

WHAT IS THE TRUE VALUE OF CHARITY CARE IN VIRGINIA?

WHAT IS CHARITY CARE?

Charity care in general is free or discounted care provided to low-income people who qualify for financial assistance. The Virginia Department of Health, through the Certificate of Public Need program, may require hospitals and other facilities to provide charity care as a condition of having a project approved; such as a new MRI or CT machine or a new wing or facility.

During FY 2015, Virginia Acute hospitals reported over **\$62.5 BILLION** in gross patient revenue and **\$2.5 BILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$19.3 BILLION**, while charity care at cost was calculated at **\$736 MILLION**. Charity care at Medicare cost was calculated at **\$617 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$2,560,393,771

Total Self Reported
Gross Charity Care

OR

\$736,426,865

Total Charity Care
Calculated at Hospital Cost

OR

\$617,757,678

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

= gross charity care X

$$\left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

= gross charity care X

$$\left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

WHAT DO THESE NUMBERS IN THE 73 VIRGINIA HOSPITALS REPRESENT?

In Dollars



\$2.5 BILLION
\$736 MILLION
\$617 MILLION

Per Staffed Bed



\$181,433
\$52,184
\$43,775

Percent
of Revenue



4.1% of gross
3.8% of net
3.2% of net

Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

** All of the financial data included was developed from data supplied by hospitals as specified by VHI operating under contract to the Virginia Department of Health and as part of independently audited financial statements.*

WHAT IS THE TRUE VALUE OF CHARITY CARE IN CENTRAL VA?

WHAT IS CHARITY CARE?

Charity care in general is free or discounted care provided to low-income people who qualify for financial assistance. The Virginia Department of Health, through the Certificate of Public Need program, may require hospitals and other facilities to provide charity care as a condition of having a project approved; such as a new MRI or CT machine or a new wing or facility.

During FY 2015, Central Virginia Acute hospitals reported over **\$19.7 BILLION** in gross patient revenue and **\$657 MILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$4.5 BILLION**, while charity care at cost was calculated at **\$136 MILLION**. Charity care at Medicare cost was calculated at **\$99 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$657,950,303

Total Self Reported
Gross Charity Care

OR

\$136,966,934

Total Charity Care
Calculated at Hospital Cost

OR

\$99,394,254

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

=

gross charity care

X

$$\left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

=

gross charity care

X

$$\left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

WHAT DO THESE NUMBERS IN THE 13 CENTRAL VIRGINIA HOSPITALS REPRESENT?

In Dollars



\$657 MILLION
\$136 MILLION
\$99 MILLION

Per Staffed Bed



\$189,011
\$39,347
\$28,553

Percent
of Revenue



3.3% of gross
3.0% of net
2.2% of net

Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

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CHARITY CARE PROVIDED BY ACUTE HOSPITALS IN CENTRAL VA

The 2017 Virginia General Assembly passed HB2101 which was approved as Chapter 791 and defines Bad Debt, Charity Care and details that charity care values be reported based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services (CMS) among other changes. Whereas reporting regulations and guidelines have not yet been established, VHI collaborated with the Virginia Hospital and Healthcare Association (VHHA) and the Virginia Department of Health (VDH) to develop this charity care report. Charity care values were reported as gross dollar amounts by hospitals. VHI used the below formulas to calculate charity care at hospital cost and at Medicare cost in an interim effort to provide a more in-depth and detailed look at the value of charity care provided by Virginia hospitals.

$$\text{CHARITY CARE CALCULATED AT HOSPITAL COST} = \text{gross charity care} \times \left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

$$\text{CHARITY CARE CALCULATED AT MEDICARE COST} = \text{gross charity care} \times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

