

# Hospital Community Benefit Accountability

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*Annual Report*

**Feb. 5, 2024**



**COLORADO**

Department of Health Care  
Policy & Financing

## Table of Contents

I. Summary and Key Findings.....	4
<b>II. Background.....</b>	<b>6</b>
<b>III. Recommendations.....</b>	<b>10</b>
IV. Findings.....	12
A. Compliance with Public Meeting Requirements.....	12
B. Compliance with Reporting Requirements.....	14
C. Hospital Investment Percentage.....	14
D. Community Investment Compared to Net Patient Revenue.....	18
E. Community Investment Compared to Total Expense.....	19
F. Benefit of Tax Exemption Status.....	23
G. Community Health Needs Assessment (CHNA).....	28
H. Prioritized Health Needs.....	28
<b>V. Conclusion.....</b>	<b>30</b>
<b>VI. Appendix A Reporting Hospitals.....</b>	<b>32</b>
<b>VII. Appendix B Investment Amounts by Hospital.....</b>	<b>34</b>
VIII. Appendix C Total Investments by Hospital Over Time.....	37
<b>IX. Appendix D Investments by Division of Insurance Region.....</b>	<b>40</b>
<b>X. Appendix G Estimated Tax Exemption Methodology.....</b>	<b>44</b>
<b>XI. Appendix H Investments Reported by Hospital.....</b>	<b>46</b>
<b>XII. Appendix I Federal Requirements.....</b>	<b>58</b>
<b>XIII. Appendix J Definitions.....</b>	<b>60</b>

## Table of Figures

Figure 1: 2021 Community Investments by Category.....	15
Figure 2: 2021 Community Benefit Percentage of Net Patient Revenue.....	19
Figure 3: 2021 Total of All Investments Reported.....	40
Figure 4: 2021 Free or Reduced-Cost Health Care Services.....	41
Figure 5: 2021 Programs Addressing Health Behaviors or Risks.....	42
Figure 6: 2021 Programs Addressing Social Determinants of Health.....	43

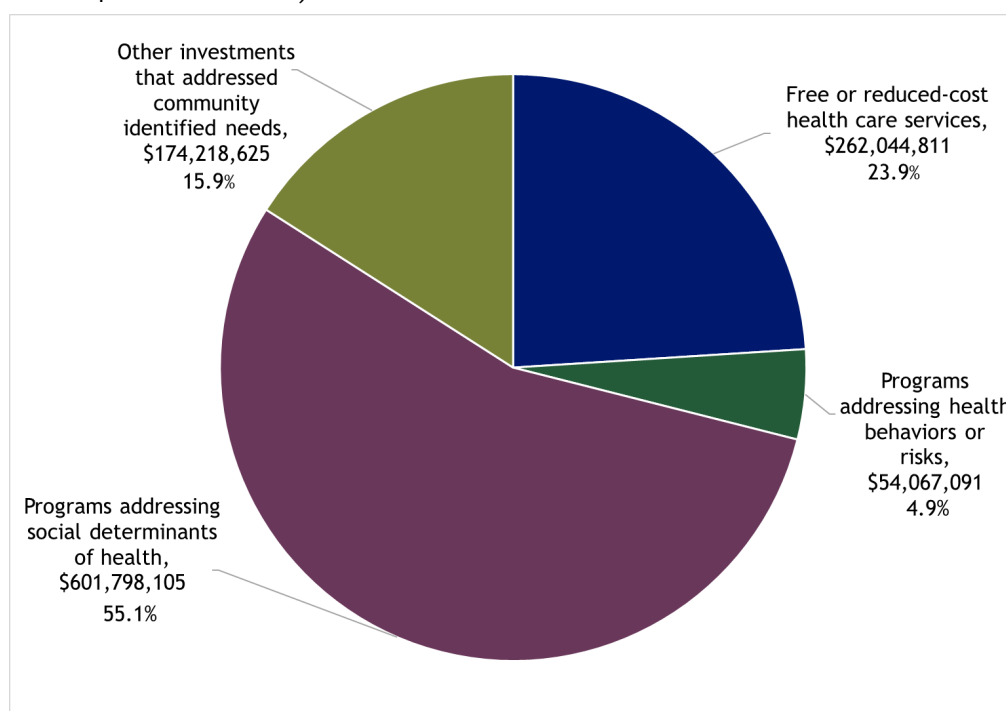
## Table of Tables

Table 1: Community Investments by Category over time.....	17
Table 2: Schedule H Investment Amounts.....	21
Table 3: 2021 HealthONE Community Benefit.....	24
Table 4: 2021 Community Benefit and Medicaid Shortfall by System (Dollar Amounts).....	26
Table 5: 2021 Community Benefit and Medicaid Shortfall by System (Percent of Total).....	26
Table 6: 2021 Community Investments and Estimated Tax Exemption by System.....	27
Table 7: Prioritized Needs & Community Identified Needs.....	29
Table 8: Reporting Hospitals.....	32
Table 9: 2021 Investment Amounts.....	34
Table 10: Total Investments by Hospital Over Time.....	37

## I. Summary and Key Findings

In this reporting period covering hospitals' fiscal year 2021,<sup>1</sup> 45 hospitals invested 6.9% of their patient revenues in the community in total. Such contributions are significant, appreciated, and valued. Overall, Colorado hospitals invested \$1.09 billion in community investments in the reporting year. Changes in investment amounts by hospital over time are available in Appendix C. Investments by category are as follows:

- Free or reduced-cost health care services, i.e., charity care: \$262.0 million, 23.9% of total community benefit.
- Programs addressing health behaviors or risks: \$54.0 million, 4.9% of total.
- Programs that addressed social determinants of health: \$601.7 million, 55.1% of the total.
- Other investments that addressed community identified needs: \$174.2 million, 15.9% of the total.



In future reporting, more specific, community benefit reporting categories will help HCPF connect community investment spending

<sup>1</sup> For this report, many hospitals are reporting investments for the year ended December 31, 2021 while others are reporting for the year ended June 30, 2022 or their fiscal year, if different.

directly to community identified needs. HB23-1243 requires hospitals to report evidence about how their investments improve community health outcomes and how the investments directly correspond to community identified needs. While HCPF is aware of certain hospitals' community benefit spending, there remain areas of improvement to better understand if and how hospitals are meeting the needs of the communities that they serve. Below are the top prioritized community needs identified in each reporting hospitals' community benefit implementation plan.

### **Prioritized Community Health Needs**

Hospitals are required to conduct a Hospital Community Health Needs Assessments (CHNA) every three years and develop an annual community benefit implementation plan every year. Analysis of these assessments reveal the top three prioritized community identified health needs for Colorado's non-profit, tax-exempt hospital service areas were behavioral health, access to care, and chronic disease management.

- 93.3% of hospitals prioritized behavioral health related needs. Behavioral health includes needs such as mental health, substance abuse disorder, eating disorders, among others.
- 80.0% of hospitals prioritized access to care related needs. These needs oftentimes are as simple as being able to access health care services within a reasonable distance from one's home.
- 57.8% of hospitals prioritized chronic disease management needs.

Hospitals's Community Health Needs Assessments (CHNA) and Implementation Plans can be accessed through the [HCPF Hospital Community Benefit webpage](#) under the Reporting Hospital section.

## II. Background

Since 1969, the federal government has required non-profit hospitals to provide a community benefit as a condition of 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. To gain better insights into the investments Colorado's non-profit, tax-exempt hospitals make in their communities, House Bill (HB) 19-1320 requires non-profit 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.

HB19-1320 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 HCPF. These community engagement activities are required under state law in addition to the federally required CHNA process every three years.

In terms of community benefit, Medicaid shortfall and charity care comprise a majority of the community benefit spending by non-profit, tax-exempt hospitals. For-profit, tax-paying hospitals also provide charity care and provide care to Medicaid members and incur Medicaid shortfall and charity care costs as well.

Effective August 2023, HB23-1243 changes hospital community benefit requirements by expanding on the current legislation reporting requirements and the information that will be requested from hospitals to the Department of Health Care Policy & Financing (HCPF). The new

reporting requirements will increase the accessibility of hospitals' public community benefit meetings and information reported from the hospitals to the community. The expansion of reporting requirements under HB23-1243 will allow for a more comprehensive analysis of hospitals' community benefit investments. In addition to all previously required submission materials, for the 2025 Hospital Community Benefit Accountability report, each hospital will be required to include the following in their report submission:

- For each public meeting:
  - Meeting minutes.
  - A list of meeting attendees.
  - Any data collected from attendees, such as data concerning race, ethnicity, or income.
  - Content of the meeting discussion - any community benefit priorities discussed and decisions made regarding those priorities.
  - Community feedback received and how the hospital plans to incorporate the feedback into the reporting hospital's community benefit implementation plan.
- Expanded reporting on community benefit activities, including
  - Free or discounted health-care services.
  - Behavioral health.
  - Community-based health care.
  - Social determinants of health spending, specifically;
    - Spending to address individuals needs such as housing, food, transportation, interpersonal violence, education, and job opportunities.
  - Provider recruitment, education, research and training.
  - Amount funded for each activity, identifying cash versus in-kind contributions.
  - Description of how activities and funding align with community priorities.
- Evidence on investment outcomes
  - How the investment improves community health outcomes.
  - How the investment directly corresponds to community identified

needs.

- When presenting proposed community benefit implementation plan, reporting hospitals must:
  - Present priority areas identified in the reporting hospital's most recent CHNA and any other community benefit investment option recommended by the reporting hospital. Each priority recommendation presented must clearly identify the source of the recommendation.
  - Solicit public input for any additional community benefit investment priority.
  - Review and incorporate the public feedback received before the reporting hospital finalizes its annual community benefit implementation plan.

HB23-1243 will also require hospitals to make their community health needs assessment report publicly available on the reporting hospitals website to community members.<sup>2</sup>

### Implementation of HB23-1243

Following the expansion of HB19-1320, HCPF produced a memorandum outlining any new changes to hospital community benefit with the passage of HB23-1243. The memorandum was sent to hospitals in December 2023. Reporting hospitals may refer to the memorandum for public input meeting guidance.<sup>3</sup>

HCPF partnered with the Colorado Health Institute (CHI) to facilitate a stakeholder engagement meeting on best practices for non-profit hospitals to ensure diverse input from local community members in determining community priorities and best practices to collaborate and reduce redundant community needs assessments. The meeting was held Nov. 28, 2023. For more information about this meeting, please visit [HCPF's Hospital Community Benefit webpage](#).

HCPF is reviewing the recommendations from the stakeholder engagement meeting and will continue stakeholder engagement in early 2024 for other

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<sup>2</sup> For more information regarding implementation and changes to the Hospital Community Benefit Accountability requirements please visit HCPF's Hospital Community Benefit webpage: <https://hcpf.colorado.gov/hospital-community-benefit-accountability>

<sup>3</sup> Please see HCPF's Hospital Community Benefit webpage for a copy of the guidance memorandum.



rule components to align with the revised legislation. HCPF will present proposed rules to the Medical Service Board in Spring 2024. The effective date of permanent rules will be no earlier than July 1, 2024.

In 2024, hospitals will submit their reports no earlier than 90 days following final adoption of revised rules, with reporting under the new requirements expected in early August 2024.

Reporting hospitals will still be required to submit their Federal Internal Revenue Service (IRS) form 990, Schedule H Part I and II submissions to HCPF. For hospital systems that submit a consolidated form 990, a pro-forma schedule H information must be provided for each reporting hospital.

