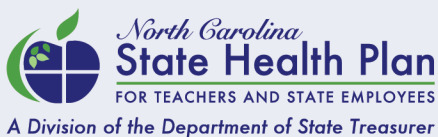


N.C. Nonprofit Hospitals Bill the Poor

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Some North Carolina nonprofit hospitals are billing poverty-stricken patients. These hospitals receive lucrative tax exemptions to care for the poor, but the majority of nonprofit hospitals failed to provide enough charity care to equal tax breaks valued at more than \$1.8 billion in 2020.

Instead, North Carolina's nonprofit hospitals billed the poor at an average rate up to almost three times the national average. In North Carolina, it is estimated that between 12% and almost 30% of hospital bad debt belongs to patients eligible for charity care in fiscal year 2019. When patients do not qualify for charity care, hospitals attempt to collect on bills, sometimes through aggressive measures that include damaging credit scores, garnishing wages or suing patients. If a hospital gives up on collecting a bill, the hospital absorbs the cost and classifies it as bad debt. A lack of transparency obscures which percentage is more accurate, but federal tax filings suggest it is the higher one.

The pandemic is expected to intensify the problem for disadvantaged patients. In 2020, nonprofit hospitals estimated that an average 31% to 48% of bad debt could represent billings to patients who are actually eligible for charity care. Only a small sample of data is available for fiscal year 2020, but if this pattern holds true across hospitals, it could fuel enormous disparities.

Existing law offers little protection to patients and taxpayers. The Internal Revenue Service has no explicit thresholds for charity care spending or eligibility. In North Carolina, there is no public agency or official who actively enforces how nonprofit hospitals honor their charitable mission. The current system therefore enables some hospitals to collect the tax exemption without providing sufficient charity care. Policymakers should consider requiring a benchmark level of charity care spending from profitable hospitals, as well as limiting or even rescinding the nonprofit status of hospitals with insufficient community benefits. North Carolina must strengthen oversight, increase accountability and support those hospitals truly committed to caring for the most vulnerable members of their communities.

Despite Tax Breaks, Nonprofit Hospitals Send Bills to Poor Patients

North Carolina has a crisis of medical debt. One in five families has medical debt in collections, and that number rises to 50% in low-income and minority families in some rural counties.¹ Health care has become increasingly unaffordable. Premiums and deductibles for North Carolinians are some of the most expensive in the nation.^{2,3} This burden is falling hardest on those least able to afford it.

Charity care is meant to protect financially disadvantaged patients from crippling levels of medical debt. Nonprofit hospitals benefit from millions of dollars in tax breaks in exchange for providing free or discounted charity care to impoverished patients, as well as other community benefits.⁴ However, a recent investigation by Johns Hopkins Bloomberg School of Public Health and the North Carolina State Health Plan for Teachers and State Employees (State Health Plan) found that the vast majority of nonprofit hospitals failed to fully justify their tax exemptions with charity care.⁵

The North Carolina Department of State Treasurer and the State Health Plan invited researchers from the [National Academy of State Health Policy](#) (NASHP) to continue its investigation into how this widespread failure in hospital charity care is impacting medical debt. With NASHP's data from Medicare Cost Reports, the State Health Plan conducted an analysis of bad debt using hospitals' Internal Revenue Service 990 federal tax filings. The findings continue to highlight a widespread failure in accountability.

According to these federal tax filings, it is estimated that an average 11.9% to 28.7% of bad debt for NC nonprofit hospitals should have been charity care — up to nearly three times the national average of 10%. This is especially troubling when set against many nonprofit hospitals' low charity care spending and high profits.^{6,7,8,9}

These nonprofit hospitals estimated that they had given up collecting \$149.2 million in bills sent to impoverished patients who would have likely qualified for charity care under the hospitals' own policies. This is a underestimate that accounts for only 16% of North Carolina hospitals — or 18 of the 100 plus hospitals in North Carolina in fiscal year 2019.¹⁰ The rest either operate in a legal loophole that prevents transparency, or they claimed to have sent poor patients \$0 in bills, sometimes without providing sufficient evidence of more robust mechanisms to avoid billing the poor.¹¹

The pandemic is expected to make the problem far worse. Though few federal tax filings were available, North Carolina's nonprofit hospitals have reported charging as much as an average 48% of their bad debt to poor patients eligible for charity care in fiscal year 2020. Some nonprofit hospitals reported billing more than 60% — and even 80% — of their bad debt to disadvantaged patients likely eligible for charity care in fiscal year 2019 and 2020.¹²

When charity care fails, the consequences for impoverished patients remain largely invisible without meaningful public oversight — but North Carolina hospitals have sued patients, garnished their tax returns, damaged their credit and encouraged them to open medical credit cards charging interest rates as high as 11.25% after the first year.^{13,14,15} Advocates have become increasingly concerned about these hospitals' reliance on companies that try to collect medical debt with medical credit cards.¹⁶

Other states' attorneys general have intervened to protect patients. Attorneys general in Washington and Minnesota sued hospitals for failing to deliver charity care, winning the state millions in payments, or securing debt relief for patients. This action rehabilitated the credit of thousands of underprivileged patients whose credit scores were damaged by

hospital debt collectors, affecting their ability to buy a house, get a job and improve their lives.^{17,18}

The North Carolina Attorney General has involved himself in few cases. One was the sale of Mission Health to the for-profit HCA Healthcare in 2019, requiring HCA to maintain charity care policies.¹⁹ Mission HCA now faces an antitrust lawsuit alleging declining quality and inflated prices.²⁰

There is a lack of accountability at the federal level. The Internal Revenue Service lets each hospital decide what qualifies a patient for charity care. The federal government did not set charity care or community benefit spending benchmarks. Worse, the IRS cannot demonstrate that it is consistently reviewing hospitals' community benefits.²¹

North Carolina policymakers should intervene to protect patients and taxpayers. There is precedent for states to strengthen accountability. Other states and communities require a benchmark level of community benefit spending from profitable hospitals that enjoy tax exemptions. Utah, Oregon, Illinois, California and Pennsylvania have stepped in to enforce the IRS' expectation that hospitals justify their tax exemptions with charity care and community benefits.

