

Current Issues in Catholic Health Care



Sr. Carol Keehan, DC
President and Chief Executive Officer
Catholic Health Association
of the United States

November 7, 2007

Jesus Christ

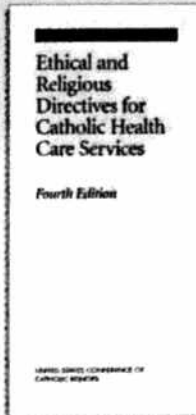
CHA

The Foundation of Catholic Health Care



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- **The Revelation of God**
- **The Healer**

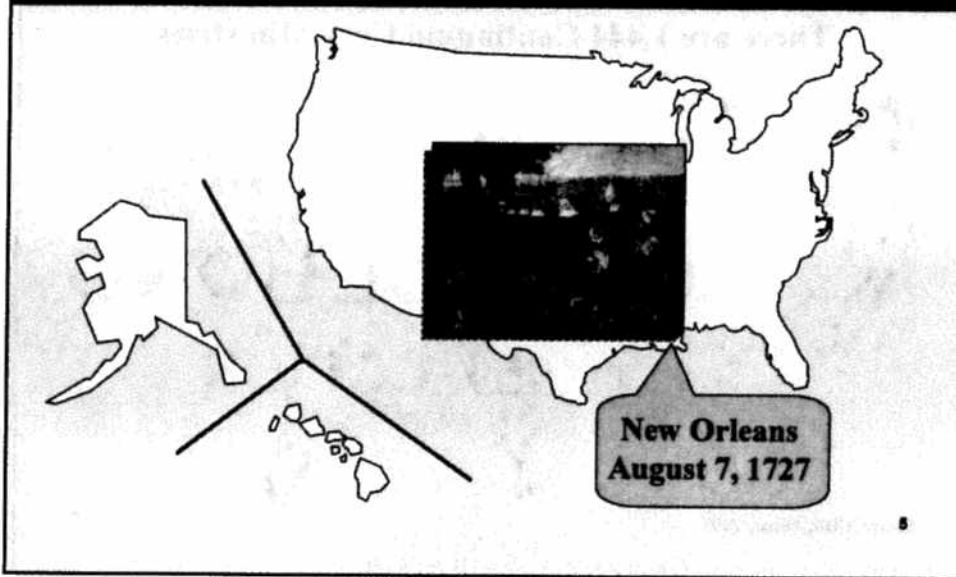


“Jesus’ healing mission went further than caring only for the physical affliction. He touched people at the deepest level of their existence; he sought their physical, mental, and spiritual healing (Jn 6:35; 11:25-27). He ‘came so that they might have life and have it more abundantly.’ (Jn 10:10)”

– Ethical and Religious Directives for Catholic Health Care Services, 2001

Catholic Health and Social Services

CHA



Catholic Hospitals in the U.S.

CHA

There are 615 Catholic hospitals



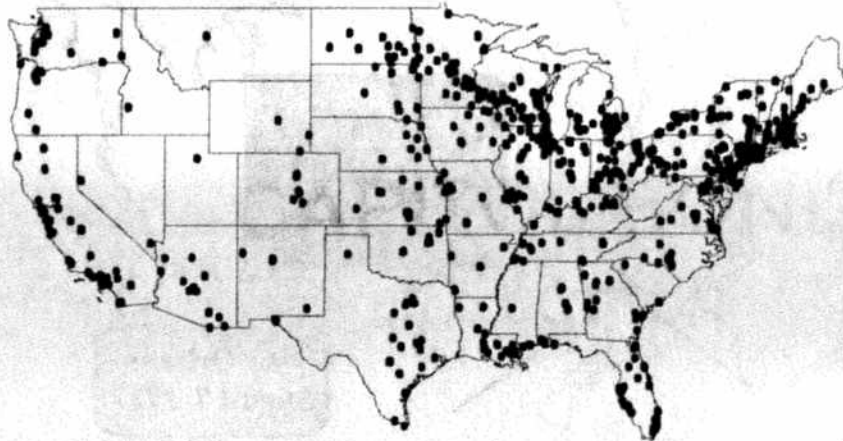
Source: CHA, January 2007

6

Catholic Continuum Care Ministries in the U.S.

CHA

There are 1,444 Continuum Care Ministries



Source: CHA, January 2007

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Working with Partners in the Ministry

CHA

- **Catholic hospitals employ over 509,000 full-time and 235,600 part-time employees**
- **Partnerships with physicians**
- **Collaboration with community organizations**



We are the people of Catholic health ministry.

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One in six persons needing hospital care...

- **Vital care for the poor, sick, and needy**
- **Vital witness for social change**
- **Vital part of U.S. health care**
- **Vital ministry of the church**



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**Not a business –
not an option**

Gospel Mandate



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Nutrition and Hydration
Sponsorship Women's Services
Tax exempt status
Covering the Uninsured
Patient Safety Quality
Adequate Government Financing
Leadership Development 11

Nutrition and Hydration
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Leadership Development 12

Not-for-profit health care has a long history in the U.S., including hospitals sponsored by local communities and those religiously-sponsored

Charitable health care facilities have been the foundation of the great health care resources we have today



**The tax exempt concept has enabled
this nation to conserve resources for
the communities served**



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**Keeping all excess revenue in the
community to strengthen health care
has been an incomparable value
to U.S. communities**



16

Volunteerism in trusteeship has brought the best of the communities talented leaders together to govern the operation for the good of the community



17

The use of tax exempt bonds and philanthropy has greatly enriched our communities



