Oregon Hospital Community Benefit Report Fiscal Year 2022

This report accompanies OHA's interactive 2022 Oregon Community Benefit Dashboard. These data are self-reported and may be subject to change.

Key Takeaways

- ↑ Statewide total community benefit increased 17.5% from 2021 to $2.20 billion.
- ↑ Unreimbursed care made up 80% of hospital community benefit spending in 2022, increasing 21.5% to $1.74 billion.
- ↑ Direct spending made up 20% of hospital community benefit spending in 2022, increasing 3.3% to $439.8 million.
- ↑ Hospital financial assistance grew by only 1.6% in 2022, despite increases in patient eligibility levels for free or discounted care.
- Direct spending, 20% of all total community benefit, went primarily toward professional education and preventive services for community.
- Spending on programs in social determinants of health decreased from 2021 to 2022, comprising only 1.3% of total community benefit spending in 2022.
- In the first year of hospital reporting against individually established community benefit spending floors, aggregate spending was 158.3% of the aggregate spending floor.

Community benefit increased to $2.20 billion in 2022

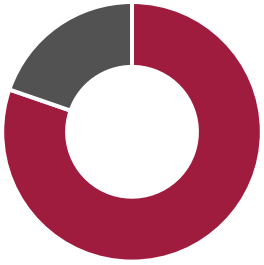
In 2022, hospitals in Oregon spent $2.20 billion on community benefit, which was 17.5% higher than 2021 and the largest year-over-year growth since statewide reporting began in 2010. Overall, community benefit was 12.6% of hospitals' operating expenses. Growth in community benefit was primarily driven by unreimbursed care, which increased 21.5% compared with 2021.

What is community benefit?

Community benefit refers to services, activities, or programs that hospitals provide to improve the health and wellbeing for their local community. Nonprofit hospitals are required to provide and report their community benefit activities in lieu of paying federal or state income taxes, or county property taxes.

Community benefit may be reported in up to ten different categories. OHA groups these into two types of costs, unreimbursed care and direct spending. Of all community benefit costs, $1.76 billion (80.0%) was unreimbursed care, or health care services provided to patients where the hospital was not reimbursed enough to cover its costs. The remaining $439.8 million (20.0%) is **direct spending**, or specific, proactive activities the hospital engages in to improve the health and wellbeing of the community.

Direct spending accounted for 20.0% of community benefit spending.



Unreimbursed care accounted for 80.0% of community benefit spending.

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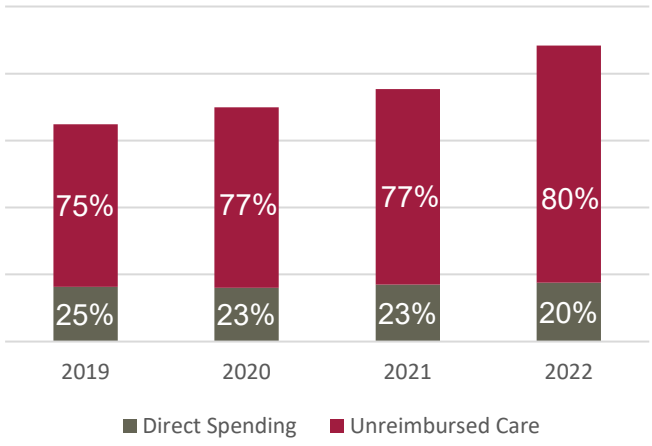
Unreimbursed care continues to dominate community benefit

Unreimbursed care remains the leading source of community benefit. It is comprised of charity care, Medicaid unreimbursed costs, other public programs, and subsidized health services. Unreimbursed care is over an 80% share of total community benefit and accounts for $1.76 billion in community benefit costs.