North Carolina Hospitals Possibly Worse than the Nation for Billing the Poor

Under the Affordable Care Act, nonprofit hospitals must provide free or discounted charity care to poor patients — or endanger their tax-exempt status.²² In 2019, more than 85% of hospitals enjoyed this tax-exempt status in North Carolina. These tax breaks are worth millions of dollars to each hospital.²³

When evaluating a hospital's nonprofit status, the IRS recognizes eight categories as community benefits: charity care, unreimbursed costs from Medicaid, community health improvement projects, unfunded research, donations to the community, unreimbursed costs from other means-tested programs, unreimbursed education of health professionals, and subsidized services provided at a financial loss that are not means-tested. Researchers have argued that charity care is a better justification for tax exemptions than many of the other seven categories, including unreimbursed costs from Medicare and Medicaid.²⁴

Local communities assume the financial burden of hospital tax breaks to help their poorest residents avoid financial ruin. In exchange for hospitals' community benefits, these communities bear higher taxes and reduced revenues for other priorities, including public education, transportation and safety.

Yet some North Carolina hospitals billed millions of dollars to poor patients who likely qualified for charity care.²⁵ Making matters worse, the true extent of this problem is clouded in North Carolina by failures in public oversight, including gaps in the public's access to hospitals' IRS 990 tax returns.



N.C. hospitals have sued patients and encouraged them to open medical credit cards charging interest rates as high as 11.25% after the first year.

Only 18 hospitals reported actual dollar values for eligible bad debt in their 2019 federal tax filings. Among these hospitals, an average 28.7% of bad debt should have been charity care in fiscal year 2019 – a percentage almost three times the national average of 10%, last recorded in 2017.^{26 27}

Another 42 hospitals claimed they billed \$0 to any poor patients eligible for charity care, including hospitals owned by Atrium, Mission, Wake Forest Baptist, WakeMed, Vidant, Duke and Novant.²⁸ If one does not question this claim, only an average 11.9% of hospitals' reported bad debt should have been charity care. This percentage would put North Carolina close to the national average.²⁹

However, such claims are not always supported by hospitals' own disclosures on federal tax filings. Hospitals that do not report billing the eligible poor do not always deploy stronger processes to identify those who are eligible for charity care than the measures employed by hospitals that reported billing some patients likely eligible for charity care.³⁰

The most diligent hospitals reported using financial profiling technology to avoid billing eligible patients, but this behavior is less common than simply providing information online or at registration and employing financial counselors. Only WakeMed said that "all" uninsured patients would be contacted "personally" by a financial counselor.³¹ WakeMed was also the only large system that publicly reported exceeding its tax exemption with charity care spending in 2020.³²

There are also significant disparities between hospitals in how they treat the poor. Even at profitable hospitals, the practice of billing the poor can be far more extreme than the worst-case state average. See the graphic below:

TABLE 1

Hospitals with the Highest Percentage of Bad Debt Eligible for Charity Care

Hospital IRS 990 Tax Filings (FY 2019), NASHP Analysis of Medicare Cost Reports (FY 2019), Data USA (2019)

HOSPITAL SYSTEM	ALL BAD DEBT	BAD DEBT ELIGIBLE FOR CHARITY CARE	BAD DEBT ELIGIBLE FOR CHARITY	CHARITY CARE	PROFIT MARGIN	COUNTY POVERTY RATE
UNC Rockingham 108 Beds	\$14M	\$13.4M	95.7%	1%	2.5%	18.1%
Randolph 145 Beds	\$4.71M	\$4M	85%	5.6%	0.5%	15.2%
Scotland Memorial 97 Beds	\$6.21M	\$4.9M	78%	2.3%	-1.3%	27.3%
Chatham Hospital 25 Beds	\$6M	\$4M	66.6%	4.9%	-13.4%	10.2%
Caldwell Memorial 110 Beds	\$15.3M	\$10.1M	66.1%	2.9%	10.2%	15.1%

These hospitals are ranked by the highest percentage of bad debt likely eligible for charity care – not by total bad debt, as total bad debt can reflect the size of the hospital instead of its billing practices. Though we highlight these hospitals, the lack of transparency surrounding hospital finances means that these hospitals may perform better than for-profit hospitals and those nonprofit hospitals that do not have to publish their 990 tax returns. "Profit margin" reflects Net Income divided by Net Patient Revenue, representing the percentage of Net Patient Revenue retained by the hospital. Charity care spending was divided by expenses, as reported on Medicare Cost Reports. County poverty rates are drawn from Data USA.

Most of these hospitals serve counties that are more impoverished than the national average. More than 60% of their bad debt should have been provided as charity care – but only Randolph Health almost equaled the value of its tax exemption with charity care spending. It is also worth noting that only two of these hospitals lost money, while Caldwell Memorial Hospital reported a sizable profit margin (net income divided by revenues) in fiscal year 2019.³³

The COVID-19 pandemic is expected to fuel a major increase in medical debt.³⁴ Only 25 nonprofit hospitals have published data for 2020, but among these nonprofits, an average 30.8% to 47.7% of bad debt should have been charity care in 2020.³⁵ Some of these hospitals also recorded sizable profits in the previous fiscal year, as seen below.

