Charity Care in L.A.’s Diverse Communities

Despite the Affordable Care Act (ACA) mandate, there are certain groups of people that will not be able to obtain health insurance and who will (in essence) “fall through the cracks.” This population is composed primarily of those exempt from the individual mandate because insurance options are not affordable, those who opt out of the individual mandate and face resulting penalties and undocumented immigrants and legal residents of less than five years. According to a 2010 report by the Center for Health Care Strategies, the estimated 20 million individuals who are not able to take advantage of ACA will have to depend, to one degree or another, on charity care programs.

Charity care – also known as uncompensated care – is health care that is provided for free or at reduced rates to low-income and extremely low-income patients. Many hospitals have established charity care programs to not only provide health care to those in need, but also as a way to give back to the communities in which they serve. In this, they assess the specific needs of a community to provide donated preventative, surgical and specialty care; conduct educational outreach programs to health professionals; and commit to health-related community service projects within homeless shelters, community centers, and local schools. Health care providers are focusing on the health status of the entire population, not just those who visit the emergency room.

Despite the obvious benefits, however, nonprofit hospitals across the nation are under increased scrutiny over the amount and cost of charity care they provide under their tax-exempt status. This year, for instance, the California State Legislature considered AB 503 (Wieckowski), the proposed community benefit/charity care law. This bill specifically targets nonprofit hospitals and adds new unfunded mandates that will limit an organization’s ability to provide services including neonatal intensive care, mobile dental clinics, diabetes screening and specialized burn units. Yet health care initiatives and outreach programs such as these are why California has been a historic leader in the organization of community hospitals, and in fact, the ACA modeled its community benefits standard after our state’s existing system.

With over 10 million residents and thousands of different languages and cultures, Los Angeles’ charity care programs are a gift for our diverse communities and are one of the primary ways we can help those who fall through the cracks. Community hospitals have a proven societal benefit of over $5 billion every year, and already conduct (per state requirement) annual assessments of community need. Legislation like AB 503 duplicates existing regulations and replaces them with a more bureaucratic system for our nonprofit hospitals and their patients. We must continue to protect the good work being done in nonprofit hospitals, and stand against such damaging proposals in 2015 and beyond.