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U.S. Not-For-Profit Health Care

CHA

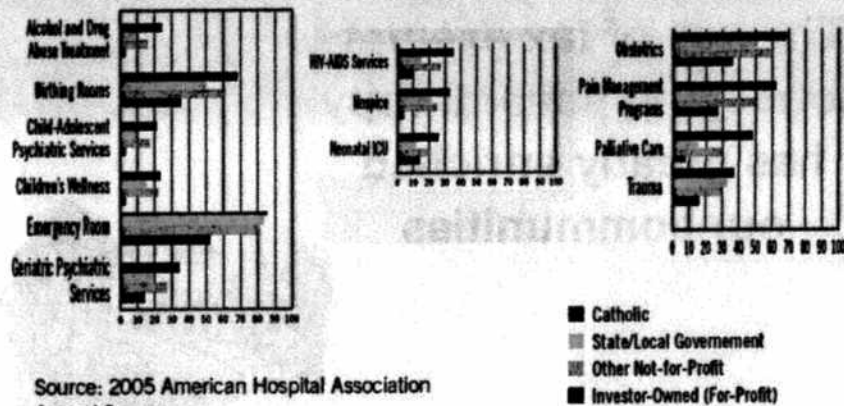
Because of these advantages, charitable and nonprofit hospitals have been able to provide communities across the nation with services that the communities could not afford, if they had to be self supporting



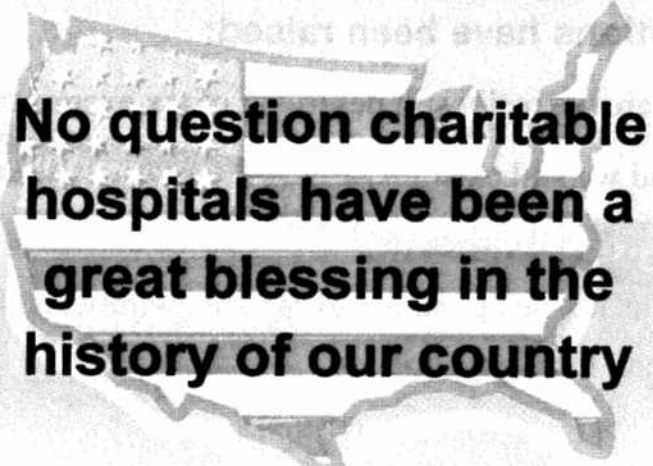
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Selected U.S. Hospital Services

CHA



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A faint map of the United States is visible in the background of the slide.

No question charitable hospitals have been a great blessing in the history of our country

Questions have been raised:

- Were we really still deserving of tax exempt status?
- Did we still exist for the same high purpose we were originally founded for?
- Was it still a good use of the community's assets to grant tax exemption?

Challenges For Tax Exemption

CHA

Questions have been raised:

- Were we really still deserving of tax exempt status?
- Did we still exist for the community?
- Was it still a good use of the community's assets to grant tax exemption?

Serious Questions with Major Implications

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Recent Public History

CHA

Increased attention on health care

- Billing and Collections
- CEO Salaries
- Profit Margins
- Perks and Lifestyles
- Costs



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Hospital tax exemption challenged by:

- Congress
- IRS
- Government Accounting Office
- State Attorneys General
- Media
- Special Interest Groups



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United States Senate
Committee on Finance



Sen. Chuck Grassley - Iowa
Ranking Member

http://www.senate.gov
Phone: 202/512-1000

For Immediate Release
Thursday, April 4, 2007

Senator Study of "Nonprofit Hospitals' Community Benefits"

WASHINGTON - Sen. Chuck Grassley, ranking member of the Committee on Finance, today asked the Government Accountability Office to study how nonprofit hospitals meet their requirement to provide community benefits in exchange for their tax-exempt status and related tax breaks.

"The community benefit standard means different things to different people," Grassley said. "It's broadly defined. We need to get a better handle on how nonprofit hospitals are fulfilling their requirement to serve the community in exchange for the generous tax breaks they receive. This is

"We need to make sure tax-exempt hospitals are providing care to those in need in keeping with the requirement to serve the public."

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More Than A Law



For Catholic and other not-for-profit health care organizations, community benefit is:

- Essential Part of Who We Are
- Our Tradition
- Our Mission



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CHA History on Community Benefit



In 1989, in response to congressional and other concerns, CHA developed the *Social Accountability Budget* with guidelines for:

- Conducting an inventory of services
- Planning and budgeting
- Monitoring services
- Reporting community benefit

A voluntary resource

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CHA History on Community Benefit



The *Social Accountability Budget*

- Even though it was a good resource – having it as a voluntary initiative proved ineffective
- In 2005, CHA membership raised concerns and the CHA Board asked for a major effort to respond



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CHA's Latest Resource



In 2006, CHA partnered with other organizations to revise earlier resources. **The *Guide*, published in May 2006, incorporates:**

- Updated accounting guidelines
- Standardized criteria
- Systematic approach to documenting community benefit activities



✓ Nearly 8,000 copies distributed

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Catholic Ministry Responsibility



CHA Initiatives

- Obtaining consensus
 - Senate Finance Committee
 - IRS
 - Boards
 - Management



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Catholic Ministry Responsibility



CHA Initiatives (con't)

- Testify before the Senate Finance Committee
- Collect data
- Publish results
- Tell the story in the secular and public media



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Telling Our Story



In One Year, a \$5.7 Billion Contribution

Based on financial statements, CHA member hospitals reported community benefit, calculated at cost, using guidelines developed by CHA.