Hospital	Gross			Net/Cost					Per Staffed Bed		
	Patient Revenue	Charity Care	% of Revenue	Patient Revenue	Charity Care	% of Revenue	Charity Care at Medicare	% of Revenue	Gross	Cost	Medicare Cost
Bon Secours Memorial Regional Medical Center	1,387,727,762	40,297,456	2.9%	366,569,445	10,190,774	2.8%	6,959,144	1.9%	179,100	45,292	30,930
Bon Secours Richmond Community Hospital	424,161,716	20,235,508	4.8%	124,725,126	4,066,987	3.3%	4,037,749	3.2%	200,352	40,267	39,978
Bon Secours St. Francis Medical Center	946,934,557	31,206,401	3.3%	277,684,578	8,573,948	3.1%	5,854,626	2.1%	240,049	65,953	45,036
Bon Secours St. Mary's Hospital	1,957,810,126	57,853,144	3%	552,245,836	15,405,340	2.8%	9,853,640	1.8%	147,962	39,400	25,201
Centra Southside Community Hospital	165,607,968	8,000,433	4.8%	70,829,422	2,770,718	3.9%	3,193,416	4.5%	93,028	32,218	37,133
CJW Medical Center	4,583,335,300	60,520,282	1.3%	635,413,001	7,751,974	1.2%	5,787,819	0.9%	87,584	11,218	8,376
Henrico Doctors' Hospital	3,316,505,789	31,414,050	0.9%	524,066,444	4,499,646	0.9%	3,113,218	0.6%	62,083	8,893	6,153
John Randolph Medical Center	572,273,025	9,712,344	1.7%	82,335,504	1,448,426	1.8%	1,078,894	1.3%	86,717	12,932	9,633
Sentara Halifax Regional Hospital	269,015,370	14,826,647	5.5%	82,333,653	4,366,723	5.3%	4,065,066	4.9%	211,809	62,382	58,072
Southern Virginia Regional Medical Center	188,259,447	4,299,670	2.3%	33,788,495	981,746	2.9%	436,296	1.3%	53,746	12,272	5,454
Southside Regional Medical Center	1,604,488,367	49,740,908	3.1%	247,712,352	7,350,570	3.0%	6,616,081	2.7%	165,803	24,502	22,054
VCU Community Memorial Hospital	222,161,840	5,592,936	2.5%	74,919,064	1,725,378	2.3%	1,368,177	1.8%	82,249	25,373	20,120
VCU Health System	4,124,091,126	324,250,524	7.9%	1,454,982,210	99,274,879	6.8%	79,296,859	5.5%	449,723	137,691	109,982
Totals	\$ 19,762,372,393	\$ 657,950,303	3.3%	\$4,527,605,130	\$ 136,966,934	3.00%	\$ 99,394,254	2.20%	\$ 189,012	\$ 39,347	\$ 28,553

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WHAT IS THE TRUE VALUE OF CHARITY CARE IN EASTERN VA?

WHAT IS CHARITY CARE?

Charity care in general is free or discounted care provided to low-income people who qualify for financial assistance. The Virginia Department of Health, through the Certificate of Public Need program, may require hospitals and other facilities to provide charity care as a condition of having a project approved; such as a new MRI or CT machine or a new wing or facility.

During FY 2015, Eastern Virginia Acute hospitals reported over **\$13.2 BILLION** in gross patient revenue and **\$742 MILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$4.1 BILLION**, while charity care at cost was calculated at **\$215 MILLION**. Charity care at Medicare cost was calculated at **\$194 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$742,186,430

Total Self Reported
Gross Charity Care

OR

\$215,058,760

Total Charity Care
Calculated at Hospital Cost

OR

\$194,328,835

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

= gross charity care X

$$\left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

= gross charity care X

$$\left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

WHAT DO THESE NUMBERS IN THE 18 EASTERN VIRGINIA HOSPITALS REPRESENT?

In Dollars



\$742 MILLION
\$215 MILLION
\$194 MILLION

Per Staffed Bed



\$242,703
\$70,327
\$63,548

Percent
of Revenue



5.6% of gross
5.2% of net
4.7% of net

Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

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CHARITY CARE PROVIDED BY ACUTE HOSPITALS IN EASTERN VA

The 2017 Virginia General Assembly passed HB2101 which was approved as Chapter 791 and defines Bad Debt, Charity Care and details that charity care values be reported based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services (CMS) among other changes. Whereas reporting regulations and guidelines have not yet been established, VHI collaborated with the Virginia Hospital and Healthcare Association (VHHA) and the Virginia Department of Health (VDH) to develop this charity care report. Charity care values were reported as gross dollar amounts by hospitals. VHI used the below formulas to calculate charity care at hospital cost and at Medicare cost in an interim effort to provide a more in-depth and detailed look at the value of charity care provided by Virginia hospitals.

