

The Office of Congressman Dennis Kucinich

Survey on Charity Care Provided by Hospitals in Cuyahoga County

January 2003

Survey on Charity Care Provided by Hospitals in Cuyahoga County

Table of Contents

Purpose

Findings

Discussion

Methodology

Charts and Graphs

- I. Gross Patient Revenue, 1999-2001
- II. Total Charity Care provided by hospitals and physicians, 1999-2001
- III. Charity Care provided by hospitals only, 1999-2000
- IV. Hospital Charity Care, according to amount below and above 100% FPL and Disability Assistance, 1999-2001
- V. Charity Care as a Percentage of Revenue, 1999-2000
- VI. Proportion of Charity Care Provided to Patients Above and Below 100% FPL and Disability Assistance, 1999
- VII. Proportion of Charity Care Provided to Patients Above and Below 100% FPL and Disability Assistance, 2000
- VIII. Medicaid as a Percentage of Total Revenue, 1999
- IX. Medicaid as a Percentage of Total Revenue, 2000
- X. Total Traditional Medicaid, 1999-2001

Appendix: Survey Instrument

Purpose

This survey was conducted to find out how much hospitals in Cuyahoga County spend on medical care for poor and low-income patients, and how these amounts differ among hospitals. Charity care, for the purpose of this survey, includes Medicaid losses and care given to uninsured patients but does not include bad debt.

Findings

Finding 1: In *absolute dollars* of charity care provided by both hospitals and physicians, MetroHealth, the Cleveland Clinic, University Hospital, St. Vincent Charity, and Huron Hospital led all others in 1990-2001. The same five leaders emerged in both 1999 and 2000 when a narrower measure of charity care was used that excluded charity care performed by physicians. (See Chart II, Total Charity Care provided by hospitals and physicians, 1999-2001 and Chart III, Charity Care provided by hospitals only, 1999-2000).

Finding 2: But using *comparative* figures, the Cleveland Clinic provided nearly the least amount of charity care as a proportion of its revenue. Of total revenue, it provided 1.4 percent in charity care in 1999, and 1.7 percent in 2000. (See Chart V).

Finding 3: The countywide average for charity care as a percent of revenue in 1999 was 3.9 percent of gross revenue. In 2000, the average was 3.9 percent. (See Chart V).

Finding 4: If the Cleveland Clinic provided charity care at just the countywide average level, it would have had charges totaling \$54 million in 1999 and \$66 million in 2000. To meet the countywide average, it would have had to spend an additional \$34 million in 1999 and \$37 million in 2000. In comparison with other hospitals, both the percentage values and actual dollar values are substantial.

Finding 5: Using *comparative* figures of overall charity care, the Cleveland Clinic gave the least charity care to the poorest patients for both years. The Cleveland Clinic provided only 7 percent of its charity care to patients earning less than 100 percent of the federal poverty level (FPL) in 1999, and 6 percent in 2000.

Finding 6: Huron led other hospitals in providing the highest proportion of its charity care to the poorest patients. Over 60 percent of Huron's charity care was on patients earning less than 100 percent FPL in both 1999 and 2000. In 1999, the other leaders in treating the poorest patients were MetroHealth (54 percent) and Euclid (48 percent). In 2000, UHHS Richmond Heights (72 percent), Huron (63 percent) and St. Michael (60 percent) were leaders in this category. (See Charts VI and VII, Proportion of Charity Care Provided to Patients Above and Below 100% FPL and Disability Assistance, 1999 and 2000).

Finding 7: In addition to St. Michael being a leader in 2000, some other significant changes occurred in the proportion of care given to one group over the other between 1999 and 2000. While MetroHealth was a leader on this chart in 1999, it was not so in 2000, yet this was not due to a reduction in care given to any group. In 2000, MetroHealth slightly increased the amount of care given to patients under 100 percent FPL, and more than tripled its share of care given to those above 100 percent FPL. According to MetroHealth,

this increase is because patients who would normally have gone to Mt. Sinai, and to a lesser extent, St. Lukes, turned to MetroHealth when the two hospitals closed in 1999. St. Vincent Charity slightly decreased the amount of care given to those under 100 percent FPL, and decreased by about one third the amount given to patients over 100 percent FPL in 2000.

Finding 8: For both 1999 and 2000, Huron Hospital, MetroHealth and St. Vincent Charity, in this order, led all other hospitals in the proportion of Medicaid charges to total revenue. St. Michael Hospital emerged as a leader in 2000. (See Charts VIII and IX, Medicaid as a Percentage of Total Revenue).

Discussion

The leading providers of charity care in Cuyahoga County come as little surprise. Huron Hospital, MetroHealth Hospital, St. Vincent Charity Care Hospital and University Hospital dominated many of the categories that were surveyed here.