**This report reflects the information available under the legislation reporting requirements of HB19-1320.**

### III. Recommendations

HB23-1243 expands on the HB19-1320 legislation reporting requirements by sharing previous years' community benefit activities, the amount funded for each activity, how investments improve community health outcomes, and how those investments directly correspond to community identified needs. These expansions increase the responsibility of the reporting hospital to align their investments with the needs of their communities and improve HCPF's ability to analyze and report on community benefits.

HB23-1243 will address many previous HCPF recommendations including tools to incentivize compliance; collaborating with the Colorado Department of Revenue to establish a new methodology for estimating tax exemption value; and reorganizing the categories in which hospitals report investments to more accurately track how hospitals are investing their community benefit spending, and if that spending aligns with community needs. As HB23-1243 is implemented and more detailed reporting of community benefits is realized, HCPF will identify any remaining gaps and make recommendations to continue to improve non-profit hospitals' responsiveness to community needs.

#### Department Oversight

1. HCPF is in the process of implementing HB23-1243. In November 2023, HCPF along with CHI held a stakeholder engagement forum to source feedback on how hospitals can best practice stakeholder engagement and how HCPF can work to reduce redundancies in community benefit assessments. HCPF will use this and other stakeholder engagement opportunities to inform rule development, which will be held in the spring of 2024.
2. HCPF will utilize the new reporting on categories of investments to analyze any potential gaps in community identified needs and what hospitals are investing in. HCPF will continue to analyze data and report the amount of community benefit invested by hospitals with the data available.
3. HCPF will continue its collaboration with hospitals to demonstrate hospitals are aligning community benefits with what their communities have identified as a health need.

4. HCPF will continue to research other states' hospital community benefit requirements and reporting to inform our analysis, reporting and recommendations.
5. HCPF acknowledges that there is no consistent national standard on what qualifies as community benefit, and there are no guidelines on how hospitals distribute community benefit investments.
6. HCPF will utilize its ability to write corrective action plans for non-compliance when necessary.



## IV. Findings

### A. Compliance with Public Meeting Requirements

Under 10 CCR 2505-10, Section 8.5002, reporting hospitals are required to submit their public meeting agenda, meeting summary, list of invitees, and list of attendees. While community participation is generally low across all hospitals and is an area of focus in the recent HB23-1243 legislation, there are a number of best practices from reporting hospitals' public meetings to highlight:

- Children's Hospitals Anschutz and Colorado Springs each held independent meetings and provided multiple meeting time options. These options included both in-person and virtual attendance options. These meetings were held during the morning and afternoon to help accommodate attendees' schedules. Information about the meetings was sent out through emails, newsletters, and newspapers. Meeting information was also shared in a Spanish newspaper, *La Voz*. Attendees were a mixture of hospital employees, community members and healthcare organizations.
- Intermountain Health held virtual meetings that occurred later in the day. Intermountain Health posted information about the meetings in the newspaper at least 30 days prior to the meeting and also sent invitations through email blasts and Facebook ads. Attendees included members from the chamber of commerce and members of city organizations.
- Denver Health Medical Center held multiple meetings at different times of day and offered American Sign Language and Spanish interpretation services. Denver Health posted meeting announcements in both English and Spanish prior to the meetings. Attendees included executive directors from two health alliances and co-executive director of the Center for Health Progress.
- National Jewish Health held their meeting virtually and sent direct invitations via email to various organizations and companies. They also posted the meeting announcement across various social media platforms, as well as advertisements about the meeting in the Denver Post. Attendees for the meeting included members of the Council of Governments, and health alliances.

- UCHHealth held public meetings at several locations, with a mixture of meetings held virtually as well as in-person. UCHHealth had members of the Loveland Chamber of Commerce, health alliance groups, and the county commissioner in attendance at its stakeholder meetings for northern Colorado.
- San Luis Valley Health offered separate meeting options on different dates. They offered both virtual and in-person options and featured breakout rooms for attendees. Attendees included members from the local chamber of commerce, and members of city organizations.
- AdventHealth, formally part of Centura, held its community benefit meeting in tandem with its annual Hospital Transformation Program meeting. AdventHealth offered both in-person and virtual meeting options. After the meeting, AdventHealth sent a follow-up email to attendees with a copy of the presentation and a survey for them to complete on how to improve future meetings. Attendees included members of the Castle Pines and South Metro Denver Chamber, and a member of Arapahoe County Public Health.
- Commonspirit, formally part of Centura, held most of their meetings in person but also offered virtual options. Some locations offered translation services for the meeting. Those in attendance included members from various county departments, and CHI.
- Banner Health held meetings in person at each of their five hospitals. Each location submitted its meeting presentation to HCPF, but only East Morgan and Sterling Medical Center shared their invite list with HCPF. There were multiple county members and a member from the health department in attendance for the meetings.
- Independent hospitals had a variety of meeting offerings that included both in-person and virtual meeting options. One hospital offered real-time Spanish interpretation service. Attendees ranged from members of the chamber of commerce, health departments, and county governments.

## B. Compliance with Reporting Requirements

For this reporting time period, all hospitals were compliant with reporting requirements, such as submitting the HCPF provided template and Schedule H information of the IRS Form 990. 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 December 31, 2021 while others are reporting for the year ended June 30, 2022 or their fiscal year, if different.

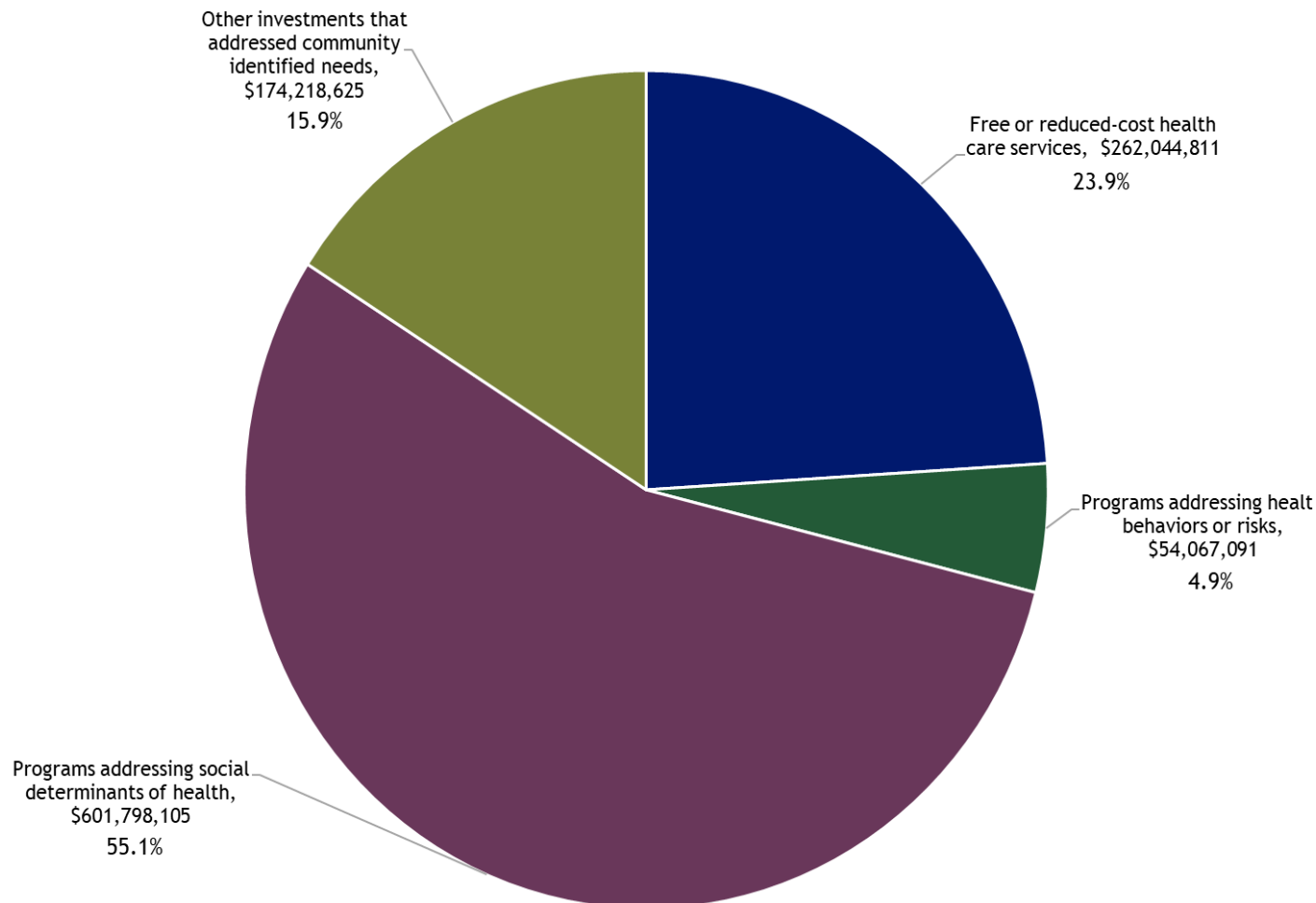
Banner Health, Children's Hospitals at Anschutz and Colorado Springs, Intermountain Health, and UCHHealth systems all provided individual pro-forma schedule H information along with their consolidated 990 forms.

## C. Hospital Investment Percentage

In this reporting period, hospitals invested 6.9% of their patient revenues in the community. Such contributions are significant, appreciated, and valued. Overall, Colorado hospitals invested \$1.09 billion in community investments in the reporting year. In the previous reporting period, hospitals invested \$965.0 million back into their communities which was 6.8% of their patient revenues. Free or reduced-cost health care services represent 23.9% of the total, programs addressing health behaviors or risks represent 4.9% of the total, programs addressing social determinants of health represent 55.1% of the total, and other investments that addressed community identified needs represent 16% of the total. This is summarized in the bullets below and in Figure 1.

- Free or reduced-cost health care services: \$262.0 million (23.9%)
- Programs addressing health behaviors or risks: \$54.0 million (4.9%)
- Programs that addressed social determinants of health: \$601.7 million (55.1%)
- Other investments that addressed community identified needs: \$174.2 million (15.9%)

**Figure 1: 2021 Community Investments by Category**



HCPF compared hospitals' community investment categories to investments by hospitals from previous years. Table 1 shows the community investments by category from 2019 through 2021 with a total of 45 reporting hospitals for each of the reporting years. Most of the categories increase from the previous year indicating that hospitals are investing more into the community. For example, total investments increase from \$834.6 million in 2019 to \$1.09 billion in 2021, or an increase of \$257.5 million or 30.9%.

Overall, the biggest trend difference is the significant increase in social determinants of health investments compared to investments in health behaviors this reporting year. From 2019 and 2020, social determinants of health only represented 2.8% and 7.8%, respectively, of total investment

compared to 55.1% for 2021. Similarly, health behaviors represented over half of the total investment percentage with 58.1% and 55.3%, respectively, compared to only 4.9% of the total community investment in 2021. This shift may be due to hospitals more accurately reporting investment categories, indicated by the near proportional increase and decrease between the two categories between 2020 and 2021.

Notably, free or reduced cost care, i.e., charity care, has been a consistent percentage of total investments from 2019 through 2021 while the uninsured rate in the state has remained stable. However, the unwinding of Medicaid continuous enrollment requirements under the COVID-19 public health emergency (PHE) and the recent influx of migrants to the Denver area are expected to increase the number of uninsured Coloradans needing care.

