



## Hospital Community Benefit Key Findings

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House Bill (HB) 19-1320 created part 7 of article 1 of title 25.5, C.R.S. entitled “health care providers’ accountability to communities.” The legislation requires hospitals to meaningfully engage with their communities for feedback on their community benefit activities and to report their community benefit expenditures to the Department of Health Care Policy and Financing. The legislation was an important step to understand the community benefits Colorado’s hospitals provide to their respective communities. Hospitals are investing 6% of their patient revenues received in the community. Such contributions are significant, appreciated, valued and noted immediately below. However, opportunities exist to strengthen hospitals’ accountability to their communities, and those opportunities are also identified below. Notably, the currently reported information does not provide enough detail to identify where and how the funds were invested and whether the community benefit investments match communities’ identified needs.

### Community Investments Reported

- Overall, Colorado hospitals invested \$836.3 million in community benefits in 2020, not including Medicaid shortfall<sup>1</sup>. These investments equal 6% of hospital patient revenue received.
- Investments by category are as follows:
  - ✓ Free or reduced-cost health care services: \$199.5 million, 24% of total
  - ✓ Programs addressing health behaviors or risks: \$485.5 million, 58% of total
  - ✓ Programs that addressed social determinants of health: \$23.1 million, 3% of total
  - ✓ Other investments that addressed community identified needs: \$128.2 million, 15% of total

### Opportunities to Improve Hospitals’ Accountability to their Communities

- Hospitals are not fully complying with the statute, including the important public meeting requirements. The General Assembly should establish corrective action obligations and financial penalties for non-compliance.
- In order to have a better understanding of the hospitals tax exemption benefit compared to their community benefit spending, the General Assembly should direct the Office of the State Auditor, working in conjunction with the Colorado Department of Revenue, to the best of its ability estimate the value of all federal, state and local taxes for reporting hospitals as defined in 25.5-1-701, C.R.S. Such a report should compare the estimated value of each reporting hospital's tax exemptions to its investment in addressing community health needs as set forth in 25.5-1-703(3)(d)(I)(C), C.R.S.
- The specific investments made by hospitals are not clear in the current reporting requirements. Because of this, the Department cannot report what was actually completed by a hospital, its value to the community, or alignment with community

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<sup>1</sup> Medicaid shortfall is the difference between a hospital's cost of care for Medicaid eligible patients and the payments that the hospital receives for these services.

needs. The Department can only distinguish the investment category, i.e., health behaviors or risks or social determinants of health. Therefore, the General Assembly should enable the Department to establish in rule the details of the hospital community investment reporting requirements to ensure that the intent of HB 19-1320 is achieved and that the Department can provide better insights into how the hospital community investment dollars are being spent, by hospital and across the state.

- There is no consistent national standard on what qualifies as community benefit and the current law does not require a minimum expenditure in any category or set priorities. The General Assembly should specify what services and activities it considers sufficient community benefit, establish community benefit minimum expenditures and declare community benefit priorities, such as behavioral health services, housing, access to nutritious food, health care disparities and public health.
- To improve hospitals' accountability to the communities they serve, the General Assembly should establish a requirement for hospitals to directly tie community identified needs to community benefit expenditures, while prioritizing those voiced needs based on shared statewide priorities as recommended above.
- To ensure hospital community benefit investments impact community health, the General Assembly should require hospitals to regularly and meaningfully evaluate the impact of their community benefit investments on community health.

The Hospital Community Benefit Accountability Report is one in a series of reports related to hospitals the Department publishes. Additional reports including the Colorado Hospital Accountability and Sustainability Enterprise; Hospital Cost, Profits and Price; Hospital Expenditure Report; and other reports are available on the Hospital Reports Hub at [Colorado.gov/hcpf/hospital-reports-hub](https://colorado.gov/hcpf/hospital-reports-hub).

# Hospital Community Benefit Accountability

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*Annual Report*

January 15, 2022



**COLORADO**  
Department of Health Care  
Policy & Financing

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## I. Overview

House Bill (HB) 19-1320 requires nonprofit tax-exempt general hospitals, Denver Health Medical Center, and University of Colorado Hospital to complete a community health needs assessment every three years and an annual community benefit implementation plan every year. Critical access hospitals are not required to participate but are encouraged to do so. Each reporting hospital is required to convene a public meeting at least once per year to seek feedback on the hospital's community benefit activities and implementation plans. These hospitals are required to submit a report to the Department of Health Care Policy & Financing (the Department) that includes, but is not limited to the following:

- Information on the public meeting held.
- The most recent Community Health Needs Assessment.
- The most recent Community Benefit Implementation Plan.
- The most recent submitted Internal Revenue Service (IRS) form 990 including Schedule H.
- A description of investments included in IRS form 990 Schedule H.
- Expenses included on IRS form 990.

Report links and additional information can be found on the [Hospital Community Benefit Accountability webpage](#).

## II. Reporting

Under [§ 25.5-1-700, C.R.S.](#), the Department is required to submit an aggregated report including the information below based on the submissions it has received.

1. The amount that each reporting hospital invested in:
  - a. Free or reduced-cost health care services addressing community identified health needs.
  - b. Programs addressing health behaviors or risks.
  - c. Programs addressing social determinants of health.
  - d. All services and programs addressing community identified health needs.
2. A summary of the reporting hospitals' investments that have been effective in improving community health outcomes.



3. Any legislative recommendations the Department has for the General Assembly.

The Department received 45 submissions<sup>1</sup>, and of those, two (2) were critical access hospital and one (1) was a new facility<sup>2</sup> with limited information available to report. All hospitals required to report did so.<sup>3</sup>

### III. Summary

House Bill (HB) 19-1320 created part 7 of article 1 of title 25.5, C.R.S. entitled “health care providers’ accountability to communities.” The legislation requires hospitals to meaningfully engage with their communities for feedback on their community benefit activities and to report their community benefit expenditures to the Department of Health Care Policy and Financing. The legislation was an important step to understand the community benefits Colorado’s hospitals provide to their respective communities. Hospitals are investing 6% of their patient revenues received in the community. Such contributions are significant, appreciated, valued and noted immediately below. However, opportunities exist to strengthen hospitals’ accountability to their communities, and those opportunities are also identified below. Notably, the currently reported information does not provide enough detail to identify where and how the funds were invested and whether the community benefit investments match communities’ identified needs.

The Recommendations and Department Oversight sections below outline opportunities to improve oversight and require more detailed, specific reporting. These recommendations, if followed, will improve the state’s understanding of where the community dollars were actually invested and increase hospitals’ accountability to their communities.

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<sup>1</sup> The Hospital Community Benefit Accountability Report was due from reporting hospitals on July 1, 2021; however, the Department delayed the due date of the first report to Sept. 1, 2021 due to the novel coronavirus (COVID-19) public health emergency.

<sup>2</sup> Children’s Hospital Colorado, Colorado Springs

<sup>3</sup> Critical Access Hospitals (CAH) are not required to report but are encouraged to do so.



## IV. Recommendations

The Department makes the following recommendations to the General Assembly:

1. Hospitals are not fully complying with the statute, including the important public meeting requirements. The General Assembly should establish corrective action and financial penalties for non-compliance.
2. In order to have a better understanding of the hospitals tax exemption benefit compared to their community benefit spending, the General Assembly should direct the Office of the State Auditor, working in conjunction with the Colorado Department of Revenue, to the best of its ability estimate the value of all federal, state and local taxes for reporting hospitals as defined in 25.5-1-701, C.R.S. Such a report should compare the estimated value of each reporting hospital's tax exemptions to its investment in addressing community health needs as set forth in 25.5-1-703(3)(d)(I)(C), C.R.S.
3. The specific investments made by hospitals are not clear in the current reporting requirements as evidenced by *Appendix E Investments Reported by Hospital* on page 24. Because of this, the Department cannot report what was actually completed by a hospital, its value to the community, or alignment with community needs. It can only distinguish the investment category, i.e., health behaviors or risks or social determinants of health. Therefore, the General Assembly should enable the Department to establish in rule the details of the hospital community investment reporting requirements to ensure that the intent of HB 19-1320 is achieved and that the Department can provide better insights into how the hospital community investment dollars are being spent, by hospital and across the state.
4. There is no consistent national standard on what qualifies as community benefit and the current law does not require a minimum expenditure in any category or set priorities. The General Assembly should specify what services and activities it considers sufficient community benefit, establish community benefit minimum expenditures and declare community benefit priorities, such as behavioral health services, housing, access to nutritious food, health care disparities and public health.
5. To improve hospitals' accountability to the communities they serve, the General Assembly should establish a requirement for hospitals to directly tie



community identified needs to community benefit expenditures, while prioritizing those voiced needs based on shared statewide priorities as recommended above.