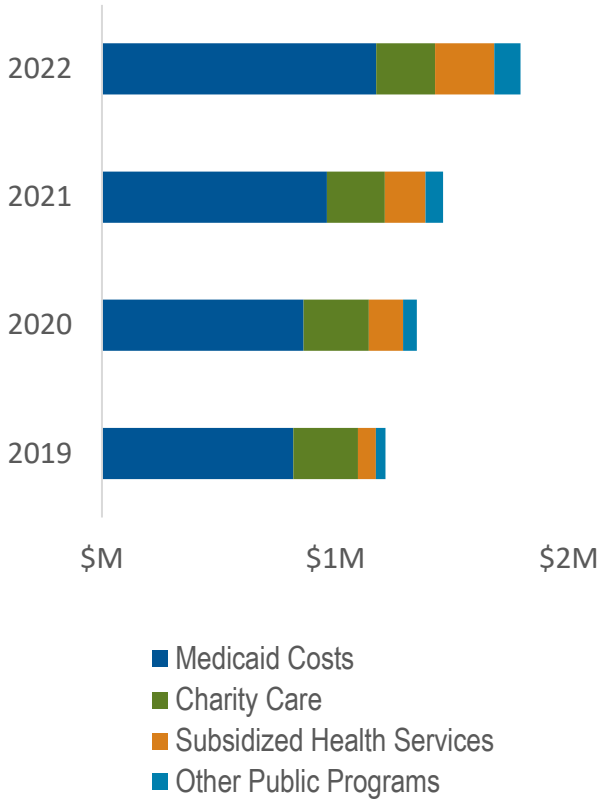
Each year, unreimbursed care has been a larger share of total community benefit spending, increasing from 75% in 2019 to 80% in 2022.

Direct Spending is a shrinking portion of community benefit



From 2021 to 2022, unreimbursed care costs grew by $311 million while **direct spending** only grew by $14 million. From 2019 to 2022, unreimbursed care grew by $541 million while direct spending grew by just $33 million.

Subsidized Health Services has tripled since 2019



Unreimbursed Medicaid and subsidized health services are the leading sources of overall unreimbursed care cost growth. Unreimbursed Medicaid grew 20.0% in 2022, totaling $1.1 billion. Subsidized health services increased 46.6% in 2022 to $254.1 million.

Charity care, which are services hospitals provide at a discount or for free based on hospital financial assistance policies, grew 1.7% to $251.6 million in 2022.

Other public programs, which are government-run programs other than Medicaid, grew 48.4% in 2022. Proportionally this is the smallest unreimbursed care category, accounting for just over $111.6 million in 2022.

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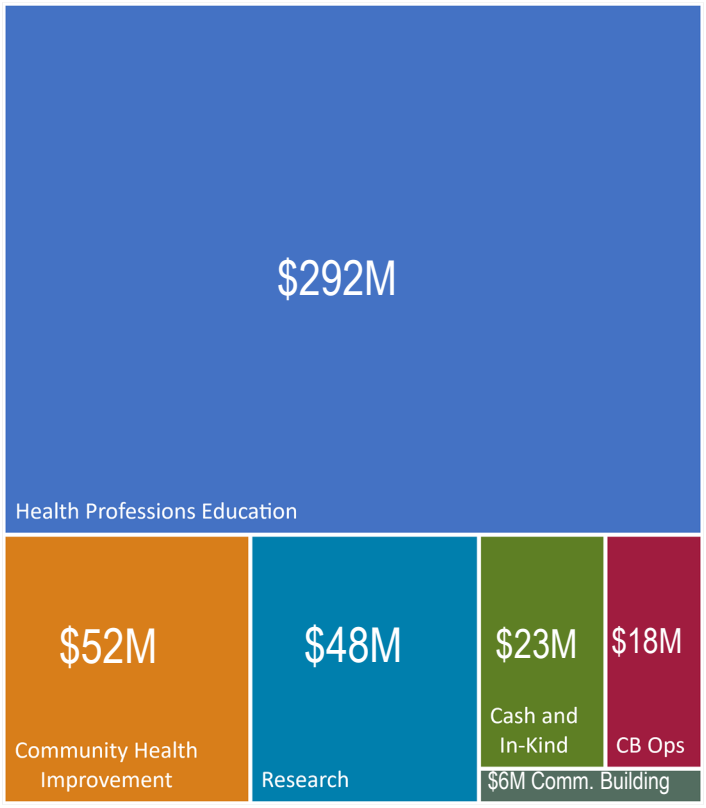
Social determinants of health spending from community building and cash and in-kind decreased 20% in 2022

