

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY

July 31, 2018

Phoebe Putney Memorial Hospital, Inc. (Corporation) is a not-for-profit health care organization that exists to serve the community. The Corporation opened in 1911 to serve the community by caring for the sick regardless of ability to pay. As a tax-exempt hospital, the Corporation has no stockholders or owners. All revenue after expenses is reinvested in the mission to care for the citizens of the community – into clinical care, health programs, state-of-the-art technology and facilities, research, and teaching and training of medical professionals now and for the future.

The Corporation 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 its mission and serving the citizens 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.

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. The Corporation provides community benefits for every citizen in its service area as well as for the medically underserved. The Corporation conducts community needs assessments and pays close attention to the needs of low income and other vulnerable persons and the community at large. The Corporation often works with community groups to identify needs, strengthen existing community programs and plan newly needed services. It provides a wide-ranging array of community benefit services designed to improve community health and the health of individuals and to increase access to health care, in addition to providing free and discounted services to people who are uninsured and underinsured. The Corporation’s excellence in community benefit programs was recognized by the prestigious Foster McGaw Prize awarded to the Corporation in 2003 for its broad-based outreach in building collaboratives that make measurable improvements in 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 is also the region’s largest employer with more than 3,600 members of the Corporation Family caring for patients. The Corporation participates in the Medicare and Medicaid programs and is one of the leading providers of Medicaid services in Georgia.

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2018

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 Corporation due to inadequate payments by these programs and for indigent/charity. This table does not include discounts offered by the Corporation under managed care and other agreements:

| | <u>Charges Foregone</u> | <u>Estimated Unreimbursed Cost</u> |
|------------------|-----------------------------|--|
| Medicare | \$ 637,000,000 | \$ 202,000,000 |
| Medicaid | 195,000,000 | 62,000,000 |
| Indigent/charity | <u>56,000,000</u> | <u>18,000,000</u> |
| | <u>\$ 888,000,000</u> | <u>\$ 282,000,000</u> |

Indigent/Charity Care by County

The Corporation provided care to a total of 9,382 Indigent/Charity patients during 2018. These patients came from numerous counties throughout Georgia and surrounding states. The following table summarizes the amounts of charges foregone and estimates the losses incurred by the Corporation by county.

| <u>County</u> | <u>Charges Foregone</u> | <u>Estimated Unreimbursed Cost</u> |
|---------------|-----------------------------|--|
| Dougherty | \$ 29,400,000 | \$ 9,500,000 |
| Lee | 5,400,000 | 1,700,000 |
| Worth | 3,300,000 | 1,100,000 |
| Mitchell | 4,300,000 | 1,400,000 |
| Sumter | 2,000,000 | 600,000 |
| Terrell | 2,000,000 | 600,000 |
| Randolph | 1,200,000 | 400,000 |
| Crisp | 1,100,000 | 300,000 |
| Calhoun | 700,000 | 200,000 |
| Baker | 900,000 | 300,000 |
| Other Georgia | 5,200,000 | 1,700,000 |
| Out of State | <u>500,000</u> | <u>200,000</u> |
| Total | <u>\$ 56,000,000</u> | <u>\$ 18,000,000</u> |

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

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

I. Community Health Improvement Services

A. Community Health Education

The Corporation provided health education services that reached 3,894 individuals in 2018 at a cost of \$221,678. These services included the following free classes and seminars:

- Teen Maze
- Health Teacher Training
- Bike Helmet Give Away at Tift Park
- CPR Training
- Safe Sitter Classes
- Make a Difference Programming
- Opioid Community Task Force Meetings and Campaign Launch
- Hosted a Bleeding Control Training for first responders throughout southwest Georgia.

Men's and Women's Health Conferences

The Men's and Women's Conferences attracted approximately 750 participants. These conferences provided blood pressure, glucose, and cholesterol and BMI screenings for each participant and were made possible by a broad coalition of providers such as Faith-based Initiative, Heart and Cancer Society, SWGA Cancer Coalition, and Public Health among others. The total costs for all health fairs was \$17,038.

