as a percentage of business. Using adjusted revenue figures allows the percentage of privately sponsored patient revenue that is hospital charity care to be calculated.

Operating margin is the percent of operating revenue left over after operating expenses are subtracted. Billed charges are the sum of charges from the hospital standard price sheet, and are not adjusted by insurance deductions or actual cost of the services.

Data Included in this Report

This report is based on data collected from 94 licensed Washington hospitals for their fiscal years (FY) ending in 2010. Hospitals not included in this report include state-owned psychiatric hospitals and federal military and veterans hospitals. Group Health hospitals also are not included since their health care charges are prepaid through member subscriptions and uncompensated care is unlikely.

There are six different fiscal calendars for these hospitals, which is why this report isn't for a calendar year. Hospital fiscal years in this report are for periods ending March 31, April 30, June 30, September 30, October 31, or December 31, 2010.

Hospitals are not required to submit data on the number of patient visits covered by charity care, although some do so voluntarily. In FY 2010, these data were provided by 53 hospitals.

Lack of National Charity Care Data for Comparison

This report compares uncompensated care, which includes charity care and bad debt, in Washington to national data. There is no national requirement or data about hospital charity care. In 1986, Congress enacted the Emergency Medical Treatment and Labor Act (EMTALA) so anyone can receive emergency services regardless of ability to pay (www.cms.gov/EMTALA/). Washington's charity care law is much broader than EMTALA, and includes non-emergency and non-labor medical care as eligible for charity care.

Nationally, comparable data are available for uncompensated care. The American Hospital Association defines uncompensated care as an overall measure of care where no payment was received from the patient or insurer. Charity care is care that hospitals don't expect to be reimbursed (www.aha.org/content/12/11-uncompensated-care-fact-sheet.pdf).

Challenges Comparing Charity Care Contributions by Hospital

Misleading findings can result from comparing charity care between hospitals by only using data from this report. A hospital that reports a high level of charity care, for example, could reflect the hospital's charitable mission or could be due to income and unemployment rates in a hospital's service area. A hospital that reports a low level of charity care could mean there isn't a high need for charity care in a hospital's service area. It could also mean the hospital lacks commitment to serve the community. Hospitals can – and do – benefit the community through many other vehicles such as free or low-cost health screenings and health awareness campaigns. These are not easy to quantify and are not captured in this report.

This report makes no judgments about how an individual hospital provides charity care. There is no standard for an appropriate amount of charity care hospitals should provide.

Washington State Charity Care Data

Statewide Charity Care Charges and Counts

Statewide charges for charity care were \$119 million in FY 2000 (Table 1). Since FY 2000, these charges have risen steadily. In FY 2010, statewide charges for charity care were just over \$1 billion. This is more than an eightfold increase in 10 years. From FY 2009 to FY 2010, charity care charges rose \$175 million, an increase of 21 percent.

In the past decade, statewide charity care charges increased 641 percent while total revenue for hospitals statewide increased by 204 percent (Table 1). During the same time, charity care charges grew from 1.1 percent to 2.6 percent of total revenue (Table 1 and Figure 1). As a percent of adjusted – non-Medicare or Medicaid – revenue, charity care charges increased from 2.1 percent to 5.5 percent for FY 2000 through FY 2010. During this period, fluctuations in operating margin, which is a measure of hospital profitability, don't appear to affect how much charity care is provided in Washington (Table 1).

In FY 2010, 53 hospitals voluntarily reported 206,888 patient encounters in which charity care was provided. Partial write-offs to charity are included in this count.

Table 1 Statewide hospital charity care in Washington, fiscal year 2000-2010.

Year	Total Revenue	Adjusted Revenue	Total Charity Care Charges	Charity Care as a % of Total Revenue	Charity Care as a % of Adjusted Revenue	Operating Margin %
2000	\$11,009,631,695	\$5,736,296,849	\$119,081,863	1.08%	2.08%	1.30%
2001	\$12,559,409,550	\$6,374,245,419	\$135,140,421	1.08%	2.12%	2.20%
2002	\$14,594,866,236	\$7,361,696,909	\$158,602,333	1.09%	2.15%	2.50%
2003	\$16,563,214,722	\$8,206,850,864	\$218,716,343	1.32%	2.67%	3.70%
2004	\$18,703,650,129	\$9,291,039,218	\$377,659,433	2.02%	4.06%	3.28%
2005	\$21,176,047,382	\$10,276,084,173	\$460,789,979	2.18%	4.48%	4.40%
2006	\$23,729,471,286	\$11,486,408,669	\$509,804,329	2.15%	4.44%	4.11%
2007	\$27,296,487,390	\$13,304,319,466	\$590,294,087	2.16%	4.44%	5.19%
2008	\$30,706,080,081	\$15,303,068,991	\$667,580,294	2.17%	4.36%	5.00%
2009	\$34,933,137,076	\$16,987,409,492	\$826,262,777	2.37%	4.86%	5.80%
2010	\$38,172,314,572	\$18,377,760,923	\$1,000,792,058	2.62%	5.45%	5.30%

Table 1 Notes: Adjusted revenue is the total hospital revenue minus Medicare and Medicaid charges. Operating margin is the total hospital operating revenue minus operating expenses expressed as a percent.

