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# In the Business of Health and Charity

By [Richard Muhammad](#), [AlterNet](#). Posted [June 10, 2004](#).

Nonprofit, church-affiliated hospitals are having trouble squaring their bottom line with their higher calling.

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A couple of years ago, 53-year-old Curt Koehler, of Warrenville, Ill., was juggling bills and trying to pay off medical expenses for emergency visits for his children. The experience was vividly unpleasant: The hospital collection effort was unrelenting. Bill collectors pressed to either charge the bill to a credit card, or have six payments automatically deducted from a bank account, and it was difficult to get anyone on the phone to talk about other payment alternatives, Koehler said.

The kicker? The creditor was not-for-profit, church affiliated Lutheran General Hospital, a part of the Advocate Health Care system. And further, Koehler's wife is a church pastor. "There's a part of me that went, 'Wait a minute, that's from our church, aren't they supposed to be a little nicer than that?' " recalled Pastor Denise Griebler, of St. Paul United Church of Christ.

Many inside and outside religious circles are examining how faith-based hospitals balance their bottom lines and their higher calling. Given tax exemptions and other perks the hospitals enjoy, the question isn't just whether a non-profit is naughty or nice. The freebies are supposed to be tradeoffs for care for the poor and other benefits.

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Bishop Paul Landahl, of the Metropolitan Chicago Synod of the Lutheran Church, is looking into how Advocate Health Care, a major non-profit affiliated with the Lutheran Church and the United Church of Christ (UCC) conducts its affairs. Area Lutherans will consider two resolutions on June 10 that would clarify the church position on how Advocate should treat those who need help the most.



"If this is a partnership and this is a ministry, as I keep hearing from Advocate, then the care for the poor has to have a much larger role in this whole thing," said Bishop Landahl, in an interview. The bishop, who admits the church has been removed from day to day operations of the hospital, is concerned about treatment of the poor. He is also looking into exactly how the church-hospital relationship should function.

The year-old Hospital Accountability Project, run by the Service Employees International Union, has produced reports showing Advocate charges the uninsured more for health care as insurance companies get volume discounts, and that immigrants, the poor, and low-wage income workers have faced aggressive collections and lawsuits. Advocate is an industry leader and sets the pace for others, said Joseph Geevarghese, Hospital Accountability Project director. While for-profit hospitals have been willing to change some pricing and collection practices, Advocate has stood fast, he said. State legislators and Chicago aldermen uneasy about how non-profit hospitals handle poor and immigrant patients held hearings over the past year.

"Hospitals aren't living up to this mission, non-profit mission, to do good. Instead they are beginning to act just like every other for-profit corporation," said Geevarghese.

Advocate grew out of a 1995 merger of two faith-based hospital systems rooted in the Lutheran Church and United Church of Christ. It is the largest health care provider in Illinois, with over 200 Chicago area care sites, including eight acute care hospitals, two children's hospitals, a home health care company and three of the city's largest medical groups. Advocate is the second largest private employer in Chicago, with 25,000 workers. The Hospital Accountability Project notes that its non-profit status means exemption from federal, state and local income taxes, state and local sales taxes and local property taxes.

To qualify as non-profit, a hospital must perform an educational, charitable or community service mission. Advocate has a religious affiliation, a teaching relationship with the University of Illinois and a non-profit foundation.

"Any hospital that enjoys that privilege of tax exemption needs to be able to be prepared to stand up in public and explain in detail to the public all that they do, including charity care, to earn that benefit of tax exemption and justify their existence as a benefit to the community," said Rick Wade, of the American Hospital Association. But, he added, unions are looking for places to organize and local governments are looking for tax revenue. That has meant going after some

hospitals in recent years, he said. If the hospitals don't make money they can't serve anyone, Wade added.

"Any notion that Advocate, or other non-profit organization, profits at the expense of the poor is ridiculous," said Ed Domansky, an Advocate spokesperson. The hospital delivered \$55.9 million in charity care last year and the uninsured typically pay just five percent of charges owed to Advocate, Domansky said. A very small percentage of people are sued, but a family of four earning \$75,400 a year can qualify for charity care, he added. Domansky said almost all who apply for charity care get aid. But he was unable to say how many patients applied for aid, or how many people actually received it. Domansky sees the hoopla as union organizing under the guise of community service.

"Whether or not unions seek to organize workers in hospitals, non-profit and especially religious hospitals, have an obligation to serve the poor in our communities," said Kim Bobo, of the National Interfaith Committee for Worker Justice, a faith-based group that promotes higher wages, pensions and fair treatment of workers. Bobo, who is also choir director at Good News Community Church-UCC, feels Advocate should spend less time, energy and money fighting unions, and focus more on community needs and national health care reform.

The Hospital Accountability Project's union ties are well publicized and one of its stated aims is to "gain a voice for caregivers." Still, project director Geevarghese added, organized labor exists not just to gain contracts, but also to promote greater justice in society. The issue isn't organizing, but whether Advocate and non-profits live up to their missions to serve communities, he said. A soon-to-be-released report will show Advocate gets about \$70 million a year in tax savings, but only half comes back in free care or services to the disenfranchised, Geevarghese said. There isn't a "profit" but money goes into executive salaries and projects like building a \$200 million hospital in an upper-income white community, said Geevarghese. The American Federation of State, County and Municipal Employees is raising concerns about pricing and community benefit as it seeks to organize Resurrection Healthcare Corporation, which is affiliated with the Catholic health care system.

For Pastor Griebler and her husband, it's about more than money. The middle class couple had health insurance and met their financial obligation. They worried about how poorer people less able to negotiate with a powerful entity would fare. In early May, the Chicago Metropolitan Association of the United Church of Christ passed a "Jubilee" resolution calling for Advocate to end discriminatory pricing, put lawsuits against low income patients on hold, offer adequate charity care and respect workers' rights to form a union. One of the UCC delegates who voted for that resolution was Curt Koehler. The Lutheran resolutions express similar sentiments.

The debate about Advocate in Illinois is "a kind of watershed event. If I as the bishop have a partnership relationship in ministry with that Advocate system, then I really want to hold them accountable to what it means to be a not-for-profit," said Bishop Landahl. The church places people on the hospital's board of directors, and once-routine appointments could face much more scrutiny, said Bishop Landahl.

With about 85 percent of America's hospitals linked to some type of non-profit status, the Illinois situation is highly significant. Rick Wade, of the American

Hospital Association, believes hospitals must show a "mission" concentration. Institutions need to say, " 'We're doing the very thing you created us to do' " Wade argued. Not doing that could mean trouble. In downstate Illinois, a Catholic hospital lost its non-profit status early this year. A local board that reviews property tax assessments ruled that Provena Covenant Medical Center, in Urbana, Ill., wasn't a charity because it sued patients. State authorities had rejected a similar ruling a year earlier, but decided this year that the hospital was not operating with a charitable purpose. The hospital, which employed lawsuits, collection agencies and had some debtors who failed to show for court arrested, has appealed its loss of non-profit status.

*Richard Muhammad is the Chicago-based editor of StraightWords E-Zine.*

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