

2024

Nebraska Hospitals

Community Benefits Report

Executive Summary

Nebraska's hospitals are the cornerstone of health and wellness for individuals in the communities they serve. Hospitals also drive economic growth within these communities. The information presented in this publication highlights the impact that Nebraska's hospitals have on their communities. By investing in local communities, Nebraska's hospitals make the state a better place to live, work, learn and grow.

Community benefits extend beyond the scope of traditional care and are provided by hospitals in lieu of tax payments. Often, the extent of community benefit services — and associated costs — is neither publicly recognized nor understood.

It is no longer just about patients coming through the doors of the hospital. While Nebraska hospitals have consistently been leaders and partners to help build strong, healthy communities; now, hospitals are being called upon to increase their accountability and contributions to their communities.

Hospitals care for the sick and injured, regardless of their ability to pay or the net cost to the hospital. Beyond charity care, bad debt and unpaid costs of public programs (Medicare and Medicaid), Nebraska hospitals also support professional medical education, subsidize health services, medical research and more inside their walls. Beyond the brick and mortar, hospitals also provide community health improvement services, community building activities, cash and in-kind donations to local organizations.

These non-traditional community benefits — both on the hospital campus and beyond — improve individual and community health, increase access to care and enhance the quality of life in the community.

Nebraska hospitals also stimulate the state's economy by providing essential jobs throughout the state, contributing millions of dollars to the state's economy. They employ more than 50,000 Nebraskans, resulting in more than 50,000 additional jobs in the state created due to hospitals buying goods and services from other local businesses.

Nebraska's hospitals are available 24/7 to meet the needs of individuals in our communities whether it be illness, injury, treatment, rehabilitation, education, wellness care, prenatal care or palliative care. Hospitals contribute significantly to the goal of improving the overall health of Nebraskans while aiding the less fortunate. This is done from a sense of mission and purpose.

The hospital and health care industry continues to face challenges and obstacles. Nebraska's hospitals and health systems have also faced challenges and have celebrated successes. Nebraska's hospitals consistently provide nationally recognized, award-winning excellence in quality, patient care, patient satisfaction and state-of-the-art technology.

Hospitals are well versed in adapting and doing more with less, all the while focusing on providing better quality and better patient outcomes and experiences in the pursuit of more efficient, cost-effective care — and doing it with kindness and compassion.

Nebraska's hospitals and health systems remain committed to providing access to high-quality, affordable health care while innovatively transforming Nebraska into a center of excellence. The NHA remains committed to empowering you and other health care leaders with the knowledge, information and support that enables you to act boldly and decisively to benefit your patients, employees, communities and future generations.

We are Nebraska Hospitals.



Jeremy Nordquist
NHA President

Hospitals are Economic Engines

Hospitals are economic engines, providing stability and growth in the state. In addition to their direct economic impact on our state's economy, the business and household needs of hospitals and their employees create a "multiplier" effect that supports thousands of additional jobs and billions in additional economic activity.

Nebraska hospitals inject billions into state and local economies. According to the 2021 AHA survey, Nebraska hospitals were directly responsible for nearly \$8.25 billion in hospital expenditures and nearly \$4 billion in salaries and benefits.

In addition to providing competitive salaries and benefits, hospitals contribute to the tax base of communities through payroll and other taxes. The direct impact of hospitals as employers and purchasers is only part of the story. A strong health care network, in which hospitals play a key role, adds to the attractiveness of a community as a place to locate a business, settle or retire. Hospitals are needed to expand and attract business, keep young people and families in Nebraska and ensure the future economic vitality of our state's communities.

Nebraska's hospitals are diverse, ranging from small, rural hospitals to large, teaching hospitals in urban areas. Every hospital in Nebraska is important to the economic vitality of the communities they serve.

Nearly all of Nebraska's hospitals are nonprofit. In exchange for the benefits of nonprofit status, hospitals are required to fulfill a unique role in their communities, which consists of three parts:

- *Reinvesting the assets of the organization in a way that expands and improves access to health care for the community.*
- *Investing resources to educate and train health care professionals.*
- *Providing care to all regardless of their ability to pay.*

Nebraska's hospitals serve as the safety net of the state's health care system, providing services regardless of an individual's ability or willingness to pay. In 2022, Nebraska's hospitals incurred \$962 million in uncompensated care through unpaid costs of charity care, Medicare and Medicaid and other public programs.