TABLE 2

Hospitals Billing the Most Bad Debt to Poor Patients in 2020

Hospital IRS 990 Tax Filings (FY 2020), NASHP Analysis of Medicare Cost Reports (FY 2019)

HOSPITAL	SYSTEM	TOTAL BAD DEBT	BAD DEBT ELIGIBLE FOR CHARITY CARE	BAD DEBT ELIGIBLE FOR CHARITY CARE	2019 PROFIT MARGIN
Rex Hospital 439 Beds	UNC	\$34.8M	\$27.64M	79.5%	22%
Wayne Memorial 261 Beds	UNC	\$33.1M	\$21.64M	65.4%	-7.8%
Gaston Memorial 383 Beds	Caromont	\$63.6M	\$15.9M	24.9%	10%
UNC Rockingham 108 Beds	UNC	\$12M	\$10.1M	84.5%	2.5%
Caldwell Memorial 110 Beds	UNC	\$12M	\$8.32M	69.2%	10.2%

Only 25 hospitals had published their 990 tax filings as of Jan. 6, 2022. These five hospitals are drawn from that small sample size and ranked by the largest amount of bad debt likely eligible for charity care. These hospitals self-reported billing millions of dollars to disadvantaged patients – but only one of them operated without a positive or sizable profit margin in fiscal year 2019.

There is little meaningful oversight of hospitals' bad debt practices. Nonprofit hospitals must report their community benefits to the federal government and to the N.C. Department of Health and Human Services, but these organizations rarely enforce charity care spending. Unlike other states, North Carolina does not even have community benefit spending thresholds to enforce.³⁶

Bad Debt Correlated to Failures in Charitable Mission

In North Carolina, the practice of billing the poor is matched by widespread failures in charity care. Nonprofit status does not guarantee a higher level of charity care than for-profit hospitals provide.^{37 38} Charity care spending varies wildly across the state, and fewer than 20 of 105 hospitals outstripped the value of their tax exemptions with charity care spending in fiscal year 2019.³⁹

Tax breaks save nonprofit hospitals an estimated 5.9% of total expenses, according to published research by Johns Hopkins Bloomberg School of Public Health.⁴⁰ But 38

nonprofits spent so little on charity care that it accounted for less than 3% of expenses in fiscal year 2019, as illustrated below.⁴¹

TABLE 3

North Carolina's Hospitals with the Least Generous Charity Care Spending

Hospital IRS 990 Tax Filings (FY 2019), NASHP Analysis of Medicare Cost Reports (FY 2019), Data USA (2019)

HOSPITAL	SYSTEM	CHARITY CARE	PROFIT MARGIN	TOTAL BAD DEBT	COUNTY POVERTY RATE
St. Luke's Hospital 25 Beds	ATRIUM	0.15%	-4%	\$3.1M	22.8%
Chowan Hospital 25 Beds	VIDANT	0.15%	13%	N/A	16%
The Outer Banks Hospital 21 Beds	VIDANT	0.3%	28%	\$3.7M	8.98%
Wilson Medical Center 270 Beds	DUKE LIFEPOINT	0.44%	4%	N/A	20.3%
Dosher Memorial Hospital 25 Beds	INDEPENDENT	0.62%	-1%	N/A	11.8%
Ashe Memorial Hospital 25 Beds	NOVANT	0.76%	-2%	\$2.1M	16.3%

Charity care spending is shown as a percent of total expenses. Charity care and net profit margin are drawn from Medicare Cost Reports, while total bad debt was pulled from 990 tax filings. Southeastern Regional Medical Center is excluded from this list, as it recorded spending \$0 on charity care on its Medicare Cost Report but did report spending on charity care in its IRS 990 tax filing.

The majority of the hospitals listed above serve areas with high poverty rates. Chowan Hospital is located in a county with a 16% poverty rate — higher than the national average of 11.4% — and a life expectancy three years lower than North Carolina's average.⁴² Wilson Medical Center serves a county with a poverty rate higher than 20% and a life expectancy lower than the national average.⁴³

Only one of these hospitals serves a county with a poverty rate below the national average. Half made a profit in that year.

The IRS allows hospitals to set their own restrictions on charity care eligibility. In North Carolina, it is common for hospitals to cap eligibility for free care at 200% of the federal poverty level — or \$24,980 for an individual and \$51,500 for a family of four in 2019.⁴⁴ Most hospitals also offer discounted care to patients who make too much to qualify for free care but less than a determined income.⁴⁵

High Profits for Hospitals, High Debt for Patients

North Carolina ranks sixth in the nation for its residents' medical debt, but its hospitals — especially their nonprofit hospitals — enjoyed average profit margins far higher than the national average in 2020.^{46 47}

Nonprofit hospitals are often more profitable than for-profits in North Carolina. All the top 10 most profitable hospitals were nonprofits in fiscal year 2019. For-profit hospitals accounted for only three of the top 40 most profitable hospitals in that same fiscal year.⁴⁸

On average, North Carolina's hospitals enjoyed operating margins three times greater than their average national counterpart. But these profits are not trickling down to disadvantaged

patients. On average, North Carolina’s hospitals failed to provide sufficient charity care to rival the value of their tax exemptions in 2019, as shown below:

TABLE 4

North Carolina Summary Charity Care Statistics
(CY 2019)(Johns Hopkins Data Analysis)

	WEIGHTED AVERAGE	MEDIAN	NATIONAL WEIGHTED AVERAGE
Operating Profit Margin (%)	4.92%	-0.13%	-1.86%
Excess Profit Margin (%)	10.91%	3.92%	6.52%
Charity Care (% of Expense)	3.69%	3.33%	3.05%

Excess profit margin shows hospitals’ full financial state. It accounts for revenues from investments and other nonpatient activities that are not weighed in hospitals’ operating profit margins. A nonprofit hospital’s tax exemptions are worth an estimated 5.9% of total expenses. This chart originally appeared in the Johns Hopkins Bloomberg School of Public Health and the North Carolina State Health Plan’s North Carolina Hospitals: Charity Care Case Report.

