GeorgiaWatch
Protecting Georgia Families

A Crisis of Affordable Health Care in Georgia: Medical Center of Central Georgia

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Executive Summary

Health care is a market where consumers are perpetually at a disadvantage and are consistently denied the fundamental options and choices that are available in other consumer-driven industries. More oversight, transparency, accountability and efforts to increase affordability and access at the Medical Center of Central Georgia are necessary to ensure care for all middle Georgians.

While there are many different causes for this lack of consumer control, one major factor is the absence of straightforward and clear information. For health care consumers, details on the most basic information – such as pricing and financial assistance eligibility – are scarce. Additional challenges for health care consumers are the complexity of treatment and the increasingly prevalent role of insurance providers in all aspects of the health care industry.

The complications of the current health care system create opportunities for hospitals to distort the true amount of revenue they accrue each year. A financial examination of some state tax-exempt nonprofit hospitals – including the Medical Center of Central Georgia – reveals sizeable sums of cash on hand and generous compensation packages to high-level hospital executives. For example:

- Medical Center CEO Don Faulk received a total compensation package of $848,841 in 2007 – a 20 percent increase over his compensation in 2006.
- The Medical Center had approximately 248 days cash on hand in 2007, which indicates the number of days the hospital could operate as usual without generating a single penny of new revenue. Nationally, the median days of cash on hand for all rated tax-exempt nonprofit hospitals in 2004 was 146.3. That same year, the Medical Center maintained 258.4 days of cash on hand – almost twice the national median.

Even worse, many tax-exempt nonprofit hospitals – including the Medical Center of Central Georgia – charge uninsured and self-pay patients significantly higher costs for services than the average payments received from most third party payers, such as private insurance, Medicare and Medicaid. On average, the Medical Center gives a 60 percent discount to third-party insurers, a discount not offered to uninsured and self-pay patients.

As with many other nonprofit and for-profit hospitals in the country, the Medical Center utilizes pricing practices that can place affordable care out of reach for many. Though they are a safety net hospital, the Medical Center is charging high prices to those who can least afford it.

For example, in 2006 the Medical Center reported a 265 percent overall price mark-up – from approximately $502,387,466 in costs to $1,329,393,413 in patient charges.[i] Only self-pay and uninsured patients are charged the inflated amount.

The Medical Center of Central Georgia has faced new challenges recently. State budget cuts, lower state Medicaid and trauma care reimbursements, increased competition and flat patient volumes have allegedly contributed to dramatic drops in the hospital's revenue, resulting in layoffs and reduced benefits to the community at large. Between 2002 and 2008, the hospital's operating margin plummeted from 10 percent to 2 percent and, in 2008, more than 200 employees were laid off in an

effort to cut costs, including key executive staff and hospital leaders. The Medical Center reportedly continues to look for ways to cut its budget while still maintaining quality care for its patients.

Policy Recommendations:

Affordability: Charges to patients should be fair and clearly explained at the time of admission. Cost should be based on a sliding scale fee system that takes into account patients' ability to pay. Tax-exempt hospitals should employ a uniform system of screening patients for eligibility in payment assistance programs.

Notice of financial assistance: Tax-exempt hospitals should use multiple communication and marketing strategies, including print and broadcast media, to advise the public of available free and reduced charge services, the terms of eligibility for accessing these services, the application process for accessing these services, and the person or office to which pricing complaints or questions should be directed.

Transparency: State lawmakers should create and enact definitions for the terms "indigent care," "charity care" and "bad debt" that are based on cost instead of marked-up charges and inflated hospital pricing schedules. Any state regulatory body such as the Department of Community Health (DCH), as well as county taxing authorities, could utilize these definitions in determining and assessing the financial performance of Georgia's tax-exempt nonprofit health care facilities.

Oversight: The state Department of Revenue should conduct annual audits and certifications of tax-exempt nonprofit entities in Georgia.

Community benefits: Every tax-exempt nonprofit hospital in the state should be required to adopt a written policy on community benefits offerings that focuses on indigent care, charity care and other activities that directly affect the welfare of their communities, excluding marketing materials. This written policy should be publicly available.

Assessments to evaluate real value of tax-exempt status: County taxing authorities should annually assess the property holdings of tax-exempt nonprofit health care facilities to ensure the community is receiving a comparable benefit for its loss of property tax revenue.

INTRODUCTION

The Medical Center of Central Georgia (the Medical Center) is a tax-exempt nonprofit hospital, one of the more than 100 such facilities in the state. In recent years, more than 80 percent of hospitals have become tax-exempt nonprofits governed by a nonprofit board. These hospitals are generally obligated to provide accessible and affordable health care. These health care services are generally referred to as "community benefits" and include charity and indigent care.

In return, these facilities are typically subsidized by state and local governments. For example, tax-exempt nonprofit hospitals do not pay most taxes, including sales, income and property. Because of this, tax-exempt nonprofit hospitals do not financially contribute to vital local infrastructure, such as road and sewer maintenance, or firefighter and police forces, even though they utilize these services.

THE MEDICAL CENTER OF CENTRAL GEORGIA

Established in 1895, the Medical Center is a tax-exempt nonprofit hospital that serves approximately 750,000 people in a 30-county area. Of the patients served:

- 69 percent of the system's patients come from Bibb County;
- 14 percent live in Crawford, Jones, Monroe, Peach or Twiggs counties;
- 5 percent live in Houston County; and,
- 12 percent come from other surrounding counties.[ii]

Counties served by the Medical Center:

Of these counties, 13 have no hospital.