6. To ensure hospital community benefit investments impact community health, the General Assembly should require hospitals to regularly and meaningfully evaluate the impact of their community benefit investments on community health.

## V. Department Oversight

In addition to these recommendations to the General Assembly, the Department will:

1. Research other states' hospital community benefit requirements and reporting to inform our analysis, reporting and recommendations. For example, New York requires hospitals to demonstrate their commitment to meeting community health care needs, providing charity care and improving underserved individuals' access to health care services through robust reporting and Oregon establishes a hospital community benefit spending floor.
2. Analyze and report additional information from the hospitals' IRS 990 Schedule H form, such as Medicaid shortfall<sup>4</sup>, research and staff education expenditures.
3. To the best of our ability with available data, analyze and report the amount of community benefit and estimated taxes that would have been collected.
4. Strengthen hospitals' reporting requirements to the extent possible under current law, including requirements for robust evidenced-based data.
5. Evaluate whether the cost shift to commercial payers not only covers the Medicaid shortfall, but also covers the entire costs of hospitals' community investment.

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<sup>4</sup> Medicaid shortfall is the difference between a hospital's cost of care for Medicaid eligible patients and the payments that the hospital receives for these services.

## VI. Findings

### A. Compliance with Public Meeting Requirements

Some hospitals did a better job of conducting their public meetings than others. Examples of best practices include:

- Centura Health hospitals held combined meetings where communities overlap, held meetings on multiple days and times, posted meeting notices in newspapers, offered American Sign Language and other translation services, and sent surveys following the meetings to gather additional feedback on community needs.
- SCL Health hospitals combined meetings and used breakout rooms during meetings to have discussions and questions on specific topics, posted meeting notices in several newspapers and on social media, and sent a survey after meetings to solicit ideas and concerns.

On the other hand, some hospitals including National Jewish Health, Children's Hospital Colorado and Denver Health Medical Center did not invite the Department to their public meetings, which was not compliant with the legislation. Community Hospital in Grand Junction and all Banner Health hospitals failed to hold a public meeting at all, which was also non-compliant with the legislation.

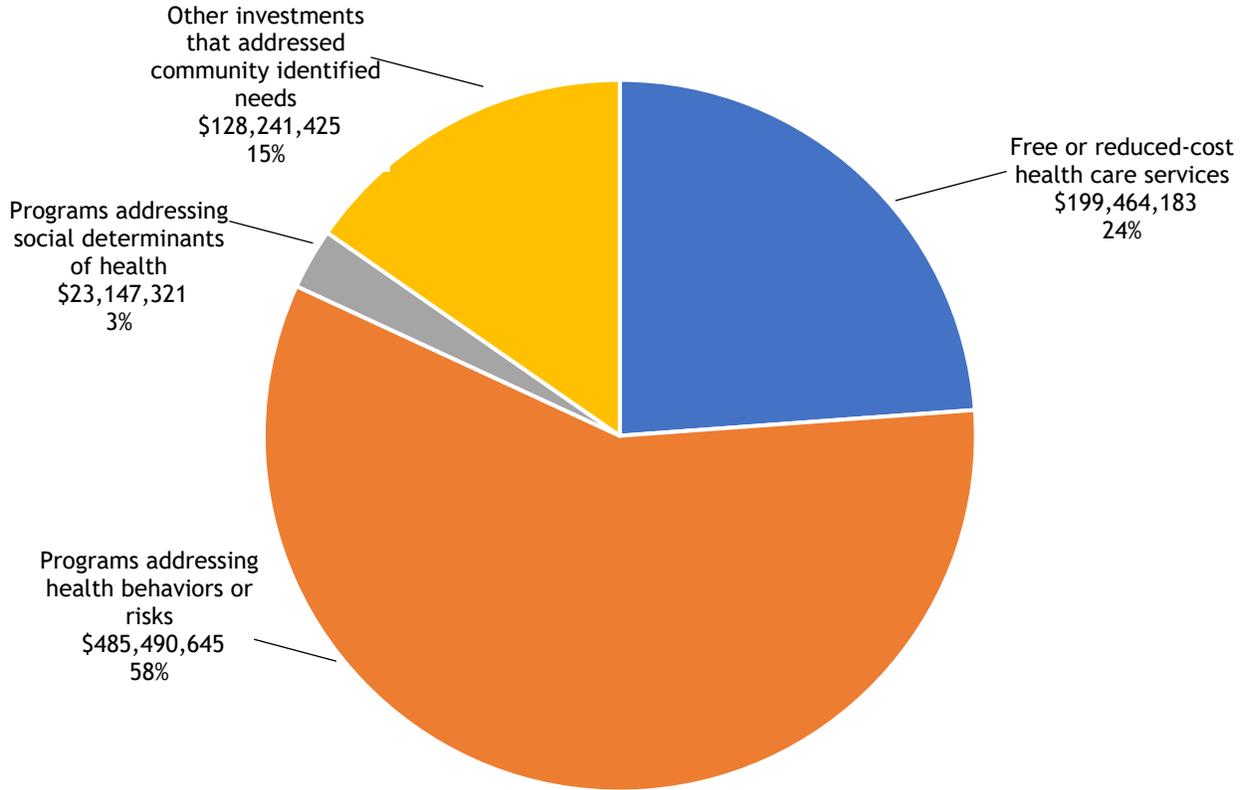
### B. Overall Investments

The overall investments across all categories reported totaled \$836,343,574, which is 6% of their patient revenue received. Free or reduced-cost health care services represents 24% of the total, programs addressing health behaviors or risks represents 58% of the total, programs addressing social determinants of health represents 3% of the total, and other investments that addressed community identified needs represents 15% of the total. This is summarized in the bullets and Figure 1 below.

- Free or reduced-cost health care services: \$199,464,183 (24%)
- Programs addressing health behaviors or risks: \$485,490,645 (58%)
- Programs that addressed social determinants of health: \$23,147,321 (3%)

- Other investments that addressed community identified needs: \$128,241,425 (15%)