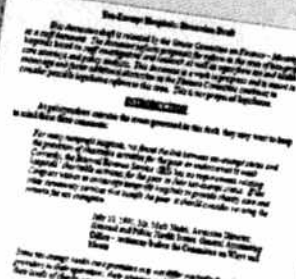
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Congressional Issues



United States Senate Committee On Finance

“Staff Discussion Draft of (not proposed legislation) of Non-Profit Hospital Reforms”



This discussion draft is released by the Senate Committee on Finance – Minority as a staff document. The document reflects proposals for reform in the area of non-profit hospitals based on staff investigations and research as well as input from tax and health care attorneys and policy analysts. This document is a work in progress and is meant to encourage and foster additional discussion as the Finance Committee continues to consider possible legislative reform in this area. This is not proposed legislation.

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Sen. Baucus – August 10, 2007

CHA

THE OFFICE OF PARLIAMENTARY
NEWS UPDATES

August 10, 2007

Key Senator Has No Plans for Legislation to Curb Charitable Abuse

By Suzanne Perry

Alameda, Mass.

Sen. Max Baucus, the Missouri Democrat who took over the reins of the Senate Finance Committee in January, said that he does not give high priority to curbing down on charitable abuse or imposing new regulations on nonprofit groups such as hospitals.

“What does 5 percent really mean?” he said. “Some hospitals do far more than 5 percent, some do far less than 5 percent,” he said. “In some areas, it’s very hard to do 5 percent. It depends on the community that you’re in.”

He said that the discussion about nonprofit hospitals, which Mr. Grassley has been raising for several years, has been useful, however, because it has encouraged many hospitals to develop guidelines for offering free health care and other services. He specifically praised the Catholic Health Association, which has developed guidelines that require hospitals to publicize financial aid they offer to uninsured patients, follow uniform methods for reporting the benefits they provide to the public, and make hospital leaders accountable to their boards for providing adequate benefits.

Children’s Health Insurance Program, which provides health care to children from low-income families. While both houses of Congress have passed such legislation, President Bush has declined to sign it.

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IRS Issues

CHA



Internal Revenue Service
United States Department of the Treasury

IRS News Release
Washington, D.C.
July 10, 2007

IRS Releases Interim Report on Tax-Exempt Hospitals and Community Benefit Program

WASHINGTON, July 10, 2007 — The Internal Revenue Service released an interim report summarizing responses from almost 200 tax-exempt hospitals to a May 2007 questionnaire about how they provide and report benefits to the community. Providing community benefit is a key responsibility of the hospital community program under preliminary information on the health care reform legislation that the IRS is currently reviewing. The IRS is currently reviewing the responses to the questionnaire and will provide a final report in the near future.

According to the report, nearly all hospitals reported that they provided various types of community benefit that were the subject of the questionnaire. Although 97 percent of responding hospitals said they have a written uncompensated care policy, no uniform definition of what constitutes “uncompensated care” emerged from the responses. Further, there appear to be significant differences in the way other components of community benefit are reported.

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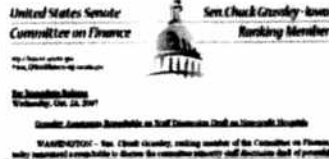
IRS 990 Schedule H:

- Input to IRS completed
- Form needs lots of improvement and they understand that
- Focus on the goal of reporting and design the form around that



Difference with AHA in regard to definition of:

- How to report Medicare shortfall and bad debt.
- CHA believes the unpaid cost of Medicare and bad debt is not reported as a community benefit but may be included in other financial reports.



“Unfortunately, a few hospitals are trying to undermine the new Schedule H by adding confusing, misleading data such as bad debt and Medicare ‘underpayments’ to the definition of community benefit. That effort raises very real questions for me about whether the revised form alone is enough to ensure that all non-profit hospitals are committed to public service in exchange for their generous tax breaks.”

- ? **Impose 5% charity care on all hospitals**
- ? **501(c)(3) → 501(c)(4)**
- ? **Other legislation needed**



United States Senate
Committee on Finance
Sen. Chuck Grassley - Iowa
Ranking Member



Remarks of Sen. Chuck Grassley
Ranking Member on Hospital Oversight
Thursday, Oct. 26, 2007
I wanted to come by tonight and thank you all for attending the roundtable to discuss possible
actions to improve hospital oversight. This is very much to have the input and views of so many different
views as we look at the question of charity care, community benefit, and other important questions
concerning community benefit, and how and what to do about them. We need to have them done.

“I particularly want to thank the Catholic Health Association for its continued leadership in this area – creating and fighting for tough reporting standards for nonprofit hospitals. ... The leadership of CHA has shown me that some hospitals can do the right thing on their own initiative.”

But we believe
The question is, are they being stingy all the nonprofit hospitals to do the right thing? I am very
convinced that the answer may be no. It can be really hard to the extent to which it of the House 100 that
the CHA strongly support the movement. The intention of this report and collaboration in the public and
policy makers about non-profit hospitals. The new schedule 17 is a dramatic expansion over

CHA
Statement by
The Catholic Health Association
to the
House Finance Committee Roundtable on
Tax-Exempt Hospitals
Michael F. Rodgers
Executive Vice President, Advocacy and Public Policy
October 30, 2007

The Catholic Health Association supports the basic intent of the paper, “Tax-Exempt Hospitals: Discussion draft.” We agree that not-for-profit, tax-exempt hospitals should work to improve health in our communities and to help people who cannot afford to pay for health care services get the care they need.

But we strongly disagree that federal legislation is needed in order to achieve this goal.

