
PAYING FOR CHARITY CARE

Like all charitable groups, nonprofit health organizations collect money from the public and redistribute it to the community according to their missions. When nonprofit health organizations give charitable benefits, the source of those benefits is money collected from the public in the form of donations or patient charges.

Patients who seek care from nonprofit health organizations are contributing to the charity care received by patients who are unable to pay. Yet charges still tend to be lower at nonprofit health organizations because their margins are lower and their missions are to serve the community.



According to the most recent Utah Department of Health Data, the average charges for inpatient care at Intermountain hospitals are 18% lower than at other Utah hospitals. The average charges for outpatient surgery are 33% lower at Intermountain than at other Utah hospitals and ambulatory surgical centers.

DIXIE REGIONAL MEDICAL CENTER

River Road Campus

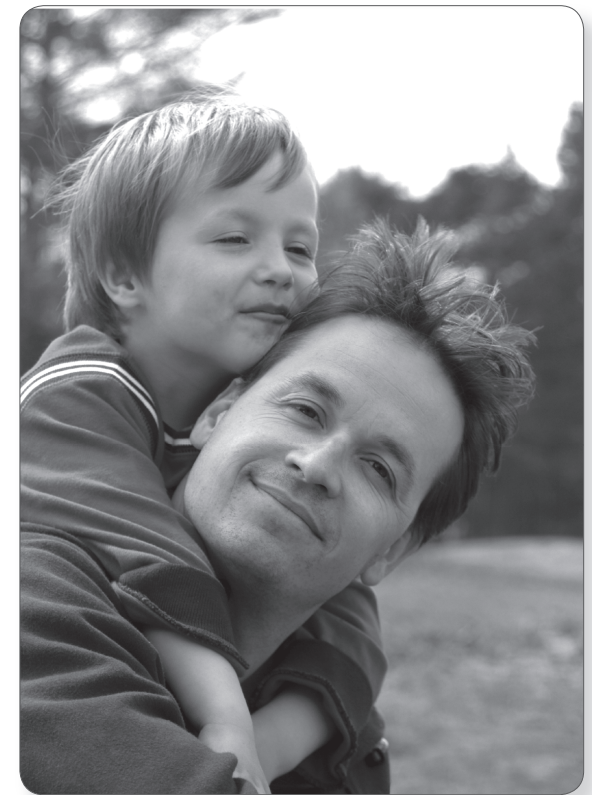
1380 East Medical Center Drive
St. George, UT 84790

400 East Campus

544 South 400 East
St. George, UT 84770



What is a Nonprofit Health Organization?



“Nonprofit” (or “not-for-profit”) means the organization exists to benefit the community.



A TYPE OF CHARITY

There are different kinds of charitable organizations. Some charities are primarily fund-raising groups; others provide various kinds of social services. While nonprofit health organizations engage in fund raising, their primary activity is providing healthcare. (Note: All donations received by Intermountain are applied directly to patient care or to the purpose specified by the donor and are tax-deductible as charitable donations.)

A MARGIN IS NECESSARY

Any organization, whether for-profit or nonprofit, needs to take in more money than is spent, so the organization can continue to meet future needs (improving facilities, expanding services, self-insuring, etc.). This difference between money collected and money spent is called an “operating margin.” Reserve funds must be maintained to help the organization reduce the cost of borrowing money and buying insurance.

LOWER MARGINS

Nonprofit health organizations exist to provide benefits to the community and therefore set their margins as low as possible while still sufficient to continue serving. Intermountain sets its rates to break even over the long run; generally the budgeted margin is about 3 percent. All money collected by nonprofit health organizations is returned to the community in the form of improved facilities, better services, and lower patient charges.

For-profit health companies must provide a competitive return to stockholders from their margins in addition to providing reserves for the future. Generally the margin at a for-profit health company is at least 15 percent.

DIFFERENT BEHAVIOR

Nonprofit organizations also act differently from for-profits. They undertake projects that are not economically rewarding but that are important for the community. For example, Intermountain gives financial support to clinics for the homeless and uninsured populations, as well as supporting rural health care. All decisions made at Intermountain are evaluated in light of Intermountain’s charitable mission.

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NONPROFIT HEALTH ORGANIZATIONS ARE HISTORICALLY TAX-EXEMPT

To maintain this status, Utah’s nonprofit health organizations must provide benefits to the community that are greater than their property tax liability would be. In Utah, Intermountain provides more than \$97 million in annual benefits,* an amount many times greater than the amount which would be paid in property tax.

*Benefit to the community is calculated according to standards issued by the Utah State Tax Commission.