Through the PHE unwinding of continuous Medicaid coverage, after more than a three year pause, Colorado resumed regular eligibility renewal processes. Starting with March 2023 notices for May renewals, HCPF leveraged the federal government's full 12 to 14 month (with member noticing) opportunity to conduct the eligibility redetermination process for all covered Health First Colorado (Colorado's Medicaid program) as well as Child Health Plan Plus (CHP+) members.

In addition to the PHE unwinding of continuous Medicaid coverage, Colorado has seen an unprecedented influx of migrants, especially in the greater Denver area, creating significant impact for some hospitals. As the Kaiser Family Foundation noted in November 2022 and September 2023, migrants are more likely than United States citizens to have low incomes and lack health insurance,<sup>4,5</sup> thereby generating expected increases in hospital charity care in 2023 and 2024. For example, Denver Health has seen a \$10 million increase in uncompensated care in the past year, which they attribute to the unprecedented number of migrants.<sup>6,7</sup>

HCPF will continue working with hospitals and other community partners on efforts to keep Coloradans covered and to support the migrant

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<sup>4</sup> [kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/#](https://kff.org/health-costs/issue-brief/hospital-charity-care-how-it-works-and-why-it-matters/#)

<sup>5</sup> [kff.org/racial-equity-and-health-policy/fact-sheet/key-facts-on-health-coverage-of-immigrants/](https://kff.org/racial-equity-and-health-policy/fact-sheet/key-facts-on-health-coverage-of-immigrants/)

<sup>6</sup> [coloradosun.com/2024/01/05/denver-migrant-encampment-shelter/](https://coloradosun.com/2024/01/05/denver-migrant-encampment-shelter/)

<sup>7</sup> [denvergazette.com/news/new-immigrants-pose-difficult-dilemma-as-denver-health-sees-thousands-of-unpaid-medical-visits/article\\_93bbba78-b4b0-11ee-83bf-93150c61a814.html](https://denvergazette.com/news/new-immigrants-pose-difficult-dilemma-as-denver-health-sees-thousands-of-unpaid-medical-visits/article_93bbba78-b4b0-11ee-83bf-93150c61a814.html)



community.

**Table 1: Community Investments by Category over time**

Fiscal Year	Free or Reduced Cost Care	Health Behaviors	Social Determinants of Health	Other Community Identified Needs	Total Investments
2019	\$197,738,444 (23.7%)	\$485,480,046 (58.1%)	\$23,145,590 (2.8%)	\$128,240,425 (15.4%)	\$834,604,505 (100.0%)
2020	\$239,116,538 (24.8%)	\$533,336,958 (55.3%)	\$75,578,864 (7.8%)	\$116,993,362 (12.1%)	\$965,025,722 (100.0%)
2021	\$262,044,811 (23.9%)	\$54,067,091 (4.9%)	\$601,798,105 (55.1%)	\$174,218,625 (15.9%)	\$1,092,128,632 (100.0%)

HCPF reviewed the major hospital systems' investments to find that many investments allocated in 2020 to health behaviors were now allocated to social determinants of health. Some of these investments were support for the development of new programs and recruitment of primary care and specialty care providers to provide increased access to health services needed in their communities. It seems that the large increase in the social determinants of health category has to do with re-classification of these new programs and recruitment investments into this category instead of the health behaviors category. With the passage of HB23-1243, any investment that addresses community identified health needs will be categorized into one of the following: free or discounted health care services; behavioral health; community-based health care; social determinants of health; and provider recruitment, education, research, and training. The addition of the category of provider recruitment will make hospital investments less ambiguous. Overall, more specific categories will help HCPF connect community investment spending directly to community identified needs. For more information on investment totals by hospital over time, see Appendix C: Total Investments by Hospital Over Time.

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

HCPF examined community benefit as a percentage of net patient revenue to quantify what percentage of non-profit hospitals' payments goes back into the community. Overall, hospitals' community investments represent 6.9% of total net patient revenue, excluding Medicaid shortfall.<sup>8, 9, 10</sup>

Figure 2 shows different community benefit categories that make up the total benefit as a percentage of net patient revenue by hospital system. Of the eight hospital systems, four have a significant portion (more than half) of their community benefit investment percentage allocated to free or discounted services, like charity care.

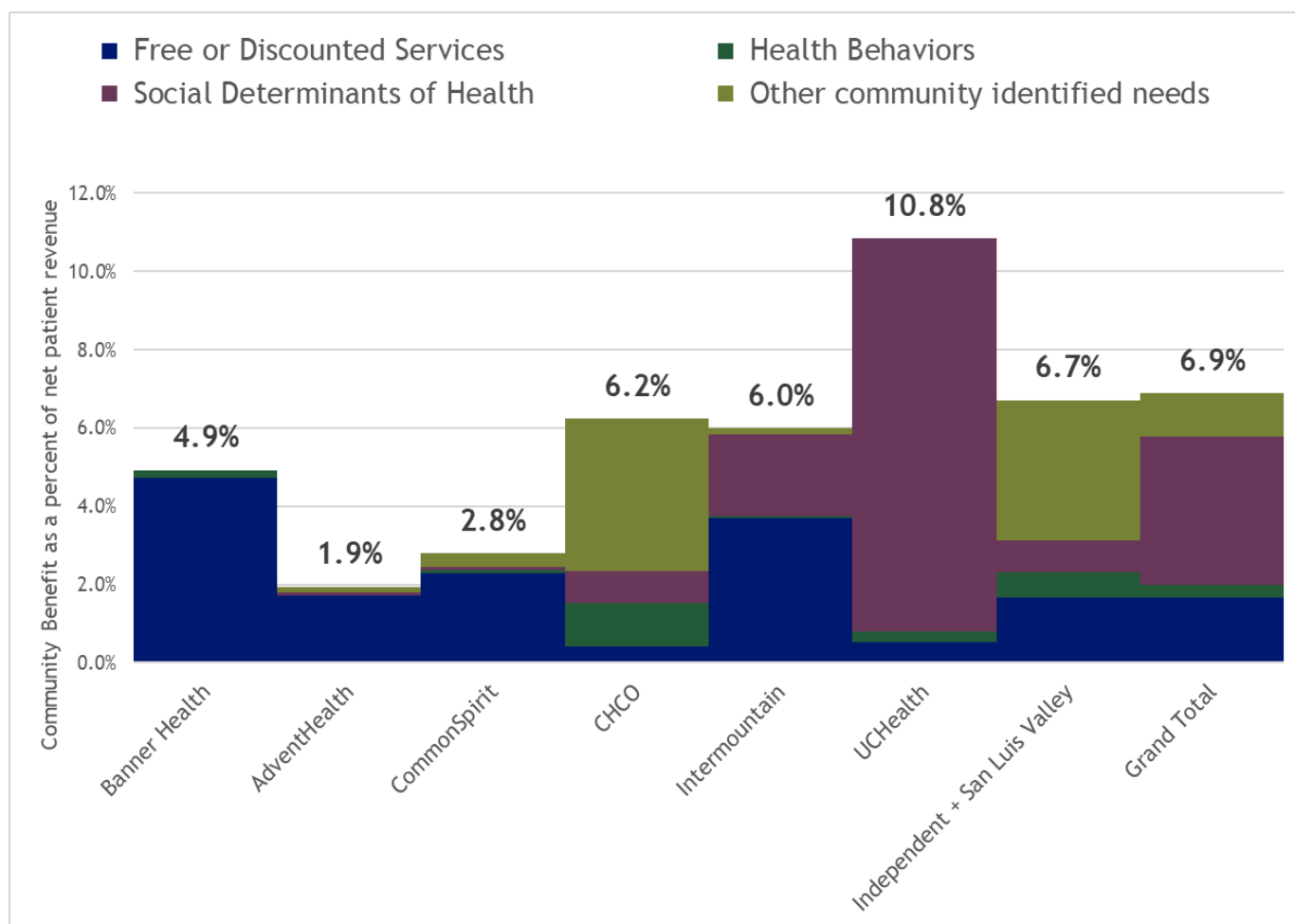
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<sup>8</sup> As defined in the statute, i.e., free or reduced-cost health care services and investments that address community identified health needs. This excludes Medicaid shortfall.

<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.

<sup>10</sup> St. Elizabeth Hospital was not included in the total community benefit percentage for CommonSpirit. This was due to the recent change in ownership and incomplete records available to compile the data needed for this report.

**Figure 2: 2021 Community Benefit Percentage of Net Patient Revenue**



### E. Community Investment Compared to Total Expense

Hospitals report information on their community benefit expenditures in their IRS form 990, Schedule H, submissions.<sup>11</sup>

- IRS form 990, Schedule H Part I, reflects hospitals' community benefit activities, and includes the line items financial assistance at cost (i.e. charity care), community health improvements, health professions education, subsidized health services, research, Medicaid shortfall, and other government means-tested programs such as the Colorado Indigent Care Program (CICP), but excluding Medicare shortfall.<sup>12</sup> Schedule H Part I also shows these community benefit expenses as a percentage of total expenses.

<sup>11</sup> A copy of IRS Form 990 can be found on the IRS's website: <https://www.irs.gov/pub/irs-pdf/f990sh.pdf>.

<sup>12</sup> For the purposes of the IRS form 990 financial assistance at cost is discounted care programs often known as charity care programs. See IRS Form 990 supplemental instructions available at <https://www.irs.gov/pub/irs-pdf/i990sh.pdf>.

- 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. Additionally, it shows these expenses as a percentage of total expenses.

Table 2 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. It should be noted that the data for community building is minimal for all hospitals, if any investment was even reported. This occurrence may indicate the need for better reporting or better targeting of investment dollars by hospitals.

Additional information on hospitals' community investment amounts over time can be found in Appendix C, which shows the investment amounts reported to HCPF, which does not include medicaid shortfall like the IRS form 990 reported amounts do.