The median individual income in the 30-county area was $19,485 in 2006.[iii] In Bibb County, the average household income was $36,459 in 2006 – $12,000 less than the national average.[iv] An April 2008 Department of Community Health report claimed that 19 percent of Bibb County residents live below the poverty line.

The Medical Center is the chief employer in the Bibb County area with nearly 4,000 employees and 500 board-certified or board-eligible physicians.[v] The hospital's annual payroll in 2007 was approximately $228,000,000. The Medical Center houses approximately 600 beds and operates central Georgia's only Level 1 trauma center. Its emergency room treats 55,000 patients annually.[vi]

The Medical Center is also the primary teaching hospital for Mercer University in Bibb County and has a number of clinical programs.[vii]

Bibb County is also served by Coliseum Heath Systems, a for-profit entity that operates in Macon with 350 beds, 1,400 employees and 500 board-certified physicians. It was created in 1998 by a merger of two other Macon hospitals, Middle Georgia and Coliseum Northside Hospital. It is middle Georgia's sixth largest employer.[viii]

Nonprofit and for-profit subsidiaries

The Medical Center has between ten and 12 tax-exempt nonprofit and for-profit holdings each fiscal year.

In 2007, tax-exempt nonprofit holdings and related entities were:

- Central Georgia Health Systems
- Health Services of Central Georgia
- MedCen Community Health Foundation
- Central Georgia Senior Health

For-profit holdings and related entities included:

- Centra Indemity
- Central Georgia Home Care Services
- Centra Professional Indemity
- Central Georgia Health Ventures
- Central Georgia Pet
- Secure Health Plans of Georgia.

THE MEDICAL CENTER BY THE NUMBERS

Traditionally, the Medical Center has enjoyed a fair amount of surplus. However, executives announced severe shortfalls in 2008, which have led to ongoing layoffs and cutbacks.

Medical Center of Central Georgia Total Surplus, Per IRS Form 990

	2000	2001	2002	2003	2004	2005	2006	2007
Total Revenue	$418,609,043	440,478,332	469,138,488	520,093,061	590,709,346	614,076,163	644,528,960	646,550,026
Total Expense	$381,417,229	418,683,710	430,432,872	489,828,429	549,384,661	585,028,689	605,697,936	600,453,425
Hospital System Profit/ Loss	**$37,191,814**	**21,794,622**	**38,705,616**	**30,264,632**	**41,324,685**	**29,047,474**	**38,831,024**	**46,096,601**

In 2007, salaries and benefits accounted for nearly half of the Medical Center's expenses.[ix] Of the other expenses:

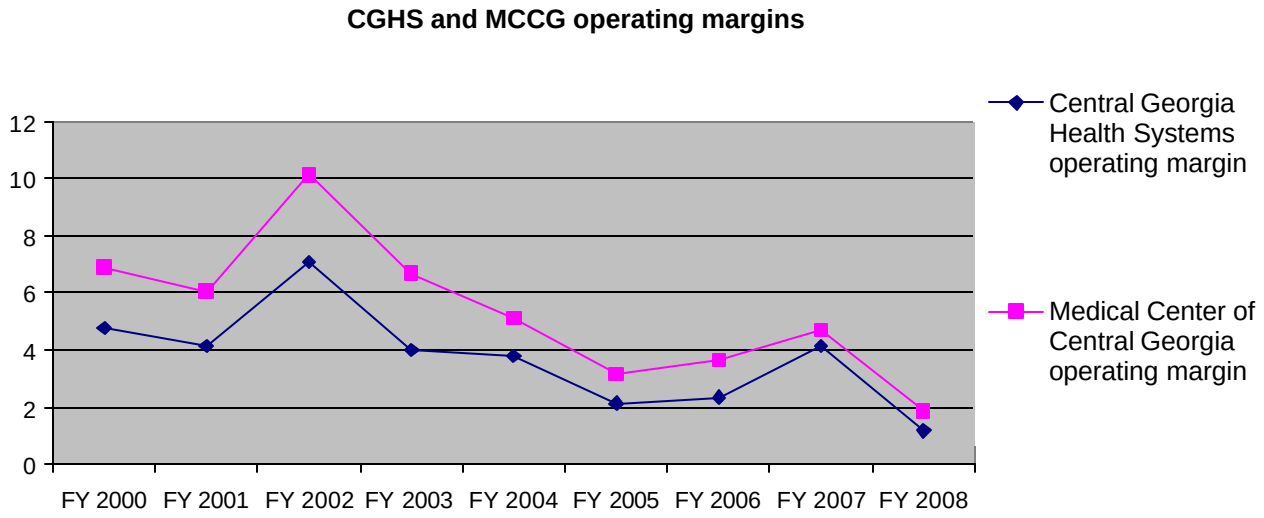
- Supplies and medicines = 38.5 percent;
- Bad debt = 6.6 percent;
- Building and equipment depreciation = 5.1 percent; and,
- Interest on debt = 0.7 percent.

In the past few years, the Medical Center has taken on considerable debt in building projects, which have included:[x]

- $30 million for a new outpatient (ambulatory) services center;
- $15 million for two parking decks;
- $13 million for an emergency room overhaul;
- $20 - $25 million to buy Middle Georgia Hospital from Coliseum Medical Centers and move the Children's Hospital into the building; and,
- $84 million in the new heart tower.