Figure 1 *Statewide hospital charity care in Washington as a percent of total hospital revenue and as a percent of adjusted hospital revenue, fiscal year 2000-2010.*

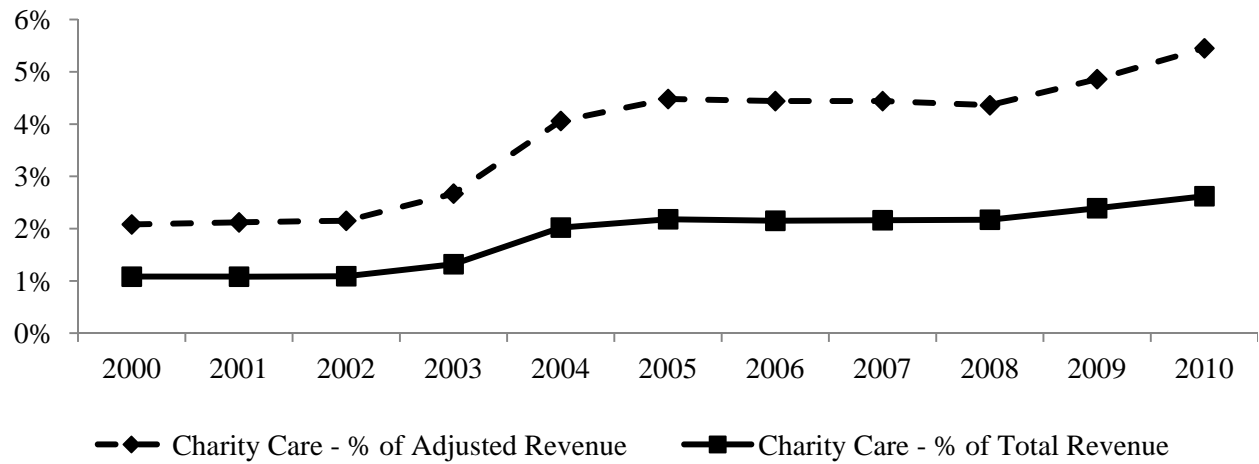


Figure 1 Notes: *Adjusted revenue is the total hospital revenue minus Medicare and Medicaid charges.*

Statewide Charity Care Charges Adjusted for Inflation

The increase in charity care charges can be explained only in part by inflation. Adjusting charges for inflation based on the Consumer Price Index (CPI) and Producer Price Index (PPI) reduces the increase in charity care growth (Figure 2). Charges adjusted for CPI reflect inflation at the consumer level for overall prices of goods and services. Charges adjusted for PPI reflect inflation at the hospital level for prices of general medical and surgical health care services (www.bls.gov/bls/inflation.htm). It's unknown why charity care charges have increased substantially over and above inflation.

Figure 2 *Statewide hospital charity care charges in Washington before and after adjustment for inflation using the Consumer Price Index (CPI) and Producer Price Index (PPI), fiscal year 2000-2010.*

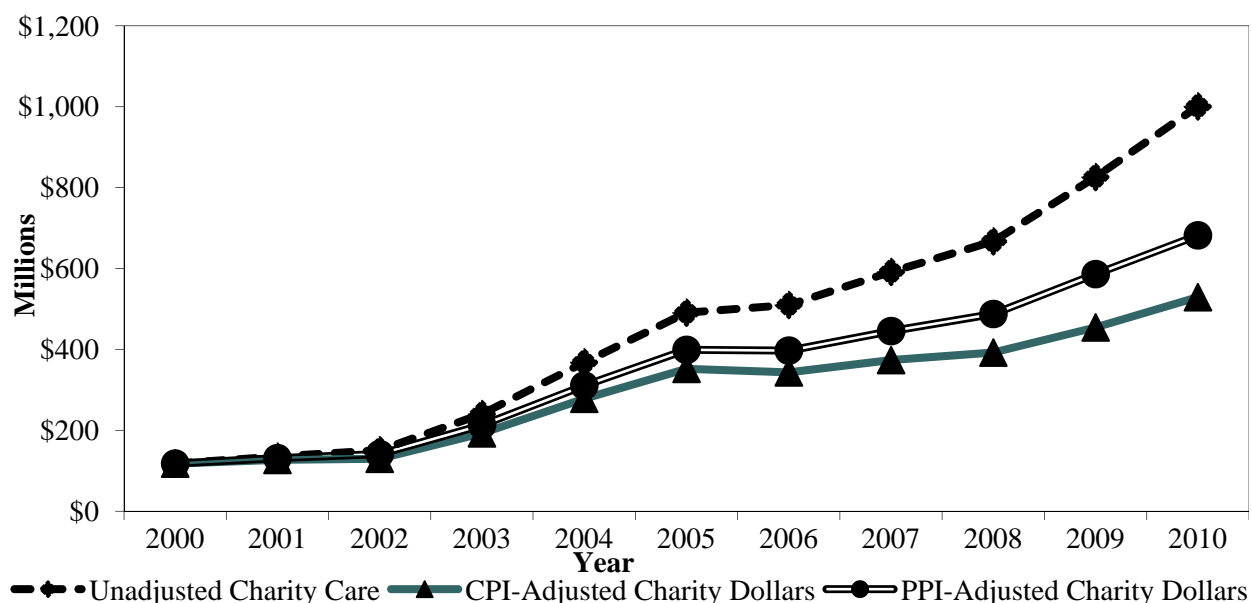


Figure 2 Notes: *Consumer Price Index (CPI) adjusted charges reflect inflation at the consumer level for overall prices of goods and services. Producer Price Index (PPI) adjusted charges reflect inflation at the hospital level for prices of general medical and surgical health care services.*

Charity Care Charges By Hospital

Of the \$1 billion provided in charity care statewide in FY 2010, the amount provided by an individual hospital ranged from zero to \$187 million. Forty-one hospitals each reported \$4 million or more in charity care (Table 2). Of these 41 hospitals, seven reported a decrease in charity care charges between FY 2009 and FY 2010. The remaining 34 hospitals in this group reported an increase in charges for charity care during this same period. Together, these 41 hospitals committed \$939 million to charity care in FY 2010, or 94 percent of the statewide total for the fiscal year (Table 2). The average change in charity care charges between FY 2009 and FY 2010 for these 41 hospitals combined was 21 percent, a substantial increase in charity care charges.

Table 2 Washington hospitals reporting more than \$4 million in charity care charges in FY 2010.