**Table 2: Schedule H Investment Amounts**

Hospital	Community Benefit Expense	Community Benefit Percent of Total Expense	Community Building Expense	Community Building Percent of Total Expense
AdventHealth	\$126,456,287	9.2%	\$383,497	3.0%
CommonSpirit	\$263,153,427	12.0%	\$0	0.0%
Children's Hospital System	\$301,516,894	20.3%	\$902,047	0.06%
Boulder Community Health	\$21,321,698	5.1%	\$152,422	0.0%
Community Hospital	\$5,050,208	2.4%	\$56,620	3.0%
Delta County Memorial Hospital	\$5,027,281	0.0%	\$0	0.0%
Denver Health and Hospital Authority	\$125,127,423	9.5%	\$356,523	0.0%
East Morgan County Hospital	\$58,028	0.2%	\$4,015	0.0%
Fort Collins Medical Center	5,895,027	11.6%	\$0	0.0%
Good Samaritan Medical Center/Lutheran Medical Center	\$17,742,101	5.8%	\$0	0.0%
McKee Medical Center	\$13,154,375	9.4%	\$4,000	0.0%
Montrose Memorial Hospital	\$21,610,049	15.3%	\$0	0.0%
National Jewish Health	\$33,598,648	9.7%	\$0	0.0%
North Colorado Medical Center	\$66,780,952	17.9%	\$57,491	0.0%
Parkview Medical Center	\$100,320,259	18.0%	\$187,312	0.0%
Platte Valley Medical Center	\$24,770,780	13.8%	\$0	0.0%
Saint Joseph Hospital	\$82,626,613	14.5%	\$122,024	0.0%
San Luis Valley Health	\$4,558,798	3.8%	\$38,169	0.0%



Hospital	Community Benefit Expense	Community Benefit Percent of Total Expense	Community Building Expense	Community Building Percent of Total Expense
St Mary's Regional Medical Center	\$77,384,210	17.7%	\$0	0.0%
Sterling Regional Medical Center	\$348,968	0.6%	\$35,387	0.1%
UCHealth Broomfield Hospital	\$15,008,698	21.2%	\$1,643	0.0%
UCHealth Grandview Hospital	\$9,453,960	16.5%	\$3,951	0.0%
UCHealth Greeley Hospital	\$30,780,860	16.2%	\$13,879	0.0%
UCHealth Highlands Ranch Hospital	\$53,713,778	20.2%	\$24,479	0.0%
UCHealth Longs Peak Hospital	\$34,442,737	19.1%	\$4,504	0.0%
UCHealth Medical Center of the Rockies	\$104,805,326	19.7%	\$99,406	0.0%
UCHealth Memorial Hospital	\$180,689,606	15.8%	\$3,180,890	0.3%
UCHealth Poudre Valley Hospital	\$117,337,447	16.8%	\$139,257	0.0%
UCHealth University of Colorado Hospital	\$364,917,221	15.0%	\$72,766	0.0%
UCHealth Yampa Valley Medical Center	\$5,941,234	5.1%	\$9,017	0.0%
Vail Health	\$25,085,099	8.3%	\$0	0.0%
Valley View Hospital	\$25,661,159	9.6%	\$232,895	0.1%

## F. Benefit of Tax Exemption Status

For-profit corporations pay taxes while non-profit hospitals are exempt from state and federal income taxes, sales tax, property and personal property taxes. Most hospitals in Colorado are non-profit organizations and are federally tax-exempt. For-profit, taxable hospitals in Colorado include those in the HealthONE system, Animas Surgical Hospital and formerly Colorado Plains Medical center (now non-profit, tax exempt hospital St. Elizabeth).

As mentioned above, the majority of community benefits reported to the IRS through hospitals' 990 are Medicaid shortfall and charity care costs that for-profit tax-paying hospitals also incur.<sup>13</sup> Table 3 evaluates Colorado's for-profit health system, HealthONE, including Medicaid shortfall, charity care costs, and other benefits similar to those incurred by non-profit hospitals. Table 3 allows for a comparison to evaluate the benefit of tax-exempt status of other systems by comparing similar community benefits HealthONE provides to the citizens of Colorado. In aggregate, HealthONE had 3.2% of its net patient revenue in 2021 as community investment. It should be noted that unlike other hospitals and hospital systems, HealthONE's percent of net patient revenue and total amount does include Medicaid Shortfall.

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<sup>13</sup> For-profit hospitals provide similar benefits to their community including serving Medicaid members, providing charity care to patients, and other community benefits such as research and community building activities. *Nonprofit Hospitals: Profits and Cash Reserves Grow, Charity Care Does Not*. (June 2023) Health Affairs. Retrieved from: <https://www.healthaffairs.org/doi/10.1377/hlthaff.2022.01542>

**Table 3: 2021 HealthONE Community Benefit<sup>14</sup>**

Hospital Name	Medicaid Shortfall	Charity Care Costs	Other Benefits	Total	Percent of Net Patient Revenue
North Suburban Medical Center	\$22,142,164	\$2,922,302	N/A	N/A	N/A
Presbyterian/ St. Luke's Medical Center	\$4,019,521	\$2,792,132	N/A	N/A	N/A
Rose Medical Center	\$8,822,205	\$1,813,645	N/A	N/A	N/A
Sky Ridge Medical Center	\$2,003,017	\$2,301,364	N/A	N/A	N/A
Swedish Medical Center	\$5,314,816	\$6,085,313	N/A	N/A	N/A
The Medical Center of Aurora	\$16,454,516	\$4,930,468	N/A	N/A	N/A
<b>HealthONE Total</b>	<b>\$58,756,238</b>	<b>\$20,845,224</b>	<b>\$15,800,000</b>	<b>\$95,401,462</b>	<b>3.2%</b>

<sup>14</sup> HealthONE's hospital specific values for Medicaid shortfall, costs for charity care programs, and net patient revenue percentage were evaluated from the Hospital Expenditure Report 2021 dataset and its total 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 HealthONE's 2022 Community Impact Report retrieved from <https://healthonecares.com/util/documents/annual-reports/>



As shown in Table 4, Table 5 and Table 6, 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.

Most non-profit, tax-exempt hospitals' community benefit expenditures are for Medicaid shortfall and charity care costs, which for-profit, tax-paying hospitals also incur.<sup>15</sup> As seen in Table 3 and Table 4, the tax-paying HealthONE system hospitals incur charity care (e.g., free and reduced care costs) at a similar amount to the tax-exempt UHealth system and AdventHealth hospitals. Additionally, HealthONE incurs a comparable Medicaid shortfall to Banner Health hospitals; however, HealthONE has about four times as many licensed beds compared to Banner Health in 2021 indicating that Banner Health is providing more Medicaid care on a per bed basis (2,363 licensed beds vs 575, respectively).

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<sup>15</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).

**Table 4: 2021 Community Benefit and Medicaid Shortfall by System (Dollar Amounts)**

Hospital System	Medicaid Shortfall	Free or Discounted Services	Health Behaviors or Risks	Social Determinants of Health	Other Community Identified Needs	Total Community Benefit	Total Community Benefit plus Medicaid Shortfall
AdventHealth	\$102,376,258	\$22,541,019	\$133,479	\$1,091,623	\$1,957,035	\$25,723,156	\$128,099,414
Banner Health	\$53,020,116	\$29,011,409	\$1,220,798	\$0	\$0	\$30,232,207	\$83,252,323
Children's	\$385,801,524	\$5,798,965	\$15,733,484	\$11,248,856	\$54,899,222	\$87,680,527	\$473,482,051
Commonspirit	\$213,239,532	\$52,862,026	\$2,484,954	\$1,412,028	\$8,342,327	\$65,101,335	\$278,340,868
Intermountain Health	\$122,920,789	\$74,318,145	\$787,635	\$42,230,710	\$2,731,802	\$120,068,292	\$242,989,081
UCHealth	\$341,905,715	\$27,943,724	\$14,195,530	\$521,491,219	\$0	\$563,630,472	\$905,536,187
Independent + San Luis Valley	\$160,061,086	\$49,569,523	\$19,511,211	\$24,323,669	\$106,288,239	\$199,692,643	\$359,753,729

**Table 5: 2021 Community Benefit and Medicaid Shortfall by System (Percent of Total)**

Hospital System	Medicaid Shortfall	Free or Discounted Services	Health Behaviors or Risks	Social Determinants of Health	Other Community Identified Needs	Total Community Benefit	Total Community Benefit plus Medicaid Shortfall
AdventHealth	79.9%	17.6%	0.1%	0.9%	1.5%	20.1%	100%
Banner Health	63.7%	34.8%	1.5%	0.0%	0.0%	36.3%	100%
Children's	81.5%	1.2%	3.3%	2.4%	11.6%	18.5%	100%
Commonspirit	76.6%	19.0%	0.9%	0.5%	3.0%	23.4%	100%
Intermountain Health	50.6%	30.6%	0.3%	17.4%	1.1%	49.4%	100%
UCHealth	37.8%	3.1%	1.6%	57.6%	0.0%	62.2%	100%
Independent + San Luis Valley	44.5%	13.8%	5.4%	6.8%	29.5%	55.5%	100%

To evaluate how hospitals' tax exemption compares to their community benefit investments, HCPF applies a tax rate to net income. However, since net income is used as a substitute for taxable income, there may be additions and subtractions of taxable income that are not considered in this analysis. HCPF'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. However, it does not include exempted business fees or the value of access to tax-exempt bond markets.<sup>16</sup>

<sup>16</sup> Analysis reflects federal corporate income tax of 21.0% and Colorado tax rate of 4.4%, with sales and property tax rates varying by location. See Appendix G Estimated Tax Exemption Methodology for a detailed description of the estimated tax exemption methodology.

With the passage of HB23-1243, the value evaluation of non-profit hospitals' tax exemption will be completed by the Colorado Department of Revenue going forward. This report contains non-profit hospitals' tax exemption completed by HCPF to the best of its ability by estimating the value of all federal, state, and local tax expenditures for reporting hospitals as defined in § 25.5-1-701, C.R.S.

**Table 6: 2021 Community Investments and Estimated Tax Exemption by System<sup>17</sup>**

Hospital System	Health Behaviors or Risks	Social Determinants of Health	Other Community Identified Needs	Total	Estimated Value of Tax Exemption
AdventHealth	\$133,479	\$1,091,623	\$1,957,035	\$3,182,137	\$49,247,150
Banner Health	\$1,220,798	\$0	\$0	\$1,220,798	\$9,454,668
Children's	\$15,733,484	\$11,248,856	\$54,899,222	\$81,881,562	\$35,538,213
Commonspirit	\$2,484,954	\$1,412,028	\$8,342,327	\$12,239,309	\$111,781,606
Intermountain Health	\$787,635	\$42,230,710	\$2,731,802	\$45,750,147	\$69,070,050
UCHealth	\$14,195,530	\$521,491,219	\$0	\$535,686,749	\$485,938,799
Independent + San Luis Valley	\$19,511,211	\$24,323,669	\$106,288,239	\$150,123,119	\$99,568,041

This estimation lacks sufficient detail to determine the impact of community benefit because hospitals' community benefit expenditure information is too broad and evidence is not readily available to detail how their investments improve community outcomes. HB23-1243 now requires hospitals to report evidence about how their investments improve community health outcomes and how the investments directly correspond to community identified needs. HB 23-1243 also adds the investment category of provider recruitment, education, and research and training. The goal of these new requirements is to provide more detailed community reporting by hospitals in order to more accurately assess the value of those community investments. UCHealth reported that 42.1% of UCHealth's \$535.7 million, or \$225.7 million, is for support to Colorado University School of Medicine (CUSOM) and professional education. All UCHealth hospitals reported amounts for support to CUSOM in

<sup>17</sup> Table 6 only represents community investments that address Health behavior or risks, social determinants of health, or other community identified needs.

2021, which was allocated to the Social Determinants of Health category. Compared to previous reporting this decreased by 5.2 percentage points from 47.3% in 2020. For more information about UCHHealth hospital specific dollar values and percentages see Table 9 within Appendix B of the report.

### **G. Community Health Needs Assessment (CHNA)**

Every three years, each non-profit hospital is required to conduct a CHNA and implement strategies to meet the community health needs that were identified.<sup>18</sup> Annually, reporting hospitals must submit their CHNA and yearly updated Community Benefit Implementation Plan explaining what community needs the hospital is prioritizing and the plans to implement these priorities. As mentioned above, HB 23-1243 expands reporting to more detailed categories to better determine the value of the community benefit. HCPF compared last year's CHNAs to current hospital CHNA submissions to identify if hospitals stated new prioritized community needs. HCPF found that 12 of the 45 reporting hospitals prioritized at least one new community need than the previous year. Of the 12 reporting hospitals that prioritized at least one new community need, seven were independently owned. Some of the needs prioritized by these hospitals included education, an increased focus on the aging population, and access to care.

