

Inquiring Minds topic- February 21, 2020

Bob Barger, Moderator

FOR PROFIT VERSUS NOT FOR PROFIT (NON-PROFIT) STATUS IN HOSPITALS AND RELIGIOUS ORGANIZATIONS

QUESTIONS FOR DISCUSSION

1. What are your thoughts about for profit versus non-profit hospitals from the local community, hospital and patient perspective?
2. Should all “churches” as defined by the IRS continue to automatically be classified at non-profit?
3. What are the pros and cons of churches being for profit?
4. What effect would having Shell Point pay taxes have on its residents?
5. How do you think giving to churches would change if the money given was NOT tax deductible?

Non-profit hospitals are making a killing By Richard Menger MD MPA is a neurosurgeon and a graduate of the Harvard Kennedy School of Government. He is a lead editor of the textbook "Economics, Business, Policy of Neurosurgery." Published in Foundation for Economic Education July 26, 2019 (parts of article below)

A recently published “Open the books” report shows just how the puppets are pulled by the strings of non-profit health systems. The report investigated the leading 82 non-profit hospitals in the United States. The hospitals investigated in the report had combined net assets of \$203.1 billion. The average net asset growth over the last year was 23.6 percent. This was the average. Non-profit Ascension Health in St. Louis increased their net assets by 1,211 percent in one year. As a point of reference, the most highly compensated executive in the for-profit corporations studied in the report was at \$6.3 million (CEO of Tenet Healthcare Corporation). For-profit hospitals averaged only a 1.5 percent growth rate over the same time period.

Additionally, roughly \$2 billion flowed into non-profit health entities from federal agencies via grants. They also received charitable contributions of nearly \$5.2 billion. I don't perform Internal Revenue Service surgery, but something is telling me the tax incentives for non-profits are working out pretty well for non-profit hospitals. But is it working out for everyone else? A great debt of gratitude is owed for the ongoing mission of "OpenTheBooks". At the time of this writing, the organization has analyzed \$4 billion worth of government spending records. This has led to a variety of disruptive findings from the VA system, pension system, and lobbying apparatus. Taxpayers have a right to understand why these non-profit systems are structured as charities. I sincerely pose the question: Are these non-profits truly working for patients, or are they navigating and molding the system's rules to ensure their greatest possible piece of the health care pie? In 2018, the American Hospital Association lobbying arm donated \$23,937,842 in political contributions. I sincerely doubt that was to advance their healing mission.

Lee Health Fast Facts

Our History

Our origins can be traced to the Fall of 1916 when a group of community leaders set aside 300 dollars, and donated lumber from the dismantled Court House, to build the first hospital in Fort Myers. That first hospital, Lee County Hospital, a two story, four room, 10 bed, wooden building was the beginning of community health care in our area.

Today, Lee Health consists of four acute care hospitals: Lee Memorial Hospital, Health

Park Medical Center, Gulf Coast Medical Center and Cape Coral Hospital, and two specialty hospitals: Golisano Children's Hospital of Southwest Florida and The Rehabilitation Hospital. With a total of 1426 beds, and over 1 million patient contacts each year, this makes Lee Health the largest public health system in the state of Florida, receiving no direct tax support.

Special Recognition

- Lee Memorial Health System (Lee Health) is the largest **not-for-profit** public health system in Florida that receives no direct tax support
- More than 1 million patient contacts each year
- Lee Memorial Health System provided more than \$54.8 million in charity care in 2016
- Governed by a publicly elected, 10-member Board of Directors

The Hidden Cost of Tax Exemption by Paul Matzko is a historian of American religion and politics. His first book, *The Radio Right: How a Band of Broadcasters Took on the Federal Government and Built the Modern Conservative Movement*, will be published by Oxford University Press in April. Published in *Christianity Today* January-February 2020. (Parts of article below)

In theory, churches should make attractive neighbors. They are places of prayer, worship, and good works. But that's not how the suburban town of Stafford, Texas, responded. The city council instead instituted a review process to make it harder for churches to build there, preferring a factory or big-box retailer takes the space instead. When that didn't work, the council instructed the city lawyer to see if he could find a way to keep churches out.

"I don't hate God. I'm not against America and apple pie," a city councilman told the *Los Angeles Times* in 2006. But, he insisted, churches were a problem. For one reason: They don't pay their share of taxes. "Zero revenue," the councilman said. "Somebody's got to pay for police, fire and schools." This feeling that churches don't contribute to the common good is not uncommon in America. There are many municipalities that view churches as basically parasitical, receiving all the protection and benefits of local government without bearing their fair share of the financial burden. Cash-strapped towns have frequently tried to use zoning laws to block the development of new churches and are only stopped when the federal government enforces the religious land-use laws that Christian groups advocated for in 1993 and 2000.

It is not the offense of the gospel that has made these churches toxic; it's their tax-exempt status. Perhaps it is time to count the hidden costs of tax exemption. Many Christians today simply assume that the tax exemption is a natural prerogative, the potential loss of which should be either lamented or fought against with whatever political influence remains. They have become so used to tax-exempt status for churches that they struggle to imagine a world in which that status does not exist yet churches still do. During oral arguments for *Obergefell v. Hodges* (2015), in which the Supreme Court invalidated state bans on same-sex marriage, Justice Samuel Alito asked whether the case at hand, combined with the precedent from *BJU v. US*, would empower the IRS to revoke the tax-exempt status of religious schools opposed to same-sex marriage. The government's representative answered clearly: "It's certainly going

to be an issue.” The tax-exempt status of churches opposed to same-sex marriage has not been challenged in court, but it may only be a matter of time. But there is a more fundamental cost that Christians should consider. How does it affect our relationships with our non-religious neighbors? While a religious tax exemption benefits the variety of religious groups in the US, it is not available in any way to the irreligious. It is not unreasonable for the irreligious to see tax exemptions as a massive government subsidy for religion. By one conservative estimate, federal and state government religious subsidies amount to a \$82.5 billion transfer each year. It should not be surprising, then, that calls for ending the religious tax exemption have grown apace. We should expect them to continue to grow. Put yourself in their shoes for a moment: Most Christians would look askance at passing a law requiring everybody in a community to be members of a church. For consistency’s sake, why then would it be okay to use government power to force everybody in a community to financially contribute to churches? Again, the history of religious land-use laws is enlightening here. Using the federal government to protect tax-exempt status for churches is not a recipe for a stable, long-term equilibrium. It only works as long as Christians can maintain a white-knuckled grip on power, fighting to maintain their tax advantages by tooth, claw, court case, and ballot. The gospels tell us to love our neighbors as ourselves. This is certainly a strange way of doing it. After all, why did Jesus, when asked if he owed taxes to Rome, say, “Give back to Caesar what is Caesar’s and to God what is God’s” (Mark 12:17)? It is far better to live peaceably with all people, giving “to everyone what you owe them: If you owe taxes, pay taxes” (Rom. 13:7). It might not be such a bad thing to lose tax-exempt status. We should consider, at the very least, the cost of maintaining this kind of cultural privilege. The true church of God, after all, is not reliant on its special status in the tax code. We can walk by faith and not by government largess.

Shell Point

A leader in retirement communities since 1968 - and now Florida's largest single site CCRC - Shell Point is a multi-faceted organization.

Our Faith

Shell Point Retirement Community is a **non-profit ministry** of the Christian and Missionary Alliance Foundation and is dedicated to the service of God and the care of His people by providing a broad continuum of residential alternatives and services, designed to enhance the independence and dignity of its residents through spiritual, social, recreational, and physical programs.