Coupled with their contributions to educating Nebraska's future health care workforce, research and community building and health education activities, Nebraska's hospitals shouldered nearly \$1.56 billion of the state's efforts to improve the health of all Nebraskans.

Government-sponsored health care

Hospitals receive reimbursement from the government that are less than the costs incurred by the hospital for providing medical care to Medicaid and Medicare patients. The shortfall is considered a community benefit because hospitals reduce the government's financial burden by covering the shortfall.

In many instances, Medicare and Medicaid payments are based on outdated information that does not accurately reflect the changing nature of health services, such as new equipment, new technologies and the rising cost of supplies. Despite the fact that Medicare and Medicaid do not pay hospitals enough to cover the cost incurred by the hospitals caring for patients, hospitals welcome Medicare and Medicaid patients and provide the same quality care for all patients.

In 2022, Nebraska hospitals lost \$874 million because of the shortfall in Medicare, Medicaid and other public program payments.

A strong health care sector improves the quality of life and helps Nebraska attract and retain businesses and jobs. Major employers from other economic sectors will not locate nor stay in communities that lack strong health care services.

About this Report

This report represents 43 voluntary responses from the Nebraska Hospital Association's 92 member hospitals, which represents 47 percent of the NHA's membership. The report represents only the results from participating Nebraska facilities — no extrapolation was made for hospitals that did not participate. The information presented within this report provides just a sampling of the broad, substantial and enduring commitment hospitals make to their communities.

To ensure report reliability and validity, standardized reporting guidelines were utilized by each member hospital. These guidelines were adapted, with permission, from the "Catholic Health Association's Community Benefit Reporting: Guidelines and Standard Definitions for the Community Benefit Inventory for Social Accountability," and included instructions aligning with IRS Form 990 and the accompanying Schedule H.

The data represents the aggregate results of the community benefits inventory for each reporting hospital's fiscal year 2022 activities. Nebraska's hospitals are committed to providing access and quality care to everyone. That is why over \$1.5 billion was invested in 2022 to provide services for public programs, including Medicare and Medicaid, charity care, subsidized health services, health professionals' education and research.

The NHA survey was designed to report community benefits in nine categories: benefits for low-income/public programs, community benefits services, health professions education, subsidized health services, research, cash and in-kind donations, community building activities, community benefit operations, and other benefits

Economy

Nebraska's hospitals are a cornerstone of our state's economy and the communities they serve. A large portion of Nebraska's economic activity would not exist without hospitals. It is vitally important to have a financially sound health care system that efficiently provides accessible, comprehensive, high-quality health care services and promotes health and wellness for all Nebraskans.

The role Nebraska hospitals play in their communities and the state extends beyond the care provided inside the hospital. Communities also rely on hospitals to provide health and safety education, improve the health status of the communities they serve, and make available free or low-cost services that will help residents address the root causes of health problems.

Hospitals also act as an economic engine in their communities by providing jobs for local residents, purchasing goods and services from area businesses, and acting as a collaborative partner in economic development.

Community-building activities

Community benefit activities are designed to address the root causes of health problems such as social, economic and environmental problems that contribute to poor health. The types of programs included in this category support workforce development, training programs and occupational therapy services to provide employment and leadership skills training, job shadowing for students interested in health careers, and economic development support to help revitalize low-income areas and businesses.

Over \$1.4 million in community-building activities was provided by Nebraska's hospitals in 2022.

Community health improvement services

Hospitals provide services and activities designed to improve the community's health. These services and activities extend above and beyond routine patient care, including participating in health fairs, free and reduced-cost health screenings, support groups for patients and families, and education on various health topics to the community at large. This category also includes outreach efforts to improve access to care for vulnerable populations.

Nebraska hospitals contributed over \$21 million toward community health improvement services in 2022.

What are Community Benefits?

Subsidized health services

Subsidized health services are necessary health services provided for the community, despite a financial loss to the hospitals. Many hospitals operate a 24-hour emergency room, 365 days per year, which is open to all individuals regardless of ability to pay. Other examples of their subsidized services that qualify as community benefits include burn units, specialty services for women and children, trauma care, behavioral health services, palliative care, community clinics and neonatal intensive care units.

In 2022, Nebraska hospitals experienced a financial loss of over \$37 million to provide necessary health services to their communities.

