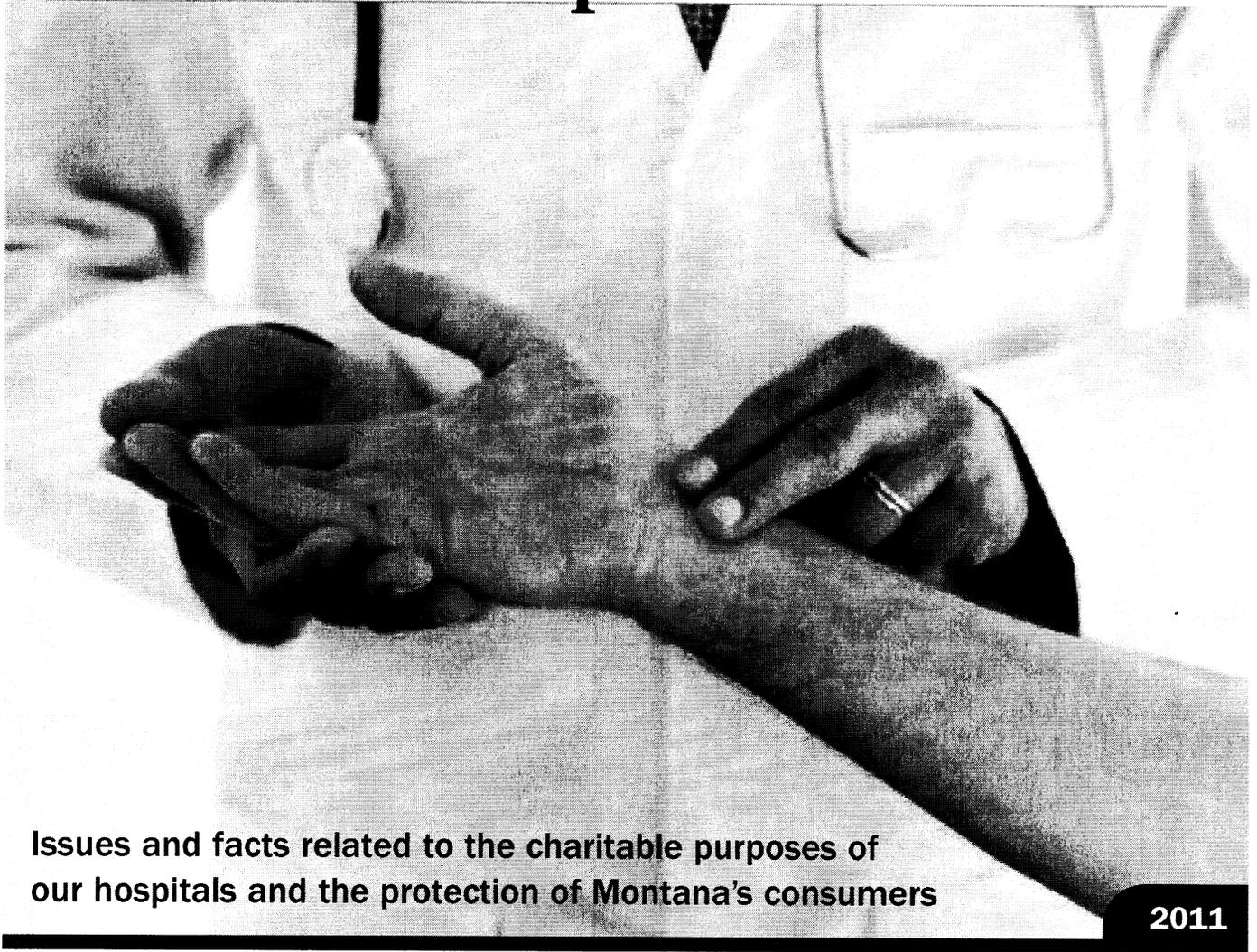


# Montana's Hospitals



Issues and facts related to the charitable purposes of  
our hospitals and the protection of Montana's consumers

2011

## Fourth Annual Report Montana Attorney General Steve Bullock



MONTANA OFFICE OF CONSUMER PROTECTION

---

By Lawrence L. White, Jr., MHA, FACHE | Anna Iverson Buckner, MA, MPH  
School of Public and Community Health Sciences, The University of Montana

# ATTORNEY GENERAL

## STATE OF MONTANA



Steve Bullock  
Attorney General

Department of Justice  
215 North Sanders  
P.O. Box 201401  
Helena, MT 59620-1401

September 2011

My office, in cooperation with the School of Public and Community Health Sciences at The University of Montana, is pleased to make the fourth annual *Montana's Hospitals* report available to consumers throughout the state. Again this year, I would like to express my thanks to Larry White and his team for pulling together and analyzing the statistical data.

The report is an annual assessment of the charitable purposes of the 10 largest nonprofit hospitals and foundations in our state. For the second year, the report also includes information about 12 smaller, critical access hospitals in Montana.

All of these 22 nonprofit hospitals are public benefit corporations under Montana law. They exist to serve their communities, not to make a profit. Because of this, they have been given tax exempt status – a status that saves them tens of millions of dollars annually. These hospitals have a duty to provide community benefits to the areas they serve. Charity care – free or discounted services to those with demonstrated financial need – is the most significant community benefit nonprofit hospitals provide. It is in the interest of all hospitals and the communities they serve to ensure that all qualified patients are provided charity care rather than face collection actions on debts they cannot afford to repay, and which the hospital will likely end up writing off as bad debt.

As this fourth report shows, charity care continues to increase in Montana, although it still varies widely across hospitals. The large hospitals have increased charity care significantly over the past four years, from a median 1.57% of their budgets in 2006 to 2.79% of their budgets in 2009. Table 4 and Graph 2. As was pointed out last year, Montana's small hospitals continue to show a lower level of charity care overall, although there was an increase from 1.32% of their budgets in 2008 to 1.59% in 2009. Table 4.

While the trend of increasing percentages of overall budgets dedicated to charity care is encouraging, there appears to be room for continued improvement. Montana's nonprofit hospitals sent accounts totaling more than \$122 million to collection in 2009. Appendix 5. While the hospitals properly need to pursue collection efforts in appropriate cases, it is highly likely that many patients whose accounts were turned over to collection could have qualified for charity care at the outset.

Charity care is one of several categories of "community benefits" upon which hospitals' nonprofit status is justified for purposes of receiving tax exemptions. When all community benefit categories are considered, with only one exception, Montana's nonprofit hospitals provide benefits that substantially exceed the value of the tax exemptions they receive. Table 7a and Appendix 4. Even when considering charity care costs alone, 8 of the 10 large hospitals and 7 of the 12 small hospitals provide benefits that exceed the value of their tax exemptions. Table 7b.

As I pointed out last year, and as this report shows, traditional charity care now amounts to only a fraction of a hospital's total "community benefits." Appendix 3. Hospitals should ensure that less specific community benefits are not displacing direct charity care, and that those expenditures classified as "community benefits" are wanted or needed in a particular community.

One category of community benefits that warrants specific attention is subsidized services. Seven of the 10 large hospitals spend more on charity care than on subsidized health services. In contrast, three of the large hospitals spend millions more on subsidized health services than they do on charity care. These health services include the acquisition and financial support of medical practices that otherwise would exist in the communities and, therefore, may not properly be considered a "community benefit" according to applicable criteria. Appendix 1 (Community Benefit Definitions). This may be indicative of changes in the health care delivery system that are not unique to Montana. Nevertheless, it has implications with respect to whether the hospitals are truly operating as nonprofit entities.

Our nonprofit hospitals are invaluable assets in our communities. They face significant challenges in these difficult economic times, and the services they provide are deserving of recognition and appreciation.

The Attorney General is responsible both for monitoring nonprofit corporations and for protecting the interests of those served by a nonprofit corporation. Thus, it is the responsibility of my office to ensure that they continue to perform the charitable purposes for which they were formed. We hope this series of reports will help consumers, community members, hospital administrators, board members, and other stakeholders gain a greater understanding of how our hospitals are performing their charitable purposes.

Most sincerely,



Steve Bullock  
Attorney General

**Montana's Hospitals: Issues and Facts Related to the Charitable  
Purposes of Our Hospitals and the Protection of Montana Consumers  
Fourth Annual Report**

**Prepared for Montana Attorney General**

**Steve Bullock**

**By**

**Lawrence L. White, Jr., MHA, FACHE**

**Anna Iverson Buckner, MA, MPH**

**September 2011**

**School of Public and Community Health Sciences**

**The University of Montana**

## I. Introduction

This report is the fourth in a series of evaluations of Montana hospitals' community benefits and other consumer protection issues commissioned by the Montana Attorney General. The Attorney General's office is charged with the duties to supervise nonprofit corporations and enforce consumer protection laws.

Table 1 lists the study hospitals. There is a change in the composition of the groups from last year due to Holy Rosary Healthcare in Miles City converting to critical access status. This change is taken into account whenever comparisons to prior years are made in this report.

For ease of reference, we refer to the 10 largest hospitals – known in the industry as prospective payment system (PPS) hospitals – as “large hospitals” and the 12 critical access hospitals as “small hospitals.” The data contained in this report are taken from information provided by the hospitals about their fiscal year that ended in 2009 as well as from prior years. For the first time, the standardized reporting of community benefits prescribed by the IRS on Form 990, Schedule H, was utilized.

**Table 1**  
**Montana Hospitals – 2009 Community Benefits Study**

<b>LARGE (PROSPECTIVE PAYMENT SYSTEM) HOSPITALS</b>	<b>SMALL (CRITICAL ACCESS) HOSPITALS</b>
<b>FACILITY NAME/CITY</b>	<b>FACILITY NAME/CITY</b>
BENEFIS GREAT FALLS	CENTRAL MT MED. CENTER LEWISTOWN
BILLINGS CLINIC	COMMUNITY OF ANACONDA
BOZEMAN DEACONESS	FRANCIS MAHON DEAC. GLASGOW
COMMUNITY MED. CTR. MISSOULA	GLENDIVE MEDICAL CENTER
NORTHWEST HEALTHCARE KALISPELL	HOLY ROSARY MILES CITY
NORTHERN MT MED CTR HAVRE	LIVINGSTON HEALTHCARE
ST. JAMES BUTTE	MARCUS DALY MEMORIAL HAMILTON
ST. PATRICK MISSOULA	NORTH VALLEY WHITEFISH
ST. PETER HELENA	SIDNEY HEALTH CENTER
ST. VINCENT BILLINGS	ST. JOHN'S LUTHERAN LIBBY
	ST. JOSEPH POLSON
	ST. LUKE COMMUNITY RONAN

All of the study hospitals are nonprofit corporations formed for public benefit purposes and are prohibited by law from paying out distributions or profits (MCA 35-2-1401). State law requires that nonprofit hospitals operate to benefit the public as a whole and not any class of private individuals such as hospital directors, officers or employees. As such, these hospitals qualify under Internal Revenue Code section 501(c)(3) for an exemption from federal income taxes and donations to these hospitals are tax deductible. Montana state law further provides that property

used exclusively for non-profit health care facilities is exempt from property taxes (MCA 15-6-201) and from income tax (MCA 15-31-102).

In 1956 the Internal Revenue Service requirements for a hospital to qualify as tax exempt stated, very simply, that a hospital must "...provide charity care to the extent of its financial ability."<sup>1</sup> In the years following the enactment of Medicare and Medicaid, the regulations became less specific as the "community benefit" standard was introduced. In so many words, federal law reflects an expectation that tax exempt hospitals will provide a community benefit proportionate to the value of their tax exemption. The Internal Revenue Service has explained that community benefit is broader than just charity care and "...is a flexible standard based on the totality of the circumstances and that a hospital need not demonstrate every factor to be exempt."<sup>2</sup>

Until 2007 the community benefit standard remained very general. In that year, the IRS defined eight specific community benefits that can count in meeting the hospitals' requirements in return for tax exempt status (see Appendix 1 for a full description of community benefits). This specificity, as well as uniform reporting, has enabled us to more reliably document and evaluate hospital community benefits than was possible for the first report. Meanwhile, the Attorney General retains the duty to ensure that the services hospitals provide under the more specific federal community benefit standards are consistent with their original public benefit obligations under state law.