$$\text{CHARITY CARE CALCULATED AT HOSPITAL COST} = \text{gross charity care} \times \left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

$$\text{CHARITY CARE CALCULATED AT MEDICARE COST} = \text{gross charity care} \times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

Eastern Hospital	Gross			Net/Cost				Per Staffed Bed			
	Patient Revenue	Charity Care	% of Revenue	Patient Revenue	Charity Care	% of Revenue	Charity Care at Medicare	% of Revenue	Gross	Cost	Medicare Cost
Bon Secours DePaul Medical Center	705,771,602	46,763,329	6.6%	179,467,062	13,071,720	7.3%	7,947,908	4.4%	259,796	72,621	44,155
Bon Secours Mary Immaculate Hospital	672,218,646	21,921,285	3.3%	181,465,992	5,407,138	3.0%	4,213,547	2.3%	178,222	43,960	34,256
Bon Secours Maryview Medical Center	1,244,601,127	78,392,879	6.3%	349,248,194	22,300,518	6.4%	17,068,152	4.9%	230,567	65,590	50,200
Bon Secours Rappahannock General Hospital	52,837,213	1,976,633	3.7%	19,888,015	783,131	3.9%	657,543	3.3%	33,502	13,273	11,145
Chesapeake Regional Medical Center	796,657,797	15,316,194	1.9%	317,453,680	6,026,215	1.9%	5,510,511	1.7%	49,407	19,439	17,776
Riverside Doctors' Hospital Williamsburg	81,115,659	4,828,189	6.0%	35,111,931	2,318,368	6.6%	1,970,860	5.6%	371,399	178,336	151,605
Riverside Regional Medical Center	1,519,639,413	59,961,432	3.9%	565,942,470	20,065,859	3.5%	24,854,834	4.4%	237,002	79,312	98,240
Riverside Shore Memorial Hospital	169,167,976	6,950,378	4.1%	59,897,317	2,484,677	4.1%	2,992,298	5.0%	267,322	95,565	115,088
Riverside Tappahannock Hospital	143,484,320	8,474,906	5.9%	56,291,254	3,095,423	5.5%	3,796,248	6.7%	564,994	206,362	253,083
Riverside Walter Reed Hospital	188,230,804	10,496,409	5.6%	68,659,762	3,394,498	4.9%	4,003,019	5.8%	374,872	121,232	142,965
Sentara Careplex Hospital	809,990,200	71,605,640	8.8%	232,567,557	18,932,587	8.1%	15,822,026	6.8%	497,261	131,476	109,875
Sentara Leigh Hospital	1,022,367,663	58,945,421	5.8%	289,929,373	14,618,325	5.0%	13,005,069	4.5%	235,782	58,473	52,020
Sentara Norfolk General Hospital	2,645,438,009	163,478,180	6.2%	830,212,625	46,632,866	5.6%	39,574,902	4.8%	330,259	94,208	79,949
Sentara Obici Hospital	682,224,312	52,400,076	7.7%	194,586,837	14,015,260	7.2%	11,712,353	6.0%	311,905	83,424	69,716
Sentara Princess Anne Hospital	808,642,607	41,006,317	5.1%	243,320,917	11,006,599	4.5%	8,854,937	3.6%	256,289	68,791	55,343
Sentara Virginia Beach General Hospital	1,084,105,700	71,024,011	6.6%	302,607,268	17,462,762	5.8%	15,128,476	5.0%	274,224	67,424	58,411
Sentara Williamsburg Regional Medical Center	482,484,746	26,445,136	5.5%	144,683,711	7,834,854	5.4%	5,926,463	4.1%	182,380	54,033	40,872
Southampton Memorial Hospital	179,615,977	2,200,015	1.2%	39,430,928	560,341	1.4%	382,696	1.0%	24,445	6,226	4,252
Totals	\$ 13,288,593,771	\$ 742,186,430	5.6%	\$4,110,764,893	\$215,058,760	5.2%	\$ 194,328,835	4.7%	\$ 242,703	\$ 70,327	\$ 63,548

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WHAT IS THE TRUE VALUE OF CHARITY CARE IN NORTHERN VA?

