



INDEPENDENT AUDITOR'S REPORT ON
SUPPLEMENTAL INFORMATION

Board of Directors
Phoebe Putney Memorial Hospital, Inc.
Albany, Georgia

We have audited the financial statements of Phoebe Putney Memorial Hospital, Inc. as of and for the years ended July 31, 2020 and 2019 and our report thereon dated December 2, 2020, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in this report on pages 53 to 60, inclusive, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Draffin & Tucker, LLP". The signature is written in a cursive, flowing style.

Albany, Georgia
December 2, 2020

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY

July 31, 2020

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 our mission to care for the citizens of our 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 our 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.

See independent auditor’s report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

The following table summarizes the amounts of charges foregone (i.e., contractual adjustments) and estimates the losses 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	\$ 714,000,000	\$ 220,000,000
Medicaid	264,000,000	81,000,000
Indigent/Charity	<u>68,000,000</u>	<u>21,000,000</u>
	<u>\$ 1,046,000,000</u>	<u>\$ 322,000,000</u>

Indigent/Charity Care by County

The Corporation provided care to a total of 7,453 Indigent/Charity patients during 2020. 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	\$ 33,000,000	\$ 10,200,000
Lee	8,500,000	2,600,000
Worth	3,800,000	1,200,000
Terrell	3,200,000	1,000,000
Mitchell	2,800,000	900,000
Sumter	2,800,000	900,000
Randolph	1,400,000	500,000
Crisp	1,100,000	400,000
Calhoun	900,000	300,000
Colquitt	1,500,000	300,000
Other Georgia	8,000,000	2,500,000
Out of State	<u>1,000,000</u>	<u>200,000</u>
Total	<u>\$ 68,000,000</u>	<u>\$ 21,000,000</u>

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

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 2020.

I. Community Health Improvement Services

A. Community Health Education

The Corporation provided health education services in 2019-2020. These services included the following free classes and seminars:

- COVID 19 Hotline
- COVID 19 Updates to the Community
- Health Teacher Training
- CPR Training
- Safe Sitter Classes
- Opioid Community Task Force Meetings and Campaign Launch
- School-based Opioid Prevention Program
- School Staff Education in Elementary Schools
- Diabetes Awareness Seminars
- Participated in Community Garden activities at all the public schools in Dougherty County.

Men and Women's Health Conferences

The Men's and Women's Conferences attracted 791 participants. These conferences provided blood pressure, glucose, and cholesterol, PSA for men 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, Horizons Community Solutions, Public Health among others. The total cost for all health fairs was \$25,200. The Men's conference was held outside because of COVID restrictions in place.

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 50 teen parents during the 2019/2020 school year at a cost of \$268,790. Project results demonstrate teens that graduated from the two-semester program are less likely to have a second pregnancy prior to age 21. 21 of the 24 Network of Trust seniors graduated and there was 1 repeat pregnancy. In addition, Network of Trust and the school nurse program provided health fairs to children at various public schools with 504 students participating and an additional 5,711 students participating in the OPIOID Prevention Project.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

I. **Community Health Improvement Services, Continued**

A. Community Health Education, Continued

COVID 19 Updates to the Media and Community

The Phoebe Command Center provided daily updates of confirmed COVID cases and hospitalizations through the media and on Phoebe's website. In addition, Phoebe physicians and administrative staff attended city and county press conferences to provide updates to the community at large. Physicians and executive staff provided numerous interviews to major news outlets such as ABC, NBC, CNN and others. The estimated cost to Phoebe was \$33,387.

B. Community Based Clinical Services

Flu Shots

The Corporation provides free flu shots to volunteers, students and homeless shelters. In 2020, the Corporation administered 373 flu shots at an unreimbursed cost of \$7,180.

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, CPR training and Safe Sitter classes. During the 2019/2020 school year, the school nurse program covered approximately 13,000 student lives. This program operated at a cost of \$376,371 in 2020.

Mammography

The Corporation provided 100 mammograms to the uninsured in 2019/2020 at a cost of \$14,000.

C. Health Care Support Services

COVID 19 Nurse Hotline

In response to an unprecedented early surge of COVID-19 cases in our community, the Corporation added a Nurse Hotline. Summary documents show approximately 4,000 fielded calls covering 1,720 hours of nurse time during the surge. The cost to the organization was \$81,748.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

I. Community Health Improvement Services, Continued

C. Health Care Support Services, Continued

Government Sponsored Eligibility Applications to the Poor and Needy

The Corporation contracts for 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 2020 the Corporation paid \$781,419 to process these applications.