## **II. Charity Care**

In light of the high cost of medical care and the recent economic recession, the importance of charity care for a community has perhaps never been greater. During 2009, in Montana hospital prices increased by 7.6%<sup>3</sup> and unemployment stood at 6.3%.<sup>4</sup> These and other factors gave rise to an increased need for financial assistance from hospitals and consequently an increase in the cost of charity care they provide. The Affordable Care Act (ACA) passed in March 2010 has many provisions related to tax exemption for charitable hospitals, including the requirement that hospitals publicize their financial assistance policies. It also requires the secretaries of Treasury and Health and Human Services to provide an annual report to Congress on charity care and bad debts expenses. Consequently, our intent in this section is to "shine a light" on hospital performance related to charity care.

**Financial Assistance Policies:** When the IRS published new community benefit regulations in December 2007, charity care remained at the heart of the requirements for tax exempt status. And while Montana hospitals have had financial assistance policies for many years, for the first time, federal regulations require that hospitals have a charity policy and also that they make them known to those who might need them.

The poverty line established by Federal Poverty Guidelines (FPG) is used by hospitals to establish need. In 2009, for a family of four, the poverty line was \$22,050. Montana's hospitals structure their charity policies on a sliding scale such that financial assistance begins with a 10% discount and progresses to a write off of 100%.

Our analysis of these policies over the past four years shows that five of the 10 large hospitals have made their financial assistance policies more liberal. Tables 2A and 2B display the lower and upper limits of the hospitals' charity policies. The shaded areas highlight changes from 2006.

Because a catastrophic medical event such as a stroke or brain injury can result in bills totaling \$750,000 and more, even families with incomes above the thresholds where the sliding scale discount begins can be left with bills they are unable to pay. We inspected the hospitals' policies for provisions that take into account circumstances involving catastrophic or unusual situations. We found that all of the large hospitals and four of the small hospitals' policies provide for such circumstances.

At Benefis for example, catastrophic financial assistance is considered when an individual's liability will exceed 50% of the family's gross income. Similarly, at Sidney Health Center full or partial assistance may be provided to patients with gross family income above the 175% threshold when circumstances determined by the Patient Accounts Manager indicate that full payment may cause social and financial hardships so as to significantly harm the patient or the family unit.

**Table 2A  
Large Hospitals' 2009 Charity Policy and Four-Year Changes**

<b>FACILITY NAME/CITY</b>	<b>%FPG CHARITY BEGINS 2006</b>	<b>% FPG CHARITY BEGINS 2009</b>	<b>% FPG FOR FULL WRITE OFF 2006</b>	<b>% FPG FOR FULL WRITE OFF 2009</b>
BENEFIS GREAT FALLS	200%	220%	150%	180%
BILLINGS CLINIC	300%	300%	110%	200%
BOZEMAN DEACONESS	200%	250%	100%	150%
COMMUNITY MED. CTR. MISSOULA	300%	300%	200%	200%
NORTHWEST HEALTHCARE KALISPELL	200%	300%	125%	150%
NORTHERN MT MED CTR HAVRE	200%	200%	100%	100%
ST. JAMES BUTTE	400%	400%	200%	200%
ST. PATRICK MISSOULA	400%	400%	200%	200%
ST. PETER HELENA	200%	250%	125%	150%
ST. VINCENT BILLINGS	400%	400%	200%	200%
<b>AVERAGE</b>	<b>280%</b>	<b>302%</b>	<b>151%</b>	<b>173%</b>

Our study of the small hospitals has just two years' data. Their current financial assistance limits are compared with last year in the table below.

**Table 2B**  
**Small Hospitals' 2009 Charity Policy and Two-Year Changes**

FACILITY NAME/CITY	%FPG CHARITY BEGINS 2008	% FPG CHARITY BEGINS 2009	% FPG FOR FULL WRITE OFF 2008	% FPG FOR FULL WRITE OFF 2009
CENTRAL MT MED. CENTER LEWISTOWN	300%	300%	150%	150%
COMMUNITY OF ANACONDA	200%	200%	100%	100%
FRANCIS MAHON DEAC. GLASGOW	175%	200%	100%	100%
GLENDIVE MEDICAL CENTER	200%	200%	100%	100%
HOLY ROSARY MILES CITY	400%	400%	200%	200%
LIVINGSTON HEALTHCARE	200%	200%	100%	100%
MARCUS DALY MEMORIAL HAMILTON	200%	200%	100%	100%
NORTH VALLEY WHITEFISH	200%	200%	50%	100%
SIDNEY HEALTH CENTER	175%	175%	100%	100%
ST. JOHN'S LUTHERAN LIBBY	200%	200%	100%	100%
ST. JOSEPH POLSON	400%	400%	200%	200%
ST. LUKE COMMUNITY RONAN	300%	300%	150%	150%
<b>AVERAGE</b>	<b>246%</b>	<b>248%</b>	<b>121%</b>	<b>125%</b>

**Charity Care Applications:** Once a hospital's financial assistance policy is approved by its board of directors, the way it is implemented and followed significantly affects the number of individuals who can benefit from it. To evaluate this, we examined the hospitals' financial assistance procedures. Also, we asked how the policy is made known to the public and about difficulties hospitals encounter when attempting to implement their procedures.

Understandably, there is considerable variation among hospitals in the charity application process. Most require a three or four-page financial disclosure form, plus two or three attachments with items like tax returns and bank statements. Others are less complex. St. Vincent Healthcare has the simplest procedure; just a one-page screening form that is returned to them for evaluation. (Additional paperwork is required if the screen suggests the applicant may qualify.)

When we asked hospitals what difficulties they had in implementing their charity policies, the most common barrier identified was the failure or inability of the patient to provide all the needed documentation in a timely manner. Information provided by one hospital estimated that

only about 25 % of the charity applications they give out are returned and, of those that are returned, only 5% are complete. Overall, the complexity of the forms and the process undoubtedly causes some individuals who qualify for financial assistance to not apply. We suggest that the Montana Hospital Association and the Attorney General's Office of Consumer Protection collaborate on the development of a simplified model application for hospitals to consider using.

**Charity Care Information:** The means for informing the public included distributing information on the hospital's website, signage in registration areas, brochures given at registration or admission, and information on monthly statements and other computer-generated letters. Much of this information also encourages patients to speak with a financial counselor for additional information and assistance. One hospital (St. Vincent's) mentioned that they include availability of financial assistance information as part of their regular advertising in the city's largest newspaper. Frances Mahon also mentioned that the contact information for the financial counselor is in the local newspaper.

By including charity care or financial assistance information on its website, a hospital increases the chance that the policy will be well known and accessible to patients and the public. Of the large hospitals, only one of the 10, Northern Montana Healthcare, Havre, did not provide information on its web page about financial assistance or charity care. Billings Clinic now provides financial assistance information on its website when last year this information was absent. Additionally, users are able to perform a search for "financial assistance" on the large facility websites with successful results in all but one case, Bozeman Deaconess.

Eight of the 12 small facilities now provide financial assistance or charity care information on their websites. Last year, only four small facilities provided this information. Central Montana Medical Center, Frances Mahon Deaconess, Glendive Medical Center, and Livingston Healthcare have added financial assistance information to their websites. Additionally, for the small hospitals, it was less likely that a search of the website was possible or would lead to results for financial assistance. Only two websites (Livingston Healthcare and Holy Rosary, Miles City) yielded successful results. Like the large hospitals, two of the small hospitals provided more than just basic financial assistance information by including access to a more detailed financial assistance policy.

When searching for each hospital's financial assistance policy using Google ("hospital name" financial assistance policy), good results were found for six of the large hospitals and five of the small hospitals.

**Readability:** In an examination of the financial assistance and charity care policies on each hospital's website, we assessed the readability of that information (see Appendix 2). Readability is a measure of how difficult it is to read and understand the text contained within each website. It is represented by the grade level a person would need to have reached to understand the material.

Of the 17 hospitals that included charity care or financial assistance information on their websites, the average grade level required to understand the information was 13<sup>th</sup> grade. This means that on average, a reader would need to have completed one year of college to have a good understanding of that information.

- The lowest reading level required was 9<sup>th</sup> grade (St. Joseph-Polson).
- The highest reading level required was 16<sup>th</sup> grade, or at least four years of college (Glendive Medical Center).

When broken down by classification of hospital, there was not much difference in terms of readability. For the large hospitals, the average grade level required was 12.79 and for the small hospitals, the average grade level required was 13.11.

**Charity Care Approvals:** To evaluate charity approval rates among hospitals, we compare the number of applications approved to the number of patients the hospital served. "Adjusted patient days" is a volume measure that combines inpatient and outpatient care, thus capturing the total workload of the facility.

Table 3 displays the number of approved charity applications per 1000 adjusted patient days. In 2009, all hospitals experienced a dramatic increase in the number of charity applications received compared with 2008 (41,500 vs. 27,200). The percent of applications approved remained constant at about 92%, resulting in a significant jump in the total number of approved applications. As a group and compared with past years, Montana's hospitals are doing a better job of implementing their financial assistance policies.

**Table 3**  
Approved Charity Applications per 1000 Adjusted Patient Days – 2009

FACILITY NAME/CITY	APPROVALS Per 1000 ADJ. PATIENT DAYS	TOTAL CHARITY APPLICATIONS	CHARITY APPLICATIONS APPROVED	PERCENT APPROVED	AVG. COST PER CHARITY CASE APPROVED
NORTHWEST HEALTHCARE KALISPELL	97.03	5876	5276	90%	\$ 541
COMMUNITY MED. CTR. MISSOULA	96.65	2770	2539	92%	\$ 1,167
BENEFIS GREAT FALLS	81.63	8843	8440	95%	\$ 740
BILLINGS CLINIC	76.14	8942	8341	93%	\$ 1,722
ST. JAMES BUTTE	66.78	2077	2042	98%	\$ 1,281
ST. PETER HELENA	50.54	2726	2587	95%	\$ 1,152
ST. PATRICK MISSOULA	38.94	3425	3025	88%	\$ 2,188
NORTHERN MT MED CTR HAVRE	23.99	488	427	88%	\$ 1,210
BOZEMAN DEACONESS	23.15	1015	877	86%	\$ 2,797
ST. VINCENT BILLINGS	19.49	1931	1846	96%	\$ 3,571
<b>2009 Average/Totals</b>	<b>57.43</b>	<b>38093</b>	<b>35400</b>	<b>92%</b>	<b>\$ 1,637</b>
<b>2008 Average/Totals</b>	<b>31.6</b>	<b>24881</b>	<b>23323</b>	<b>93%</b>	<b>\$ 2,448</b>
NORTH VALLEY WHITEFISH	48.03	664	591	89%	\$ 1,197
ST. JOSEPH POLSON	33.35	412	374	91%	\$ 1,081
LIVINGSTON HEALTHCARE	31.72	430	404	94%	\$ 1,617
FRANCIS MAHON DEAC. GLASGOW	27.58	309	246	80%	\$ 1,454
ST. JOHN'S LUTHERAN LIBBY	17.58	263	211	80%	\$ 1,870
GLENDIVE MEDICAL CENTER	17.02	174	166	95%	\$ 2,241
CENTRAL MT MED. CENTER LEWISTOWN	16.70	235	223	95%	\$ 1,418
SIDNEY HEALTH CENTER	14.74	206	174	84%	\$ 1,533
COMMUNITY OF ANACONDA	14.01	86	74	86%	\$ 1,385
MARCUS DALY MEMORIAL HAMILTON	9.30	194	144	74%	\$ 1,033
HOLY ROSARY MILES CITY	9.20	476	474	99.58%	\$ 844
ST. LUKE COMMUNITY RONAN	1.11	56	48	86%	\$ 3,661
<b>2009 Average</b>	<b>20.03</b>	<b>3505</b>	<b>3129</b>	<b>88%</b>	<b>\$ 1,611</b>
<b>2008 Average</b>	<b>12.6</b>	<b>2343</b>	<b>2012</b>	<b>82%</b>	<b>\$ 2,830</b>