WHAT IS CHARITY CARE?

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During FY 2015, Northern Virginia Acute hospitals reported over **\$8.4 BILLION** in gross patient revenue and **\$378 MILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$3.5 BILLION**, while charity care at cost was calculated at **\$145 MILLION**. Charity care at Medicare cost was calculated at **\$123 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$378,495,871

Total Self Reported
Gross Charity Care

OR

\$145,516,791

Total Charity Care
Calculated at Hospital Cost

OR

\$123,862,617

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

=

gross charity care

X

$\left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

=

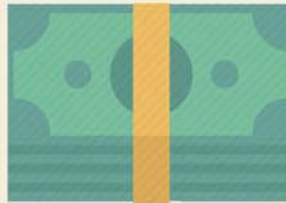
gross charity care

X

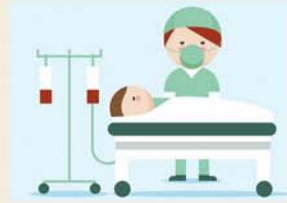
$\left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$

WHAT DO THESE NUMBERS IN THE 10 NORTHERN VIRGINIA HOSPITALS REPRESENT?

In Dollars



Per Staffed Bed



Percent of Revenue



Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

\$378 MILLION
\$145 MILLION
\$123 MILLION

\$142,937
\$54,953
\$46,776

4.5% of gross
4.1% of net
3.5% of net

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CHARITY CARE PROVIDED BY ACUTE HOSPITALS IN NORTHERN VA

The 2017 Virginia General Assembly passed HB2101 which was approved as Chapter 791 and defines Bad Debt, Charity Care and details that charity care values be reported based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services (CMS) among other changes. Whereas reporting regulations and guidelines have not yet been established, VHI collaborated with the Virginia Hospital and Healthcare Association (VHHA) and the Virginia Department of Health (VDH) to develop this charity care report. Charity care values were reported as gross dollar amounts by hospitals. VHI used the below formulas to calculate charity care at hospital cost and at Medicare cost in an interim effort to provide a more in-depth and detailed look at the value of charity care provided by Virginia hospitals.

$$\text{CHARITY CARE CALCULATED AT HOSPITAL COST} = \text{gross charity care} \times \left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

$$\text{CHARITY CARE CALCULATED AT MEDICARE COST} = \text{gross charity care} \times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

Northern Hospital	Gross			Net/Cost					Per Staffed Bed		
	Patient Revenue	Charity Care	% of Revenue	Patient Revenue	Charity Care	% of Revenue	Charity Care at		Gross	Cost	Medicare Cost
							Medicare	% of Revenue			
Haymarket Medical Center	169,382,230	5,738,982	3.4%	66,974,485	2,010,608	3.0%	1,608,207	2.4%	95,650	33,510	26,803
Inova Alexandria Hospital	816,316,639	45,009,153	5.5%	370,792,009	17,039,045	4.6%	12,821,051	3.5%	141,538	53,582	40,318
Inova Fair Oaks Hospital	592,049,072	17,460,291	2.9%	303,160,864	7,056,202	2.3%	6,623,824	2.2%	95,936	38,770	36,395
Inova Fairfax Hospital	2,519,409,880	157,396,105	6.2%	1,227,717,938	70,447,614	5.7%	64,605,311	5.3%	188,951	84,571	77,557
Inova Loudoun Hospital	575,418,030	19,659,064	3.4%	291,137,842	8,573,169	2.9%	7,523,198	2.6%	109,827	47,895	42,029
Inova Mount Vernon Hospital	417,724,000	20,257,386	4.8%	191,333,585	9,151,890	4.8%	7,019,444	3.7%	85,474	38,616	29,618
Novant Health Prince William Medical Center	451,369,088	18,767,560	4.2%	160,026,535	7,293,646	4.6%	4,281,591	2.7%	144,366	56,105	32,935
Reston Hospital Center	990,442,769	6,623,299	0.7%	290,281,853	1,672,263	0.6%	1,290,223	0.4%	35,419	8,943	6,900
Sentara Northern Virginia Medical Center	717,013,724	57,335,045	8.0%	245,444,097	18,705,032	7.6%	13,960,791	5.7%	318,528	103,917	77,560
Virginia Hospital Center	1,151,503,786	30,248,986	2.6%	436,515,549	10,371,621	2.4%	9,797,780	2.2%	88,447	30,326	28,648
Totals	\$ 8,400,629,218	\$ 378,495,871	4.5%	\$3,583,384,757	\$145,516,791	4.1%	\$ 123,862,617	3.5%	\$ 142,937	\$ 54,953	\$ 46,776

