Idaho’s Health Care Resources: Protecting Our Public Investments

By Kathleen Ackley

Idaho Health Care Series: No. 2

Idaho Community Action Network (ICAN)
Northwest Federation of Community Organizations (NWFCO)
February 2000
# TABLE OF CONTENTS

I. Introduction .................................. 1

II. The Problem: Our Investments in Health Care are Not Meeting the Needs of Communities

   1. Nonprofit Hospitals: What Has Gone Wrong .................................................. 2
   2. The Indigency Care Program: It Helps but also Hurts the Low-Income and Uninsured ... 4

III. The Solutions: How to Get Good Returns on Our Public Investments

   1. Our Investments in Nonprofit Hospitals and Community Benefits ......................... 6
   2. Our Investments in the Indigency Care Program ............................................... 8

IV. Conclusion .................................. 9

Appendix: Proposed Legislation .................................................................................. 10

   Nonprofit Hospital Responsibility Act
   Nonprofit Hospital Conversion Act
   Amendment of Title 31, Chapter 35 of the Idaho Code

Endnotes ...................................................................................................................... 24
I. INTRODUCTION

The rising number of families without health insurance in Idaho indicates a looming public health crisis. Eighteen percent (221,551) of the state’s population is without any form of coverage. Hardest hit are working poor families, where 29 percent of children and 53 percent of parents are uninsured. When a person becomes ill, the options are very limited for low-income, uninsured families. One important source for care is community benefits provided by nonprofit hospitals. Yet another is the state’s Indigency Care Program administered by Idaho counties.

Idaho has made considerable public investments in these two health care resources. In the case of private nonprofit hospitals (hereafter, “nonprofit hospitals”), public investments have been made in the form of large tax breaks, government grants and loans, and preferential regulatory treatment, while Idaho’s Indigency Care Program is funded solely through tax dollars. In return, it is expected that nonprofit hospitals and the Indigency Care Program fulfill a critical role in meeting unmet community health care needs.

In the past two years, however, members have told the Idaho Community Action Network (ICAN) alarming stories about problems accessing health care through these two programs—stories such as that told by Leanna Rowan.

In 1984, Leanna underwent emergency open-heart surgery at St. Luke’s Regional Medical Center in Boise. She was a stay-at-home mom, caring for her children, one of whom is developmentally disabled. Her husband, Ralph, worked full-time as a tile layer, but his employer did not offer health insurance. Therefore, Leanna was uninsured when she entered the hospital. To make matters worse, Ralph was laid off from his job soon after the operation.

Hating the burden of unpaid bills, Leanna volunteered to work her debt off at the hospital. The hospital declined her offer. Leanna’s daughter then approached St. Luke’s to, again, explain the family’s financial situation. The hospital was completely unresponsive.

Instead of offering help, the hospital began harassing Leanna with phone calls. They wanted the family to commit to specific monthly payments, an impossible request as the family was now barely able to put food on the table. “No matter how many times you tell them you can’t pay, they won’t leave you alone,” says Leanna. “I finally just told them to make an appointment for the hospital to take back the valve they put in my heart."

At the hospital’s direction, Leanna applied for the Indigency Care Program through Ada County. She was approved and, through the Program, the hospital received compensation. For Leanna, however, the situation only got more precarious; Idaho law dictates that participants in the Indigency Care Program must have liens placed on any property they have. The county now has the title to Ralph and Leanna’s home.

Stories like Leanna’s suggest that nonprofit hospitals and the Indigency Care Program are not meeting their obligation to Idaho communities. Nonprofit hospitals are failing to meet these obligations by providing community benefits that are either inadequate or inappropriate for the health care needs of
the communities they serve. The Indigency Care Program is failing in its obligation because it is a punitive program that places liens on recipients’ personal or real property.

Due to the limited options for the uninsured working poor, these two programs are critical in addressing unmet health care needs. However, serious problems exist that must be addressed. ICAN recommends three key legislative solutions:

- Pass the Nonprofit Hospital Responsibility Act;
- Pass the Nonprofit Hospital Conversion Act; and,
- Pass legislation to amend Title 31, Chapter 35 of the Idaho Code, removing language requiring the placement of liens on the property of people receiving assistance through the Indigency Care Program.

These three pieces of legislation not only strengthen existing laws but institute accountability for our nonprofit hospitals and bring a halt to the Indigency Care Program’s practice of penalizing those working poor families who are uninsured and apply for help. (See Appendix for full text of the bills.)

This report has three main sections. The first section explains why the community benefits provided by nonprofit hospitals and the Indigency Care Program are critical and how they are currently not providing what Idaho communities need. The second section proposes three legislative solutions to these problems. The third section—the Appendix—contains the full text of the proposed legislation.

II. THE PROBLEM: OUR INVESTMENTS IN HEALTH CARE ARE NOT MEETING THE NEEDS OF COMMUNITIES

1. Nonprofit Hospitals: What Has Gone Wrong

Community Benefits

Communities across Idaho support the state’s eleven nonprofit hospitals through donations, special tax breaks, government grants and loans, and preferential regulatory treatment. They do so, however, with the understanding that, in return, these hospitals will provide certain badly needed community health services. The obligations nonprofit hospitals in Idaho have to provide and to underwrite these services is based on a simple understanding: special community support means special community responsibilities.

This understanding has become institutionalized in the form of community benefits. “Community benefits” refer to certain health services and resources provided, without compensation, by health care institutions such as nonprofit hospitals. These services are usually geared to help target communities such as the under-served and uninsured, but at the same time benefit the community as a whole. Hospital community benefits include such services as free care (also known as “charity” care), health education campaigns, health screenings, and free flu shots. Hospitals have a moral and, in some states, a legal obligation to provide these benefits.
Chris Hitesman’s Story ~ Boise, Idaho

Chris is a 45 year old single father of four struggling to make ends meet. After years of demanding, labor-intensive jobs, Chris is now disabled and unable to do the kind of work he is trained for. He is hoping that the computer classes he is taking through Vocational Rehabilitation will give him a chance at new career and a better future.

"It looks like I am going to finally get Social Security benefits—a lump sum that will help us get out of debt, pay bills and finally get my car fixed. We are barely holding our heads above water here. Because of my disability, it has been very hard to just put food on the table."

However, a recent emergency has put Chris and his family’s future in jeopardy. “My daughter had an awful case of sinusitis, the worst the doctors had ever seen. We don’t have any health insurance, but she had to go to the emergency room at St. Luke’s.”

Chris has no qualms with the care the hospital gave his daughter, Pamela, but when it was time to discuss how he would pay the bill of almost $4,300, he was told to either go to the Ada County Department of Health and Welfare or to the county Indigency Care Program. “Absolutely no charity care was offered or even mentioned. It was embarrassing to have to go to the county for help.”

