

Hospital Community Benefit Report 2020



Most hospitals in Oregon are non-profit. To maintain their tax-exempt status, they are expected to provide measurable benefits to the communities they serve. This analysis accompanies OHA's interactive [2020 Oregon Community Benefit Dashboard](#). The data are self-reported.

Key Takeaways

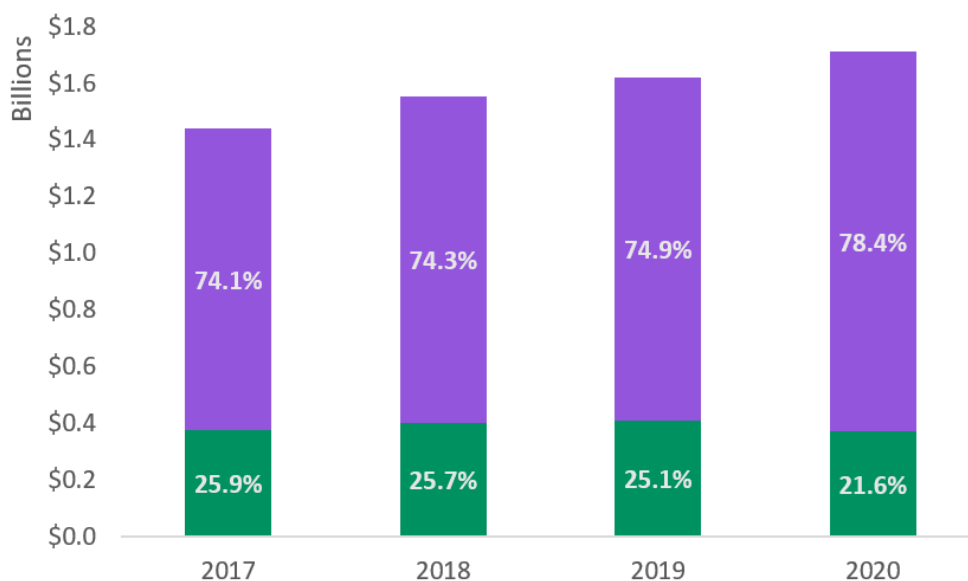
The ongoing COVID-19 pandemic reduced hospital utilization, which in turn reduced revenue from patient services. However, the federal [CARES Act](#) provided stabilizing funding, and statewide, hospitals had a [total profit margin](#) of \$723 million in FY 2020. Community need also rose during 2020, as Oregon residents experienced [housing](#) and [financial](#) insecurity. In hospitals' fiscal year 2020:

- Statewide **Total Community Benefit** grew by 5.6 percent, to \$1.7 billion. The increase was driven by accounting changes in one category of **Unreimbursed Care**, Subsidized Health Services, as well as growth in unreimbursed Medicaid costs.
- Statewide **Charity Care** and community investment both saw only a 0.8 percent increase.
- Statewide **Direct Community Spending** on community benefit services such as community health improvement or community building fell 9.1 percent.

Unreimbursed Care Drove an Increase in Total Community Benefit Spending in 2020

Statewide, total community benefit spending grew 5.6 percent to \$1.7 billion in 2020, driven by growth in unreimbursed care costs. Costs associated with unreimbursed care increased over 10 percent from 2019 and now account for more than \$1.3 billion (78.4%), of all community benefit costs. Meanwhile, costs associated with direct community spending fell 9.1 percent from 2019 and now account for \$370 million, or 21.6 percent of all community benefit costs.

Unreimbursed Care costs rose relative to Direct Spending in 2020

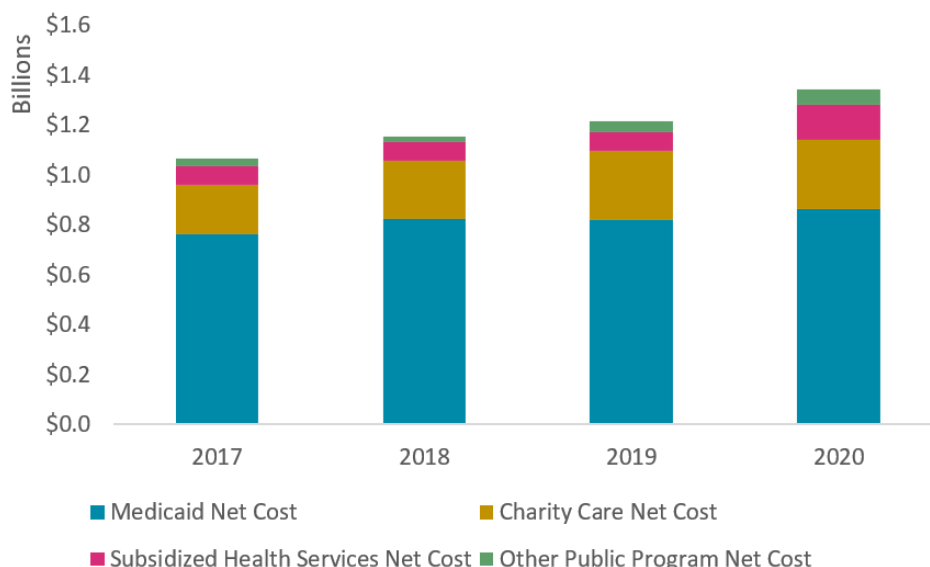


Subsidized Health Services Drove the 2020 Increase in Unreimbursed Cost of Care

Subsidized Health Services are services a hospital provides in response to community need that would not be available to the community otherwise. This category of spending within Unreimbursed Care grew by 85 percent, to \$142 million in 2020. **Growth in Subsidized Health Services is due to an accounting change that resulted from state legislation and allowed hospitals to count Medicare-related services in this category for the first time in 2020.**

Growth in Subsidized Health Services accounted for over half of the total growth in Unreimbursed Care in 2020. Unreimbursed Medicaid costs grew by only 5.4 percent from 2019, amounting to \$863 million in 2020. Charity care costs were \$279 million in 2020, growing by only 0.8 percent from 2019.

Subsidized Health Services had the greatest growth of all unreimbursed cost of care categories



Direct spending fell in 2020

Direct spending decreased \$37 million (-9.1%) from 2019 for a total of \$370 million in 2020. This was due to large decreases in health professions education (-\$29 million, -11.3%) and cash and in-kind contributions (-\$14 million, -31.7%) compared with 2019. Community health improvement costs were \$65 million in 2020, an increase of \$16 million (32.1%) from 2019. Community building costs were \$11.6 million, an increase of \$580,000 (5.2%) from 2019.

Key Terms

Total Community Benefit is the sum of all community benefit activities including the cost of unreimbursed care and direct community spending.

Unreimbursed Care represents the dollar value of losses due to providing discounted or free care. Unreimbursed care comprises charity care, unreimbursed costs of caring for Medicaid patients, subsidized health services, and any other public programs that result in a loss for the hospital.

Direct Spending includes health research, community building such as low-income housing, community health improvement such as cancer screening clinics, cash and in-kind donations, and community benefit operations.

For more information about each of these sub-categories, see the OHA Community Benefit Dashboard [Definition Page](#)