

PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY

July 31, 2018

Phoebe Putney Health System, Inc. (Corporation) is a not-for-profit health care organization that was formed to serve as the parent organization of a group of affiliated entities and as such, its primary purpose is to plan, coordinate, and direct the group and to provide centralized administrative and management services to the exempt entities in the group. The Corporation is recognized as exempt under Section 501(c)(3) of the Code and is classified as a public charity under Section 509(a)(3) of the Code. Currently, the affiliated entities comprising the group include: Phoebe Putney Memorial Hospital, Inc. (PPMH), Phoebe Foundation, Inc. (Foundation), Phoebe Putney Health Ventures, Inc. (Health Ventures), Phoebe Physician Group (PPG), Phoebe Putney Indemnity (PPI), Phoebe Sumter Medical Center (PSMC) and Phoebe Worth Medical Center (PWMC).

As a tax exempt organization, the Corporation has no stockholders or owners. All revenue after expenses is reinvested in our mission to care for the citizens of the communities served by the Corporation and its affiliated entities and includes clinical care, health programs, state-of-the-art technology and facilities, research and teaching and training of medical professionals to meet current and future needs.

Phoebe Putney Health System, Inc. operates as a charitable organization consistent with the requirements of Internal Revenue Code Section 501(c)(3) and the “community benefit standard” of IRS Revenue Ruling 69-545. The Corporation takes seriously its responsibility as the community’s safety net hospital and has a strong record of meeting and exceeding the charitable care and the organizational and operational standards required for federal tax-exempt status. The Corporation demonstrates a continued and expanding commitment to meeting our mission by providing community benefits. A community benefit is a planned, managed, organized, and measured approach to meeting identified community health needs, requiring a partnership between the healthcare organization and the community to benefit residents through programs and services that improve health status and quality of life.

Through its affiliated group of hospitals, the Corporation improves the health and well-being of Southwest Georgia through clinical services, education, research and partnerships that build health capacity in the community. Each hospital provides community benefits for every citizen in its service area as well as for the medically underserved. The hospitals conduct community needs assessments and pay close attention to the needs of low income and other vulnerable persons and the community at large. The organization often works with community groups to identify needs, strengthen existing community programs and plan newly needed services. In addition to providing free and discounted services to people who are uninsured and underinsured, the organization provides a wide-ranging array of community benefit services designed to improve community and individual health and to increase access to health care. The Corporation’s excellence in community benefit programs was recognized by the prestigious Foster McGaw Prize awarded to the hospital in 2003 for its broad-based outreach in building collaboratives that make measurable improvements in

See independent auditor’s report on supplemental information.

PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

health status, expand access to care and build community capacity, so that patients receive care closest to their own neighborhoods. Drawing on a dynamic and flexible structure, the community benefit programs are designed to respond to assessed needs and are focused on upstream prevention.

As Southwest Georgia's leading provider of cost-effective, patient-centered health care, the Corporation's affiliated hospitals participate in the Medicare and Medicaid programs and are among the leading providers of Medicaid services in Georgia.

The following table summarizes the amounts of charges foregone (i.e., contractual adjustments) and estimates the losses (computed by applying a total cost factor to charges foregone) incurred by the organizations due to inadequate payments by these programs and for indigent/charity. This table does not include discounts offered by the organizations under managed care and other agreements:

	<u>Charges Foregone</u>	<u>Estimated Unreimbursed Cost</u>
Medicare	\$ 734,000,000	\$ 230,000,000
Medicaid	234,000,000	74,000,000
Indigent/charity	<u>71,000,000</u>	<u>23,000,000</u>
	<u>\$ 1,039,000,000</u>	<u>\$ 327,000,000</u>

The following is a summary of the community benefit activities and health improvement services offered by the hospitals and illustrates the activities and donations during fiscal year 2018.

I. Community Health Improvement Services

A. Community Health Education

The Corporation's affiliated hospitals provided health education services that reached 4,744 individuals in 2018 at a cost of \$246,611. These services included the following free classes and seminars:

- Nutrition and Diabetes Awareness Classes
- Stroke Awareness
- CPR training for 500 health care workers
- Comprehensive Health Fairs
- Teen Maze
- Various School Based Health Fairs

See independent auditor's report on supplemental information.

PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

- Go Noodle Activity Programs
- Speaking Engagements on relevant health topics
- Health Fairs for Men, Women and Children
- Safe Sitter Classes
- Make a Difference Programming
- Opioid Community Task Force Meetings and Campaign Launch
- Hosted a Bleeding Control Training to first responders throughout southwest Georgia

Men's and Women's Health Conferences

Men's Health Conferences

The PPMH's Men's Conference provided blood pressure, glucose, and cholesterol and BMI screenings for each participant and was made possible by a broad coalition of providers such as the Faith-based Initiative, Heart and Cancer Society, Cancer Coalition of South Georgia, and Public Health among others with 375 men in attendance.

Women's Health Conferences

PSMC held two Women's Health Fairs during fiscal year 2018, one on October 21, 2017 and one on May 19, 2018 that provided health screenings for weight, BMI, blood pressure & blood sugar, health information, speakers and fellowship to more than 500 attendees at each fair. Braxton was a guest celebrity speaker at the fair held on May 19, 2018. The health conference programs provide outreach, health screenings and educational programs about nutrition and physical activity. The programs target uninsured and underinsured women without a primary care physician or knowledge of recommended preventive health care services. The Corporation incurred expenses of \$17,936 for these events.

PPMH Women's Conferences attracted approximately 300 participants and focused on breast health and a full range of health screenings. The theme centered on Breast Cancer with educational programs about physical activity and nutrition. In total, the Corporation incurred expenses of \$17,038 for both the Men's and Women's Conferences.

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PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

Children's Health Conference

PSMC held a Children's Health Fair on July 21, 2018 that provided health screenings for weight, BMI, blood pressure and blood sugar, health information, speakers and fellowship to more than 300 attendees. Soil screenings for lead were also available from Rural Georgia Healthy Housing. The health conference programs provide outreach, health screenings and educational programs about nutrition and physical activity. These programs target children at risk of poor health status. The programs target uninsured or underinsured children without a primary care physician or knowledge of recommended preventive health care services. The Corporation incurred expenses of \$6,697 for this event.

Senior Clinic and Other

PWMC incurred expenses of approximately \$300 offering health screenings and education on health and wellness topics at various community events including church gatherings, health fairs for county employees, new school system employee orientations, etc. during 2018. Expenses for these services are nominal but serve an important role within the community of Worth County.

Network of Trust

This is a nationally recognized program aimed at teen mothers to prevent repeat pregnancies, provide parenting skills, and complete high school. This program also includes a teen father program along with other teenaged children programs. Network of Trust enrolled 77 teen parents during the 2017/2018 school year at a cost of \$203,947. Project results demonstrate teens that graduated from the two-semester program are less likely to have a second pregnancy prior to age 21. 27 of the 30 Network of Trust seniors graduated. In addition, Network of Trust and the school nurse program provided health fairs to children at various public schools with 1,136 students participating.

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PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

I. Community Health Improvement Services, Continued

B. Community Based Clinical Services

Flu Shots

The Corporation provides free flu shots to volunteers and students. In 2018, the Corporation administered 664 flu shots at an unreimbursed cost of \$10,340.

School Nurse Program

PPMH and PSMC provide nurses in 20 elementary schools, eight middle schools, and seven high schools in Dougherty and Sumter Counties with a goal of creating access to care for students, assessing the health care status of each population represented and effectively establishing referrals for all health care needs. Nurses also conducted various school-based health fairs throughout the school year. During the 2017/2018 school year, the school nurse program covered 18,600 covered lives. These programs operated at a loss of \$217,559 in 2018.

The PPMH Emergency Center sponsored a workshop, Bleeding Control Training, during the year. First responders from the area were invited. 130 participants came to the workshop at a cost of \$3,612.

Rural Health Clinic Open House

PWMC's Rural Health Clinic hosted a community wide open house where community members had the opportunity to receive free health screenings and flu shots, engage with our primary care providers, and tour our newly renovated clinic. The event was held September 2017. PWMC incurred expenses of \$5,000 for this event.

C. Health Care Support Services

Government Sponsored Eligibility Applications to the Poor and Needy

Phoebe contracts with Change Healthcare (formerly Chamberlain Edmonds) to process eligibility applications on behalf of the poor and needy that may be eligible for Medicaid. In some cases, it can take up to two years to be deemed eligible. In 2018, the Corporation paid \$1,171,867 to Change Healthcare to process Medicaid applications. Of those processed, 494 were deemed eligible.

