

# Hospital Community Benefit Accountability

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*Annual Report*

January 17, 2023



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

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## I. Overview

Since 1969, the federal government has required nonprofit hospitals to provide a community benefit to justify their tax-exemption. Community benefit is not explicitly defined by federal statutes or regulations and can include charity care, Medicaid shortfall,<sup>1</sup> and other benefits not directly related to patient care, such as community health improvement activities, health professions education, research, and cash and in-kind support to community organizations. To gain better insights into the investments Colorado's nonprofit, tax-exempt hospitals make in their communities, 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 reported as required under federal regulations.
- 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](#).

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

## II. Reporting

Under Section 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>2</sup> and of those, one was a critical access hospital which was not required to report. All hospitals required to report did so.

## III. Summary and Key Findings

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. These community engagement activities are required under state law in addition to the federally required Community Health Needs Assessment process every three years.

Opportunities remain to strengthen hospitals' accountability to their communities, which are noted in the Recommendations and Department Oversight sections below. A key insight is that hospitals' reports to the Department lacked sufficient detail to understand how community investment

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<sup>2</sup> The Hospital Community Benefit Accountability Report was due from reporting hospitals on July 1, 2022; however, the Department delayed the due date of the report to August 31, 2022 due to the novel coronavirus (COVID-19) public health emergency.

dollars are being spent and to determine whether the community benefit investments match the communities' identified needs. For example, for some hospitals including UCHHealth and Children's Hospital Colorado, nearly half of their community investments (excluding Medicaid shortfall and charity care) is for research and health professional education expenses. This reinforces the need for detailed reporting to provide better insights into hospital community investment spending.

In the 2019 legislative session, the General Assembly adopted HB 19-1001 to allow the collection and reporting of comprehensive information on Colorado hospitals' financial performance and drivers and cost shifting from public to private payers. The General Assembly also adopted HB 19-1320 to require reporting and evaluation of the community benefits nonprofit, tax exempt hospitals provide to their communities in lieu of taxes. Following implementation of these legislative bills, the Department has evaluated and reported how the revenue received by hospitals from commercial payers (the so-called cost shift) not only covers the Medicaid shortfall but also covers the entire costs of hospitals' community investment and leaves Colorado hospitals profitable.

Community benefit investment analysis only reveals a portion of a hospital's participation within their community. In order to provide a more comprehensive picture of hospitals' economic participation within their community, this report includes additional bottom-line information about hospital profits and reserves. This is important because, while tax-exempt hospitals are required by federal regulations to provide community benefits to maintain their tax-exemption regardless of their profitability, there is no specific minimum value of community benefits that a hospital must provide to qualify as tax-exempt. Therefore, information on Colorado hospitals' financial position provides important context to understand the value of community investments.

As a result, the Department reviewed hospital costs, price, and profits for all Colorado hospitals. Overall, in 2020, Colorado ranked top 10 nationally in all categories such that Colorado hospitals are high cost, high priced, and highly profitable. Within this report, the Department includes information about the profitability of hospitals to provide context to better understand hospitals' financial standing and how they are providing community benefit. Colorado is one of only two states (along with Alaska) that ranks in the top 10 for all four measures of hospital cost, price, and profit, making Colorado one of the most



expensive states for hospital care. It is important to note that community benefits are not paid for out of profits; rather profits are made *after* community benefit expenses are accounted for.

**The Department is appreciative of the efforts and engagement of Colorado hospitals since the Department began measuring hospital costs, prices, and profits. While there remains work to be done and Colorado is in the top 10 of all states for these metrics to date, these metrics are all moving in the right direction - to the benefit of Coloradans and our employers. The Department will update Table 1 on page 16 in future reports, including 2021 and 2022, to evaluate if this trend has continued. The Department is deeply appreciative of the contributions of hospital leadership and frontline staff have made to care for their communities through the COVID-19 pandemic.**

In terms of community benefit, most of the costs that nonprofit, tax-exempt hospitals consider community benefits, including Medicaid shortfall and charity care costs, are the same types of costs also incurred by for-profit, tax paying hospitals. For example, the Department's evaluation shows that the taxpaying HealthONE system hospitals incurs Medicaid shortfall and charity care (e.g., free and reduced care costs) at a similar amount to the tax exempt UHealth system hospitals.<sup>3</sup> Additionally the Department's analysis shows commercial insurance more than covers Colorado hospitals' Medicare and Medicaid shortfalls and charity care, resulting in a profit per patient of \$1,181 in 2021. Excluding the tax paying HealthONE hospital system, Colorado nonprofit, tax-exempt hospitals reported \$545 million in profits on patient services and reported total profits of \$2.7 billion in 2021.

### **Community Investments Reported**

**In this reporting period,<sup>4</sup> hospitals invested 7% of their patient revenues in the community. Such contributions are significant, appreciated, and valued.**

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<sup>3</sup> HealthONE's values for Medicaid shortfall and costs for charity care programs were evaluated from the Hospital Expenditure Report 2020 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 31 of HealthONE's 2021 Community Impact Report retrieved from <https://healthonecares.com/util/documents/annual-reports/2021-community-impact-report-REV.pdf>.

<sup>4</sup> Hospitals report community investments related to their most recent IRS form 990 according to the hospital's fiscal year. For this report, many hospitals are reporting investments for the year ended



Overall, Colorado hospitals invested \$965 million in community benefits in 2020-21, not including Medicaid shortfall.

- Investments by category are as follows:
  - Free or reduced-cost health care services, i.e., charity care: \$239 million, 25% of total
  - Programs addressing health behaviors or risks: \$533 million, 55% of total
  - Programs that addressed social determinants of health: \$76 million, 8% of total
  - Other investments that addressed community identified needs: \$117 million, 12% of total.

While these contributions are significant, Colorado’s nonprofit, tax-exempt hospitals and hospital systems remain profitable and have built significant reserves. Payments received from commercial insurance exceed hospitals’ Medicaid shortfalls, charity care, and other community investments, leading to profits on patient services of \$545 million in 2021. Through patient revenue and other investments, nonprofit, tax-exempt hospitals have realized overall profits of \$2.7 billion and urban hospitals have built up reserves of a median 245 days cash on hand. The Recommendations and Department Oversight 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 while increasing hospitals’ transparency and accountability to their communities going forward.

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December 31, 2020 while others are reporting for the year ended June 30, 2021 or their fiscal year, if different.





## IV. Recommendations

The Department makes the following recommendations to the General Assembly:

1. Some hospital systems are not fully complying with the requirement to report pro forma IRS form 990 Schedule H information for individual hospitals that are part of a hospital system, and some are not fully complying with the important public meeting requirements of the statute. 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, to estimate the value of all federal, state and local taxes for reporting hospitals as defined in Section 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 Section 25.5-1-703(3)(d)(I)(C), C.R.S.
3. The specific investments made by hospitals are not clear using the current reporting requirements as evidenced by *Appendix H Investments Reported by Hospital*. 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. This will assist the Department in providing better insights into how the hospital community investment dollars are being spent, by hospital and across the state. Additionally, more detailed reporting requirements should include separate reporting for provider recruitment, education, research, and training as well as separate reporting of in-kind and direct spending.
4. There is no consistent national standard on what qualifies as community benefit. Further, the current law does not require a minimum expenditure in any category or into established priorities. The General Assembly should specify what services and activities it considers sufficient community benefit, establish community benefit minimum expenditures, and direct the



Department to review Community Health Needs Assessments to ensure hospitals are focusing their community benefit investments on areas the communities have identified as priorities. Examples may include behavioral health services, housing, access to nutritious food, health care disparities, investments in Colorado’s safety net hospital, healthcare workforce, public health, and more.

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 as recommended above and reporting how they have done so to the Department.
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.
7. To ensure that hospital funding that came from Colorado communities are invested to meet the needs of Colorado communities, the General Assembly should establish a requirement that profits earned by Colorado hospitals remain in Colorado and that all Colorado hospital reserves reported year ending 2021 remain in Colorado. This recommendation addresses the reality that Colorado hospital prices and profits are ranked in the top 10 nationally, that such hospitals are part of national systems which can today, without limit, siphon monies earned from costs paid directly or indirectly by Coloradans and their employers to further expansions and investments outside of Colorado.



## V. Department Oversight

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

1. Research other states' hospital community benefit requirements and reporting to inform our analysis, reporting and recommendations. For example, New York<sup>5</sup> 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<sup>6</sup> 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, 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 and report how the revenue received by hospitals from commercial payers (the so-called cost shift) not only covers the Medicaid shortfall but also covers the entire costs of hospitals' community investment and leaves Colorado hospitals profitable.

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<sup>5</sup> See [https://hilltopinstitute.org/wp-content/uploads/hcbp/hcbp\\_docs/HCBP\\_CBL\\_NY.pdf](https://hilltopinstitute.org/wp-content/uploads/hcbp/hcbp_docs/HCBP_CBL_NY.pdf).

<sup>6</sup> See <https://www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/FY22-23-Spending-Floor-Announcement.pdf>.



## 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 later in the day, posted meeting notices in newspapers, offered American Sign Language and other translation services.
- SCL Health (now Intermountain Healthcare) hospitals combined meetings and used breakout rooms during meetings to have discussions and questions on specific topics, held meetings after normal working hours, posted meeting notices in several newspapers and on social media.
- National Jewish held their meeting later in the day, posted the meeting announcement across various social media platforms, and sent a survey after the meeting to gather additional feedback.
- Denver Health held two meetings at different times of the day, offered American Sign Language and simultaneous Spanish interpretation services, and posted meeting announcements in English and Spanish.

On the other hand, Community Hospital and Vail Health Hospital did not invite the Department to their public meetings, which was not compliant with the legislation.

### B. Compliance with Reporting Requirements

Under implementing regulations at 10 CCR 2505-10, Section 8.5002, hospitals are required to submit their most recent IRS form 990 directly to the Department. Additionally, if a hospital is a part of a health system or other corporate structure that files a consolidated form 990, a pro-forma schedule H information must be provided for each reporting hospital.

- Centura Health Adventist and Centura Health CommonSpirit<sup>7</sup> hospital systems only submitted consolidated 990s and did not provide pro-forma schedule H information as required.

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<sup>7</sup> Formerly Centura Health Catholic Health Initiatives (CHI).

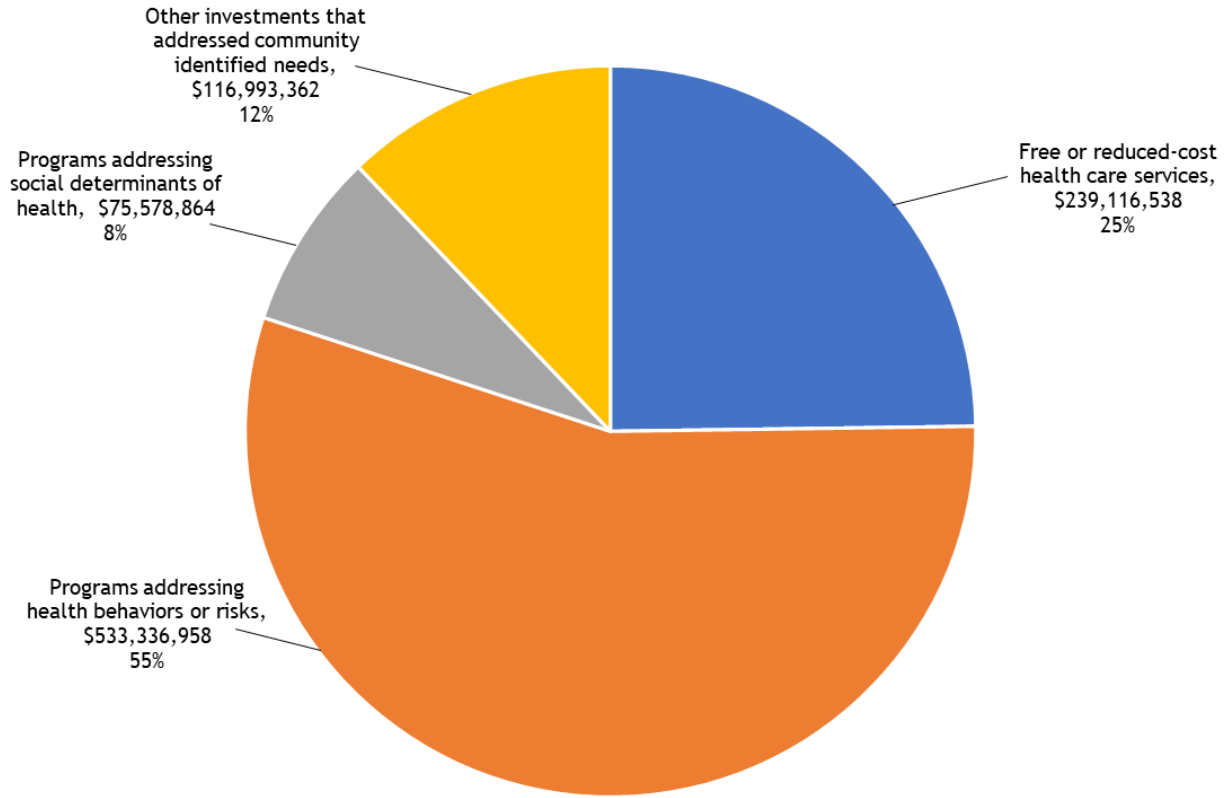
- SCL Health (now Intermountain Healthcare) did not provide pro forma schedule H information for Good Samaritan Medical Center or Lutheran Medical Center, although they did for Platte Valley Medical Center, Saint Joseph Hospital, and St. Mary's Regional Medical Center.
- Children's Hospital system did not provide pro-forma schedule H for Children's Hospital Colorado or for Children's Hospital Colorado Springs.