HB23-1243 requires each reporting hospital to review and incorporate public feedback received prior to finalizing its annual implementation plan. These efforts encourage increased community feedback during public meetings by connecting feedback to implementation plans. The expansion of HB23-1243 aims to bridge the gap between community needs and what hospitals currently prioritize.

### **H. Prioritized Health Needs**

Hospitals' submissions of their CHNAs to HCPF are critical for analysis of how hospitals incorporate community needs into their implementation plans. Table 7 displays the top prioritized community health needs. HB23-1243 strengthens requirements for hospitals to report evidence about how their spending improves community health outcomes and how investments directly correspond to the needs identified by the community. HCPF looks forward to reporting this information in the future as the new requirements are implemented.

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<sup>18</sup> CHNA requirements, like the 3 year requirement, are outlined under Title 26, Section 1.501(r)(3) of the Code of Federal Regulations.

**Table 7: Prioritized Needs & Community Identified Needs**

Needs	Percentage of Hospital Prioritized	Percentage of Community Identified
Behavioral Health	93.3%	86.7%
Access to Care	80.0%	60.0%
Chronic Disease Management	57.8%	15.6%

HCPF found that hospitals collectively identified behavioral health as a prioritized health need. Specifically, 93.3% of hospitals submitted reports prioritizing behavioral health. Overall, behavioral health was the top priority identified by hospitals, followed by access to care/resources with 80.0% of hospitals identifying this as a priority. Chronic disease management followed with 57.8% of hospitals prioritizing it as a need.

Some hospitals' CHNAs, included sections titled "Needs Identified but Not Prioritized," these sections included information about why community-highlighted needs were not prioritized by the hospital.

- Three of five AdventHealth hospitals stated they are not prioritizing primary care, but stated that it is already embedded in their strategic priorities.
- CommonSpirit St. Thomas stated that they are not in a position to develop specific programming related to smoking cessation but instead will continue to serve as a referral source to an existing program operated by the health department.
- Intermountain Health collectively chose to focus on only two or three need areas to maximize resources and to accelerate impact.
- Delta Health indicated they will not choose to prioritize housing and transportation because they do not view these needs as a core business function of the facility but will continue to support other local organizations to address these community needs.

These explanations provide insight into how hospitals listen to their community. HCPF encourages hospitals without these sections in their CHNAs to include similar information in the future, as a best practice.

HCPF reviewed what needs were community identified and how they compared to the hospital's identified priorities. HCPF analyzed the 45 hospitals that reported the hospital's identified needs and needs identified by the community

and found:

- 93.3% of the hospitals' CHNA reports stated that they were prioritizing behavioral health, while 86.7% of the respective communities identified behavioral health as a need.
- 80.0% of hospitals reported more focus on access to care and resources while 60.0% of the respective communities' listed access to care and resources as a prioritized need.
- 57.8% of hospitals report prioritizing chronic disease management while 15.6% of the respective communities identified chronic disease management as a need.

This data could be utilized by hospitals as an opportunity for more specific and detailed reporting on their identified community needs as well as an opportunity to work with community stakeholders throughout the process of identifying needs.

## V. Conclusion

This report reflects reporting of hospital community benefit investments for hospitals' fiscal year 2021. During this time period, Colorado non profit hospitals invested \$1.09 billion in community benefits in addition to Medicaid shortfall. Specifically, this report finds that hospitals invested 6.9% of their patient revenues in the community. HCPF values and appreciates these contributions by hospitals. The total amount invested is an increase of \$127.1 million from the previous year's \$965.0 million investment. This transparency reporting has found that hospitals have increased their total amount of community benefit investments, in aggregate.

The implementation of HB23-1243 will improve transparency and accountability of hospitals to their communities through more detailed community benefit reporting to show how hospitals determine whether the community benefit investments match the communities' identified needs and how hospital investments influence community health outcomes. Currently, there are no consistent national standards on what qualifies as community benefit. To assist Colorado hospitals as well as the communities they serve, HCPF will share best practices to ensure stakeholders are meaningfully engaged and their input is used to identify community priorities for the community health needs assessment and community benefit implementation plans.

HB23-1243 includes significant changes to hospital reporting requirements and investment reporting. These changes will be reflected in the 2025 Hospital Community Benefit transparency report. Following the stakeholder engagement meeting that was held at the end of November 2023, HCPF will incorporate best practices for community engagement into program rules to ensure that the intent of HB23-1243 is achieved. HCPF appreciates the collaboration and engagement of hospitals, community partners, and all stakeholders as we undertake implementation of HB23-1243 and develop best practices. We look forward to continuing such efforts.

For more information about implementation and changes to the Hospital Community Benefit Accountability requirements, please visit HCPF's Hospital Community Benefit webpage at [hcpf.colorado.gov/hospital-community-benefit-accountability](https://hcpf.colorado.gov/hospital-community-benefit-accountability).

## VI. Appendix A Reporting Hospitals

*Table 8: Reporting Hospitals*

Hospital	County	Hospital System
Avista Adventist Hospital	Boulder	AdventHealth
Boulder Community Health	Boulder	
Castle Rock Adventist Hospital	Douglas	AdventHealth
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	Intermountain Health
Littleton Adventist Hospital	Arapahoe	AdventHealth
Longmont United Hospital	Boulder	Commonspirit
Lutheran Medical Center	Jefferson	Intermountain Health
McKee Medical Center	Larimer	Banner Health
Mercy Regional Medical Center	La Plata	Commonspirit
Montrose Memorial Hospital	Montrose	
National Jewish Health	Denver	
North Colorado Medical Center	Weld	Banner Health
Parker Adventist Hospital	Douglas	AdventHealth
Parkview Medical Center	Pueblo	
Penrose-St Francis Health Services	El Paso	Commonspirit
Platte Valley Medical Center	Adams	Intermountain Health
Porter Adventist Hospital	Denver	AdventHealth
Saint Joseph Hospital	Denver	Intermountain Health
San Luis Valley Health	Alamosa	San Luis Valley Health
St Anthony Hospital	Jefferson	Commonspirit
St Anthony Hospital North Health Campus	Adams	Commonspirit
St Anthony Summit Medical Campus	Summit	Commonspirit
St Elizabeth Hospital	Morgan	Commonspirit
St Mary Corwin Hospital	Pueblo	Commonspirit
St Mary's Regional Medical Center	Mesa	Intermountain Health



Hospital	County	Hospital System
St Thomas More Hospital	Fremont	Commonspirit
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	

## VII. Appendix B Investment Amounts by Hospital

*Table 9: 2021 Investment Amounts*

Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
Avista Adventist Hospital	\$4,387,025	\$54,875	\$359,466	\$216,294	\$5,017,660
Boulder Community Health	\$6,015,731	\$407,433	\$91,828	\$913,427	\$7,428,419
Castle Rock Adventist Hospital	\$2,197,212	\$14,742	\$120,634	\$130,239	\$2,462,827
Children's Hospital Colorado	\$5,517,266	\$13,093,784	\$10,517,489	\$53,600,868	\$82,729,407
Children's Hospital Colorado Colorado Springs	\$281,699	\$2,639,700	\$731,367	\$1,298,354	\$4,951,120
Community Hospital	\$1,506,397	\$0	\$0	\$56,620	\$1,563,017
Delta County Memorial Hospital	\$4,768,861	\$0	\$0	\$259,050	\$5,027,911
Denver Health and Hospital Authority	\$19,690,558	\$0	\$0	\$98,897,630	\$118,588,188
East Morgan County Hospital	\$660,370	\$36,090	\$0	\$0	\$696,460
Fort Collins Medical Center	\$1,024,976	\$47,845	\$0	\$0	\$1,072,821
Good Samaritan Medical Center	\$3,250,525	\$167,975	\$1,697,720	\$295,087	\$5,411,307
Littleton Adventist Hospital	\$4,639,711	\$34,939	\$198,395	\$714,104	\$5,587,149
Longmont United Hospital	\$5,262,776	\$0	\$114,260	\$63,573	\$5,440,609
Lutheran Medical Center	\$10,822,977	\$33,981	\$876,030	\$526,041	\$12,259,029
McKee Medical Center	\$2,825,990	\$442,966	\$0	\$0	\$3,268,956
Mercy Regional Medical Center	\$3,900,456	\$0	\$1,088,065	\$612,830	\$5,601,351
Montrose Memorial Hospital	\$4,114,575	\$5,973	\$0	\$4,120,548	\$8,241,096

Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
National Jewish Health	\$700,416	\$0	\$23,702,661	\$1,360,256	\$25,763,333
North Colorado Medical Center	\$23,724,862	\$611,098	\$0	\$0	\$24,335,960
Parker Adventist Hospital	\$4,634,103	\$28,923	\$226,117	\$353,893	\$5,243,036
Parkview Medical Center	\$4,182,439	\$0	\$19,847	\$23,986	\$4,226,273
Penrose-St Francis Health Services	\$14,380,130	\$1,679,216	\$0	\$34,621	\$16,093,967
Platte Valley Medical Center	\$6,952,601	\$121,050	\$1,483,995	\$561,644	\$9,119,290
Porter Adventist Hospital	\$6,682,968	\$0	\$187,011	\$542,505	\$7,412,484
Saint Joseph Hospital	\$25,132,448	\$439,545	\$25,599,195	\$814,105	\$51,985,293
San Luis Valley Health	\$1,190,119	\$162,456	\$33,507	\$236,872	\$1,622,954
St Anthony Hospital	\$11,201,465	\$0	\$0	\$1,737,540	\$12,939,005
St Anthony Hospital North Health Campus	\$9,547,335	\$0	\$129,353	\$0	\$9,676,688
St Anthony Summit Medical Campus	\$4,223,557	\$415,775	\$80,350	\$255,006	\$4,974,688
St Elizabeth Hospital <sup>19</sup>					
St Mary Corwin Hospital	\$2,480,499	\$338,390	\$0	\$5,638,757	\$8,457,646
St Mary's Regional Medical Center	\$28,159,594	\$25,084	\$12,573,770	\$534,925	\$41,293,373
St Thomas More Hospital	\$1,865,808	\$51,573	\$0	\$0	\$1,917,381
Sterling Regional Medical Center	\$775,211	\$82,799	\$0	\$0	\$858,010

<sup>19</sup> St. Elizabeth Hospital was not included in the total community benefit percentage for CommonSpirit. This was due to the recent change in ownership and incomplete records available to compile the data needed for this report.