“The county paid for half the bill, but now I am in even deeper debt because of the money I owe to St. Luke’s—plus I have a lien against me. I really have nothing of value for them to take, unless we finally get a little bit of money from Social Security. My family is really afraid the county and St. Luke’s will take it away from us. I know one thing, the hospital has $80 million in the bank and they are not even beginning to offer help to families like mine.”

Despite considerable public investment, nonprofit hospitals across the nation have been “trimming indigent services” in recent years. In addition, certain hospital practices raise questions about today’s levels of self-reported community benefits. More than a few hospitals, for instance, have included in their community benefits numbers funding for such things as the building of an arts and science center and flying lessons for drug-free youth. Compounding the problem in Idaho is an over-reliance on the Indigency Care Program, which has allowed nonprofit health care providers to avoid adhering to their charitable missions to provide free care to the needy. Even as communities have continued to support hospitals, many hospitals have reneged on their part of the nonprofit bargain. The result is a crisis in community health services.

Currently, Idaho state law requires nonprofit hospitals to submit an annual report on their community benefits activities. The hospitals must file an annual public report with the county board of equalization itemizing their:

- unreimbursed services, including charity care, bad debt, and under-reimbursed care through government programs;
- special services and programs provided at below cost;
- donated time, funds, subsidies and in-kind services;
- additions to capital; and,
- the process the hospital has used to determine general community needs which coincide with the hospital’s mission.

While this law is a step in the right direction, it only applies to hospitals with 150 licensed beds or more, of which there are only two in Idaho -- St. Luke’s and St. Alphonsus Regional Medical Centers. It also lacks the following key features:

✅ The law does not require hospitals to provide community benefits.
✓ Hospitals are not required to make a formal community benefits plan.
✓ No community participation is required in deciding what benefits a hospital provides.
✓ Community benefits do not have to be based on a community’s unmet health care needs.
✓ The law contains no means of evaluating the effectiveness of a hospital’s community benefits program.
✓ The law has no enforcement provisions.9

All these components—planning and providing community benefits that are specific to a community’s needs, community participation, evaluation and enforcement—are critical to ensuring that nonprofit hospitals meet their special obligation to Idaho communities.

Conversions and Community Benefits

Also of concern to communities is the potential erosion of community benefits due to the conversion of hospitals from a nonprofit to a for-profit tax status. In response to this alarming trend, many states have passed “conversion” laws.10 Conversion laws aim, in part, to ensure that conversions do not run counter to the public interest or produce certain harmful effects, such as the loss of particular health care services like community benefits. A conversion without certain safeguards can have detrimental effects on the availability of health care services; thus, it is critical that these safeguards be put in place.

Idaho law grants the Attorney General oversight over the conversion of nonprofit hospitals, but current law does not mandate that the Attorney General follow a clear process when exercising his or her oversight duties. Additionally, there is currently no formal process that converting entities must go through to notify the public of a pending transaction, nor is there a process that allows for community input.

Valerie Cook’s Story ~ Boise, Idaho

Valerie is a retired health officer for the Idaho Department of Corrections. Currently, she is a full-time caregiver for her daughter, who is severely disabled due to a car accident, and for three grandchildren. Valerie has no health insurance, does not qualify for Medicaid and is not yet eligible for Medicare.

In August of 1999, Valerie was admitted to St. Alphonsus’ emergency room for an allergic reaction to an anti-inflammatory drug. When Valerie told the hospital that she had no insurance, nor the resources to pay for care, the hospital said that options were available to people without insurance and that she shouldn’t worry. She was never informed about charity care or about the Indigency Care Program.

Two months after being released, Valerie still had not received a bill from the hospital. Concerned about the state of her credit rating, Valerie called St. Alphonsus to inquire about her bill. She was told that she had a $1,500 bill and that it was overdue.

Valerie has no personal income, and survives on her daughter’s monthly Social Security check of $800. Unable to pay the entire bill, Valerie attempted to negotiate a monthly payment plan of $20 per month. The hospital refused to set up a payment plan and gave Valerie the option of having her daughter pay for the bill with her disability check or be sent to collections.

“Dealing with the hospital’s billing department was awful. They were completely unresponsive to my needs and, to top it off, they were rude and condescending. They told me that they would send me an application so I could state my financial situation, and that my daughter’s disability check could be used to pay off the bill. That is just not right! They can send me to collections—with everything my daughter has been through and as hard as she is trying to get her family back on its feet, it is not her responsibility to pay my bills on the already limited income she has.”
2. The Indigency Care Program: It Helps but also Hurts the Low-Income and Uninsured

<table>
<thead>
<tr>
<th>Larry Walsh’s Story ~ Boise, Idaho</th>
</tr>
</thead>
<tbody>
<tr>
<td>In May of 1984, Larry was in an accident and suffered severe damage to his right leg. He was taken to the emergency room at St. Alphonsus Regional Medical Center, where doctors considered amputating his leg. The leg was saved, but, in the process of dealing with the hospital, Larry’s dignity was taken away.</td>
</tr>
<tr>
<td>After the accident, Larry’s wife, Gloria, told the hospital that they had no insurance and no means to pay the bills. Hospital staff told Gloria about the Indigency Care Program, but when it was learned that the program would put a lien on the family’s property, Larry and Gloria declined assistance.</td>
</tr>
<tr>
<td>After a month’s stay in the hospital, Larry went home in an ambulance. Shortly thereafter he was greeted by the first of many bills.</td>
</tr>
<tr>
<td>Larry and Gloria did everything they could. Gloria gave up staying at home to raise their eight children so that she could work. Larry went to the Terri Reilly Clinic in Boise, which helped him with his medications until he qualified for a medical card.</td>
</tr>
<tr>
<td>“These hospitals make millions of dollars off of average people like myself but are not willing to help when you have hit rock bottom. I went to the Terri Reilly Clinic—the place for homeless people—and I know they don’t have millions of dollars but those folks bent over backwards to help me and my family. Where is the logic in that?”</td>
</tr>
<tr>
<td>Larry also called the hospital billing department to set up payment arrangements, proposing $50 per month as the maximum he could afford. The hospital said that was not enough and sent the family to collections. The family has been hounded by collections agencies ever since.</td>
</tr>
<tr>
<td>After years of trying to pay the hospital back and not getting anywhere, Larry had to file for bankruptcy in January of 1999. The interest on the bills was impossible to keep up with, and the hospital wanted to garnish his wife’s wages. Larry feels that if the hospital would be more compassionate in cases like his, people would actually feel like the hospitals were true community players.</td>
</tr>
</tbody>
</table>

Each year, taxpayers invest millions of dollars in Idaho’s Indigency Care Program. For example, from July of 1998 through June of 1999, counties across the state spent $18.2 million on this public resource.11 This statewide, county-administered program is designed to reimburse hospitals for the charity care they provide to medically indigent patients.12 People are considered “medically indigent” when they lack the income and resources to pay for medical care.13

If a person receives medical assistance from the Indigency Care Program, state law requires that a lien be automatically placed upon that person’s property. This lien gives the county a legal right to hold an applicant’s property or to sell it in order to reimburse the county for medical costs. The law reads:

Upon application for financial assistance pursuant to this chapter an automatic lien shall attach to all real and personal property of the applicant and on insurance benefits which the applicant may become entitled. The lien shall also be attached to any additional resources to which it may legally attach not covered above [Idaho Code § 35.31-3504 (4)].