### C. Overall Investments

The overall investments across all categories reported totaled \$965,025,722, which is 7% of hospitals' patient revenue received. Free or reduced-cost health care services represents 25% of the total, programs addressing health behaviors or risks represents 55% of the total, programs addressing social determinants of health represents 8% of the total, and other investments that addressed community identified needs represents 12% of the total. This is summarized in the bullets and in Figure 1 below.

- Free or reduced-cost health care services: \$239,116,538 (25%)
- Programs addressing health behaviors or risks: \$533,336,958 (55%)
- Programs that addressed social determinants of health: \$75,578,864 (8%)
- Other investments that addressed community identified needs: \$116,993,362 (12%)

Figure 1: 2020 Community Investments by Category

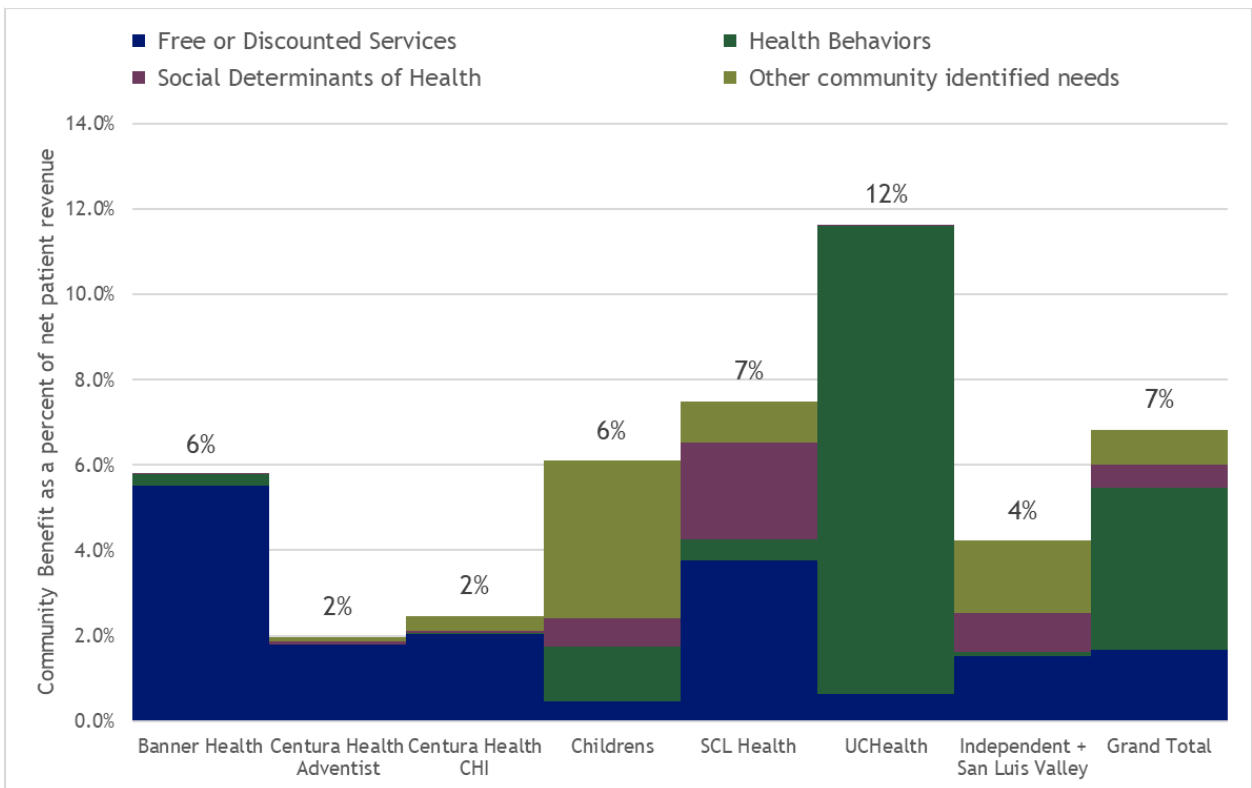


#### D. Community Investment Compared to Net Patient Revenue

The Department 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. Overall, hospitals' community investments<sup>8</sup> represent 7% of total net patient revenue.<sup>9</sup>

Figure 2 below shows the proportion each category of community benefit makes up the total benefit as a percentage of net patient revenue by hospital system. Note: investments for research and health professions' education and training activities are included in these figures, and in the case of UHealth and Children's Hospital systems, constitute a significant portion of the investments.

*Figure 2: 2020 Community Benefit Percentage of Net Patient Revenue*



<sup>8</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>9</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.

## E. Hospital Profits, Reserves, and Liquidity

As shown in Table 1, Colorado hospitals are profitable - ranking in the top 10 nationally for three consecutive years, in the aggregate.<sup>10</sup> Colorado is one of only two states (along with Alaska) that ranks in the top 10 for all four measures of hospital cost, price, and profit. It is important to note that community benefits are not paid for out of profits; rather profits are made *after* community benefit expenses are accounted for.

**While there is more work to do and Colorado remains in the top 10 of all states, the metrics measured below are moving in the right direction compared to national norms, to the benefit of Coloradans, their employers and the state.** The Department will update Table 1 in future reports, including 2021 and 2022, to evaluate whether this trend has continued.

*Table 1 Colorado's Cost, Price and Profit National Ranking*

Measure	2018	2019	2020
Price/Patient	5th highest	4th highest	6th highest
Cost/Patient	8th highest	8th highest	10th highest
Profit/Patient	3rd highest	4th highest	7th highest
Total Profit	1st highest	5th highest	6th highest

<sup>10</sup> Data extracted from the October 2021 Healthcare Cost Report Information System (HCRIS) update. Data includes data for short-stay hospitals across the nation. Other state values are adjusted for cost of living. Department adjustments are made to ensure data is error free and outliers are removed. For more a thorough detail of the Department's Medicare Cost Report analysis see Appendix A of the Hospital Cost, Price and Profit Review available at <https://hcpf.colorado.gov/hospital-reports-hub>.



## Hospital Profits

In terms of hospital profits, Table 2 displays all Colorado hospitals' payments less costs per patient by major payer group. More specifically, Table 2 illustrates how hospital profits per patient is broken down across payer groups from 2014 through 2021 and shows how commercial insurance covers under reimbursement from public payers and results in positive patient service profits. To provide additional context Table 3 shows payment, cost, and profit per patient consolidated for all payers from 2014 through 2021. This provides insight into how payment and cost result in overall profit per patient and how these values vary annually.<sup>11,12</sup> For Table 2, negative numbers indicate costs exceed payments, i.e., payment shortfalls. As previously stated, commercial insurance more than covers Colorado hospitals' Medicare and Medicaid shortfalls and charity care, resulting in a profit per patient of \$1,181 in 2021. The below also illustrates that while the 2020 year had a significant drop in payments less cost per patient overall, the federal stimulus dollars more than made up for the fiscal downturn.

*Table 2 Payment Less Cost per Patient by Payer Group for All Colorado Hospitals*

Year	Medicare	Medicaid	Charity Care, Self Pay and Other	Commercial Insurance	Overall
2014	(\$4,706)	(\$3,665)	(\$860)	\$8,838	\$1,039
2015	(\$4,648)	(\$3,252)	\$1,286	\$8,699	\$1,243
2016	(\$5,082)	(\$3,910)	\$862	\$10,391	\$1,347
2017	(\$5,195)	(\$4,070)	(\$2,016)	\$11,060	\$1,222
2018	(\$5,659)	(\$3,574)	(\$1,937)	\$11,806	\$1,530
2019	(\$5,429)	(\$3,820)	(\$8,399)	\$13,632	\$1,173
2020	(\$7,649)	(\$3,333)	(\$9,309)	\$13,640	\$489

<sup>11</sup> Data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy and reported in the 2023 CHASE Annual Report available at <https://hcpf.colorado.gov/colorado-healthcare-affordability-and-sustainability-enterprise-chase-board>.

<sup>12</sup> Figures labeled "2020 w/stimulus" reflect payments, costs, and profits reflect federal stimulus monies provided to hospitals through the Coronavirus Aid, Relief, and Economic Security (CARES) Act and others. To date, Colorado hospitals have accepted approximately \$1.2 billion in financial assistance.

Year	Medicare	Medicaid	Charity Care, Self Pay and Other	Commercial Insurance	Overall
2020 w/ stimulus	(\$6,048)	(\$2,024)	(\$8,205)	\$15,042	\$1,928
2021	(\$6,357)	(\$3,708)	(\$10,270)	\$14,366	\$1,181

*Table 3 All-Payer Payment, Cost and Profit for All Colorado Hospitals*

Year	Payment Per Patient	Cost Per Patient	Profit Per Patient
2014	\$15,766	\$14,727	\$1,039
2015	\$16,045	\$14,802	\$1,243
2016	\$17,126	\$15,779	\$1,347
2017	\$17,777	\$16,555	\$1,222
2018	\$18,816	\$17,286	\$1,530
2019	\$18,028	\$16,855	\$1,173
2020	\$21,628	\$21,138	\$489
2020 with stimulus	\$23,066	\$21,138	\$1,928
2021	\$22,296	\$21,115	\$1,181

Moreover, Table 4<sup>13</sup> displays profits on patient services and total profits, including investment income and other income sources, by hospital system. Overall, excluding the tax paying HealthONE hospital system, Colorado nonprofit, tax exempt hospitals reported \$736 million in profits on patient services and reported total profits of \$2.8 billion in 2021. See Appendix F Profits by Hospital for patient services and total profits by hospital. Please note, both patient service profit and margin excludes Denver Health Medical Center. Patient service profits are misleading for Denver Health Medical Center as it categorizes a significant portion of total revenue into other operating revenues. These other operating revenues are not counted towards patient service revenues but do influence calculated costs for patient service profit leading to an inflation in the

<sup>13</sup> Data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. In Table 4, 28 of the 38 independent hospitals reflected in the data are critical access hospitals and their patient services profits of (\$14.9 million) and total profits of \$143 million are included in the figures displayed. Neither the tax paying HealthONE system hospitals nor critical access hospitals are subject to community benefit requirements of HB 19-1320.



difference between patient service revenues and profits. Additionally, note that SCL Health’s Lutheran Medical Center recorded a \$117 million impairment of its old facility, which led to a reduction for SCL Health and total figures.