**Charity Care Costs:** Table 4 shows the total cost of charity care provided in 2009 as well as its percent of hospital operating expense and surplus. Overall, charity costs increased by almost \$12.5 million compared with the previous year and constituted 2.75% of operating expenses. The average reported for all U.S. hospitals the same year was 2.5%.<sup>5</sup>

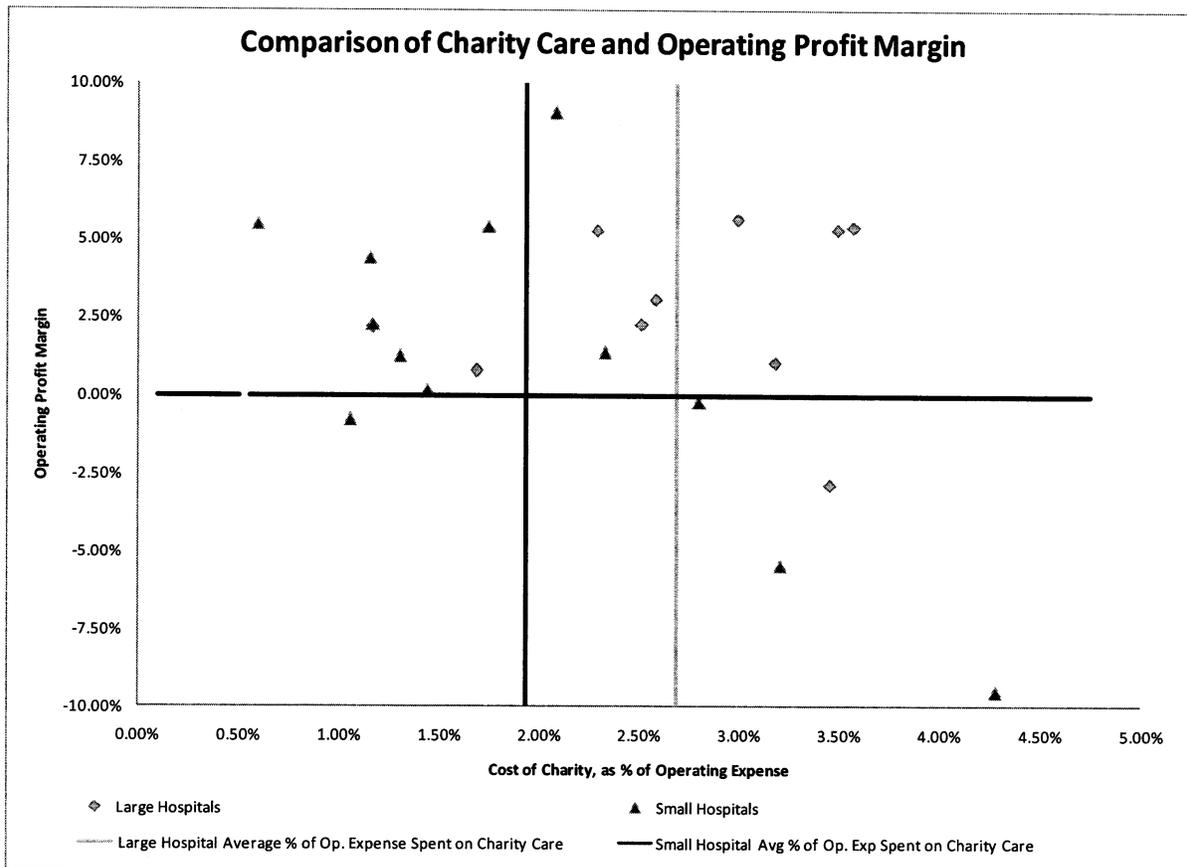
**Table 4**  
**Charity Costs and Percent Operating Expense/Surplus - 2009**

<b>FACILITY NAME/CITY</b>	<b>CHARITY COSTS 2009</b>	<b>CHARITY CARE AS A PERCENT OF OP. EXPENSE</b>	<b>CHARITY CARE % OP. SURPLUS</b>
BILLINGS CLINIC	\$ 14,506,721	3.18%	297.87%
ST. VINCENT BILLINGS	\$ 10,707,594	3.57%	62.61%
ST. PATRICK MISSOULA	\$ 7,768,725	3.49%	61.97%
BENEFIS GREAT FALLS	\$ 7,720,419	2.99%	49.74%
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	1.68%	215.21%
BOZEMAN DEACONESS	\$ 3,285,401	2.29%	40.74%
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	2.51%	108.86%
ST. PETER HELENA	\$ 3,108,727	2.58%	81.99%
ST. JAMES BUTTE	\$ 2,999,200	3.45%	*
NORTHERN MT MED CENTER HAVRE	\$ 641,742	1.16%	52.03%
<b>Total/Median</b>	<b>\$ 57,493,329</b>	<b>2.79%</b>	<b>62.61%</b>
<b>2008 Total/Median</b>	<b>\$ 48,208,581</b>	<b>2.57%</b>	<b>69.50%</b>
HOLY ROSARY MILES CITY	\$ 1,547,854	4.28%	*
SIDNEY HEALTH CENTER	\$ 1,295,985	3.21%	*
NORTH VALLEY WHITEFISH	\$ 938,596	2.80%	*
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	2.08%	20.84%
ST. JOSEPH POLSON	\$ 519,674	2.33%	167.66%
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	1.05%	*
LIVINGSTON HEALTHCARE	\$ 448,112	1.30%	103.27%
GLENDIVE MEDICAL CENTER	\$ 419,626	1.17%	50.51%
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	1.74%	30.48%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	1.44%	883.13%
COMMUNITY OF ANACONDA	\$ 299,210	1.15%	24.99%
ST. LUKE COMMUNITY RONAN	\$ 195,177	0.59%	10.19%
<b>Total/Median</b>	<b>\$ 7,433,241</b>	<b>1.59%</b>	<b>40.49%</b>
<b>2008 Total/Median</b>	<b>\$ 4,299,177</b>	<b>1.32%</b>	<b>22.16%</b>

\* Facility had operating loss

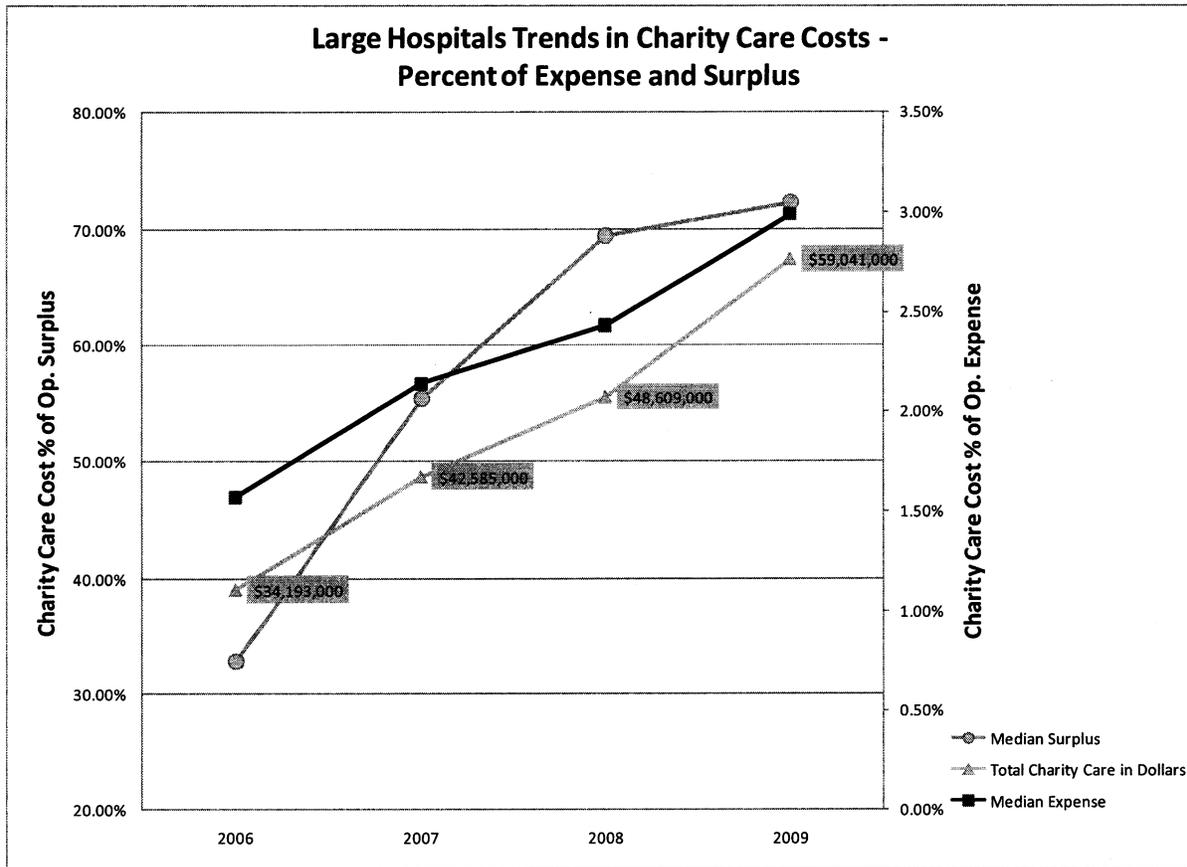
In Graph 1, charity care as a percent of operating expense is plotted against the hospital's percent of operating surplus to display the cost of charity care relative to the surplus earned by the institution. This graph shows the variation in profitability and charity care experienced among the hospitals. For example, the small hospital with the greatest loss (10%) had the highest charity care (4.4%), while another small hospital with one of the highest surpluses (5.1%) had the lowest charity care (0.59%).