The lien remains attached to the recipient’s property until repayment is made to the county for any medical services received. A search through a small subset of the public records in one Idaho county showed that the Indigency Care Program had placed liens against the property of over 3,570 people in that county over the past three years.14

Idaho is one of only four states in the country that place liens on the medically indigent.15 A lien can be devastating, particularly for working poor families. It can destroy credit records, make bank loans unattainable, and in some cases, force families to file for medical bankruptcy. People who seek aid from the Indigency Care Program are, effectively, punished for being sick and uninsured.
The story told by Leanna Rowan at the beginning of this report shows how a lien can hurt a family. While Leanna’s surgery occurred fifteen years ago, she is still in debt to the Indigency Care Program and is unable to sell her house or any other major possession of value because such items are, in essence, owned by the county. In addition, because of her ruined credit record, Leanna is unable to obtain any loans without astronomical interest rates.

III. THE SOLUTIONS: HOW TO GET GOOD RETURNS ON OUR PUBLIC INVESTMENTS IN HEALTH CARE

**The Shrank’s Story ~ Burley, Idaho**

In 1991, Hugh Shrank was working as a truck driver and his wife, Beverly, was a full-time student. The couple had no health insurance because Hugh’s employer did not provide coverage. That year, Hugh suffered from an allergic reaction to a prescription drug he was taking and was rushed to Cassia Regional Medical Center. Upon arrival, Beverly told the hospital that they had no health insurance and could not afford to pay for care. The hospital suggested they seek aid from the Indigency Care Program.

The Shranks applied to the Program for help with their $3,000 medical bill from the hospital but were denied. The county said Hugh’s job paid him enough to afford the cost of medical care, ignoring the fact that Hugh was still too sick to work. After the county rejected the Shrank’s application, the hospital then agreed to allow Hugh and Beverly to set up a monthly payment plan of $20.

Hugh’s illness and subsequent slow recovery made their already precarious financial situation even worse. Because Hugh was forced to miss a great deal of work due to his illness, he was fired from his job. As soon as he was well enough, Hugh was able to find work, but it didn’t last long. He was laid off. The Shranks were barely keeping their heads above water, but as the bills mounted, they were unable to afford the $20 monthly payment to the hospital. The hospital sent the Shranks’ bill to a collection agency. The bill grew even bigger as interest accrued. Finally, in 1995, the Shranks decided that their only option was to file for bankruptcy.

“We felt like we were drowning in debt and the only lifeguard we had to save us was to file.”

**1. Our Investments in Nonprofit Hospitals and Community Benefits**

In order to ensure that nonprofit hospitals live up to their obligation to provide community benefits, the Idaho Community Action Network (ICAN) recommends passing two pieces of legislation, the Nonprofit Hospital Responsibility Act and the Nonprofit Hospital Conversion Act.

**The Nonprofit Hospital Responsibility Act**

The Nonprofit Hospital Responsibility Act requires nonprofit hospitals in Idaho to provide community benefits. To ensure that these benefits meet the needs of the community, the Act also requires that hospitals create a community benefits plan and seek community input and participation in the plan. Finally, the Act establishes important evaluation and enforcement measures.

The Nonprofit Hospital Responsibility Act specifies that:

1. Hospitals provide community benefits, defined as “the unreimbursed goods, services and resources that address community-identified health needs and concerns;”
2. Hospitals conduct a community needs assessment and create a community benefits plan based on this assessment. Community participation in this process is required;
3. Each hospital make public an annual report following a standardized format that includes a:
   - mission statement;
• report of its community benefit efforts in the preceding calendar year;
• list of new benefit activities proposed for the future;
• analysis of the impact its community benefits have had on community health;
• evaluation of the plan’s effectiveness; and,
• audited financial statement.

4. Hospitals develop a written notice describing their free or charity care program and how to apply. Hospitals must also post information on the program.

5. Penalties for noncompliance include fines and hospital license revocation.

The Nonprofit Hospital Conversion Act

The Nonprofit Hospital Conversion Act ensures that the public assets invested in nonprofit hospitals are protected when a nonprofit hospital converts to a for-profit status, and that the conversion does not produce outcomes that run counter to other public interests.

The Nonprofit Hospital Conversion Act specifies that:

1. The Attorney General’s Office must be notified of any proposed transactions;
2. The Attorney General’s Office must perform a review of the transaction to determine whether it is in the public interest, and transactions cannot be concluded until said review is complete. Details the Attorney General shall take under consideration include:
   • whether the nonprofit will receive full and fair market value for its charitable trusts assets;

---

**LoRee Goodwin’s Story ~ McCall, Idaho**

LoRee is a single mother with two grown children. She has worked for the past 25 years as a waitress to support her family. In November of 1995, LoRee had a stroke in her sleep. Her daughter took LoRee to McCall Memorial Hospital’s emergency room. The diagnosis process was complicated and after several inconclusive tests, LoRee’s doctor suggested to her family that she go to a neurosurgeon at St. Alphonsus Regional Medical Center in Boise.

LoRee went to Boise one week later to see the specialist. After another series of tests, it was determined that she had had a stroke. When LoRee went back home to McCall to begin the healing process, the bills started arriving from both hospitals. Because of the stroke LoRee was not able to go back to work as soon as she would have liked. Both hospitals suggested to LoRee that she go to the Indigency Care Program and file for medical assistance. She was told that the Indigency Care Program would cover her medical bills completely and she would be debt free. She was not told that she would have a lien placed on her until the county was paid back. When LoRee went to the county, she was denied medical assistance because the county felt that she could work and pay the bill herself. Despite the county’s assessment of her financial situation, LoRee was subsequently told that she qualified for food stamps.

When LoRee called the hospitals to explain her situation, both hospitals agreed to set up a payment plan for her. At that point the bills had reached $15,000 and were rising on a daily basis. LoRee could not keep up with her everyday bills, let alone the rising cost of her medical bills.

“I always tried to pay the hospitals more than my monthly payment so that I could get ahead and hopefully pay the bill off, but with interest I never made any headway. Even though I was paying the bills, it was never enough for the hospital and they ended up sending me to a collection agency.”
After almost four years of trying to pay her medical bills, LoRee felt that her only option was to file for bankruptcy. “I felt like I was never going to get out of the ‘bad credit cycle.’ I always paid my bills on time and my family never went without even if I had to work three jobs. Because of the stroke, I went from working hard my entire adult life and always having good credit, to having to give that all up because no one was concerned about me as an individual, only as someone’s next paycheck.”