Hospital Name	2008	2009	2010	2009-2010 Percent Change
Harborview Medical Center	\$120,352,000	\$155,174,000	\$186,733,000	20.3%
Providence Regional MC - Everett	\$45,069,711	\$44,663,362	\$62,589,372	40.1%
Swedish Health Services	\$35,341,645	\$43,269,942	\$50,673,669	17.1%
Providence Saint Peter Hospital	\$33,969,925	\$33,598,351	\$45,465,269	35.3%
Tacoma General Allenmore Hospital	\$21,813,947	\$25,787,670	\$44,711,603	73.4%
PeaceHealth Southwest Medical Center	\$26,303,244	\$39,956,101	\$42,530,440	6.4%
Providence Sacred Heart Medical Center	\$24,110,190	\$25,248,094	\$38,969,181	54.3%
Saint Joseph Medical Center	\$29,139,138	\$32,660,784	\$35,729,308	9.4%
University Of Washington MC	\$17,956,619	\$18,650,391	\$27,210,389	45.9%
PeaceHealth Saint John Medical Center	\$15,377,133	\$19,618,278	\$22,998,163	17.2%
Providence Centralia Hospital	\$22,162,300	\$23,959,101	\$22,579,090	-5.8%
Saint Clare Hospital	\$15,007,075	\$21,538,705	\$22,466,966	4.3%
Legacy Salmon Creek Hospital	\$12,910,761	\$15,070,778	\$22,171,861	47.1%
MultiCare Good Samaritan Hospital	\$8,394,723	\$16,305,628	\$21,512,080	31.9%
Kadlec Regional Medical Center	\$13,755,738	\$15,834,739	\$21,355,586	34.9%
Swedish Medical Center Cherry Hill	\$18,002,432	\$20,748,838	\$21,036,558	1.4%
Saint Francis Community Hospital	\$10,877,734	\$14,164,375	\$20,420,520	44.2%
Seattle Childrens Hospital	\$14,261,000	\$19,305,000	\$18,222,670	-5.6%
Providence Holy Family Hospital	\$9,752,810	\$15,416,570	\$18,045,301	17.1%
Virginia Mason Medical Center	\$9,970,153	\$16,826,510	\$16,830,591	0.0%
PeaceHealth Saint Joseph Hospital	\$13,292,795	\$15,411,146	\$16,288,189	5.7%
Yakima Valley Memorial Hospital	\$10,476,443	\$13,045,086	\$15,361,404	17.8%
Harrison Medical Center	\$13,064,088	\$14,778,329	\$14,851,580	0.5%
Valley Medical Center	\$8,874,603	\$14,124,290	\$14,426,505	2.1%
Overlake Hospital Medical Center	\$5,884,487	\$8,360,701	\$11,639,818	39.2%
Swedish Edmonds	\$6,635,068	\$8,968,352	\$11,553,450	28.8%

Evergreen Hospital Medical Center	\$4,230,096	\$9,781,713	\$11,195,377	14.5%
Providence Saint Mary Medical Center	\$5,108,925	\$6,890,590	\$9,131,558	32.5%
Highline Medical Center	\$11,074,643	\$6,964,191	\$8,228,753	18.2%
Deaconess Hospital	\$3,604,615	\$9,092,830	\$7,677,070	-15.6%
Saint Anthony Hospital	Not open	\$414,585	\$6,997,187	1587.8%
Central Washington Hospital	\$5,540,544	\$6,976,487	\$6,792,872	-2.6%
Kennewick General Hospital	\$4,798,404	\$5,541,597	\$6,609,228	19.3%
Skagit Valley Hospital	\$4,645,113	\$6,440,416	\$5,913,573	-8.2%
Valley Hospital-Spokane	\$1,332,017	\$3,423,540	\$4,840,769	41.4%
Auburn Regional Medical Center	\$1,948,130	\$2,662,697	\$4,558,114	71.2%
Northwest Hospital & Medical Center	\$6,872,998	\$7,830,616	\$4,307,373	-45.0%
Jefferson Healthcare Hospital	\$2,830,119	\$3,918,488	\$4,243,525	8.3%
Lourdes Medical Center	\$1,897,214	\$2,862,579	\$4,162,197	45.4%
Olympic Medical Center	\$2,293,979	\$2,766,951	\$4,131,556	49.3%
Valley General Hospital	\$4,468,446	\$5,867,536	\$4,076,173	-30.5%
Table Totals	\$623,401,005	\$773,919,937	\$939,237,888	21.4%
Statewide Totals	\$667,580,294	\$826,262,777	\$1,000,792,058	21.1%

Charity Care Charges by Geographic Areas

For this report, hospitals are grouped in five geographic areas based on health service areas of the former State Health Coordinating Council (SHCC) (Figure 3). In four of the five areas, groups of 14 to 21 hospitals are in contiguous counties. The fifth area, King County, is the state's largest population center and has 21 hospitals.

Total charity care charges in FY 2010 vary by geography (Table 3). Hospitals in King County provided the largest dollar amount of charity care: \$405 million. However, when Harborview Medical Center – which has a mission that specifically serves those in economic need – is excluded from the total, hospitals in the Puget Sound region contributed the largest dollar amount of charity care: \$265 million. Hospitals in central Washington contributed the lowest dollar amount of charity care: \$72 million.

These geographical differences in total charges for charity care cannot be explained by the number of people living in each area. When total charity care charges are adjusted for population, King County remained the area with the highest dollar amount of charity care. In FY 2010, total charity care charges ranged from \$91,945 per 1,000 residents in central Washington area to \$209,576 per 1,000 residents in King County (Table 4). The statewide average in FY 2010 was nearly \$149,000 in charity care charges per 1,000 Washington residents.

