Charity Care Methodology

Inpatient Methodology

VHI linked the charity care records identified by each facility with the corresponding record within the VHI inpatient discharge database. Matching was performed using deterministic linkage methods. Records were classified as a link if there was a match between a combination of at least four of five unique identifiers. These linked records were then used to calculate the estimated total charity dollars at Medicare reimbursement for inpatient charity care services provided.

Inpatient charity records that were submitted as exact duplicates across all fields were removed. 8.3% of inpatient charity care records were removed due to being exact duplicate records.

Steps to calculate the estimated **Total Charity Dollars at Medicare Reimbursement**:

1. VHI obtained the 2025 Federal Fiscal Year (FFY) operating and capital rates per Diagnosis-Related Group (DRG) as posted by Centers for Medicare & Medicaid Services (CMS).
2. VHI increased the operating and capital rates by the Washington-Arlington-Alexandria Core-Based Statistical Area (CBSA) wage index (CBSA 11694).
3. VHI added the adjusted operating and capital rates together to determine a proxy DRG rate for all inpatient discharges. Note this rate does not include any claims that would qualify as meeting outlier or transfer payment criteria. In addition, this proxy amount does not take into account additional payments a facility might have received such as Disproportionate Share Hospital (DSH), Indirect Medical Education (IME), Graduate Medical Education (GME) and/or any quality-based payment program payments or penalties.
4. VHI multiplied the proxy DRG rate by each CMS DRG weight (CMS MS-DRG Tables), as posted by CMS in the 2025 inpatient final rule table to determine the estimated Medicare reimbursement for each DRG.

Once all cost conversion calculations were complete, the data was grouped by service lines. Service lines are broad categories of care based on 3M's All Patient Refined Diagnosis Related Group (APR-DRGs). To obtain a full list of all APR-DRGs which are categorized into the different service lines, please contact charity@vhi.org.

Percent of Services Reported as Charity Care: Total number of linked records written off to inpatient charity care during the 2025 fiscal year (regardless of the date of service) divided by the total number of inpatient discharges from VHI's inpatient discharge database between January 1 and December 31, 2025. Percent of services reported as charity care by service

category is the total number of linked records written off to inpatient charity care for the assigned service category divided by the total number of inpatient discharges within the assigned service category.

Outpatient Methodology

Once all outpatient Current Procedural Terminology (CPT) code level data was collected, each service was assigned to an overall service category that corresponds with a charity care condition. Only CPT codes submitted by facilities that had an average reimbursement rate published by CMS could be assigned a potential Medicare reimbursement amount. Any CPT codes submitted by facilities that did not match the CMS fee schedule were categorized as "Other (OP)" in the valuation of both overall and charity patient care at Medicare rates.

Steps to calculate the estimated **Total Charity Dollars at Medicare Reimbursement**:

1. VHI obtained the Final Outpatient Prospective Payment System (OPPS) and CY 2025 Payment Rates as posted by CMS.

2. VHI increased the operating and capital rates by the Washington-Arlington-Alexandria CBSA wage index (CBSA 11694).

3. VHI multiplied the Final CY 2025 OPPS Payment Rate by the wage index to determine the estimated Medicare reimbursement for each CPT code.

The resulting payment rates by CPT code were applied to each service listed on the spreadsheets completed by the outpatient providers. This resulted in the total value of Certificate of Public Need (COPN) authorized outpatient services provided and the value of services written off to charity, by provider. Note that not all outpatient providers have a COPN with an active charity care condition.

Percent of Services Reported as Charity Care: Total number of records written off to outpatient charity care during the 2025 fiscal year (regardless of the date of service) divided by the total number of services performed as provided by facilities. Percent of services reported as charity care by service category is the total number of records written off to outpatient charity care for the assigned service category divided by the total number of services performed within the assigned service category. Note that percent of services reported as charity care is calculated using facility-reported data regardless of whether a CPT code has an associated CMS reimbursement amount, because not all CPT codes are reimbursable under the CMS fee schedule.