Figure 1 Community Investments by Category

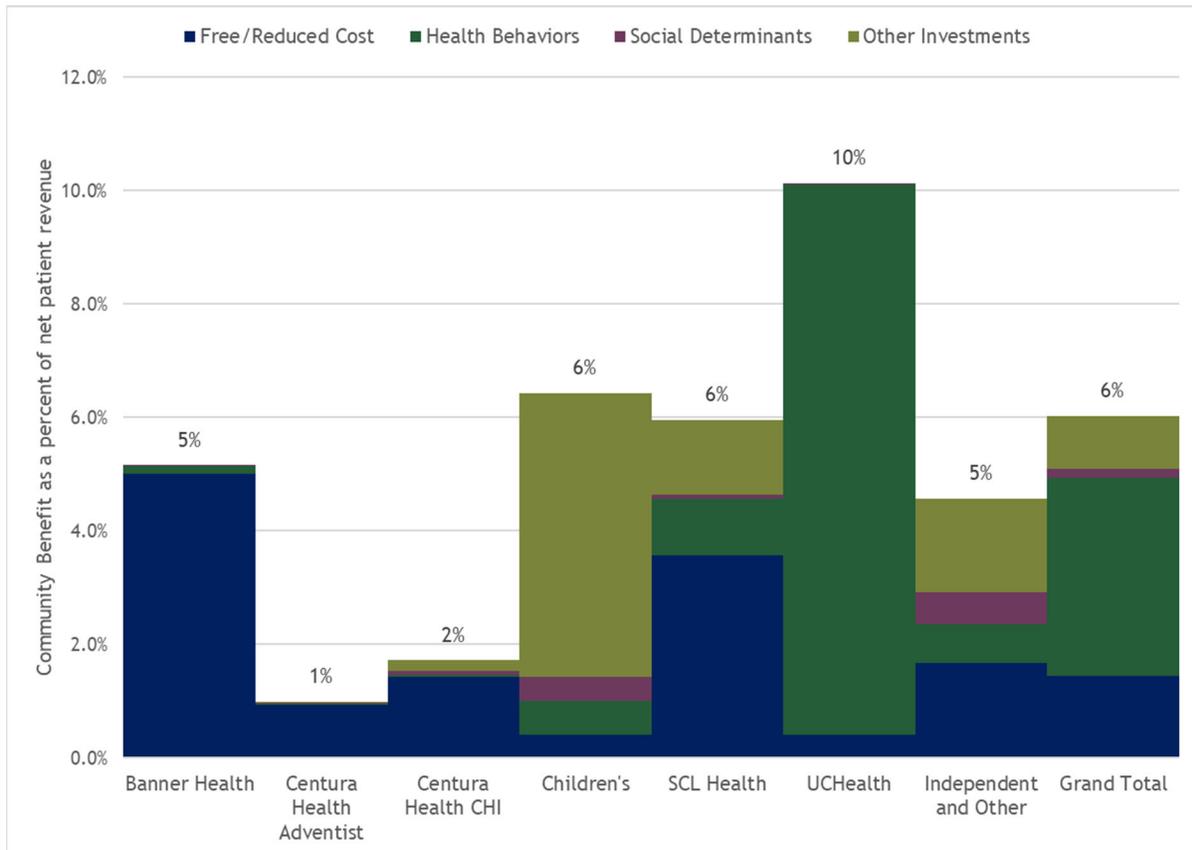


### C. Community Investment Compared to Net Patient Revenue

The Department has examined the community benefit as a percentage of net patient revenue to quantify what percentage of these nonprofit hospitals' payments go back into the community. Net patient revenue approximates the payments a hospital receives for patient services. This is calculated by totaling all charges a hospital billed to patients, subtracting all contractual allowances and then subtracting any allowances for bad debt or charity care. Overall,

hospitals' community investments<sup>5</sup> represent 6% of total net patient revenue<sup>6</sup>. *Figure 2* below shows what proportion each category of community benefit makes up the total benefit as a percentage of net patient revenue by system.

**Figure 2 Community Benefit Percentage of Net Patient Revenue**



#### D. Community Health Needs Assessments

Nonprofit tax exemption depends in part on a hospital conducting a Community Health Needs Assessment (CHNA) every three years and implementing a strategy to meet the community health needs identified through the CHNA<sup>7</sup>.

<sup>5</sup> As defined in the statute, i.e., free or reduced-cost health care services and investments that address community identified health needs. This excludes Medicaid shortfall.

<sup>6</sup> Net patient revenue approximates the payments a hospital receives for patient services. Net patient revenue is calculated by totaling all charges the hospital billed to patients, subtracting contractual allowances and then subtracting bad debt and charity care.

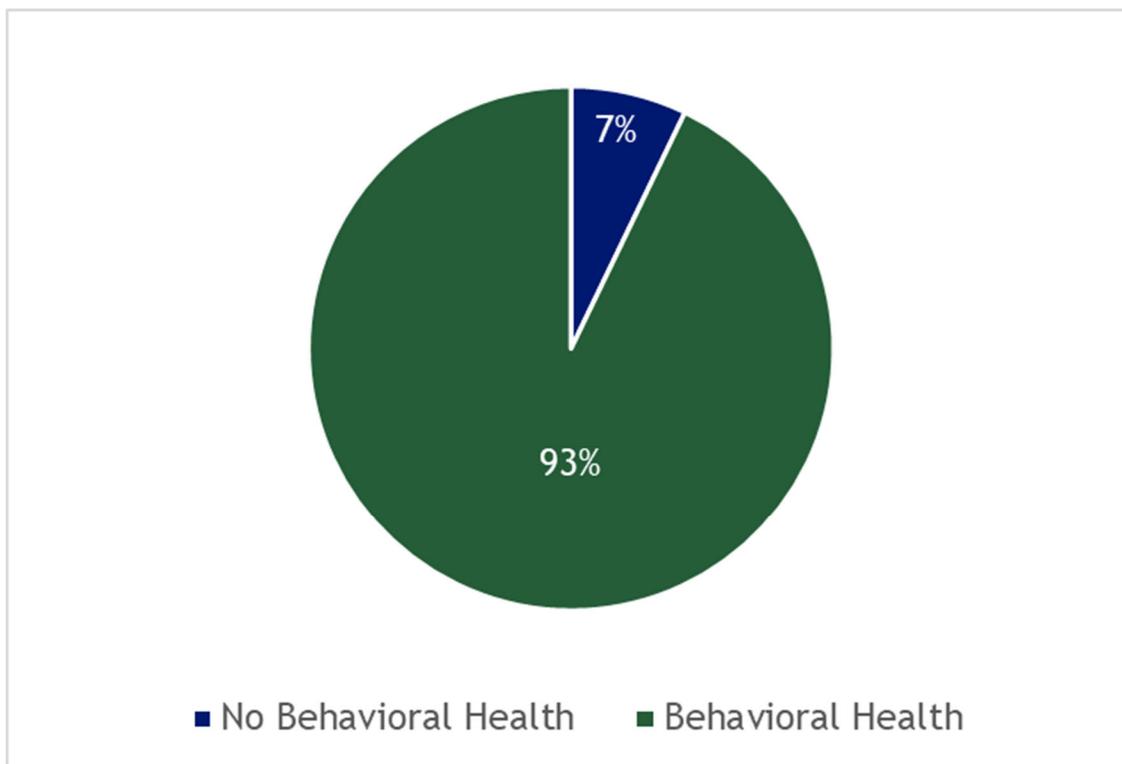
<sup>7</sup> See [irs.gov/charities-non-profits/community-health-needs-assessment-for-charitable-hospital-organizations-section-501r3](https://www.irs.gov/charities-non-profits/community-health-needs-assessment-for-charitable-hospital-organizations-section-501r3)



A CHNA is a local health assessment that identifies key health needs and issues through systematic, comprehensive data collection and analysis. Health needs can include access to care, mental health/behavioral health, health education, chronic disease, and social determinants of health (housing instability, food insecurity, transportation needs, utility help needs and interpersonal safety).

An evaluation of submitted CHNAs shows that 93% of hospitals' CHNAs included behavioral health as a priority for the community. However, hospitals' community benefit expenditures reported to the Department lack sufficient detail to determine whether the community benefit investments match the communities' identified needs. This is an opportunity for more detailed, specific reporting from hospitals to tie their identified needs of the community to their community benefit investment spending.

Figure 3 Community Health Needs Assessments Behavioral Health Prioritization



## E. Benefit of Tax Exemption Status

Generally, for-profit corporations pay taxes while nonprofits do not and are tax-exempt. These taxes include income tax, sales tax, property, and personal property taxes. Most hospitals are nonprofit organizations and federally tax exempt. Colorado also exempts nonprofits from taxes.

Most of the costs nonprofit hospitals consider community benefits, including Medicaid shortfall and free and reduce care costs, are the same types of costs also incurred by for-profit, tax paying hospitals.<sup>8</sup> Evaluation of the taxpaying HealthONE system hospitals shows it incurs Medicaid shortfall and charity care (e.g., free and reduced care costs) at a similar amount to the tax exempt UCHealth System hospitals.<sup>9</sup> See *Table 1* and *Table 2* below.

