

Good Morning. My name is Liz Derias-Tyehimba, and I am the Senior Health Policy Manager at the Greenlining Institute. We express our opposition to USC Verdugo Hill Hospital's (VHH) Request for Modification of Condition VII and Mission Community Hospital's (MCH) Request for Modification Condition XI to reduce their charity care spending obligation. Greenlining is a statewide, multi-ethnic policy organization committed to racial and economic justice. We expressed our opposition when Emanuel Medical Center petitioned your Office in 2016 in 2017, when St Agnes Medical Center petitioned in 2016 and 2017, and will continue to express our opposition to all requests from hospitals across the state.

While charity care spending decreased by \$2.4 billion among nonprofit hospitals between 2012-2015 (nonprofit hospital bad debt also decreased by \$1.9 billion during this span), we are concerned that granting these proposals will reduce hospital spending towards underserved populations, such as low-income communities and communities of color. Given the uncertain future of the Affordable Care Act (ACA), we believe that any changes to existing requirements will jeopardize patients' access to vital services. Despite decreasing charity care spending among nonprofit hospitals across the state, this trend may reverse should significant portions of health care reform at the federal and state level be amended and/or repealed.

Furthermore, **we are concerned with accessibility of charity care programs and lack of investments in upstream determinants of health** – such as housing, environmental conditions, education, employment opportunities, etc. – that target the root causes of health disparities. MCH and VHH have a legal obligation to promote disease prevention and community health through their community benefit programs; however, our research and analysis has found significant gaps in their disclosure of community benefit spending.

We have worked with organizations across the state to monitor the community benefit investments of nonhospitals. **Our research has revealed inconsistency and lack of transparency, particularly in the reporting of community benefit programs and charity care spending, across a several hospitals.** As such, we find the request to modify Condition VII and Condition XI particularly troubling, given the lack of information and detail that VHH and MCH have provided. VHH provided their report to the Office of Statewide Health Planning and Development (OSHPD) in 2011 and 2015. There was no report provided for 2012, 2013, and 2014 to either OSHPD or listed on their website. Additionally, they did not provide a Schedule H in their IRS 990 forms for 2014, 2015 and 2016. Yet, they are asking your office to make a decision on charity care spending since 2013, when there was no significant or no data provided. Similarly, MCH has not provided a report to OSHPD since 2011. It is unlikely that an accurate reduction in their specific change in charity care amount could be assessed. We urge your Office to mandate that VHH and MCC **provide more detailed reporting for future community benefit and charity care spending.**

These discrepancies in reporting challenge the proposed three year rolling average. Over the last few months, your office requested a report to analyze Mission Community Hospital, and Emanuel Medical Center's requests for reduction in the minimum annual charity care amount. That report described variability in charity care spending from FY 2013 to FY 2016 that can be used to justify a modified minimum charity care target. **We oppose use of this formula, determined by**

OSPHD reports of the three-year rolling average of charity care spending because this methodology does not factor in California's three million remain uninsured. For those that do not have coverage, charity care continues to provide a safety net to meet their health needs. Moreover, basing the minimum annual charity care amount on a three-year rolling average incentivizes hospitals to keep charity care spending low. Low-income patients, immigrants, and other disadvantaged groups still depend on charity care as a crucial source of health care. Advocates across the state, advocate directly for uninsured and underinsured patients – their experiences negate the notion that hospitals are fulfilling the health care needs of low-income and at-risk patients. As such, the proposal to base the minimum annual charity care amount on a three-year rolling average may jeopardize these patients' ability to access charity care.

We strongly urge the Office of the Attorney General to require Verdugo Hills Hospitals, Mission Community Hospital, and all hospitals, to maintain the current threshold of charity care. We recognize the importance of nonprofit hospitals as a vital anchor institutions in providing health care, jobs, and community services; however, we oppose Mission Hospital and Verdugo Hill Hospital's requests for Modification of Charity Care obligations unless the aforementioned conditions are met.

We will submit more extensive public comment to your Office in the future.

Thank you.