Nutrition and Hydration
Sponsorship Women's Services
Tax exempt status
Covering the Uninsured
Patient Safety Quality
Adequate Government Financing
Leadership Development



- **47 million uninsured**
- **18,000 unnecessary deaths**
- **Untold unnecessary suffering**



Financial Burden

- **Providers**
- **Employers**
- **Employees**
- **Nation's economy**

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**Not the best health care
or
least expensive**

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Losing SCHIP Would Be Unbearable.

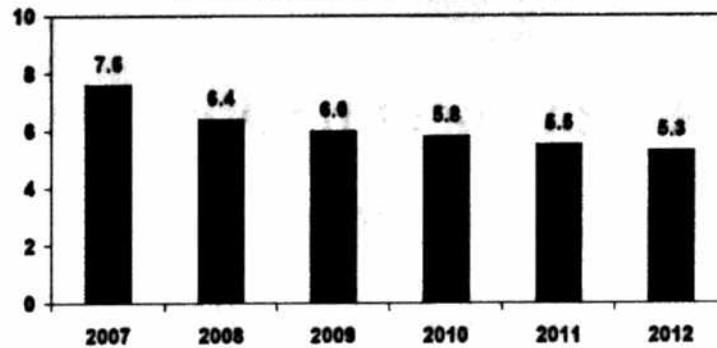


Scandal of not being able to get SCHIP reauthorized

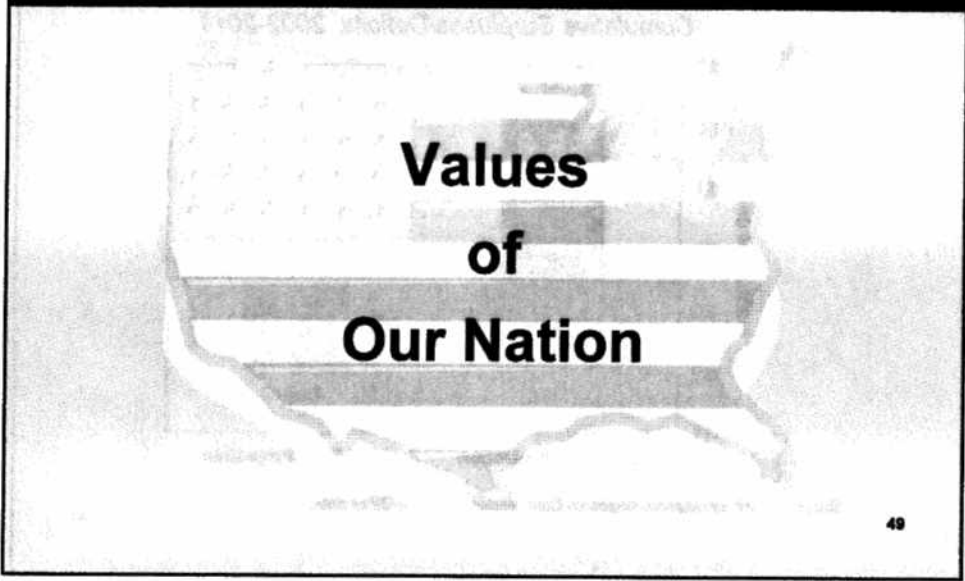


Freezing SCHIP Funding Would Place Children and Pregnant Women At Risk of Losing Coverage

Enrollment of Children and Pregnant Women in SCHIP if 2007 funding level extended (millions)

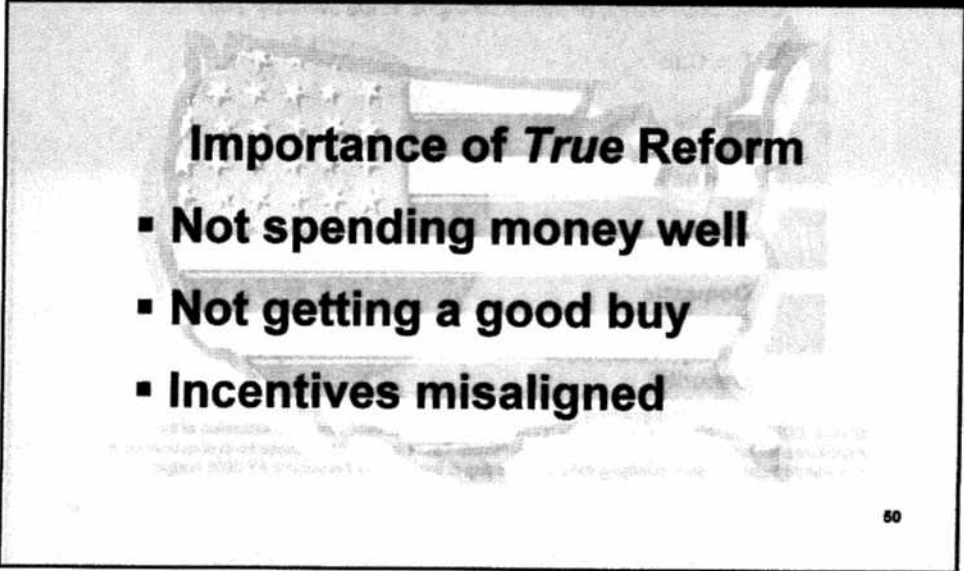


Source: Fact sheet for CBO's March 2007 baseline, State Children's Health Insurance Program. Assumes Congress will fill the fiscal year 2007 shortfall completely. Estimates reflect total number of people enrolled for any part of the year, not the number enrolled at any particular point in time.