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WHAT IS THE TRUE VALUE OF CHARITY CARE IN NORTHWEST VA?

WHAT IS CHARITY CARE?

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During FY 2015, Northwest Virginia Acute hospitals reported over **\$10.7 BILLION** in gross patient revenue and **\$504 MILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$3.7 BILLION**, while charity care at cost was calculated at **\$171 MILLION**. Charity care at Medicare cost was calculated at **\$160 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$504,133,082

Total Self Reported
Gross Charity Care

OR

\$171,837,861

Total Charity Care
Calculated at Hospital Cost

OR

\$160,836,039

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

=

gross charity care

X

$\left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

=

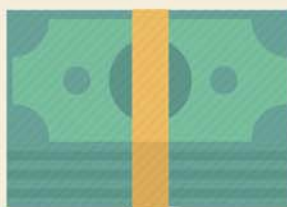
gross charity care

X

$\left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$

WHAT DO THESE NUMBERS IN THE 11 NORTHWEST VIRGINIA HOSPITALS REPRESENT?

In Dollars



\$504 MILLION

\$171 MILLION

\$160 MILLION

Per Staffed Bed



\$210,670

\$71,809

\$67,211

Percent
of Revenue



4.7% of gross

4.5% of net

4.2% of net

Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

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CHARITY CARE PROVIDED BY ACUTE HOSPITALS IN NORTHWEST VA

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$$\text{CHARITY CARE CALCULATED AT MEDICARE COST} = \text{gross charity care} \times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

Hospital	Gross			Net/Cost				Per Staffed Bed			
	Patient Revenue	Charity Care	% of Revenue	Patient Revenue	Charity Care	% of Revenue	Charity Care at Medicare	% of Revenue	Gross	Cost	Medicare Cost
Augusta Health	819,445,910	31,466,110	3.8%	292,912,562	9,878,045	3.4%	8,910,062	3.0%	166,487	52,265	47,143
Fauquier Hospital - Hospital in Northern Virginia	362,765,525	11,922,764	3.3%	139,754,732	3,981,226	2.8%	2,921,646	2.1%	122,915	41,044	30,120
Martha Jefferson Hospital	602,768,109	31,411,581	5.2%	256,387,668	12,918,816	5.0%	11,420,990	4.5%	209,411	86,125	76,140
Mary Washington Hospital	1,330,077,435	50,729,592	3.8%	429,166,533	16,382,177	3.8%	12,338,128	2.9%	116,086	37,488	28,234
Sentara RMH Medical Center	894,116,745	37,466,351	4.2%	417,648,437	15,762,166	3.8%	13,989,501	3.3%	157,422	66,228	58,779
Spotsylvania Regional Medical Center	387,206,242	5,048,647	1.3%	103,806,733	1,508,453	1.5%	1,113,370	1.1%	47,629	14,231	10,503
Stafford Hospital Center	301,390,299	8,891,560	3.0%	104,172,370	2,856,052	2.7%	2,069,540	2.0%	104,607	33,601	24,348
University of Virginia Medical Center	4,376,059,001	258,498,153	5.9%	1,378,880,227	80,231,180	5.8%	77,132,353	5.6%	478,700	148,576	142,838
UVA Culpeper Hospital	172,875,849	9,148,595	5.3%	57,842,871	3,133,558	5.4%	2,291,883	4.0%	152,477	52,226	38,198
Valley Health Warren Memorial Hospital	133,304,399	9,380,605	7.0%	54,520,920	4,676,200	8.6%	4,563,486	8.4%	203,926	101,657	99,206
Valley Health Winchester Medical Center	1,326,921,166	50,169,124	3.8%	555,614,455	19,719,271	3.5%	22,860,716	4.1%	112,740	44,313	51,372
Totals	\$ 10,706,930,680	\$ 504,133,082	4.7%	\$3,790,707,508	\$171,837,861	4.5%	\$ 160,836,039	4.2%	\$ 210,670	\$ 71,809	\$ 67,211