Even the strongest profits do not guarantee strong charity care spending. In North Carolina, only five of the 15 most profitable hospitals provided enough charity care to exceed the value of their tax exemptions. The rest failed to match their tax exemptions — despite earning profit margins that outstripped those of Cable TV, outperformed the alcoholic beverage industry and even rivaled the banking industry.^{49 50}

For many of these nonprofits, the relationship between profits, bad debt and charity care is subject to little oversight by the public. The effect of insufficient charity care on North Carolinians remains unknown, but nationally 35% of consumers reported delaying care due to existing medical bills in 2021.⁵¹

Discussion

Without standards and accountability, it has become difficult to tell nonprofit hospitals apart from for-profits. Nonprofit hospitals billed millions of dollars to impoverished patients who should have been eligible for charity care under their own policies. Nonprofit status rarely guarantees sufficient charity care spending — but it can be associated with huge executive pay and profits.^{52 53}

North Carolina policymakers should take action to protect patients and taxpayers. The state is in desperate need of better oversight and stronger accountability. The disparities between hospitals’ charity care and bad debt prove the need for a benchmark level of charity care spending.

Utah and Illinois both require hospitals to spend more on their community benefits than they receive in property tax exemptions. Oregon and Nevada set a minimum benchmark for community benefit spending, while Pennsylvania instituted defined standards and California mandated a more generous eligibility threshold of 400% of the federal poverty level.^{54 55} New Jersey required hospitals to contribute financially towards local governments otherwise unsupported by hospital tax revenue.⁵⁶ Local governments have also negotiated voluntary “payments-in-lieu-of-taxes” (PILOTs) with large, tax-exempt hospitals in many states.⁵⁷

Our study faced major limitations due to the unavailability and the unreliability of hospitals' 990 tax filings. If hospitals are publicly-owned by state or local governments, North Carolina does not require them to deliver the same transparency in their 990 tax returns as other nonprofits — creating a failure in oversight that covers more than three in 10 nonprofit hospitals, including Atrium and UNC Health.⁵⁸

Furthermore, IRS rules allow hospitals to use multiple methods to measure the relationship between bad debt and charity care. This can make measuring hospitals' performance difficult or impossible.

Hospitals often defend low charity care spending by pointing to their other community benefits — especially underpayments by the government. However, a closer look at hospital systems' own community benefit reports reveals troubling problems with this defense. Hospital systems claimed massive losses from Medicare to grow the size of their spending on their community benefit reports in 2019.⁵⁹ This is a controversial move that ignores IRS regulations, existing research and reports from the federal government.^{60 61} A 2019 MedPAC analysis estimated that efficient hospitals achieved higher Medicare margins (-2%) than less efficient hospitals.⁶²

Hospital associations successfully defeated the creation of more rigorous standards for tax exemptions during the passage of the Affordable Care Act in 2009.⁶³ States have taken over the push for accountability by setting benchmarks for community benefits or requiring hospitals to justify their tax exemptions. North Carolina should join other states' push to protect their most vulnerable residents.

Appendix Key:

The relationship between charity care and bad debt remains murky. "Charity care net costs" show the cost of the free and discounted care provided by the hospital. The "eligibility thresholds" in this table show how impoverished a patient must be to qualify for charity care. Most hospitals use the federal poverty level (FPL) to set these thresholds, as shown in the table. Boxes with an asterisk indicate that a hospital uses another measure than the federal poverty level, while "N/A" means that the data was unavailable. "Total bad debt" shows all uncollectible bills written off by the hospital. "Eligible debt" reveals how much of that bad debt should have been provided as charity care, according to hospitals' own estimates. As discussed in the paper above, it is not uncommon for hospitals to report billing \$0 to impoverished patients, but it is sometimes difficult if not impossible to verify that due to lack of publicly available information.

Appendix: Fiscal Year 2019

Hospital Name	Health System	Net Profit Margin	Charity Care (% of Operating Expenses)	Charity Care Net Costs (adjusted for Restricted Grants and Payments)	Total Bad Debt (990s)	Bad Debt Eligible for Charity Care (990s)	Eligible Debt (%) (990s)	(FPL) Free Care Threshold (990s)	(FPL) Discounted Care Threshold (990s)
ADVENTHEALTH HENDERSONVILLE	Adventist Health	17.64%	3.38%	\$6,584,534	\$10,681,322	\$1,349,422	12.63%	200%	
ALAMANCE REGIONAL MEDICAL CENTER	Cone Health	32.05%	4.58%	\$10,060,582	\$30,090,523	\$6,780,793	22.55%	200.00%	400%
ALLEGHANY MEMORIAL HOSPITAL	Wake Forest Baptist Health	-7.52%	2.87%	\$337,345	\$1,298,514	\$0	0%	100%	200%
ANGEL MEDICAL CENTER	Mission Health/HCA	-9.38%	6.29%	\$4,376,447	\$1,480,918	\$0	0%	200%	300%
ASHE MEMORIAL HOSPITAL	Novant Health	-2.16%	0.76%	\$251,034	\$2,114,943	\$634,483	30%	150%	250%
ATRIUM HEALTH ANSON	Atrium Health	11.58%	11.74%	\$2,124,409	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH CABARRUS	Atrium Health	37.37%	5.63%	\$27,367,334	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH CLEVELAND	Atrium Health	28.63%	6.74%	\$14,757,728	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH KINGS MOUNTAIN	Atrium Health	1.88%	14.79%	\$3,363,600	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH LINCOLN	Atrium Health	32.21%	7.69%	\$7,813,121	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH PINEVILLE	Atrium Health	37.50%	5.30%	\$15,502,829	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH STANLY	Atrium Health	29.15%	7.43%	\$5,724,371	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH UNION	Atrium Health	32.04%	7.12%	\$13,633,260	N/A	N/A	N/A	N/A	N/A
ATRIUM HEALTH UNIVERSITY CITY	Atrium Health	34.47%	9.82%	\$14,536,181	N/A	N/A	N/A	N/A	N/A
BERTIE MEMORIAL HOSPITAL	Vidant Health	-3.82%	4.79%	\$872,489	see Vidant Community Hospitals	\$0	0%	200%	200%
BLADEN COUNTY HOSPITAL	Cape Fear Valley Health	-21.23%	1.55%	\$275,229	see Cape Fear Valley Hospitals	\$0	0%	200%	500%
BLUE RIDGE HEALTHCARE HOSPITALS	Atrium Health	29.06%	3.75%	\$7,490,758	\$28,823,131	\$0	0%	200%	400%