At the same time, the lack of even average provision of charity care by the Cleveland Clinic, a non-profit institution, is troubling. Cuyahoga County has experienced a decrease of charity care providers in urban Cleveland with the closure of St. Luke's and Mt. Sinai, as well as a near loss of UHHS St. Michael's and Deaconess Hospital. The closure of hospitals is detrimental to the community's health because it reduces access to care and increases travel time between providers, which makes the treatment of medical emergencies more difficult.

The Cleveland Clinic's failure to provide charity care becomes even more striking when placed in the local context. The two census tracts surrounding the Cleveland Clinic (1132 and 1189) have high percentages of families in poor and low-income families. In census tract 1132, south of Euclid, 62.5 percent of households have incomes below \$15,000 and 39.3 percent of families live below the poverty line. In census tract 1189, north of Euclid, 39 percent of households have incomes under \$10,000 and 21.5 percent of families live below the poverty line. The Cleveland Clinic is surrounded by a population that is very likely in need of free or reduced cost medical care. Relative to all other hospitals in the county, the Cleveland Clinic is located closest to the hospitals that provide the highest proportion of charity care. It is approximately 1 mile from University Hospital, 3 miles from Huron Hospital, and 3.2 miles from St. Vincent Charity Hospital. It is more than double the size of the next largest hospital, and many times larger than community hospitals, thus capable of handling a larger-than-average share of charity care.

The Cleveland Clinic seems to bear a great deal of responsibility for the high levels of charity care performed by many of Cleveland's other hospitals. First, the Cleveland Clinic performs a much smaller amount of charity care proportionately than other Cleveland area hospitals. Second, by virtue of the Cleveland Clinic's size, the absolute amount of charity care not performed by the Cleveland Clinic shifted \$34 million in charity care in 1999, and \$37 million in charity care in 2000 on other hospitals. Third, since all other hospitals in the county are so much smaller than the Cleveland Clinic, the fact that they must perform the additional charity care because of the Cleveland Clinic's smaller rate of charity care

performance is stressing the finances of those smaller hospitals. When hospitals perform charity care, they are reimbursed for a fraction of the cost of that care. They therefore do not meet their costs. The Cleveland Clinic has minimized these charity care losses to itself by transferring them to other smaller area hospitals. Those smaller hospitals consequently are failing to meet their costs on an increasing share of the work they do. That spells trouble for the survival of those hospitals. While this may benefit the Cleveland Clinic, this is detrimental to the overall community.

It is increasingly urgent that these problems are addressed. In Ohio, the percent of the population without health insurance has grown consistently in recent years. According to the Census Bureau, the percentage of the state's population without health insurance rose from 9.6 in 1998 to 10.2 in 1999 and to 10.8 in 2000. The current economic downturn can only be expected to increase the severity of the problem. Changes should be made locally to balance the share of charity care among providers. Otherwise, the overall financial viability of Cleveland's urban hospitals and the health of the community at large will continue to be put at risk.

Methodology

The survey instrument was mailed to Finance Offices to hospitals in Cuyahoga County in June 2002 with a cover letter from Congressman Dennis Kucinich. Some hospitals were deliberately excluded because they are specialized hospitals. For example, the Louis Stokes Veterans Hospital was excluded because it does not treat Medicaid and Medicare patients. Other hospitals that are not included here did not return surveys after follow-up phone calls and faxes were made over a period of three months. Additionally, all hospitals did not report all data that was requested in the survey. Where missing data could be obtained from other sources, it was included in the survey and is appropriately footnoted.

The survey requests information from 1999, 2000 and 2001. It directs hospitals to report information from specific reports, such as Audited Financial Statements and Medicare and Medicaid Cost Reports so that the calculation of data is consistent between different institutions. The survey instrument is attached in the appendix of this report.

In order to learn which hospitals provide a substantial portion of care to poor and low-income patients, a number of indicators were gathered from each hospital. This study reviews aggregate charges for Medicaid and charity care, the proportion of revenue that Medicaid and charity care charges represent, charity care by income level of patient group and charity care as a proportion of revenue.

I. Gross Patient Revenue

Hospital	1999	2000	2001
Cleveland Clinic Foundation	1,384,398	1,695,806	1,989,989
University Hospital	768,351	807,173	824,237
MetroHealth System	621,743	705,662	766,298
Hillcrest Hospital	343,266	405,911	468,247
Fairview Hospital	288,534	322,322	367,431
Parma Community General Hospital	249,565	289,831	329,007
Marymount Hospital	178,608	209,142	241,069
SouthPoint Hospital	149,996	190,014	220,041
Lakewood Hospital	149,730	178,305	217,769
St. Vincent Charity Hospital	253,257	231,525	199,395
Euclid Hospital	108,903	138,951	157,704
Huron Hospital	84,713	122,271	143,677
Lutheran Hospital	83,177	95,184	104,797
UHHS Bedford Medical Center	64,525	68,403	73,845
UHHS St. Michael	na	22,589	45,407
UHHS Richmond Hts Hospital	na	22,720	43,075

Data expressed in thousands; from Audited Financial Statements, at charges.