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PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2018

C. Health Care Support Services, Continued

Government Sponsored Eligibility Applications to the Poor and Needy, Continued

• Financial Assistance Policy (FAP)

PPHS Hospital Facilities will extend free or discounted care to eligible individuals for all urgent, emergent, or otherwise medically necessary services. Patients whose household income is at or below 125% of the Federal Poverty Guidelines are eligible for free care. Patients whose household income is between 126% and 400% of the Federal Poverty Guidelines qualify for discounted charges based on a sliding fee schedule in the FAP. Phoebe will not charge eligible individuals more for emergency or other medically necessary care than the Amount Generally Billed (AGB) to individuals who have insurance coverage, and is compliant with the requirements for a not-for-profit charitable corporation in accordance with Internal Revenue Service Regulation §1.501(r).

II. Health Professions Education

The organization recognizes that to continuously improve the Corporation's long-term value to our community and our customers, to encourage life-long learning among employees and to achieve a world-class employer status, it is in the organization's best interest to provide opportunities that will assist eligible employees in pursuing formal, healthcare related educational opportunities. The organization also provides non-employees financial support in pursuing healthcare related degrees. In fiscal year 2018, the Corporation provided \$656,740 in clinical supervision and training of nursing students, and an additional \$750,098 in clinical supervision and training to pharmacy, pharmacy techs and other allied health professionals. In all, 787 students received clinical instruction from one of our facilities at a total cost of \$1,406,838.

III. Subsidized Health Services

A. Other Subsidized Services

Inmate Care

The Corporation provides care to persons in jail for Dougherty County. In 2018 the Corporation provided \$184,181 of unreimbursed medical and drug treatment to 145 inmates.

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PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

III. Subsidized Health Services, Continued

A. Other Subsidized Services, Continued

Indigent Drug Pharmacy

Indigent Drug Pharmacy provides medication upon discharge to patients that are either indigent or uninsured. In 2018, the pharmacy filled 6,695 prescriptions at a cost of \$279,518.

IV. Financial and In-Kind Support

In 2018, the Corporation provided \$446,204 in cash donations and in-kind support to non-profit organizations in Southwest Georgia. Listed are some highlights:

- The Horizons Community Health Solutions received \$187,500 for staff support and various projects centered on prevention, screening and early detection.
- In-kind support of Foregone Rent to non-profit organizations at an estimated cost of \$43,779.
- Albany Area Primary Health received \$106,256 to renovate office space for their expanding school clinics.
- Provided \$30,000 to SOWEGA Council on Aging for its ramp project utilizing Phoebe volunteers to build ramps for those in need.
- Gave \$20,000 to Keep Albany-Dougherty Beautiful to plant azaleas and trees at Tift Park ripped apart by the storms of 2017.
- Phoebe Worth Medical Center gave \$45,619 to the Worth County Health Department for heart health and diabetes.

V. Community Building Activities

A. Economic Development

The Corporation supports the Economic Development Commission of Dougherty County with funding to support improved employment and health coverage as a way to improve the overall health of the residents of the region.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

VI. Community Benefit Obligations

The Corporation incurred \$165,703 to support staff and community health needs assessment costs that included \$32,000 renewal of Healthy Communities Institute's dashboard feature on our website:

<http://www.phoebehealth.com/health-matters/building-healthy-communities>

Summary

	<u>2018</u>
Community Health Improvement Services:	
Community Health Education	\$ 246,611
Community Based Clinical Services	236,511
Healthcare Support Services	<u>1,171,867</u>
Total community health improvement services	<u>1,654,989</u>
Health Professions Education:	
Nurses/nursing students	656,740
Other health professional education	<u>750,098</u>
Total health professional education	<u>1,406,838</u>
Subsidized Health Services:	
Other subsidized health services	<u>463,699</u>
Total subsidized health services	<u>463,699</u>
Financial and In-Kind Support:	
Cash donations	402,425
In-kind donations	<u>43,779</u>
Total financial and in-kind support	<u>446,204</u>
Community Benefit Obligations:	
Dedicated staff and other resources	<u>165,703</u>
Total community benefit obligations	<u>165,703</u>

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PHOEBE PUTNEY HEALTH SYSTEM, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

VI. Community Benefit Obligations, Continued

Summary, Continued

	<u>2018</u>
Other:	
Traditional charity care – estimated unreimbursed cost of charity services	23,000,000
Unpaid cost of Medicare services – estimated unreimbursed cost of Medicare services	230,000,000
Unpaid cost of Medicaid services – estimated unreimbursed cost of Medicaid services	<u>74,000,000</u>
Total other	<u>327,000,000</u>
Total summary	<u>\$ 331,137,433</u>

This report has been prepared in accordance with the community benefit reporting guidelines established by Catholic Health Association (CHA) and VHA. The Internal Revenue Services' requirements for reporting community benefits are different than the guidelines under which this report has been prepared.

See independent auditor's report on supplemental information.