

# HOSPITALS: St. Anthony reported \$1.5M in charity care this year

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“Early on, hospitals were (operated) from a charitable or benevolent perspective,” said Umatilla County Assessor Paul Chalmers. “But the emphasis has changed from that primary perspective to be run like a business — decisions are made off profit and loss.”

He said part of the legal disagreement stems from the fact that there has never been a clear definition for what makes a hospital “charitable” or for profit.

“Is it five percent? Ten, 30 percent that you’re giving away? No one knows,” he said. “I don’t think there’s been adequate case law to clarify it.”

Chalmers’ concerns have been echoed by other county assessors, as well as state legislators looking at ways to raise funds. But local hospital administrators have challenged the idea that hospitals are a font of readily available dollars.

“There’s a perception that hospitals are flush with cash,” St. Anthony President Harry Geller told the *EO* in a July 7 story. “That’s not true. There is a lot of pressure on large, medium and small hospitals.”

St. Anthony Chief Financial Officer Scott Attridge said anyone within 300 percent of the federal poverty level can have their entire medical bill forgiven at St. Anthony.

But charity care is just one component of the hospital’s community benefit, he said.

“We’ve taken on the Pioneer Relief Nursery with the donation of a building and a complete remodel,” said St. Anthony director of communications Larry Blanc. “That was about \$120,000.”

He said the hospital, along with Good Shepherd, pays the salary for



Staff photo by Kathy Aney

**Emily Smith, education coordinator at St. Anthony Hospital, runs car seat clinics at least once a month in the hospital’s parking lot to demonstrate the correct way to secure children in vehicles. The hospital also gives away car seats to parents who need them. The car seat clinic is one of multiple ways the hospital contributes to the community. Oregon hospitals may apply for an exemption under an Oregon statute that allows charitable and benevolent organizations to avoid paying property taxes.**

a nursing instructor at Blue Mountain Community College — about \$50,000. Blanc said the hospital also supplies an athletic trainer that works at both BMCC and Pendleton High School.

Good Shepherd employs a similar practice for charity care, according to CFO Jan Peter. He said the hospital writes off 100 percent of a balance if a patient’s household income is lower than 200 percent of the federal poverty level, and uses a sliding scale between 90 percent and 10 percent forgiveness for household incomes below 300 percent of the poverty level.

In addition, he said, the hospital participates in other charitable endeavors, such as classes hosted by

the hospital’s education department, and free transportation services to and from Good Shepherd facilities to patients that need it.

All these donations get written off as community benefit. There are several specific categories a hospital has to fulfill that the IRS deems acceptable as “community benefit,” and therefore exempt from taxation. Those categories include health professional education, community building activities and community health improvement services, Attridge said.

Blanc said while he didn’t know if there was a specific number or threshold the hospital had to meet for community donations, they were carefully scrutinized.

“We are watched very closely,” he said. “We are expected to step up and offer community benefit, charity care.”

The two men added that their organizations do pay some property taxes. St. Anthony pays approximately \$104,000 per year on property that is not “part of the primary healthcare business,” Attridge said.

He said that includes Pioneer Relief Nursery, as well as other clinics and buildings, and rental properties owned by the hospital.

Peter noted that as Good Shepherd expands, more of its property is becoming taxable. He said the absorption of Gifford Medical Center into the Good Shepherd system will not exclude that facility from paying property tax.

“They will still have to pay property taxes because that building is owned by Good Shepherd’s for-profit company, which does pay property taxes,” he said. Good Shepherd’s for-profit company is a separate entity called Good Shepherd Medical Service Corp.

As for community benefit expenditures, he said the numbers were still being tabulated for 2017. But back in 2015, the hospital spent about \$3.6 million. Numbers for 2016 were comparable, he said. That’s about five percent of the hospital’s total revenue.

St. Anthony’s reported that they saw their charity care reach \$1.5 million this year — tripling their previous year’s total of \$500,000.

But Chalmers said that doesn’t necessarily mean a hospital is a charitable organization.

He lamented the lack of clarity, statewide, for what makes something a charitable organization. Although individual county assessors can challenge a hospital’s

exempt status, Chalmers said the lack of clear rules can often waste time and public money.

“If one county or another chooses to take on a hospital or medical provider, the appeal can be expensive and time consuming and it fragments policy decision statewide,” he said.