Operating margins

Operating margins[xi] at the Medical Center declined from fiscal year 2002 to fiscal year 2006, spiked slightly in 2007, then fell sharply in 2008 to less than two percent. In October 2008, Medical Center CEO Donald Faulk reportedly claimed the hospital needs an operating margin of four percent to stay fiscally viable.[xii]



The hospital cut more than 200 jobs in October 2008 and reduced other expenses as a way to boost its operating margin in 2009.

Investments and transfers of equity

Funds from tax-exempt nonprofit hospitals may be moved to a variety of related organizations and corporations, outside of the public view, through transfers of equity or investments in subsidiaries.

When a hospital transfers equity to a health system, that transferred wealth essentially drops off of the public record. As a parent company, the health system is not filing US Centers for Medicaid and Medicare Services (CMS) Cost Reports, so equity transfers are not disclosed to CMS or included in any government or industry analyses based upon Cost Report data.

As a result, hospital financial data as reported annually on Cost Reports may reflect a fundamentally incomplete picture of the true financial condition of the complex hospital system as a whole.

In 2007, the Medical Center transferred millions of dollars to its related entities.[xiii]

MEDICAL CENTER OF CENTRAL GA **2007: $8,347,240** **RELATED ENTITIES**

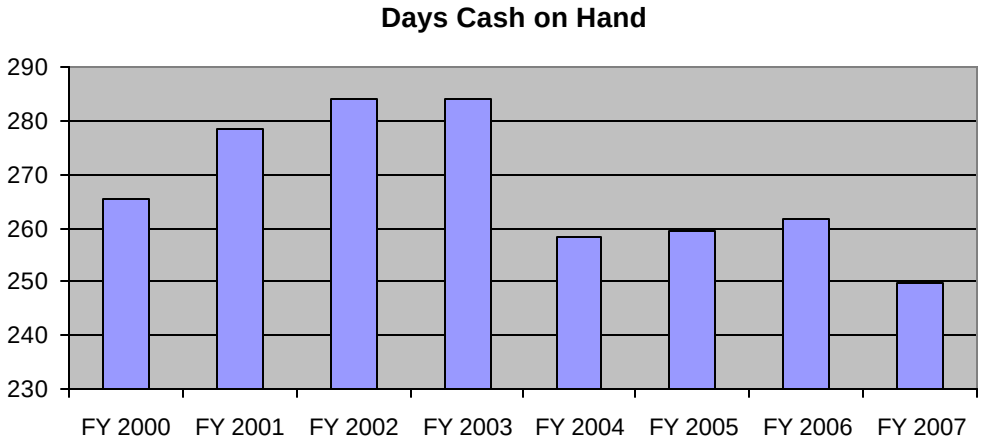
The Medical Center also receives funds from Central Georgia Pet, LLC, an imaging group of which the Center owns 66.6 percent. The Center received $2,408,510 in total revenue from Central Georgia Pet for 2005 through 2007.

Days cash on hand

Nonprofit and for-profit hospitals keep cash and other assets "on hand" that can be quickly liquidated. "Days cash on hand" measures how many days a hospital could operate if funded solely by working capital and investment assets, and serve as one method of assessing the size of a hospital's precautionary assets.

Moody's Investors Service calculates days cash on hand as:

$$\frac{365 \times \text{CASH} + \text{SAVINGS} + \text{INVESTMENT ASSETS}}{\text{LIABILITIES} - \text{DEPRECIATION}}$$ [xiv]



In short, the Medical Center of Central Georgia could have operated as usual for an average eight to nine months each year between 2000 and 2007 without generating a single penny of new revenue. It is unclear how the Medical Center's days cash on hand figure, relate to or reconcile with the hospital's operating margin, which Medical Center CEO Donald Faulk claims is not viable.[xv]

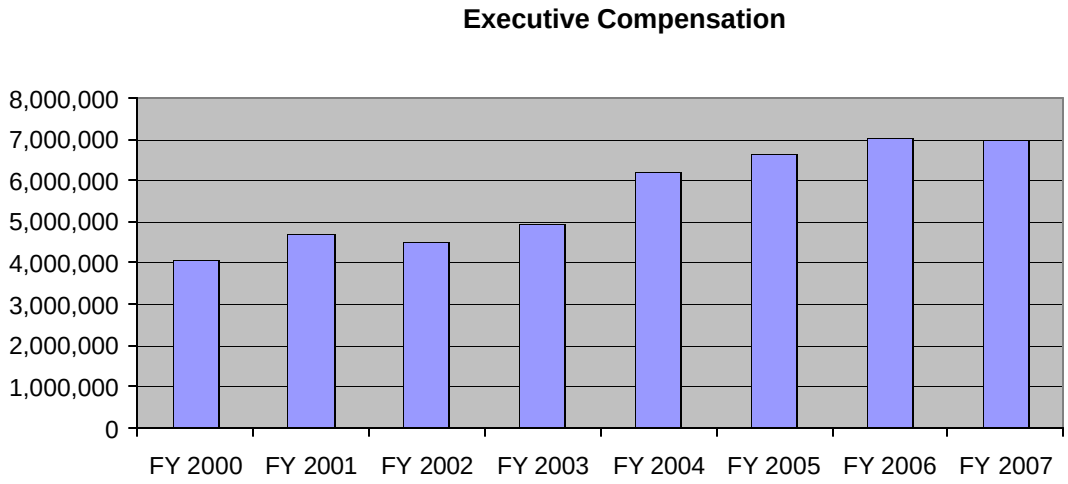
According to the Congressional Budget Office, the median days cash on hand for all rated tax-exempt nonprofit hospitals in 2004 was 146.3. That same year, the Medical Center maintained 258.4 days of cash on hand – almost twice the national median.