II. Total Charity Care (provided by hospital and physicians)

Hospital	Dollars (in thousands)
	86,292
	22,428
	20,142
	15,548
	11,451
1	7,774
9	6,895
9	5,326
9	4,490
	3,400
	3,329
	2,722
	2,209
	1,454
	98,502
	27,707
	25,476
	15,378
	13,538
	8,929
2	7,642
0	6,491
0	6,027
0	6,004
	4,017
	3,494
	2,440
	1,661
	1,244
	762

Data, at charges, from Audited Financial Statements.

II. Total Charity Care (provided by hospital and physicians)

	MetroHealth System	96,012
	University Hospital	33,511
	Cleveland Clinic Foundation	29,045
	Huron Hospital	18,598
	St. Vincent Charity Hospital	12,570
	SouthPoint Hospital	9,358
2	Fairview Hospital	8,601
0	Lakewood Hospital	7,795
0	Hillcrest Hospital	7,086
1	Euclid Hospital	5,517
	UHHS St. Michael	5,105
	Lutheran Hospital	4,522
	Marymount Hospital	3,530
	UHHS Bedford Medical Center	2,436
	Parma Community General	2,342
	UHHS Richmond Heights	1,343

Data, at charges, from Audited Financial Statements.

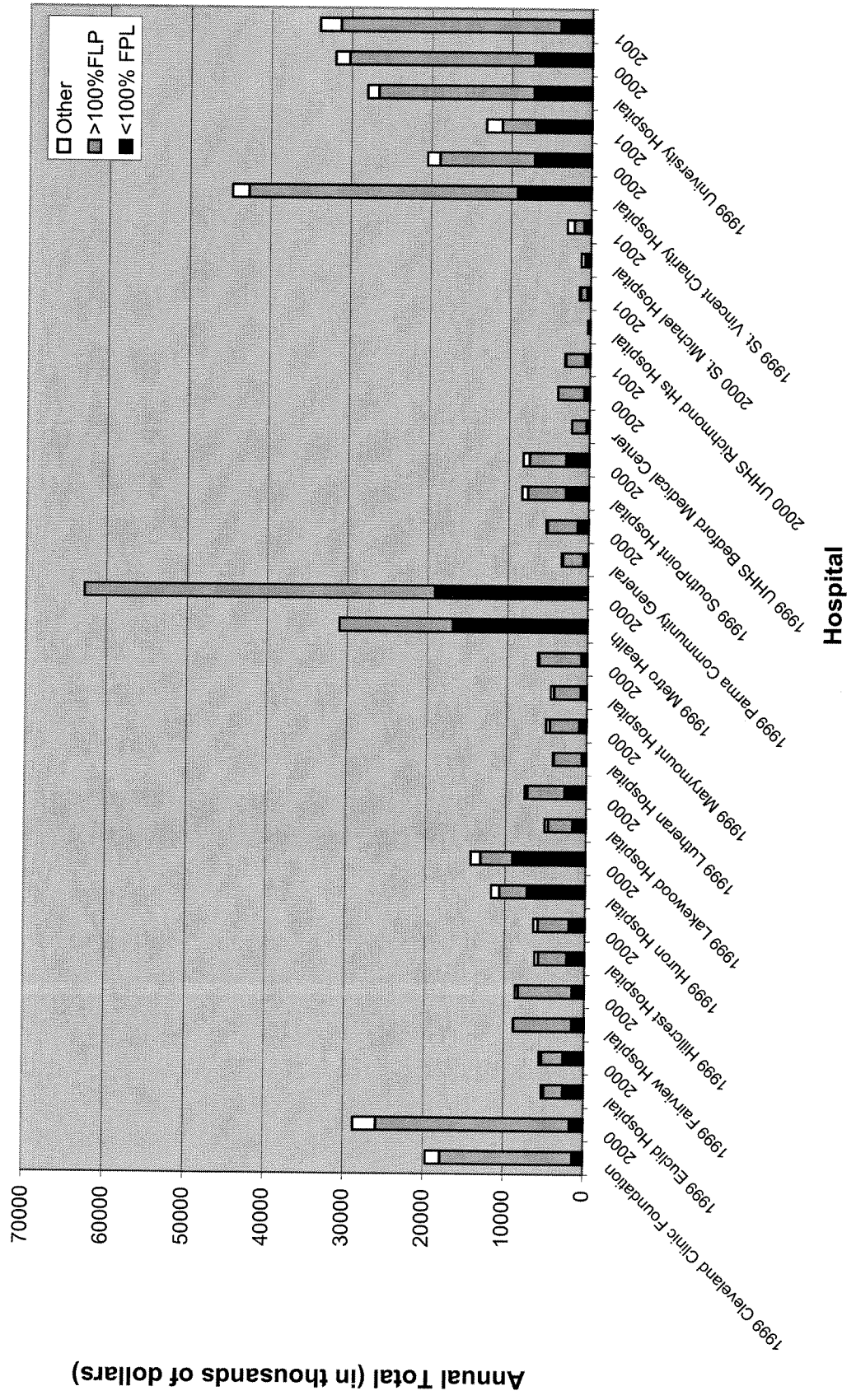
III. Charity Care (hospital only, by charges)

