



Consumers for **AFFORDABLE Health Care**

*Advocating the right to health care
for every man, woman and child.*

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How Charitable are Maine's Charitable Hospitals?

Maine hospitals are giving an average of about 1% of their yearly revenues toward free care for those who need it.* Charity care is at the heart of what is expected of non-profit hospitals in return for many tax exemptions. All of Maine's community hospitals are non-profit facilities. In Maine alone, hospitals are given millions of dollars in federal, state and local tax breaks every year to provide free care and community service. Based on assessments from town and city offices, **12** of Maine's hospitals are collectively receiving more than twice as much money (\$116,806,506) **in local property tax breaks alone** than **all** of the state hospitals are giving in charity care put together (\$60,618,579)*. That does not include other local, state and federal tax breaks.

On the low end in Maine, Penobscot Valley Medical Center is giving only .21% of its revenues to free care. Millinocket Regional Hospital is giving the most, with 2.82% of its annual revenues going to care for those who can not afford it. See attached chart for details on Maine's other non-profit hospitals.

Members of the U.S. Senate Finance Committee recommend any hospital wanting to keep their non-profit tax breaks give at least 5% of their revenues toward free care. State's like Texas and Pennsylvania require non-profit hospitals give at least 5% of their revenues back to the community in free care or other services to qualify for these tax breaks. Maine has no such law.

Maine's largest consumer health coalition, Consumers for Affordable Health Care (CAHC), is interested to see how new regulations by the Internal Revenue Service will affect Maine's hospitals. The IRS is now requiring non-profit hospitals to show proof on their 2009 tax forms of the amount of charitable care and benefits they actually provide to their communities. Until this change, hospitals were including their "bad debt" in the amount of charity care they claimed to give. The new IRS rules will no longer allow that. The new rules also require hospitals to specify exactly what other community benefits in addition to free care they provide in order to receive tax breaks. Until now, many hospitals were claiming to give back, but never had to show proof to back it up. While many hospitals make up for lack of charity care with significant other benefits to their communities through education and other health programs, others do not. CAHC is hoping these new requirements will force non-profit hospitals receiving tax breaks to give back as much as they are taking, which in the end can only benefit Maine and the country.

* According to the Maine Health Data Organization based on 2005 data.

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