Currently, there is no limit on the assets a tax-exempt nonprofit hospital can divert into precautionary savings.

Executive compensation

Executive compensation at the Medical Center of Central Georgia is in line with compensation at other Georgia nonprofit hospitals that have 400 or more beds. In Georgia, CEOs of nonprofit facilities comparable to the Medical Center were often paid compensation packages that ranged from approximately $650,000 to $1.4 million in 2006.

Total compensation listed below is for an average 28 executives, officers and trustees of the Medical Center.



Medical Center CEO Don Faulk received a total compensation package of $848,841 in 2007 – a 20 percent increase from 2006, when he was paid $674,817. Former Executive Vice President Michael Gilstrap, on the other hand, received 50 percent less compensation from 2006 to 2007. Gilstrap's total compensation in 2006 was $1,622,967, compared to $623,646 in 2007.[xvi] Loans to Medical Center physicians in 2007 totaled $1,186,043[xvii]. Stated reasons for these loans included salary guarantees, education loans, lines of credit and educational costs. In addition, $23,466,781 in outstanding loan balances to officers, directors, key executives and trustees were reported in 2007.[xviii] Of that, Faulk owed $5,617,027 – almost a quarter of the total amount owed.

Financial losses

In 2008, the Medical Center reported a number of financial losses, including losses incurred from its Level 1 trauma center and uncompensated indigent and charity care.

Level 1 trauma center

Trauma is the leading cause of death of Georgians under 44 years of age. There are currently 15 trauma facilities in the state, a number that contributes to the state's high trauma death rate. Approximately 63 of every 100,000 of the state's residents die each year because of a lack of adequate trauma units in the state, as compared to the national average of 56 deaths per 100,000 people. It is estimated that approximately 700 Georgians die each year due to a lack of timely access to trauma services.[xix]

A Level 1 trauma center offers the greatest level of comprehensive trauma care, from prevention through rehabilitation. Level 1 facilities are required to have a specific number of on-duty surgeons and anesthesiologists and a full range of specialists and equipment available for trauma victims 24 hours a day, every day of the year.

There are only four Level 1 trauma centers in Georgia – Grady Memorial Hospital (Atlanta), Memorial University Health Medical Center (Savannah), the Medical College of Georgia (Augusta) and the Medical Center of Central Georgia. The Medical Center is the only facility available for most of southwest Georgia.

The high level of care delivered at Level 1 trauma centers is expensive and patient volumes are growing. It is estimated that, collectively, the state's trauma centers lose approximately $250 million each year.[xx] State legislative initiatives to address the lack of trauma centers and insufficient funding for existing facilities were introduced during the 2008 session, though none passed. One bill -- HR 1158 -- would have added a $10 fee on car registrations as a way to both boost funding for existing trauma centers and create new centers.

In June 2008, a one-time infusion of $59.8 million was allocated to the state's trauma centers, of which the Medical Center received $3.5 million. The facility has not publicly released a figure of uncompensated trauma care, but as one of the state's few Level 1 trauma centers, estimates run in the tens of millions.[xxi]

Cutbacks and layoffs

Medical Center executives have attributed the hospital's poor financial performance and shrinking operating margin to state budget cuts, reliance on contract staff, low state Medicaid and trauma-care reimbursements, increased competition and flat patient volumes.

In July, the Medical Center hired Michael Rindler, a consultant specializing in hospital revitalization, for $595,000 plus estimated expenses of $90,000. Some 500 meetings of 10 leadership task forces were held as part of a strategic performance initiative, in addition to numerous employee and physician meetings.[xxii]

In September, CEO Donald Faulk publicly announced efforts to cut approximately $33 million from the Medical Center's budget,[xxiii] although the strategic performance initiative led to approximately $43 million in annual savings. Of that, job cuts and tightened salaries accounted for an estimated 55 to 60 percent ($23,650,000 - $25,800,000) of the projected savings. In October, more than 200 employees were laid off, including executives and key employees.[xxiv]

Benefits, staffing hours, overtime hours, shift differential pay[xxv] and bonus pay will also be reduced for some employees. In an interview with the *Macon Telegraph*, Faulk said he and other executives would be affected by the reductions, though no specific details were given.[xxvi]

These cutbacks are only considered "phase one" of a process that will continue next year. The second phase will focus more on expense reductions and revenue growth.

Community benefits

Community benefits are generally considered benefits offered to the region a tax-exempt nonprofit hospital serves as an informal exchange, or justification, for its tax-exempt status. For many facilities, this has more or less meant free or low-cost care, also known as indigent and charity care, lumped into one general category – uncompensated care. But that categorization often also includes bad debt, which is debt the hospital unsuccessfully attempted to collect, primarily from private insurance companies.

There is no specific IRS ruling that requires hospitals to provide free care to meet the community benefit standard. Tax-exempt nonprofit hospitals have no obligation to provide free care outside of the emergency room, can charge for non-emergent care and can refuse to provide non-emergent care based on one's ability to pay.

Tax-exempt nonprofit hospitals often claim as community benefits certain marketing activities, such as newsletters for new moms. Some hospitals even claim new equipment as a community benefit. For example, the Medical Center of Central Georgia lists a new diagnostic tool used for billed procedures as a community benefit in a recent IRS Form 990 filing, even though it is not offered to the community as a free service.