*Table 4 2021 Hospital Patient and Total Profits by System<sup>14,15</sup>*

Hospital System	Patient Service Net Income (Patient Profit)	Patient Services Profit Margin	Net Income (Total Profit)	Total Profit Margin
Banner Health	(\$26,835,998)	-4.4%	(\$10,450,322)	-1.6%
Centura Health Adventist	\$89,184,924	6.8%	\$130,155,607	9.5%
Centura Health CommonSpirit	\$281,517,813	11.5%	\$379,039,503	14.8%
Children's Hospital	(\$14,020,281)	-1.0%	\$105,749,674	6.6%
SCL Health <sup>16</sup>	\$17,260,720	0.9%	\$109,064,455	5.2%
UCHealth	\$442,906,492	8.5%	\$1,694,878,340	26.1%
Independents / San Luis Valley	(\$53,315,394)	-1.9%	\$443,477,018	9.2%
<b>Total without HealthONE</b>	<b>\$736,698,276</b>	<b>4.7%</b>	<b>\$2,851,914,276</b>	<b>14.5%</b>
HealthONE	\$626,310,467	20.8%	\$559,169,000	18.5%
<b>Total All Hospitals</b>	<b>\$1,363,008,743</b>	<b>7.2%</b>	<b>\$3,411,083,276</b>	<b>15.1%</b>

<sup>14</sup> Data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. Methodology for profits can be found in the Appendix J Definitions.

<sup>15</sup> Patient service net income (profit) and patient services profit margin excludes Denver Health Medical Center’s figures. Denver Health Medical Center categorizes a significant portion of total revenues into other operating revenues, which are not counted towards patient service revenues. Other operating revenues influence calculated costs for patient service profit; thus, Denver Health Medical Center’s patient services profit is not displayed to avoid misleading the reader. Since total profit and total profit margin are not calculated in this manner, those figures are displayed.

<sup>16</sup> SCL Health’s Lutheran hospital also recorded a \$117 million impairment of their old facility, which is reducing these figures.



## Reserves and Liquidity

Hospitals maintain a level of financial reserves to promote business stability, enable strategic expenditures, preserve liquidity, and more. The scale of these reserves is tied to a hospital's community benefit, both by the amount of profits the hospital earns from a community through patient services, and by the impact excess reserves can have if invested back into the community. Additionally, the amount of available reserves a hospital possesses has proven even more important through the COVID-19 pandemic, given volatile revenue streams, rising expenses, forecast challenges, etc. The following visuals show days cash on hand amounts for Colorado hospitals<sup>17</sup> Previous analysis of days cash on hand is available in the 2021,<sup>18</sup> and days cash on hand data.

The following Figure 3 shows days cash on hand among Colorado Hospitals and consolidated national systems for years 2019, 2020, and 2021 and divided into urban and rural groupings along with a median for each year. The median days cash on hand amount was relatively consistent from 2020 to 2021 and remained above 2019 amounts. Table 5 that follows reports days cash on hand by hospital.

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<sup>17</sup> Days Cash on Hand was calculated using data gathered mostly from Financial Statements or Operating Data either submitted to the Department pursuant to HB 19-1001 or from the Electronic Municipal Market Access. (Municipal Securities Rulemaking Board. (n.d) Electronic Municipal Market Access (EMMA). Retrieved from <https://emma.msrb.org>.) Some 2019 values are from Medicare Cost Reports due to Financial Statements or publicly reported days cash on hand amounts being unavailable.

<sup>18</sup> Department of Health Care Policy & Financing. (2022, March) *Hospital Insights Report* retrieved from <https://hcpf.colorado.gov/sites/hcpf/files/HospitalInsightsReport-032822.pdf>.

Figure 3: Days Cash on Hand for Colorado Hospitals and Consolidated National Systems by Rural and Urban Hospitals / Systems



Table 5 Days Cash on Hand by Hospital<sup>19</sup>

Hospital or System Name		2019 Days Cash on Hand	2020 Days Cash	2021 Days Cash
Animas Surgical Hospital		14	116	85
Arkansas Valley Regional Med Ctr		98	76	153
Aspen Valley Hospital District		235	254	316
Banner Health		225	284	256
Boulder Community Hospital		325	403	382
Centura Health AdventHealth		238	260	228
Centura Health CommonSpirit		153	224	245
Children’s Hospital Colorado		321	333	358
Colorado Canyons		103	85	88
Community Hospital	*	86	144	118
Delta County Memorial Hospital		82	108	71
Denver Health Medical Center		131	155	117
Estes Park Medical Center	*	151	196	178
Grand River Hospital District		154	183	201
Gunnison Valley Hospital		324	412	
Haxtun Hospital District		87	288	189
Heart of the Rockies Regional Medical Center		248	272	289
Keefe Memorial Hospital		336	392	316
Kit Carson County Memorial Hospital		94	306	325
Kremmling Memorial Hospital District	*	33	182	185
Lincoln Community Hospital		22	148	123
Melissa Memorial Hospital		200	233	190
Montrose Memorial Hospital	*	149	251	198
Mt. San Rafael Hospital	*	120	218	220
National Jewish Health		97	106	127
Pagosa Springs Medical Center		72	189	177
Parkview Medical Center		195	201	205
Pioneers Medical Center		26	132	227
Prowers Medical Center	*	127	193	215
Rangely District Hospital		176	321	324
Rio Grande Hospital	*	295	375	352
San Luis Valley		186	235	223
SCL Health		334	411	445

<sup>19</sup> Two hospitals updated previous years’ data and will not match previous reporting (2020 for Middle Park, and 2020 and 2019 for Parkview). This was due to a data error and additional available information respectively.



Hospital or System Name	2019 Days Cash on Hand	2020 Days Cash	2021 Days Cash
Sedgwick County Health Center	293	317	318
Southeast Colorado Hospital	92	175	130
Southwest Memorial Hospital	79	108	117
Spanish Peaks Regional Health	77	149	170
St. Vincent General Hospital	46	43	
The Memorial Hospital	25	100	72
UCHealth	340	430	469
Vail Valley Medical Center	751	531	527
Valley View Hospital	251	281	340
Weisbrod Memorial County Hospital	145	331	223
Wray Community District Hospital	52	146	177
Yuma District Hospital	230	286	333
	*2019 Hospital data from Medicare Cost Reports		

## F. Benefit of Tax Exemption Status

Generally, for-profit corporations pay taxes while nonprofits are tax-exempt. These taxes include income tax, sales tax, property, and personal property taxes. Most hospitals in Colorado are nonprofit organizations and federally tax exempt. Colorado also exempts nonprofit hospitals from taxes.

Most nonprofit, tax-exempt hospitals' community benefit expenditures are for Medicaid shortfall and charity care costs, which for-profit, tax paying hospitals also incur.<sup>20</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>21</sup> See Table 6 and Table 7.

<sup>20</sup> See pages 38-40 of Department of Health Care Policy & Financing (August 2021) *Hospital Cost, Price & Profit Review* retrieved from [https://hcpf.colorado.gov/sites/hcpf/files/Hospital%20Cost%20Price%20and%20Profit%20Review%20Full%20Report\\_withAppendices-0810ac.pdf](https://hcpf.colorado.gov/sites/hcpf/files/Hospital%20Cost%20Price%20and%20Profit%20Review%20Full%20Report_withAppendices-0810ac.pdf).

<sup>21</sup> HealthONE's values for Medicaid shortfall and costs for charity care programs were evaluated from the Hospital Expenditure Report 2020 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 31 of HealthONE's 2021 Community Impact Report retrieved from <https://healthonecares.com/util/documents/annual-reports/2021-community-impact-report-REV.pdf>

*Table 6 2020 HealthONE Community Benefit*

Hospital Name	Medicaid Shortfall	Charity Care Costs	Other Benefits	Total Community Benefit
North Suburban Medical Center	\$9,843,347	\$3,583,088		
Presbyterian/St. Luke's Medical Center	\$ 31,868,758	\$2,333,066		
Rose Medical Center	\$11,562,576	\$1,466,589		
Sky Ridge Medical Center	\$2,652,326	\$2,502,662		
Swedish Medical Center	\$17,249,197	\$5,623,720		
The Medical Center of Aurora	\$15,236,531	\$6,095,853		
<b>HealthONE Total</b>	<b>\$88,412,737</b>	<b>\$21,604,979</b>	<b>\$13,213,000</b>	<b>\$123,230,717</b>

Since for profit, tax paying hospitals also have Medicaid shortfall and charity care costs as discussed above, evaluating community benefit investments by investment categories provides more insight. As shown in Table 7, and Table 8, 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.

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>22</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.

<sup>22</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 G Estimated Tax Exemption Methodology for a detailed description of the Department's estimated tax exemption methodology.





*Table 7 2020 Community Benefit and Medicaid Shortfall by System*

Hospital System	Medicaid Shortfall	Free or Discounted Services, e.g. Charity Care	Health Behaviors or Risks	Social Determinants of Health	Other Community Identified Needs	Total Community Benefit	Total Community Benefit plus Medicaid Shortfall
Banner Health	\$40,762,838	\$31,179,740	\$1,474,992	\$32,543	\$0	\$32,687,275	\$73,450,113
Centura Health Adventist	\$112,785,856	\$21,349,708	\$27,455	\$765,447	\$1,172,118	\$23,314,728	\$136,100,584
Centura Health CommonSpirit	\$183,015,571	\$43,647,219	\$285,320	\$1,178,457	\$7,054,072	\$52,165,068	\$235,180,639
Children's	\$219,646,821	\$5,875,850	\$15,608,193	\$8,457,707	\$45,715,272	\$75,657,022	\$295,303,843
SCL Health	\$112,988,518	\$66,836,044	\$9,021,601	\$39,978,557	\$17,419,452	\$133,255,654	\$246,244,172
UCHealth	\$288,261,778	\$29,119,369	\$504,438,101	\$886,573	\$0	\$534,444,043	\$822,705,821
Independent + San Luis Valley	\$188,383,307	\$41,108,608	\$2,481,296	\$24,279,580	\$45,632,448	\$113,501,932	\$301,885,239

*Table 8 2020 Community Benefits and Estimated Tax Exemption by System*

Hospital System	Health Behaviors or Risks	Social Determinants of Health	Other Community Identified Needs	Total	Estimated Value of Tax Exemption
Banner Health	\$1,474,992	\$32,543	\$0	\$1,507,535	\$17,042,320
Centura Health Adventist	\$27,455	\$765,447	\$1,172,118	\$1,965,020	\$36,643,423
Centura Health CommonSpirit	\$285,320	\$1,178,457	\$7,054,072	\$8,517,849	\$96,315,871
Children's	\$15,608,193	\$8,457,707	\$45,715,272	\$69,781,172	\$14,827,523
SCL Health	\$9,021,601	\$39,978,557	\$17,419,452	\$66,419,610	\$41,632,005
UCHealth	\$504,438,101	\$886,573	\$0	\$505,324,674	\$206,110,740
Independent + San Luis Valley	\$2,481,296	\$24,279,580	\$45,632,448	\$72,393,324	\$70,048,322

An estimate of hospitals' tax exemption does not tell the full story as the community benefit expenditure information reported by hospitals lacks sufficient detail to determine the value to the community. For example, Children's Hospital Colorado's largest community benefit expenditures are for "other community investments" and Medicaid shortfall. Analysis of Children's Hospital Colorado's other community investments show those are comprised mostly of research and health professions education expenses, \$42 million out of \$60 million expended.

In another example, UCHealth reported a total of \$504 million in health behaviors or risks, \$887,000 in the social determinants of health, and zero dollars in other investments bringing UCHealth's total to \$505 million in community investments excluding charity care. According to the Department's analysis,



UCHealth’s estimated tax exemption value would have been \$206 million in 2020. UCHealth hospitals significantly reported more community investment than other systems, which is a positive finding in this report. The information reported by UCHealth, however, shows 47% of their \$505 million investment is for support for the University of Colorado School of Medicine (CUSOM) 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.