Graph 1



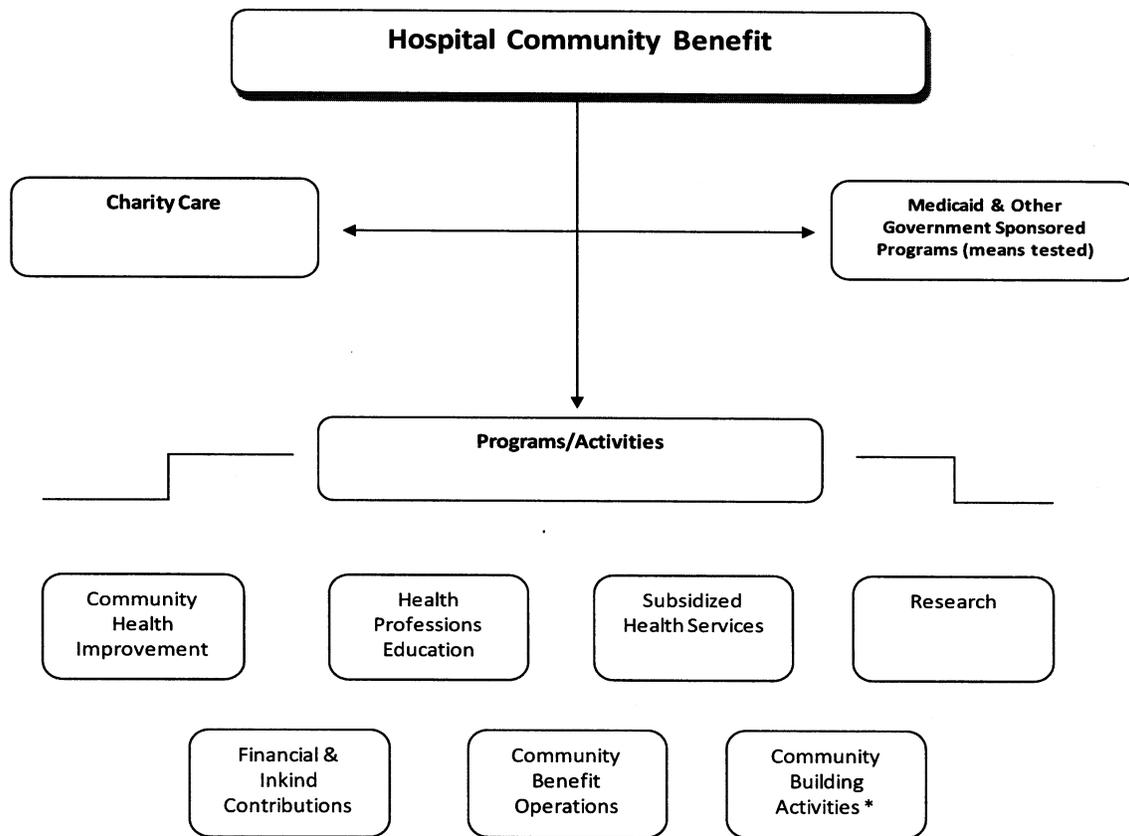
**Charity Trend:** The four-year trend in charity care for Montana's largest hospitals shows a consistent and dramatic increase as measured in absolute dollars, percent of expenses and percent of surplus. Graph 2 displays these trends. Reasons for this consistent increase are many and include the improved advertisement of financial assistance policies by hospitals, a liberalization of these policies and the increased need of Montana citizens due to lack of health care coverage and rising prices.

Graph 2



### III. Community Benefits

As mentioned earlier, in 2007, the IRS requirement for Community Benefit by nonprofit hospitals was substantially changed. In addition to charity care, the IRS included the costs of programs and activities itemized in Appendix 1 as contributing to the value of community benefit by a hospital. A diagram of how community benefits are now structured appears below.<sup>6</sup>



\* Included in Montana community benefits (See Appendix 1)

Table 5 displays the cost of all community benefits provided by Montana hospitals in 2009 and the percent of operating expenses they represent. The complete detail for all community benefits costs can be found in Appendix 3. Contrary to past trends, in 2009 the large hospitals had \$2.7 million less total community benefit costs due to improved Medicaid reimbursement (almost \$17 million more for the group). On the other hand, the small hospitals show an increase of \$6.4 million.

**Table 5**  
**Community Benefits Costs and Percent Operating Expenses – 2009**

FACILITY NAME/CITY	TOTAL COMMUNITY BENEFIT COSTS	CB % OPERATING EXPENSE
BILLINGS CLINIC	\$ 31,215,078	6.84%
ST. VINCENT BILLINGS	\$ 21,516,451	7.18%
ST. PATRICK MISSOULA	\$ 16,016,055	7.20%
ST. PETER HELENA	\$ 14,798,815	12.30%
BENEFIS GREAT FALLS	\$ 14,685,942	5.69%
BOZEMAN DEACONESS	\$ 13,197,206	9.19%
NORTHWEST HEALTHCARE KALISPELL	\$ 10,936,577	5.20%
COMMUNITY MED. CTR. MISSOULA	\$ 7,682,379	6.00%
ST. JAMES BUTTE	\$ 7,155,891	8.24%
NORTHERN MT MED CTR HAVRE	\$ 4,319,796	7.83%
<b>Total/Median</b>	<b>\$ 141,524,190</b>	<b>7.19%</b>
SIDNEY HEALTH CENTER	\$ 4,304,211	10.65%
MARCUS DALY MEMORIAL HAMILTON	\$ 4,217,270	9.57%
HOLY ROSARY MILES CITY	\$ 3,354,497	9.28%
FRANCIS MAHON DEAC. GLASGOW	\$ 2,721,922	10.70%
GLENDIVE MEDICAL CENTER	\$ 2,340,977	6.51%
COMMUNITY OF ANACONDA	\$ 2,330,682	8.97%
NORTH VALLEY WHITEFISH	\$ 1,461,583	4.36%
LIVINGSTON HEALTHCARE	\$ 643,545	1.86%
ST. JOHN'S LUTHERAN LIBBY	\$ 604,146	2.60%
ST. JOSEPH POLSON	\$ 554,461	2.49%
ST. LUKE COMMUNITY RONAN	\$ 523,806	1.59%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 464,386	1.80%
<b>Total/Median</b>	<b>\$ 23,521,486</b>	<b>5.43%</b>

**Subsidized Services:** The category of community benefit showing the greatest variation and subjectivity continues to be subsidized services. As we inspected the composition of claimed subsidized services, physician clinics appear to constitute a significant proportion of these services in communities where the IRS guidelines would not seem to apply.<sup>7</sup>

Among the large hospitals:

- The total amount spent on subsidized services in 2009 was \$48 million – second only to charity care which totaled \$57.5 million – dwarfing all other community benefit categories.

- The percent of all community benefits consisting of subsidized services ranges from 18% to 62%. Three large hospitals spent from two to four times *more* on subsidized services than on charity care:

FACILITY NAME/CITY	CHARITY CARE	SUBSID. HEALTH SERVICES
BOZEMAN DEACONESS	\$3,285,401	\$7,007,406
NORTHERN MT MED. CENTER HAVRE	\$641,742	\$2,557,481
ST. PETER HELENA	\$3,108,727	\$9,212,668

At small hospitals, the percent of all community benefits consisting of subsidized services ranges from 0% to 63%. Table 6 is a comparison of the amounts of charity care provided to the amounts of subsidized services claimed.

**Table 6**  
**Comparison of Charity Care to Subsidized Services – 2009**

FACILITY NAME/CITY	CHARITY CARE	SUBSIDIZED HEALTH SERVICES
BENEFIS GREAT FALLS	\$ 7,720,419	\$ 4,841,562
BILLINGS CLINIC	\$ 14,506,721	\$ 7,969,298
BOZEMAN DEACONESS	\$ 3,285,401	\$ 7,007,406
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	\$ 2,777,223
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	\$ 3,212,974
NORTHERN MT MED CTR HAVRE	\$ 641,742	\$ 2,557,481
ST. JAMES BUTTE	\$ 2,999,200	\$ 1,278,927
ST. PATRICK MISSOULA	\$ 7,768,725	\$ 3,250,659
ST. PETER HELENA	\$ 3,108,727	\$ 9,212,668
ST. VINCENT BILLINGS	\$ 10,707,594	\$ 5,946,749
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	\$ 600
COMMUNITY OF ANACONDA	\$ 299,210	\$ 1,706,710
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	\$ 1,943,618
GLENDIVE MEDICAL CENTER	\$ 419,626	\$ 1,590,306
HOLY ROSARY MILES CITY	\$ 1,547,854	\$ 67,423
LIVINGSTON HEALTHCARE	\$ 448,112	\$ -
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	\$ 2,676,427
NORTH VALLEY WHITEFISH	\$ 938,596	\$ 38,738
SIDNEY HEALTH CENTER	\$ 1,295,985	\$ 2,536,399
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	\$ -
ST. JOSEPH POLSON	\$ 519,674	\$ 485
ST. LUKE COMMUNITY RONAN	\$ 195,177	\$ 102,566

**Community Benefits Compared to Tax Exemption:** By comparing the value of the nonprofit hospitals' tax exemptions to the costs of the community benefits, we get a "big picture" perspective of the economic exchange society makes by granting tax exempt status to Montana's hospitals. Table 7a shows this comparison.

The calculation of the value of the hospitals' tax exemption includes:

- federal and state income taxes,
- estimated Montana property taxes<sup>8</sup>, and
- the tax advantage from issuing tax exempt bonds.

We calculate the value of the tax exemption for both operating income (patient care activities) and total income (includes non-operating income such as investment earnings and rental income) because total income can vary significantly from year to year. The detail behind this calculation is shown in Appendix 4. The reader should note that in 2009, three hospitals had operating losses and six incurred losses when total income is included. The number of hospitals with losses in 2009 is unusually high compared with prior years, making the comparison of the percent of community benefit to tax exemption value difficult. Nevertheless, it is safe to conclude that, again in 2009, Montana's hospitals continued to increase the value of community benefits they provided compared to the value of the tax exemption they received. Table 7b compares charity care alone to the value of the operating tax exemption.

**Table 7a**  
**Community Benefit Cost Compared to Value of Tax Exemption – 2009**

FACILITY NAME/CITY	TOTAL COMMUNITY BENEFIT COST	VALUE TAX EXEMPTION OPR. INC.	OPR. INC COMMUNITY BENEFIT % TAX EXEMPTION	VALUE TAX EXEMPTION TOTAL INC.	TOTAL COMMUNITY BENEFIT % TAX EXEMPTION
BILLINGS CLINIC	\$ 31,215,078	\$ 6,379,434	489%	\$ (1,855,641)	*
ST. VINCENT BILLINGS	\$ 21,516,451	\$ 8,179,831	263%	\$ 13,896,057	155%
ST. PATRICK MISSOULA	\$ 16,016,055	\$ 6,320,143	253%	\$ 6,665,202	240%
ST. PETER HELENA	\$ 14,798,815	\$ 2,128,436	695%	\$ (526,401)	*
BENEFIS GREAT FALLS	\$ 14,685,942	\$ 9,766,318	150%	\$ 9,558,396	154%
BOZEMAN DEACONESS	\$ 13,197,206	\$ 3,883,592	340%	\$ 5,429,450	243%
NORTHWEST HEALTHCARE KALISPELL	\$ 10,936,577	\$ 643,331	1700%	\$ (2,870,456)	*
COMMUNITY MED. CTR. MISSOULA	\$ 7,682,379	\$ 1,408,265	546%	\$ 4,515,166	170%
ST. JAMES BUTTE	\$ 7,155,891	\$ (922,723)	*	\$ (884,809)	*
NORTHERN MT MED CTR HAVRE	\$ 4,319,796	\$ 474,460	910%	\$ 812,595	532%
<b>TOTAL</b>	<b>\$ 141,524,190</b>	<b>\$ 38,261,088</b>	<b>415%</b>	<b>\$ 34,739,561</b>	<b>242%</b>
<b>2008 TOTAL/MEDIAN</b>	<b>\$ 145,483,268</b>	<b>\$ 39,085,091</b>	<b>381%</b>	<b>\$ 43,534,415</b>	<b>283%</b>
SIDNEY HEALTH CENTER	\$ 4,304,211	\$ (449,241)	*	\$ (751,570)	*
MARCUS DALY MEMORIAL HAMILTON	\$ 4,217,270	\$ 121,308	3477%	\$ 296,240	1424%
HOLY ROSARY MILES CITY	\$ 3,354,497	\$ (1,164,287)	*	\$ (1,147,743)	*
FRANCIS MAHON DEAC. GLASGOW	\$ 2,721,922	\$ 1,021,913	266%	\$ 1,327,347	205%
GLENDIVE MEDICAL CENTER	\$ 2,340,977	\$ 733,472	319%	\$ 521,317	449%
COMMUNITY OF ANACONDA	\$ 2,330,682	\$ 462,430	504%	\$ 574,691	406%
NORTH VALLEY WHITEFISH	\$ 1,461,583	\$ (42,566)	*	\$ 179,499	814%
LIVINGSTON HEALTHCARE	\$ 643,545	\$ 187,112	344%	\$ 195,214	330%
ST. JOHN'S LUTHERAN LIBBY	\$ 604,146	\$ 518,407	117%	\$ 626,156	96%
ST. JOSEPH POLSON	\$ 554,461	\$ 304,679	182%	\$ 324,695	171%
ST. LUKE COMMUNITY RONAN	\$ 523,806	\$ 1,037,653	50%	\$ 1,452,140	36%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 464,386	\$ 60,890	763%	\$ 105,675	439%
<b>TOTAL</b>	<b>\$ 23,521,486</b>	<b>\$ 2,791,769</b>	<b>344%</b>	<b>\$ 3,703,661</b>	<b>478%</b>
<b>2008 TOTAL/MEDIAN</b>	<b>\$ 15,872,834</b>	<b>\$ 5,957,228</b>	<b>307%</b>	<b>\$ 6,437,883</b>	<b>238%</b>