Table 1 HealthONE Community Benefit

Hospital Name	Medicaid Shortfall	Charity Care Costs	Other Benefits	Total Community Benefit
North Suburban Medical Center	\$41,402,071	\$3,524,001		
Presbyterian/St. Luke's Medical Center	\$ 90,564,466	\$2,720,789		
Rose Medical Center	\$30,608,612	\$1,464,777		
Sky Ridge Medical Center	\$13,249,563	\$1,715,377		
Swedish Medical Center	\$60,756,106	\$5,466,421		
The Medical Center of Aurora	\$55,557,232	\$5,473,154		
<b>HealthONE Total</b>	<b>\$292,138,050</b>	<b>\$20,364,520</b>	<b>\$16,600,000</b>	<b>\$329,102,570</b>

<sup>8</sup> See pages 38-40, [Hospital Cost, Price & Profit Review, August 2021](#).

<sup>9</sup> HealthONE's values for Medicaid shortfall and costs for charity care programs were evaluated from the Hospital Expenditure Report 2019 dataset and its other community benefits come from evaluation of community health improvements, community building activities, Health professional education, cash and in-kind contributions, and research investment from page 24 of HealthONE's [2019 Community Impact Report](#).

As shown in Table 2, community benefit expenditures for major hospital systems in Colorado exceed the estimated tax exemption when Medicaid shortfall, free and reduced cost care, and other community investments (which include research and health professions education expenses) are included. However, since for profit, tax paying hospitals, also have Medicaid shortfall and free and reduced cost care expenditures, evaluating community benefit investments by investment categories provides more insight. Taking Children’s Hospital Colorado, for example, the largest categories of community benefit expenditures are for other community investments<sup>10</sup> and Medicaid shortfall. Analysis of Children’s Hospital Colorado’s other community investments shows most of those expenditures were for research and health professions education expenses. Moreover, the community benefit expenditure information reported by hospitals lacks sufficient detail to determine the value to the community.

For purposes of this analysis to evaluate how hospitals’ tax exemption compares to their community benefit investments, the Department applied a tax rate to net income. However, since net income is used as a substitute for taxable income, there may be additions and subtractions that are not considered in this analysis. The Department’s estimated value of tax exemption is the sum of a hospital’s estimated federal corporate income tax, estimated state corporate income tax and estimated property taxes. It does not include exempted business fees or the value of access to tax-exempt bond markets.<sup>11</sup>

For a more in-depth evaluation of the value of non-profit hospitals’ tax exemption, the General Assembly may wish to direct the Office of the State Auditor, working in conjunction with the Colorado Department of Revenue, to the best of its ability estimate the value of all federal, state and local tax expenditures for reporting hospitals as defined in 25.5-1-701, C.R.S.

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<sup>10</sup> Further, Children’s Hospital Colorado’s other community investments are comprised mostly of research and health professions education expenses, \$42 million out of \$60 million.

<sup>11</sup> Analysis reflects federal corporate income tax of 21% and Colorado tax rate of 4.55%, with sales and property tax rates varying by location. See appendix D for a detailed description of the Department’s estimated tax exemption methodology.



*Table 2 Community Benefit, Medicaid Shortfall, Estimated Tax Exemption by System*

Hospital System	Free or Discounted Services	Health Behaviors or Risks	Social Determinants of Health	Other community identified needs	Total Community Benefit	Medicaid Shortfall	Estimated Value of Tax Exemption
Banner Health	\$32,021,544	\$957,630	\$23,703	\$0	\$33,002,877	\$31,447,228	\$21,662,157
Centura Health Adventist	\$11,223,734	\$264,265	\$175,322	\$214,630	\$11,877,951	\$93,013,473	\$41,887,059
Centura Health CHI	\$28,451,187	\$771,276	\$1,532,959	\$3,746,940	\$34,502,362	\$147,039,811	\$75,986,612
Children's	\$4,947,187	\$7,205,568	\$5,041,992	\$60,455,896	\$77,650,643	\$186,078,313	\$36,429,204
SCL Health	\$62,130,500	\$17,360,640	\$1,148,502	\$22,818,052	\$103,457,694	\$101,338,689	\$45,050,410
UCHealth	\$18,140,546	\$442,108,785	\$1,145,878	\$0	\$461,395,209	\$271,998,581	\$258,197,072
Independent + San Luis Valley	\$40,823,746	\$16,811,882	\$14,077,234	\$41,004,907	\$112,717,769	\$134,834,624	\$80,755,640

UCHealth hospitals report significantly more community investment than other systems, which is a positive note in this report. Of their investments, more than \$442 million were in health behaviors or risks. The information reported by UCHealth, however, shows that much of this investment is for provider recruitment and for education and training for health care professionals. There are insufficient details of UCHealth's health behaviors or risks community investments to determine the value to the community. This reinforces the need for more detailed community reporting by hospitals to assess the value to the community.



## VII. Appendix A Reporting Hospitals

Table 3 Reporting Hospitals

Hospital	County	Hospital System
Avista Adventist Hospital	Boulder	Centura Health
Boulder Community Health	Boulder	
Castle Rock Adventist Hospital	Douglas	Centura Health
Children's Hospital Colorado	Arapahoe	
Children's Hospital Colorado, Colorado Springs	El Paso	
Community Hospital	Mesa	
Delta County Memorial Hospital	Delta	
Denver Health and Hospital Authority	Denver	
East Morgan County Hospital	Morgan	Banner Health
Fort Collins Medical Center	Larimer	Banner Health
Good Samaritan Medical Center	Boulder	SCL Health
Littleton Adventist Hospital	Arapahoe	Centura Health
Longmont United Hospital	Boulder	Centura Health
Lutheran Medical Center	Jefferson	SCL Health
McKee Medical Center	Larimer	Banner Health
Mercy Regional Medical Center	La Plata	Centura Health
Montrose Memorial Hospital	Montrose	
National Jewish Health	Denver	
North Colorado Medical Center	Weld	Banner Health
Parker Adventist Hospital	Douglas	Centura Health
Parkview Medical Center	Pueblo	
Penrose-St Francis Health Services	El Paso	Centura Health
Platte Valley Medical Center	Adams	SCL Health
Porter Adventist Hospital	Denver	Centura Health
Saint Joseph Hospital	Denver	SCL Health
San Luis Valley Health	Alamosa	

Hospital	County	Hospital System
St Anthony Hospital	Jefferson	Centura Health
St Anthony Hospital North Health Campus	Adams	Centura Health
St Anthony Summit Medical Campus	Summit	Centura Health
St Mary Corwin Hospital	Pueblo	Centura Health
St Mary's Regional Medical Center	Mesa	SCL Health
St Thomas More Hospital	Fremont	Centura Health
Sterling Regional Medical Center	Logan	Banner Health
UCHealth Broomfield Hospital	Broomfield	UCHealth
UCHealth Grandview Hospital	El Paso	UCHealth
UCHealth Greeley Hospital	Weld	UCHealth
UCHealth Highlands Ranch Hospital	Douglas	UCHealth
UCHealth Longs Peak Hospital	Weld	UCHealth
UCHealth Medical Center of the Rockies	Larimer	UCHealth
UCHealth Memorial Hospital	El Paso	UCHealth
UCHealth Poudre Valley Hospital	Larimer	UCHealth
UCHealth University of Colorado Hospital	Arapahoe	UCHealth
UCHealth Yampa Valley Medical Center	Routt	UCHealth
Vail Health	Eagle	
Valley View Hospital	Garfield	