*Table 9 UCHealth Education-Related Community Benefit Investments*

Hospital	Community Benefit Investments	Support for CUSOM/Professional Education	Percentage of Community Investments
University of Colorado Hospital	\$ 198,443,186	\$ 185,283,117	93%
Memorial Hospital Central	\$ 98,552,94	\$ 11,052,147	11%
Poudre Valley Hospital	\$ 54,447,072	\$ 10,809,581	20%
Medical Center of the Rockies	\$ 65,006,376	\$ 3,526,758	5%
Yampa Valley Medical Center	\$ 3,300,688	\$ 776,567	24%
Broomfield Hospital	\$ 5,464,459	\$ 1,102,240	20%
Longs Peak Hospital	\$ 17,990,379	\$ 798,311	4%
Grandview Hospital	\$ 377,731	\$ 303,426	80%
UCHealth Greeley	\$ 20,622,961	\$ 194,181	1%
UCHealth Highlands Ranch	\$ 41,118,848	\$ 24,959,567	61%
<b>UCHealth Total</b>	<b>\$ 505,324,674</b>	<b>\$ 238,805,895</b>	<b>47%</b>



## G. Community Health Needs Assessments

A nonprofit hospital's federal tax exemption depends in part<sup>23</sup> 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>24</sup>

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).

As shown in the following Figure 4, an evaluation of submitted CHNAs shows that 95% 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.

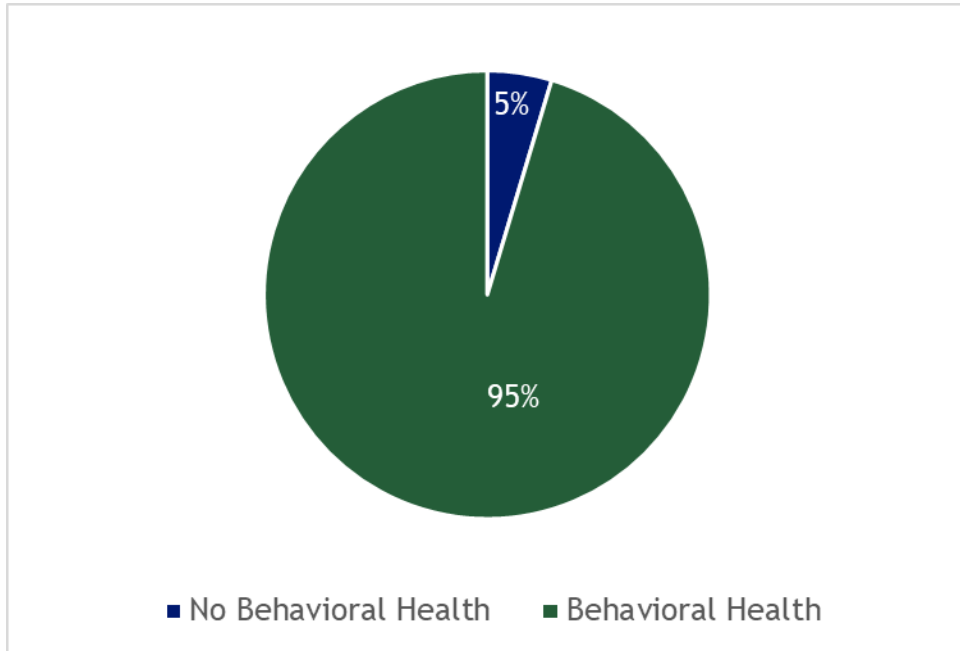
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<sup>23</sup> See Appendix C Federal Requirements for an overview of nonprofit hospitals' requirements for federal tax exemption.

<sup>24</sup> See [irs.gov/charities-non-profits/community-health-needs-assessment-for-charitable-hospital-organizations-section-501r3](https://irs.gov/charities-non-profits/community-health-needs-assessment-for-charitable-hospital-organizations-section-501r3)



Figure 4: Community Health Needs Assessments Behavioral Health Prioritization



## H. Conclusion

Colorado hospitals have invested \$965 million in community benefits in 2020-21, not including Medicaid shortfall. Specifically, this report finds that hospitals invested 7% of their patient revenues in the community. These contributions are significant, appreciated, and valued. Still, it is important to consider financial context to understand the value of hospital community investments, specifically profits and reserves. Commercial insurance more than covers Colorado hospitals' Medicare and Medicaid shortfalls and charity care, resulting in a profit per patient of \$1,181 in 2021. Excluding the tax paying HealthONE hospital system, Colorado nonprofit, tax-exempt hospitals reported \$736 million in profits on patient services and reported total profits of \$2.8 billion in 2021. As well, while all metrics are moving in the right direction to the benefit of Coloradans, the state and our employers, Colorado hospitals remain ranked in the top 10 for the highest prices, profits and costs. In sum, while Colorado hospitals have invested in community benefit, a comprehensive understanding of hospital financials is needed, especially considering the high profits of Colorado hospitals.

Overall, some hospitals have done a better job than others in reporting and addressing the needs of the communities they serve through community benefit. Additional insight into how hospitals report their community investment dollars is needed. This report highlights the lack of sufficient detailed information received from hospitals to understand how community investment dollars are being spent and to determine whether the community benefit investments match the communities' identified needs. For example, for some hospitals including UCHealth and Children's Hospital Colorado, nearly half of their community investments (excluding Medicaid shortfall and charity care) is for research and health professional education expenses. This reinforces the need for detailed reporting to provide better insights into hospital community investment spending. 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. This will assist the Department in providing better insights into how the hospital community investment dollars are being spent, by hospital and across the state.

There are more opportunities to strengthen hospitals' accountability to their communities and within this report the Department proposes several key recommendations to strengthen community benefit such as, recommending the



General Assembly establish corrective action and financial penalties for non-compliance. This is needed as not all hospitals are fully complying with reporting pro forma IRS form 990 Schedule H information or with the important public meeting requirements. The General Assembly should also direct the Office of the State Auditor, working in conjunction with the Colorado Department of Revenue, to the best of its ability, to estimate the value of all federal, state and local taxes for reporting hospitals.

As it stands, there is no consistent national standard on what qualifies as community benefit. To assist the hospitals as well as the communities they serve, we recommend the General Assembly specify what services and activities it considers sufficient community benefit, establish community benefit minimum expenditures, and direct the Department to review Community Health Needs Assessments to ensure hospitals are focusing their community benefit investments on areas the communities have identified as priorities. The current law does not require a minimum expenditure in any category or into established priorities. Such community investment priorities would be more effectively queried to create greater consistency and understanding across the state by standardizing hospital community engagement surveys and communications.

The Department also believes that community benefit should directly benefit communities within the state of Colorado. Therefore, to ensure that hospital funding that came from Colorado communities are invested to meet the needs of Colorado communities, the General Assembly should establish a requirement that profits earned by Colorado hospitals remain in Colorado and that all Colorado hospital reserves in place in the year ending 2021 remain in Colorado. Currently, hospitals that are part of national systems can, without limit, siphon monies earned from funds directly and indirectly paid by Coloradans and their employers (i.e.: premiums) to further expansions and investments outside of Colorado. The Department believes this dilutes the impact of community benefit within the state of Colorado.

If these recommendations are implemented there also needs to be a meaningful way to measure hospital success as it relates to community benefit. Therefore, to ensure hospital community benefit investments impact community health, the General Assembly should require hospitals to evaluate

the impact of their community benefit investments regularly and meaningfully as it relates to community health.

In closing, the Department is very appreciative of the community investment efforts and engagement of Colorado hospitals. The Department is also deeply appreciative of the contributions of hospital leadership and frontline staff have made to care for their communities through the COVID-19 pandemic.



## VII. Appendix A Reporting Hospitals

*Table 10 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	
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



Hospital	County	Hospital System
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	Boulder	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 11 Investment Amounts

Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
Avista Adventist Hospital	\$4,146,992	\$27,455	\$362,152	\$51,484	\$4,588,083
Boulder Community Health	\$4,053,740	\$30,255	\$5,542	\$90,204	\$4,179,741
Castle Rock Adventist Hospital	\$1,940,870	\$0	\$122,105	\$35,517	\$2,098,492
Children's Hospital Colorado	\$3,452,598	\$13,184,941	\$7,714,781	\$42,920,490	\$67,272,810
Children's Hospital Colorado, Colorado Springs	\$2,423,252	\$2,423,252	\$742,926	\$2,794,782	\$8,384,212
Community Hospital	\$7,916,174	\$98,176	\$135,200	\$16,978	\$8,166,528
Delta County Memorial Hospital	\$411,347			\$63,807	\$475,154
Denver Health and Hospital Authority	\$10,206,079	\$1,079,754	\$112,886	\$33,422,360	\$44,821,079
East Morgan County Hospital	\$707,244	\$44,391	\$4,525	\$0	\$756,160
Fort Collins Medical Center	\$1,043,899	\$105,606	\$3,750	\$0	\$1,153,255
Good Samaritan Medical Center	\$1,813,410	\$49,271	\$1,159,215	\$575,570	\$3,597,466
Littleton Adventist Hospital	\$4,773,425	\$0	\$14,822	\$632,816	\$5,421,063
Longmont United Hospital	\$4,336,882	\$3,267	\$77,236	\$0	\$4,417,385
Lutheran Medical Center	\$12,150,385	\$222,806	\$800,539	\$11,877,987	\$25,051,717
McKee Medical Center	\$2,564,254	\$343,030	\$5,500	\$0	\$2,912,784
Mercy Regional Medical Center	\$2,835,113	\$251,120	\$362,259	\$744,257	\$4,192,749
Montrose Memorial Hospital	\$8,640,841	\$4,192	\$0	\$0	\$8,645,033
National Jewish Health	\$380,186	\$0	\$22,450,833	\$0	\$22,831,019



Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
North Colorado Medical Center	\$25,807,867	\$927,896	\$18,178	\$0	\$26,753,941
Parker Adventist Hospital	\$5,586,548	\$0	\$160,907	\$259,350	\$6,006,805
Parkview Medical Center	\$0	\$0	\$0	\$199,871	\$199,871
Penrose-St Francis Health Services	\$11,607,449	\$0	\$490,114	\$329,866	\$12,427,429
Platte Valley Medical Center	\$8,074,195	\$40,289	\$1,162,016	\$809,662	\$10,086,162
Porter Adventist Hospital	\$4,901,873	\$0	\$105,461	\$192,951	\$5,200,285
Saint Joseph Hospital	\$24,037,785	\$76,567	\$25,087,310	\$2,910,947	\$52,112,609
San Luis Valley Health	\$667,756	\$225,752	\$45,119	\$0	\$938,627
St Anthony Hospital	\$10,670,080	\$30,933	\$209,060	\$1,258,485	\$12,168,558
St Anthony Hospital North Health Campus	\$7,459,131	\$0	\$16,440	\$1,883,045	\$9,358,616
St Anthony Summit Medical Campus	\$2,774,555	\$0	\$0	\$620,130	\$3,394,685
St Mary Corwin Hospital	\$2,291,469	\$0	\$23,348	\$2,141,366	\$4,456,183
St Mary's Regional Medical Center	\$20,760,269	\$8,632,668	\$11,769,477	\$1,245,286	\$42,407,700
St Thomas More Hospital	\$1,672,540	\$0	\$0	\$76,923	\$1,749,463
Sterling Regional Medical Center	\$1,056,476	\$54,069	\$590	\$0	\$1,111,135
UCHealth Broomfield Hospital	\$187,099	\$5,462,375	\$2,084	\$0	\$5,651,558
UCHealth Grandview Hospital	\$139,123	\$376,520	\$1,211	\$0	\$516,854
UCHealth Greeley Hospital	\$1,281,897	\$20,613,824	\$9,137	\$0	\$21,904,858
UCHealth Highlands Ranch Hospital	\$862,044	\$41,112,017	\$6,831	\$0	\$41,980,892
UCHealth Longs Peak Hospital	\$626,356	\$17,984,732	\$5,647	\$0	\$18,616,735
UCHealth Medical Center of the Rockies	\$2,206,007	\$64,968,428	\$37,948	\$0	\$67,212,383
UCHealth Memorial Hospital	\$3,390,705	\$97,956,980	\$595,994	\$0	\$101,943,679



Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
UCHealth Poudre Valley Hospital	\$6,459,325	\$54,397,497	\$49,575	\$0	\$60,906,397
UCHealth University of Colorado Hospital	\$13,050,698	\$198,355,180	\$88,006	\$0	\$211,493,884
UCHealth Yampa Valley Medical Center	\$916,115	\$3,210,548	\$90,140	\$0	\$4,216,803
Vail Health	\$2,733,011	\$262,837	\$264,645	\$11,839,228	\$15,099,721
Valley View Hospital	\$6,099,474	\$780,330	\$1,265,355	\$0	\$8,145,159
<b>Totals</b>	<b>\$239,116,538</b>	<b>\$533,336,958</b>	<b>\$75,578,864</b>	<b>\$116,993,362</b>	<b>\$965,025,722</b>



## IX. Appendix C Community Benefits as a Percentage of Total Expenses

Hospitals report information on their community benefit expenditures in their IRS form 990, Schedule H, submissions. Implementing regulations at 10 CCR 2505-10, Section 8.5003 describe the information the Department will report to the General Assembly at a minimum as part of its reporting on hospital community benefit investment activities to include community benefits as defined in Part I and Part II of the Schedule H of IRS form 990 as a percentage of total expenses.