\* Facility had an operating or total loss

**Table 7b  
Charity Care Cost Compared to Value of Tax Exemption-2009**

FACILITY NAME/CITY	TOTAL CHARITY CARE COST	VALUE TAX EXEMPTION OPR. INC.	TOTAL CHARITY CARE COST % TAX EXEMPTION
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	\$ 643,331	550%
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	\$ 1,408,265	229%
BILLINGS CLINIC	\$ 14,506,721	\$ 6,379,434	227%
ST. PETER HELENA	\$ 3,108,727	\$ 2,128,436	146%
NORTHERN MT MED CENTER HAVRE	\$ 641,742	\$ 474,460	135%
ST. VINCENT BILLINGS	\$ 10,707,594	\$ 8,179,831	131%
ST. PATRICK MISSOULA	\$ 7,768,725	\$ 6,320,143	123%
BOZEMAN DEACONESS	\$ 3,285,401	\$ 3,883,592	85%
BENEFIS GREAT FALLS	\$ 7,720,419	\$ 9,766,318	79%
ST. JAMES BUTTE	\$ 2,999,200	\$ (922,723)	*
HOLY ROSARY MILES CITY	\$ 1,547,854	\$ (1,164,287)	*
SIDNEY HEALTH CENTER	\$ 1,295,985	\$ (449,241)	*
NORTH VALLEY WHITEFISH	\$ 938,596	\$ (42,566)	*
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	\$ 1,021,913	52%
ST. JOSEPH POLSON	\$ 519,674	\$ 304,679	171%
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	\$ 121,308	382%
LIVINGSTON HEALTHCARE	\$ 448,112	\$ 187,112	239%
GLENDIVE MEDICAL CENTER	\$ 419,626	\$ 733,472	57%
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	\$ 518,407	78%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	\$ 60,890	610%
COMMUNITY OF ANACONDA	\$ 299,210	\$ 462,430	65%
ST. LUKE COMMUNITY RONAN	\$ 195,177	\$ 1,037,653	19%

\*facility had operating loss

#### IV. Hospital Billing and Collection Practices

**Uncompensated Care:** Hospitals have the obligation to provide care to anyone needing medical services. For individuals who do not qualify or fail to apply for charity care and who do not pay, the charges for services result in bad debts. The combination of charity care and bad debts comprise the total amount of charges for services that the hospital writes off as uncollectable. This sum is called uncompensated care, and it has been a widely used measure of free care in hospitals for over 30 years. In the U.S. in 2009, uncompensated care costs rose by 7%<sup>9</sup> and amounted to 6% of all hospital expenses<sup>10</sup>. In Montana these costs rose by 8.2% (almost \$24 million) and amounted to 5.2% of total expenses for large hospitals and 5.5% for small hospitals. Table 8 shows uncompensated care in 2009 for each hospital.

**Table 8**  
**Uncompensated Care Cost Percent of Expense – 2009**

<b>FACILITY NAME/CITY</b>	<b>UNCOMP.CARE COST</b>	<b>UNCOMP.CARE % OF EXPENSES</b>
BILLINGS CLINIC	\$ 28,011,692	6.14%
ST. VINCENT BILLINGS	\$ 17,174,366	5.73%
BENEFIS GREAT FALLS	\$ 13,136,784	5.09%
ST. PATRICK MISSOULA	\$ 13,058,696	5.87%
NORTHWEST HEALTHCARE KALISPELL	\$ 10,716,236	5.10%
BOZEMAN DEACONESS	\$ 10,193,191	7.10%
ST. PETER HELENA	\$ 7,705,498	6.40%
ST. JAMES BUTTE	\$ 6,471,824	7.45%
COMMUNITY MED. CTR. MISSOULA	\$ 5,560,742	4.34%
NORTHERN MT MED CTR HAVRE	\$ 3,067,767	5.56%
<b>Total/Average</b>	<b>\$ 115,096,795</b>	<b>5.88%</b>
MARCUS DALY MEMORIAL HAMILTON	\$ 3,205,984	7.27%
NORTH VALLEY WHITEFISH	\$ 2,760,558	8.23%
HOLY ROSARY MILES CITY	\$ 2,470,444	6.83%
LIVINGSTON HEALTHCARE	\$ 2,331,089	6.75%
SIDNEY HEALTH CENTER	\$ 1,915,730	4.74%
COMMUNITY OF ANACONDA	\$ 1,693,903	6.52%
ST. LUKE COMMUNITY RONAN	\$ 1,317,198	3.99%
FRANCIS MAHON DEAC. GLASGOW	\$ 1,200,610	4.72%
GLENDIVE MEDICAL CENTER	\$ 1,055,001	2.93%
ST. JOHN'S LUTHERAN LIBBY	\$ 1,039,752	4.48%
ST. JOSEPH POLSON	\$ 985,623	4.42%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 981,957	3.81%
<b>Total/Average</b>	<b>\$ 20,957,849</b>	<b>5.39%</b>

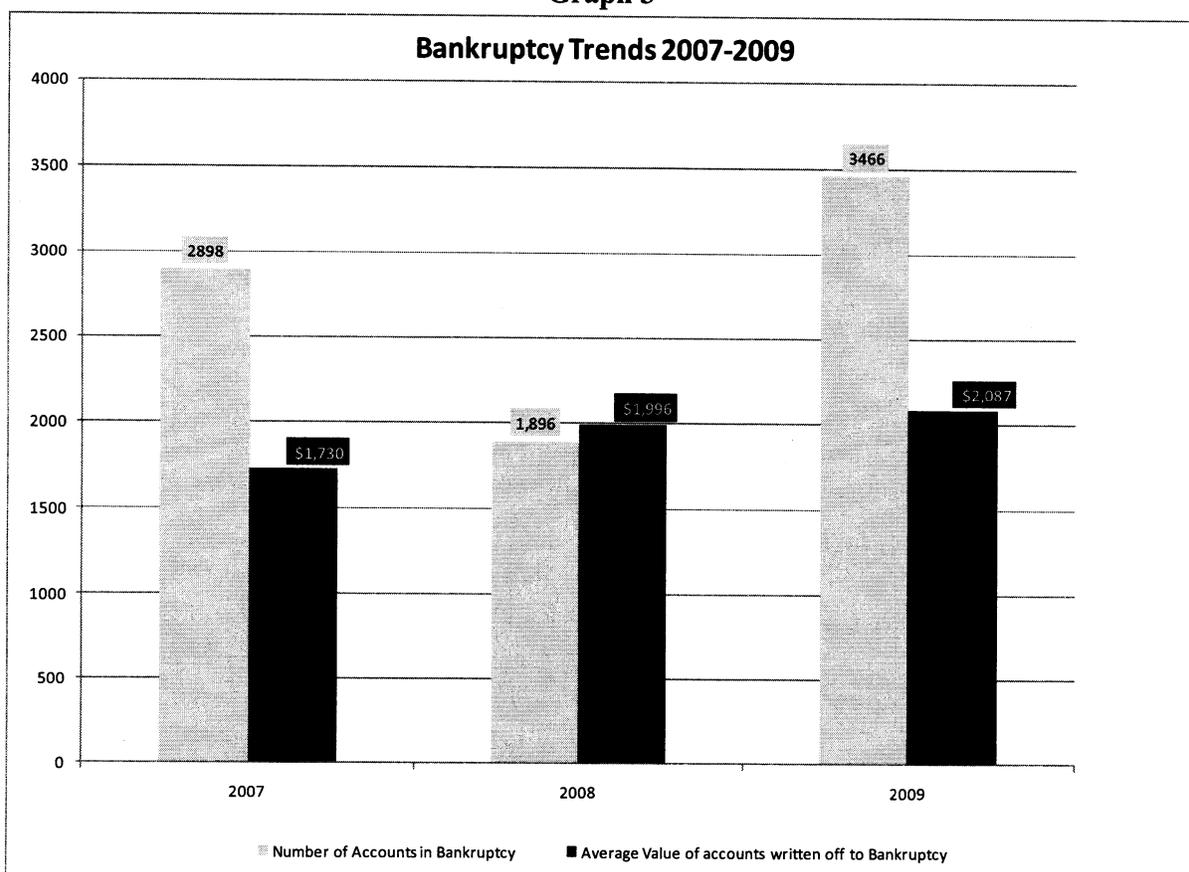
**Collection Practices:** Because the Attorney General has responsibility for consumer protection, we again this year evaluated certain collection procedures and activities at the study hospitals. Compared to prior years, the rate at which Montana hospitals turned accounts to collection agencies did not change. Accounts totaling approximately 5.5% of operating revenues were sent to collection during 2009. This was essentially the same rate as well as total number of accounts as in 2008. The detail for amounts sent to collection can be found in Appendix 5.

The new healthcare reform act (ACA) provisions dealing with billing and collection will be effective in hospital fiscal years after 2011. When they are, hospitals will have limits on the amounts they can charge for emergency and medically necessary care to individuals without

insurance. The limit will be the amount generally billed to people who have insurance. Our inspection of the hospital collection policies revealed that in 2009, no hospitals provided such limits.

**Bankruptcy:** In 2009, the number of accounts resulting in bankruptcy increased. Likely, this reflects the overall economic conditions that year in Montana. The average dollar value of these accounts remained low at \$1,509 for large hospitals and \$736 for small hospitals. The detail about bankruptcy for each hospital is found at Appendix 6. The trend in hospital accounts resulting in bankruptcy and average amounts is shown in Graph 3.

**Graph 3**



## V. Pricing:

Appendix 7 displays the adjusted average prices the study hospitals charged for eight of the most common reasons for inpatient hospitalization in 2009. The prices are not strictly comparable because the Diagnostic Related Group (DRG) classifications do not entirely reflect the differences in severity among cases.

In general, small hospitals have lower average prices than large hospitals. This reflects the higher cost structure as well as the higher severity of cases at the large hospitals. The average price difference between the large and small hospitals ranged from over \$2000 for Esophagitis to almost nothing for Normal Newborns.

For the large hospitals, St. Peter's in Helena had the most consistently low prices with less than average prices reported in almost all of the DRGs. Billings Clinic and Community Medical Center Missoula had the most consistently higher prices. At the small hospitals, Central Montana Medical Center, Holy Rosary and St. Joseph Hospital all had the most consistently low prices. Marcus Daly, North Valley and St. Luke showed consistently higher prices.

## VI. Hospital Foundations:

Most of the study hospitals have a charitable foundation that obtains donations and grants to support the institution and its patients. In this section we report the size, and level of activity and efficiency of these foundations. The American Institute of Philanthropy ([www.charitywatch.org](http://www.charitywatch.org)) suggests that 60% or more of a charity's expenses should be spent on charitable programs. In Table 9 we detail the assets, revenues and expenses for 19 hospital foundations together with a calculation of the percent of total expenses spent on program services. Six foundations appear to fall below the 60% threshold.