These geographical differences in charity care cannot be explained by the proportion of hospital revenue from Medicaid and Medicare. Charity care charges as a percent of adjusted (non-Medicare or Medicaid) revenue are very similar in King County (5.1 percent) and central Washington (4.9 percent) despite large differences in the overall dollar amounts of charity care and dollar amounts per 100,000 residents (Table 3 and 4). Hospitals in the southwest area provided the highest percent of adjusted (non-Medicare or Medicaid) revenue as charity care at 8.3 percent (Table 3).

Figure 3 Five Washington geographic areas used in this report.

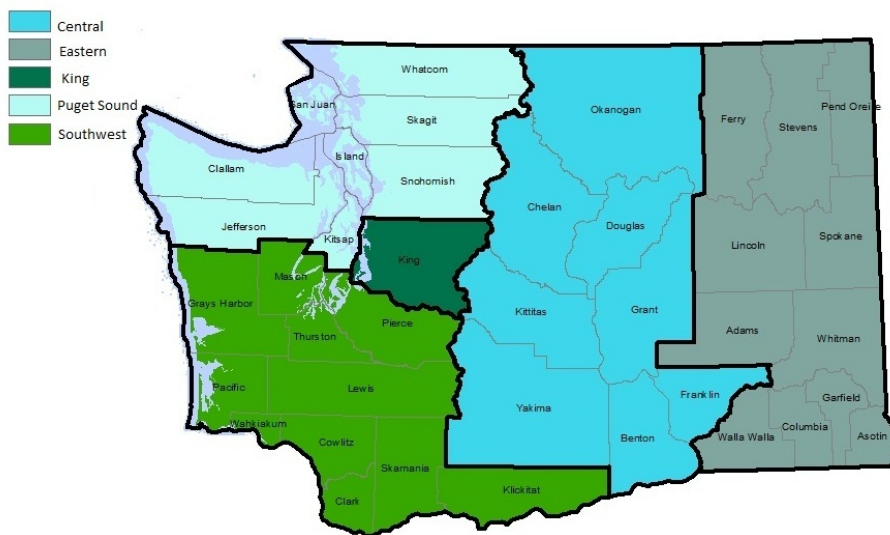


Table 3 Hospital charity care charges in Washington by geographical area as a percent of total hospital revenue and adjusted hospital revenue, fiscal year 2010.

Area	Charity Care				
	Charity Care	Total Revenue	Adjusted Revenue	% of Total Revenue	% of Adjusted Revenue
King County	\$404,742,557	\$14,713,775,143	\$7,997,161,656	2.75%	5.06%
Puget Sound	\$265,382,993	\$11,111,622,852	\$5,204,194,334	2.39%	5.10%
Southwest	\$167,446,173	\$4,793,785,556	\$2,021,607,908	3.49%	8.28%
Central	\$71,589,046	\$3,323,959,620	\$1,460,789,687	2.15%	4.90%
Eastern	\$91,631,289	\$4,229,171,401	\$1,694,007,338	2.17%	5.41%
Statewide	\$1,000,792,058	\$38,172,314,572	\$18,377,760,923	2.62%	5.45%

Table 3 Notes: Adjusted revenue is the total hospital revenue minus Medicare and Medicaid charges.

Table 4 Hospital charity care charges in Washington by geographical area per 1,000 residents, fiscal year 2006-2010.

Area	2006	2007	2008	2009	2010
King County	\$123,695	\$139,099	\$143,950	\$180,558	\$209,576
King County w/o Harborview	\$62,567	\$72,269	\$80,075	\$99,286	\$112,885
Puget Sound	\$57,950	\$67,209	\$77,569	\$91,452	\$116,740
Southwest	\$75,320	\$94,056	\$114,456	\$138,182	\$160,194
Central	\$57,472	\$62,296	\$69,489	\$77,962	\$91,945
Eastern	\$62,387	\$62,753	\$77,046	\$102,915	\$131,630
Statewide	\$79,962	\$90,982	\$101,339	\$123,911	\$148,827

Table 4 Notes: Hospital charity care charges per 1,000 residents were calculated using population data from Washington's Office of Financial Management <http://www.ofm.wa.gov/pop/census2010/>.

Charity care charges by rural-urban status

Charity care charges were substantially lower in rural hospitals compared to urban hospitals, with suburban hospitals in between. Rural-urban status was classified using the state’s Office of Management and Budget guidelines (see Appendix 3 for details). These guidelines define counties as *Outside Core Based Statistical Area (OCBS)*, *Micropolitan*, and *Metropolitan*. For this report, we refer to these categories as rural, suburban, and urban, respectively.

Rural hospitals provided \$16 million in charity care, suburban hospitals provided \$127 million in charity care, and urban hospitals provided \$858 million in charity care charges (Table 5). In total, urban hospitals accounted for more than 85 percent of statewide charity care charges.

As a percent of total revenue, charity care charges were at 3 percent for rural hospitals, 3 percent for suburban, and 2.6 percent for urban hospitals in FY 2010 (Table 5). By contrast, charity care charges as a percent of adjusted revenue appeared to decrease with increasing urbanization. Charges as a percent of adjusted revenue were 8 percent in rural hospitals, 7 percent in suburban hospitals, and 5.2 percent in urban hospitals. This may be explained by the higher proportion of total revenue coming from Medicare and Medicaid in more rural hospitals compared to urban hospitals (Table 5).

Table 5 Hospital charity care charges in Washington by rural-urban status, fiscal year 2010.

2010	Charity Care	Charity % of State Total	Medicare & Medicaid as a % of Total Revenue	Charity Care % of Total Revenue	Charity Care % of Adjusted Revenue
Rural (18 hospitals)	\$15,943,549	1.59%	62.29%	3.00%	7.96%
Suburban (20 hospitals)	\$127,038,328	12.69%	57.20%	3.02%	7.05%
Urban (56 hospitals)	\$857,810,181	85.71%	51.02%	2.57%	5.24%
All Hospitals (94 hospitals)	\$1,000,792,058	100.00%	51.86%	2.62%	5.45%

Table 5 Notes: Rural-urban status of hospitals was classified based on county of location using the schema prepared by the Washington State Department of Health. This schema assigned rural-urban status to each county using 2008 population data and the Office of Management and Budget guidelines. These guidelines define counties as *Outside Core Based Statistical Area (OCBS)*, *Micropolitan* and *Metropolitan*. For the purposes of this report, we refer to these categories as rural, suburban and urban respectively. For more information and a list of hospitals by rural-urban classification, see Appendix 3.