Hospital Name	Health System	Net Profit Margin	Charity Care (% of Operating Expenses)	Charity Care Net Costs (adjusted for Restricted Grants and Payments)	Total Bad Debt (990s)	Bad Debt Eligible for Charity Care (990s)	Eligible Debt (%) (990s)	(FPL) Free Care Threshold (990s)	(FPL) Discounted Care Threshold (990s)
BLUE RIDGE REGIONAL HOSPITAL	Mission Health/HCA	-4.91%	5.19%	\$2,817,363	\$2,022,728	\$0	0%	200%	300%
BRUNSWICK & MINT HILL HOSPITALS	Novant Health	***	***	***	\$16,679,409	\$0	0%	300%	***
BRUNSWICK COMMUNITY HOSPITAL	Novant Health	5.17%	6.23%	\$5,929,425	See Brunswick & Mint Hill Hospitals	\$0	0%	300%	***
CAFÉ FEAR VALLEY HOSPITALS	Cape Fear Valley Health	***	***	***	\$250,273,822	\$0	0%	200%	500%
CAH #1 - WASHINGTON HOSPITAL	For-Profit Care	-46.46%	2.97%	\$242,863	N/A	N/A	N/A	N/A	N/A
CALDWELL MEMORIAL HOSPITAL	UNC Health Care	10.21%	2.91%	\$3,664,367	\$15,290,818	\$10,103,617	66.10%	250%	***
CAPE FEAR VALLEY HOKE HOSPITAL	Cape Fear Valley Health	4.01%	2.29%	\$409,576	see Cape Fear Valley Hospitals	\$0	0%	200%	500%
CAPE FEAR VALLEY MEDICAL CENTER	Cape Fear Valley Health	4.37%	1.10%	\$2,000,487	see Cape Fear Valley Hospitals	\$0	0%	200%	500%
CAROLINA/EAST MEDICAL CENTER	CarolinaEast Health	3.24%	2.85%	\$11,952,890	N/A	N/A	N/A	N/A	N/A
CAROLINAS MEDICAL CENTER	Atrium Health	35.95%	4.04%	\$94,159,173	N/A	N/A	N/A	N/A	N/A
CARTERET COUNTY GENERAL HOSPITAL COM	Independent	19.38%	1.19%	\$1,798,787	N/A	N/A	N/A	N/A	N/A
CATAWBA VALLEY MEDICAL CENTER	Catawba Valley Health	12.71%	2.55%	\$6,397,305	N/A	N/A	N/A	N/A	N/A
CENTRAL CAROLINA HOSPITAL	For-Profit	1.77%	3.78%	\$2,762,435	N/A	N/A	N/A	N/A	N/A
CHARLES A. CANNON MEMORIAL HOSPITAL	Appalachian Regional Healthcare	-9.81%	1.11%	\$258,225	\$1,963,244	\$98,162	5%	200%	300%
CHATHAM HOSPITAL INC	UNC Health Care	-13.40%	4.85%	\$1,718,880	\$5,996,172	\$3,991,937	66.57%	250%	***

Hospital Name	Health System	Net Profit Margin	Charity Care (% of Operating Expenses)	Charity Care Net Costs (adjusted for Restricted Grants and Payments)	Total Bad Debt (990s)	Bad Debt Eligible for Charity Care (990s)	Eligible Debt (%) (990s)	(FPL) Free Care Threshold (990s)	(FPL) Discounted Care Threshold (990s)
CHOWAN HOSPITAL INC.	Vidant Health	13.44%	0.15%	\$61,834	see Vidant Community Hospitals	\$0	0%	200%	200%
COLUMBUS REGIONAL HEALTHCARE SYSTEM	Atrium Health	1.90%	1.33%	\$362,896	N/A	N/A	N/A	N/A	N/A
DAVIE MEDICAL CENTER	Wake Forest Baptist Health	23.63%	2.13%	\$1,338,787	\$1,046,818	\$0	0%	300%	300%
DAVIS REGIONAL MEDICAL CENTER	For-Profit	1.76%	4.19%	\$2,369,873	N/A	N/A	N/A	N/A	N/A
DUKE RALEIGH HOSPITAL	Duke Health	11.59%	6.70%	\$30,122,665	\$0	\$0	0%	200%	300%
DUKE REGIONAL HOSPITAL	Duke Health	2.66%	7.89%	\$29,179,379	\$0	\$0	0%	200%	300%
DUKE UNIVERSITY HOSPITAL	Duke Health	9.21%	3.36%	\$76,773,229	\$0	\$0	0%	200%	300%
DUPLIN GENERAL HOSPITAL	Vidant Health	4.42%	9.80%	\$5,816,144	see Vidant Community Hospitals	\$0	0%	200%	200%
FIRSTHEALTH MONTGOMERY MEMORIAL CAH	Firsthealth of The Carolinas	4.28%	6.39%	\$781,694	see Firsthealth of the Carolinas	\$0	0%	200%	360%
FIRSTHEALTH MOORE REGIONAL HOSPITAL	Firsthealth of The Carolinas	9.32%	2.10%	\$13,086,381	see Firsthealth of the Carolinas	\$0	0%	200%	360%
FIRSTHEALTH OF THE CAROLINAS HOSPITALS	The Carolinas	****	***	***	\$23,978,493	\$0	0%	200%	360%
FORSYTH MEMORIAL HOSPITAL INC	Novant Health	6.46%	2.71%	\$34,944,619	\$87,071,420	\$0	0%	300%	***
FRYE REGIONAL MEDICAL CENTER	For-Profit	1.32%	1.92%	\$4,584,843	N/A	N/A	N/A	N/A	N/A
GASTON MEMORIAL HOSPITAL	Caromont Health	10.02%	5.09%	\$22,192,639	\$58,282,623	\$13,113,870	22.50%	200%	200%
GRANVILLE MEDICAL CENTER	Independent	0.51%	1.79%	\$980,896	N/A	N/A	N/A	N/A	N/A
HALIFAX REGIONAL MEDICAL CENTER	Vidant Health	-5.88%	3.90%	\$3,444,051	see Vidant Community Hospitals	\$0	0%	200%	200%