IRS form 990, Schedule H Part I, reflects hospitals' Community Benefit activities including financial assistance at cost, community health improvements, health professions education, subsidized health services, research, Medicaid shortfall, and other government means tested programs such as CICP (but excluding Medicare shortfall). Schedule H Part I also shows these Community Benefit Expenses as a percentage of total expenses.

Similarly, IRS form 990, Schedule H Part II, reflects hospitals' Community Building activities including physical improvements and housing, economic development, community support, environmental improvements, community health improvement advocacy, and workforce development and shows these expenses as a percentage of total expenses.

Table 6 below displays the Community Benefit and Community Building expenditures with their percentage of total expenses as reported on hospitals' IRS form 990, Schedule H, Parts I and II.

Note: under implementing regulations at 10 CCR 2505-10, Section 8.5002, hospitals are required to submit their most recent IRS form 990 directly to the Department. Additionally, if a hospital is a part of a health system or other corporate structure that files a consolidated form 990, a pro-forma schedule H information must be provided for each reporting hospital. For this reporting period, Centura Health Adventist and Centura Health CommonSpirit hospital systems only submitted consolidated 990s and did not provide pro-forma schedule H information. In addition, Intermountain Healthcare (formerly SCL Health), did not provide pro forma schedule H information for Good Samaritan Medical Center or Lutheran Medical Center, although they did for Platte Valley Medical Center, Saint Joseph Hospital, and St. Mary's Regional Medical Center. Children's hospital system did not provide pro-forma schedule H for Children's Hospital Colorado or for Children's Hospital Colorado Springs.

Table 12 Schedule H Investment Amounts

Hospital	Community Benefit Expense	Community Benefit Percent of Total Expense	Community Building Expense	Community Building Percent of Total Expense
Centura Health Adventist	\$114,858,773	11.0%	\$561,783	0.0%
Centura Health CommonSpirit	\$222,655,646	16.0%	\$0	0.0%
Children's Hospital System	\$292,343,194	21.1%	\$833,468	0.1%
Boulder Community Health	\$21,228,836	5.7%	\$164,137	0.0%
Community Hospital	\$10,924,810	5.9%	\$61,275	3.0%
Delta County Memorial Hospital	\$5,529,164	5.6%	\$0	0.0%
Denver Health and Hospital Authority	\$74,388,535	6.0%	\$511,514	0.0%
East Morgan County Hospital	\$1,685,373	5.0%	\$12,033	0.0%
Fort Collins Medical Center	\$4,806,894	10.4%	\$3,750	0.0%
Good Samaritan Medical Center/Lutheran Medical Center	\$63,343,400	7.2%	\$0	0.0%
McKee Medical Center	\$10,076,396	7.9%	\$5,500	0.0%
Montrose Memorial Hospital	\$21,201,515	16.4%	\$0	0.0%
National Jewish Health	\$33,563,461	9.8%	\$0	0.0%
North Colorado Medical Center	\$55,512,778	16.3%	\$48,805	0.0%
Parkview Medical Center	\$110,946,274	19.8%	\$199,871	0.1%
Platte Valley Medical Center	\$25,172,338	14.9%	\$545	0.0%
Saint Joseph Hospital	\$84,753,996	14.7%	\$73,723	0.1%
San Luis Valley Health	\$6,819,028	6.3%	\$24,085	0.0%
St Mary's Regional Medical Center	\$71,081,143	18.0%	\$0	0.0%
Sterling Regional Medical Center	\$936,410	1.8%	\$41,346	0.1%



Hospital	Community Benefit Expense	Community Benefit Percent of Total Expense	Community Building Expense	Community Building Percent of Total Expense
UCHealth Broomfield Hospital	\$12,075,223	19.8%	\$687	0.0%
UCHealth Grandview Hospital	\$4,673,715	10.4%	\$3,604	0.0%
UCHealth Greeley Hospital	\$33,531,543	21.0%	\$14,183	0.0%
UCHealth Highlands Ranch Hospital	\$54,216,603	26.5%	\$2,252	0.0%
UCHealth Longs Peak Hospital	\$29,054,999	21.5%	\$1,862	0.0%
UCHealth Medical Center of the Rockies	\$97,662,701	21.3%	\$74,417	0.0%
UCHealth Memorial Hospital	\$151,824,135	17.7%	\$1,953,552	0.2%
UCHealth Poudre Valley Hospital	\$102,596,282	16.3%	\$99,153	0.0%
UCHealth University of Colorado Hospital	\$335,864,940	16.0%	\$30,071	0.0%
UCHealth Yampa Valley Medical Center	\$9,639,519	9.1%	\$450,844	0.4%
Vail Health	\$30,001,969	11.0%	\$0	0.0%
Valley View Hospital	\$24,326,788	9.8%	\$93,535	0.0%



