

April 18, 2019

Del Norte Healthcare District Newsletter

This newsletter summarizes proposed legislation which addresses the lack of transparency among some non-profit hospitals. If you want to better understand our "non-profit" healthcare system, please read on.

Gregory Duncan, M.D. Chair, Del Norte Healthcare District

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Upcoming Meetings

Next Healthcare District open public meeting: Tuesday April 23, 6:30 pm

The Del Norte Healthcare District monthly public meetings are generally held at 6:30 p.m. on the fourth Tuesday of each month, at 550 Washington Blvd., Crescent City (please call us or check the Del Norte County website to verify meeting dates). Call us at (707) 464-9494, or visit our office in the Wellness Center on the corner of Washington Blvd. and Northcrest Drive in Crescent City. Visit us on the web at delnortehealthcare.org.

We look forward to hearing from you!

Who Profits From Non-Profit Hospitals?

If you are concerned with rising healthcare costs and lack of transparency in our health care system, a proposal before the California legislature will help address those problems.

Here is the background. Last year, representatives from the Del Norte County Board of Supervisors, City Council of Crescent City, and Del Norte Healthcare District asked California Assemblyman Jim Wood for help regarding increasing healthcare costs.

Although rising healthcare costs are a national concern, Del Norte County is particularly impacted because one healthcare system, Sutter Health, operates the county's only hospital, ER, MRI, and CT scanner, where prices are much higher compared to facilities outside our county.

Because the California Attorney General is currently suing Sutter Health for alleged price fixing, restraint of trade, and conspiracy to create and maintain a monopoly, we understand this year is not the best time to introduce healthcare legislation which may overlap the Attorney General's lawsuit. Instead, Dr. Wood and his staff proposed legislation to address the lack of transparency among non-profit hospitals, which provide charity care and community benefit in exchange for their tax exemptions.

The numbers are huge—billions of potential tax dollars are not paid by healthcare corporations, like Sutter Health, which operate as tax exempt charities. At the same time, **a recent study found that non-profit healthcare systems charge much more for hospital care than "for -profit" systems.**[\[1\]](#)

Are the billions of dollars in tax exemptions enjoyed by non-profit hospitals justified by the charity care which those corporations provide? The Del Norte Healthcare District is working on that question. We asked Sutter to explain how they are calculating the millions of dollars in charity care and community benefit they claim to be providing. Sutter Health would not answer our inquiry, other than to state "*costs [for charity care] are computed on a relationship of costs to charges.*"[\[2\]](#) What does that mean—"*relationship of costs to charges*"?

Assemblyman Wood's legislation, if passed, would provide much needed transparency to "non-profit" hospital systems. AB 204 authorizes the state to develop regulations standardizing the calculation and reporting of community benefits, and requires hospitals to report their community benefits plans on their

web sites. In short, AB 204 would shed light on whether or not healthcare systems are deserving of their tax exemptions.

The Del Norte County Board of Supervisors and the Del Norte Healthcare District have voted unanimously to support Dr. Wood's AB 204 legislation. The City Council of Crescent City will discuss AB 204 at an upcoming meeting.

You can support AB 204 by contacting Assemblyman Jim Wood at his website <https://a02.asmdc.org> or at his Sacramento office: Assemblyman Jim Wood, State Capitol, P.O. Box 942849, Sacramento, CA 94249-0002, or by phone at (916) 319-2002.

Sincerely,

Directors of the Del Norte Healthcare District
Elizabeth Austen, Kevin Caldwell, Greg Duncan, Dohn Henion, and Mike Young

[1] "Average Hospital Expenses Per Inpatient Day Across 50 States" Amy Ellison, Becker's Hospital Review, Jan. 4, 2019

[2] Letter from Sutter Coast Hospital CEO Mitch Hanna to Del Norte Healthcare District, received Jan. 2019