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March 28, 2019

The Honorable Andrea Salinas
Chair, House Health Care Committee
State Capital
Salem, Oregon

Re: HB 3076 - Hospital community benefit

Dear Representative Salinas and members of the committee,

Providence Health & Services has a long tradition of compassionate care and dedication to our communities. Community benefit is integral to our Mission as a not-for-profit Catholic health care organization, and is one of the many ways Providence demonstrates our commitment to serving the poor and vulnerable. In 2018, our Oregon community investments totaled nearly $550 million. These investments include more than $17 million in targeted community improvement programs and $54 million in free and reduced cost care.

Below is a discussion of hospital community benefit, the regulations we abide by and how Providence meets our commitment to the community. The trust our communities place in us is a privilege – and there are real consequences today for non-profit hospitals that fail to meet the requirements to provide charitable care and invest in initiatives that address the health needs of the community. Following that is a discussion of Providence's specific concerns with House Bill 3076 as drafted.

Community benefit investments are highly regulated at both the state and federal level.
As a faith-based Catholic health system Providence has been identifying and responding to the needs in our community for more than 165 years. In fact, federal regulations adopted in 2010 when the Affordable Care Act was enacted are based on the tradition of community giving established by Catholic health care.

An immense amount of reporting and transparency is currently required of hospitals. Under § 501(r) of the Internal Revenue Code, not-for-profit hospitals are required to: Conduct a Community Health Needs Assessment (CHNA) every three years, identify significant health needs and develop an Implementation Strategy to address the needs identified by the CHNA; establish written financial assistance and emergency medical care policies; limit the amounts charged for emergency or other medically necessary care to individuals eligible for assistance under the hospital's financial assistance policy; and make reasonable efforts to determine an individual's eligibility for assistance under the hospital's financial assistance policy before engaging in extraordinary collection actions against the individual. 501(r) rules also require hospitals to report community benefit financial data and provide detailed narratives to IRS questions that track program compliance.[i]

Hospitals also follow very specific state requirements for community benefit. Oregon's 58 not-for-profit acute care hospitals, which include all eight of Providence's hospitals located in Oregon, must submit separate state community benefit reporting forms within 240 days of closing our fiscal year. Information required includes a detailed breakdown of community benefit expenses and supplemental information describing our programs. A detailed description of state requirement is available on the Oregon Health Authority's website, here.

Community benefit is informed by a rigorous process that includes a Community Health Needs Assessment (CHNA) and Community Health Improvement Plan (CHIP) for each hospital.
Every not-for-profit hospital is required to complete a CHIP and CHNA every three years. This year all eight of Providence Oregon's hospitals will be engaged in this process. The assessment must take into account: input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health; and be made widely available to the public.[ii]

Needs assessments are executed in a scientifically rigorous manner, informed by extensive qualitative data collection and analysis of existing quantitative data sets. We strive to complete the CHNA process through a lens of equity and inclusion, including extensive direct community engagement through surveys, interviews and focus groups. Quantitative data sets include county public health data regarding health behaviors, morbidity and mortality; CCO data related to the uninsured and members of the Oregon Health Plan; and other data sets specific to homelessness, substance use and pertinent community issues are also included. Needs assessments are posted on our website for the public transparency. We encourage you to view our most recent hospital needs assessments here.

Based on needs assessment results, all hospitals are required to develop a comprehensive CHIP. These plans outline a three-year systematic effort to address identified health-related needs through establishing CHIP priorities and targeting resources. In the 2019 CHIP cycle, we are working to design plans that can be jointly constructed and use collective impact models around aligned health and social issues. Improvement plans are posted on our website for the public transparency. We encourage you to view our most recent hospital needs assessments here.

Collaboration occurs across health-related sectors, in each community, to develop plans and coordinate resources.
Although each hospital is required to document its CHNA and CHIP in an individual report, the process is not done in individual silos. Regulations allow hospitals to work with other organizations, including related organizations, other hospital organizations, for-profit and government hospitals, and state and local agencies, such as public health departments. Collaboration allows us to make a broader impact by leveraging resources, avoiding duplication and building capacity across diverse organizations who share similar goals.