# X. Appendix D Investments by Division of Insurance Region

Figure 5: Total of All Investments Reported

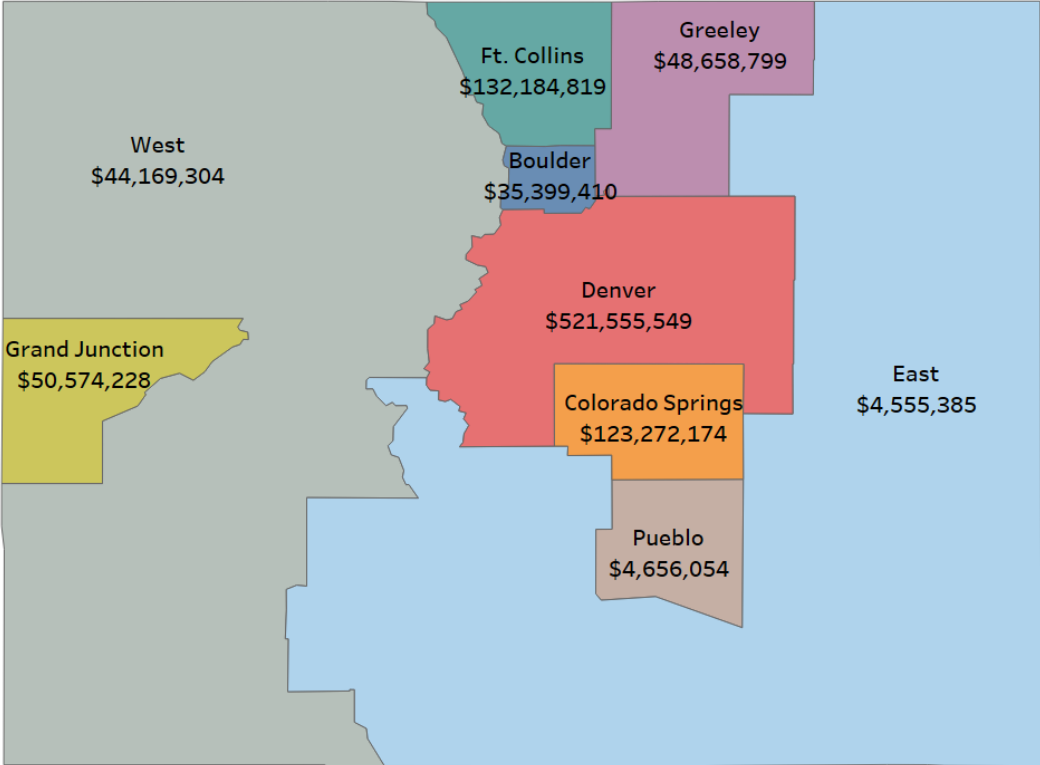




Figure 6: Free or Reduced-Cost Health Care Services

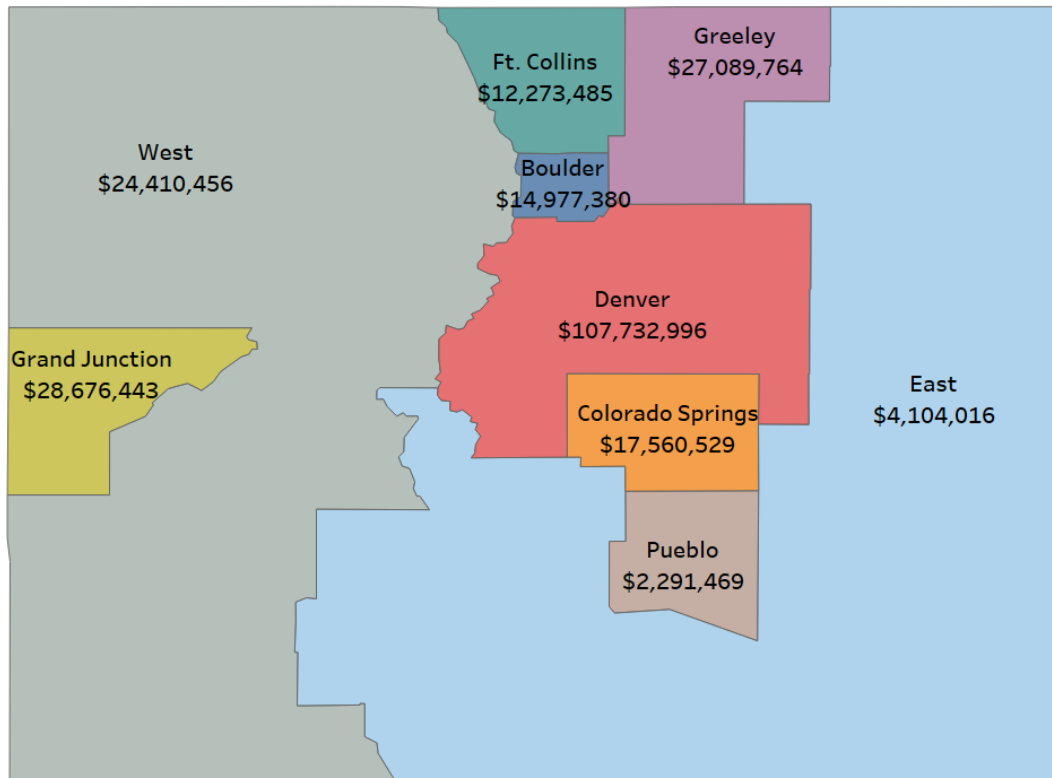


Figure 7: Programs Addressing Health Behaviors or Risks

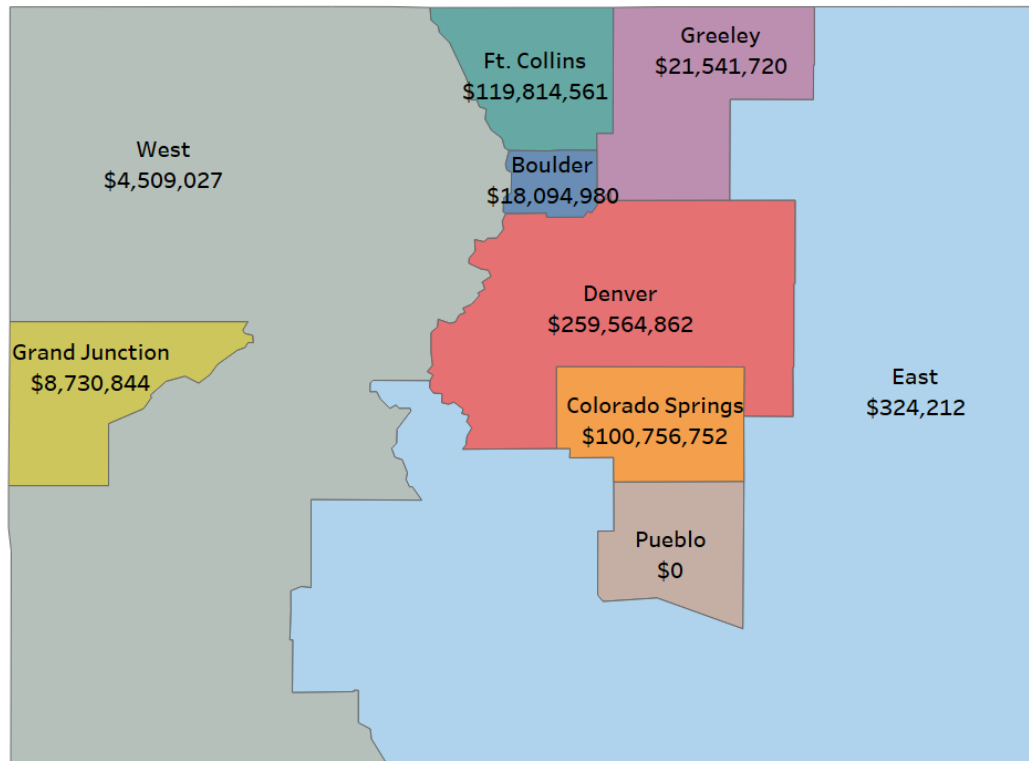
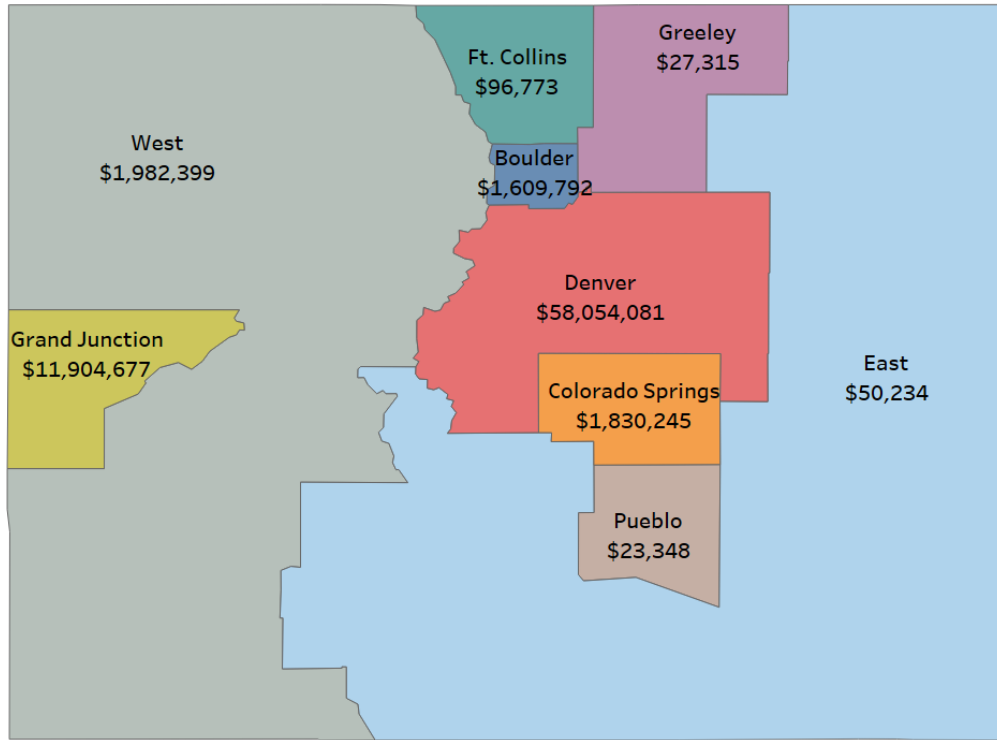


Figure 8: Programs Addressing Social Determinants of Health



## XI. Appendix E Days Cash on Hand Data by Hospital

The following Figure 9 displays days cash on hand among Colorado Hospitals and Consolidated National Systems for years 2019, 2020, and 2021 along with a median for each year. The median days cash on hand amount was relatively consistent from 2020 to 2021 and remained above 2019 amounts.

Figure 9: Days Cash on Hand for Colorado Hospitals and Consolidated National Systems

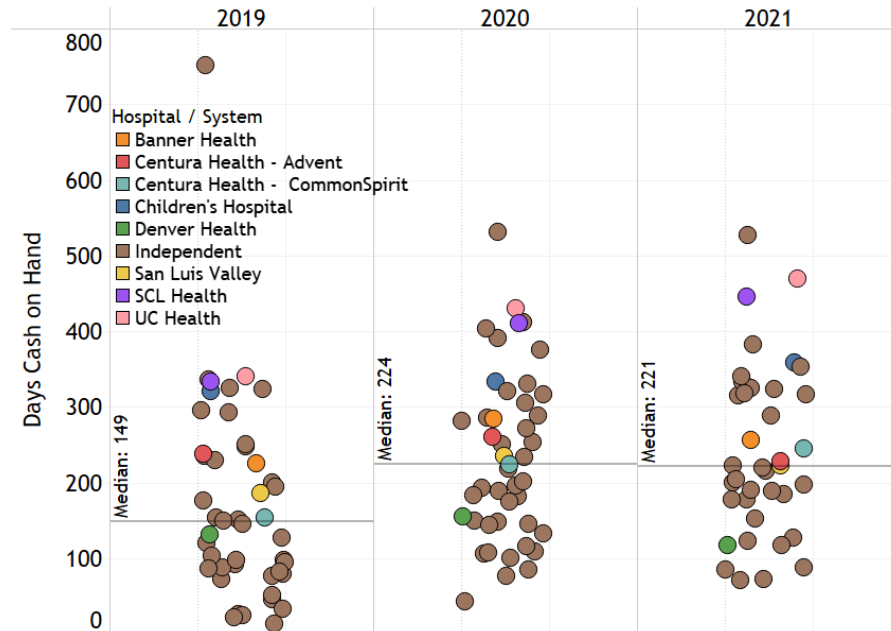
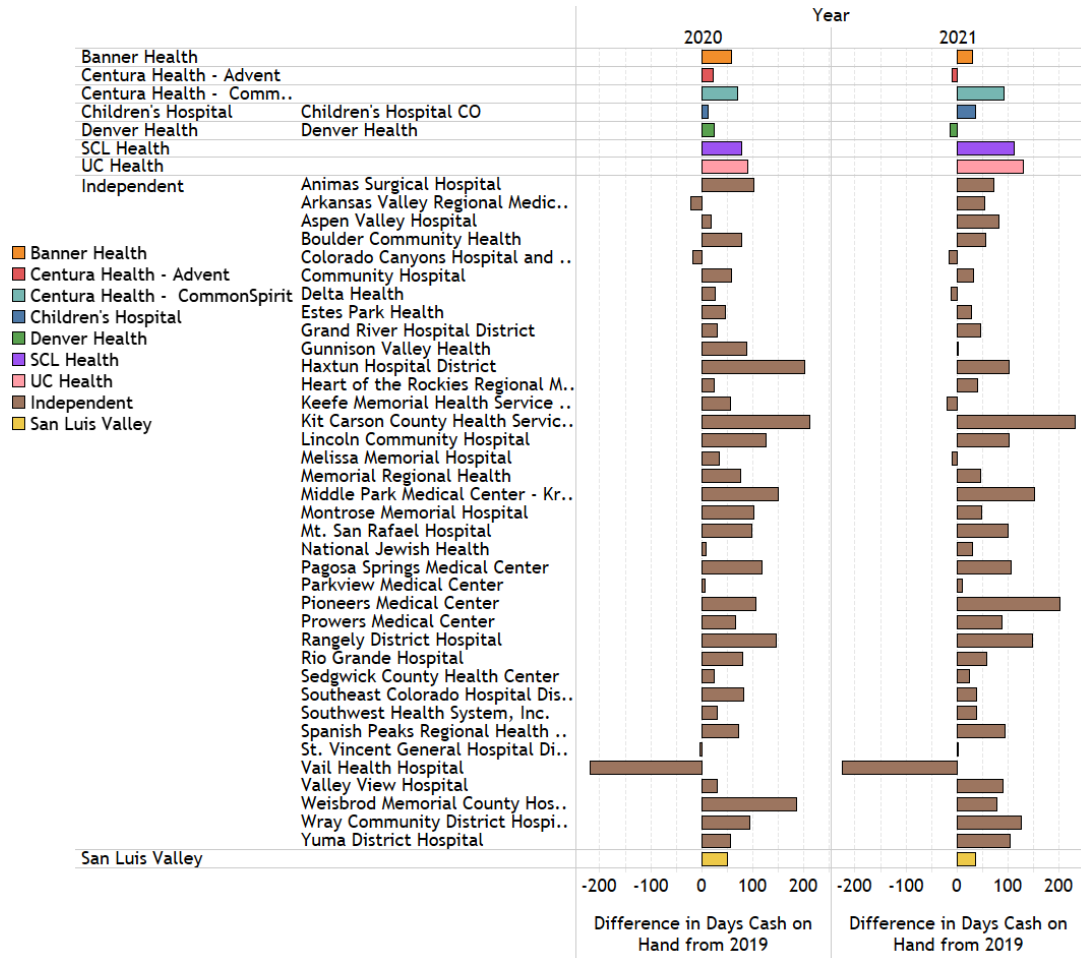


Figure 10 below shows the difference in days cash on hand from 2019 to 2020 and from 2019 to 2021. Almost all hospitals and consolidated systems showed a marked improvement in days cash on hand, which was maintained through 2021. Out of the 43 hospitals/systems represented in these visuals 36 showed improvements in days cash on hand from 2019.

Figure 10: Difference in Days Cash on Hand from 2019 for Colorado Hospitals and Consolidated National Systems



Gunnison Valley and St. Vincent in Figure 10 above did not report data for 2021, so no change in days cash on hand between 2019 and 2021 is displayed. Hospitals' and hospital systems' reserves have stayed stable throughout the COVID-19 pandemic largely due to federal stimulus dollars. Hospitals are responsible to keep these federal stimulus funds in the community and use them to target the benefits the community needs.



## XII. Appendix F Profits by Hospital

Table 13 Patient Services and Total Profit by Hospital<sup>25</sup>

Hospital Name	Hospital Type	System	Patient Service Net Income	Patient Services Profit Margin	Net Income	Total Margin
Animas Surgical Hospital	General		\$6,821,753	16.2%	\$9,706,145	21.5%
Arkansas Valley Regional Medical Center	Critical Access		(\$5,144,011)	-18.4%	\$61,228	0.2%
Aspen Valley Hospital	Critical Access		\$4,635,325	4.4%	\$11,410,476	9.7%
Centura Avista Adventist Hospital	General	Centura Health Adventist	\$22,051,779	13.0%	\$39,274,973	20.5%
Banner Fort Collins Medical Center	General	Banner Health	(\$944,891)	-1.9%	\$52,544	0.1%
Boulder Community Health	General		(\$36,076,043)	-10.2%	\$43,394,741	9.8%
Broomfield Hospital	General	UCHealth	(\$6,978,420)	-13.6%	(\$8,022,851)	-16.0%
Centura Castle Rock Adventist Hospital	General	Centura Health Adventist	\$8,316,836	5.7%	\$6,927,946	4.8%
Children's Hospital Colorado	Children	Childrens	(\$22,844,885)	-1.9%	\$94,081,038	6.7%
Children's Hospital Colorado Springs	Children	Childrens	\$8,824,604	4.6%	\$11,668,636	6.0%
Colorado Canyons Hospital and Medical Center	Critical Access		\$10,759,899	16.8%	\$12,256,797	18.7%
St. Elizabeth Hospital	General	Centura				
Community Hospital	General					
Delta Health	General		\$32,686,617	36.4%	\$37,544,573	39.7%

<sup>25</sup> Data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. A methods explanation can be found in the definitions appendix. Hospitals recognizing federal stimulus in their non-operating revenues may affect net income.