(Annual totals expressed in thousands of dollars)

	Hospital	<100% FPL	>100% FLP	DA	Total
1 9 9 9	Huron Hospital	7,196	3,485	1,055	11,736
	MetroHealth System	16,826	14,131	0	30,957
	Euclid Hospital	2,524	2,379	343	5,246
	Hillcrest Hospital	2,201	3,551	443	6,195
	SouthPoint Hospital	2,865	4,714	738	8,317
	Lakewood Hospital	1,635	3,010	397	5,042
	University Hospital	7,177	19,413	1,409	27,999
	St. Vincent Charity	9,227	33,441	2,086	44,754
	Parma Community	593	2,551	158	3,302
	Fairview Hospital	1,458	7,308	41	8,807
	Marymount Hospital	737	3,347	412	4,496
	UHHS Bedford Medical	330	1,841	0	2,171
	Lutheran Hospital	526	3,506	99	4,131
	Cleveland Clinic	1,289	16,564	1,834	19,687
2 0 0 0	UHHS Richmond Hts	197	0	76	273
	Huron Hospital	9,088	4,025	1,234	14,347
	UHHS St. Michael Hospi	686	0	464	1,150
	Euclid Hospital	2,546	2,616	384	5,546
	SouthPoint Hospital	2,844	4,546	807	8,197
	St. Vincent Charity	7,072	11,873	1,513	20,458
	Lakewood Hospital	2,633	4,659	347	7,639
	MetroHealth System	19,098	43,630	0	62,728
	Hillcrest Hospital	1,941	3,893	561	6,395
	Parma Community	1,340	3,751	152	5,243
	University Hospital	7,155	23,084	1,765	32,004
	Lutheran Hospital	876	3,662	482	5,020
	Fairview Hospital	1,478	6,773	364	8,615
	UHHS Bedford Medical	648	3,309	0	3,957
	Marymount Hospital	697	5,259	213	6,169
Cleveland Clinic	1,654	24,223	2,863	28,740	
2 0 0 1	St. Vincent Charity	6,960	4,190	1,999	13,149
	UHHS St. Michael Hospi	808	1,234	878	2,920
	UHHS Richmond Hts	365	819	192	1,376
	UHHS Bedford Medical	602	2,322	185	3,109
	University Hospital	3,877	27,461	2,627	33,965

Data from Health Care Assurance Program (HCAP) forms submitted to State of Ohio.

IV. Hospital Charity Care (at charges)



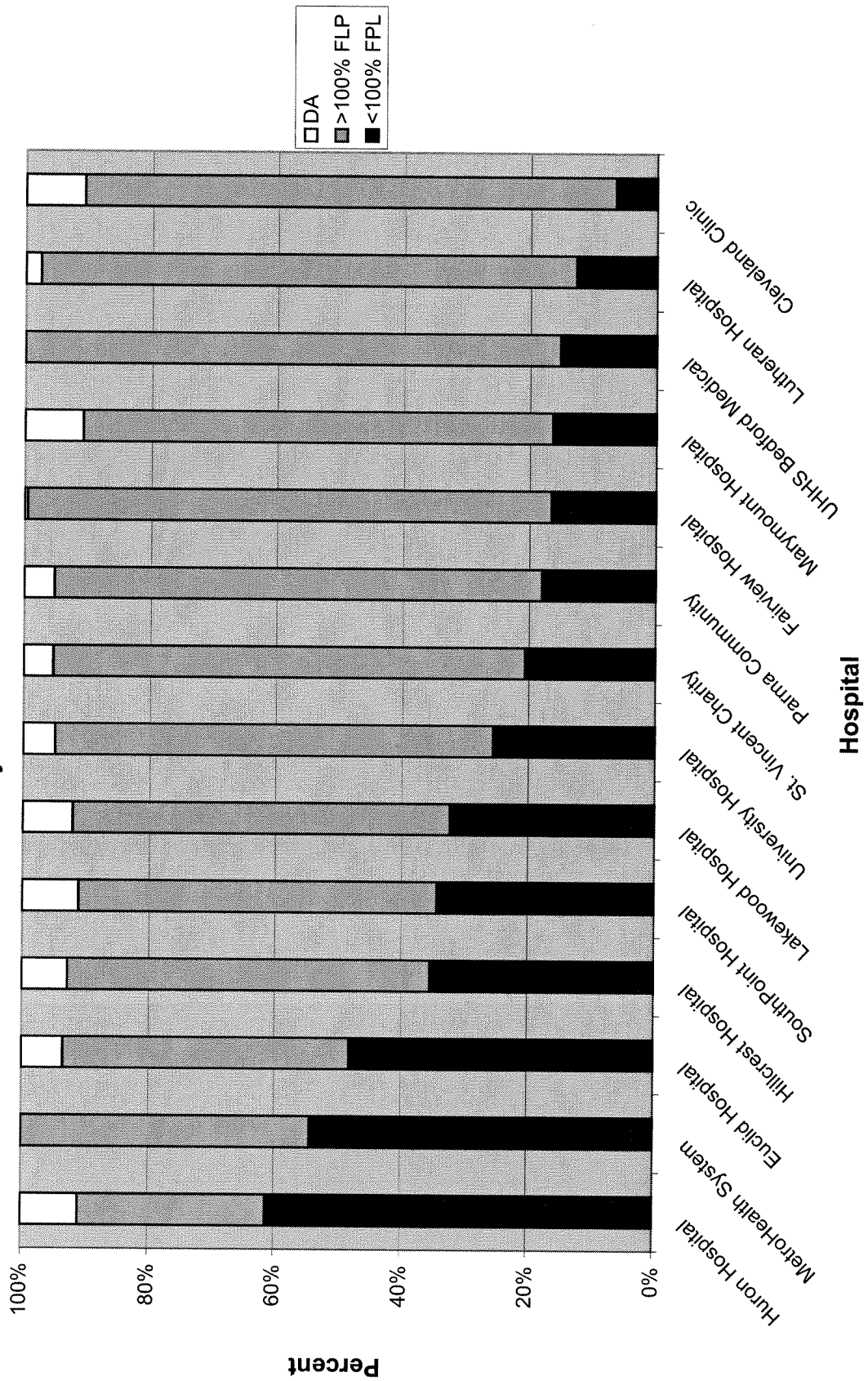
Data from HCAP forms.