Hospital Name	Health System	Net Profit Margin	Charity Care (% of Operating Expenses)	Charity Care Net Costs (adjusted for Restricted Grants and Payments)	Total Bad Debt (990s)	Bad Debt Eligible for Charity Care (990s)	Eligible Debt (%) (990s)	(FPL) Free Care Threshold (990s)	(FPL) Discounted Care Threshold (990s)
HARNETT HEALTH SYSTEM	Harnett Health	1.53%	1.89%	\$30,523	\$6,719,856	\$0	0%	200%	400%
HARRIS REGIONAL HOSPITAL	For-Profit	6.49%	0.66%	\$597,904	N/A	N/A	N/A	N/A	N/A
HAYWOOD REGIONAL MEDICAL CENTER	For-Profit	6.36%	2.15%	\$2,876,148	N/A	N/A	N/A	N/A	N/A
HIGH POINT MEDICAL CENTER	Wake Forest Baptist Health	75.30%	3.62%	\$10,324,082	\$13,353,067	\$0	0%	300%	300%
HIGHLANDS CASHIERS HOSPITAL	Mission Health/HCA	-23.53%	6.05%	\$1,455,511	\$379,390	\$0	0%	200%	300%
HUGH CHATHAM MEMORIAL HOSPITAL	Independent	0.06%	3.03%	\$3,131,875	\$17,716,001	\$1,806,855	10.20%	200%	200%
IREDELL MEMORIAL HOSPITAL	Iredell Health	4.03%	6.28%	\$11,260,693	N/A	N/A	N/A	N/A	N/A
J ARTHUR DOSHER MEMORIAL HOSPITAL	Coastal Carolinas Health Alliance	-1.04%	0.62%	\$254,092	N/A	N/A	N/A	N/A	N/A
JOHNSTON HEALTH	UNC Health Care	1.71%	3.18%	\$6,608,245	N/A	N/A	N/A	N/A	N/A
LAKE NORMAN REGIONAL MEDICAL CENTER	For-Profit	25.19%	2.56%	\$2,384,117	N/A	N/A	N/A	N/A	N/A
LENOIR MEMORIAL HOSPITAL	UNC Health Care	2.80%	1.93%	\$2,052,322	\$34,109,784	\$2,948,242	8.64%	100%	250%
LEXINGTON MEMORIAL HOSPITAL INC.	Wake Forest Baptist Health	15.76%	5.68%	\$5,178,760	\$2,835,656	\$0	0%	300%	300%
LIFEBRITE COMMUNITY HOPITAL OF STOK	For-Profit	4.77%	0.19%	\$27,340	N/A	N/A	N/A	N/A	N/A
MARGARET R. PARDEE MEMORIAL HOSPITAL	UNC Health Care	3.55%	2.14%	\$5,163,005	N/A	N/A	N/A	N/A	N/A
MARIA PARHAM MEDICAL CENTER	For-Profit	4.35%	0.84%	\$983,769	N/A	N/A	N/A	N/A	N/A

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MARTIN GENERAL HOSPITAL	For-Profit	-13.20%	3.24%	\$829,507	N/A	N/A	N/A	N/A	N/A
MEDICAL PARK HOSPITAL	Novant Health	22.91%	1.58%	\$956,356	\$3,518,410	\$0	0%	300%	***
MISSION HOSPITAL	Mission Health/HCA	13.09%	3.43%	\$44,079,890	\$31,444,232	\$0	0%	200%	300%
MURPHY MEDICAL CENTER	Erlanger Health	2.51%	3.74%	\$2,344,514	\$11,188,661	\$3,864,639	34.54%	200%	400%
NASH HOSPITALS INC	UNC Health Care	1.62%	1.44%	\$3,993,501	N/A	N/A	N/A	N/A	N/A
NEW HANOVER REGIONAL MEDICAL CENTER	Independent	9.55%	2.21%	\$17,328,662	N/A	N/A	N/A	N/A	N/A
NORTH CAROLINA BAPTIST HOSPITAL	Wake Forest Baptist Health	-1.29%	3.00%	\$52,916,370	\$42,008,553	\$0	0%	300%	300%
NORTH CAROLINA SPECIALTY HOSPITAL	For-Profit	16.52%	0.27%	\$136,342	N/A	N/A	N/A	N/A	N/A
NORTHERN HOSP OF SURRY CO	Independent	3.17%	3.54%	\$3,481,425	N/A	N/A	N/A	N/A	N/A
NOVANT HEALTH MINT HILL MEDICAL CENTER	Novant Health	3.53%	4.31%	\$2,706,798	See Brunswick & Mint Hill Hospitals	\$0	0%	***	***
ON SLOW MEMORIAL HOSPITAL	Independent	2.47%	6.73%	\$9,579,042	N/A	N/A	N/A	N/A	N/A
PENDER MEMORIAL HOSPITAL	Independent	-0.02%	1.07%	\$293,491	N/A	N/A	N/A	N/A	N/A
PERSON MEMORIAL HOSPITAL	For-Profit	-19.51%	0.00%	(\$3,561)	N/A	N/A	N/A	N/A	N/A
PRESBYTERIAN HOSPITAL	Novant Health	9.06%	2.43%	\$23,249,762	see Presbyterian Hospitals	\$0	0%	300%	***
PRESBYTERIAN HOSPITAL HUNTERSVILLE	Novant Health	28.79%	2.54%	\$4,307,611	see Presbyterian Hospitals	\$0	0%	300%	***
PRESBYTERIAN HOSPITAL MATTHEWS	Novant Health	24.22%	3.74%	\$7,291,143	\$21,647,392	\$0	0%	300%	***