Some Medical Center Community Benefits, per IRS form 990 FY 2007:

- A navigation program that offers cancer patients free resources, such as financial information, activities and education;
- The 2007 annual health fair that provides free public screenings for glaucoma, blood pressure, body fat and cholesterol to approximately 300 people;
- Donation of an ambulance to the Milledgeville Police Department;
- Parent's Time Out, an addition at the Children's Hospital that offers parents a place to wash clothes and heat meals while children are hospitalized; and,
- Know Your Meds, a program that educates patients about the appropriate administering of medication.

Questionable Community Benefits, per IRS form 990 FY 2007:

- Nurse Anesthetist Program with Mercer University;
- Nurses;
- Medical Center staff who volunteer during free time;
- Albert Luce Jr. Heart Institute, a facility constructed in addition to the Heart Center; and,
- Renovation of Children's Hospital

Georgia does not currently require the detailed reporting of community benefits by nonprofit hospitals. Some states have taken a more active role in examining tax-exempt nonprofit hospitals and have set forth their own requirements and penalties.[xxvii] In Georgia, the difference in community benefit offerings between nonprofits and otherwise similar for-profit hospitals is not statistically significant.

PRICING AND AFFORDABILITY

In the US, more than 45 million people are uninsured, or roughly 15 percent of the total population.[xxviii] Currently, approximately 18 percent of Georgians are currently uninsured. Of Bibb County's 154,709 residents, about 16 percent live without health insurance, and 19 percent live below the poverty level.[xxix] In 2005, Georgia ranked 43rd in the nation for health care coverage of its citizens.[xxx]

The number of employers who offered health insurance to their workers fell nine percent, from 69 percent in 2005 to 60 percent in 2006. The average total private insurance premium in Georgia increased 26.7 percent, from $8,101 in 2001 to $10,262 in 2005.[xxxi]

The uninsured are more likely to delay seeking care for illness or injury, which often results in the need for a higher level of care once they do seek medical help. These groups are also less likely to seek preventative care, a factor that can lead to late diagnoses for diseases such as cancer, and chronic conditions such as diabetes and high cholesterol levels.

As a result, uninsured and underinsured populations may be three times more likely than privately insured individuals to experience adverse health outcomes, and four times more likely than insured patients to require hospitalization and expensive emergency care.

Safety net hospitals

The Medical Center is also a safety net hospital, which are generally committed to: (1) providing high levels of indigent and charity care; and (2) serving the area's low-income, uninsured and "vulnerable" populations. Vulnerable populations have little to no access to stable health care coverage and are often the uninsured, low-income underinsured, Medicaid beneficiaries and patients with special health care needs.

The National Association of Public Hospitals reports that its safety net members, which account for two percent of all hospitals, provide 25 percent of the nation's uncompensated care.

Hospital pricing

As with many other nonprofit and for-profit hospitals, the Medical Center utilizes pricing practices that can place affordable care out of reach for many. Though they are a safety net hospital, the Medical Center is charging higher prices to those who can least afford it.

Regulations and requirements associated with the ICTF and the tax-exempt status – not to mention their own founding missions –compel tax-exempt nonprofit hospitals to provide free and reduced cost medical care and services to eligible patients. Instead, hospital pricing practices targeting the uninsured often discourage eligible patients from accessing reduced-cost health care.

While all patients are charged the same for services, only self-pay patients are actually expected to pay that amount. Because nobody negotiates a discount for the uninsured, these patients get stuck with unreasonable mark-ups, artificially inflated prices and enormous bills.

Government health insurance programs (Medicaid, Medicare and PeachCare) reimburse hospitals at rates determined by the CMS, while private health insurance companies negotiate lower prices that often vary between markets. Third-party insurers are, on average, granted a 60 percent discount at the Medical Center.[xxxii]

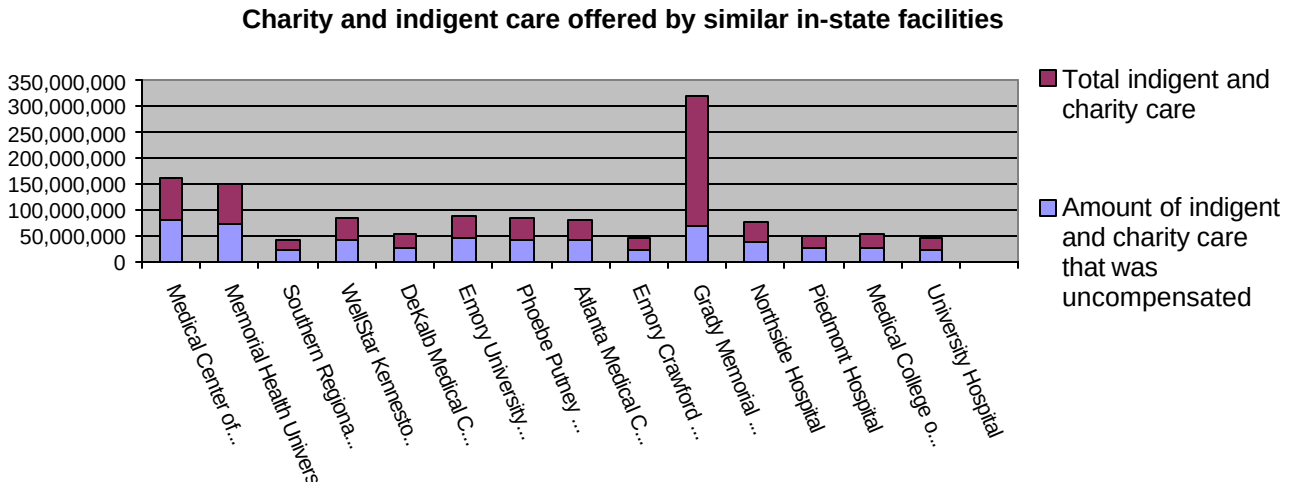
In 2007, approximately 30.4 percent of the Medical Center's patients had private insurance. Medicaid and Medicare patients comprised a combined 61.5 percent; charity and self-pay patients were approximately 8.1 percent, an increase from 6.9 percent the previous year.[xxxiii]