- whether the value has been decreased in any way by the parties involved in the transaction;
- whether any private individuals will benefit from the transaction;
- whether the charitable assets of the nonprofit will continue to be used in a manner consistent with the nonprofit’s charitable mission; and,
- any conflicts of interest.

3. A process for notifying the public about a proposed transaction must be created;
4. A formal process for including public participation in the review of proposed conversion transactions must be created;
5. The Attorney General’s Office has the authority to file suit to block any transactions deemed not in the public interest. In such a case, the district court shall decide whether the transaction is in the public interest; and,
6. Penalties for noncompliance include civil penalties, revocation of licenses, and the rendering of transactions to be null and void.

2. Our Investments in the Indigency Care Program

Title 31, Chapter 35 of the Idaho Code

Title 31, Chapter 35 of the Idaho Code pertains to counties and county law, and hospitals for indigent sick. The Idaho Community Action Network (ICAN) recommends amending the existing law, so that liens are no longer placed on the property of applicants. The law currently reads as follows:

Upon application for financial assistance pursuant to this chapter an automatic lien shall attach to all real and personal property of the applicant and on insurance benefits which the applicant may become entitled. The lien shall also be attached to any additional resources to which it may legally attach not covered above [Idaho Code § 31-3504 (4)].

IV. CONCLUSION

Together, these three legislative solutions -- the Nonprofit Hospital Responsibility Act and the Nonprofit Hospital Conversion Act, and amendment of Title 31, Chapter 35 of the Idaho Code -- are significant steps towards strengthening and protecting Idaho’s public health care resources. The Nonprofit Hospital Responsibility Act will require hospitals to provide community benefits and will require that those benefits meet the community’s needs, are planned with community participation, and provide evaluation and enforcement measures. The Nonprofit Hospital Conversion Act will help protect the public assets invested in nonprofit hospitals if a conversion should occur, and will allow valuable community input. Amending Title 31, Chapter 35 of the Idaho Code will ensure that people seeking aid from the Indigency Care Program are not punished for being sick and uninsured by having liens placed on their property. In short, these solutions ensure that our public health care
investments in nonprofit hospitals and in the Indigency Care Program meet the needs of Idaho communities.

Idaho has made considerable public investments in nonprofit hospitals and the Indigency Care Program. In return, Idaho communities expect these two programs to play a critical role in meeting unmet community health care needs. With 53 percent of parents and 29 percent of children in working poor families uninsured, these two programs are essential community resources. As demonstrated in this report, however, serious problems exist with these two health care resources. Passing the Nonprofit Hospital Responsibility Act and the Nonprofit Hospital Conversion Act, and amending Title 31, Chapter 35 of the Idaho Code are three concrete steps which will protect and strengthen our public investments in the health care of Idaho families and Idaho communities.
APPENDIX

The Nonprofit Hospital Responsibility Act 11
The Nonprofit Hospital Conversion Act 17
Amendment of Title 31, Chapter 35 of the Idaho Code 23
THE NONPROFIT HOSPITAL RESPONSIBILITY ACT

Digest

100. Legislative Findings; Intent

100.1 The legislature finds that access to health care services is of vital concern to the people of this State.

100.2 The legislature further finds that nonprofit hospitals play an important role in providing essential health care services in the communities they serve.

100.3 Notwithstanding public and private efforts to increase access to health care, the people of this State continue to have tremendous unmet health needs. Studies suggest that as many as [number] or [percent] of the State’s residents are uninsured or underinsured.

100.4 The legislature further concludes that licensing privileges conveyed by this state to nonprofit hospitals for the right to conduct intrastate business should be accompanied by concomitant obligations to address unmet health care needs. These obligations should be clearly delineated.

100.5 Community benefits should become a recognized and accepted obligation of all nonprofit hospitals in this State. Accordingly, every nonprofit hospital that receives a license under Idaho Code § 39-1301 must provide community benefits in a manner set forth in this Act.

101. Definitions

101.1 As used in this Act, the following terms have the following meanings:

(a) ”Administration” means the [state] Insurance Administration.

(b) “Bad debt” means the unpaid accounts of any individual who has received medical care or is financially responsible for the cost of care rendered to another, where such individual has the ability to pay, and has refused to pay.

(c) “Community” means the geographic service area(s) and patient population(s) that the nonprofit hospital serves.

(d) “Community benefits” means the unreimbursed goods, services and resources provided by nonprofit hospitals that address community-identified health needs and concerns, particularly of those who are uninsured or underserved. Community benefits include but are not limited to the following:

1. Free care;
2. Public education and other programs relating to preventive medicine or the public health of the community;
3. Health or disease screening programs;
4. Free or below-cost prescription drugs;
5. Transportation services;
6. Poison control centers;
7. Donated medical supplies and equipment;
8. Unreimbursed costs of providing services to persons participating in any government-subsidized health care program;
9. Free or below-cost blood banking services;
10. Free or below-cost assistance, material, equipment, and training to EMS and ambulance services;
11. The costs to implement a basic enrollment program that provides a package of primary care services to uninsured members of the community; and
12. Health research, education and training programs, provided that they are related to identified community health needs.

(e) “Department” means the [state] Department of Health.

(f) “Free Care” means care provided by a nonprofit hospital to patients unable to pay and for which the provider has no expectation of payment from the patient or from any third-party payer, and as further defined in §106 of this Act.

(g) “Nonprofit hospital” means health care services providers as defined by this Act.

(h) “Nonprofit hospital” has the meaning stated in section [ ] of the [state health code].

(i) “Person” means any individual, partnership, corporation, association, joint venture, insurance company, or other organization.

102. Community Benefits; Basic Requirements

102.1 Each nonprofit hospital that receives a license from this State shall provide community benefits to the community or communities it serves.

102.2 Within eighteen months from the day this Act is signed into law, each nonprofit hospital shall develop in collaboration with the community:

(a) An organizational mission statement that identifies the nonprofit hospital’s commitment to developing, adopting, and implementing a community benefits program;
(b) A description of the process for approval of the mission statement by the nonprofit hospital’s governing board;
(c) A declaration that senior management of the nonprofit hospital will be responsible for oversight and implementation of the community benefits plan;
(d) A community health assessment that evaluates the health needs and resources of the community it serves;
(e) A community benefits plan designed to achieve the following outcomes:
   (1) increase access to health care for members of the target community or communities;
(2) address critical health care needs of members of the target community or communities; and
(3) foster measurable improvements in health for members of the target community or communities.

103. The Community Health Assessment

103.1 Prior to adopting a community benefits plan, every nonprofit hospital subject to this Act shall identify and prioritize the health needs of the community it serves. It shall also identify health resources within the community. As part of the assessment, the nonprofit hospital shall solicit comment from and meet with community groups, local government officials, health related organizations, and health care providers, with particular attention given to those persons who are themselves underserved and those who work with underserved populations.