Uncompensated care in Washington and United States

Uncompensated care includes bad debt and charity care. No national charity care data are available to draw comparisons between Washington and the United States. However, national data are available for uncompensated care.

Both charity care and bad debt charges appear to have increased over the past 10 years (Figure 4). Both have more than doubled since FY 2005.

Uncompensated care as a percent of hospital expenses is lower in Washington than it is in the U.S. as a whole (Figure 5). In the U.S., uncompensated care remained steady over the past 10 years, and was 5.8 percent of hospital expenses in FY 2010. In contrast, uncompensated care in Washington grew between FY 2001 and FY 2004, after which it leveled off, reaching 4.9 percent of hospital expenses in FY 2010 (Figure 5).

Figure 4 Hospital charity care and bad debt charges in Washington, fiscal year 2000-2010.

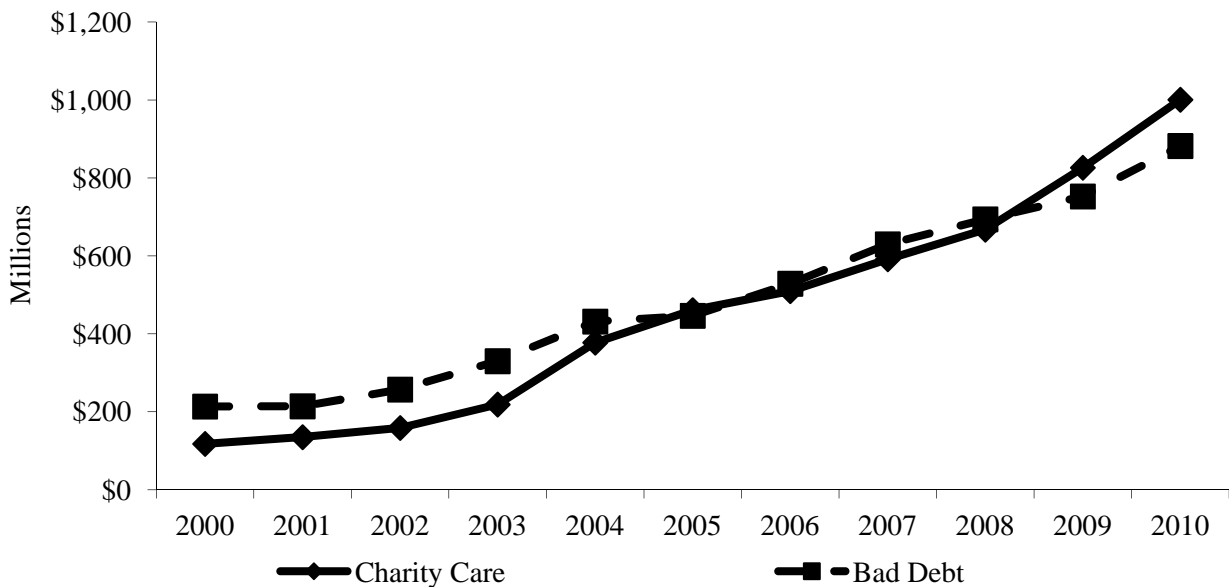


Figure 5 Hospital uncompensated care in Washington and the U.S. as a percent of hospital expenses, FY 2000-2010.

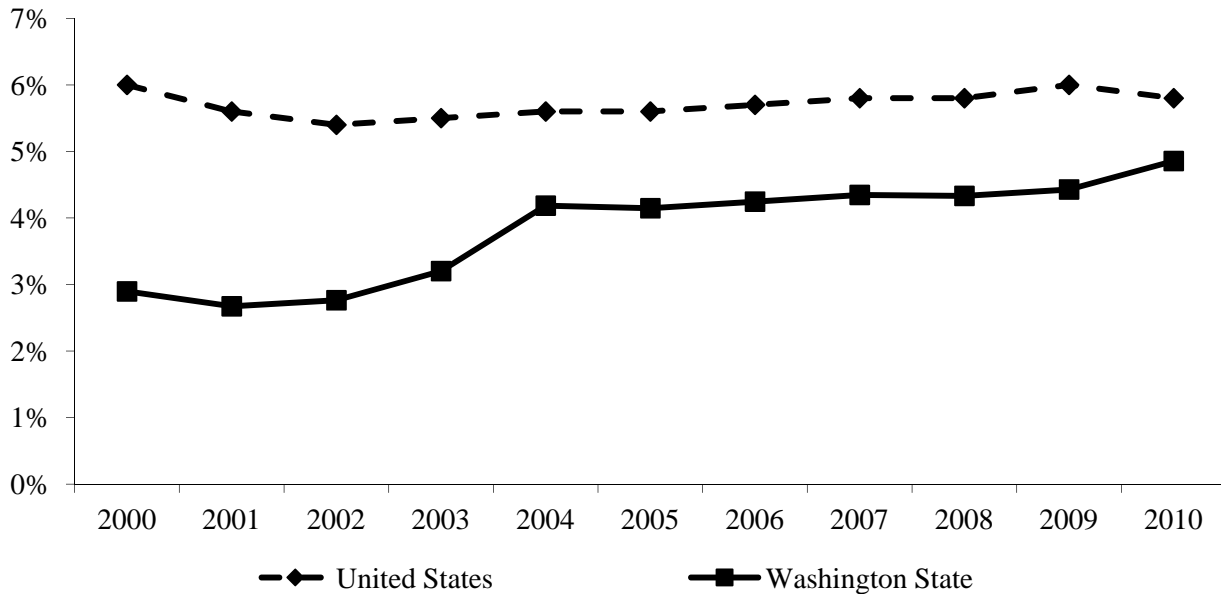


Figure 5 Notes: Uncompensated care includes bad debt and charity care (<http://www.aha.org/content/12/11-uncompensated-care-fact-sheet.pdf>). Uncompensated care as a percent of hospital expenses is calculated by multiplying uncompensated care by the ratio of total expenses to gross patient and other operating revenues.