At Providence, the majority of our service areas conduct this work through a collaborative initiative involving health system partners, public health departments, CCOs and other community-based organizations. A few of the collaborations we are a part of include: Healthy Columbia Willamette Collaborative in the Portland Metro area, Columbia Gorge Health Council Initiative in Hood River and Jefferson Regional Health Alliance in Southern Oregon.

Only programs that respond to an identified community need count as community benefit.
The IRS requires that community benefit programs be carried out for the purpose of improving community health. Programs are NOT counted as community benefit if they are a standard part of doing business, generate patient bills or serve a primarily marketing purpose. Attached to this testimony is a one-pager that explains what counts, and what does not count, as community benefit. See more details about what counts as community benefit here.

Equality and diversity inform community investments.
IRS regulations state that health needs include the requisites for the improvement or maintenance of health status both in the community at-large and in particular parts of the community, such as neighborhoods or populations experiencing health disparities. We ask all of our potential grantees to explain how they will address health equity through their work in the community.

As an example, we are working with Pacific University to help train the Promotores in basic mental health care for their community and provided a grant for the training of more Latinx behavioral health specialists to serve the needs. In our Healthier Kids Together program designed to address obesity and chronic disease risk during early childhood, we work exclusively with organizations that focus on at-risk children in communities.

Providence partners with like-minded organizations to improve health in ways that are most meaningful to each community we serve.
Providence partners with other like-minded organizations that are skilled at serving each of our communities in unique and innovative ways. We consider programs community benefit if they improve access to health care services, enhance public health or reduce the burden of government to improve health.

At Providence, a couple examples of community benefit programs include:

- *Addressing health-related social needs* — Providence is identifying and addressing health-related social needs through our Community Resource Desks. In partnership with local organizations who provide the staff for the program, we offer access to necessities such as food, safe shelter and transportation. Providence currently has six resource desks – in Portland, Seaside and Medford – and served more than 3,500 individuals accessing over 6,000 services at our desks across the state in 2018.
- *Making a collective impact* — In Hood River, Providence funded a position dedicated to identifying funding opportunities related to local health needs resulted in over $7 million new dollars for programs across the Gorge since 2014. This collaboration strengthened local partnerships and proved that we can achieve much more together than we can separately. This model helped bring Blue Zones to the Gorge, and was recognized by Robert Wood Johnson Foundation in the Culture of Health Prize.
- *Promotores de Salud de la Iglesia* — In partnership with three Catholic parishes in Yamhill County, Providence has expanded the Promotores Program. The program trains Spanish-speaking community leaders as Community Health Workers who serve as health promoters, patient navigators, training facilitators, team coordinators and health insurance assisters. In the coming year, we intend to expand the program to serve more Latino faith communities.
- *Supporting those in recovery* — Supporting those in recovery, Providence is partnering with Addictions Recovery Center and providing funds to start an innovative program to respond to the opioid crisis in Southern Oregon. The program includes peer support and medication assisted

treatment in combination with clinical counseling to meet the opioid-use disorder needs of their patients. More than 500 people will be served each year through this program, which will be fully operational by 2019.

Community partners depend on long-term partnerships to ensure financial stability.
Change takes time, particularly when that change involves moving the dial on health outcomes and disparities. Community benefit is a critical resource for safety-net organizations. Providence's partnership with Project Access NOW is a great example of consistent community investments and long-term partnership is making a lasting impact. Over the last 11 years, Providence partnered with PANOW to implement:

- *Patient Support Program* — Upon being discharged from a hospital stay or emergency room visit, low-income patients face barriers that can stand in their way of recovery. The C3 Community Assistance Program supports discharge planners, social workers and care managers to connect low-income patients to the resources they need for a safe discharge or an acute time limited need while receiving treatment. In partnership with PANOW, we helped 7,649 low-income people with a safe and secure discharge.
- *Premium Assistance* — Helps people who earn below 300 percent of the Federal Poverty Level and qualify for a tax credit through the Federal Marketplace. PANOW leverages their tax credit to offset their premium costs and pays the remaining balance. Clients' deductible and co-pays may also be reduced depending on where they receive services.
- *Outreach, Enrollment & Access* — Certified application assisters work at various community sites around the Portland Metro tri-county area and Yamhill County to help families and low-income individuals facing too many barriers to enroll in the Oregon Health Plan and Qualified Health Plans.
- *The Regional Community Health Network* — PANOW coordinates services to improve health and increase equity in the tri-county region. The RCHN seeks to create a multi-sector integrated system of services to ensure that individuals and families have stable and consistent access to health care, social services and other resources necessary to create healthy lives and communities. This unique partnership between health care and community organizations is growing through intentional investments.

Hospital community benefit dollars are addressing health-related social determinants.
Six health care organizations including Providence, have pledged $21.5 million in community benefit dollars pledged to Central City Concern's Housing as Health initiative. This innovative program will support 382 new affordable housing units, including one with an integrated health care center.

We continue to build on this investment in housing through an expanded partnership exploring how we can collaboratively fund supportive services for low income individuals and families struggling to secure stable housing. The Regional Supportive Housing Fund is currently taking shape through a collaborative strategic planning effort. The goal is to reduce homelessness for our most vulnerable community members with an emphasis on equity.

Generous hospital charity care policies serve as critical resources for patients.
Providence is committed to working with our patients through any financial issues. Our policies and applications are available on our website in plain language and translated into 25 different languages. Financial counselors are also available by phone, and in-person, for patients to talk to if they are having trouble paying for all or some of their care.

With one of the most generous policies in the state, Providence provides financial assistance to all eligible individuals served in our ministries. Our policies allow eligible patients to access financial assistance on a sliding fee scale basis, with discounts ranging from 75 to 100 percent based on ability to pay. In order to ensure we support all patients in a manner most relevant to their needs and ability to pay, Providence provides a range of other assistance as well. These programs include coverage assistance, uninsured discounts and payment plans.

Oregon hospitals provide an important safety-net that shouldn't be overlooked.
Providence hospitals are an important safety-net in our communities – we are prepared to serve when a natural disaster happens or an individual is in crisis, day or night. Hospitals must be prepared for public health crises as well as any natural disaster, weather emergency or other crisis comes to the community. Like police departments and fire departments, hospitals are built to be operation ready in the event of a major earthquake or flood event. Unlike those public entities who are able to rely on bond proceeds, most non-profit hospitals, except those that are part of health districts, are responsible to raise their own capital to maintain facility readiness. This is our obligation as part of the emergency safety-net, and it is an obligation that we embrace at Providence. It is also one of the reasons why hospitals receive a property tax exemption – we are part of the public infrastructure and we are expected to be ready in the event of emergencies.

Our emergency departments provide access to everyone and comply with the Emergency Medical Treatment and Active Labor Act. This means that all patients seeking medical care receive appropriate medical screening, and if found to be experiencing a medical emergency or in active labor, are treated until they are stable.

As part of Oregon's efforts to transform health care and improve health outcomes, emergency departments also act as a primary and specialty care safety-net for psychiatric treatment and critical diagnostic and referral services.

House Bill 3076 raises serious concerns about the future of hospital community giving.
Providence was pleased to be part of the workgroup that discussed this issue over the interim. We support making improvements to the community benefit system in Oregon that will continue to promote access for patients, address needs identified at the local level and ensure collaboration with community partners. However, as drafted House Bill 3063 does not achieve improvements that meet these objectives.

Specifically, Providence objects to the following provisions of House Bill 3076:
Section 1, Financial Assistance Policies up to 600% of Federal Poverty Level – Providence agrees to a statutory requirement for all hospitals, and hospital affiliated clinics, to provide financial assistance up to 200 percent of FPL as long as technical adjustments are made to the definitions in the drafted bill. The remaining provisions should be removed, as they would greatly complicate billing practices and financial assistance processes. The bill would require hospitals to bill the Medicare rate on commercial insurance policies for all patients between 201-600 percent of FPL and provide discounts based upon the size of the patient's bill. For reference, a family of four at 200 percent of the FPL has an income of $50,200 in 2018; at 400 percent it's $100,400; and at 600 percent it is $150,600. It would also require hospitals to be held responsible for charges by any provider authorized to perform services in the hospital. While Providence encourages our non-employed/contracted providers, and those authorized to do services in the hospital, to provide charity care and financial assistance – and many of those do – it is problematic

to hold the hospital responsible for non-employed providers who set their own fee schedules with commercial payers.