103.2 The Department shall compile available public health data, including statistics on the state’s unmet health care needs. In preparing its community health assessment, a nonprofit hospital shall use available public health data.

103.3 Nonprofit hospitals are encouraged to collaborate with other nonprofit hospitals in conducting community health assessments and may make use of existing studies and plans in completing their own community health assessments.

103.4 Prior to finalizing the community health assessment, each nonprofit hospital shall make available to the public a copy of the community health assessment for review and comment.

103.5 Once finalized, the community health assessment shall be updated at least every three years.

104. The Community Benefits Plan

104.1 Every nonprofit hospital shall adopt, annually, a plan for providing community benefits.

104.2 The community benefits plan shall be drafted with input from the community as provided for in Section 103.1 of this Act.

104.3 The community benefits plan shall include, at a minimum:
   (a) a list of the services the nonprofit hospital intends to provide in the following year to address community health needs identified in the community health assessment. The list of services shall be categorized under:
     1. Free care;
     2. Other services for vulnerable populations;
     3. Health research, education and training programs;
     4. Community benefits that address public health needs; and
     5. Nonquantifiable services, such as local governance and preferential hiring policies that benefit those who are uninsured or underserved.
   (b) a description of the target community or communities that the plan is intended to benefit;
   (c) an estimate of the economic value of the community benefits that the health care entity intends to provide under the plan;
(d) a report summarizing the process used to elicit community participation in the community health assessment and community benefits plan design, and ongoing implementation and oversight;
(e) a list of individuals, organizations, and government officials consulted during development of the plan and a description of any provisions made for the promotion of ongoing participation by community members in the implementation of the plan;
(f) a statement identifying the health care needs of the communities that were considered in developing the plan;
(g) a statement describing the intended impact on health outcomes attributable to the plan, including short and long-term measurable goals and objectives;
(h) mechanisms to evaluate the plan’s effectiveness, including a method for soliciting comments by community members; and
(i) the name and title of the person who shall be responsible for implementing the community benefits plan.

104.4 Each nonprofit hospital shall submit its community benefits plan to the Department prior to implementation.

104.5 Each nonprofit hospital shall make its community benefits plan available to the public for review and comment prior to implementation.

105. **Annual Report**

105.1 Within 120 days of the end of the nonprofit hospital’s fiscal year, each nonprofit hospital shall submit to the Department an annual report detailing its community benefits efforts in the preceding calendar year. The annual report shall include:

(a) the nonprofit hospital’s mission statement;
(b) the amounts and types of community benefits provided, listed in categories provided in §104.3(a), provided on a form to be developed by the Department;
(c) a statement of the nonprofit hospital’s impact on health outcomes attributable to the plan, including a description of the nonprofit hospital’s progress toward meeting its short and long-term goals and objectives;
(d) an evaluation of the plan’s effectiveness, including a description of the method by which community members’ comments have been solicited; and
(e) the nonprofit hospital’s audited financial statement.

105.2 Each nonprofit hospital shall prepare a statement announcing that its annual community benefits report is available to the public. The statement shall be posted in prominent locations throughout the nonprofit hospital, including the emergency room waiting area, the admissions waiting area, and the business office. The statement shall also be included in any written material that discusses the admissions or free care criteria of the nonprofit hospital. A copy of the report shall be given free of charge to anyone who requests it.

105.3 Information provided in accordance with §105.1(b) shall be calculated in accordance with generally accepted accounting standards. This information shall be calculated for each individual nonprofit hospital within a system and not on an aggregate basis, though both
calculations may be submitted. Each health services provider shall also file a calculation of its cost-to-charge ratio with its annual report.

105.4 Information provided in accordance with §105.4(b) shall be calculated in accordance with generally accepted accounting standards. This information shall be calculated for each individual insurer within a system and not on an aggregate basis, though both calculations may be submitted. Each insurer shall also file a calculation of its cost-to-charge ratio with its annual report.

105.5 Any person who disagrees with a community benefits report may file a dissenting report with the Department or with the Administration, as appropriate. Dissenting reports shall be filed within sixty (60) days of the filing of the community benefits report and shall become public records.

106. Free Care

106.1 Every nonprofit hospital that provides free care in full or partial fulfillment of its community benefits obligation shall develop a written notice describing its free care program and explaining how to apply for free care. The notice shall be in appropriate languages and conspicuously posted throughout the nonprofit hospital, including the general waiting area, the emergency room waiting area, and the business office.

106.2 Every nonprofit hospital that provides free care in full or partial fulfillment of its community benefits obligation shall report the value of such care, provided that the value of such care does not include any bad debt costs.

107. Subsidized Care; Sliding Scale Fees

107.1 In determining sliding scale fees or other payment schedules for uninsured persons, nonprofit hospital should base such fees on the income of the uninsured person.

107.2 Where the sliding scale fee is below actual costs, the nonprofit hospital may include the difference in its community benefits computation.

108. Monitoring and Enforcement of Nonprofit Hospital Community Benefits

108.1 The Department shall assess a penalty of not less than $1000/day against any nonprofit hospital that fails to file a community benefits plan or a timely annual community benefits report.

108.2 The Department shall revoke or decline to renew the license of any nonprofit hospital that fails to provide community benefits as required by this Act. The Department may issue a provisional license for a period of up to one year to any nonprofit hospital that has had its license revoked or non-renewed.

108.3 The Department shall submit a report to the Legislature on September 1 of each year that contains the following:
(a) The name of each nonprofit hospital, if any, that did not file a community benefits report in the preceding year;
(b) The name of each person who filed a dissenting report, and the substance of the complaint;
(c) A list of the most common activities performed by nonprofit hospitals in fulfillment of their community benefits obligation;
(d) The dollar value of the community benefits activities performed by nonprofit hospitals, expressed in both aggregate and individual terms; and
(e) The amount of net patient revenue for each nonprofit hospital.