Uncompensated care by percent of population in poverty

Uncompensated care charges, including both bad debt and charity care, were \$1.9 billion in FY 2010 (Table 6) statewide. King County hospitals provided the largest amount of uncompensated care in FY 2010 at \$697 million. Columbia County hospitals provided the least amount of uncompensated care at \$393,000. By taking into account the number of people living in poverty in each county, uncompensated care charges per person living in poverty ranged from \$3,333 in Pierce County to \$282 in Ferry County (Table 6).

Table 6 Uncompensated hospital care by county and the percent of people living in poverty in each county, fiscal year 2010.

2010 County/Area	County Population	Uncompensated = Charity + Bad Debt	Poverty Percent	Estimated Count Below Poverty	Average Amount of Uncompensated Care per Person Living in Poverty
Pierce	795,225	\$318,899,124	12.3%	95,688	\$3,333
King	1,931,249	\$696,660,519	12.2%	232,704	\$2,994
Thurston	252,264	\$79,255,391	10.7%	26,767	\$2,961
Lewis	75,455	\$30,284,980	16.5%	12,296	\$2,463
Clark	425,363	\$125,375,699	12.7%	53,717	\$2,334
Jefferson	29,872	\$7,428,333	12.0%	3,522	\$2,109
Skagit	116,901	\$30,163,208	13.0%	15,012	\$2,009
Walla Walla	58,781	\$17,042,278	15.7%	8,564	\$1,990
Snohomish	713,335	\$136,519,738	10.0%	70,226	\$1,944
Benton	175,177	\$43,224,840	12.8%	22,384	\$1,931
Spokane	471,221	\$128,782,635	14.7%	67,272	\$1,914
Chelan	72,453	\$19,052,604	14.2%	10,181	\$1,871
Cowlitz	102,410	\$34,787,150	20.6%	20,793	\$1,673
Garfield	2,266	\$482,366	13.9%	310	\$1,556
Grays Harbor	72,797	\$18,399,398	17.9%	12,544	\$1,467
Kitsap	251,133	\$39,793,186	11.3%	27,463	\$1,449
Whatcom	201,140	\$33,048,608	14.4%	28,328	\$1,167
Mason	60,699	\$9,772,807	16.0%	9,280	\$1,053
Lincoln	10,570	\$1,229,527	11.7%	1,227	\$1,002
Adams	18,728	\$3,772,658	20.4%	3,804	\$992
Clallam	71,404	\$9,885,817	15.5%	10,828	\$913
Stevens	43,531	\$6,810,460	17.4%	7,509	\$907
Island	78,506	\$6,496,526	9.7%	7,482	\$868
Klickitat	20,318	\$2,835,439	17.4%	3,514	\$807
Asotin	21,623	\$2,668,933	15.8%	3,384	\$789
Franklin	78,163	\$10,558,835	18.8%	14,532	\$727
Pend Oreille	13,001	\$1,749,173	18.9%	2,427	\$721
Yakima	243,231	\$41,224,610	23.9%	57,612	\$716
Okanogan	41,120	\$6,317,232	22.0%	8,943	\$706
Columbia	4,078	\$393,063	14.6%	591	\$665
Kittitas	40,915	\$4,939,901	20.9%	8,049	\$614
Grant	89,120	\$10,881,826	21.7%	19,175	\$568
Pacific	20,920	\$1,721,365	17.9%	3,696	\$466
Whitman	44,776	\$3,291,811	24.4%	9,481	\$347

Ferry	7,551	\$442,655	21.0%	1,567	\$282
Statewide	6,724,540	\$1,884,192,695	13.5%	890,251	\$2,116

Table 6 Notes: Data on percent of people living in poverty were obtained from the U.S. Census Bureau, which defined poverty as 100% of the federal poverty threshold. See Appendix 4 for details.

Statewide charity care budget projections

Hospitals submit a projected annual budget to the state health department before the fiscal year begins. Projections for charity care charges include historical fiscal data, year-to-date information on patient numbers and charges, along with planned price or volume changes. Hospitals also consider service area demographics, known budget constraints, and the hospital’s mission to support the community.

Projected total charges in FY 2009 and FY 2010 were substantially lower than actual total charges for charity care (Table 7). In FY 2010, actual charges were \$1 billion compared to projected charges of \$620 million. Projected charges were expected to increase by less than 4 percent for FY 2009 and 2010 Actual charges, however, increased 21 percent for that period.

Hospitals currently project that charity care charges will increase by 23 percent between FY 2010 and FY 2011 (Table 7). These projections were made before actual charges for FY 2010 were known. The projected amount of charges in FY 2011 is already considerably lower than the actual amount for FY 2010.

Table 7 Actual and projected hospital charity care charges in Washington FY 2009-2011.

All Hospitals	2009	2010	2011
Projected Charity Care Charges	\$599,001,217	\$619,827,765	\$763,094,685
% Change from Previous Year	17.3%	3.5%	23.1%
Actual Charity Care Charges	\$826,262,777	\$1,000,792,058	
% Change from Previous Year	23.8%	21.1%	

Conclusion

Overall, Washington hospitals reported \$1 billion in charges for charity care in FY 2010. These charges are 2.6 percent of total hospital revenue and 5.5 percent of adjusted – non-Medicare or Medicaid – revenue. Wide variation was seen in charges among hospitals ranging from zero to \$187 million. Charges varied among hospitals in rural and urban areas, and in different geographic areas. These variations don't seem to be explained by population size. However, some variations in charity care charges may relate to how much of hospital revenue comes from Medicare and Medicaid. Uncompensated care as a percent of hospital expenses is lower in Washington than it is in the U.S. as a whole and has remained relatively steady over the past six years.