## VIII. Appendix B Investment Amounts by Hospital

Table 4 Investment Amounts

Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
Avista Adventist Hospital	\$2,197,067	\$200,715	\$23,056	\$0	\$2,420,838
Boulder Community Health	\$3,017,967	\$196,240	\$76,889	\$109,440	\$3,400,536
Castle Rock Adventist Hospital	\$800,506	\$0	\$19,106	\$18,962	\$838,574
Children's Hospital Colorado	\$4,548,083	\$7,205,568	\$5,041,992	\$60,455,896	\$77,251,539
Children's Hospital Colorado, Colorado Springs	\$399,104	\$0	\$0	\$0	\$399,104
Community Hospital	\$7,916,174	\$98,176	\$135,200	\$16,978	\$8,166,528
Delta County Memorial Hospital	\$656,218	\$0	\$0	\$0	\$656,218
Denver Health and Hospital Authority	\$8,634,393	\$0	\$0	\$34,709,148	\$43,343,541
East Morgan County Hospital	\$443,791	\$5,277	\$1,731	\$0	\$450,799
Fort Collins Medical Center	\$670,714	\$82,980	\$0	\$0	\$753,694
Good Samaritan Medical Center	\$3,359,884	\$188,523	\$107,948	\$1,725,230	\$5,381,585
Littleton Adventist Hospital	\$1,920,226	\$25,756	\$46,948	\$92,073	\$2,085,003
Longmont United Hospital	\$3,582,797	\$0	\$9,748	\$77,533	\$3,670,078
Lutheran Medical Center	\$9,705,117	\$823,190	\$520,428	\$0	\$11,048,735
McKee Medical Center	\$3,326,673	\$242,939	\$0	\$0	\$3,569,612



Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
Mercy Regional Medical Center	\$2,470,801	\$3,433	\$124,657	\$592,653	\$3,191,544
Montrose Memorial Hospital	\$9,875,113	\$718,054	\$0	\$0	\$10,593,167
National Jewish Health	\$83,785	\$13,383,428	\$13,383,428	\$0	\$26,850,641
North Colorado Medical Center	\$27,376,836	\$605,001	\$20,535	\$0	\$28,002,372
Parker Adventist Hospital	\$2,946,983	\$7,540	\$62,245	\$9,285	\$3,026,053
Parkview Medical Center	\$4,278,180	\$41,055	\$42,458	\$0	\$4,361,693
Penrose-St Francis Health Services	\$8,275,975	\$329,870	\$513,163	\$372,469	\$9,491,477
Platte Valley Medical Center	\$7,078,080	\$401,281	\$53,213	\$744,923	\$8,277,497
Porter Adventist Hospital	\$3,358,952	\$30,254	\$23,967	\$94,310	\$3,507,483
Saint Joseph Hospital	\$19,415,423	\$1,997,822	\$155,070	\$20,315,196	\$41,883,511
San Luis Valley Health	\$838,630	\$947,259	\$28,061	\$0	\$1,813,950
St Anthony Hospital	\$5,769,596	\$247,253	\$308,125	\$0	\$6,324,974
St Anthony Hospital North Health Campus	\$5,040,375	\$0	\$429,059	\$26,974	\$5,496,408
St Anthony Summit Medical Campus	\$1,703,059	\$123,232	\$144,092	\$196,347	\$2,166,730
St Mary Corwin Hospital	\$1,608,584	\$67,488	\$4,115	\$2,480,964	\$4,161,151
St Mary's Regional Medical Center	\$22,571,996	\$13,949,824	\$311,843	\$32,703	\$36,866,366
St Thomas More Hospital	\$625,730	\$5,322	\$0	\$0	\$631,052
Sterling Regional Medical Center	\$647,321	\$26,710	\$3,168	\$0	\$677,199



Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
UCHealth Broomfield Hospital	\$184,000	\$2,878,701	\$58	\$0	\$3,062,759
UCHealth Grandview Hospital	\$110,014	\$4,477,474	\$53	\$0	\$4,587,541
UCHealth Greeley Hospital	\$848,031	\$25,265,289	\$4,941	\$0	\$26,118,261
UCHealth Highlands Ranch Hospital	\$294,523	\$11,561,579	\$57	\$0	\$11,856,159
UCHealth Longs Peak Hospital	\$584,998	\$25,098,588	\$5,287	\$0	\$25,688,873
UCHealth Medical Center of the Rockies	\$2,364,020	\$63,803,176	\$27,997	\$0	\$66,195,193
UCHealth Memorial Hospital	\$3,787,628	\$93,112,803	\$804,455	\$0	\$97,704,886
UCHealth Poudre Valley Hospital	\$2,875,792	\$56,998,196	\$118,629	\$0	\$59,992,617
UCHealth University of Colorado Hospital	\$6,139,531	\$156,430,262	\$14,951	\$0	\$162,584,744
UCHealth Yampa Valley Medical Center	\$952,009	\$2,482,717	\$169,450	\$0	\$3,604,176
Vail Health	\$110,192.35	\$320,149.85	\$363,843.85	\$6,170,341	\$6,964,527.05
Valley View Hospital	\$6,069,312	\$1,107,520	\$47,354	\$0	\$7,224,186
<b>Totals</b>	<b>\$199,464,183</b>	<b>\$485,490,645</b>	<b>\$23,147,321</b>	<b>\$128,241,425</b>	<b>\$836,343,574</b>