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WHAT IS THE TRUE VALUE OF CHARITY CARE IN SOUTHWEST VA?

WHAT IS CHARITY CARE?

Charity care in general is free or discounted care provided to low-income people who qualify for financial assistance. The Virginia Department of Health, through the Certificate of Public Need program, may require hospitals and other facilities to provide charity care as a condition of having a project approved; such as a new MRI or CT machine or a new wing or facility.

During FY 2015, Southwest Virginia Acute hospitals reported over **\$10.3 BILLION** in gross patient revenue and **\$277 MILLION** in gross charity care.

In the same year, net patient revenue (money the hospitals received for patient services) was reported at **\$3.3 BILLION**, while charity care at cost was calculated at **\$83 MILLION**. Charity care at Medicare cost was calculated at **\$67 MILLION**.



WHAT IS THE APPROPRIATE MEASUREMENT OF CHARITY CARE?

\$277,628,085

Total Self Reported
Gross Charity Care

OR

\$83,801,718

Total Charity Care
Calculated at Hospital Cost

OR

\$67,246,571

Total Charity Care
Calculated at Medicare Cost

**CHARITY CARE CALCULATED
AT HOSPITAL COST**

=

gross charity care

$$\times \left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

**CHARITY CARE CALCULATED
AT MEDICARE COST**

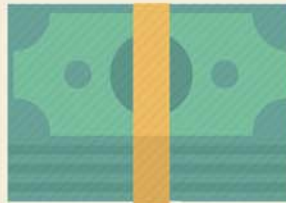
=

gross charity care

$$\times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{Medicare contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

WHAT DO THESE NUMBERS IN THE 21 SOUTHWEST VIRGINIA HOSPITALS REPRESENT?

In Dollars



\$277 MILLION

\$83 MILLION

\$67 MILLION

Per Staffed Bed



\$109,648

\$33,097

\$26,559

Percent
of Revenue



2.7% of gross

2.5% of net

2.0% of net

Self Reported Gross Charity Care
Charity Care Calculated at Hospital Cost
Charity Care Calculated at Medicare Cost

* All of the financial data included was developed from data supplied by hospitals as specified by VHI operating under contract to the Virginia Department of Health and as part of independently audited financial statements.

CHARITY CARE PROVIDED BY ACUTE HOSPITALS IN SOUTHWEST VA

The 2017 Virginia General Assembly passed HB2101 which was approved as Chapter 791 and defines Bad Debt, Charity Care and details that charity care values be reported based on the provider reimbursement methodology utilized by the Centers for Medicare and Medicaid Services (CMS) among other changes. Whereas reporting regulations and guidelines have not yet been established, VHI collaborated with the Virginia Hospital and Healthcare Association (VHHA) and the Virginia Department of Health (VDH) to develop this charity care report. Charity care values were reported as gross dollar amounts by hospitals. VHI used the below formulas to calculate charity care at hospital cost and at Medicare cost in an interim effort to provide a more in-depth and detailed look at the value of charity care provided by Virginia hospitals.

$$\text{CHARITY CARE CALCULATED AT HOSPITAL COST} = \text{gross charity care} \times \left[\frac{\text{total operating expenses}}{\text{total gross revenue} + \text{other revenue and operating gains}} \right]$$

$$\text{CHARITY CARE CALCULATED AT MEDICARE COST} = \text{gross charity care} \times \left[\frac{\text{inpatient + outpatient Medicare gross revenue} - \text{contractual allowance}}{\text{total inpatient and outpatient Medicare gross revenue}} \right]$$

