



Citizens' Council for Health Freedom

# Health Freedom Minute

April 12, 2018

## Charity Care or Inflated Costs?

*Charity care* is care for which the hospital never expects to be paid. *Bad debt* is the money a hospital expects to receive for care but doesn't, such as when patients are unable or unwilling to pay bills. *Uncompensated care* is the total of unpaid charges for both charity care and bad debt.

The calculations can be based on actual costs or the largely fictitious over-the-top master charge rates, rather than the discounted rates for health plans, Medicare and Medicaid. Thus, uncompensated care numbers can be inflated, making the hospital look more charitable than it is. The Medicare administration is trying to fix this because taxpayers reimburse hospitals for uncompensated care.

**“Editorial: An Unfair DSH Formula for Safety Net Hospitals,”** Merrill Goozner, Modern Healthcare, July 9, 2015: <http://www.modernhealthcare.com/article/20160709/MAGAZINE/307099959>

**“Uncompensated Hospital Care Cost Fact Sheet,”** American Hospital Association, January 2014: <http://essentialhospitals.org/wp-content/uploads/2014/01/AHA-uncompensated-care-cost-fact-sheet-Jan-2014.pdf>

**“Disproportionate Share Hospital (DSH),”** Centers for Medicare and Medicaid Services, Last modified March 19, 2018: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/dsh.html>

Presented daily by Twila Brase, President, Citizens' Council for Health Freedom.

*The Health Freedom Minute is now heard in 47 states:  
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