

# Hospital known for glamorous patients opens new doors to its neediest

January 7 2020, by Anna Almendrala and Harriet Blair Rowan

---



Credit: CC0 Public Domain

With its deluxe suites, A-list patients and world-class art collection that

includes works by Picasso and Chagall, Cedars-Sinai Medical Center's nickname is "hospital to the stars." But starting this year, it is making a change for its poorest patients.

Effective Jan. 1, the Los Angeles [hospital](#) loosened the income cap for patients to qualify for free or discounted care.

Previously, the nonprofit hospital's financial assistance policy allowed patients with household incomes up to 200% of the federal poverty level to qualify for free care, which amounts to \$24,980 for an individual or \$51,500 for a family of four, based on 2019 figures.

Cedars-Sinai has spent a much smaller percentage of its operating expenses on [charity](#) care: 0.19% in 2018 compared with an average of 0.9% by other California nonprofit hospitals, data from the Office of Statewide Health Planning and Development shows.

The hospital is now making its charity care policy the most generous of the state's 10 largest nonprofit hospitals, ranked by net patient revenue from the 2017-18 fiscal year, according to a California Healthline analysis. It will expand eligibility for free medical care to patients with household incomes up to 400% of the federal poverty level: \$49,960 for an individual and \$103,000 for a family of four. It will also expand access to discounted care to those with incomes up to 600% of the federal poverty level.

The hospital said it is making the change because it is treating more patients who are "underinsured" because they have health insurance plans with high deductibles, copayments or other out-of-pocket costs.

"More of our patients are having financial difficulties, so we want to help them," Cedars-Sinai said in an emailed statement. It declined to attribute its response to a specific person.

The hospital defended its low charity care percentages, saying the figures don't account for its other charitable grants and programs, or the large number of low-income patients it serves who have publicly funded health coverage. It pointed out that it spent 16.5% of its total expenses in fiscal year 2018 on such programs and expenses.

Cedars-Sinai Medical Center is the third-largest nonprofit hospital in California, after Stanford Hospital and the University of California-San Francisco Medical Center. It had \$3.15 billion in operating expenses in 2018, according to state data.

Nonprofit hospitals are exempt from paying local, state and federal taxes in exchange for providing community benefits, which can include free and discounted charity care, as well as programs like grants for homeless services and free community clinics.

The federal government does not specify an amount of charity care that nonprofit hospitals must provide, which means that policies vary from hospital to hospital, as does the amount of free care they ultimately give.

For instance, of the 10 largest nonprofit hospitals in the state, the University of California-San Diego Medical Center provided the highest share of charity care in 2018—5.2% of operating expenses—which is more than five times the state average for nonprofit hospitals, according to state data. However, it also has relatively low income levels for qualifying: 200% of the federal poverty level for free care and 400% for discounted care.

Kaiser Permanente, which operates 36 hospitals in California, has not been required to report facility-level financial data to the state, so its hospitals were not part of the analysis. Kaiser Permanente allows patients with income up to 350% of the [federal poverty level](#) to apply for financial aid. (Kaiser Health News, which produces California

Healthline, is not affiliated with Kaiser Permanente.)

Hospitals must post their financial assistance policies online, and inform patients how to apply by posting notices and providing written notice to uninsured patients when they are admitted and billed. But not all hospitals do this, and some actively discourage people seeking financial assistance.

Federal poverty levels aren't the only criteria hospitals consider when granting financial aid. Applications for free care are evaluated case by case, according to many of the hospitals' policies. Whether a patient qualifies can depend on other factors such as family assets, medical debt and even where the patient lives.

Charity care rates are down statewide among all California hospitals.

Jan Emerson-Shea, spokeswoman for the California Hospital Association, said the demand for charity care is decreasing because more people are getting insurance. At the same time, the amount hospitals spend to care for the growing number of patients with public insurance has increased, she said.

Even though hospitals are absorbing those costs, they're not counted as charity care, she added.

Under the Affordable Care Act, some states, including California, expanded Medicaid eligibility to more low-income people. Nearly 13 million Californians, or 1 in 3, are enrolled in California's Medicaid program, which is called Medi-Cal.

"The reimbursement we receive from the government to care for a Medi-Cal or Medicare patient is far less than the actual cost of caring for the patient," Cedars-Sinai said in its statement.

Gerard Anderson, a health policy and management professor at Johns Hopkins University, praised Cedars-Sinai's decision to increase the income threshold for charity care as an example of how hospitals can adjust to the changing needs of the community.

"Because there are fewer people that don't have health insurance coverage, you have to raise the threshold in order to get the same number of people to qualify," he said.

©2020 Kaiser Health News

Distributed by Tribune Content Agency, LLC.

Citation: Hospital known for glamorous patients opens new doors to its neediest (2020, January 7) retrieved 11 May 2024 from <https://medicalxpress.com/news/2020-01-hospital-glamorous-patients-doors-neediest.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.