Uninsured and self-pay patients pay the "sticker price" for many services, prices that are substantially higher than the cost to the hospital. On average, the Medical Center charged 265 percent of cost during FY 2006 – about a $0.38 cost per $1.00 charged. The Medical Center billed patients $1,329,393,413 for supplies and services that cost $502,387,466.[xxxiv] Specific items with high mark-ups include:

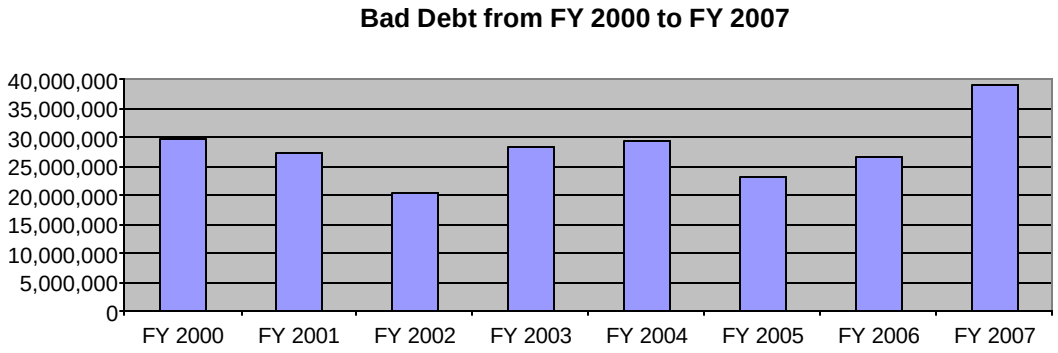
	Cost to MCCG	Charge to patient	Mark-up
Laboratory	$16,173,682	$150,905,830	933 percent
Anesthesiology	$1,971,630	$13,112,453	665 percent
Drugs Charged to Patient	$45,299,953	$267,100,225	590 percent
Operating Room	$37,183,294	$86,904,178	234 percent
Medical Supplies	$101,811,240	$190,760,517	187 percent
Radiology-Diagnostic	$22,392,453	$127,517,686	569 percent

Indigent care, charity care and bad debt ?

In 2005, the Medical Center reported spending a total $82,943,809 on inpatient and outpatient charity and indigent care; $78,448,107 of that amount was reportedly uncompensated. In its "Report to the Community" that same year, the hospital claimed it offered only $36.3 million in charity care, received $4.5 million from Bibb County for that care and an additional $1.6 million from other grants for charity care.



Bad debt is generally considered to be payments a hospital expected to receive for care, but did not. A lack of payment from private insurance companies accounts for a majority of bad debt, which accumulates when debt is no longer considered collectable and the hospital has to then account for it within accrued revenue. The following illustrates the fluctuation that the Medical Center has seen in bad debt from 2000 to 2007.



Federal, state and local governments can subsidize the health care costs for some uninsured patients through the Indigent Care Trust Fund (ICTF),[xxxv] Medicaid or Medicare reimbursements. But uninsured and underinsured patients not eligible for indigent or charity care may struggle to pay their medical bills, and can fall into default or bankruptcy, leaving safety net hospitals with unpaid medical bills.

Washington vs. the Medical Center

When Terrell Washington was a toddler, his mother Katie took him to the Medical Center's emergency room with a fever. The family was uninsured and qualified for subsidized care but, nevertheless, Washington was forced to sign a contract guaranteeing out-of-pocket payment of unspecified treatment before her son could be admitted.

At the time, Washington worked as a waitress and a cabinet maker. However, even with two full-time jobs, Terrell's two-day stay in the hospital led to high bills she was not able to pay. Despite being medically indigent, Medical Center employees began collection tactics against the Washington family, including repeated phone calls and collection letters.

Though the Medical Center received $15 million that year from the ICTF, in April of that year the hospital filed suit against Washington, obtaining a $5,979 judgment against her, and began garnishing her wages. Washington filed a countersuit, claiming the Medical Center breached its obligations to provide an adequate level of charitable care to indigent patients by charging grossly inflated rates to the uninsured – fees substantially higher than those charged to private and government insurers for the same services.

Washington's complaint was eventually dismissed, and her wages continued to be garnished.

QUALITY OF CARE

The Medical Center has received mixed reviews on its quality of care. In 2008, the hospital was given a Health Grades[xxxvi] Vascular Care Excellence Award and a five star rating[xxxvii] for carotid surgery, a difficult and complex procedure that removes plague from the lining of the main artery that supplies blood to the brain, head and neck.