- Financial Assistance Policy (FAP)

The Corporation 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. The Corporation 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 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. The Corporation also provides non-employees financial support in pursuing healthcare related degrees. In fiscal year 2020, the Corporation provided \$809,557 in clinical supervision and training to 374 nursing students, and an additional \$668,439 in clinical supervision and training to pharmacy, pharmacy techs and other allied health professionals. In all, 606 students received clinical instruction from our facilities at a total cost of \$1,477,996.

III. Subsidized Health Services

A. Other Subsidized Services

Inmate Care

The Corporation provides care to persons in jail for Dougherty County. In 2020, the Corporation provided \$257,140 of unreimbursed medical and drug treatment to 211 inmates

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

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 2020, the pharmacy issued 4,499 prescriptions to patients at a cost of \$154,269.

IV. Clinical Research

The Corporation participated with the Mayo Clinic in Rochester, MN and the American Red Cross to study whether the blood of recovered COVID-19 patients may help other patients survive the illness. The study was named Expanded Access Program (EAP) Convalescent Plasma for Treatment of Patients with COVID-19. The Corporation began this program on April 9, 2020. The American Red Cross provided the plasma of former COVID-19 patients at no charge. The Corporation administered the plasma to 77 participants in the trial at no charge to the participant. The total estimated unreimbursed cost to participate in the study was \$129,312. Two research papers: COVID demographics in Rural SOWEGA and Journal of Hypertension ACE ARB in African Americans were published with estimated staff time cost at \$5,893.

V. Financial and In-Kind Support

In 2020, the Corporation provided \$373,022 in cash donations and in-kind support to non-profit organizations in Southwest Georgia. Listed are some highlights:

- Gave \$146,252 to Horizons Community Solutions to support cancer screenings
- Gave Georgia Southwestern State University \$50,000 to support the Nursing Program.
- Forgone Rent to local non-profits at an estimated cost of \$91,365.
- PPMH donated land, volunteer manpower, and infrastructure support to design and construct a community garden near the hospital on 5th avenue. The non-profit Flint River Fresh will operate the day to day activities. This was at a cost of \$15,326
- Excess uniform shop inventory was given to charitable organizations at an estimated cost of \$27,028
- AED to Non-Profit and Governmental organizations at a cost of \$22,125.
- Gave the American Cancer Society \$10,000 to support the Relay for Life.
- Various other community sponsored event contributions of \$10,926.

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

VI. 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.

VII. Community Benefit Operations

The Corporation incurred \$103,404 to support staff and community health needs assessment costs and included \$2,080 CBISA online software renewal. See dashboard for extensive Community Indicators of health.

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

Summary

	<u>2020</u>
Community Health Improvement Services:	
Community Health Education	\$ 327,377
Community Based Clinical Services	397,551
Healthcare Support Services	<u>863,167</u>
Total community health improvement services	<u>1,588,095</u>
Health Professional Education:	
Nurses/nursing students	809,557
Other health professional education	<u>668,439</u>
Total health professional education	<u>1,477,996</u>
Subsidized Health Services:	
Other subsidized health services	<u>411,409</u>
Total subsidized health services	<u>411,409</u>
Research:	
Clinical	<u>135,205</u>
Total Research	<u>135,205</u>

See independent auditor's report on supplemental information.

PHOEBE PUTNEY MEMORIAL HOSPITAL, INC.

SERVICE TO THE COMMUNITY, Continued
July 31, 2020

Summary, Continued

	<u>2020</u>
Financial and In-Kind Support:	
Cash donations	\$ 266,331
In-kind donations	<u>106,691</u>
Total financial and in-kind support	<u>373,022</u>
Community Benefit Operations:	
Dedicated staff and other resources	<u>103,404</u>
Total community benefit operations	<u>103,404</u>
Other:	
Traditional charity care - estimated unreimbursed cost of charity services	21,000,000
Unpaid cost of Medicare services - estimated unreimbursed cost of Medicare services	220,000,000
Unpaid cost of Medicaid services - estimated unreimbursed cost of Medicaid services	<u>81,000,000</u>
Total other	<u>322,000,000</u>
Total summary	<u>\$ 326,089,131</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.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Phoebe Putney Memorial Hospital, Inc.
Albany, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Phoebe Putney Memorial Hospital, Inc. (Corporation), which comprise the balance sheet as of July 31, 2020, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with the certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Albany, Georgia
December 2, 2020