108.4 The report referred to in section 108.3 of this Act shall be available to the public.

108.5 The Department shall promulgate rules and regulations necessary to effectuate this Act.
NONPROFIT HOSPITAL CONVERSION ACT

AN ACT

RELATING TO NONPROFIT HOSPITAL SALES AND CONVERSIONS; AMENDING TITLE 48, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 15, TITLE 48, IDAHO CODE, TO PROVIDE A STATEMENT OF LEGISLATIVE FINDINGS AND INTENT, TO PROVIDE DEFINITIONS, TO PROVIDE NOTICE TO THE ATTORNEY GENERAL, TO PROVIDE FOR ATTORNEY GENERAL REVIEW AND TIME PERIODS, TO PROVIDE FOR PUBLIC MEETINGS, NOTICE, AND TIME, TO PROVIDE FOR RULEMAKING AND CONSEQUENCES OF REFUSAL TO PROVIDE INFORMATION, TO PROVIDE FOR CONTRACTS WITH AGENCIES AND CONSULTANTS, REIMBURSEMENTS FOR COSTS AND EXPENSES OF REVIEW, TO PROVIDE FOR PUBLIC RECORDS, TO PROVIDE FOR PENALTIES AND REMEDIES, TO PROVIDE FOR NOTICE AND REVIEW OF NONPROFIT HOSPITAL ACQUISITION OF A NONPROFIT HOSPITAL, TO PROVIDE FOR THE PROHIBITION OF ANY PRIVATE BENEFIT FROM THE ACQUISITION OF A NONPROFIT HOSPITAL, AND TO PROVIDE FOR THE APPLICATION OF THE ACT.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Title 48, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 15, Title 48, Idaho Code, and to read as follows:

CHAPTER 15

IDAHO NONPROFIT HOSPITAL SALE OR CONVERSION ACT

48-1501. LEGISLATIVE FINDINGS AND INTENT. (1) Nonprofit hospitals are assets held in charitable trust, and are irrevocably dedicated to the specific charitable purposes set forth in the articles of incorporation of the nonprofit corporations or governing papers of the nonprofit entities operating such hospitals. Nonprofit hospitals have a substantial and beneficial effect on the provision of health care to the people of Idaho, providing as part of their charitable mission free or low-cost health care to the poor, elderly and disabled.

(2) The public is the beneficiary of the trust on which nonprofit hospitals hold their assets. It is in the best interests of the public to ensure that the public interest is fully protected whenever the assets of a nonprofit hospital are transferred or converted out of the charitable trust and to or for a for-profit entity or enterprise.

(3) The attorney general is entrusted by law to bring actions on behalf of the public in the event of a breach of the charitable trust of a nonprofit entity and to represent the public in the sale or other transfer of the assets of a charitable trust.

(4) This act shall be cited as the "Nonprofit Hospital Sale or Conversion Act."

48-1502. DEFINITIONS. As used in this act:

(1) "Hospital" means a place devoted primarily to the maintenance and operation of facilities for the diagnosis, treatment or care for not less than twenty-four (24) hours in any week of two (2) or more nonrelated individuals suffering from illness, disease, injury, deformity, or requiring care because of old age, or a place devoted primarily to providing for not less than twenty-four (24)
hours in any week of obstetrical or other medical or nursing care for two (2) or more nonrelated individuals.

(2) "Nonprofit hospital" means any hospital, including hospitals owned by corporations, that is organized as a nonprofit concern, however structured or created. The term also includes entities owned, governed or controlled by a nonprofit hospital.

(3) "Nonprofit hospital conversion transaction" means:
  (a) The sale, transfer, lease, exchange, optioning, conveyance or other disposition of a material amount of the assets of a nonprofit hospital to an entity or person other than a nonprofit entity; or
  (b) The transfer of control or governance of a material amount of the assets of a nonprofit hospital to an entity or person other than a nonprofit entity.

(4) "Person" means any individual, partnership, trust, estate, corporation, association, joint venture, joint stock company, insurance company or other organization.

48-1503. NOTICE TO THE ATTORNEY GENERAL. (1) Any nonprofit hospital shall be required to provide written notice to the attorney general prior to entering into any nonprofit hospital conversion transaction.

(2) In addition to identifying the parties to the nonprofit hospital conversion transaction and the general terms of the transaction, the notice to the attorney general provided for in this section shall include and contain relevant information related to the review factors set forth in section 48-1506, Idaho Code.

(3) This chapter shall not apply to a nonprofit hospital if the attorney general has given the nonprofit hospital written waiver of this chapter as to the nonprofit hospital conversion transaction.

48-1504. ATTORNEY GENERAL REVIEW AND WRITTEN DECISION -- TIME PERIODS -- EXTENSION -- DISTRICT COURT REVIEW. (1) No nonprofit hospital conversion transaction may close or be consummated until the time periods, as provided in this section, have expired.

(2) Within ninety (90) days of a complete written notice as required by section 48-1503, Idaho Code, the attorney general shall review the proposed nonprofit hospital conversion transaction and notify the nonprofit hospital in writing of his decision concerning it. The attorney general shall review the nonprofit hospital conversion transaction to determine if it is in the public interest. In making his determination, the attorney general shall be guided by the factors set forth in section 48-1506, Idaho Code. The attorney general may extend this period for an additional sixty (60) day period, provided the extension is necessary to obtain information pursuant to section 48-1507(2) or 48-1508(1), Idaho Code.

(3) If the attorney general, in his written decision, opposes the proposed nonprofit hospital conversion transaction, the parties to the transaction may not close or consummate the transaction for fourteen (14) days after the attorney general’s decision has been issued to allow the attorney general, in his discretion, to file suit blocking the transaction.

(4) If the attorney general files a lawsuit to block the nonprofit hospital conversion transaction, the district court shall review, de novo, the transaction to determine if it is in the public interest. In making this determination, the district court shall be guided by the factors set forth in section 48-1506, Idaho Code, as applicable. Only those transactions in the public interest shall be approved. Those transactions not in the public interest shall be prohibited.

48-1505. PUBLIC MEETINGS -- NOTICE OF TIME AND PLACE. Prior to issuing any written decision pursuant to section 48-1504, Idaho Code, the attorney general shall
conduct one (1) or more public meetings, one (1) of which shall be held in the county where the nonprofit hospital's assets to be transferred are located. At the public meeting, the attorney general shall hear comments from interested persons desiring to make statements regarding the proposed nonprofit hospital conversion transaction. The attorney general shall cause timely written notice to be provided of the time and place of the meeting through publication in one (1) or more newspapers of general circulation in the affected community, to the county board of supervisors, and if applicable, to the city council of the city where the nonprofit hospital's assets to be transferred are located. The costs of such notice shall be reasonable and borne by the nonprofit hospital giving notice under section 48-1503, Idaho Code.

48-1506. NONPROFIT HOSPITAL CONVERSION TRANSACTION REVIEW ELEMENTS. In reviewing a proposed nonprofit hospital conversion transaction, the attorney general (and the district court as necessary and applicable), shall consider:

1. Whether the nonprofit hospital will receive full and fair market value for its charitable trust assets;
2. Whether the fair market value of the nonprofit hospital's assets to be transferred has been manipulated by the actions of the parties in a manner that causes the fair market value of the assets to decrease;
3. Whether the proceeds of the proposed nonprofit hospital conversion transaction will be used consistent with the trust under which the assets are held by the nonprofit hospital and whether the proceeds will be controlled as funds independently of the acquiring or related entities;
4. Whether the governing body of the nonprofit hospital fulfilled their fiduciary duties and exercised due diligence in deciding to dispose of the nonprofit hospital's assets, selecting the acquiring entity, and negotiating the terms and conditions of the disposition, and avoided conflicts of interest as a result of payments or benefits to officers, directors, board members, executives and experts employed or retained by the parties;
5. Whether the nonprofit hospital conversion transaction will result in private inurement to any person;
6. Whether health care providers will be offered the opportunity to invest or own an interest in the acquiring entity or a related party, and whether procedures or safeguards are in place to avoid conflict of interest in patient referrals;
7. Whether the terms of any management or services contract negotiated in conjunction with the proposed nonprofit hospital conversion transaction are reasonable; and
8. Whether any foundation established to hold the proceeds of the nonprofit hospital conversion transaction will be broadly based in the community and be representative of the affected community, taking into consideration the structure and governance of such foundation.