## IX. Appendix C Investments by Division of Insurance Region

Figure 4 Total of All Investments Reported

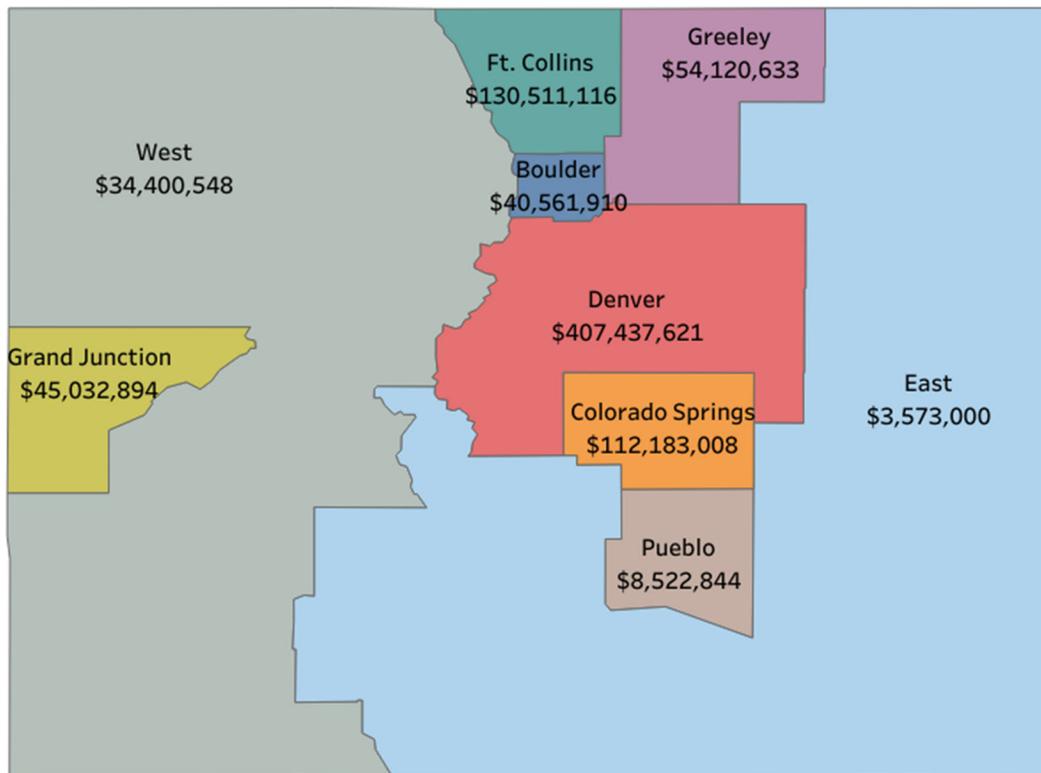


Figure 5 Free or Reduced-Cost Health Care Services

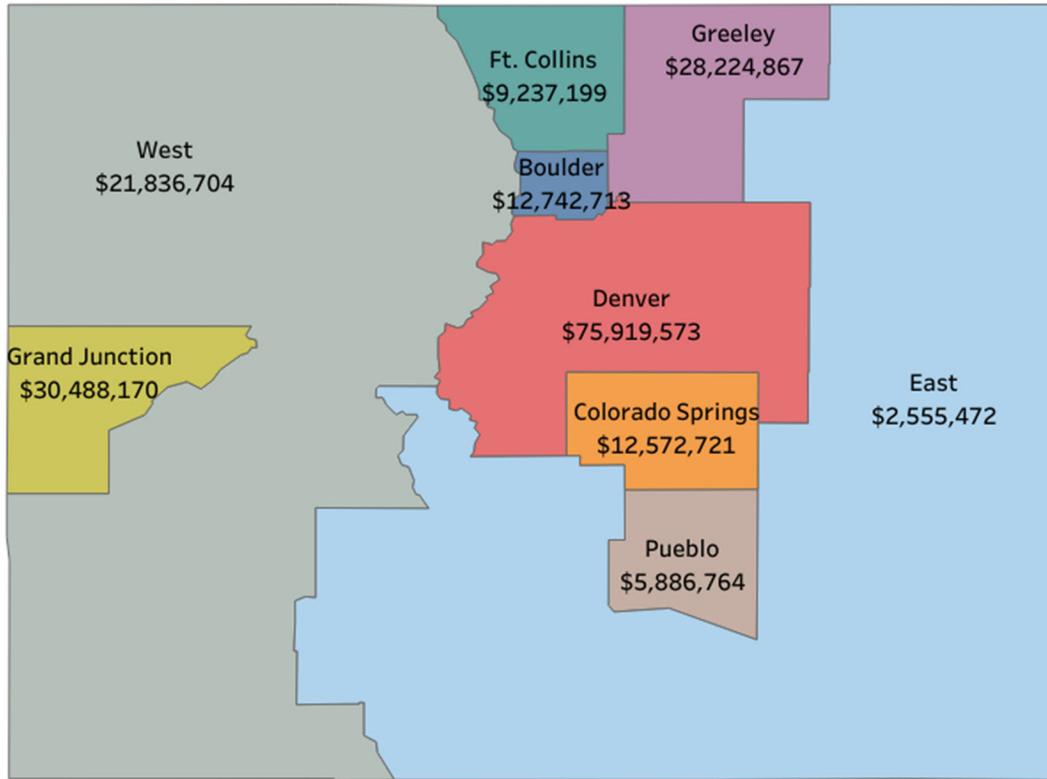


Figure 6 Programs Addressing Health Behaviors or Risks

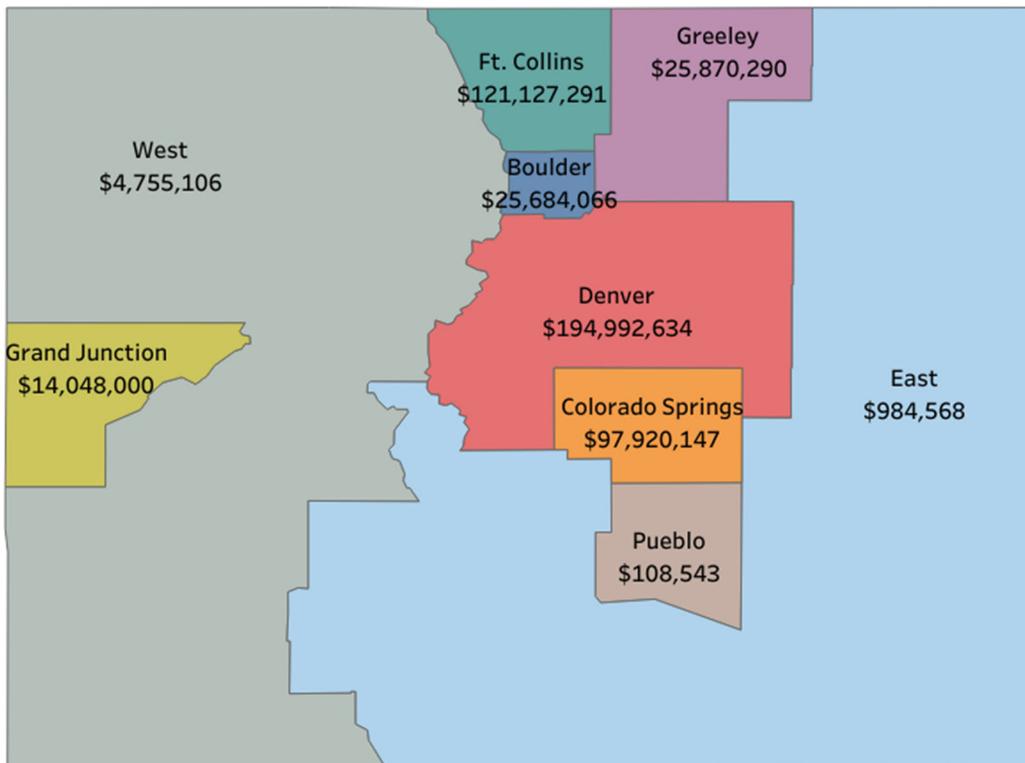
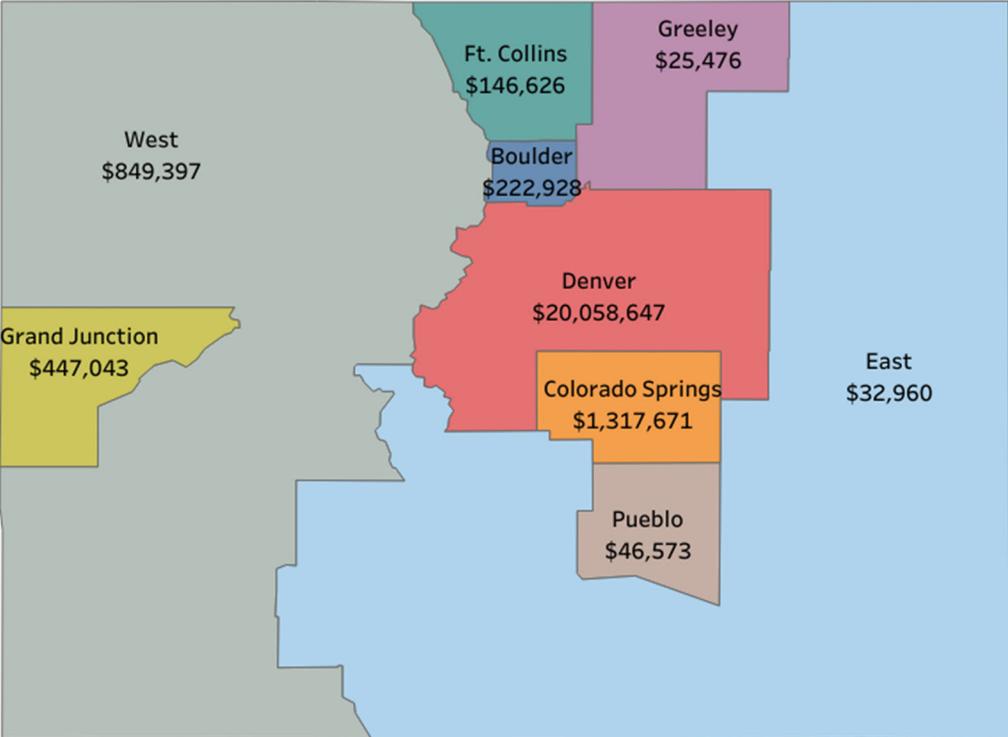


Figure 7 Programs Addressing Social Determinants of Health



## X. Appendix D Estimated Tax Exemption Methodology

### Methodology

The value of tax-exempt status is the total value of taxes, business fees exempted, and access to tax-exempt bonds. Because of the constraints of publicly available information, this analysis only includes a valuation of taxes. The Department's estimated value of tax exemption is the sum of a hospital's estimated federal corporate income tax, estimated state corporate income tax, and estimated property taxes.

