

April 2018

Renew Income Tax-Credits for Investor-Owned Hospitals So They Can Continue to Care for Their Communities

Issue: Renewing an income tax credit for investor-owned hospitals is needed to help support and preserve access to quality healthcare services in communities across the state.

IHA Position: IHA urges the General Assembly to enact legislation that renews the income tax credit for investor-owned hospitals for another five years.

Background:

Originally passed in 2012, the income tax credit encourages charity care and investment in communities. (The previous law sun set in 2017.)

The tax credit is estimated to be approximately \$17 million - \$19 million annually. The tax credit is limited to the lesser of charity care provided (measured at cost) or property taxes paid during the tax year. So, if a hospital provides no charity care, it receives no tax credit.

Illinois' 30 investor-owned hospitals are an integral part of the state's healthcare delivery system, comprising one in seven hospitals (14.7 percent). Key facts about Illinois' investor-owned hospitals include:

- **Community Service:** Provided \$27 million in charity care and \$155 million in other community benefits in 2015, (Medicare and Medicaid shortfalls, donations, education and subsidized services) in addition to \$94 million in care for patients not able to pay their bills.
- **Taxes:** Paid \$38 million in state and local taxes in 2015.
- **Economic Impact in 2016:**
 - Directly employ 12,000 staff and spend \$2.3 billion annually in local economy.
 - Total impact on the economy is 27,800 jobs and \$5.6 billion in spending.
- 58 percent of investor-owned hospitals are located in Medically Underserved Areas (MUAs): **Some would have closed if it were not for investor-owned rescue.**
- 68 percent of investor-owned hospitals are located in zip codes with **above-average number of individuals living in poverty** -- some as high as 30-46 percent.

Support Access to Healthcare

Enact Legislation to Extend Income Tax-Credits for Investor-Owned Hospitals