Section 2, Patient Screening and Policy Distribution – This section requires hospitals to screen every patient for programs that the patient might qualify for beyond commercial insurance. Providence regularly assists patients with signing-up for Medicaid or other health programs that they qualify for, but Section 2 may require hospitals to check FPL of every patient. This would be intrusive and cost prohibitive – particularly if the patient is there for a minor procedure such as a blood draw or other lab work. Additionally, the bill requires us to give every patient our written financial assistance policy – these policies are currently available upon request and posted near the admitting desk. They are also available online, in many different languages, and information about how to access financial support is included in every bill. Providing a paper copy to each patient at the time they receive service is unnecessary given all of the other ways we ensure patients have access to this information.

Section 3, Governing Boards – At Providence the Oregon Community Ministry Board oversees all of our ministries in Oregon. In addition, we have Service Area Advisory Councils that advise the OCMB on their work. We appreciate the service and dedication of the community members on our boards. Providence does not understand the purpose of requiring the name, town of residence, occupation, employer and job title of our board members on our website. We respectfully request that Section(3)(2)(b) be deleted in its entirety. The remaining language in Section 3 is duplicative of federal law and is unnecessary in Oregon statute.

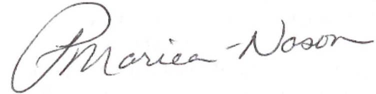
Section 4, Community Benefit Spending Levels – Section 4 establishes a first-of-its-kind community benefit mandated spending threshold in Oregon. It grants OHA the authority to take several subjective standards and develop a process to set an objective requirement for hospital community benefit spending. No other state in the country has ever used a process like this one. As written, the bill also establishes penalties for failure to meet this new requirement – whether an entity misses the target by $10 million or $1 — the hospital would lose its property tax exemption status for two years and the Attorney General could use the failure to meet the threshold as a way to remove the charitable status of hospitals. These provisions are extremely punitive for a system that is untested and untried anywhere else in the country. Proponents likened this system to that of the DCBS rate setting system for insurers. As an Oregon insurance carrier, Providence is well aware of the rate setting process that includes actuarial analysis by experts at DCBS and significant oversight. This proposal bears little resemblance to the one we undergo every year at DCBS. Providence urges the committee not to adopt Section 4 of the bill.

Section 5, Reporting requirements - The information requested in Section 5 is not necessarily available on a facility-by-facility basis. Much of the information is generated on a service-line basis and not specifically by facility. Some information, such as property tax status is also not as clear as one would imagine it might be. Oregon law allows charitable property tax exemptions for space that occupied or used for the charitable purpose of the nonprofit, but no tax exemption is available for space that is leased to a for-profit entity. Many of our office buildings lease space to other providers who are not employed by Providence. That space is subject to property taxes – it's why Providence pays over $4 million a year in property taxes statewide. Asking us whether each facility is exempt may result in a "yes and no" answer because parts of the property may be exempt, others may not – and that may shift mid-year as leases expire and needs arise for use of space. Further, asking for the amount of charity care associated with each facility is misleading. Charity care is one small component of community benefit.

Providence remains committed to working with interested parties to improve House Bill 3076. There are a number of provisions that Providence and others agreed to in the interim workgroup. The OAHHS comment letter references many of those agreements and additional ideas that we could support. Providence urges the committee to take the time to get this policy right. Injecting uncertainty into the community benefit process is unhelpful at a time of rapid change in health policy and when we need to work together to improve access to health care.

Thank you for the opportunity to comment on this important issue.

Sincerely,



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[i] An Introduction to Community Benefit, Catholic Health Association, source.
[ii] Assessing and Addressing Community Health Needs, Catholic Health Association, source.