	Gross			Net/Cost				Per Staffed Bed			
	Patient Revenue	Charity Care	% of Revenue	Patient Revenue	Charity Care	% of Revenue	Charity Care at Medicare	% of Revenue	Gross	Cost	Medicare Cost
Southwest Hospital											
Bedford Memorial Hospital	56,405,393	2,872,988	5.1%	23,673,735	1,245,252	5.3%	1,062,587	4.5%	84,500	36,625	31,253
Buchanan General Hospital	94,367,435	1,264,266	1.3%	27,784,789	381,849	1.4%	271,638	1.0%	25,801	7,793	5,544
Carilion Franklin Memorial Hospital	118,651,673	9,047,358	7.6%	41,627,593	3,025,040	7.3%	2,642,748	6.3%	603,157	201,669	176,183
Carilion Medical Center	2,740,338,379	112,603,086	4.1%	1,092,931,869	43,899,394	4.0%	32,223,726	2.9%	182,797	71,265	52,311
Carilion New River Valley dba St. Albans	481,095,706	21,291,105	4.4%	193,545,431	7,335,811	3.8%	5,296,099	2.7%	259,648	89,461	64,587
Carilion Tazewell Community Hospital	46,711,462	2,863,983	6.1%	15,353,633	1,041,641	6.8%	856,641	5.6%	357,998	130,205	107,080
Centra Health - Virginia Baptist & Lynchburg Gener	1,218,055,717	37,669,528	3.1%	572,798,115	15,883,311	2.8%	14,036,623	2.5%	76,100	32,087	28,357
Clinch Valley Medical Center	385,033,199	4,074,080	1.1%	89,911,414	879,519	1.0%	547,168	0.6%	42,001	9,067	5,641
Danville Regional Medical Center	602,156,798	4,411,707	0.7%	180,235,176	1,347,702	0.7%	893,594	0.5%	32,202	9,837	6,523
Johnston Memorial Hospital	670,787,644	26,858,335	4.0%	139,463,108	4,795,620	3.4%	4,802,829	3.4%	239,807	42,818	42,882
LewisGale Hospital - Alleghany	169,939,353	1,199,656	0.7%	41,618,583	280,460	0.7%	221,858	0.5%	10,906	2,550	2,017
LewisGale Hospital Montgomery	426,910,188	4,077,987	1.0%	106,415,622	835,049	0.8%	1,396,254	1.3%	92,682	18,978	31,733
LewisGale Hospital Pulaski	254,533,678	2,712,492	1.1%	49,904,614	531,909	1.1%	399,977	0.8%	64,583	12,665	9,523
LewisGale Medical Center	1,494,252,292	12,764,273	0.9%	314,230,726	2,376,540	0.8%	1,921,165	0.6%	40,911	7,617	6,158
Memorial Hospital of Martinsville & Henry County	467,251,496	1,308,812	0.3%	146,921,852	397,043	0.3%	286,895	0.2%	13,924	4,224	3,052
Norton Community Hospital	252,144,575	8,664,497	3.4%	55,215,487	1,653,628	3.0%	1,739,925	3.2%	152,009	29,011	30,525
Russell County Medical Center	84,725,346	3,983,977	4.7%	16,636,555	1,019,653	6.1%	765,266	4.6%	81,306	20,809	15,618
Smyth County Community Hospital	163,289,984	6,745,419	4.1%	34,447,399	1,579,328	4.6%	1,336,157	3.9%	153,305	35,894	30,367
Twin County Regional Hospital	202,706,372	3,813,550	1.9%	56,010,541	970,515	1.7%	821,721	1.5%	48,892	12,443	10,535
Wellmont Lonesome Pine Mt. View Hospital	257,630,197	8,461,165	3.3%	73,649,165	2,400,037	3.3%	2,180,049	3.0%	216,953	61,539	55,899
Wythe County Community Hospital	201,478,792	939,821	0.5%	58,644,569	249,096	0.4%	197,289	0.3%	52,212	13,839	10,960
Totals	\$ 10,388,465,679	\$ 277,628,085	2.7%	\$3,331,019,976	\$ 83,801,718	2.5%	\$ 67,246,571	2.0%	\$ 109,648	\$ 33,097	\$ 26,559

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