However, the hospital received poor marks in terms of survival for two ofrequent illnesses - respiratory failure and stroke. According to Health Grades, the Medical Center is slow to diagnose and treat patients, and has a high rate of patients who acquire severe infections following surgical procedures.[xxxviii]

In September 2008, the Medical Center of Central Georgia was named one of 74 facilities nationwide to have higher-than-average death rates among elderly patients treated for pneumonia, according to CMS's Hospital Compare Web site.[xxxix]

According to the site, 15.6 percent of patients with pneumonia died. The national average is 11.4 percent. Of those patients, 15 died during hospital or palliative care shortly after leaving the hospital, the *Macon Telegraph* reported. The Medical Center attributed some of the deaths to "do not resuscitate" orders.[xl]

In 2007, the Medical Center was identified as one of 35 hospitals in the country where patients treated for heart failure had higher death rates than the national average. Hospital officials claimed that paperwork errors at the hospital were mostly to blame. This year, as predicted, the Medical Center's death rate for heart failure fell within the normal range for the nation.

The Medical Center charges an above-average fee for the treatment of heart failure ($11,683) and chest pain ($2,532). Patients who suffer from heart failure or those getting heart bypass surgery are given just average odds of survival after receiving treatment at the Medical Center.[xli]

HEALTH DISPARITIES AMONG GEORGIANS

Often linked to education, income, employment and location, health disparities are differences in health status among segments of the population, and can affect a patient's ability to afford sufficient health care and coverage.

In Georgia, 118 of the state's 159 counties are considered rural,[xlii] where poverty rates generally exceed urban areas by 58 percent. Sixteen percent of rural Georgians live beneath the federal poverty level, four percent more than those living in urban communities.[xliii] Due to geographic location and income, many rural Georgians live with health disparities.

Of the 30 counties the Medical Center serves, 75 percent of those are considered rural. Irwin, Macon and Crisp are the three counties that most lack adequate care because of few facilities, shortages in medical staff and limited public transportation.

Health disparities in Georgia are also largely found among ethnic and racial minority groups, such as Hispanics and African Americans. These minorities experience distinctly different health equity compared to their white neighbors, even when socioeconomic and geographic conditions are the same.

Twenty percent of all Hispanics living in Georgia are uninsured, and 13 percent of all African Americans are uninsured. Of the state's total uninsured nonelderly population, whites and African

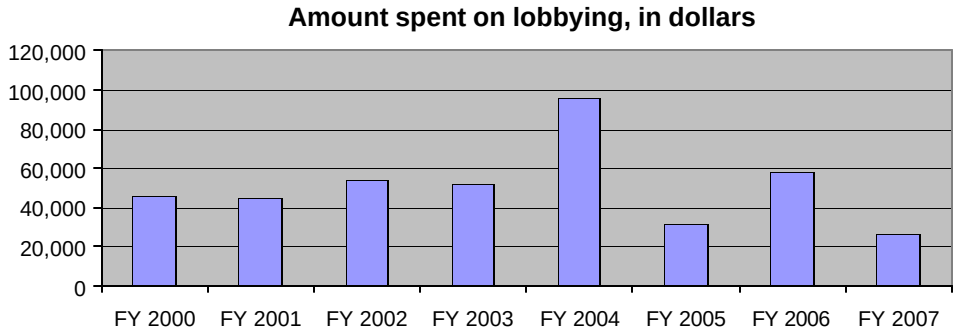
Americans comprise 37 and 36 percent, respectively.[xliv] Twenty-three percent of the total nonelderly uninsured patients were Hispanic, and an undefined "other" comprises the remaining 4 percent.

In 2009, the Medical Center will partner with Mercer University School of Medicine in a diabetes education program focusing on disease prevention in the African American population.[xlv] Conducting specialized research to improve the treatment of disease in minority communities and providing better access to care for rural Georgians are strategic ways the Medical Center can improve its overall standard of care.

THE MEDICAL CENTER AT THE STATE CAPITOL

Lobbying efforts

Like most large hospital in Georgia, the Medical Center employs lobbyists to advocate on its behalf to state leaders. Funds spent on Medical Center lobbying efforts from 2000 to 2007:



Campaign contributions

Between 2006 and 2008, approximately 36 of the Medical Center's top-ranking employees contributed to various legislative campaigns and committees.

The most frequent recipient of monetary donations was HosPAC, a nonpartisan political action committee (PAC) that distributes contributions to legislators. Another popular PAC among high-level Medical Center employees within the past two years was ALLPAC, or the Georgia Alliance of Community Hospitals. Sen. Cecil Staton (R-Macon) received more contributions directly from Medical Center staff than any other state legislator in 2008. Sen. Staton received approximately $10,950 from top-ranking hospital employees for his campaign.[xlvi]

CONCLUSION

Elected officials, community leaders, employee representatives, patients and other stakeholders must work to identify and confront the underlying problems preventing all Georgia citizens from accessing medical services and quality health care. More oversight, transparency, accountability and

efforts to increase affordability and access at the Medical Center of Central Georgia are necessary to ensure care for all middle Georgians.

Policy Recommendations:

Affordability: Charges to patients should be fair and clearly explained at the time of admission. Cost should be based on a sliding scale fee system that takes into account patients' ability to pay. Tax-exempt hospitals should employ a uniform system of screening patients for eligibility in payment assistance programs.

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Transparency: State lawmakers should create and enact definitions for the terms "indigent care," "charity care" and "bad debt" that are based on cost instead of marked-up charges and inflated hospital pricing schedules. Any state regulatory body such as the Department of Community Health (DCH), as well as county taxing authorities, could utilize these definitions in determining and assessing the financial performance of Georgia's tax-exempt nonprofit health care facilities.

Oversight: The state Department of Revenue should conduct annual audits and certifications of tax-exempt nonprofit entities in Georgia.