Research

Medical research is the cornerstone of advancements in the technology and practice of medicine. Nebraska hospitals are actively engaged in research studies and clinical trials in an effort to advance medical treatments and improve outcomes for patients locally and around the world.

In 2022, Nebraska hospitals committed \$6.3 million to help contribute to research that will ultimately improve quality of care.

Health professions education

Through medical instruction, internships, residencies, fellowships and allied health education programs, our state's hospitals are striving to ensure that high-quality care is accessible throughout Nebraska. Nebraska hospitals invested over \$120 million to educate current and future health care providers and help close the provider gap in rural areas of the state.

In 2022, Nebraska hospitals invested in the education of current and future health care providers to the tune of over \$120 million.

Bad debt

Businesses generally consider bad debt a cost of doing business; however, hospitals face a challenge at time of admission to identify those patients who need care, but cannot or will not be able to pay for it.

In 2022, bad debt incurred by hospitals was nearly \$124 million. Hospitals serve as the safety net of the health care system and must provide many services regardless of an individual's ability or willingness to pay. In contrast, other industries can refuse to provide a service or product.

Charity care

Charity care is free or discounted health and health-related services offered to individuals who cannot afford health care because they have inadequate resources and are either uninsured or underinsured. Charity care is reported in terms of costs, not charges.

As the number of uninsured and under-insured grows, so does the need for charity care. Because of the high costs of health care and insurance, hospitals are bearing a significant portion of the financial burden imposed by this population — more than \$88 million in 2022.

Recognizing this increasing need, Nebraska hospitals have established financial aid policies to assist patients who cannot afford hospital care.

In 2022, Nebraska hospitals provided care at a discount to those uninsured and under-insured amounting to over \$88 million.

With rising numbers of uninsured, increases in health insurance premiums, and greater use of plans with high deductibles and co-payments, bad debt is the fastest-growing segment of uncompensated care for hospitals. Due to the uncertainty of many variables associated with the implementation of the Patient Protection and Affordable Care Act, the majority of Nebraska's hospitals have more than doubled their budgets for bad debt.

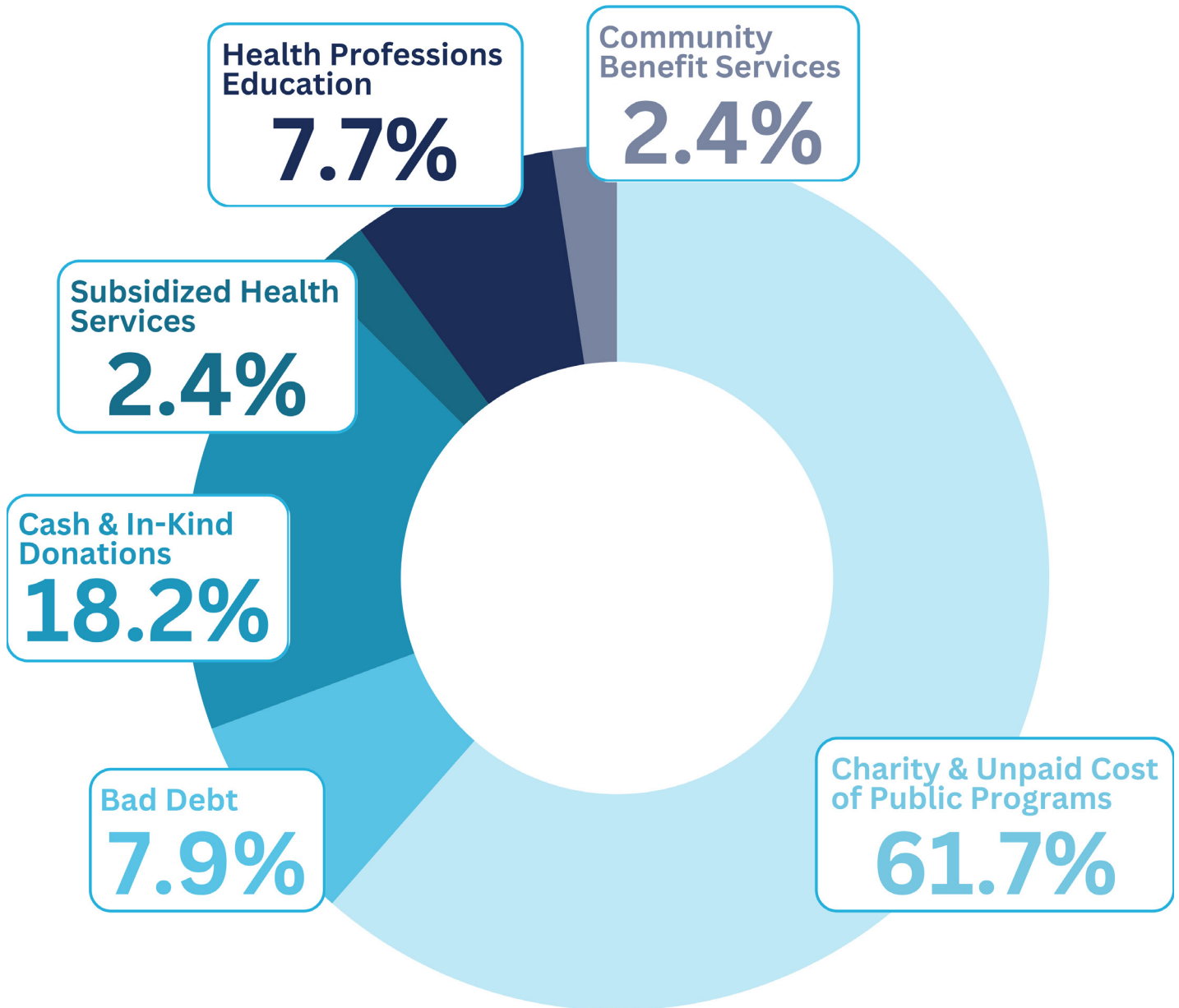
Nebraska hospitals accrued nearly \$124 million in bad debt due to unfavorable situations.