Network of Trust

This is a nationally recognized program aimed at teen mothers to provide parenting skills, attempt to reduce repeat pregnancies, and complete high school. This program also includes a teen father program along with other teenaged children programs. Internal evaluation shows teens participating in the program are less likely to repeat a pregnancy prior to graduation. Network of Trust enrolled 77 unduplicated teen parents during 2017/2018 school year at a cost of \$203,947. Project results demonstrate teens that graduate from the two-semester program are less likely to have

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

I. Community Health Improvement Services, Continued

A. Community Health Education, Continued

Network of Trust, Continued

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.

B. Community Based Clinical Services

Flu Shots

The Corporation provides free flu shots to volunteers, students and homeless shelters. In 2018, the Corporation administered 458 flu shots at an unreimbursed cost of \$9,178.

School Nurse Program

The Corporation places nurses in sixteen elementary schools, six middle schools, and four high schools in Dougherty County with a goal of creating access to care for students and staff, assessing the health care status of each population represented and effectively establishing referrals for all health care needs. Nurses also conducted the Eighth Grade Health Fairs. During the 2017/2018 school year, the school nurse program covered 14,100 student lives. This program is operated at a cost of \$192,435 in 2018.

C. Health Care Support Services

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

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2018

I. Community Health Improvement Services, Continued

C. Health Care Support Services, Continued

Government Sponsored Eligibility Applications to the Poor and Needy

The Corporation 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 those applications. Of those processed, 494 were deemed eligible.

- 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 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 Corporation 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 Corporation's best interest to provide opportunities that will assist eligible employees in pursuing formal, healthcare related educational opportunities. In fiscal year 2018, the Corporation provided \$627,298 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, approximately 780 students received clinical instruction from our facility.

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PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued

July 31, 2018

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.

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 \$400,585 in cash donations and in-kind support to non-profit organizations in Southwest Georgia. Listed are some highlights:

- The Horizons Community Solutions, formerly known as Southwest Georgia Cancer Coalition, received \$187,500 for staff support and various projects.
- Gave AAPHC \$106,256 for renovation cost to open two more school health clinics.
- The Sowega Council on Aging received \$30,000 for their ramp project to provide ramps to the elderly.
- In-kind support of foregone rent to non-profit organizations at an estimated cost of \$43,779.
- Keep Albany-Dougherty Beautiful received \$20,000 to plant azaleas and trees at Tift Park replacing those devastated by the 2017 storms.

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SERVICE TO THE COMMUNITY, Continued

July 31, 2018

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.

VI. **Community Benefit Obligations**

The Corporation incurred \$129,555 to support staff and community health needs assessment costs and 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 | \$ 221,678 |
| Community Based Clinical Services | 205,225 |
| Healthcare Support Services | <u>1,171,867</u> |
| Total community health improvement services | <u>1,598,770</u> |
| Health Professional Education: | |
| Nurses/nursing students | 627,298 |
| Other health professional education | <u>750,098</u> |
| Total health professional education | <u>1,377,396</u> |
| Subsidized Health Services: | |
| Other subsidized health services | <u>463,699</u> |
| Total subsidized health services | <u>463,699</u> |

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SERVICE TO THE COMMUNITY, Continued

July 31, 2018

V. **Community Benefit Obligations, Continued**

Summary, Continued

| | <u>2018</u> |
|---|------------------------------|
| Financial and In-Kind Support: | |
| Cash donations | \$ 356,806 |
| In-kind donations | <u>43,779</u> |
| Total financial and in-kind support | <u>400,585</u> |
| Community Benefit Operations: | |
| Dedicated staff and other resources | <u>129,555</u> |
| Total community benefit operations | <u>129,555</u> |
| Other: | |
| Traditional charity care – estimated unreimbursed cost of charity services | 18,000,000 |
| Unpaid cost of Medicare services – estimated unreimbursed cost of Medicare services | 202,000,000 |
| Unpaid cost of Medicaid services – estimated unreimbursed cost of Medicaid services | <u>62,000,000</u> |
| Total other | <u>282,000,000</u> |
| Total summary | \$ <u>285,970,005</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.