**Table 9**  
**Hospital Foundation Assets, Receipts and Expenses – 2009**

FACILITY NAME	NET ASSETS	CONTRIBUTIONS AND GRANTS	TOTAL REVENUE	FUNDRAISING COSTS	PROGRAM SERVICES EXPENSE	TOTAL EXPENSES	TOTAL EXPENSES PROGRAM SVCS. % DIR. PUB. SUPT.
BENEFIS GREAT FALLS	\$ 9,868,915	\$ 2,009,793	\$ 2,567,998	\$ -	\$ 1,543,801	\$ 1,628,043	94.83%
BOZEMAN DEACONESS	\$ 15,957,119	\$ 4,121,882	\$ 4,148,756	\$ 239,953	\$ 731,715	\$ 1,627,129	44.97%
BILLINGS CLINIC	\$ 25,129,509	\$ 5,517,261	\$ 5,302,577	\$ 800,167	\$ 4,869,454	\$ 5,640,039	86.34%
COMMUNITY MED. CTR. MISSOULA	\$ 5,545,963	\$ 318,402	\$ 572,195	\$ 182,275	\$ 190,735	\$ 741,130	25.74%
NORTHWEST HEALTHCARE KALISPELL	\$ 3,998,260	\$ 2,437,704	\$ 2,641,601	\$ 96,143	\$ 1,319,215	\$ 1,994,591	66.14%
NORTHERN MT MED CTR HAVRE	\$ 1,622,040	\$ 331,052	\$ 398,049	\$ 35,389	\$ 307,054	\$ 433,197	70.88%
ST. JAMES BUTTE	\$ 424,132	\$ 263,543	\$ 334,433	\$ -	\$ -	\$ 184,358	0.00%
ST. PATRICK MISSOULA	\$ 7,200,141	\$ 2,203,590	\$ 2,371,578	\$ 383,452	\$ 1,832,605	\$ 2,427,935	75.48%
ST. PETER HELENA	\$ 9,054,276	\$ 1,726,506	\$ 1,128,237	\$ 9,882	\$ 965,413	\$ 992,488	97.27%
ST. VINCENT BILLINGS	\$ 29,927,472	\$ 6,404,484	\$ 6,912,221	\$ 179,773	\$ 4,367,348	\$ 5,165,995	84.54%
CENTRAL MT MED. CENTER LEWISTOWN	N/A	N/A	N/A	N/A	N/A	N/A	N/A
COMMUNITY OF ANACONDA	\$ 281,960	\$ 120,113	\$ 162,980	\$ -	\$ 500	\$ 34,402	1.45%
FRANCIS MAHON DEAC. GLASGOW	N/A	N/A	N/A	\$ -	N/A	N/A	N/A
GLENDIVE MEDICAL CENTER	\$ 1,502,404	\$ 97,443	\$ 155,810	\$ -	\$ -	\$ 166,399	0.00%
HOLY ROSARY MILES CITY	\$ 1,152,173	\$ 427,316	\$ 478,636	\$ -	\$ 272,357	\$ 317,650	85.74%
LIVINGSTON HEALTHCARE	\$ 1,500,748	\$ 124,335	\$ 135,612	\$ -	\$ 52,625	\$ 52,635	99.98%
MARCUS DALY MEMORIAL HAMILTON	\$ 1,102,150	\$ 268,256	\$ 59,602	\$ 950	\$ 100,459	\$ 132,232	75.97%
NORTH VALLEY WHITEFISH	\$ 874,968	\$ 155,692	\$ 194,161	\$ -	\$ 365,423	\$ 374,041	97.70%
SIDNEY HEALTH CENTER	\$ 465,127	\$ 387,461	\$ 389,375	\$ 20,278	\$ 198,221	\$ 314,150	63.10%
ST. JOHN'S LUTHERAN LIBBY	\$ 1,042,794	\$ 130,336	\$ 165,008	\$ -	\$ 255,336	\$ 255,336	100.00%
ST. JOSEPH POLSON	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ST. LUKE COMMUNITY RONAN	\$ 1,134,836	\$ 65,851	\$ 99,755	\$ -	\$ -	\$ 31,690	0.00%

## **VII. Conclusion:**

Over the four years covered by this report, the Montana hospitals being evaluated have significantly increased the amount of charity care they provide as measured in total dollars, as well as proportions of their expenses and surplus (see Chart 2). For this, they should be commended. Similarly, the value of the total community benefits provided by the large hospitals compared to the value of the taxes they would pay if they were organized for profit continues to increase (415% greater than the value of their tax exemption in 2009).

The field of healthcare is dynamic, including the area of community benefits. Boards of directors and healthcare managers should pay particular attention to the new requirements in the Affordable Care Act, which call for hospitals to assess community health needs in collaboration with others and then to link their community health improvement services to these needs. Additionally, hospitals should more critically evaluate which services they deem "subsidized" when reporting community benefits.

## **Appendix 1**

### **Community Benefit Definitions<sup>11</sup>**

#### **Charity Care:**

The cost of free or discounted services provided to persons who meet the organization's criteria for financial assistance and are thereby deemed unable to pay for all or a portion of the services. Charity care does not include bad debts or uncollectable charges.

#### **Community Benefit Operations:**

The cost of activities associated with community health needs assessments as well as community benefit planning and administration. Community benefit operations also include the organization's activities associated with fundraising or grant-writing for community benefit programs.

#### **Community Building\*:**

These are the costs of activities and programs that address the root causes of health problems such as poverty, homelessness and environmental problems. Examples include housing rehabilitation, economic development projects, community leadership development, and child care for residents with qualified need. \*Note that although the IRS does not count community building costs as community benefit, we continue to include them in our analysis of Montana hospitals because these programs address the underpinnings of the health status of the community.

#### **Community Health Improvement Services:**

The costs of activities or programs carried out or supported for the express purpose of improving community health that are subsidized by the healthcare organization. Such services do not generate inpatient or outpatient bills, although there may be a nominal patient fee or sliding scale fee for these services.

#### **Contributions to Community Groups:**

The cost of contributions made by the organization to health care organizations and other community groups restricted to one or more of the community benefit activities.

**Health Professional Education:**

The cost of educational programs that result in a degree, certificate, or training necessary to be licensed to practice as a health professional, as required by state law, or continuing education necessary to retain state license or certification by a board in the individual's health profession specialty. It does not include education or training programs available exclusively to the organization's employees and medical staff or scholarships provide to those individuals. However, it does include education programs if the primary purpose of such programs is to educate health professionals in the broader community.

**Research:**

The cost of any study or investigation the goal of which is to generate generalizable knowledge made available to the public such as knowledge about underlying biological mechanisms of health and disease, natural processes, or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes, and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations, including publication in a medical journal. The organization may include the cost of internally funded research it conducts as well as the cost of research it conducts funded by a tax-exempt or government entity.

**Subsidized Health Services:**

The cost of clinical services provided despite a financial loss to the organization. In order to qualify as a subsidized health service, the organization must provide the service because it meets an identified community need. A service meets an identified community need if it is reasonable to conclude that if the organization no longer offered the service, the service would be unavailable in the community, the community's capacity to provide the service would be below the community's need, or the service would become the responsibility of government or another tax-exempt organization.

**Unreimbursed Medicaid:**

The unpaid costs of Medicaid and other public programs (such as State Health Insurance Program- SCHIP) for low-income persons. This is the loss created when the payments from these programs are less than the costs of caring for beneficiaries of these programs.

## Appendix 2

### Hospital Financial Assistance Policy Readability Score

FACILITY NAME/CITY	READABILITY SCORE
BENEFIS GREAT FALLS	14.58
BILLINGS CLINIC	11.12
BOZEMAN DEACONESS	15.1
COMMUNITY MED. CTR. MISSOULA	14.46
NORTHWEST HEALTHCARE KALISPELL	10.46
NORTHERN MT MED CTR HAVRE	N/A
ST. JAMES BUTTE	11.94
ST. PATRICK MISSOULA	11.58
ST. PETER HELENA	14.7
ST. VINCENT BILLINGS	11.16
<b>Average</b>	<b>12.79</b>
CENTRAL MT MED. CENTER LEWISTOWN	13.96
COMMUNITY OF ANACONDA	N/A
FRANCIS MAHON DEAC. GLASGOW	15.8
GLENDIVE MEDICAL CENTER	16.02
HOLY ROSARY MILES CITY	13.12
LIVINGSTON HEALTHCARE	12.76
MARCUS DALY MEMORIAL HAMILTON	N/A
NORTH VALLEY WHITEFISH	N/A
SIDNEY HEALTH CENTER	12.6
ST. JOHN'S LUTHERAN LIBBY	11.92
ST. JOSEPH POLSON	8.7
ST. LUKE COMMUNITY RONAN	13.68
<b>Average</b>	<b>13.17</b>

The Readability score indicates the grade level a person would need to reach to understand the material. The score obtained at <http://www.addedbytes.com/code/readability-score/>.

Appendix 3

Large Hospitals Community Benefits - 2009

FACILITY NAME/CITY	CHARITY CARE	UNREIMB. MEDICAID COST	COMM HEALTH IMPROVEMENT SERV./COMM BEN OPS	SUBSID. HEALTH SERV.	CONTRIBUTIONS COMM GRP	HEALTH PROF. ED.	RESEARCH	COMM. BUILDING	TOTAL
BENEFIS GREAT FALLS	\$ 7,720,419	\$ -	\$ 101,702	\$ 4,841,562	\$ 1,690,140	\$ 30,696	\$ 45,316	\$ 256,107	\$ 14,685,942
BILLINGS CLINIC	\$ 14,506,721	\$ 927,176	\$ 3,362,008	\$ 7,969,298	\$ 179,548	\$ 1,738,123	\$ 2,256,551	\$ 275,653	\$ 31,215,078
BOZEMAN DEACONESS	\$ 3,285,401	\$ 1,881,495	\$ 568,082	\$ 7,007,406	\$ 290,037	\$ 152,753	\$ -	\$ 12,032	\$ 13,197,206
COMMUNITY MED. CTR. MISSOULA	\$ 3,219,635	\$ -	\$ 216,579	\$ 2,777,223	\$ 242,102	\$ 1,198,556	\$ -	\$ 28,284	\$ 7,682,379
NORTHWEST HEALTHCARE KALISPELL	\$ 3,535,165	\$ 3,474,164	\$ 536,629	\$ 3,212,974	\$ 22,975	\$ 44,922	\$ -	\$ 109,748	\$ 10,936,577
NORTHERN MT MED CTR HAVRE	\$ 641,742	\$ 841,094	\$ 41,549	\$ 2,557,481	\$ 105,447	\$ 42,732	\$ -	\$ 89,751	\$ 4,319,796
ST. JAMES BUTTE	\$ 2,999,200	\$ 2,255,505	\$ 463,483	\$ 1,278,927	\$ 58,983	\$ 35,254	\$ -	\$ 64,539	\$ 7,155,891
ST. PATRICK MISSOULA	\$ 7,768,725	\$ 3,673,432	\$ 889,489	\$ 3,250,659	\$ 96,149	\$ 205,738	\$ 69,963	\$ 61,900	\$ 16,016,055
ST. PETER HELENA	\$ 3,108,727	\$ 1,840,668	\$ 294,515	\$ 9,212,668	\$ 178,770	\$ 79,493	\$ -	\$ 83,974	\$ 14,798,815
ST. VINCENT BILLINGS	\$ 10,707,594	\$ -	\$ 2,961,648	\$ 5,946,749	\$ 736,730	\$ 599,072	\$ 142,754	\$ 421,904	\$ 21,516,451
<b>Total 2009</b>	\$ 57,493,329	\$ 14,893,534	\$ 9,435,684	\$ 48,054,947	\$ 3,600,881	\$ 4,127,339	\$ 2,514,584	\$ 1,403,892	\$ 141,524,190
<b>Total 2008</b>	\$ 48,608,755	\$ 31,667,789	\$ 9,997,140	\$ 44,016,542	\$ 6,402,502	\$ 4,609,775	\$ 990,134	\$ 1,252,431	\$ 147,545,068