While the amount of charges forgiven for charity care continues to grow each year, the amount or rate it will change in the future is unknown. The effects of future economic changes like unemployment rates, wage changes, and government policy changes make prediction very difficult.

More information on charity care, including detailed reports by hospital and other financial and usage reports, can be found on the Department of Health website (www.doh.wa.gov/DataandStatisticalReports/HealthcareinWashington/HospitalandPatientData.aspx).

Appendix 1: Charity Care Policy and Reporting Requirements

Charity Care Policy Requirements

Since 1991, Washington hospitals have been required to maintain a charity care policy on file with the DOH. Each policy includes:

- Definitions describing terms the hospital uses in its charity care policy;
- Procedures the hospital uses to determine a patient's ability to pay for health care services and to verify financial information submitted by the patient;
- Sliding fee schedule for individuals whose annual family income is between 100 and 200 percent of the federal poverty level, adjusted for family size; and
- Procedures used to inform the public about charity care available at that hospital.

The department verifies that hospitals are meeting the charity care policy regulations during on-site licensure reviews. [Charity care policies](http://www.doh.wa.gov/DataandStatisticalReports/HealthcareinWashington/HospitalandPatientData/HospitalPatientInformationandCharityCare.aspx) for Washington hospitals are available at (<http://www.doh.wa.gov/DataandStatisticalReports/HealthcareinWashington/HospitalandPatientData/HospitalPatientInformationandCharityCare.aspx>).

Charity Care Reporting Requirements

Hospitals are required to report annually to the department the total charges for charity care and bad debt within 180 days of the close of the hospital's fiscal year. These data are reported as part of the hospital's year-end financial report. Hospitals also provide an estimate of charity care 30 days prior to the start of their fiscal year in their annual budget submittal.

Appendix 2: Hospital implementation of charity care

How hospitals verify need for charity care

Many hospitals state, as part of their missions, that they will serve the poor and underserved. Hospitals may restrict their uncompensated health care programs to individuals unable to access entitlement programs such as Medicaid, unable to pay for medical obligations, or to those with limited financial resources. These individuals may include the recently unemployed, those employed but without employer-provided health insurance, those whose health insurance requires significant deductibles or co-payments, single parents, those recently or currently experiencing a divorce, transients or those without a permanent address, students, as well as their spouses and dependents, retired people not yet eligible for Medicare, and elderly who have limited or no Medicare supplemental insurance coverage.

As required by RCW 70.170.060(5), every hospital has a charity care policy on file with the department that states the hospital's procedure to determine and verify the income information supplied by people applying for uncompensated health care services. The hospital's charity care policy must be applied consistently and equitably so that no patient is denied charity health care based upon race, creed, color, sex, national origin, sexual orientation, disability, age or source of income. The steps that hospitals generally use to determine eligibility or verify applicant information include:

1. Hospital identifies any uninsured, underinsured or self-pay patients.
2. Patient completes application/determination of eligibility form.
3. Patient completes financial statement that includes income, assets and liabilities. Patient supplies documentation of resources (e.g., W-2, pay stubs, tax forms), and outstanding obligations (e.g., bank statements, loan documents).
4. Hospital considers federal poverty guidelines and family size (see below).
5. Hospital verifies third-party coverage, if indicated.
6. Designated hospital staff interviews patient to assess the patient's ability to pay in full, ability to pay reasonable monthly installments, and qualification for charity care.
7. Hospital attempts to secure federal, state or local funding, if appropriate.
8. After the hospital makes an initial determination of insufficient funds, income and health care benefits, the claim becomes eligible for final review, sometimes by a senior manager and sometimes by a committee composed of hospital staff. Occasionally hospital board members serve on these committees.

Federal Poverty Guidelines

The federal poverty guidelines for all 48 contiguous states and the District of Columbia are shown below. These [guidelines \(http://aspe.hhs.gov/poverty/figures-fed-reg.shtml\)](http://aspe.hhs.gov/poverty/figures-fed-reg.shtml) go into effect on the day they are published, usually around January 23.

Annual Federal Income Poverty Guidelines						
Size of Family	2007	2008	2009	2010	2011	2012
1	\$10,210	\$10,400	\$10,830	\$10,830	\$10,890	\$11,170
2	\$13,690	\$14,000	\$14,570	\$14,570	\$14,710	\$15,130
3	\$17,170	\$17,600	\$18,310	\$18,310	\$18,530	\$19,090
4	\$20,650	\$21,200	\$22,050	\$22,050	\$22,350	\$23,050
5	\$24,130	\$24,800	\$25,790	\$25,790	\$26,170	\$27,010
6	\$27,610	\$28,400	\$29,530	\$29,530	\$29,990	\$30,970
7	\$31,090	\$32,000	\$33,270	\$33,270	\$33,810	\$34,930
8	\$34,570	\$35,600	\$37,010	\$37,010	\$37,630	\$38,890
Per Additional Family Member	\$3,480	\$3,600	\$3,740	\$3,740	\$3,820	\$3,960

How hospitals notify the public about charity care

In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that the hospital mails to a patient after discharge. Hospitals also provide applications for assistance upon a patient's request. Many hospitals publish brochures or pamphlets describing the availability of charity care and identifying the criteria for qualification. Some hospitals offer individual counseling at the time of pre-admission or during the collection process and determine an individual's degree of financial resources. Signs may be posted in English and in other languages commonly used in the hospital's service area explaining available charity care services. These signs are usually located in the admitting and emergency entrance areas of the hospital.