A map of the United States is shown with a torn paper effect, revealing a white background underneath. The text 'Values of Our Nation' is centered over the map.

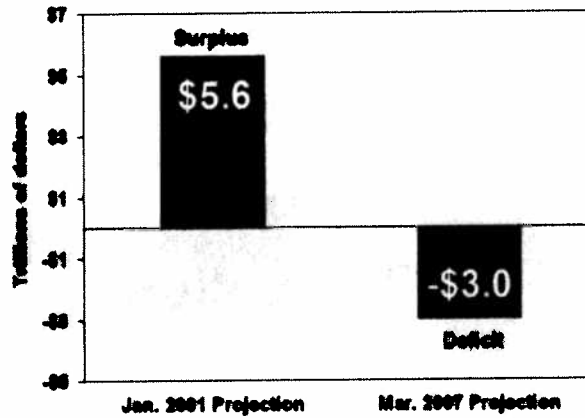
**Values
of
Our Nation**



- 
- A map of the United States is shown with a torn paper effect, revealing a white background underneath. The text 'Importance of True Reform' and a bulleted list are centered over the map.
- Importance of *True Reform***
- **Not spending money well**
 - **Not getting a good buy**
 - **Incentives misaligned**

From Large Surpluses to Large Deficits in Just 6 Years

Cumulative Surpluses/Deficits, 2002-2011

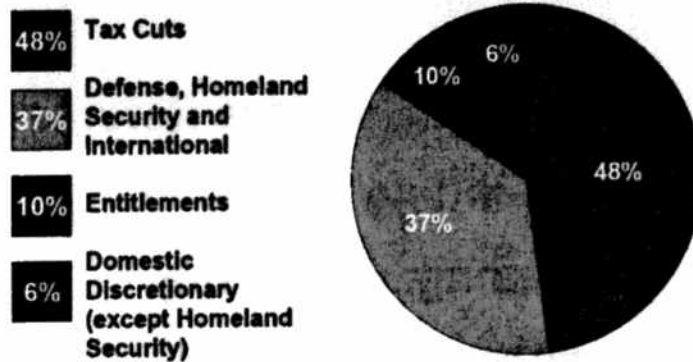


Source: CBPP calculations based on Congressional Budget Office data.

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Legislation Adding to Deficits: Mostly Tax Cuts and Defense

Cost, 2002-2011, of policy changes since January 2001

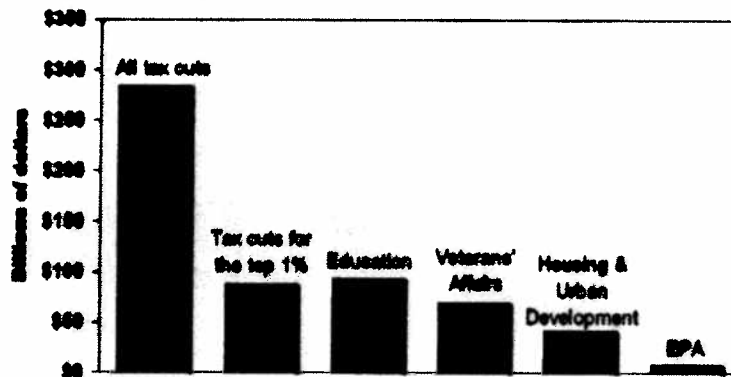


Source: CBPP calculations based on Congressional Budget Office data. Assumes extension of the President's tax cuts, continuation of Alternative Minimum Tax relief, a gradual phasedown of operations in Iraq and Afghanistan, and underlying defense spending in line with the President's FY 2008 budget.

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Tax Cuts Cost More Than Most Agency Budgets

2008 Agency Budgets, Tax Cuts if Fully in Effect in 2008

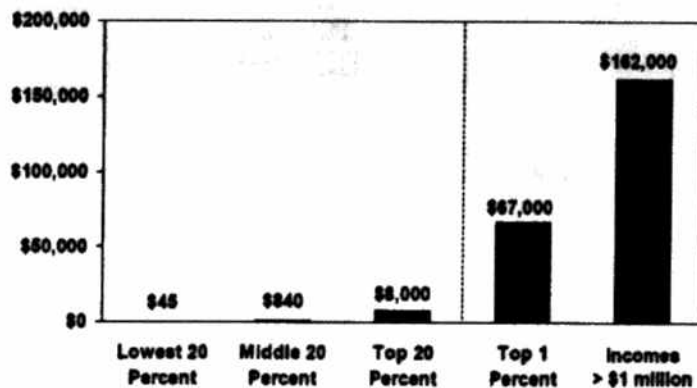


Source: CBPP calculations based on Office of Management and Budget, Congressional Budget Office, Joint Committee on Taxation, and Urban-Brookings Tax Policy Center data.

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Benefits of President's Tax Cuts Flow Disproportionately to High-Income Households

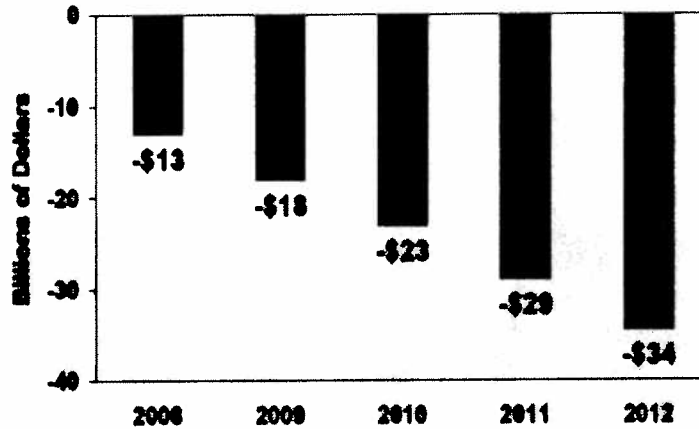
Average Value of the Tax Cuts in 2012



Source: Urban-Brookings Tax Policy Center.