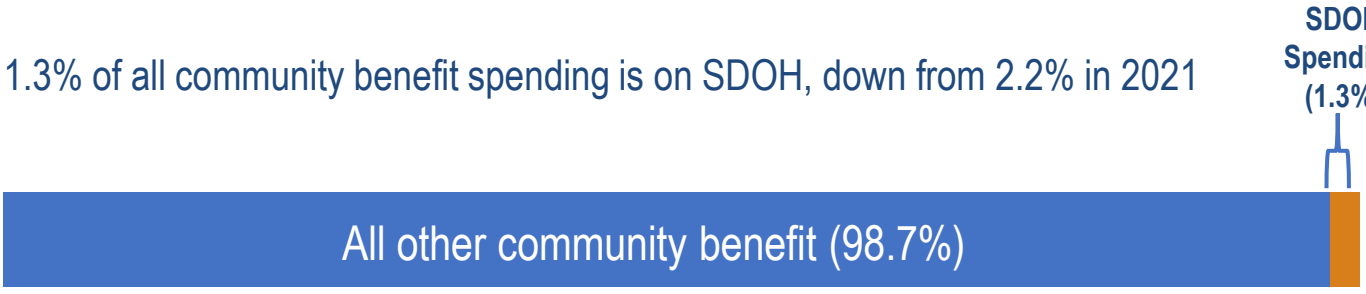
Direct spending is the portion of community benefit spending for proactive actions to improve health and wellbeing in the community, with a particular focus on **social determinants of health (SDOH).** SDOH include the social, economic and environmental conditions in which people are born, grow, work, live and age that may influence health. In 2022, direct spending was $439.8 million, or 20.0% of the $2.20 billion in community benefit. There are six categories of direct spending. Health professions education, costs incurred to educate doctors, nurses and other health professionals, is the largest category of direct spending at $292.1 million. Community health improvement activities, programs that provide health services such as preventative screening or vaccine clinics that are available to all, are the next largest at $52.2 million in 2022. Spending in community health improvement decreased 20.1% from 2021.



Community benefit operations, administrative costs incurred by hospitals running a community benefit program, were $17.9 million in 2022, and have been growing in recent years. This is reflective of hospitals expanding the size and scope of their community benefit programs to better serve their communities.

The categories that most closely target SDOH are **community building activities** and **cash and in-kind**. These are programs and investments made in prioritized SDOH needs in a hospital's community. In 2022, these impactful categories accounted for $29.4 million, or 1.3% percent of total community benefit spending, at $6.1 million and $23.3 million respectively. Despite a statewide focus on SDOH, these numbers decreased by $7.6 million from 2021.

1.3% of all community benefit spending is on SDOH, down from 2.2% in 2021



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Most Hospitals Met Their Community Benefit Minimum Spending Floors

House Bill (HB) 3076 created the community benefit minimum spending floor, a requirement that OHA assign a minimum amount of money each hospital must spend on community benefit. This program became effective January 1, 2021, and OHA assigned the first spending floors effective for hospitals' 2022 fiscal year.

Hospitals choose to report by individual hospital or by health system, if applicable. All reportable categories contribute to a hospital reaching its floor, which is calculated to be the minimum amount a hospital should spend on programs and investments in its communities. Of the 38 spending floors assigned to 58 hospitals or health systems in the state, 35 out of 38 (92.1%) met or exceeded their spending floor.

Fiscal Year	All Hospitals' Spending Floors Statewide	Total Community Benefit Spend Statewide
2020	NA	$1,743,577,906
2021	NA	$1,870,409,154
2022	$1,386,260,083	$2,195,458,810
2023	$1,433,782,658	Available Nov 2024

For detailed information on community benefit spending and spending floors, see the OHA Community Benefit Dashboard.

OHA will use fiscal year 2022 data to produce a new report on the importance of community benefit spending on SDOH. The report will highlight hospitals that are making impactful investments in their communities.

OHA's mission is to eliminate health disparities, and hospital community benefit spending on SDOH is integral in achieving the state's goal. Hospitals can contribute to this goal by further prioritizing investments in programs that improve social determinants of health.

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Recommended Citation:
Oregon Health Authority Hospital Reporting Program (2023) Oregon Hospital Community Benefit Report FY 2022. Portland, OR: Oregon Health Authority.

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