While hospital administrators say the issue of tax exemption is not simple and resists clear rules, assessors like Chalmers are continuing to look at whether or not hospitals should continue to receive tax-exempt status. Other states have taken action before. Several Illinois hospitals were stripped of their status in 2010 and 2011, with assessors citing that the facilities didn’t provide enough charity care.

Good Shepherd marketing and communications director Nick Bejarano said were something like that to happen here, it would put a strain on the services the hospital can provide.

“All the resources we have, we’re currently able to re-invest into the community,” he said. “If challenged, it would definitely hinder our being able to provide some of the services we currently have. We’d have to tighten our belts and make sure we’re paying more attention to the dollars and cents of everything. And in health care, that’s not where you want to be.”

Chalmers said clarification would benefit everyone — taxpayers, assessors and medical organizations.

“I think for the most part, the hospital industry wants that clarity also,” he said. “If there’s a bright line and they fulfill (the qualifications), they’re still exempt, rather than having that potential tax liability.”

# EOTEC: Waine said he would be pursuing legal action with the state on water rights issues

Continued from 1A

you’re standing out there. They did 25 to 30 feet of dust abatement, but you’ll see it has little to no effect.”

Waine said while the recently passed state transportation bill was supposed to allot \$1.1 million to fixing those roads, he did not think it would be enough.

“I did some research, and to take a gravel road to paved is between \$2 and \$3 million per mile,” he said. “I think it’s safe to say that, if the bill is ever signed, it won’t be enough to do anything substantial. And I’d guess the priority would be the entrance.”

He asked that the EOTEC board and the county find a long-term plan for addressing the issue. Board members said there will soon be more efforts to improve the dusty conditions.

Waine also said he and some of his neighbors have formed a group called the Hermiston Airport Road Neighbors Association. He said they have hired a lawyer and are communicating with the EOTEC board.

Waine also said he would

be pursuing legal action with the state on water rights issues, which might affect EOTEC property. Waine said he had not been able to access the full extent of his water rights in the last two years.

“I can’t use my water right,” he said. “The water just simply isn’t there.”

Waine said he would be filing a claim for damages with the state of Oregon. If the state approves it, they could begin reducing some of the more recent water rights in the area — which could include EOTEC. He acknowledged that EOTEC may not be the cause of his water issues, but said the state shouldn’t have issued them a water right if it would cause damage to surrounding right-holders.

Ryan Murray, another Airport Road resident, said he has also been having water issues in 2017, the first time since his family had purchased the property nearly 30 years ago.

Byron Smith, EOTEC board member and Hermiston city manager, said the water issues were not due to EOTEC’s use.

“We’ve pumped no water

out of those wells,” he said.

Smith said while the state may choose to pursue that action, it won’t hinder EOTEC operations.

“Our (Hermiston) city water system is here on site,” he said, adding that the system wouldn’t be affected.

He said the city is also putting a pump in place to access the Stanfield irrigation system.

The board also heard from County Emergency Manager Thomas Roberts, with the Umatilla County Sheriff’s Department, who presented an event security and emergency operations plan for EOTEC. The 23-page packet reviewed different types of emergencies, who would be in charge, and how different people in the chain of command would respond in different situations.

“Seeing what happened at the Ohio State Fair brought to light for me the importance of having a plan,” Roberts said, referring to an incident in Ohio this week where a person died while on an amusement park ride. “We’re very proud of the fact that we’ve got a foundation in place.”

Overall, EOTEC board

members said they were excited about the upcoming events.

“I’ve often said, there’ll be rough edges,” Smith said. “But we’ll have a fair and rodeo here, and it’ll be good.”

Important upcoming dates for EOTEC include:

- A work party, Saturday, July 29, 8 a.m. to noon
- EOTEC Ribbon Cutting, Monday, August 7 at 5:30 p.m.

• Fair opening, Tuesday, August 8 at 9 a.m.

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Pictured in the EO newsroom staff photo. L-R: Front row: Kathy Aney, Tammy Malgesini, Renee Struthers, Kathryn Brown, Jade McDowell. Second row: Antonio Sierra, Tim Trainor, Daniel Wattenburger, Jayati Ramakrishnan, Drew Langton, Matt Entrup. Third row: Eric Singer, George Plaven - Top row: E.J. Harris, Phil Wright



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