48-1507. RULES -- AUTHORITY TO ADOPT -- INFORMATION REQUESTS - CONSEQUENCES OF REFUSAL TO PROVIDE INFORMATION. (1) The attorney general may adopt such rules or establish such protocols as the attorney general deems appropriate or necessary to implement this chapter.

2. The attorney general may demand that the nonprofit hospital giving notice under section 48-1503, Idaho Code, in addition to providing information related to the review factors set forth in section 48-1506, Idaho Code, provide other information which the attorney general reasonably deems necessary to review the nonprofit hospital conversion transaction.

3. If the nonprofit hospital giving notice under section 48-1503, Idaho Code, does not provide timely information as required by the attorney general, this shall be sufficient ground for the
attorney general to seek and obtain a court order blocking the proposed nonprofit hospital conversion transaction.

48-1508. CONTRACTS WITH AGENCIES AND CONSULTANTS -- REIMBURSEMENT FOR COSTS AND EXPENSES OF REVIEW -- FAILURE TO PAY. (1) Within the time periods designated in section 48-1504, Idaho Code, the attorney general may do any of the following to assist in the review of the proposed nonprofit hospital conversion transaction described in section 48-1503, Idaho Code:
   (a) Contract with, consult, and receive advice from any agency of the state or the United States on such terms and conditions the attorney general deems appropriate; or
   (b) In the attorney general's sole discretion, contract with such experts or consultants the attorney general deems appropriate to assist the attorney general in reviewing the proposed nonprofit hospital conversion transaction.

   (2) Any contract costs incurred by the attorney general pursuant to this section shall not exceed an amount that is reasonable and necessary to conduct the review of the proposed nonprofit hospital conversion transaction. The attorney general shall be exempt from the provisions of any applicable state laws regarding public bidding procedures for purposes of entering into contracts pursuant to this section.

   (3) The attorney general shall be entitled to reimbursement from the nonprofit hospital giving notice under section 48-1503, Idaho Code, for all reasonable and actual costs incurred by the attorney general in reviewing any proposed nonprofit hospital conversion transaction under this chapter, including attorney's fees at the billing rate used by the attorney general to bill state agencies for legal services. The nonprofit hospital giving notice under section 48-1503, Idaho Code, upon request, shall pay the attorney general promptly for all such costs.

   (4) The failure by the nonprofit hospital giving notice under section 48-1503, Idaho Code, to promptly reimburse the attorney general for all costs pursuant to this section shall be sufficient ground for the attorney general to seek and obtain a court order blocking or rescinding the nonprofit hospital conversion transaction.

48-1509. PUBLIC RECORDS. All documents submitted to the attorney general by any person, including nonprofit hospital entities giving notice under section 48-1503, Idaho Code, in connection with the attorney general's review of the proposed nonprofit hospital conversion transaction pursuant to this article shall be public records subject to all provisions of the applicable state public records laws.

48-1510. PENALTIES -- REMEDIES. (1) Any nonprofit hospital conversion transactions entered into in violation of the notice and review requirements of this chapter shall be null and void and each member of the governing boards and the chief financial officers of the parties to the nonprofit hospital conversion transaction may be subject to a civil penalty of up to ten thousand dollars ($10,000), the amount to be determined by the district court in the county in which the nonprofit hospital's assets to be transferred are located. The attorney general shall institute proceedings to impose such a penalty.

   (2) Nothing in this chapter shall be construed to limit the common law authority of the attorney general to protect charitable trusts and charitable assets in this state. These penalties and remedies are in addition to, and not a replacement for, any other civil or criminal actions which the attorney general may take under either the common law or statutory law, including rescinding the nonprofit hospital conversion transaction, granting injunctive relief or any combination of these and other remedies available under common law or statutory law.
48-1511. NONPROFIT HOSPITAL TO NONPROFIT ENTITY TRANSACTIONS

(1) The provisions of this chapter notwithstanding, whenever there is the sale, transfer, lease, exchange, optioning, conveyance or other disposition of a material amount of the assets of a nonprofit hospital to another nonprofit entity, or the transfer of control or governance of a material amount of the assets of a nonprofit hospital to another nonprofit entity, and the transaction will result in a material change in the charitable purposes to which the assets of the nonprofit hospital have been dedicated, notice of this transaction shall be provided to the attorney general as follows:

(a) Notice shall be provided by the nonprofit hospital ninety (90) days prior to the date the transaction is to be completed; and

(b) In the notice, the parties to the transaction shall provide a statement of the charitable purposes of each entity entering into the transaction, as well as a statement concerning the relationship of these purposes to the assets involved in the transaction.

(2) For transactions covered by this section, the attorney general may assess, review or challenge the transaction as deemed appropriate by the attorney general.

(3) The attorney general shall not object to a transaction under this section, if the transaction satisfies the following criteria:

(a) The assets continue to be dedicated to charitable purposes;

(b) The directors or trustees of the parties to the transaction have not acted unreasonably in light of the financial circumstances of the parties or in accommodating the affected community or communities and have not breached their fiduciary duties or otherwise engaged in misconduct in such transaction; and

(c) The health care needs of the affected community or communities will not be negatively impacted.

(4) If the transaction does not satisfy the elements of subsection three (3), the attorney general may file suit to block or rescind any transaction covered by this section.

48-1512. PRIVATE BENEFIT. No person who is an officer, director, board member or other fiduciary of a nonprofit hospital shall receive anything of value that relates to a nonprofit hospital conversion transaction described in this act and is of such a character as to have the appearance of an improper influence on the person with respect to the person's duties. For purposes of this section, "anything of value" shall include, but is not limited to, any compensation, consideration, employment or offers of employment. Any person who violates the provisions of this section shall, in addition to being subject to the provisions of section 48-1510, Idaho Code, forfeit the items of value received in violation of this section.

48-1513. APPLICATION OF ACT. This act applies to all acquisitions, the consummation of which occurs after the effective date of this act.