- Federal corporate income tax is estimated by multiplying a hospital's net income as reported through the Hospital Transparency program by the federal corporate tax rate of 21.0%
- State corporate income tax is estimated by multiplying a hospital's net income as reported through the Hospital Transparency program by the state corporate tax rate of 4.55%
- Property tax is estimated by visiting county assessor websites and finding parcels that have known hospital facilities and finding parcels that list hospitals or health systems as owner. The Department reviewed to make sure that the parcels or values included were only those that were listed as tax exempt.<sup>12</sup> County websites include market value, assessed value, and the property's mill levies.
  - Some of the county assessor websites validated this methodology by providing a property tax liability (before exemption) that matched Department estimates.

Estimates were performed as the hospital-level then aggregated by health system.

Taxes that the Department did not attempt include an estimate of sales tax and an estimate of equipment taxes. A sales tax estimate was not attempted because there are medical supplies that are already exempt from sales tax. This added a complexity and uncertainty to the valuation. Some county assessor sites indicated that equipment was included in property values, so the Department did not attempt to estimate to ensure there wasn't double counting.

The Department used the state of Montana's audit of community benefit spending as a reference for how to estimate the value of tax exemption.<sup>13</sup> The Department diverged from the Montana methodology in the following ways:

- Montana sourced net income from 990s while the Department source net income from the Hospital Transparency dataset.
- Montana applied a single estimated rate for mill levies to the taxable value for hospitals to determine an estimated property tax. The Department used data from all

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<sup>12</sup> There are office buildings owned by hospitals that are not tax exempt. Some parcels have a mix of exempt and non-exempt values.

<sup>13</sup> State of Montana, Department of Public Health and Human Services, Legislative Audit Division. September 2020. Community Benefit and Charity Care Obligations at Montana Nonprofit Hospitals. [leg.mt.gov/content/Committees/Administration/audit/2019-20/Meetings/Oct-2020/18P-07.pdf](https://leg.mt.gov/content/Committees/Administration/audit/2019-20/Meetings/Oct-2020/18P-07.pdf)

the hospital's county assessor websites per hospital owned parcel to estimate what a hospital would be liable for in taxes.

- Montana's methodology allowed for an estimate for equipment taxes, while the Department's did not because the risk of double counting.

## Limitations

### Income Tax

- Organizations have an incentive to lower their taxable include. Hospitals would likely include as many legal deductions as possible to lower their taxable income for income tax returns. The Department acknowledges that, by using net income, corporate taxes may be overstated.
- Some or part of certain expenses would *not* be included in income tax returns. The Department did not make any adjustments to net income to address adding back expenses for these additions. For example, entertainment expense may only be tax deductible in certain circumstances.

### Property Tax

- The Department attempted to capture all properties owned by a hospital or health system but may have mistakenly included or excluded parcels.
- The Department was limited to publicly available information.
- Campuses with multiple hospitals were challenging to split up.
- There were cases where a known hospital was located, but the parcel's tax exempt status was not listed as exempt. These parcels were assumed to be tax exempt.



## XI. Appendix E Investments Reported by Hospital

### Avista Adventist Hospital

- Community Education
- Family Life Education Center
- OB Post-Partum classes
- Childbirth training and education classes
- Behavioral health stigma reduction

### Boulder Community Health

- Community outreach coordinator
- Sexual Assault Nurse Examiners
- Community education programs
- Stop the Bleed education program
- Walk with a Doc program
- Beacon Infectious Disease Clinic

### Castle Rock Adventist Hospital

- Transportation services
- Community based clinical services
- Behavioral health stigma reduction
- SNAP outreach

### Children's Hospital Colorado

- Community health education
- Home based asthma education
- After hours nurse line
- Partnership with Aurora Public Schools to address food insecurity
- Pediatric clinical translational research
- Support community-based organizations that address identified needs
- Support organizations focused on community building

### Children's Hospital Colorado, Colorado Springs

- Injury prevention
- After hours nurse line
- Boosting access to comprehensive physical education in schools

- Neonatal care, cancer care, respiratory care services
- Pediatric clinical translational research
- Support community-based organizations that address identified needs

#### Community Hospital

- Laryngology screening
- County fair first aid station
- Sports physicals
- Lifestyle medicine and health coaching
- Community transformation group

#### Delta County Memorial Hospital

- COVID-19 vaccination clinics

#### Denver Health and Hospital Authority

- Denver CARES detox
- Tobacco cessation clinics
- 24-hour nurse line
- Psychosocial support for pediatric patients
- Refugee health screenings
- Healthy eating program
- Injury prevention program
- Substance abuse treatment, education, and prevention program
- Programs to address gap between clinical care and community services

#### East Morgan County Hospital

- Community blood drives
- Patient and community education for prenatal, mental health, diabetes, palliative care
- Community food and nutrition education classes
- Enrollment assistance to the vulnerable and underserved
- Post-discharge services to the vulnerable and underserved
- Support local agencies that support Veteran wellness, Alzheimer's, Cancer prevention and cures, suicidal awareness and prevention

### Fort Collins Medical Center

- Patient and community education for prenatal, wellness, women's health
- Enrollment assistance to the vulnerable and underserved
- Support local breast cancer organizations.
- Post-discharge services to the vulnerable and underserved
- Elderly day care

### Good Samaritan Medical Center

- Community health education
- Clinical training
- Infusion center, dialysis, OB/newborn services
- Support partner programs addressing access to healthcare, SDOH needs, disease prevention, and clinical services
- Emergency preparedness/disaster readiness

### Littleton Adventist Hospital

- Health education for prenatal and early childhood care
- Transportation services
- Behavioral health stigma reduction
- Mental Health First Aid training and education

### Longmont United Hospital

- Transportation support services
- Community health education
- Health professions education

### Lutheran Medical Center

- Community health education
- Cardiac rehab, pulmonary rehab, dialysis, hospice, OB/newborn, infusion center services
- Community outreach
- Community grants focused on CHIP priorities

### McKee Medical Center

- Patient and community education for prenatal, wellness, behavioral health

- Oncology research
- Elderly day care
- Palliative care
- Heart clinic
- Women's services
- Post-discharge services to the vulnerable and underserved

#### Mercy Regional Medical Center

- Food insecurity initiative
- Community health clinic
- Community outreach
- Access to specialized services
- Sexual Assault Nurse Examiner program
- Support non-profits that promote health and wellness

#### Montrose Memorial Hospital

- Education for women's health and family planning
- Clinic services
- Support non-profits providing programs and support to community health
- Physician recruitment

#### National Jewish Health

- Access to specialty care programs
- Access to specialty care programs
- Clinical training
- Inner city Asthma program
- Pediatric Asthma program extended clinic hours
- Research on air quality, Asthma, COPD

#### North Colorado Medical Center

- Enrollment assistance to the vulnerable and underserved
- Post-discharge services to the vulnerable and underserved
- Community blood drives
- Patient and community education for prenatal, sports medicine, wellness
- Palliative care

- Women’s clinic
- Oncology research

#### Parker Adventist Hospital

- Workforce development for students in the community
- Injury prevention education
- Mental health first aid training and education
- Behavioral health stigma reduction
- Emergency medical services
- Support organizations that focus on social determinants of health

#### Parkview Medical Center

- Immunization clinics
- Community health fairs
- Community health education
- Sexual Assault Nurse Examiners program

#### Penrose-St Francis Health Services

- Cancer Center Women’s Services outreach
- Cancer Center Latino Community outreach
- Outreach and clinical assistance, prevention, and treatment for unhoused neighbors
- Free meals donated to the community

#### Platte Valley Medical Center

- Community health education
- Infusion center, OB/newborn, NICU, ED, wound care services
- Community grants focused on CHIP priorities
- Donations to community-based organizations
- Collective impact initiatives with community stakeholders