Hospital Name	Hospital Type	System	Patient Service Net Income	Patient Service Profit Margin	Net Income	Total Margin
Denver Health Medical Center <sup>26</sup>	General		N/A	N/A	\$10,275,656	0.8%
East Morgan County Hospital	Critical Access	Banner Health	\$3,659,876	9.3%	\$4,104,965	10.2%
Estes Park Health	Critical Access		(\$5,523,129)	-10.8%	\$9,716,612	15.3%
Good Samaritan Medical Center	General	SCL Health	\$45,123,497	13.3%	\$50,531,036	14.6%
Grand River Hospital District	Critical Access		(\$20,984,077)	-25.9%	\$1,324,142	1.3%
Grandview Hospital	General	UCHealth	(\$5,510,335)	-12.8%	(\$5,715,406)	-13.3%
Gunnison Valley Health	Critical Access		\$5,105,373	8.2%	\$13,011,837	18.5%
Haxtun Hospital District	Critical Access		\$2,147,863	16.4%	\$3,927,345	24.0%
Heart of the Rockies Regional Medical Center	Critical Access		\$6,268,224	6.2%	\$15,254,669	13.7%
Keefe Memorial Health Service District	Critical Access		(\$1,563,976)	-25.6%	\$3,001,363	24.7%
Kit Carson County Health Service District	Critical Access		\$1,964,434	8.9%	\$6,908,624	26.1%
Lincoln Community Hospital	Critical Access		(\$1,625,392)	-7.7%	\$2,063,078	8.2%
Centura Littleton Adventist Hospital	General	Centura Health Adventist	\$21,969,196	6.9%	\$27,164,121	8.3%
Centura Longmont United Hospital	General	Centura Health CommonSpirit	(\$4,845,833)	-3.7%	\$5,738,460	4.0%
Longs Peak Hospital	General	UCHealth	(\$71,838)	0.0%	\$192,214	0.1%

<sup>26</sup> Patient service net income (profit) and margin excludes Denver Health Medical Center. Denver Health Medical Center categorizes a significant portion of total revenues into other operating revenues, which are not counted towards patient service revenues. Other operating revenues influence calculated costs for patient service profit; thus, Denver Health Medical Center's patient services profit is not displayed to avoid misleading the reader. Since total profits and margin are not calculated in this manner Denver Health Medical Center's net income and total profit margin are displayed.



Hospital Name	Hospital Type	System	Patient Service Net Income	Patient Service Profit Margin	Net Income	Total Margin
Lutheran Medical Center <sup>27</sup>	General	SCL Health	(\$115,182,671)	-27.6%	(\$100,997,477)	-23.3%
McKee Medical Center	General	Banner Health	(\$5,427,220)	-4.1%	(\$3,384,173)	-2.5%
Medical Center of the Rockies	General	UCHealth	\$71,308,497	13.7%	\$167,509,008	27.0%
Melissa Memorial Hospital	Critical Access		(\$1,666,493)	-9.0%	\$4,514,640	17.9%
Memorial Hospital Central	General	UCHealth	\$71,097,327	7.2%	\$123,800,841	11.8%
Memorial Regional Health	Critical Access		(\$644,723)	-1.0%	\$5,524,637	7.9%
Centura Mercy Hospital	General	Centura Health CommonSpirit	\$41,213,412	15.9%	\$59,353,382	20.9%
Middle Park Medical Center - Kremmling	Critical Access		\$1,964,434	8.9%	\$6,908,624	26.1%
Montrose Memorial Hospital	General		\$4,999,788	3.7%	\$15,768,640	10.4%
Mt. San Rafael Hospital	Critical Access		(\$5,296,610)	-17.8%	(\$1,007,932)	-2.6%
National Jewish Health	General		(\$79,841,501)	-84.4%	\$53,695,000	13.6%
North Colorado Medical Center	General	Banner Health	(\$31,368,949)	-9.5%	(\$19,616,401)	-5.6%
North Suburban Medical Center	General	HealthONE	\$24,722,016	11.6%	\$21,557,000	10.1%
OrthoColorado Hospital	General	Centura Health CommonSpirit	\$44,318,603	37.9%	\$42,756,234	37.2%
Pagosa Springs Medical Center	Critical Access		\$2,368,141	6.6%	\$8,757,564	18.3%
Centura Parker Adventist Hospital	General	Centura Health Adventist	\$62,638,436	17.3%	\$70,606,095	19.0%
Parkview Medical Center	General		\$16,187,150	3.2%	\$49,408,278	9.0%

<sup>27</sup> Lutheran Medical Center shows a large loss for 2021. This stems from an impairment on the old hospital facility of \$117 million recorded in depreciation. Adjusting for this, Patient Service Net Income would be \$1.6 million and Net Income would be \$16.3 million according to the methodology listed in the definition appendix.



Hospital Name	Hospital Type	System	Patient Service Net Income	Patient Service Profit Margin	Net Income	Total Margin
Centura Penrose-St. Francis Hospital	General	Centura Health CommonSpirit	\$72,480,035	8.5%	\$91,741,087	10.5%
Pikes Peak Regional Hospital	Critical Access	UCHealth	(\$521,482)	-2.0%	(\$470,413)	-1.8%
Pioneers Medical Center	Critical Access		(\$717,442)	-1.8%	\$4,219,990	9.0%
Platte Valley Medical Center	General	SCL Health	\$5,397,946	3.5%	\$13,086,863	8.1%
Centura Porter Adventist Hospital	General	Centura Health Adventist	(\$25,791,323)	-8.0%	(\$13,817,527)	-4.1%
Poudre Valley Hospital	General	UCHealth	\$90,989,823	13.5%	\$482,237,439	45.1%
Presbyterian/St. Luke's Medical Center	General	HealthONE	\$156,109,502	24.0%	\$142,625,000	21.8%
Prowers Medical Center	Critical Access		\$482,520	1.4%	\$3,379,420	9.3%
Rangely District Hospital	Critical Access		(\$4,432,859)	-36.2%	\$3,897,660	16.5%
Rio Grande Hospital	Critical Access		(\$108,403)	-0.4%	\$6,402,740	20.6%
Rose Medical Center	General	HealthONE	\$70,667,916	18.9%	\$62,610,000	16.6%
San Luis Valley Health Conejos County Hospital	Critical Access	San Luis Valley	\$2,492,661	19.8%	\$2,513,158	19.9%
San Luis Valley Health Regional Medical Center	General	San Luis Valley	(\$2,020,318)	-2.2%	\$6,699,307	6.3%
Sedgwick County Health Center	Critical Access		\$158,413	1.3%	\$2,169,054	13.3%
Sky Ridge Medical Center	General	HealthONE	\$158,186,112	27.7%	\$139,975,000	24.4%
Southeast Colorado Hospital District	Critical Access		\$466,344	2.5%	\$3,464,016	14.1%
Southwest Health System, Inc.	Critical Access		(\$4,885,968)	-7.7%	\$1,291,912	1.8%
Spanish Peaks Regional Health Center	Critical Access		\$1,663,613	9.8%	\$3,888,387	17.4%
Centura St. Anthony Hospital	General	Centura Health CommonSpirit	\$54,149,707	11.1%	\$69,860,815	13.8%
Centura St. Anthony North Hospital	General	Centura Health CommonSpirit	\$25,979,787	10.6%	\$42,905,430	16.1%





Hospital Name	Hospital Type	System	Patient Service Net Income	Patient Service Profit Margin	Net Income	Total Margin
Centura St. Anthony Summit Hospital	General	Centura Health CommonSpirit	\$39,447,001	31.7%	\$46,176,070	34.5%
St. Joseph Hospital	General	SCL Health	\$46,383,951	7.6%	\$78,829,046	12.1%
Centura St. Mary-Corwin Hospital	General	Centura Health CommonSpirit	(\$11,964,994)	-9.2%	(\$2,370,919)	-1.7%
St. Mary's Hospital & Medical Center, Inc.	General	SCL Health	\$35,537,998	7.3%	\$67,614,987	12.9%
Centura St. Thomas More Hospital	Critical Access	Centura Health CommonSpirit	\$20,740,095	22.0%	\$22,878,944	23.5%
St. Vincent General Hospital District	Critical Access					
Sterling Regional MedCenter	General	Banner Health	\$7,245,186	11.8%	\$8,392,743	13.2%
Swedish Medical Center	General	HealthONE	\$167,412,096	23.2%	\$146,952,000	20.3%
The Medical Center of Aurora	General	HealthONE	\$49,212,825	10.3%	\$45,450,000	9.4%
UCHealth Greeley	General	UCHealth	(\$16,067,535)	-11.4%	(\$14,194,373)	-9.8%
UCHealth Highlands Ranch	General	UCHealth	(\$40,119,632)	-22.7%	(\$20,464,177)	-10.3%
University of Colorado Hospital	General	UCHealth	\$266,327,205	11.4%	\$946,637,632	31.3%
Vail Health Hospital	General		(\$1,429,434)	-0.7%	\$42,862,646	15.2%
Valley View Hospital	General		\$17,745,764	6.3%	\$28,503,550	9.5%
Weisbrod Memorial County Hospital	Critical Access		(\$65,511)	-0.9%	\$2,269,421	19.6%
Wray Community District Hospital	Critical Access		\$493,299	1.7%	\$6,691,838	18.7%
Yampa Valley Medical Center	General	UCHealth	\$12,452,881	10.8%	\$23,368,426	18.4%
Yuma District Hospital	Critical Access		(\$701,118)	-3.7%	\$1,797,180	8.3%
<b>Total</b>			<b>\$1,363,008,743</b>	<b>7.2%</b>	<b>\$3,411,083,276</b>	<b>15.1%</b>



### XIII. Appendix G 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<sup>28</sup> 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>29</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.

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<sup>28</sup> HB 19-1320 requires hospitals to report community benefit investments included in their most recent IRS form 990 filing, which for most hospitals was fiscal year 2020. Therefore, the net income utilized was from the 2020 Hospital Transparency dataset.

<sup>29</sup> There are office buildings owned by hospitals that are not tax exempt. Some parcels have a mix of exempt and non-exempt values.



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>30</sup> The Department diverged from the Montana methodology in the following ways:

- Montana sourced net income from IRS form 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 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 were 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.

