

# Key Messages

## Lown Institute's Cherry-Picked Data, Flawed Methodology Misrepresent Value of Community Benefits Provided by Not-for-Profit CA Hospitals

**The Lown Institute's new report on hospital community benefits is based on intentional biases and a flawed understanding of federal tax law. Its false accusations should not be believed.**

- The report **unilaterally changes the Internal Revenue Service's (IRS) widely accepted definition of community benefits** provided by not-for-profit hospitals. The IRS definition includes financial assistance provided to patients in need — including absorbing underpayments from governmental payers such as Medi-Cal and Medicare.
- The IRS also recognizes the unique programs and services hospitals offer to address some of the most persistent drivers of illness and accident. This is on top of funds invested in lifesaving research and medical innovation; training the doctors, nurses, and other clinicians of tomorrow; and subsidizing vital health services, such as burn and neonatal units.
- The Lown Institute's "fair share" threshold is a **completely invented metric** based on a single, flawed study by a different organization using 12-year-old data (2012). No academic or governmental organization — including the IRS — has endorsed this method of calculating the value of community benefits provided by a hospital or system.

**California's hospitals and health systems do far more than any other part of the health care field to advance the health and well-being of their communities.**

- California's hospitals and health systems are the cornerstones of their communities, ready to provide lifesaving care for the sick and injured 24/7 year-round, regardless of their ability to pay.
- According to an independent analysis by Community Benefit Insights, California hospitals provide \$8.8 billion annually in community benefits.
- A comprehensive report by the international accounting firm EY has consistently found that the community benefits provided by tax-exempt hospitals far outweigh the value of their federal tax exemption. In the most [recent analysis](#), the value was 9 to 1: for every one dollar in tax exemption, hospitals provided nine dollars of community benefit.