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STATE RELEASES REPORT ON NOT-FOR-PROFIT HOSPITAL COMMUNITY CONTRIBUTIONS

SACRAMENTO --- Today, the Office of Statewide Health Planning and Development (OSHPD) released a Report to the Legislature on the community benefits provided by not-for-profit hospitals in California.

By law, not-for-profit hospitals are exempt from paying any income or property taxes. In return for this favorable tax treatment, the hospitals are expected to provide certain benefits to their communities. SB 697, the legislation that took effect in 1995, required non-profit hospitals to submit detailed information to OSHPD on their community benefit contributions, including an estimate of their economic value. The OSHPD Report to the Legislature summarizes the information gathered from the hospitals.

“We see that the non-profit hospitals provide an impressive array of community programs and services” commented Dr. Werdegar, Director of the Office. “They include emergency services, charity care, health education, counseling and support groups, and health promotion and illness prevention programs. As well, many of the community hospitals play an important role in the training of physicians, nurses, and other health professionals.”

This legislation had a unique feature: it required the hospitals to conduct an assessment of health needs in the community, and use the “needs assessment” to plan its benefit programs together with other local health care institutions, community-based organizations, and consumer groups. Top community health needs identified by the hospitals were:

- Improved access to care and more affordable health insurance
- Community health education
- Substance abuse education and treatment programs
- Domestic violence prevention
- AIDS education and treatment services
- Teen pregnancy prevention
- Mental health services

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The majority of California's 555 hospitals are not-for-profit facilities and account for over 80% of the hospital beds in the state. Whatever surplus revenues they generate are plowed back into the hospital to enhance patient care and community services. The benefit reports filed by local non-profit hospitals describe how they use their resources to address priority health issues in their communities. Public institutions such as UC hospitals, county facilities, district hospitals, and certain small and rural hospitals did not have to report. "The overall response from the hospitals was very positive," Dr. Werdegar said. "Surprisingly, 14 hospitals that were not required to report participated voluntarily."

On the whole, many of the non-profit hospitals were gearing their community programs to meet those needs. "The community benefit bill has stimulated cooperative and collaborative community health planning on a scale that has rarely been witnessed in recent years," commented Dr. Werdegar. "Hospitals, local health departments, and community organizations are working together to improve the health of their community."

The legislation requires the hospitals to report on their benefit programs annually and to conduct new community needs assessments every three years. The bill gives the community an unusual opportunity to review the benefit plans of their local non-profit hospitals and to participate in planning new programs.

The OSHPD Report and individual hospital plans may be obtained by contacting Melinda M. Eppler, Assistant Director for Public Affairs at (916) 654-1499.