Appendix 3: Rural-urban status

Rural-urban status of hospitals was classified according to the county in which they were located using the [Office of Management and Budget guidelines](http://www.census.gov/population/metro/) (<http://www.census.gov/population/metro/>). These guidelines define counties as OCBS, Micropolitan, and Metropolitan. Counties with cities or urbanized areas over 50,000 are classified as Metropolitan. Counties with urban clusters of 10,000 to 49,999 persons are classified as Micropolitan. In addition, any county in which at least 50 percent of the population resides in an urbanized area are designated as Metropolitan or Micropolitan. Outlying counties meeting a complex set of conditions based on commuting patterns and population density are also designated as either Metropolitan or Micropolitan. All other areas are designated OCBS.

Based on these guidelines, the Department of Health published a schema listing counties in Washington by rural-urban status using [2008 county population data](http://www.doh.wa.gov/Portals/1/Documents/5500/RuralUrbGuide.pdf) (<http://www.doh.wa.gov/Portals/1/Documents/5500/RuralUrbGuide.pdf>). Rural-urban status of the hospitals in this report was classified using this schema (see below). For the purposes of this report, we refer to OCBS, Micropolitan, and Metropolitan categories as rural, suburban and urban respectively.

Hospitals classified as Rural, Suburban and Urban*

Urban (Metropolitan)

Auburn Regional Medical Center
BHC Fairfax Hospital
Capital Medical Center
Cascade Medical Center
Cascade Valley Hospital
Deaconess Hospital
Evergreen Hospital Medical Center
Harborview Medical Center
Harrison Memorial Hospital
Highline Community Hospital
Island Hospital
Kadlec Medical Center
Kennewick General Hospital
Kindred Hospital Seattle
Lake Chelan Community Hospital
Lourdes Counseling Center
Lourdes Medical Center
Mary Bridge Children's Health Center
MultiCare Good Samaritan Hospital
Navos (West Seattle Psychiatric Hospital)
Northwest Hospital
Overlake Hospital Medical Center
PeaceHealth Saint John Medical Center
PeaceHealth Saint Joseph Hospital -
PMH Medical Center
Providence Holy Family Hospital
Providence Regional Medical Center -
Providence Sacred Heart Medical Center
Providence Saint Peter Hospital
Regional Hospital for Resp/Complex Care
Saint Anthony Hospital
Saint Clare Hospital
Saint Elizabeth Hospital (formerly
Saint Francis Community Hospital
Saint Joseph Medical Center - Tacoma
Saint Luke's Rehabilitation Institute
Seattle Cancer Care Alliance
Seattle Children's Hospital
Skagit Valley Hospital
Snoqualmie Valley Hospital
Sunnyside Community Hospital
Swedish Edmonds
Swedish Health Services - First Hill
Swedish Medical Center - Cherry Hill
Tacoma General Allenmore Hospital
Toppenish Community Hospital
Tri-State Memorial Hospital
United General Hospital
University of Washington Medical Center

(*Outside Core Based Statistical Area (OCBS), Micropolitan and Metropolitan, respectively)

Urban (continued)

Valley General Hospital - Monroe
Valley Hospital
Valley Medical Center - Renton
Virginia Mason Medical Center
Wenatchee Valley Hospital
Yakima Regional Medical Center
Yakima Valley Memorial Hospital

Suburban (Micropolitan)

Central Washington Hospital
Columbia Basin Hospital
Coulee Community Hospital
Forks Community Hospital
Grays Harbor Community Hospital
Kittitas Valley Hospital
Legacy Salmon Creek Hospital
Mark Reed Hospital
Mason General Hospital
Morton General Hospital
Olympic Medical Center
PeaceHealth Southwest Medical Center
Providence Centralia Hospital
Providence Saint Mary Medical Center
Pullman Regional Hospital
Quincy Valley Hospital
Samaritan Hospital
Walla Walla General Hospital
Whidbey General Hospital
Whitman Medical Center

Rural (Outside Core Base Statistical Area)

Dayton General Hospital
East Adams Rural Hospital
Ferry County Memorial Hospital
Garfield County Memorial Hospital
Jefferson Healthcare
Klickitat Valley Hospital
Lincoln Hospital
Mid Valley Hospital
Newport Community Hospital
North Valley Hospital
Ocean Beach Hospital
Odessa Memorial Hospital
Okanogan-Douglas Hospital
Othello Community Hospital
Providence Mount Carmel Hospital
Providence Saint Joseph's Hospital
Skyline Hospital
Willapa Harbor Hospital

Appendix 4: Poverty

Data on the percent of [people living in poverty by county in Washington](http://www.census.gov/did/www/saipe/county.html) (<http://www.census.gov/did/www/saipe/county.html>) on page 16 were obtained from the U.S. Census Bureau. The Census Bureau uses the [poverty thresholds](http://www.census.gov/hhes/www/poverty/data/threshld/index.html) to describe populations (<http://www.census.gov/hhes/www/poverty/data/threshld/index.html>). These are different from the Health and Human Services [poverty guidelines](http://aspe.hhs.gov/poverty/faq.shtml) (<http://aspe.hhs.gov/poverty/faq.shtml>) discussed in Appendix 2, which hospitals use to determine charity eligibility.

U.S. Census Poverty Thresholds	Size of Family Unit	Weighted Average Threshold 2010
One person (unrelated individual)		\$11,139
Under 65 years	1	\$11,344
65 years and older	1	\$10,458
Two people		\$14,218
Householder under 65 years	2	\$14,676
Householder 65 years and over	2	\$13,194
Three people	3	\$17,374
Four people	4	\$22,314
Five people	5	\$26,439
Six people	6	\$29,897
Seven people	7	\$34,009
Eight people	8	\$37,934
Nine people or more	9+	\$45,220