Hospital	Free or Discounted Services	Health Behaviors	Social Determinants of Health	Other community identified needs	Total
UCHealth Broomfield Hospital <sup>*20</sup>	\$458,166	\$70,787	\$9,493,848	\$0	\$10,022,801
UCHealth Grandview Hospital*	\$154,078	\$52,963	\$5,012,612	\$0	\$5,065,575
UCHealth Greeley Hospital*	\$1,703,497	\$352,227	\$14,424,322	\$0	\$16,480,046
UCHealth Highlands Ranch Hospital*	\$639,449	\$242,703	\$42,293,846	\$0	\$43,175,998
UCHealth Longs Peak Hospital*	\$694,204	\$792,788	\$20,870,952	\$0	\$22,357,944
UCHealth Medical Center of the Rockies*	\$3,368,178	\$1,887,769	\$68,072,112	\$0	\$73,328,059
UCHealth Memorial Hospital*	\$5,438,502	\$3,752,315	\$100,893,428	\$0	\$110,084,245
UCHealth Poudre Valley Hospital*	\$4,208,789	\$3,182,107	\$58,287,610	\$0	\$65,678,506
UCHealth University of Colorado Hospital*	\$10,069,135	\$3,603,497	\$199,127,988	\$0	\$212,800,620
UCHealth Yampa Valley Medical Center*	\$1,209,726	\$258,374	\$3,014,499	\$0	\$4,482,599
Vail Health	\$1,258,328	\$17,089,543	\$242,931	\$419,850	\$19,010,652
Valley View Hospital	\$6,142,099	\$1,845,806	\$232,895	\$0	\$8,220,800
<b>Totals</b>	<b>\$262,044,811</b>	<b>\$54,067,091</b>	<b>\$601,798,105</b>	<b>\$174,218,625</b>	<b>\$1,092,128,632</b>

<sup>20</sup> “\*” indicates UCHealth hospitals which reported amounts for support to CUSOM and profession education. UCHealth Broomfield reported \$670.6 thousand, or 7.0%; UCHealth Grandview Hospital reported \$132.5 thousand, or 2.6%; UCHealth Greeley Hospital reported \$503.8 thousand, or 3.4%; UCHealth Highlands Ranch reported \$24.8 million, or 58.2%; UCHealth Longs Peaks Hospital reported \$489.4 thousand, or 2.3%; UCHealth Medical Center of the Rockies reported \$1.8 million, or 2.6%; UCHealth Memorial Hospital reported \$7.4 million, or 7.1%; UCHealth Poudre Valley Hospital reported \$7.3 million, or 11.8%; UCHealth University of Colorado Hospital reported \$182.3 million, or 89.9%; UCHealth Yampa Valley Medical Center reported \$369.9 thousand, or 11.3%. In total UCHealth invested \$225.7 million, or 42.1%, in 2021 for support to CUSOM.

## VIII. Appendix C Total Investments by Hospital Over Time

*Table 10: Total Investments by Hospital Over Time*

Hospital	Total Investment 2019	Total Investment 2020	Percent change between 2019-2020	Total Investment 2021	Percent change between 2020-2021
Avista AdventHealth	\$2,420,838	\$4,588,083	89.5%	\$5,017,660	9.4%
Boulder Community Hospital	\$3,400,536	\$4,179,741	22.9%	\$7,428,419	77.7%
Castle Rock AdventHealth	\$838,574	\$2,098,492	150.2%	\$2,462,827	17.4%
Children's Hospital Colorado Colorado Springs	\$399,104	\$8,384,212	2000.8%	\$4,951,120	-40.9%
Children's Hospitals Colorado	\$77,251,539	\$67,272,810	-12.9%	\$82,729,407	23.0%
Community Hospital	\$8,165,528	\$8,166,528	0.0%	\$1,563,017	-80.9%
Delta County Memorial Hospital <sup>21</sup>	\$-	\$475,154		\$5,027,911	958.2%
Denver Health and Hospital Authority <sup>22</sup>	\$43,343,541	\$44,821,079	3.4%	\$118,588,188	164.6%
East Morgan County Hospital	\$-	\$756,160		\$696,460	-7.9%
Fort Collins Medical Center	\$753,694	\$1,153,255	53.0%	\$1,072,821	-7.0%
Good Samaritan Medical Center	\$5,381,585	\$3,597,466	-33.2%	\$5,411,307	50.4%
Littleton AdventHealth	\$2,085,003	\$5,421,063	160.0%	\$5,587,149	3.1%
Longmont United Hospital	\$3,670,078	\$4,417,385	20.4%	\$5,440,609	23.2%
Lutheran Medical Center	\$11,048,735	\$25,051,717	126.7%	\$12,259,029	-51.1%

<sup>21</sup> Delta County Memorial Hospital had an over 900% increase in total investments from 2020-2021. This increase is likely due to increased diligence to provide information that was previously not available to HCPF.

<sup>22</sup> Increases in Denver Health and Hospital Authority's (DHHA) community benefit was primarily driven by increases to DHHA's internal charity care programs and inclusion of subsidized health care services for Medicare, \$38.3 million, which were not reported in 2020 investments.

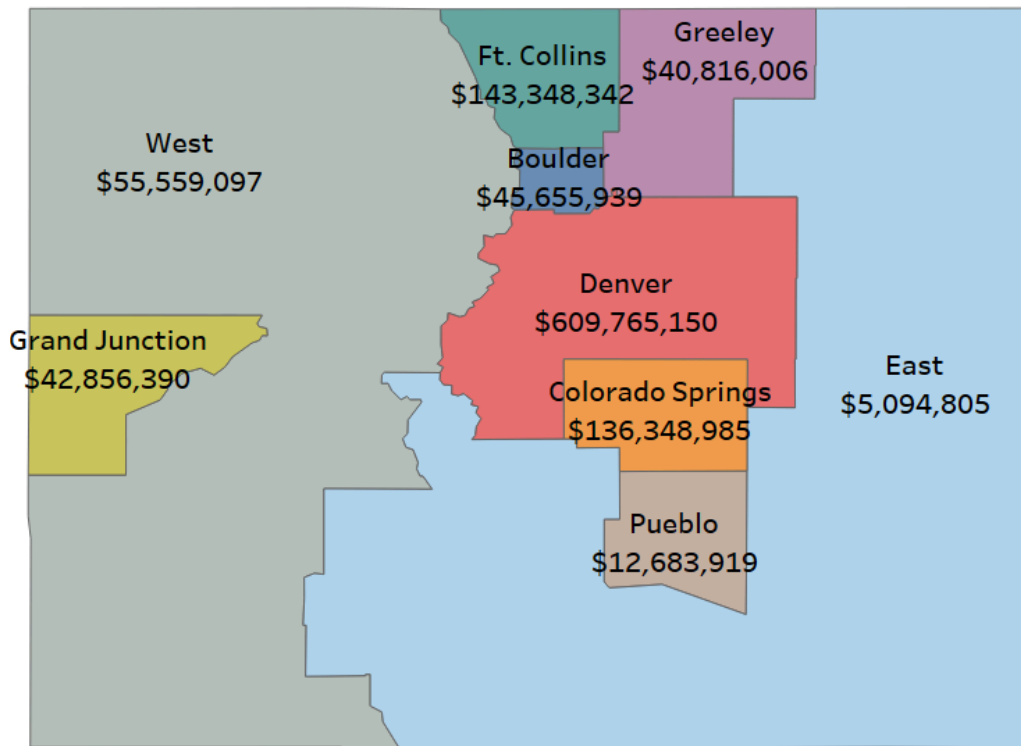
Hospital	Total Investment 2019	Total Investment 2020	Percent change between 2019-2020	Total Investment 2021	Percent change between 2020-2021
McKee Medical Center	\$3,569,612	\$2,912,784	-18.4%	\$3,268,956	12.2%
Mercy Regional Medical Center	\$3,191,544	\$4,192,749	31.4%	\$5,601,351	33.6%
Montrose Memorial Hospital	\$10,593,167	\$8,645,033	-18.4%	\$8,241,096	-4.7%
National Jewish Hospital	\$26,850,641	\$22,831,019	-15.0%	\$25,763,333	12.8%
Northern Colorado Medical Center	\$28,002,372	\$26,753,941	-4.5%	\$24,335,960	-9.0%
Parker AdventHealth	\$3,026,053	\$6,006,805	98.5%	\$5,243,036	-12.7%
Parkview Medical Center <sup>23</sup>	\$4,361,693	\$199,871	-95.4%	\$4,226,273	2014.5%
Penrose-St Francis Health Services	\$9,491,477	\$12,427,429	30.9%	\$16,093,967	29.5%
Platte Valley Medical Center	\$8,277,497	\$10,086,162	21.9%	\$9,119,290	-9.6%
Porter AdventHealth	\$3,507,483	\$5,200,285	48.3%	\$7,412,484	42.5%
Saint Joseph Hospital	\$41,883,511	\$52,112,609	24.4%	\$51,985,293	-0.2%
San Luis Valley Health	\$1,813,950	\$938,627	-48.3%	\$1,622,954	72.9%
St. Anthony Hospital	\$6,324,974	\$12,168,558	92.4%	\$12,939,005	6.3%
St. Anthony Hospital North Health Campus	\$5,496,408	\$9,358,616	70.3%	\$9,676,688	3.4%
St. Anthony Summit Medical Campus	\$2,166,730	\$3,394,685	56.7%	\$4,974,688	46.5%
St. Mary-Corwin Hospital	\$4,161,151	\$4,456,183	7.1%	\$8,457,646	89.8%
St. Mary's Regional Medical Center	\$36,866,366	\$42,407,700	15.0%	\$41,293,373	-2.6%

<sup>23</sup> Parkview Medical Center had an over 2000% increase in total investments from 2020-2021 due to increased reporting efforts on the hospital's part, which under-reported community benefit investments to HCPF reflecting 2020 amounts.

Hospital	Total Investment 2019	Total Investment 2020	Percent change between 2019-2020	Total Investment 2021	Percent change between 2020-2021
St. Thomas More Hospital	\$-	\$1,749,463		\$1,917,381	9.6%
Sterling Regional Medical Center	\$677,199	\$1,111,135	64.1%	\$858,010	-22.8%
UCHealth Broomfield Hospital	\$3,062,759	\$5,651,558	84.5%	\$10,022,801	77.3%
UCHealth Grandview Hospital	\$4,587,541	\$516,854	-88.7%	\$5,219,653	909.9%
UCHealth Greeley Hospital	\$26,118,261	\$21,904,858	-16.1%	\$16,480,046	-24.8%
UCHealth Highlands Ranch Hospital	\$11,856,159	\$41,980,892	254.1%	\$43,175,998	2.8%
UCHealth Longs Peak Hospital	\$25,688,873	\$18,616,735	-27.5%	\$22,357,944	20.1%
UCHealth Medical Center of the Rockies	\$66,195,193	\$67,212,383	1.5%	\$73,328,059	9.1%
UCHealth Memorial Hospital	\$97,704,886	\$101,943,679	4.3%	\$110,084,245	8.0%
UCHealth Poudre Valley Hospital	\$59,992,617	\$60,906,397	1.5%	\$65,678,506	7.8%
UCHealth University of Colorado Hospital	\$162,584,744	\$211,493,884	30.1%	\$212,800,620	0.6%
UCHealth Yampa Medical Center	\$3,604,176	\$4,216,803	17.0%	\$4,482,599	6.3%
Vail Health	\$6,964,527	\$15,099,721	116.8%	\$19,010,652	25.9%
Valley View Hospital	\$7,224,186	\$8,145,159	12.7%	\$8,220,800	0.9%
<b>Total</b>	<b>\$834,604,505</b>	<b>\$965,025,722</b>	<b>15.6%</b>	<b>\$1,092,128,632</b>	<b>13.2%</b>