Reporting Structure

Due to being located on the same physical campus as their associated hospital, the charity care for the following facilities has been reported under their respective hospitals and is not separately identified in this report: Augusta Health Imaging Center, Bon Secours - Southside Cancer Center, Carilion Cancer Center of Western VA, Carilion Clinic Medical Office Building, Crystal Springs Imaging Center, Diagnostic Center of Chesapeake, Heathcote Health Center, Johnston Memorial Comprehensive Cancer Center, Mary Washington Hospital Radiation Oncology, Massey Cancer Center, PANTOPS, Reston Medical Imaging Center, Riverside Cancer Care Center, Riverside Middle Peninsula Cancer Center, Sentara Advanced Imaging Center – Obici, Sentara Healthcare & Virginia Oncology Associates - Hampton, and Sentara Healthcare & Virginia Oncology Associates - Obici.

Due to the licensing structure of certain hospitals, outpatient services are reported by individual campuses, while inpatient services are reported collectively under the licensed hospital. The affected hospitals and campuses include:

- Carilion Medical Center (IP): Carilion Roanoke Memorial Hospital (OP), Carilion Roanoke Community Hospital (OP)
- CJW Medical Center (IP): Chippenham Hospital (OP), Johnston-Willis Hospital (OP)
- Centra Health (IP): Virginia Baptist Hospital (OP), Lynchburg General Hospital (OP)
- Henrico Doctors' Hospital (IP): Henrico Doctors' Hospital - Forest (OP), Henrico Doctors' Hospital - Parham Doctors' Hospital (OP), Henrico Doctors' Hospital - Retreat (OP)
- Lonesome Pine Norton (IP): Lonesome Pine Hospital (OP), Norton Community Hospital (OP)

The following facilities reported no inpatient services were written off as charity care during the 2025 fiscal year: Encompass Health Rehab Hosp of Virginia, Hospital for Extended Recovery, Select Specialty Hospital – Richmond, and Twin County Regional Healthcare.

The following facilities began operations or began offering COPN reviewable services during the 2025 fiscal year and therefore reported data for only a portion of the year. The reporting periods represented in the dashboard are:

- Bon Secours Harbour View Hospital (IP & OP): May 6, 2025–December 31, 2025
- FRC Advanced Imaging Center - Woodbridge (OP): November 24, 2025–December 31, 2025
- Hanbury Imaging Center (OP): December 8, 2025–December 31, 2025
- Inova Oakville (OP): January 3, 2025–December 31, 2025
- James River Cardiology Discovery (OP): September 1, 2025–December 31, 2025
- OrthoVirginia - Shrader (OP): October 6, 2025–December 31, 2025

- Southpark Heart and Rhythm Center, LLC (OP): November 4, 2025–December 31, 2025
- Virginia Heart (OP): October 8, 2025–December 31, 2025

Due to being closed during the 2025 fiscal year, Colonial Heights Surgery Center did not report any COPN reviewable services performed and, therefore, is not included in the dashboard.

Per Virginia's Division of Certificate of Public Need (DCOPN):

Due to operating under a Certificate of Public Need with a system-wide charity care condition or a specific charity care condition tied to an affiliated hospital, the charity care for the following facilities has been reported under their respective hospitals and is not separately identified in this report: Bon Secours Cancer Institute at Harbour View, Inova Advanced Imaging Center – Fair Oaks, Inova Fairfax MRI Center, Inova Imaging Center – Mark Center, Maryview Medical Center at Norfolk, Riverside Hampton Surgery Center, Riverside Peninsula Surgery Center, RVS Radiation Oncology – Williamsburg, and Valley Health Cancer Center.

Due to operating under a Certificate of Public Need that does not have an active charity care condition, the following facilities are not required to report charity care information to VHI and are not included in the dashboard: Blue Ridge Surgery Center, Cataract and Refractive Surgery Center, Culpeper Surgery Center, Fairfax Surgical Center, Kempsville Center for Behavioral Health, Leigh Orthopedic Surgery Center, LLC, and Riverside Diagnostic Center – Smithfield.

Due to operating without a Certificate of Public Need, Lake Taylor Transitional Care Hospital is not required to report charity care information to VHI and is not included in the dashboard.

Reporting Compliance

As of the submission deadline for this dashboard, the following facilities failed to submit the necessary data as mandated by Virginia Code §32.1-276.5 C for the 2025 fiscal year: Rockingham Eye Surgery Center, LLC (OP), Sentara Halifax Regional Hospital (IP), Sentara Obici Ambulatory Surgery LLC (OP), and The Pavilion at Williamsburg Place (IP & OP)

All charity care data was self-reported by inpatient hospitals and outpatient providers. VHI has no independent source to verify or validate the data that is submitted.