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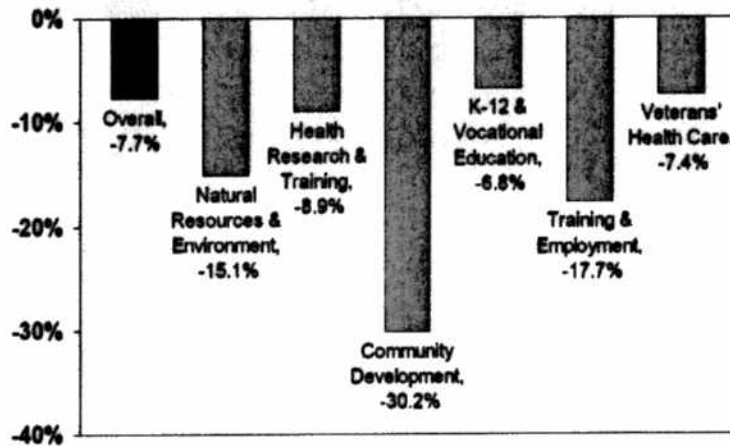
President's Proposed Cuts in Domestic Discretionary Funding Grow Deeper Over Time



Source: CBPP calculations based on CBO's analysis of the President's budget, CBO's March baseline, and OMB documents.

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President's Budget Calls for Deep Cuts to Discretionary Programs in 2012

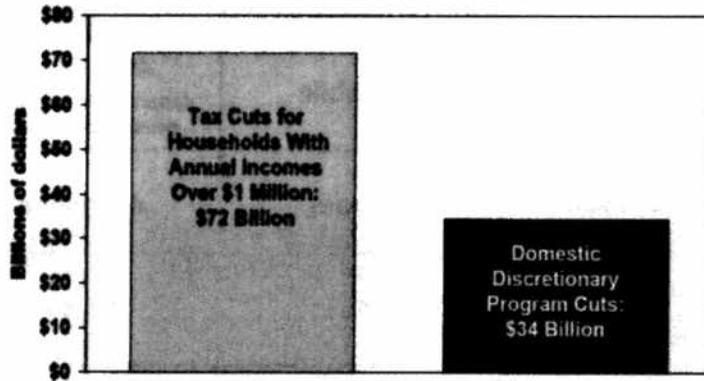


Source: CBPP calculations based on CBO's analysis of the President's budget, CBO's March baseline, and OMB documents.

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President's Budget Proposes Deep Cuts In Domestic Programs, But Tax Cuts for Millionaires Are Larger

Tax Cuts and Spending Cuts, 2012



Source: CBPP calculations based on Office of Management and Budget, Congressional Budget Office, Joint Committee on Taxation, and Urban-Brookings Tax Policy Center data.

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**Important Implications
Of These Choices**



**\$35-50 Billion over five years
for SCHIP?**



**\$100 Billion+ in one year to
continue the Iraq War?**

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Comparing The U.S. and Canada



	CANADA	U.S.
Health Insurance Financing System	100% Public	45% Public (approx. 59% of insured covered by employer)
Number of Uninsured	0 (none)	47 million
Per-Capita Spending (U.S. Dollars, Adjusted for differences in cost of living)	\$3,165	\$6,102

Source: The Commonwealth Fund and U.S. Census Bureau

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Comparing The U.S. and Canada



	CANADA	U.S.
Percentage of women having a mammogram in past 3 years (aged 50-64)	79%	86%
Obesity Rate	22.4%	30.6%
Life Expectancy	80.1 years	77.7 years
Infant Mortality rate (per 1,000 live births)	5.4	7.0
Number of deaths annually because of being uninsured	0 (none)	18,000

Source: The Commonwealth Fund

Comparing Six Nations: Rankings and National Health Expenditures



	AUS	CAN	GER	NZ	UK	US
Efficiency	4	5	3	2	1	6
Equity	2	5	3	2	1	6
Long, Healthy, and Productive Lives	1	3	2	4.5	4.5	6
Health Expenditures per Capita, 2004	\$2,876	\$3,165	\$3,005*	\$2,083	\$2,546	\$6,102

Note: 1=highest ranking, 6=lowest ranking. * 2003 data

Source: Calculated by Commonwealth Fund based on the Commonwealth Fund 2004 International Health Policy Survey, the Commonwealth Fund 2005 International Policy Survey of Sicker Adults, the 2006 Commonwealth Fund International Health Policy Survey of Primary care Physicians, and the Commonwealth Fund Commission on a High Performance Health System national Scorecard.