V. Charity Care as a Percentage of Revenue

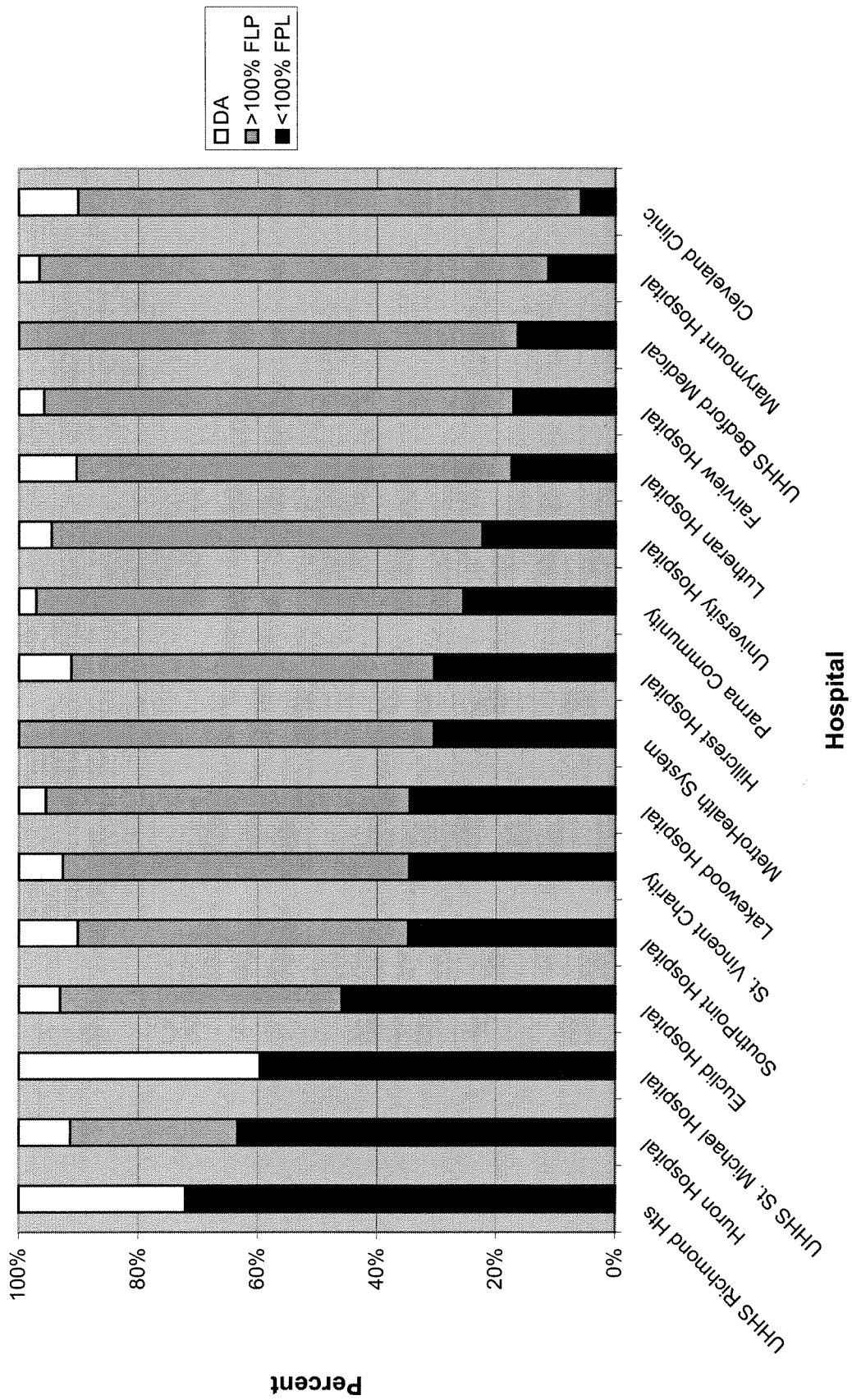
	Hospital	Percent
1 9 9 9	St. Vincent Charity Hospital	17.7
	Huron Hospital	13.9
	SouthPoint Hospital	5.5
	MetroHealth System	5.0
	Lutheran Hospital	5.0
	Euclid Hospital	4.8
	Average	3.9
	University Hospital	3.6
	Lakewood Hospital	3.4
	UHHS Bedford Medical Center	3.4
	Fairview Hospital	3.1
	Marymount Hospital	2.5
	Hillcrest Hospital	1.8
	Cleveland Clinic Foundation	1.4
	Parma Community General	1.3
2 0 0 0	Huron Hospital	11.7
	MetroHealth System	8.9
	St. Vincent Charity Hospital	8.8
	UHHS Bedford Medical Center	5.8
	Lutheran Hospital	5.3
	St. Michael Hospital	5.1
	SouthPoint Hospital	4.3
	Lakewood Hospital	4.3
	Euclid Hospital	4.0
	University Hospital	4.0
	Average	3.9
	Marymount Hospital	2.9
	Fairview Hospital	2.7
	Parma Community General	1.8
	Cleveland Clinic Foundation	1.7
Hillcrest Hospital	1.6	
UHHS Richmond Hts Hospital	1.2	