Programs and Services

Charity care and public program shortfalls	\$ 962,427,613
Traditional charity care	88,479,110
Medicare	443,720,759
Medicaid	428,928,177
Other public programs	1,299,567
Community benefits services	\$21,402,349
Community health education and outreach	10,746,421
Community-based clinical services	8,564,728
Health care support services	2,091,201
Health professions education	\$120,816,831
Scholarships/funding for health professions	105,234,776
Residencies and internships	11,256,951
Other	4,325,104
Subsidized health services	\$37,620,754
Emergency and trauma care	14,085,617
Neonatal intensive care	0
Community clinics	1,558,586
Hospital outpatient services	3,270,143
Women's and children's services	16,794
Subsidized continuing care	15,521
Behavioral health services	2,849,958
Other subsidized health services	15,824,135
Research	\$6,342,401
Cash and in-kind donations	\$284,237,284
Community building activities	\$1,428,202
Physical improvements and housing	155,849
Economic development	362,963
Community support	301,397
Environmental improvements	186,756
Leadership development/training	257,645
Coalition building	60,839
Advocacy for Community	61,133
Workforce development	42,019
Community benefit operations	\$2,382,463
Other	\$430,707
TOTAL COMMUNITY BENEFITS	\$1,437,089,004
BAD DEBT	\$123,550,055
TOTAL CONTRIBUTIONS	\$1,560,639,059

From 2022 to 2031, Nebraska hospitals could face the potential for nearly \$3.1 billion in additional cuts in Medicare reimbursement which are being considered by Congress and CMS.

