



Jesse Arreguín
Councilmember, District 4

CONSENT CALENDAR
November 13, 2012

To: Honorable Mayor and Members of the City Council
From: Councilmembers Jesse Arreguín, Max Anderson, and Darryl Moore
Subject: Alta Bates Summit Medical Center’s Tax Exempt Status and Charity Care in the City of Berkeley

RECOMMENDATION:

Adopt a Resolution:

1. Requesting that the State Board of Equalization and the Alameda County Tax Assessor investigate the continued tax exempt status of Alta Bates Summit Medical Center and
2. Requiring annual reporting of charity care by nonprofit hospitals to the City of Berkeley.

FISCAL IMPACTS OF RECOMMENDATION:

Unknown.

BACKGROUND:

The City of Berkeley is charged with protecting the public health of its residents. The medical care provided to those who can’t afford to pay is vital to ensuring that the health needs of all Berkeley residents are met.

CONTACT PERSON:

Jesse Arreguin, Councilmember, District 4 981-7140

Attachments:

1. Resolution

RESOLUTION No. _____-N.S.

REQUESTING THE STATE BOARD OF EQUALIZATION AND THE ALAMEDA COUNTY TAX ASSESSOR TO INVESTIGATE THE CONTINUED TAX EXEMPT STATUS OF NONPROFIT HOSPITALS AND REQUIRING ANNUAL REPORTING OF CHARITY CARE BY NONPROFIT HOSPITALS

WHEREAS, the City of Berkeley is charged with protecting the public health and welfare of its residents and charity care – medical care provided to those who cannot afford to pay and without expectation of reimbursement – is vital to ensuring that the health needs of all residents are met; and

WHEREAS, in addition to services provided by the Berkeley Department of Public Health and the Alameda County Public Health Department, nonprofit hospitals have an obligation to provide community benefits in the public interest in exchange for favorable tax treatment by the government and it is essential on an ongoing basis that the City of Berkeley evaluate the charity care provided to the community; and

WHEREAS, the only acute care hospital facilities operated in the City of Berkeley are the Herrick and Ashby campuses of the Alta Bates Summit Medical Center, it is essential to have accurate reporting of the amount of charity care provided by those facilities; and

WHEREAS, a recent report issued by the California State Auditor revealed that there is no statutory standard or methodology requiring nonprofit hospitals to calculate the cost of uncompensated charity care on a uniform basis and analysis of data reported by Alta Bates Summit Medical Center to the California Office of Statewide Health Planning and Development (OSHPD) reveals that charity care provided at the Berkeley campuses of the Alta Bates Summit Medical Center for the two most recent financial years was less than one percent (1%) of operating expenses while net income on average for those years exceeded \$75,000,000; and

WHEREAS, the value of the property and sales tax exemptions Alta Bates Summit Medical Center receives from the City of Berkeley far exceeds the value of charity care received by the community in return.

NOW THEREFORE BE IT RESOLVED, by the Council of the City of Berkeley that a formal request shall be made to the State Board of Equalization and the Alameda County Tax Assessor to calculate the value to Alta Bates Summit Medical Center of its exemption from payment of local sales tax and property tax and to investigate whether Alta Bates Summit Medical Center is eligible for continuing tax exemption; and

BE IT FURTHER RESOLVED, that in order to better fulfill its responsibility to provide care to indigents and fashion an appropriate response to unmet needs for charity

care, Alta Bates Summit Medical Center shall be required to disclose to the Berkeley Department of Public Health the following information in the form of reports to be filed annually with the Department within 90 days of the end of each hospital's fiscal year:

1. The dollar amount of charity care provided during the prior year defined as the amount of emergency, inpatient or outpatient medical care, including ancillary services, provided to those who cannot afford to pay and without expectation of reimbursement and that qualifies for inclusion in the line item "Charity-Other" in the reports referred to in Section 128740(a) of the California Health and Safety Code, after reduction by the ratio of costs-to-charges and excluding all "Bad Debt," defined as the unpaid accounts of any person who has received medical care or is financially responsible for the cost of care provided to another, where such person has the ability to pay, but is unwilling to pay.
2. The total number of applications for charity care and the total number of acceptances and denials for charity care received and decided during the prior year, the zip code of each patient's residence on each such acceptance and denial, and the number of individuals seeking, applying, or otherwise eligible for charity care who were referred to other medical facilities along with the identification of the facility to which the individuals were referred.
3. The total number of patients who received hospital services within the prior year reported as being charity care and whether those services were for emergency, inpatient, or outpatient medical care, or for ancillary services.
4. Such other information as the Department shall require.

