



# Hospital Community Benefit



## What Is Community Benefit?

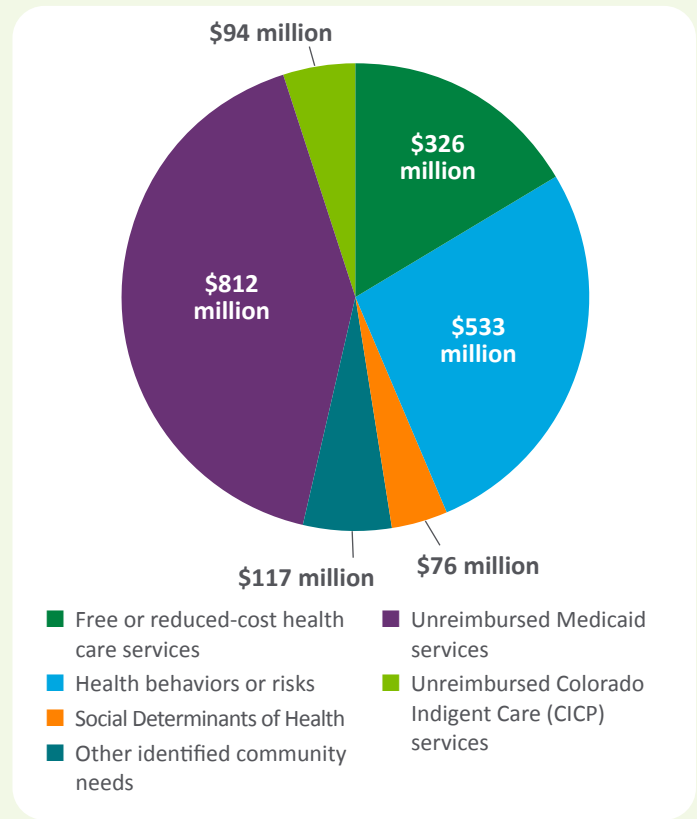
Most hospitals in the United States operate as non-profit organizations and, as such, are exempt from most federal, state, and local taxes. This exemption is intended to be an acknowledgement of the “community benefit” provided by these institutions. As such, there are federal requirements, managed by the IRS, for how hospitals provide and account for community benefit. It should be noted that tax-paying hospitals also invest significantly in their communities despite not being subject to the same federal requirements.

Historically, the vast majority of community benefit spending by hospitals has been related to charity care – that is, providing patient care services for free or at a reduced charge. That holds true to today, but the scope of community benefit services has been expanded over the years by federal policymakers to now include:

- Free and discounted care to those unable to pay
- Care to Medicaid beneficiaries and other low-income care programs
- Services to improve community health and improve access to health care services
- Programs to advance medical and/or health knowledge
- Initiatives to relieve/reduce the burdens of government agencies

## Hospitals Invest Substantially in their Communities

In 2021, Colorado hospitals directly invested more than \$1.9 billion into the health and wellbeing of their communities.



## Colorado Hospitals Exceed the National Average for Community Benefit Spending

As a proportion of total hospital expenses, Colorado hospitals are above average nationally. Notably, due to the impacts of the pandemic, Colorado hospitals reported a reduction in charity care in 2020 due to lower patient visits and federal provider relief funding. Charity care as a percent of expense for Colorado has trended lower than U.S. average, but initial data following the implementation of Hospital Discounted Care in September 2022 indicates that charity care will increase in 2022 and beyond. Under reimbursement for Medicaid services has outpaced the national average. This is likely to Colorado’s lower uninsured rate and expanded eligibility for Medicaid coverage.

Item (reported as % of total hospital expenses)   2021	CO Total	U.S. Average
Charity Care/ Free or Discounted Services	1.8%	2.7%
Unreimbursed costs from Medicaid	5.3%	2.9%
Health Behaviors, SDoH, and Other Community Investments	4.8%	4.1%
<b>Total</b>	<b>11.9%</b>	<b>9.7%</b>

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