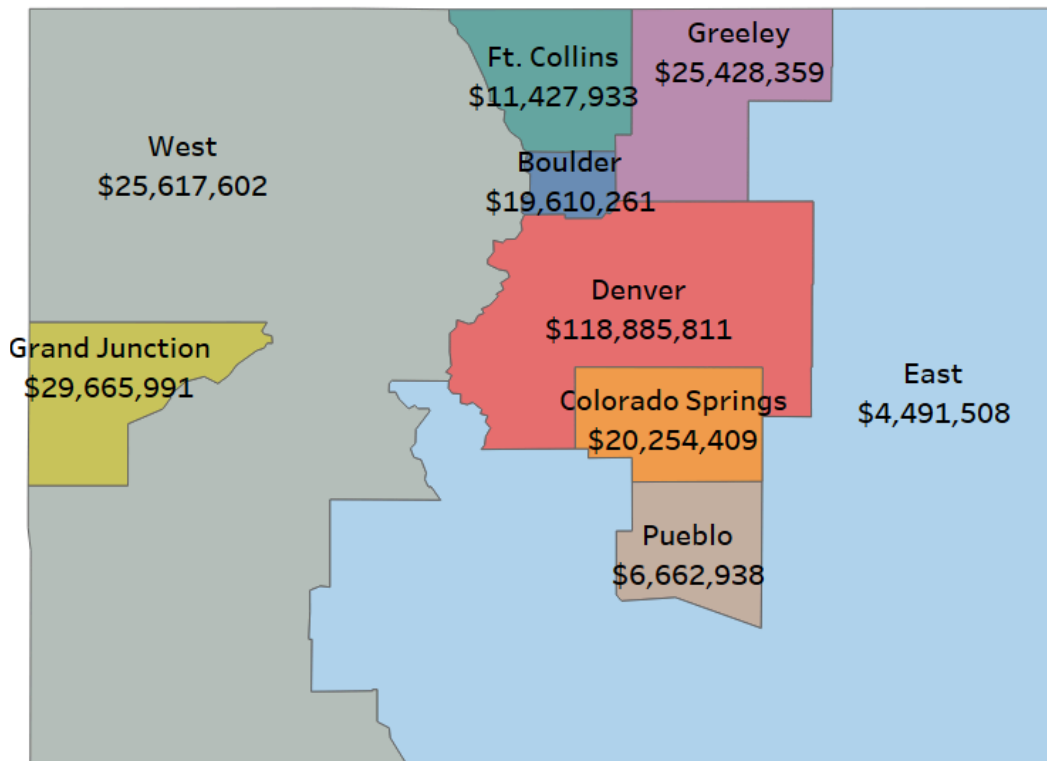
## IX. Appendix D Investments by Division of Insurance Region

*Figure 3: 2021 Total of All Investments Reported*





**Figure 4: 2021 Free or Reduced-Cost Health Care Services**



**Figure 5: 2021 Programs Addressing Health Behaviors or Risks**

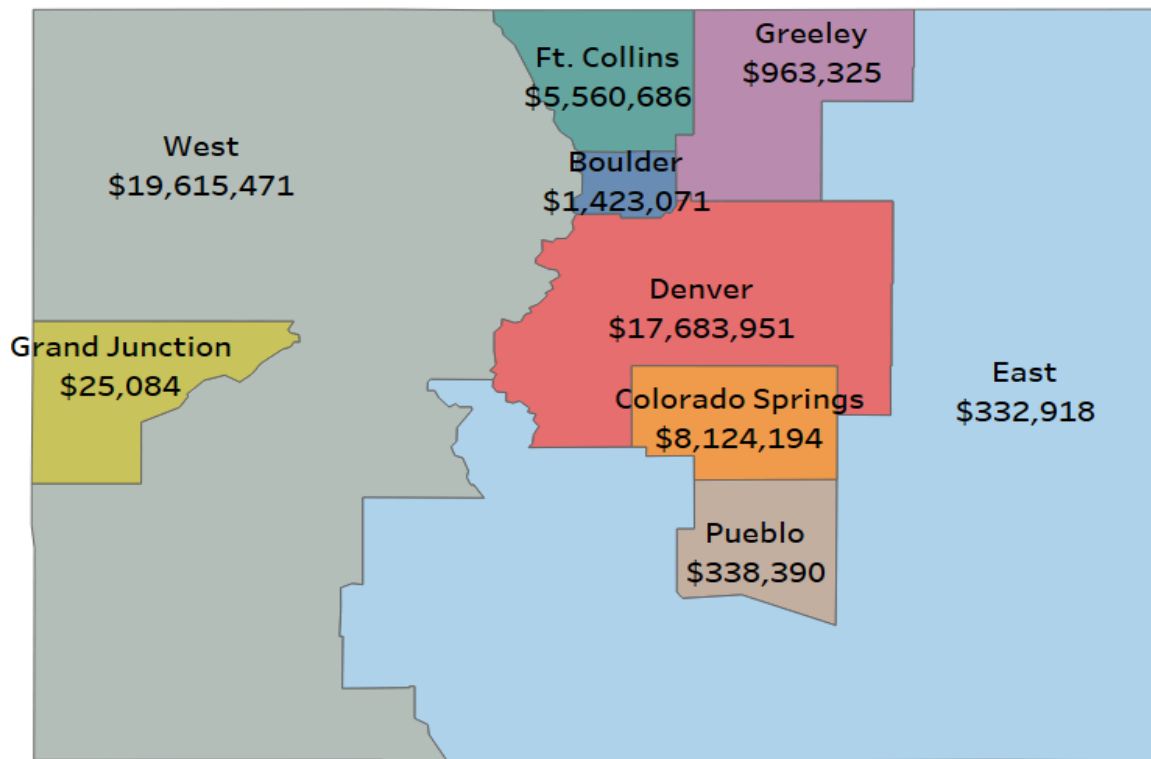
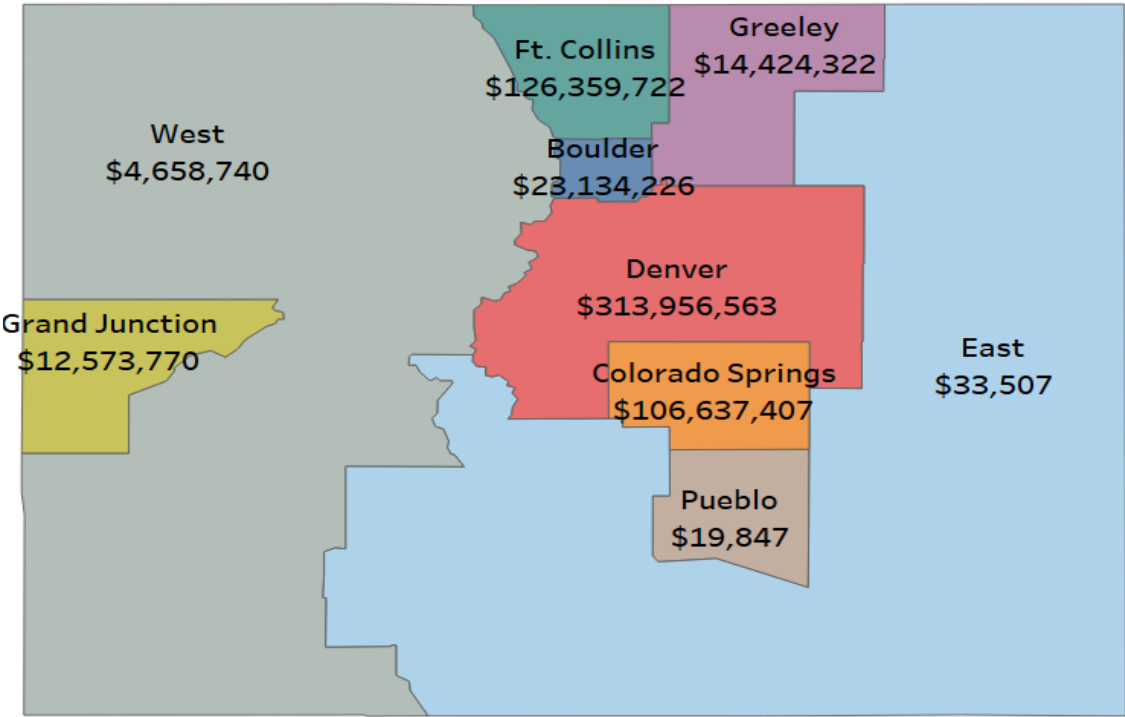


Figure 6: 2021 Programs Addressing Social Determinants of Health



## X. 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. HCPF'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>24</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 4.40%
- 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 owners. The Department reviewed to make sure that the parcels or values included were only those that were listed as tax exempt.<sup>25</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 HCPF estimates.

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

Taxes that HCPF 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 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.

HCPF used the state of Montana's audit of community benefit spending as a reference for how to estimate the value of tax exemption.<sup>26</sup> HCPF diverged from the Montana methodology in the following ways:

- Montana sourced net income from IRS form 990s while HCPF sourced net income

<sup>24</sup> HB19-1320 requires hospitals to report community benefit investments included in their most recent IRS form 990 filing, which for most hospitals was fiscal year 2021. Therefore, the net income utilized was from the 2021 Hospital Transparency dataset.

<sup>25</sup> There are office buildings owned by hospitals that are not tax exempt. Some parcels have a mix of exempt and non-exempt values.

<sup>26</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)

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. HCPF 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 HCPF's did not because of the risk of double counting.

## Limitations

### Income Tax

- Organizations have an incentive to lower their taxable income. Hospitals would likely include as many legal deductions as possible to lower their taxable income for income tax returns. HCPF 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. HCPF did not make any adjustments to net income to address adding back expenses for these additions. For example, entertainment expenses may only be tax deductible in certain circumstances.

### Property Tax

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

## **XI. Appendix H Investments Reported by Hospital**

### **Avista AdventHealth Hospital**

- Injury prevention
- Community health improvement advocacy
- Transportation services
- Childbirth training and care preparation classes and OB post-partum classes
- Chaplaincy program for community members

### **Boulder Community Health**

- Community Health Education
- Perinatal Education
- Community Outreach Coordinator
- Lend a Hand, community education programs
- Wound care
- Epic Community Connect Program
- Kids Bike Helmet Program
- Caring Science
- Beacon Center for Infectious Disease
- Sexual Assault Nurse Examiners (SANE)
- Health Professionals Education
- Boulder County Health Improvement Collaborative

### **Castle Rock AdventHealth Hospital**

- Community health improvement advocacy
- Injury prevention
- Transportation services
- Donations to community - Stigma reduction efforts, access to public assistance programs (SNAP/WIC)
- Chaplaincy programs

### **Children's Hospital Colorado, Colorado Springs**

- Community Health Education
- Health Care Support Service
- Health Profession Education
- School Health Program
- Population Health initiatives

#### Community Hospital

- Workforce Development

#### Delta County Memorial Hospital

- Community Benefit Expense

#### Denver Health and Hospital Authority

- Sexual Assault Nurse Examiner (SANE)
- Nurse Line
- Child Life Program
- Enrollment Services
- Center for Diversity, Equity and Inclusion
- Health Professionals Education
- Workforce Development
- Denver Health Foundation Administration

#### East Morgan County Hospital

- Blood Drives
- Prenatal Education
- Alzheimer's Education
- Patient and Community Education
- Mental Health and Suicide Awareness
- Safe Sitter and Hospital Tours
- Health Care Support and Enrollment Assistance
- Funded Discharge Aftercare
- Financial Donations - Alzheimer's Walk
- Coalition Building
- Disaster Preparedness Training
- Health Insurance Affordability Board
- Rotary, MCC Advisory Council, Brush Stakeholders

#### Fort Collins Medical Center

- Patient Community Education
- Provide post-discharge services to vulnerable and underserved
- Address all CHNA Targets

#### Good Samaritan Medical Center

- Improved programs for community to improve health behaviors and risks
- Health Professionals Education investments

- Infusion center, Dialysis, Obstetrics, Neonatal Intensive Care Unit, Cardio/Pulmonary Rehab, Behavioral Health
- Support SDoH improvement efforts in community