#### Porter Adventist Hospital

- Charity prescriptions
- Support groups for mental health and substance abuse
- Behavioral health stigma reduction



- Kids Alive Oncology services
- Mental health first aid training and education

#### Saint Joseph Hospital

- Community health education
- Healthcare support services
- Community based clinical services
- Mobile mammography
- Infusion center
- Psychiatry services
- Disease prevention and clinical services

#### San Luis Valley Health

- Health fairs
- Support groups
- Athletic trainers
- Internships
- Orthopedic and ear, nose, throat clinics
- Food banks and adopt a family
- Physician health program
- Career fairs

#### St Anthony Hospital

- Medical and preventative services provided at public events
- Nurse family partnership program
- Behavioral health stigma reduction
- Health education in the community
- Integrative healing services
- Support groups for mental health and substance abuse
- Student ambassador program

#### St Anthony Hospital North Health Campus

- Support groups and integrative healing services
- Transportation services
- Sexual Assault Nurse Examiner program

- Community education on COVID-19 prevention
- Coalition building to address community health needs

#### St Anthony Summit Medical Campus

- Community based clinical and prevention services
- Community health improvement activities, violence prevention, food access
- Emergency and trauma services
- Support disaster preparedness activities

#### St Mary-Corwin Hospital

- Education and training for patients and the community
- Residency programs
- Support for programs and events that support community identified needs

#### St Mary's Regional Medical Center

- Health education
- Healthcare support services
- Collective impact initiatives with community stakeholders
- Health library
- Mammography, infusion center, cardiac rehab, dialysis, wound care services
- Community grants focused on CHIP priorities

#### St Thomas More Hospital

- Child birth education
- Community education focused on rural health outreach
- Free sports physicals and screenings
- Community classes

#### Sterling Regional Medical Center

- Community blood drives and screenings
- Patient and community education for wellness, diabetes, Cancer, Alzheimer's
- Safe sitter program
- Provide enrollment assistance to the vulnerable and underserved
- Disaster preparedness training

### UCHealth Broomfield Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community

### UCHealth Grandview Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- Support the Independence Center

### UCHealth Greeley Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community

### UCHealth Highlands Ranch Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community

### UCHealth Longs Peak Hospital

- Access to care and physician network development



- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- Post-partum lactation support program
- Community health programs that serve people ages 50 and above

#### UCHealth Medical Center of the Rockies

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- Post-partum nurse home visit and lactation support program
- Support for health care research for the development of new therapies and scientific discovery
- Support Food Bank of Larimer County

#### UCHealth Memorial Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- HealthLink nurse advice line
- Partnership with Peak View Behavioral Health
- Support for the Ronald McDonald House
- Support for The Independence Center

#### UCHealth Poudre Valley Hospital

- Access to care and physician network development
- Support development of the Colorado Center for Personalized Medicine



- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- Healthy Hearts School and Family program
- Post-partum nurse home visit and lactation support program
- Injury prevention programs
- Partnership with local schools to provide health education to students

#### UCHealth University of Colorado Hospital

- Support development of the Colorado Center for Personalized Medicine
- Support community organizations dedicated to the prevention and treatment of specific health needs
- Support non-profit and community-based organizations that promote the health and wellbeing of the community

#### UCHealth Yampa Valley Medical Center

- Support development of the Colorado Center for Personalized Medicine
- Support non-profit and community-based organizations that promote the health and wellbeing of the community
- Clinical program support
- Transportation support for patients
- Support for local health fairs
- Community health education programs
- Nurse telephone consultation services

#### Vail Health

- Health fairs
- Fitness, exercise, nutrition, weight management
- Cancer education
- Consumer health library
- Heart disease education
- Mental health education
- Sports injury prevention
- Car seat safety education programs



## Valley View Hospital

- Athletic trainers for local schools
- Calaway Young Cancer Center
- Support local non-profits that specialize in mental health, education, and community wellness
- Rent abatement to Mountain Family Health
- Member of the Valley Health Alliance focused on improving access to quality care, population health management and reduce waste in the healthcare system



## XII. Appendix F Definitions

**Community** - the community that a hospital has defined as the community that it serves pursuant to 26 CFR § 1.501(r)-(b)(3).

**Community Benefit Implementation Plan** - a plan that satisfies the requirements of an implementation strategy as described in 26 CFR § 1.501(r)-3(c).

**Community Health Center** - a federally qualified health center as defined in 42 U.S.C. sec. 1395x(aa)(4) or a rural health clinic as defined in 42 U.S.C. sec. 1395x (aa)(2).

**Community Health Needs Assessment** - a community health needs assessment that satisfies the requirements of 26 CFR § 1.501(r)-3(b).

**Community Identified Health Need** - a health need of a Community that is identified in a Community Health Needs Assessment.

**Financial assistance policy (FAP)** - a written policy that meets the requirements described in § 1.501(r)- 4(b).

**Free or Discounted Health Care Services** - health care services provided by the hospital to persons who meet the hospital's criteria for financial assistance and are unable to pay for all or a portion of the services, or physical or behavioral health care services funded by the hospital but provided without charge to patients by other organizations in the Community. Free or Discounted Health Care Services does not include the following:

1. Services reimbursed through the Colorado Indigent Care Program (CICP),
2. Bad debt or uncollectable amounts owed that the hospital recorded as revenue but wrote off due to a patient's failure to pay, or the cost of providing care to such patients,
3. The difference between the cost of care provided under Medicaid or other means-tested government programs or under Medicare and the revenue derived therefrom,
4. Self-pay or prompt pay discounts, or

5. Contractual adjustments with any third-party payers.

**Health System** - a larger corporation or organizational structure that owns, contains, or operates more than one hospital.

**Medicaid Shortfall** - is the difference between a hospital's cost of care for Medicaid eligible patients and the payments that the hospital receives for these services.

**Net Patient Revenue** - Net patient revenue approximates the payments a hospital receives for patient services. Net patient revenue is calculated by totaling all charges the hospital billed to patients, subtracting contractual allowances and then subtracting bad debt and charity care.

**Programs that Address Health Behaviors or Risk** - programs funded by the hospital and provided by the hospital or other Community organizations that provide education, mentorship, or other supports that help people make or maintain healthy life choices or manage chronic disease, including addiction prevention and treatment programs, suicide prevention programs and mental health treatment, programs to prevent tobacco use, disease management programs, nutrition education programs, programs that support maternal health, including screening, referral and treatment for perinatal and postpartum depression and anxiety, and healthy birth outcomes, and programs that help seniors and people with disabilities live as independently as possible in the Community.

**Programs that Address the Social Determinants of Health** - funding or in-kind programs or services that improve social, economic, and environmental conditions that impact health in the Community. Social and economic conditions that impact health include education; employment; income; family and social support; and Community safety. Environmental conditions that impact health include air and water quality, housing, and transit. Programs that Address the Social Determinants of Health include but are not limited to the following:

1. Job training programs,
2. Support for early childhood and elementary, middle, junior-high, and high school education,

3. Programs that increase access to nutritious food and safe housing,
4. Medical Legal Partnerships, and
5. Community-building activities that could be included in Part II of Schedule H of the Form 990.

### **Reporting Hospital**

1. A hospital licensed as a general hospital pursuant to Part 1 of Article 3 of Title 25 of the Colorado Revised Statutes and exempt from Federal taxation pursuant to Section 501(c)(3) of the Federal Internal Revenue code, but not including a general hospital that is federally certified or undergoing federal certification as a long-term care hospital pursuant to 42 CFR § 412.23(e) or that is federally certified or undergoing federal certification as a critical access hospital pursuant to 42 CFR § 485 Subpart F,
2. A hospital established pursuant to § 25-29-103 C.R.S., or
3. A hospital established pursuant to § 23-21-503 C.R.S.

**Safety Net Clinic** - a Community clinic licensed or certified by the Department of Public Health and Environment pursuant to Section § 25-1.5-103 (1)(a)(I) or (1)(a)(II), C.R.S.