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PRESBYTERIAN HOSPITALS	Novant Health	***	***		\$85,328,520	\$0	0%	300%	
RANDOLPH HOSPITAL	Independent	0.51%	5.79%	\$5,571,920	\$4,710,329	\$4,003,780	85%	200%	300%
REX HOSPITAL	UNC Health Care	21.96%	1.38%	\$15,067,764	\$55,524,640	\$19,932,731	35.90%	250.00%	N/A
ROWAN REGIONAL HOSPITAL	Novant Health	-0.35%	4.73%	\$10,387,731	\$20,623,125	\$0	0%	300%	N/A
RUTHERFORD HOSPITAL	For-Profit	3.10%	0.83%	\$622,113	N/A	N/A	N/A	N/A	N/A
S.E. REGL MEDICAL CENTER	Coastal Carolinas Health Alliance	-5.69%	0.00%	\$0	\$75,628,102	\$15,037,233	19.88%	200%	300%
SAMPSON REGIONAL MEDICAL CENTER	Coastal Carolinas Health Alliance	0.87%	4.12%	\$2,655,155	N/A	N/A	N/A	N/A	N/A
SCOTLAND MEMORIAL HOSPITAL	Atrium Health	-1.27%	2.26%	\$3,597,464	\$6,212,355	\$4,845,637	78.00%	200%	400%
SENTARA ALBEMARLE REGL MED CTR LLC	Sentara Healthcare	9.78%	5.88%	\$6,358,437	N/A	N/A	15%system-wide	200%	400%
ST LUKES HOSPITAL	Atrium Health	-3.88%	0.15%	\$65,062	\$3,049,048	\$942,658	30.92%	200%	300%
SWAIN COUNTY HOSPITAL	For-Profit	-5.49%	4.60%	\$719,706	N/A	N/A	N/A	N/A	N/A
THE MCDOWELL HOSPITAL	Mission Health/HCA	21.61%	5.72%	\$1,220,791	\$2,182,002	\$0	0%	200%	300%
THE MOSES H. CONE MEMORIAL HOSPITAL	Cone Health	24.56%	4.75%	\$48,115,010	\$130,044,102	\$26,991,874	20.76%	200%	400%
THE OUTER BANKS HOSPITAL	Vidant Health	27.70%	0.30%	\$121,877	\$3,723,530	\$0	0%	200%	200%
THOMASVILLE MEDICAL CENTER	Novant Health	11.02%	6.69%	\$6,059,197	\$12,791,303	\$0	0%	300%	
TRANSYLVANIA COMMUNITY HOSPITAL	Mission Health/HCA	-0.05%	5.55%	\$3,967,247	\$1,732,450	\$0	0%	200%	300%
UNC ROCKINGHAM HOSPITAL	UNC Health Care	2.46%	0.96%	\$592,341	\$14,023,760	\$13,425,242	95.73%	250%	

Hospital Name	Health System	Net Profit Margin	Charity Care (% of Operating Expenses)	Charity Care Net Costs (adjusted for Restricted Grants and Payments)	Total Bad Debt (990s)	Bad Debt Eligible for Charity Care (990s)	Eligible Debt (%) (990s)	(FPL) Free Care Threshold (990s)	(FPL) Discounted Care Threshold (990s)
UNIVERSITY OF NORTH CAROLINA HOSP.	UNC Health Care	11.26%	4.14%	\$73,481,809	N/A	N/A	N/A	N/A	N/A
VIDANT BEAUFORT HOSPITAL	Vidant Health	-3.05%	5.59%	\$4,959,287	see Vidant Community Hospitals	\$0	0%	200%	200%
VIDANT COMMUNITY HOSPITALS GROUP	Vidant Health	***	***	***	\$16,204,019	\$0	0%	200%	200%
VIDANT EDGEcombe HOSPITAL	Vidant Health	1.13%	8.04%	\$7,138,084	see Vidant Community Hospitals	\$0	0%	200%	200%
VIDANT MEDICAL CENTER	Vidant Health	8.84%	4.85%	\$57,927,062	\$28,209,664	\$0	0%	200%	200%
VIDANT ROANOKE CHOWAN HOSPITAL	Vidant Health	-2.76%	4.61%	\$4,090,360	see Vidant Community Hospitals	\$0	0%	200%	200%
WAKE MED CARY HOSPITAL	WakeMed Health	16.46%	1.21%	\$2,676,755	see WakeMed Hospitals	\$0	0%	250%	300%
WAKEMED HOSPITALS CAMPUS	WakeMed Health	***	***	***	\$25,313,113	\$0	0%	250%	300%
WAKEMED RALEIGH CAMPUS	WakeMed Health	4.78%	1.25%	\$10,508,735	see WakeMed Hospitals	\$0	0%	250%	300%
WATAUGA MEDICAL CENTER	Appalachian Regional Healthcare	3.42%	1.05%	\$1,379,871	N/A	N/A	N/A	N/A	N/A
WAYNE MEMORIAL HOSPITAL	UNC Health Care	-7.83%	2.97%	\$7,131,674	\$42,865,630	\$19,356,381	45.16%	250%	***
WILKES REGIONAL MEDICAL CENTER	Wake Forest Baptist Health	-10.40%	2.98%	\$2,274,174	\$2,160,710	\$0	0%	300%	300%
WILMINGTON TREATMENT CENTER INC	For-Profit	24.90%	3.74%	\$721,699	N/A	N/A	N/A	N/A	N/A
WILSON MEDICAL CENTER	Duke Lifepoint Health	4.29%	0.44%	\$555,356	N/A	N/A	N/A	N/A	N/A