Appendix 3

Small Hospitals Community Benefits - 2009

FACILITY NAME/CITY	CHARITY CARE	UNREIMB. MEDICAID COST	COMM HEALTH IMPROVEMENT SERV./COMM BEN OPS	SUBSID. HEALTH SERV.	CONTRIBUTIONS COMM GRP	HEALTH PROF. ED.	RESEARCH	COMM. BUILDING	TOTAL
CENTRAL MT MED. CENTER LEWISTOWN	\$ 371,268	\$ -	\$ 16,924	\$ 600	\$ 17,119	\$ 51,397	\$ -	\$ 7,078	\$ 464,386
COMMUNITY OF ANACONDA	\$ 299,210	\$ 159,441	\$ 127,384	\$ 1,706,710	\$ 29,016	\$ 3,956	\$ -	\$ 4,965	\$ 2,330,682
FRANCIS MAHON DEAC. GLASGOW	\$ 528,994	\$ -	\$ 52,581	\$ 1,943,618	\$ 20,000	\$ 124,654	\$ -	\$ 52,075	\$ 2,721,922
GLEN DIVE MEDICAL CENTER	\$ 419,626	\$ -	\$ 156,642	\$ 1,590,306	\$ 142,079	\$ 27,865	\$ -	\$ 4,459	\$ 2,340,977
HOLY ROSARY MILES CITY	\$ 1,547,854	\$ 857,665	\$ 316,640	\$ 67,423	\$ 232,011	\$ 144,824	\$ -	\$ 188,080	\$ 3,354,497
LIVINGSTON HEALTHCARE	\$ 448,112	\$ 130,832	\$ 42,981	\$ -	\$ 20,896	\$ 724	\$ -	\$ -	\$ 643,545
MARCUS DALY MEMORIAL HAMILTON	\$ 463,344	\$ 575,212	\$ 209,500	\$ 2,676,427	\$ 86,261	\$ 55,282	\$ -	\$ 151,244	\$ 4,217,270
NORTH VALLEY WHITEFISH	\$ 938,596	\$ -	\$ 108,726	\$ 38,738	\$ 165,694	\$ 114,130	\$ -	\$ 95,699	\$ 1,461,583
SIDNEY HEALTH CENTER	\$ 1,295,985	\$ 384,556	\$ 54,801	\$ 2,536,399	\$ 22,564	\$ 9,906	\$ -	\$ -	\$ 4,304,211
ST. JOHN'S LUTHERAN LIBBY	\$ 405,401	\$ -	\$ 194,920	\$ -	\$ 3,825	\$ -	\$ -	\$ -	\$ 604,146
ST. JOSEPH POLSON	\$ 519,674	\$ -	\$ 13,267	\$ 485	\$ 14,326	\$ 6,709	\$ -	\$ -	\$ 554,461
ST. LUKE COMMUNITY RONAN	\$ 195,177	\$ 111,193	\$ 30,214	\$ 102,566	\$ 42,172	\$ 132,845	\$ -	\$ 12,205	\$ 626,372
<b>Total 2009</b>	\$ 7,433,241	\$ 2,218,899	\$ 1,324,580	\$ 10,663,272	\$ 795,963	\$ 672,292	\$ -	\$ 515,805	\$ 23,624,052
<b>Total 2008</b>	\$ 3,899,003	\$ 1,136,206	\$ 969,448	\$ 5,872,206	\$ 1,336,975	\$ 432,548	\$ -	\$ 164,648	\$ 13,811,034

Appendix 4

Calculation of Value of Tax Exemption on Operating Income – 2009

FACILITY NAME/ CITY	OPERATING INCOME	FEDERAL INCOME TAX	STATE INCOME TAX	ESTIMATED PROPERTY TAX	TAX EXEMPT BOND VALUE	OPERATING TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 15,520,482	\$ 5,276,964	\$ 691,437	\$ 2,061,878	\$ 1,736,039	\$ 9,766,318
BILLINGS CLINIC	\$ 4,870,174	\$ 1,655,859	\$ 216,966	\$ 2,506,765	\$ 1,999,843	\$ 6,379,434
BOZEMAN DEACONESS	\$ 8,065,301	\$ 2,742,202	\$ 359,309	\$ 38,195	\$ 743,886	\$ 3,883,592
COMMUNITY MED. CTR. MISSOULA	\$ 2,957,589	\$ 1,005,580	\$ 131,761	\$ 75,828	\$ 195,096	\$ 1,408,265
NORTHWEST HEALTHCARE KALISPELL	\$ 1,642,626	\$ 558,493	\$ 73,179	\$ 11,659	-	\$ 643,331
NORTHERN MT MED CTR HAVRE	\$ 1,233,346	\$ 419,338	\$ 54,946	\$ 177	-	\$ 474,460
ST. JAMES BUTTE	\$ (2,408,635)	\$ (818,936)	\$ (107,305)	\$ 3,518	-	\$ (922,723)
ST. PATRICK MISSOULA	\$ 12,536,520	\$ 4,262,417	\$ 558,502	\$ 757,279	\$ 741,946	\$ 6,320,143
ST. PETER HELENA	\$ 3,791,618	\$ 1,289,150	\$ 168,917	\$ 26,011	\$ 644,358	\$ 2,128,436
ST. VINCENT BILLINGS	\$ 17,102,274	\$ 5,814,773	\$ 761,906	\$ 1,603,152	-	\$ 8,179,831
CENTRAL MT MED. CENTER LEWISTOWN	\$ 42,040	\$ 14,294	\$ 1,873	\$ 13,641	\$ 31,082	\$ 60,890
COMMUNITY OF ANACONDA	\$ 1,197,469	\$ 407,139	\$ 53,347	\$ 1,943	-	\$ 462,430
FRANCIS MAHON DEAC. GLASGOW	\$ 2,538,345	\$ 863,037	\$ 113,083	\$ 25,187	\$ 20,605	\$ 1,021,913
GLENDIVE MEDICAL CENTER	\$ 830,827	\$ 282,481	\$ 37,013	\$ 12,499	\$ 401,478	\$ 733,472
HOLY ROSARY MILES CITY	\$ (3,147,463)	\$ (1,070,137)	\$ (140,219)	\$ 46,070	-	\$ (1,164,287)
LIVINGSTON HEALTHCARE	\$ 433,915	\$ 147,531	\$ 19,331	\$ 20,250	-	\$ 187,112
MARCUS DALY MEMORIAL HAMILTON	\$ (339,574)	\$ (115,455)	\$ (15,128)	\$ 122,333	\$ 129,558	\$ 121,308
NORTH VALLEY WHITEFISH	\$ (648,566)	\$ (220,512)	\$ (28,894)	\$ 206,840	-	\$ (42,566)
SIDNEY HEALTH CENTER	\$ (2,091,306)	\$ (711,044)	\$ (93,168)	\$ 3,191	\$ 351,780	\$ (449,241)
ST. JOHN'S LUTHERAN LIBBY	\$ 1,330,231	\$ 452,279	\$ 59,262	\$ 6,867	-	\$ 518,407
ST. JOSEPH POLSON	\$ 309,953	\$ 105,384	\$ 13,808	\$ 51,010	\$ 134,476	\$ 304,679
ST. LUKE COMMUNITY RONAN	\$ 1,916,175	\$ 651,500	\$ 85,366	\$ 9,134	\$ 291,654	\$ 1,037,653

Appendix 4

Calculation of Value of Tax Exemption on Total Income – 2009

FACILITY NAME/ CITY	TOTAL INCOME	FEDERAL INCOME TAX	STATE INCOME TAX	ESTIMATED PROPERTY TAX	TAX EXEMPT BOND VALUE	TOTAL TAX EXEMPTION
BENEFIS GREAT FALLS	\$ 14,979,792	\$ 5,093,129	\$ 667,350	\$ 2,061,878	\$ 1,736,039	\$ 9,558,396
BILLINGS CLINIC	\$ (16,544,660)	\$ (5,625,184)	\$ (737,065)	\$ 2,506,765	\$ 1,999,843	\$ (1,855,641)
BOZEMAN DEACONESS	\$ 12,085,215	\$ 4,108,973	\$ 538,396	\$ 38,195	\$ 743,886	\$ 5,429,450
COMMUNITY MED. CTR. MISSOULA	\$ 11,036,905	\$ 3,752,548	\$ 491,694	\$ 75,828	\$ 195,096	\$ 4,515,166
NORTHWEST HEALTHCARE KALISPELL	\$ (7,494,772)	\$ (2,548,222)	\$ (333,892)	\$ 11,659	\$ -	\$ (2,870,456)
NORTHERN MT MED CTR HAVRE	\$ 2,112,647	\$ 718,300	\$ 94,118	\$ 177	\$ -	\$ 812,595
ST. JAMES BUTTE	\$ (2,310,042)	\$ (785,414)	\$ (102,912)	\$ 3,518	\$ -	\$ (884,809)
ST. PATRICK MISSOULA	\$ 13,433,825	\$ 4,567,501	\$ 598,477	\$ 757,279	\$ 741,946	\$ 6,665,202
ST. PETER HELENA	\$ (3,112,130)	\$ (1,058,124)	\$ (138,645)	\$ 26,011	\$ 644,358	\$ (526,401)
ST. VINCENT BILLINGS	\$ 31,966,988	\$ 10,868,776	\$ 1,424,129	\$ 1,603,152	\$ -	\$ 13,896,057
CENTRAL MT MED. CENTER LEWISTOWN	\$ 158,501	\$ 53,890	\$ 7,061	\$ 13,641	\$ 31,082	\$ 105,675
COMMUNITY OF ANACONDA	\$ 1,489,399	\$ 506,396	\$ 66,353	\$ 1,943	\$ -	\$ 574,691
FRANCIS MAHON DEAC. GLASGOW	\$ 3,332,610	\$ 1,133,087	\$ 148,468	\$ 25,187	\$ 20,605	\$ 1,327,347
GLENDIVE MEDICAL CENTER	\$ 279,131	\$ 94,905	\$ 12,435	\$ 12,499	\$ 401,478	\$ 521,317
HOLY ROSARY MILES CITY	\$ (3,104,442)	\$ (1,055,510)	\$ (138,303)	\$ 46,070	\$ -	\$ (1,147,743)
LIVINGSTON HEALTHCARE	\$ 454,984	\$ 154,695	\$ 20,270	\$ 20,250	\$ -	\$ 195,214
MARCUS DALY MEMORIAL HAMILTON	\$ 115,328	\$ 39,212	\$ 5,138	\$ 122,333	\$ 129,558	\$ 296,240
NORTH VALLEY WHITEFISH	\$ (71,099)	\$ (24,174)	\$ (3,167)	\$ 206,840	\$ -	\$ 179,499
SIDNEY HEALTH CENTER	\$ (2,877,496)	\$ (978,349)	\$ (128,192)	\$ 3,191	\$ 351,780	\$ (751,570)
ST. JOHN'S LUTHERAN LIBBY	\$ 1,610,425	\$ 547,545	\$ 71,744	\$ 6,867	\$ -	\$ 626,156
ST. JOSEPH POLSON	\$ 362,005	\$ 123,082	\$ 16,127	\$ 51,010	\$ 134,476	\$ 324,695
ST. LUKE COMMUNITY RONAN	\$ 2,994,023	\$ 1,017,968	\$ 133,384	\$ 9,134	\$ 291,654	\$ 1,452,140