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<sup>30</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)

## XIV. Appendix H Investments Reported by Hospital

### Avista Adventist Hospital

- Transportation services
- Injury prevention
- Support of Family Education Centers
- Health fairs
- Education and training to community members
- Community health improvement advocacy
- Childbirth training classes
- OB post-partum classes
- Stigma reduction efforts
- SNAP/WIC outreach

### Boulder Community Health

- Community education programs
- Sexual Assault Nurse Examiners
- Community outreach coordinator
- Stop the Bleed education program
- Kids Bike Helmet program
- Walk with a Doc program
- Bridge house
- Donated medical supplies

### Castle Rock Adventist Hospital

- Programs that address social and community factors
- Programs that address poverty and economic stability
- Transportation services
- Support of regional EMS
- Clinical integration
- Stigma reduction efforts
- SNAP/WIC outreach
- Support for community based organizations

### Children's Hospital Colorado

- Community education
- Community based dental program
- Programs to advance health equity and reduce health disparities
- EMS recertification
- Mental health services
- Rehabilitation services
- Dermatology services
- Support community based organizations that address an identified need
- Landfill diversion

#### Children’s Hospital Colorado, Colorado Springs

- Community education
- Programs to advance health equity and reduce health disparities
- Partnerships with K-12 addressing resiliency in children
- Programs addressing social and environmental health improvements
- EMS recertification
- Mental health services
- Rehabilitation services
- Support community based organizations that address an identified need
- Activities to improve the community’s health and safety

#### Community Hospital

- Laryngology screening
- School physicals
- Mesa County Fair first aid station
- Health coaching
- Employer health screening
- Flu shots

#### Delta County Memorial Hospital

- Pediatric office remodel
- ED floors and doors
- PT remodel



## Denver Health and Hospital Authority

- Public Health Institute
- SANE Program
- NurseLine
- Child Life Program
- Enrollment services
- Safe Outdoor Space
- Healthcare Interest Program
- Medical Career Collaborative

## East Morgan County Hospital

- Blood drives/screenings
- Prenatal education
- Community cooking classes
- Health care support and enrollment assistance
- Funded Discharge Aftercare
- American Cancer Society
- United Way
- Disaster preparedness training

## Fort Collins Medical Center

- Prenatal education
- Patient and community wellness education
- Health care support and enrollment assistance
- Funded Discharge Aftercare
- United Way
- FTC Peach Festival

## Good Samaritan Medical Center

- Community classes on health improvement
- Support groups
- Health education materials
- Health Professions Education
- Medical Oncology and infusion center
- Dialysis

- Cardiac and Pulmonary Rehab
- Support of health improvement efforts
- Emergency preparedness and disaster readiness activities

#### Littleton Adventist Hospital

- Programs that address social and community factors
- Programs that address poverty and economic stability
- Transportation services
- Support of regional EMS
- Community benefit operations

#### Longmont United Hospital

- Community health education
- Transportation services
- Community benefit activities

#### Lutheran Medical Center

- Community classes on health improvement
- Support groups
- Health education materials
- Health Professions Education
- Medical and Radiation Oncology
- Breast Center
- NICU
- Dialysis
- Cardiac and Pulmonary Rehab
- Behavioral health
- Support of health improvement efforts

#### McKee Medical Center

- Prenatal education
- Patient wellness
- Health care support and enrollment assistance
- Oncology research
- Elder day care

- Palliative care
- Heart clinic
- Women's services
- Funded discharge aftercare
- 40 Under 40

#### Mercy Regional Medical Center

- Athletic training services
- Access to healthy foods
- SANE program
- Transportation services
- Stigma reduction efforts
- SNAP/WIC outreach

#### Montrose Memorial Hospital

- Education and support services
- Clinic services

#### National Jewish Health

- COVID-19 testing and vaccines
- Morgridge Academy
- Pediatric asthma program
- Community coalitions
- Inner city asthma program
- Research

#### North Colorado Medical Center

- Blood drives/screenings
- Prenatal education
- Sports medicine education
- Patient and community wellness
- Health care support and enrollment assistance
- Funded discharge aftercare
- Ambulance and emergency evacuation services
- Burn care





- Palliative care
- Women's clinic
- Heart clinic
- Oncology research

#### Parker Adventist Hospital

- Medical education
- Injury prevention
- Community awareness of health programs
- Transportation services
- Programs that address social and community factors
- Programs that address poverty and economic stability
- EMS regional support
- Stigma reduction efforts
- SNAP/WIC outreach

#### Parkview Medical Center

- Immunization clinics
- Health education
- Health screenings
- Parkview Mobile Nurse program
- Child birthing classes
- Breastfeeding classes
- Job fairs
- STEP program

#### Penrose-St Francis Health Services

- Community events for women
- Mission and Ministry
- John Zay House
- Cancer center community education
- Transportation services
- Discounted meals for seniors

#### Platte Valley Medical Center



- Classes on health improvement topics
- Support groups
- Health education materials
- COVID-19 response
- Health professions education
- Medical oncology
- Obstetrics and NICU
- Wound care
- Support health improvement efforts

#### Porter Adventist Hospital

- Community outreach
- Medication assistance
- Programs that address social and community factors
- Programs that address poverty and economic stability
- Regional EMS support
- Stigma reduction efforts
- SNAP/WIC outreach

#### Saint Joseph Hospital

- Classes on health improvement topics
- Health education materials
- Transportation services
- Interpretation/translation services
- Support programs
- COVID-19 response
- Health professions education
- Medical and radiation oncology
- Antepartum care
- Cardiac and pulmonary rehab
- Dialysis
- Behavioral health services
- Support community based organizations

#### San Luis Valley Health



- Health fairs
- Athletic training support
- Support groups
- Orthopedic and cardiology clinics
- Physician health program
- RETAC
- Food bank
- Adopt a Family
- VA support

#### St Anthony Hospital

- Flight for Life
- Program to support and educate at risk first time mothers
- Home visits pregnant and parenting low income parents
- Prescription assistance
- Support groups
- Transportation services
- EMS support
- Health professions training and education
- SANE program
- Stigma reduction efforts
- SNAP/WIC outreach

#### St Anthony Hospital North Health Campus

- Community benefit operations
- Transportation services
- Support Community Reach
- Family Practice residency

#### St Anthony Summit Medical Campus

- Think First Injury program
- First Aid services
- Community health improvement strategies
- SANE program

#### St Mary-Corwin Hospital



- EMS outreach services
- Transportation services
- Residency program
- Provide educational materials
- COVID-19 prevention and vaccination

#### St Mary's Regional Medical Center

- Health education classes
- Support groups
- Health screenings
- Wellness and community based clinical services
- Community health education
- Mental health first aid training
- Mobile Health Van
- Medical oncology and breast center
- Labor and delivery and NICU
- Cardiac and inpatient rehab
- Dialysis
- Wound care

#### St Thomas More Hospital

- COVID-19 prevention and vaccination

#### Sterling Regional Medical Center

- Cancer education
- NJC health fair
- Patient and community education
- Health care support and enrollment assistance
- Disaster preparedness training

#### UCHealth Broomfield Hospital

- Support for University of Colorado School of Medicine
- Support for Colorado Center for Personalized Medicine
- Clinical program support
- Support non-profit and community based organizations



### UCHealth Grandview Hospital

- Support for University of Colorado School of Medicine
- Support for Colorado Center for Personalized Medicine
- Support non-profit and community based organizations
- Support for nursing program development UCHealth Greeley Hospital
- Support for University of Colorado School of Medicine
- COVID-19 vaccine clinics
- Support for Colorado Center for Personalized Medicine
- Support non-profit and community based organizations
- Support for Food Bank of Larimer County

### UCHealth Highlands Ranch Hospital

- Support for University of Colorado School of Medicine
- COVID-19 vaccine clinics
- Support for Colorado Center for Personalized Medicine
- Your Health with UCHealth education series
- Support non-profit and community based organizations

### UCHealth Longs Peak Hospital

- Support for University of Colorado School of Medicine
- Postpartum lactation support program
- Support non-profit and community based organizations
- COVID-19 vaccine clinics
- Support for Colorado Center for Personalized Medicine
- Clinical program support

### UCHealth Medical Center of the Rockies

- Support for University of Colorado School of Medicine
- Support for Colorado Center for Personalized Medicine
- Support non-profit and community based organizations
- COVID-19 vaccine clinics
- SANE program
- Postpartum lactation support program
- Project CURE
- Support for Food Bank of Larimer County



### UCHealth Memorial Hospital

- Support for University of Colorado School of Medicine
- Support for Colorado Center for Personalized Medicine
- COVID-19 vaccine clinics
- Nurse Advice Line
- Support for Ronald McDonald House
- Ascending to Health Respite Care
- The Independence Center
- Cedar Springs Behavioral Health Services
- Trauma education programs
- SANE program

### UCHealth Poudre Valley Hospital

- Support for University of Colorado School of Medicine
- Mental and behavioral health programs
- Support for Colorado Center for Personalized Medicine
- Support non-profit and community based organizations
- Postpartum lactation support program
- Healthy Kids Club
- COVID-19 vaccine clinics
- Aspen Club
- Healthy Hearts School and Family program
- Healthy Harbors Care Coordination program
- Injury prevention
- Chronic disease management program
- Infant CPR education

### UCHealth University of Colorado Hospital

- Support for University of Colorado School of Medicine
- Research and education programs
- Education and training programs
- Mental and behavioral health programs
- Support for Colorado Center for Personalized Medicine
- COVID-19 vaccine clinics
- Support non-profit and community based organizations



- Trauma education programs

#### UCHealth Yampa Valley Medical Center

- Support for University of Colorado School of Medicine
- Support for Colorado Center for Personalized Medicine
- COVID-19 vaccine clinics
- Transportation services
- Support for The Health Partnership
- Ask-A-Nurse Health Advice Line
- Support non-profit and community based organizations Vail Health
- Cancer education
- CPD/First aid classes
- Education and outreach for seniors citizens
- Mental health education
- Support groups
- Transportations services
- Nutrition and eight management
- Sports injury prevention
- Phase III cardiac rehab

#### Valley View Hospital

- Meals on Wheels
- Athletic trainers
- Community education
- Research and clinical trials
- Support local non-profits



## XV. Appendix I Federal Requirements

Since 1969, the federal government has required nonprofit hospitals to provide a community benefit to justify their tax-exemption. Community benefit is not explicitly defined by federal statutes or regulations and can include charity care, Medicaid shortfall, and other benefits not directly related to patient care, such as community health improvement activities, health professions education, research, and cash and in-kind support to community organizations. Historically, hospitals fulfilled much of their community benefit requirement by providing care to people who could not afford to pay.<sup>31</sup>

The Affordable Care Act (ACA) added additional community benefit requirements for nonprofit hospitals but did not include a specific minimum value of community benefits that a hospital must provide to qualify as tax-exempt.<sup>32</sup>

Currently, there are no federal community benefit requirements that ensure hospitals use the most accurate accounting standards for charity care and Medicaid shortfalls, set a minimum level of community benefit spending, require hospitals to spend on community benefit dollars on identified needs, or describe in detail the type of activities that qualify as community benefit spending.<sup>33</sup>

Specific federal requirements are noted here:

To qualify as tax exempt under federal law,<sup>34</sup> a hospital must meet the general requirements for tax exemption under Internal Revenue Code Section 501(c)(3), the community benefit standard under Revenue Ruling 69-545, and the requirements codified under Internal Revenue Code Section 501(r) following the enactment of the Affordable Care Act (ACA).

- In general, under Section 501(c)(3), a hospital must demonstrate that it provides benefits to a class of persons that is broad enough to benefit the community and operate to serve a public rather than a private interest.

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<sup>31</sup> <https://www.coloradohealthinstitute.org/research/hospital-community-benefit-accounting-impact>

<sup>32</sup> <https://www.healthaffairs.org/doi/10.1377/hpb20160225.954803/full/>

<sup>33</sup> <https://www.nashp.org/states-can-hold-hospitals-accountable-for-their-community-benefit-expenditures/>

<sup>34</sup> <https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3>



- A hospital must meet the community benefit standards under Revenue Ruling 69-545:
  - Operate an emergency room open to all, regardless of ability to pay,
  - Maintain a board of directors drawn from the community,
  - Maintain an open medical staff policy,
  - Provide hospital care for all patients able to pay, including those who have coverage through public programs such as Medicaid and Medicare,
  - Use surplus funds to improve facilities, equipment, and patient care, and
  - Use surplus funds to advance medical training, education, and research.
  
- Finally, a hospital must meet the four additional requirements codified under Section 501(r) following enactment of the ACA:
  - Conduct a CHNA every three years, adopt an implementation strategy to meet the identified community health needs, and make the CHNA report widely available to the public,
  - Establish written financial assistance and emergency medical care policies,
  - Limit the amounts charged for emergency or other medically necessary care to individuals eligible for assistance under the hospital's financial assistance policy, and
  - Make reasonable efforts to determine an individual's eligibility for assistance under the hospital's financial assistance policy before engaging in extraordinary collection actions against the individual.



## XVI. Appendix J 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 26 CFR § 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 uncollectible 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.

**Patient Services Net Income** - data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. Created by multiplying the cost to charge ratio for a hospital by the total gross charges and subtracting that amount from Net Patient Revenue. This metric is different from Operating Revenue, which includes other components.

**Patient Services Profit Margin** - data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. Created by taking the Patient Service Net Income and dividing by Net Patient Revenue. This metric is different from Operating Profit Margin, which includes other components.

**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 § 25-1.5-103 (1)(a)(I) or (1)(a)(II), C.R.S.

**Total Profit Margin** - data reported by hospitals to the Department pursuant to HB 19-1001, Hospital Transparency Measures to Analyze Efficacy. Created by taking Net Income and dividing by the sum of Total Non-Operating Revenue and Total Operating Revenue.