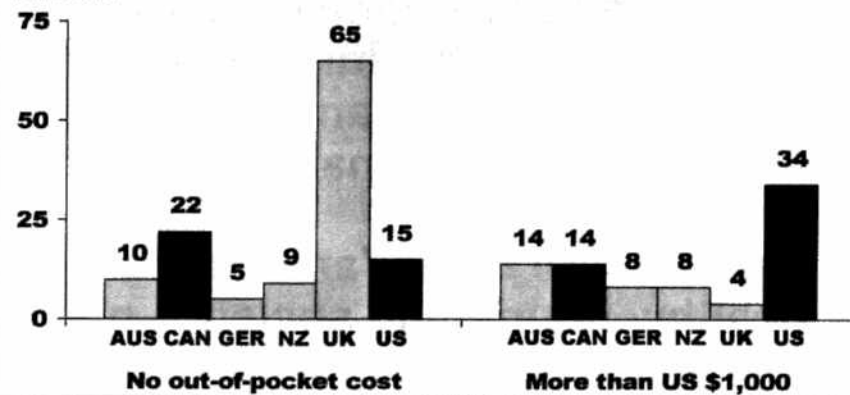
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Comparing Six Nations



Out-of-Pocket Medical Costs in the Past Year

Percent



2005 Commonwealth Fund International Health Policy Survey

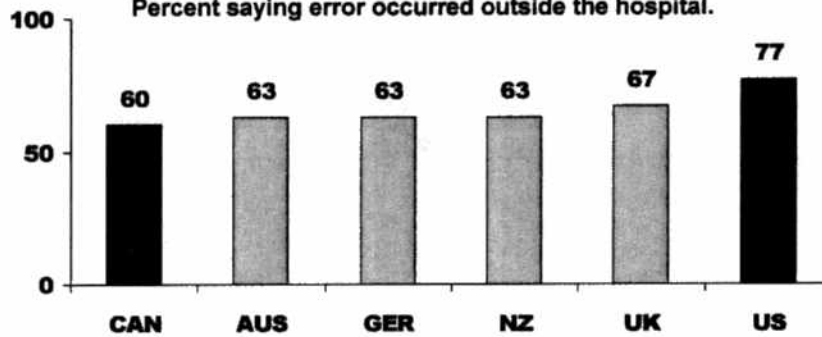
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Comparing Six Nations



Medical Mistake or Medication Error Occurred Outside the Hospital

Base: Experienced medical mistake or medication error.
Percent saying error occurred outside the hospital.



2005 Commonwealth Fund International Health Policy Survey of Sicker Adults

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Vision for U.S. Health Care - 2007



The Catholic health ministry envisions a U.S. health care system designed to create and sustain a strong, healthy national community.

Health care is fundamental to a healthy, flourishing society – not a product or commodity.

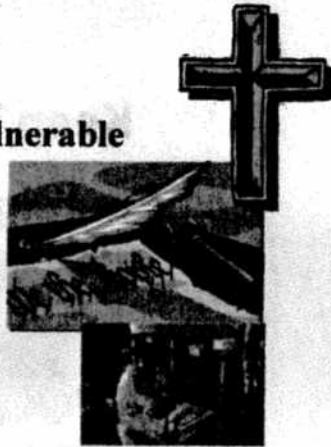
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Vision for U.S. Health Care - 2007



Principal Values:

- Human Dignity
- Concern for the Poor and Vulnerable
- Justice
- Common Good
- Stewardship
- Pluralism



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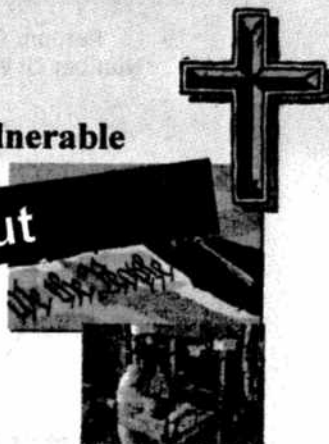
Vision for U.S. Health Care - 2007



Principal Values:

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- Concern for the Poor and Vulnerable
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- Common Good
- Stewardship
- Pluralism

Great Input



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Covering the Uninsured



Keep Truth in Focus

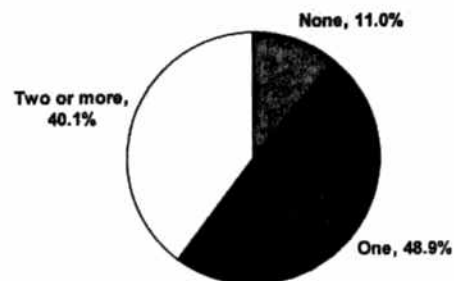
- Not immigrants
- Not unemployed

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Who Are The Uninsured?



Percent Of Uninsured Children By Number Of Working Adults In Household



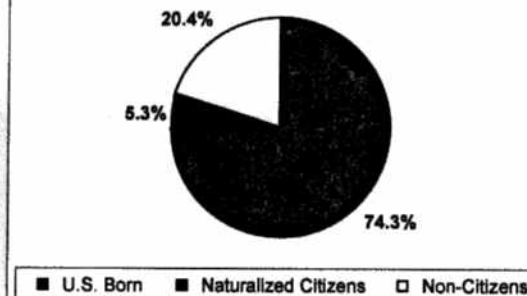
Source: U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement

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Who Are The Uninsured?



Myth - The Uninsured are Mostly Immigrants Uninsured by Citizenship & U.S. Birth



Source: U.S. Census Bureau, Current Population Survey, 2006

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Covering the Uninsured



**CHA will partner with
others of goodwill
to find a solution**

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Nutrition and Hydration

Sponsorship Women's Services

Tax exempt status

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Patient Safety Quality

Adequate Government Financing

Leadership Development

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**Catholic hospitals
have not done
a good job
communicating
with women**

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Women's Services Focus Group Comments



CHA

Talking About Catholic Hospitals

- When participants talk about Catholic hospitals, the conversation quickly turns to faith and what that means about the care provided. There are very different perspectives on what the religious nature of hospitals means.
- The religious affiliation for some women can be perceived as a disadvantage if it means certain services are restricted.
- Others also comment that they have felt less welcome in a Catholic hospital if they are not Catholic.