Appendix 5

Amounts Sent to Collection as Percent of Operating Revenue – 2009

FACILITY NAME/CITY	OPERATING REVENUES	AMOUNT TURNED TO COLLECTION	NUMBER OF ACCOUNTS TURNED TO COLLECTION	AVERAGE AMOUNT PER INDIVIDUAL	AMOUNT AS % OF OP REV
BENEFIS GREAT FALLS	\$ 273,722,252	\$ 8,045,171	10957	\$ 734	2.94%
BILLINGS CLINIC	\$ 461,061,821	\$ 14,790,116	7535	\$ 1,963	3.21%
BOZEMAN DEACONESS	\$ 152,800,087	\$ 9,118,343	7018	\$ 1,299	5.97%
COMMUNITY MED. CTR. MISSOULA	\$ 131,084,392	\$ 7,370,580	7470	\$ 987	5.62%
NORTHWEST HEALTHCARE KALISPELL	\$ 211,772,951	\$ 12,701,213	8070	\$ 1,574	6.00%
NORTHERN MT MED CTR HAVRE	\$ 56,397,964	\$ 3,655,748	2235	\$ 1,636	6.48%
ST. JAMES BUTTE	\$ 84,428,771	\$ 7,146,646	6383	\$ 1,120	8.46%
ST. PATRICK MISSOULA	\$ 234,898,295	\$ 13,541,664	12967	\$ 1,044	5.76%
ST. PETER HELENA	\$ 124,147,758	\$ 7,224,123	8702	\$ 830	5.82%
ST. VINCENT BILLINGS	\$ 316,700,985	\$ 14,990,689	6631	\$ 1,453	4.73%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 25,528,832	\$ 839,114	821	\$ 1,022	3.29%
COMMUNITY OF ANACONDA	\$ 27,188,787	\$ 1,090,669	1289	\$ 846	4.01%
FRANCIS MAHON DEAC. GLASGOW	\$ 27,966,867	\$ 608,086	685	\$ 888	2.17%
GLENDAVE MEDICAL CENTER	\$ 36,814,635	\$ 1,522,107	1036	\$ 1,469	4.13%
HOLY ROSARY MILES CITY	\$ 32,104,838	\$ 3,283,496	5438	\$ 604	10.23%
LIVINGSTON HEALTHCARE	\$ 34,947,411	\$ 3,842,906	3483	\$ 1,103	11.00%
MARCUS DALY MEMORIAL HAMILTON	\$ 43,742,019	\$ 4,941,396	2720	\$ 1,817	11.30%
NORTH VALLEY WHITEFISH	\$ 32,885,716	\$ 3,367,973	2865	\$ 1,176	10.24%
SIDNEY HEALTH CENTER	\$ 38,327,973	\$ 1,381,327	1830	\$ 755	3.60%
ST. JOHN'S LUTHERAN LIBBY	\$ 24,562,723	\$ 990,123	739	\$ 1,340	4.03%
ST. JOSEPH POLSON	\$ 22,621,468	\$ -	0	\$ -	0.00%
ST. LUKE COMMUNITY RONAN	\$ 34,893,889	\$ 1,920,954	4589	\$ 419	5.51%

Appendix 6

Amounts in Bankruptcy as Percent of Operating Revenues – 2009

FACILITY NAME/CITY	AMOUNT IN BANKRUPTCY	NO. ACCOUNTS IN BANKRUPTCY	AVERAGE AMOUNT PER ACCOUNT	AMOUNT AS % OP REV
BENEFIS GREAT FALLS	\$ 312,562	350	\$ 893	0.11%
BILLINGS CLINIC	\$ 607,114	619	\$ 981	0.13%
ST. JAMES BUTTE	\$ 126,683	142	\$ 892	0.15%
ST. PATRICK MISSOULA	\$ 357,168	268	\$ 1,333	0.15%
COMMUNITY MED. CTR. MISSOULA	\$ 218,814	134	\$ 1,633	0.17%
ST. PETER HELENA	\$ 253,011	601	\$ 421	0.20%
NORTHWEST HEALTHCARE KALISPELL	\$ 617,378	383	\$ 1,612	0.29%
BOZEMAN DEACONESS	\$ 467,259	141	\$ 3,314	0.31%
NORTHERN MT MED CTR HAVRE	\$ 179,566	25	\$ 7,183	0.32%
ST. VINCENT BILLINGS	\$ 2,092,288	803	\$ 2,606	0.66%
ST. LUKE COMMUNITY RONAN	\$ 4,658	31	\$ 150	0.01%
SIDNEY HEALTH CENTER	\$ 5,932	17	\$ 349	0.02%
FRANCIS MAHON DEAC. GLASGOW	\$ 4,395	15	\$ 293	0.02%
LIVINGSTON HEALTHCARE	\$ 15,232	27	\$ 564	0.04%
ST. JOSEPH POLSON	\$ 17,948	27	\$ 665	0.08%
COMMUNITY OF ANACONDA	\$ 31,465	35	\$ 899	0.12%
GLENDIVE MEDICAL CENTER	\$ 53,227	189	\$ 2,801	0.14%
CENTRAL MT MED. CENTER LEWISTOWN	\$ 52,077	64	\$ 814	0.20%
HOLY ROSARY MILES CITY	\$ 74,772	131	\$ 571	0.23%
ST. JOHN'S LUTHERAN LIBBY	\$ 60,863	133	\$ 458	0.25%
NORTH VALLEY WHITEFISH	\$ 99,972	74	\$ 1,351	0.30%
MARCUS DALY MEMORIAL HAMILTON	\$ 290,022	392	\$ 740	0.66%

Appendix 7

Average Hospital Prices

FACILITY NAME/CITY	089 SIMPLE PNEUMONIA	182 ESOPHAGITIS	544 MAJOR JOINT REPLACEMENT	359 UTERINE & ADNEXA PROCEDURE	371 CESAREAN SECTION	373 VAGINAL DELIVERY	390 NEONATE WITH OTHER COMPLICATIONS	391 NORMAL NEWBORN
BENEFIS GREAT FALLS	\$ -	\$ 9,709	\$ 38,185	\$ -	\$ 7,159	\$ 3,894	\$ 2,428	\$ 1,520
BILLINGS CLINIC	\$ -	\$ 8,750	\$ -	\$ 12,076	\$ 11,592	\$ 5,951	\$ -	\$ -
BOZEMAN DEACONESS	\$ -	\$ 7,522	\$ 32,189	\$ 9,667	\$ 7,875	\$ 4,443	\$ 1,969	\$ 1,594
COMMUNITY MED. CTR. MISSOULA	\$ -	\$ -	\$ 33,508	\$ 13,103	\$ 11,704	\$ 6,655	\$ 3,278	\$ 1,584
NORTHERN MT MED CTR HAVRE	\$ 15,743	\$ 7,556	\$ -	\$ -	\$ 9,788	\$ 5,242	\$ 2,412	\$ 2,107
NORTHWEST HEALTHCARE KALISPELL	\$ -	\$ 9,556	\$ 26,075	\$ -	\$ 11,043	\$ 4,631	\$ 2,053	\$ 1,512
ST. JAMES BUTTE	\$ 13,579	\$ 9,168	\$ 41,122	\$ 12,287	\$ -	\$ -	\$ -	\$ -
ST. PATRICK MISSOULA	\$ 12,447	\$ -	\$ 32,568	\$ -	\$ -	\$ -	\$ -	\$ -
ST. PETER HELENA	\$ 12,086	\$ 8,411	\$ 28,358	\$ 9,324	\$ 8,053	\$ 3,917	\$ -	\$ 1,472
ST. VINCENT BILLINGS	\$ 9,592	\$ 8,595	\$ 34,627	\$ -	\$ 10,836	\$ 5,823	\$ 3,670	\$ 1,508
<b>Average</b>	<b>\$ 12,689</b>	<b>\$ 8,658</b>	<b>\$ 33,329</b>	<b>\$ 11,291</b>	<b>\$ 9,756</b>	<b>\$ 5,069</b>	<b>\$ 2,635</b>	<b>\$ 1,614</b>
CENTRAL MT MED CENTER LEWISTOWN	\$ 6,456	\$ 4,409	\$ 22,754	\$ -	\$ 7,330	\$ 3,364	\$ -	\$ 1,498
COMMUNITY OF ANACONDA	\$ 9,404	\$ -	\$ 38,904	\$ 8,879	\$ 9,208	\$ 5,761	\$ -	\$ 1,329
FRANCIS MAHON DEAC. GLASGOW	\$ 10,984	\$ -	\$ 31,130	\$ 9,783	\$ 9,160	\$ 4,677	\$ 2,586	\$ 1,464
GLENDIVE MEDICAL CENTER	\$ 8,064	\$ 5,258	\$ 50,104	\$ 9,132	\$ 9,325	\$ 4,337	\$ -	\$ 1,359
HOLY ROSARY MILES CITY	\$ 13,733	\$ 6,839	\$ 39,395	\$ 11,843	\$ 10,114	\$ 4,624	\$ -	\$ 1,449
LIVINGSTON HEALTHCARE	\$ 9,454	\$ 3,672	\$ 40,227	\$ 10,281	\$ 8,951	\$ 4,054	\$ 1,837	\$ 1,507
MARCUS DALY MEMORIAL HAMILTON	\$ 13,112	\$ 12,011	\$ 44,756	\$ -	\$ -	\$ 6,405	\$ -	\$ 1,935
NORTH VALLEY WHITEFISH	\$ 16,117	\$ -	\$ 24,102	\$ 13,965	\$ 11,212	\$ 5,960	\$ 4,562	\$ 2,346
SIDNEY HEALTH CENTER	\$ 9,260	\$ 6,335	\$ -	\$ -	\$ 8,691	\$ 4,948	\$ -	\$ 1,340
ST. JOHN'S LUTHERAN LIBBY	\$ 11,559	\$ 6,534	\$ 30,974	\$ -	\$ -	\$ 4,814	\$ 2,296	\$ 1,202
ST. JOSEPH HOSPITAL POLSON	\$ 7,368	\$ 5,247	\$ -	\$ 8,473	\$ 7,619	\$ 4,910	\$ 2,429	\$ 1,602
ST. LUKE COMMUNITY RONAN	\$ 10,998	\$ 7,244	\$ -	\$ -	\$ 10,818	\$ 6,095	\$ 2,271	\$ 1,762
<b>Average</b>	<b>\$ 10,542</b>	<b>\$ 6,394</b>	<b>\$ 35,816</b>	<b>\$ 10,336</b>	<b>\$ 9,243</b>	<b>\$ 4,996</b>	<b>\$ 2,663</b>	<b>\$ 1,566</b>

\*Blank spaces indicate that the DRG is not among the hospital's 10 highest volume cases

## End Notes:

1. "Nonprofit Hospitals: Variations in Standards and Guidance Limits Comparison of How Hospitals Meet Community Benefit Requirements", Government Accountability Office, Sept. 2008.
2. "Hospital Compliance Project Interim Report", Internal Revenue Service, July 2007.
3. Modern Healthcare, February 17, 2011.
4. Modern Healthcare, March 21, 2011.
5. Montana Department of Labor and Industry, Labor Force Statistics, 2009.
6. Taken from "Thinking Strategically About Community Benefit", Julie Trocchio, ACHE Congress on Leadership, March 2011.
7. The IRS instructions referenced are: "In order to qualify as a subsidized health service, the organization must provide the service because it meets an identified community need. A service meets an identified community need *if it is reasonable to conclude that if the organization no longer offered the service, the service would become unavailable in the community, the community's capacity to provide the service would be below the community's need, or the service would become the responsibility of government or another tax exempt organization.*" (Emphasis added). Instructions for Schedule H, Form 990, Department of the Treasury, 2009.
8. Due to difficulties in identifying the value of property taxes excluded by the Department of Revenue, this amount is an estimate using 2009 and 2008 data.
9. Modern Healthcare, December 13, 2010.
10. "Uncompensated Care Fact Sheet", American Hospital Association, December, 2010.
11. Taken from "Instructions for Schedule H (Form 990)", Internal Revenue Service, 2008 and "A Guide for Planning and Reporting Community Benefit", Catholic Health Care Association, 2006.