Community Benefits Summary



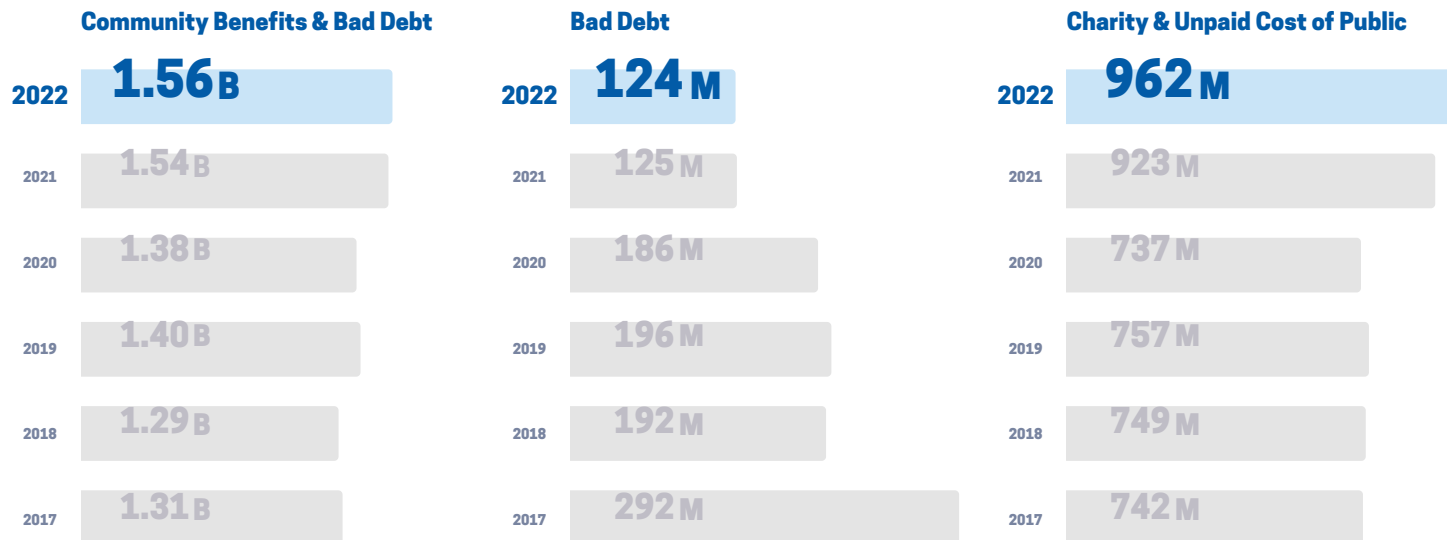
Community Benefits Provided by Nebraska Hospitals in 2022

Every year the Nebraska Hospital Association conducts a survey of its member hospitals to measure the amount of community benefits that have been provided statewide. However, what do the numbers really mean? The fact is that the impact of the community benefits that are provided by Nebraska's hospitals goes far beyond the numbers. The true impact of these programs is personal and positively impacts the lives of individuals across the state.

Nebraska's hospitals serve as the safety net in each of their communities and strive to improve the health and wellness of their patients.

In 2022, Nebraska hospitals contributed almost \$1.48 billion (more than \$124 million of that in bad debt) to support programs that benefited their communities.

These programs included providing free care to individuals that were unable to pay, absorbing the unpaid costs of public programs such as Medicare and Medicaid, offering community education and outreach, providing scholarships and residencies for health professionals, subsidizing health services that are reimbursed at amounts below the cost of providing the care, conducting research and incurring bad debt from individuals that choose not to pay their bills.



Participating Hospital Members

Beatrice Community Hospital & Health Center, Beatrice
Boone County Health Center, Albion
Box Butte General Hospital, Alliance
Boys Town National Research Hospital, Omaha
Brown County Hospital, Ainsworth
Bryan Medical Center, Lincoln
CHI Health Creighton Bergan Mercy, Omaha
CHI Health Good Samaritan, Kearney
CHI Health Immanuel, Omaha
CHI Health Lakeside, Omaha
CHI Health Midlands , Papillion
CHI Health Nebraska Heart , Lincoln
CHI Health Plainview , Plainview
CHI Health Schuyler, Schuyler
CHI Health St. Elizabeth, Lincoln
CHI Health St. Francis, Grand Island
CHI Health St. Mary's, Nebraska City
Childrens Hospital, Omaha
Columbus Community Hospital, Columbus
Community Medical Center, Falls City
Crete Area Medical Center, Crete

Dundy County Hospital, Benkelman
Faith Regional Health Services, Norfolk
Fillmore County Hospital, Geneva
Franciscan Healthcare, West Point
Great Plains Health, North Platte
Henderson Health Care, Henderson
Howard County Medical Center, St Paul
Jefferson Community Health & Life, Fairbury
Johnson County Hospital, Tecumseh
Madonna Rehab Hospital, Lincoln/Omaha
Mary Lanning Healthcare, Hastings
Memorial Community Hospital, Blair
Memorial Community Health, Aurora
Memorial Health Care Systems, Seward
Methodist Fremont Health, Fremont
Nebraska Medicine, Omaha/Bellevue
Nebraska Methodist, Omaha
Phelps Memorial Health Center, Holdrege
Saunders Medical Center, Wahoo
Thayer County Health Services, Hebron
Valley County Health System, Ord



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