Community benefits: Every tax-exempt nonprofit hospital in the state should be required to adopt a written policy on community benefits offerings that focuses on indigent care, charity care and other activities that directly affect the welfare of their communities, excluding marketing materials. This written policy should be publicly available.

Assessments to evaluate real value of tax-exempt status: County taxing authorities should annually assess the property holdings of tax-exempt nonprofit health care facilities to ensure the community is receiving a comparable benefit for its loss of property tax revenue.

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[i] Data for Medical Center of Central Georgia is for the period ending 9/30/2006. The source of this information is Federal MedPar and/or HCRIS data, and was provided through the Web site Hosptialvictims.org.
[ii] http://www.mccg.org
[iii] http://explorer.dol.state.ga.us/mis/profiles/counties/Bibb.pdf
[iv] Ibid.
[v] Ibid.
[vi] http://www.mccg.org
[vii] Ibid.
[viii] http://www.coliseumhealthsystems.com
[ix] The Medical Center of Central Georgia's annual "Report to the Community," for 2007.
[x] Duncan, Heather S. "Medical Center delays '09 budget for cost-cutting plan," *Macon Telegraph,* Sept. 11, 2008.
[xi] An operating margin is a ratio used to measure a hospital's pricing strategy and operating efficiency, and is calculated by dividing a company's operating profit by net sales.
[xii] Duncan, Heather S. "Medical Center may cut perks," *Macon Telegraph,* Oct. 24, 2008.

[xiii] Per IRS Form 990 for Fiscal Year 2007, as filed by the Medical Center.
[xiv] Moody's Investors Service, *Moody's Public Finance Healthcare Ratings* (August 2005), p. 23
[xv] Duncan, Heather S. "Medical Center may cut perks," *Macon Telegraph*, Oct. 24, 2008.
[xvi] Medical Center of Central Georgia IRS 990 forms FYs 2005 through 2007.
[xvii] Per IRS Form 990 for Fiscal Year 2007, as filed by the Medical Center.
[xviii] Ibid.
[xix] http://www.ciclt.net/sn/adm/editpage.aspx?ClientCode=dhrtn&FileName=H_Home.txt
[xx] Sams, Douglas. "Commission will look for trauma care funding" *Atlanta Business Journal*, June 1, 2007."
[xxi] Associated Press. "Medical Center gets $3.5M for trauma care," WMAZ, June 09, 2008.
[xxii] Duncan, Heather S. "Medical Center seeks to cut $33 million in operating expenses." *Macon Telegraph*, Sept. 25, 2008.
[xxiii] Ibid.
[xxiv] Employees included: Senior Vice President Andrew Galloway, Vice President Michael Vaden, Assistant Vice President Lamar Bridger, Urgent Care Services Director Tommy Barnes and Heart Center Director Kim Odom.
[xxv] Shift differential pay is additional hourly pay to those who work between the hours of 3 p.m. and 7 a.m., as well as some weekend shifts.
[xxvi] Duncan, Heather S. "Medical Center may cut perks," *Macon Telegraph*, Oct. 24, 2008.
[xxvii] Texas, for example, has established reporting requirements (Texas Health & Safety Code §311.045, §311.0461) and imposes fines on tax-exempt nonprofit hospitals that fail to report their community benefits.
[xxviii] The US Census, online at http://www.census.gov.
[xxix] Georgia Health Equity Initiative *Health Disparities Report 2008: A County-Level Look at Health Outcomes for Minorities in Georgia*, Department of Community Health. Atlanta: 2008.
[xxx] Fulton County "Alternatives for Funding Indigent Care Beyond the Public Hospital," November 2007.
[xxxi] Ibid.
[xxxii] Data for Medical Center of Central Georgia is for the period ending 9/30/2006. The source of this information is Federal MedPar and/or HCRIS data, and was provided through the Web site Hosptialvictims.org.
[xxxiii] Ibid.
[xxxiv] Ibid.
[xxxv] Most hospitals in Georgia receive funds from the state Indigent Care Trust Fund (ICTF), an 18-year-old program that expands Medicaid eligibility and services, supports rural health care facilities that serve the medically indigent, and funds primary health care programs for medically indigent Georgians. Georgia's Disproportionate Share Hospital (DSH) program is funded through the ICTF, which provides funding to hospitals and other health care providers to help offset financial losses on uninsured, underinsured and low-income individuals, as defined by the state plan in accordance with federal regulations.
[xxxvi] Health Grades is a healthcare ratings organization that provides ratings and profiles of hospitals, nursing homes and physicians to consumers, corporations, health plans and hospitals, and is found online at http://www.healthgrades.com.
[xxxvii] Ibid.
[xxxviii] Ibid.
[xxxix] http://www.hospitalcompare.hhs.gov
[xl] Duncan, Heather S. "Midstate hospitals' pneumonia death rate higher than average," *Macon Telegraph*, Sept. 24, 2008.
[xli] www.gahospitalpricecheck.org
[xlii] Rural counties are those with a population of less than 35,000.
[xliii] Georgia Health Equity Initiative *Health Disparities Report 2008: A County-Level Look at Health Outcomes for Minorities in Georgia*, Department of Community Health. Atlanta: 2008.
[xliv] http://www.statehealthfacts.org
[xlv] Ramati, Phillip. "$3.1M Mercer grant aims to prevent diabetes in blacks," *Macon Telegraph*, Aug. 21, 2008.
[xlvi] http://www.ethics.ga.gov/EthicsWeb/campaignfinance/campfinance.aspx