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The sales tax exemption is of vital importance to Georgia's not for profit safety net hospitals. For both 2008 and 2009, University Hospital's income from operations was less than 5% of total expenses (4.24% and 4.88% respectively). University's incurred cost (not charges) of providing indigent and charity care (excluding bad debt and Medicaid and Medicare shortfalls) exceeded 5% of expenses for 2008 and approximately equaled operating income for 2009. University receives no local government funding.

Without the Georgia sales tax exemption, University Hospital would be financially unable to sustain its commitment of making the highest quality health care available to all citizens of the greater Augusta community. A commitment which is evidenced by University being recognized as the Augusta consumer hospital of choice ever since the Augusta market was first included in the prestigious and independent National Research Corporation survey 11 years ago. University invests all of the surplus from paying patients (some categories of those patients actually reimburse at less than cost) back into the community. Approximately one-half of that surplus covers the direct costs of indigent and charity care. The remainder is used to replace, update, and upgrade facilities and capabilities. In early 2009, University Hospital's new Heart and Vascular Institute building opened as the culmination of a three year, approximately \$100 million construction project, under budget and ahead of schedule. The community demonstrated its recognition of University's value with contributions to the project of nearly \$10 million.

Further proof that the community value received substantially exceeds the sales tax revenue forgone, is the amazing fact that Richmond County was the only urban county in the South to be part of the lowest cost per Medicare beneficiary quartile of all United States counties. During the five year period analyzed by the Centers for Medicare and Medicaid Services, University was the admitting facility for nearly one-half of all hospitalized Richmond County Medicare beneficiaries. University's subsidization (at a rate of about \$1 million per year since the late 1990s) of clinics in economically challenged neighborhoods (about one-fourth of Richmond County is below the federal poverty level) and University's disease management clinics for chronic conditions undoubtedly played significant roles in controlling costs. University's congestive heart failure clinic, with its emphasis on access for financially vulnerable patients, is a major contributor to University being among the best 5% of all hospitals with respect to congestive heart failure readmission rates as determined by CMS.

Patients are never turned away from University's busy emergency department (over 70,000 annual visits) or the bustling labor and delivery suites (in excess of 3,300 deliveries per year). Additionally, University provides essentially free care to those with incomes at or below 125% of the current federal poverty level and discounts between 75% and 25% to those with incomes up to 200% of the federal poverty level. University also provides catastrophic cost discounts (outstanding liability under one or more accounts of at least \$5,000) for individuals with incomes up to 400% of the federal poverty level and large discounts for prompt payment by those without insurance. Perhaps most amazing of all is that University allows patients to pay their bills over extended time periods with absolutely no interest charges or other fees.

The last full year (1983) before the Richmond County Hospital Authority transformed University into a tax-exempt hospital, Richmond County paid the Hospital Authority \$3.2

million for care provided to Richmond County indigent patients. Over the next 12 years, that cost barely moved. Since 2001, University has received no local government reimbursement for indigent care. Applying a modest 4% annual inflation rate, the 1983 payment would have grown to over \$8.5 million.