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Women's Services

CHA

We need to describe to our communities the women's services Catholic hospitals provide. In fact, we provide more services in these categories than other types of hospitals.

- Almost 30% of Catholic hospitals provide a neonatal intensive care unit, compared with 20% of investor-owned hospitals and 24% of other not-for-profit hospitals.
- 76% of Catholic hospitals provide obstetric care beds, versus 51% of investor-owned hospitals and 57% of state and local government hospitals.

74

Women's Services

CHA

We need to describe to our communities the women's services Catholic hospitals provide. In fact, we provide more services in these categories than other types of hospitals.

- Social work services are available in 94% of Catholic hospitals. By comparison, 79% of investor-owned hospitals provide these services.

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Women's Services - Media

CHA

**Media
doesn't
help**



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Glamour

- May 2006 - Examined how women find out information pertaining to their reproductive health. Includes a story of a young woman who was raped and denied emergency contraception at a non-Catholic hospital where she was being treated.



Redbook, Self, Shape, etc.

- Regularly include articles on restriction to elective women's services – including occasional misleading references to Catholic hospitals; i.e., "The Hidden Health Threat That Puts Every Woman at Risk," and "Emergency Contraception? Don't Count On It".

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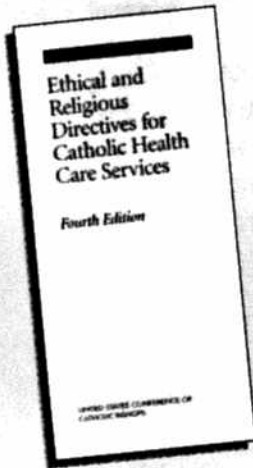


The fictional lawyers on television's "Boston Legal" defended a teenaged girl who was raped and became pregnant. The girl sued a fictional Catholic hospital, St. Mary's, where she was treated because they supposedly refused to provide her with emergency contraception.

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Emergency Contraception for Rape Victims

CHA



36. Compassionate and understanding care should be given to a person who is the victim of sexual assault. ... A female who has been raped should be able to defend herself against a potential conception from sexual assault. ...”

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Emergency Contraception for Rape Victims

CHA

**Many states now passing
laws requiring emergency
contraception**

Much controversy

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Emergency Contraception for Rape Victims

CHA

“If a law requiring provision of Plan B were passed in Colorado, Bishop [Michael] Sheridan [of Colorado Springs] said he would consider closing Catholic hospitals in his diocese ‘if the state were going to force us to act contrary to Catholic teaching, to the Catholic conscience.’”

- *National Catholic Register*
October 21-27, 2007 issue

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Emergency Contraception for Rape Victims

CHA

“Fr. [Peter Damian] Fehlner [STD, Franciscan Friars of the Immaculate] warns that should contraception be permitted for hard cases such as rape, the Church’s prohibition of it would then logically apply in other ‘emergency’ circumstances. ‘Why, then, on such grounds, should contraception be intrinsically evil for married couples, should they happen to have a sufficiently urgent reason to use these means to avoid contraception?,’ he asks.”

- LifeSiteNews.com
October 22, 2007

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Emergency Contraception for Rape Victims

CHA

“The actions of the Connecticut Catholic Conference are an outrage and a crime. ... The devil wins in Connecticut.”

- Judie Brown, president, American Life League (ALL)

“It is a grave scandal to have Catholic bishops approve the use of the abortion drug.”

- Mary Ann Kreitzer, president, Catholic Media Coalition

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Emergency Contraception for Rape Victims

CHA

“The Connecticut bishops note that the administration of Plan-B without an ovulation test is not an intrinsically evil act. ... But an act does not have to be intrinsically evil to be immoral. Here the circumstances of the act reveal its immorality: To give Plan-B without obtaining a negative result on an ovulation test is to intend all its possible effects, including abortion.”

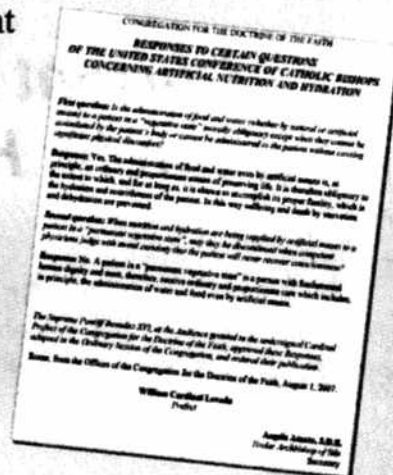
- Msgr. Kevin T. McMahon, episcopal vicar for moral and religious matters, Archdiocese of St. Louis, *St. Louis Review*, October 26, 2007

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Nutrition and Hydration

CHA

- Pope John Paul's Statement
- U.S. Reaction
- USCCB – Dubium
- Vatican Response
- USCCB Guidance
- Questions to be resolved



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Consideration

CHA

Important to reflect on the good done by our ministry

- The future good
- The need for Catholic Health Care in today's world
- The Gospel mandate
- The ever present help of our God

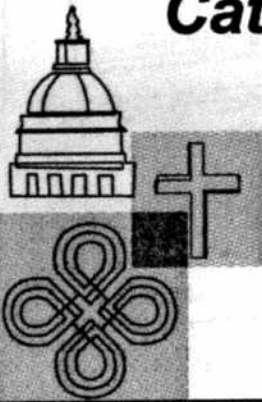


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Current Issues in Catholic Health Care



Sr. Carol Keehan, DC
President and Chief Executive Officer
Catholic Health Association
of the United States

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