Appendix: Fiscal Year 2020

HOSPITAL (FY 2020)	SYSTEM	TOTAL DEBT	DEBT ELIGIBLE FOR CHARITY CARE	PERCENT ELIGIBLE FOR CHARITY CARE
REX HOSPITAL	UNC Health	\$34,787,465	\$27,643,406	79.46%
WAYNE MEMORIAL HOSPITAL	UNC Health	\$33,073,072	\$21,643,018	65.44%
GASTON MEMORIAL HOSPITAL	Caromont Health	\$63,547,583	\$15,845,682	24.94%
UNC ROCKINGHAM HOSPITAL	UNC Health	\$12,002,596	\$10,142,385	84.50%
CALDWELL MEMORIAL HOSPITAL	UNC Health	\$12,022,583	\$8,320,849	69.21%
CHATHAM HOSPITAL	UNC Health	\$6,070,370	\$4,949,796	81.54%
LENOIR MEMORIAL HOSPITAL	UNC Health	\$31,843,000	\$4,642,625	14.58%
MURPHY MEDICAL CENTER	Erlanger Health	\$9,551,084	\$3,485,845	36.50%
DAVIE MEDICAL CENTER	Wake Forest Baptist Health	\$843,394	\$0	0%
DUKE RALEIGH HOSPITAL	Duke Health	\$0	\$0	0%
DUKE REGIONAL HOSPITAL	Duke Health	\$0	\$0	0%
DUKE UNIVERSITY HOSPITAL	Duke Health	\$0	\$0	0%
HIGH POINT MEDICAL CENTER	Wake Forest Baptist Health	\$14,538,015	\$0	0%
LEXINGTON MEMORIAL HOSPITAL	Wake Forest Baptist Health	\$3,544,041	\$0	0%
NORTH CAROLINA BAPTIST HOSPITAL	Wake Forest Baptist Health	\$38,062,398	\$0	0%
THE OUTER BANKS HOSPITAL	Vidant Health	\$3,636,321	\$0	0%
VIDANT EAST CAROLINA HEALTH	Vidant Health	\$16,746,523	\$0	0%
VIDANT MEDICAL CENTER	Vidant Health	\$30,607,515	\$0	0%
WILKES MEDICAL CENTER	Wake Forest Baptist Health	\$2,990,154	\$0	0%
BERTIE MEMORIAL HOSPITAL	Vidant Health	see: Vidant East Carolina Health		
CHOWAN HOSPITAL	Vidant Health	see: Vidant East Carolina Health		
DUPLIN GENERAL HOSPITAL	Vidant Health	see: Vidant East Carolina Health		
HALIFAX REGIONAL MEDICAL CENTER	Vidant Health	see: Vidant East Carolina Health		
VIDANT BEAUFORT HOSPITAL	Vidant Health	see: Vidant East Carolina Health		
VIDANT EDGECOMBE HOSPITAL	Vidant Health	see: Vidant East Carolina Health		
VIDANT ROANOKE CHOWAN HOSPITAL	Vidant Health	see: Vidant East Carolina Health		

Endnotes

- 1 Urban Institute. [Debt in America: An Interactive Map](#). March 31, 2021.
- 2 Alex Kacik. [Hospital Price Growth Driving Healthcare Spending](#). Modern Healthcare. February 4, 2019.
- 3 Sara Collins, David Radley, Jesse Baumgartner. [North Carolina Trends in Employer Insurance Costs, 2020-2019](#). The Commonwealth Fund. November 2020.
- 4 A nonprofit hospital must demonstrate that it provides benefits to a class of persons that is broad enough to benefit the community, and operate to serve a public rather than a private interest, as defined by the IRS. See appendix for a list of for-profit and nonprofit hospitals in North Carolina.
- 5 Johns Hopkins Bloomberg School of Public Health, North Carolina State Health Plan. [North Carolina Hospitals: Charity Care Case Report](#). October 27, 2021.
- 6 All data in this report is sourced from Medicare Cost reports, Internal Revenue Service 990 tax filings and audited financial bond reports. All data measures the fiscal year of 2019, unless credited to the North Carolina State Health Plan's previous report with Johns Hopkins Bloomberg School of Public Health. That previous report measured the calendar year, while this report will analyze the fiscal year. Any discrepancies in profit margins or charity care spending between the two reports are attributable to this difference in the reporting period or differing data methodologies.
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- 9 Johns Hopkins Bloomberg School of Public Health, North Carolina State Health Plan. [North Carolina Hospitals: Charity Care Case Report](#). October 27, 2021.
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- 23 Bradley Herring, Darrell Gaskin, Hossein Zare, Gerard Anderson, [Comparing the Value of Nonprofit Hospitals’ Tax Exemption to Their Community Benefits.](#)
- 24 Bradley Herring, Darrell Gaskin, Hossein Zare, Gerard Anderson, [Comparing the Value of Nonprofit Hospitals’ Tax Exemption to Their Community Benefits.](#)
- 25 See appendix.
- 26 Jordan Rau. [Patients Eligible For Charity Care Instead Get Big Bills.](#) Kaiser Health News. October 14, 2019.
- 27 See appendix.
- 28 Under this calculation, we assumed that hospitals were reporting \$0 of “bad debt expense attributable to patients eligible under the organization’s financial assistance policy” if the organization failed to enter any dollar amount on their 990 tax filing in response to Question 3, Section A, Part III, Section H: Bad Debt, Medicare & Collection Practices.
- 29 See appendix.
- 30 See Schedule H, Part VI: Supplemental Information, on the 990 tax filing forms.
- 31 See Schedule H, Part VI: Supplemental Information, on the 990 tax filing forms.
- 32 Johns Hopkins Bloomberg School of Public Health, North Carolina State Health Plan. [North Carolina Hospitals: Charity Care Case Report.](#) October 27, 2021. It should be noted that UNC Health did not divulge its total charity care spending in its 2019 annual report, and that its system-wide charity care data is therefore unavailable.
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- 34 Andrew Keshner. [The Pandemic Has Created a Mountain of Medical Debt—Here’s Who Is Facing Those Bills.](#) MarketWatch. July 17, 2021
- 35 These percentages make use of the same calculation described above. The first average includes all hospitals, including those that report charging \$0 to poor patients. The second average weighs only hospitals that reported numbers for both bad debt and bad debt eligible for charity care. Any hospitals that did not publish their tax filings are not included.

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