#### Littleton AdventHealth Hospital

- Community health improvement advocacy
- Injury prevention
- Transportation services
- Training of health care professionals to advance field of practice
- Donations to community - Stigma reduction efforts, access to public assistance programs (SNAP/WIC)
- Chaplaincy programs

#### Longmont United Hospital

- Coalition building focused on state emergency medical services, health insurance affordability
- Health Professional Education
- Social Justice, Health Equity Grants

#### Lutheran Medical Center

- Classes on health improvement topics
- Support groups
- Social Determinants of Health support
- Health Professionals Education
- Cardiac Rehabilitation
- Pulmonary Rehabilitation
- Dialysis
- Obstetrics and Newborns

#### McKee Medical Center

- Patient Education
- System initiative to provide enrollment assistance to vulnerable and underserved
- Oncology research
- Assist patients w/ end-of-life issues
- Women's Health
- Post-discharge services to vulnerable and underserved
- Contributions to local agencies supporting wellness, cancer prevention and cures
- Donations to Loveland Arts Council - maintaining connectivity



#### Mercy Regional Medical Center

- Healthcare support services
- Athletic training initiatives
- Food security initiatives
- Health Professional Education
- Investments in emergency, pre-hospital and trauma services
- Research on trauma services
- Social Justice, Health Equity Grants - community grants and donations

#### Montrose Memorial Hospital

- Education and support services
- Prenatal, diabetes, and general health services
- Clinics

#### National Jewish Health

- Free K-8 school for chronically ill children
- Pediatric asthma program w/ extended clinic hours
- Participation in community coalitions and collaborative efforts w/ community
- Education for Health Professionals
- Programs to meet medical need of underserved
- Research and discovery

#### North Colorado Medical Center

- Health Care Support and Enrollment Assistance
- Sports Medicine Education
- Patient and Community Wellness Education
- Funded Discharge Aftercare
- Pharmacy Resident Training
- Health Professionals Education - Physicians and Medical Residents
- Ambulance Services
- Burn Care
- Palliative Care
- Women's Clinic
- Oncology Research
- Financial Donations - American Cancer Society, American Lung Association, United Way
- Coalition Building
- Community Building - 40 Under Forty, NCMC Upstate Colorado Economics Assoc.

#### Parker AdventHealth Hospital

- Transportation services
- Injury prevention
- Community health improvement advocacy
- Donations to community - Stigma reduction efforts, access to public assistance programs (SNAP/WIC)
- Chaplaincy programs

#### Parkview Medical Center

- Health Fair
- Heart disease/Healthy Heart Education
- Prenatal/Family Planning/Preparation
- School to Employment Program (STEP)
- PIE
- Providing free screenings and flu shots to community

#### Penrose-St Francis Health Services

- Cancer Center Women's Services outreach and education
- Investments in emergency, pre-hospital and trauma services
- Free meals donated to community members

#### Platte Valley Medical Center

- State Children's Health insurance programs
- Programs to improve health of community
- Health Professionals Education
- Infusion Center, Cardio/pulmonary rehabilitation, Obstetrics and newborns

#### Porter AdventHealth Hospital

- Community health improvement advocacy
- Injury prevention
- Investments in emergency, pre-hospital and trauma services
- Donations to community - Stigma reduction efforts, access to public assistance programs (SNAP/WIC)
- Chaplaincy programs

#### Saint Joseph Hospital

- State Children's Health insurance programs
- Programs to improve health of community

- Health Professionals Education
- Infusion Center, Cardio/pulmonary rehabilitation, Obstetrics and newborns
- Community Building Activities
- Community Resources Forum - Coalition Building

#### San Luis Valley Health

- Head Start health fair
- Preceptorship and oversight of students completing required time towards degree/certification in healthcare program
- Subsidized costs associated w/ Cardiology, Orthopedics, and Urology clinics
- Research - Occupational Therapy Department
- Donations to region's Regional Emergency Medical and Trauma Advisory Council (RETAC)
- Participation in community coalition, local job fairs, and community outreach events

#### St Anthony Hospital

- Community health improvement advocacy
- Health Professional Education
- Investments in emergency, pre-hospital and trauma services
- Focus on Sexual Assault Nurse Examiner (SANE)

#### St Anthony Hospital North Health Campus

- Social Justice, Health Equity Grants
- Investments in emergency, pre-hospital, and trauma services

#### St Anthony Summit Medical Campus

- Think First Injury Training
- Health Professional Education
- Investments in emergency, pre-hospital, and trauma services
- Research on trauma services
- Social Justice, Health Equity Grants

#### St Elizabeth Hospital

- Charity Care

#### St Mary-Corwin Hospital

- Fight for Life readiness training
- Health Professional Education

- Investments in emergency, pre-hospital and trauma services
- Research on trauma services
- Social Justice, Health Equity Grants

#### St Mary's Regional Medical Center

- State Children's Health Insurance
- Program services and activities - education classes and support programs for injury prevention
- Health Professional Education
- Support community programs supporting social determinants of health, food insecurity, homelessness, lack of health insurance
- Subsidized Health Services - cardiac rehab, dialysis, wound care, neonatal ICU, obstetrics and newborns

#### St Thomas More Hospital

- Trauma education for community members
- Health screenings for community members
- Sports physical/injury risk prevention programming

#### Sterling Regional Medical Center

- Community Health Fair
- Funded discharge aftercare
- Enrollment assistance
- Health Professionals Education
- Access to care and support for chronic diseases and disease management
- Disaster Preparedness Training

#### UCHealth Broomfield Hospital

- Access to care and physician network development
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Support for community organizations dedicated to disease prevention and treatment
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)

### UCHealth Grandview Hospital

- Access to care and physician network development
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Support for community organizations dedicated to disease prevention and treatment
- UC School of Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)

### UCHealth Greeley Hospital

- Access to care and physician network development
- Mental and Behavioral Health programs - IP and OP
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Support for community organizations dedicated to disease prevention and treatment
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Education and training for health professionals

### UCHealth Highlands Ranch Hospital

- Access to care and physician network development
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- "Your Health with UCHealth" education
- Support for community organizations dedicated to disease prevention and treatment
- Mental and behavioral health programs - IP and OP

### UCHealth Longs Peak Hospital

- Access to care and physician network development
- Financial contributions to support community and other non-profits

- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- Postpartum lactation support program

#### UCHealth Medical Center of the Rockies

- Access to care and physician network development
- Mental and behavioral health programs - IP and OP
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Support for Front Range Community College
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- State of Colorado's Sexual Assault Nurse Examiner/Sexual Assault Forensic Examiner (SANE/SAFE) Project
- Education and training for health professionals
- Support for health care research

#### UCHealth Memorial Hospital

- Access to care and physician network development
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- UC School of Medicine
- Cancer support groups
- HealthAware online screenings - neurology education programs
- HealthLink Nurse Advice Line
- Healthy Hearts School and Family Program
- Heart health education, training and disease prevention programs
- Home Oxygen Program
- Programs to support seniors
- Scholarships for Masters of Social Work students
- Support for Ascending to Health Respite Care

- Support for Cedar Springs Behavioral Health Services
- Support for Colorado Springs Health Foundation
- Support for local EMS agencies and first responders
- Support for Peak View Behavioral Health
- Support for The Independence Center
- Transportation services for patients
- Trauma education programs for community
- Support for Ronald McDonald House
- Education and training for health professionals
- State of Colorado Sexual Assault Nurse Examiner/Sexual Assault Forensic Examiner (SANE/SAFE) Project
- Community Health education programs

#### UCHealth Poudre Valley Hospital

- Access to care and physician network development
- Mental and behavioral health programs - IP and OP
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Support for Front Range Community College
- Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- UC School of Medicine
- Aspen Club and other senior support programs
- Childbirth and breastfeeding educational program
- Chronic disease management program
- Healthy Harbors Care Coordination Program
- Healthy Hearts School and Family Program
- Injury prevention programs
- Outreach and education to local schools
- Postpartum nurse home visit and lactation support program
- Education and training for health professionals
- Support for health care research

#### UCHealth University of Colorado Hospital

- Mental and behavioral health programs - IP and OP
- Financial contributions to support community and other non-profits
- Support for Aurora Health Alliance

- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Support for DAWN Clinic
- Support for Metro Denver Partnership in Health
- Support for Commission on Urgent Relief and Equipment (Project C.U.R.E.)
- Support for Re:Vision
- UC School of Medicine
- Trauma education programs for the community
- Support for Center for Work, Education and Employment
- Support for Invest in Kids
- Support for Gang Rescue and Support Project (GRASP)
- Education and training for health professional

#### UCHealth Yampa Valley Medical Center

- Mental and behavioral health programs - IP and OP
- Financial contributions to support community and other non-profits
- Support for Colorado Center for Personalized Medicine
- Prevention and treatment of specific health needs (Parkinson's Association of the Rockies, Leukemia & Lymphoma Society)
- Support for The Health partnership (formerly the Northwest Colorado Partnership in Health)
- UC School of Medicine
- Ask-A-Nurse Health Advice Line
- Community health education programs
- Transportation support for patients
- Access to care and physician network development

#### Vail Health Hospital

- Cancer Education
- Consumer Health Library
- CPR/First Aid Classes
- Education/Outreach for Senior Citizens
- Family/Parenting/Sibling Education
- Fitness/Exercise
- Health Fairs
- Immunizations/Flu Shots



- Lectures
- Nutrition/Weight Management
- School Based Health Education Programs
- Screening/School-based (Sport Physicals)
- Self-Help/Sporty Injury Prevention
- Support Group/Cancer
- Transportation/Car Seat Safety Education Program
- CBISA Costs
- Health Professionals Education
- Phase III Cardiac Rehab
- Eagle Valley Behavioral Health Contribution
- The Steadman Philippon Research Institute

#### Valley View Hospital

- Athletic Trainers
- Meals on Wheels
- Community Education - Health Promotion
- Connie Delaney Medical Library
- Research (Clinical Trials) The Calaway Young Cancer Center
- Cash Donations to support local non-profits specializing in mental health, education, and community wellness
- Coalition Building



## XII. Appendix I Federal Requirements

Since 1969, the federal government has required non-profit hospitals to provide a community benefit as a condition of 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>27</sup>

The Affordable Care Act (ACA) added additional community benefit requirements for non-profit hospitals but did not include a specific minimum value of community benefits that a hospital must provide to qualify as tax-exempt.<sup>28</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>29</sup>

Specific federal requirements are noted here:

To qualify as tax-exempt under federal law,<sup>30</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.
- 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,

<sup>27</sup> <https://www.coloradohealthinstitute.org/research/hospital-community-benefit-accounting-impact>

<sup>28</sup> <https://www.healthaffairs.org/doi/10.1377/hpb20160225.954803/full/>

<sup>29</sup> <https://www.nashp.org/states-can-hold-hospitals-accountable-for-their-community-benefit-expenditures/>

<sup>30</sup> <https://www.irs.gov/charities-non-profits/charitable-hospitals-general-requirements-for-tax-exemption-under-section-501c3>

- Maintain an open medical staff policy,
  - Maintain a board of directors drawn from the community,
  - 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.

### **XIII. 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** - is data reported by hospitals to the Department pursuant to HB19-1001, 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.

**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 expenses** - sum of all costs incurred by a hospital within a specific time period. For the purposes of this report total expenses are those reported to the Federal government through IRS Form 990 Part I.