Charity care data, hospital only, by charges, from HCAP forms. Revenue, at charges, from Audited Financial Statements.

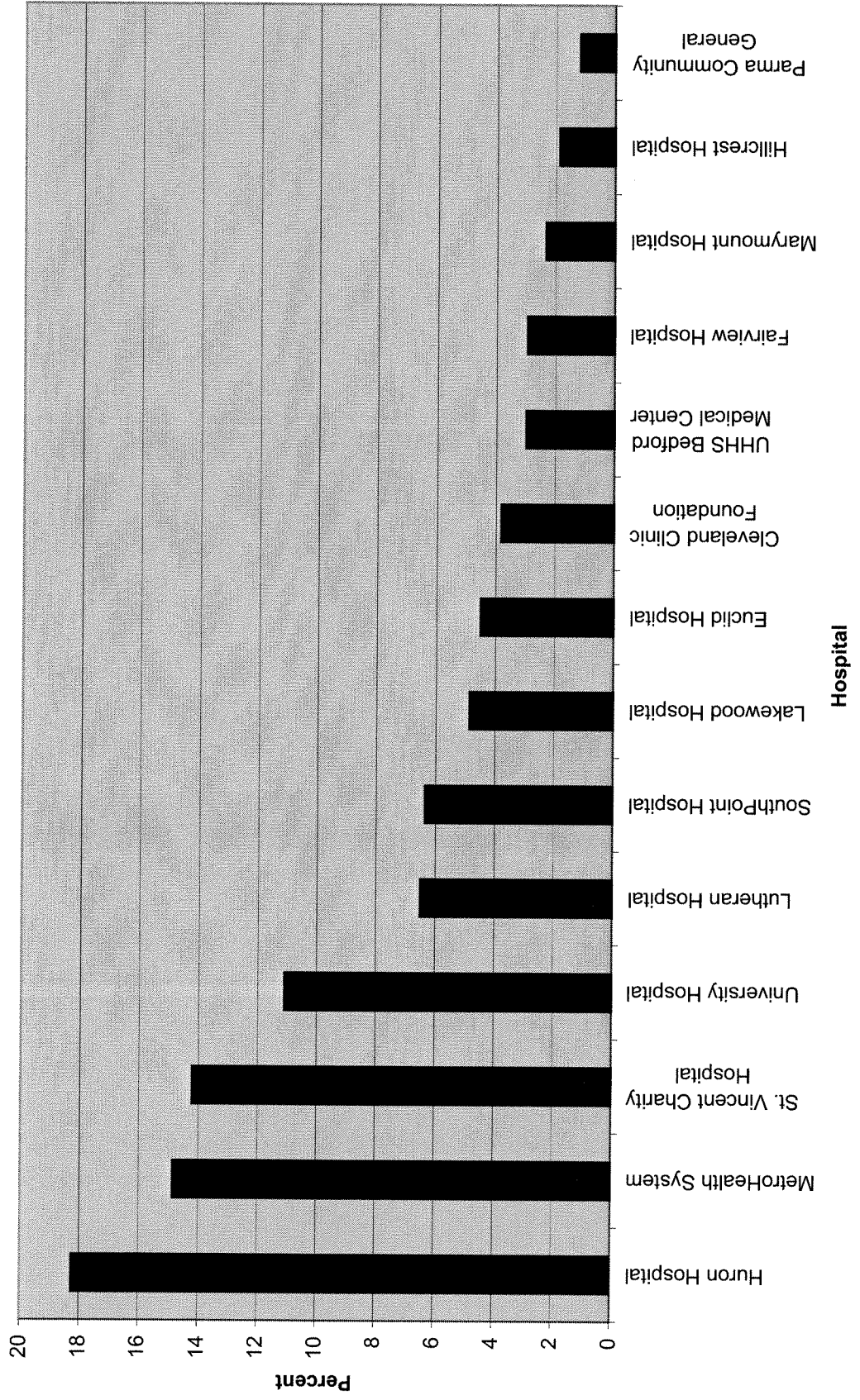
VI. Proportion of Charity Care Provided to Patients Above and Below 100% FPL and on Disability Assistance- 1999