Statement of Purpose / Fiscal Impact

STATEMENT OF PURPOSE

RS ___________

This proposed legislation adds a new chapter to Title 48 of the Idaho Code, clarifying the existing charitable trust supervisory powers of the Attorney General in the area of nonprofit hospital transactions and conversions. Since nonprofit hospitals are historically created by community
sacrifice and donation, the proposed conversion of such a hospital deserves review and consideration. The legislation establishes procedures by which these transactions are to be reviewed and evaluated, ensuring that a community's interest in its hospital is protected and considered. The legislation provides for notice of such transactions to the Attorney General and items that should be considered in reviewing any such transaction. The legislation also allows the Attorney General to hold a public hearing and appear in court. Finally, the legislation also prohibits current board members of a nonprofit hospital from receiving anything of value that relates to a hospital conversion if it is of such a character to have the appearance of an improper influence on the person with respect to that person's duties.

FISCAL NOTE

This legislation should ensure that charitable trust hospital assets are properly preserved in any related transaction or acquisition. Other than potential workloads for the Office of the Attorney General, there should be no fiscal impact upon the general funds the State.

Contact: William A. von Tagen, Deputy Attorney General, Division Chief, Intergovernmental & Fiscal Law 334-4140

Brett DeLange, Deputy Attorney General Lead Deputy, Consumer Protection Unit 334-4114

STATEMENT OF PURPOSE/FISCAL IMPACT Bill No.
31-3504. APPLICATION FOR FINANCIAL ASSISTANCE.

(1) An applicant requesting assistance under this chapter from the state or any county in this state shall complete a written application on a uniform form agreed to by the Idaho association of counties and the Idaho hospital association prior to June 30, 1996. The truth of the matters contained in the application shall be sworn to by the applicant. The application shall be signed by the applicant or on the applicant's behalf and filed in the clerk's office.

(2) If a third party application is filed, the application shall be as complete as practical and presented in the same form and manner as set forth above.

(3) Follow-up necessary medical services based on a treatment plan, for the same condition, preapproved by the board, may be provided for a maximum of six (6) months from the date of the original application without requiring an additional application; however, a request for additional treatment not specified in the approved treatment plan shall be filed with the clerk ten (10) days prior to receiving services. Beyond the six (6) months, requests for additional treatment related to an original diagnosis in accordance with a preapproved treatment plan shall be filed ten (10) days prior to receiving services and an updated application may be requested by the board.

(4) Upon application for financial assistance pursuant to this chapter an automatic lien shall attach to all real and personal property of the applicant and on insurance benefits to which the applicant may become entitled. The lien shall also attach to any additional resources to which it may legally attach not covered above. The lien created by this section may be, in the discretion of the board, perfected as to real property and fixtures by recording, in any county recorder's office in this state in which the applicant and obligated party own property a notice of application for medical indigency benefits on a uniform form agreed to by the Idaho association of counties and the Idaho hospital association prior to June 30, 1996, which form shall be recorded as provided herein within thirty (30) days from receipt of an application, and such lien, if so recorded, shall have a priority date as of the date the necessary medical services were provided. The lien created by this section may also be, in the discretion of the board, perfected as to personal property by filing with the secretary of state within thirty (30) days of receipt of an application, a notice of application in substantially the same manner as a filing under chapter 9, title 28, Idaho Code, except that such notice need not be signed and no fee shall be required, and, if so filed, such lien shall have the priority date as of the date the necessary medical services were provided. An application for assistance pursuant to this chapter shall waive any confidentiality granted by state law to the extent necessary to carry out the intent of this section.
ENDNOTES

3. The national average for donations to community hospitals is 0.75-1.5% of net hospital revenues. St. Luke’s Regional Medical Center, for example, “receives thousands of donations averaging nearly $2 million per year.” Bill Bodnar, St. Luke’s Vice President of Corporate Development, Memo to “Interested Parties,” March 26, 1998. See also Consumers Union and Community Catalyst, Selling Out? How to Protect Charitable Health Dollars and Services, San Francisco, CA; Boston, MA, October 1998, p. 11.  
8. Idaho Code § 63-602D.  
9. This lack of an enforcement provision means that, if a hospital were to fail to submit an annual report or provides inadequate information, there is little recourse for community members. An example can be found in the 1999 annual reports filed to Ada County in which the hospital costs of charity care and bad debt are not itemized but reported as a lump sum.  
10. A conversion takes place when a nonprofit institution, such as a hospital, insurance company, or managed care company, changes its status, merges with a for-profit company, or restructures and becomes a for-profit company. A fundamental change in the character of an institution takes place as a result of a conversion. Instead of maintaining its charitable mission, a conversion forces a health care institution to place profit making as its top priority. Leah Vu and Ele Hamburger, “Is Wellpoint Singing the Idaho Blues?” Idaho Citizens Network, Boise, ID, June 1997, pp. 3, 4.  
11. $18,209,683.66 was spent on medical costs and an additional $701,277.87 was spent on administrative and legal costs (not including Cassia County). Blake Hall, “Exhibit H,” Catastrophic Health Care Cost Program Annual Report 1999, Catastrophic Health Care Cost Program, Idaho Falls, ID, January 20, 2000, p. 7.  
12. The Indigency Care Program is run by each county, which in turn contracts with local hospitals to provide certain approved services. The county program pays approved medical expenses up to $10,000. Expenses above this are paid for by the state’s Catastrophic Health Care Cost Program (Idaho Code § 31-3503(1) and Idaho Code § 31-3519). To be medically indigent, a person must be in need of medically necessary services and lack the sufficient resources to pay for these services; (Idaho Code § 31-3502). There is no set financial criteria; each applicant is reviewed on a case by case basis by the County Board of Commissioners. Kathleen Ackley, “Public Health or Private Wealth: Who’s Cashing in on St. Luke’s Riches,” Idaho Community Action Network, Boise, ID, June 1999, p. 14.  
14. The records were from Ada County.  
About the Organizations Releasing This Report

The Idaho Community Action Network (ICAN) serves as a powerful, consolidated voice for Idaho's poor, with chapters and membership clusters in six Idaho communities, including the state’s three largest cities and numerous rural towns. Through ICAN, low-income Idaho families have a voice in the decisions that impact their lives. In addition to its direct action work, ICAN runs a statewide, volunteer-driven food program that helps low-income families supplement their monthly budgets. ICAN's community organizing model integrates the provision of food with training, leadership development and action on issues.

The Northwest Federation of Community Organizations (NWFCO) is a regional federation of five statewide, community-based social and economic justice organizations located in the states of Idaho, Montana, Oregon and Washington: Idaho Community Action Network (ICAN), Montana People’s Action (MPA), Oregon Action (OA), Washington Citizen Action (WCA) and Coalition of Montanans Concerned with Disabilities (CMCD). Collectively, these organizations engage in community organizing and coalition building in fourteen rural and major metropolitan areas, including the Northwest’s largest cities (Seattle and Portland) and the largest cities in Montana and Idaho.

For more information contact:

Idaho Community Action Network (ICAN)
1311 W. Jefferson
Boise, Idaho 83702
(208) 385-9146 phone
(208) 336-0997 fax
amberda@micron.net

© 2000 by the Idaho Community Action Network (ICAN);
Northwest Federation of Community Organizations (NWFCO)