*2013 Kentucky Hospitals Community Benefits Report*:

Key Messages & Talking Points

**Background:**

The 2013 *Kentucky Hospitals Community Benefits Report* demonstrates the many ways hospitals contribute to their communities. KHA’s statewide report complements the numerous reports hospitals issue within their communities. The report covers community expenditures made in 2013, the most recent year for which statewide data available.

The report highlights the collective story of how Kentucky hospitals contribute to the overall health of the commonwealth. In 2013, the value of the community benefit programs and services provided by Kentucky hospitals was nearly $2.73 billion.

**Total Community Benefit Reported by Kentucky Hospitals at cost:**

Financial Assistance/Charity Care $507 million

Medicaid Losses $300 million

Community Health Improvement Services\* $57 million

Subsidized Health Services\* $32 million

Health Professions Education\* $148 million

Medicare Losses $509 million

Bad Debt\* $811 million

Community Building Activities\* $7 million

Cash and In-Kind Contributions\* $13 million

Research\* $345 million

**Net Community Benefits**

\*Some hospitals did not keep detailed records for some community benefit programs, such as community health improvement and other types of outreach services; therefore, amounts for these items are understated.

**Key Messages:**

* In 2013, Kentucky hospitals financed $507 million in financial assistance/charity care to patients who could not afford to pay for their care because their income was below the federal poverty level. These costs do not include charity care for uninsured persons with higher income, Medicare and Medicaid losses or uncollectible bad debt
* Each hospital also has an institution-specific “charity” policy to assist individuals at higher income levels with medical bills and out-of-pocket costs.
* Kentucky hospitals assist community health by making up the difference incurred from government shortfalls. Hospitals suffer a financial loss resulting from the difference between payments received from Medicaid and Medicare and the cost of care provided to the beneficiaries. In Kentucky, Medicaid only reimburses hospitals 82 percent of their actual costs for inpatient and outpatient care and Medicare only 86 percent
* In State Fiscal Year 2013, Kentucky hospitals incurred an estimated $1.7 billion in costs to deliver inpatient services to Medicaid patients. Because Medicaid only reimburses hospitals, on average, 82 percent of the actual costs (not charges) to deliver inpatient services, hospitals were shouldered with $300 million in unpaid costs. Expanding Medicaid will significantly increase government shortfalls to hospitals.
* In 2013, Kentucky had a higher rate of poverty level than all of its surrounding states. In fact, Kentucky has the seventh highest poverty level in the nation behind Mississippi, New Mexico, Louisiana, Arkansas, Georgia and the District of Columbia. This places a large financial burden on Kentucky hospitals because they treat patients regardless of their ability to pay for care.
* Kentucky hospitals provide many additional benefits to the entire community. These include free clinics, free health screenings, community health education, immunizations and health professional education and research.
* The current economic climate is increasing the number of Medicaid enrollees and uninsured patients, meaning hospitals’ losses will continue to increase without a corresponding increase in reimbursement.

**Community Benefits: not an obligation, but a mission**

* Hospitals are governed by a board of community members who are held accountable for taking action in the best interest of the community.
* As part of their missions, hospitals have historically cared for all regardless of ability to pay long before government programs helped subsidize care for vulnerable populations.
* Hospitals’ charitable mission drives every decision to best meet the needs of the communities they serve.
* [IF AVAILABLE, CITE INDIVIDUAL HOSPITAL NEEDS ASSESSMENTS, WHICH DETERMINE WHAT SERVICES, PROGRAMS, ETC. ARE OFFERED.]

**Community Benefits are more than just charity care**

* The 82,000 full and part-time people working in Kentucky hospitals touch their patients’ lives both inside and outside hospital walls through hospital-sponsored community activities, and personal volunteerism.
* \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [HOSPITAL OR HEALTH SYSTEM] provides jobs to \_\_\_\_\_\_\_\_\_ [NUMBER] employees. *(Source: 2013 Hospital Economic Impact Report. Contact KHA for a copy.)*
* [CITE INDIVIDUAL HOSPITAL COMMUNITY BENEFIT PROGRAMS, CHARITY CARE POLICY AND DISCOUNT POLICY]
* Hospitals also provide medical education for our future generation of caregivers — physicians, nurses and other allied health professionals. In addition, hospitals invest in life-saving research and maintain facility and equipment improvements to keep pace with the onslaught of new technology and ever-increasing demand for health care services.
* [CITE INDIVIDUAL HOSPITAL COSTS ATTRIBUTABLE TO MEDICAL AND ALLIED HEALTH EDUCATION AND RESEARCH]
* [CITE INDIVIDUAL HOSPITAL MEDICARE AND MEDICAID STATISTICS]

**Hospitals are major economic drivers in their communities**

* In 2013, Kentucky hospitals employed more than 82,000 full and part time people. Not only has the number of hospital employees increased, but more workers have full-time employment with benefits, as the number of full-time employees increased while the number of part-time employees decreased.

* Because of the sheer number of jobs and their high pay, hospitals remain one of the largest paychecks in Kentucky. In many communities, the local hospital is the largest private employer. The wages and salaries Kentucky hospitals paid their employees comprise nearly 5.8 percent of all wages and salaries in the commonwealth
* In 2013, Kentucky hospitals paid approximately $4.9 billion in employee wages and salaries.
* Hospital wage and benefit payments, totaling $5.1 billion, have grown 29 percent over the last five years.
* Kentucky hospitals are responsible for approximately $591 million in state and local tax revenue through the taxes they pay directly and tax revenue generated from their employees.
* Kentucky hospitals paid nearly $75 million in city and/or county occupational taxes and public school occupational taxes.
* Each year, Kentucky hospitals paid approximately $183 million in provider taxes to the state to help support the Kentucky Medicaid program. When matched with federal funds, their provider tax supports $610 million in state Medicaid spending annually.
* Kentucky receives $333 million in income and sales taxes linked to the wages and salaries of Kentucky’s hospital employees.
* [CITE INDIVIDUAL HOSPITAL’S ECONOMIC IMPACT DATA] *(Source: 2013 Hospitals’ Economic Impact Report. Contact KHA for a copy).*