VII. Proportion of Charity Care Provided to Patients Above and Below 100% FPL and on Disability Assistance - 2000

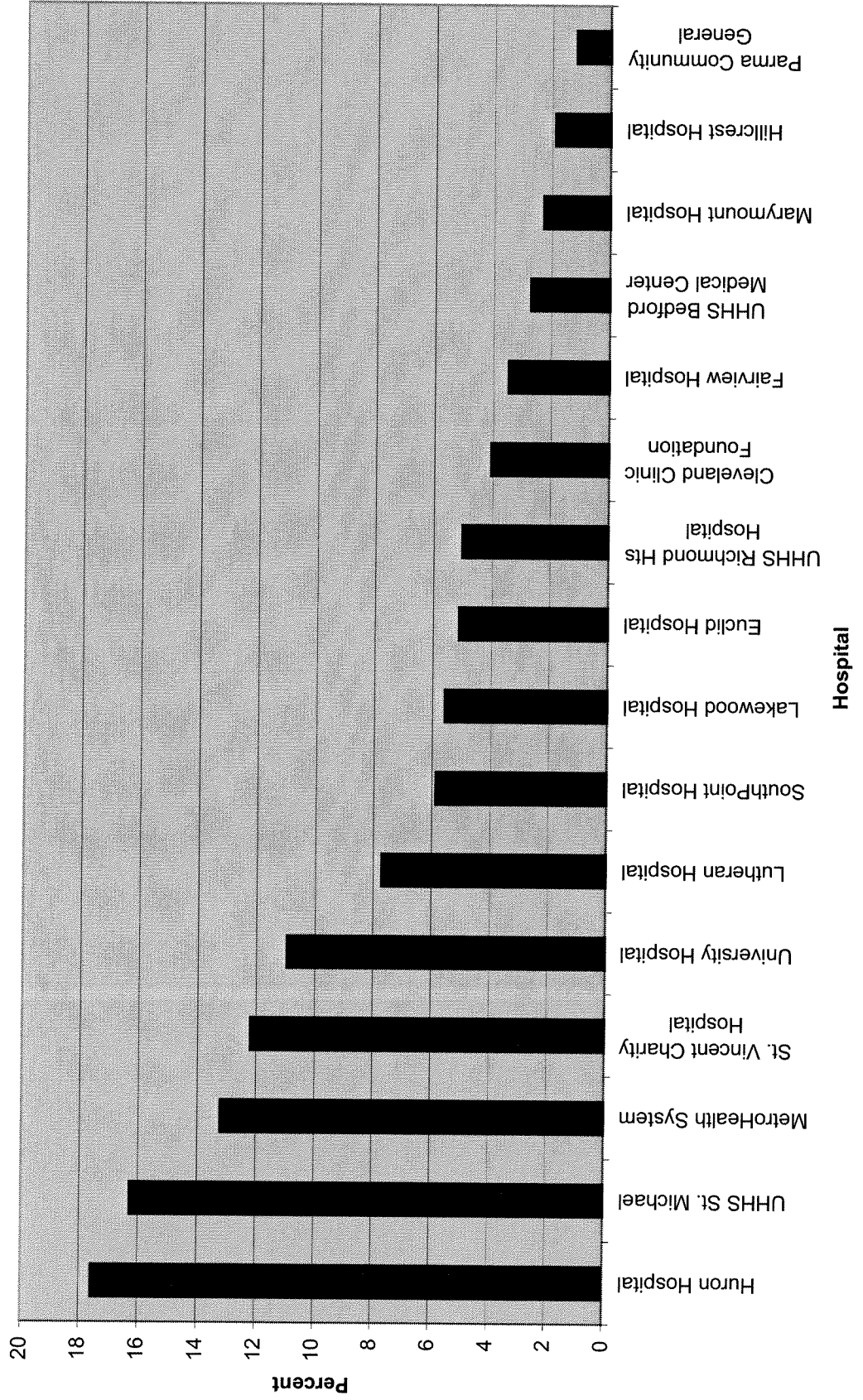


VIII. Medicaid as a Percentage of Total Revenue - 1999



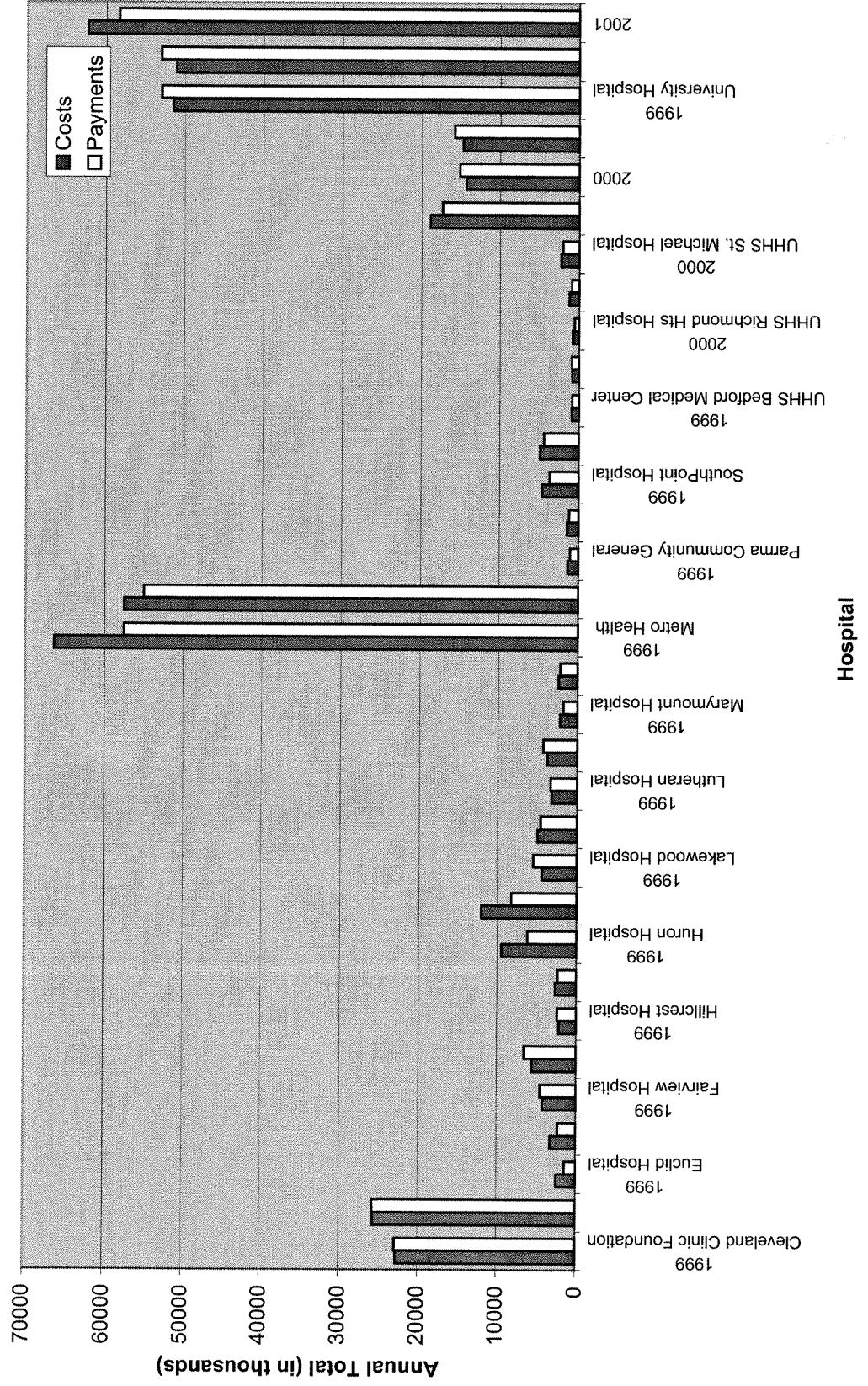
Revenue, at charges, from Audited Financial Statements. Traditional Medicaid, at charges, from Medicaid Cost Reports.

IX. Medicaid as Percentage of Total Revenue - 2000



Revenue, at charges, from Audited Financial Statements. Traditional Medicaid, at charges, from Medicaid Cost Reports.

X. Total Traditional Medicaid



Data from Medicaid Cost Reports.