

FLORIDA

Making the hospital tax exemption work for Florida

An analysis of nonprofit hospital tax
exemptions and community investments



LOWN
INSTITUTE



SUMMARY

Florida nonprofit hospitals receive \$1.7 billion in tax benefits each year

The Lown Institute analyzed how much 88 nonprofit hospitals in Florida received in tax benefits and spent on free care and community health initiatives from 2020-2022. Data sources for this analysis include IRS Form 990, CMS hospital cost reports, and municipal property data.



KEY TAKEAWAYS

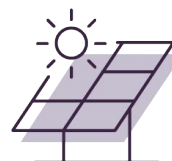
- From 2020-2022, **45% of private nonprofit hospitals in Florida had a “fair share deficit,”** meaning they received more in tax benefits than they spent on meaningful community investments.
- The total fair share deficit for Florida hospitals was **\$485 million each year.** That’s enough to feed 623,000 people facing **food insecurity**, increase state spending on **Everglades restoration** efforts by 60%, or wipe out **medical debt** for more than 700,000 people.
- **Orlando Regional Medical Center** had the largest fair share deficit in the state, receiving \$101 million more in tax benefits than they spent on community investment.
- Despite a high need for financial assistance in the state, ten hospitals spent less than 1% of their expenses on charity care.

\$485 MILLION

COULD BE PUT
BACK INTO THE
COMMUNITY



FOOD

CLIMATE
RESILIENCE

DEBT

INTRODUCTION

Nonprofit hospitals enjoy significant tax exemptions worth millions of dollars, and in return are expected to contribute to their communities through financial assistance and investments in community health. However, lax regulation leads to significant variation in the amount hospitals give back to their communities.

The Lown Institute has undertaken a comprehensive project across 20 states to assess hospitals’ tax benefits and compare them to their community investments, what we call “Fair Share Spending.” This initiative aims to identify hospitals that could do more for their communities, highlight leaders in community investment, and expose systemic issues within our healthcare system that lead to underspending.

TAX EXEMPTION VALUE RESULTS

From 2020–2022, Florida hospitals received \$1.7 billion in tax breaks each year, an average of \$19.5 million per hospital, or 3.7% of expenses. Among all 20 states studied, the average per-hospital tax benefit was \$14.2 million or 4.2% of expenses.

INCOME, SALES TAX LARGEST CATEGORIES OF HOSPITAL TAX EXEMPTION

Tax exemption category	Total amount (per year average, 2020-2022)	% of total tax exemption, Florida
Federal income tax	\$533 million	32%
State and local sales tax	\$426 million	25%
Local property tax	\$311 million	18%
Value of tax-exempt bonds	\$176 million	10%
State income tax	\$124 million	7%
Value of tax-exempt donations	\$111 million	7%
Federal unemployment tax	\$7 million	0.4%
Total	\$1.7 billion	100%



High incomes for some hospitals, particularly in 2021, drove large federal income tax breaks. For example, Orlando Health Orlando Regional Medical Center and AdventHealth Orlando each reported more than \$800 million in net income in 2021 and three other hospitals had net income above \$200 million that year.

Sales tax made up a significant proportion of the overall tax exemption as well. In 2020, five hospitals spent more than \$200 million on medical supplies.

COMMUNITY INVESTMENT RESULTS

From 2020–2022, nonprofit hospitals in the state spent \$1.8 billion on financial assistance and other community investments each year, an average of \$20.9 million per hospital or 5.8% of expenses. Among all 20 states studied, the average amount spent on community investment was \$12.2 million or 3.9% of expenses.

Financial assistance (free and discounted care for eligible patients) made up the largest proportion of total community investment (67%). Subsidized health services (clinical services that meet an identified community need, provided at a loss to the hospital) were the second-largest contributor, making up 13% of total community investment.

FINANCIAL ASSISTANCE LARGEST CATEGORY OF COMMUNITY INVESTMENT

Community investment category	Total spending (per year average, 2020-2022)	% of total community investment, Florida
Financial assistance	\$1.2 billion	67%
Subsidized health care services	\$230 million	13%
Community health improvement services	\$217 million	12%
Community building activities	\$121 million	7%
Cash and in-kind contributions	\$34 million	2%
Total	\$1.8 billion	100%

“Fair share spending” is the difference between hospitals' tax benefits and community investment.

FAIR SHARE SPENDING RESULTS

On average, 45% of hospitals received more in tax benefits than they spent on community investment from 2020-2022. Hospitals with a fair share deficit had a collective deficit of about \$485 million each year.









For some of these hospitals, their high fair share deficits are driven by their wealth and size. In particular, **Orlando Health Regional and AdventHealth Orlando** encompass multiple campuses, own over \$1 billion each in real property value, and made over \$400 million on average from 2020-2022.

However, low community investment spending also plays a role. All of these hospitals spent less than the state average on community investment and half of these hospitals spent under 50% of the state average rate.

Florida’s high spending on financial assistance shows a large need due to high rates of uninsurance compared to other states. However, some facilities spent much more on financial assistance than others. Ten hospitals spent less than 1% of expenses on charity care while eight spent 6% or more.

HOSPITALS WITH THE LARGEST FAIR SHARE DEFICITS IN FLORIDA

Average per year, 2020-2022











	-\$101 million	Orlando Health Orlando Regional Medical Center (Orlando)**^
	-\$48 million	St. Joseph’s Hospital (Tampa)^
	-\$35 million	Baptist Medical Center Jacksonville (Jacksonville)^
	-\$28 million	Mayo Clinic Florida (Jacksonville)*
	-\$25 million	Baptist Hospital (Miami)
	-\$19 million	Nemours Children’s Hospital, Florida (Orlando)*
	-\$15 million	AdventHealth Orlando (Orlando)**^
	-\$13 million	Jupiter Medical Center (Jupiter)
	-\$13 million	AdventHealth Wesley Chapel (Wesley Chapel)
	-\$10 million	Mease Countryside Hospital (Safety Harbor)

*IRS information prorated across multiple hospitals

^Includes more than one hospital campus within same CMS ID

HOSPITALS WITH THE LARGEST FAIR SHARE SURPLUSES IN FLORIDA

Average per year, 2020-2022

Lakeland Regional Health Medical Center (Lakeland)	\$78 million	
Mount Sinai Medical Center Of Florida (Miami Beach)	\$64 million	
Tallahassee Memorial Hospital (Tallahassee)	\$43 million	
LifeStream Behavioral Center (Leesburg)	\$35 million	
Centerstone Bradenton - Hospital & Addiction Center (Bradenton)	\$33 million	
Homestead Hospital (Homestead)	\$28 million	
Indian River Hospital (Vero Beach)*	\$23 million	
Ascension Sacred Heart Pensacola (Pensacola)*	\$20 million	
Tampa General Hospital (Tampa)	\$19 million	
AdventHealth Tampa (Tampa)*	\$17 million	

**IRS information prorated across multiple hospitals*

Seven of these hospitals gave more proportionally in community investment than the state average, and three of these hospitals gave at more than twice that rate. The total community investment of these ten hospitals made up nearly 30% of the state’s total community investment.

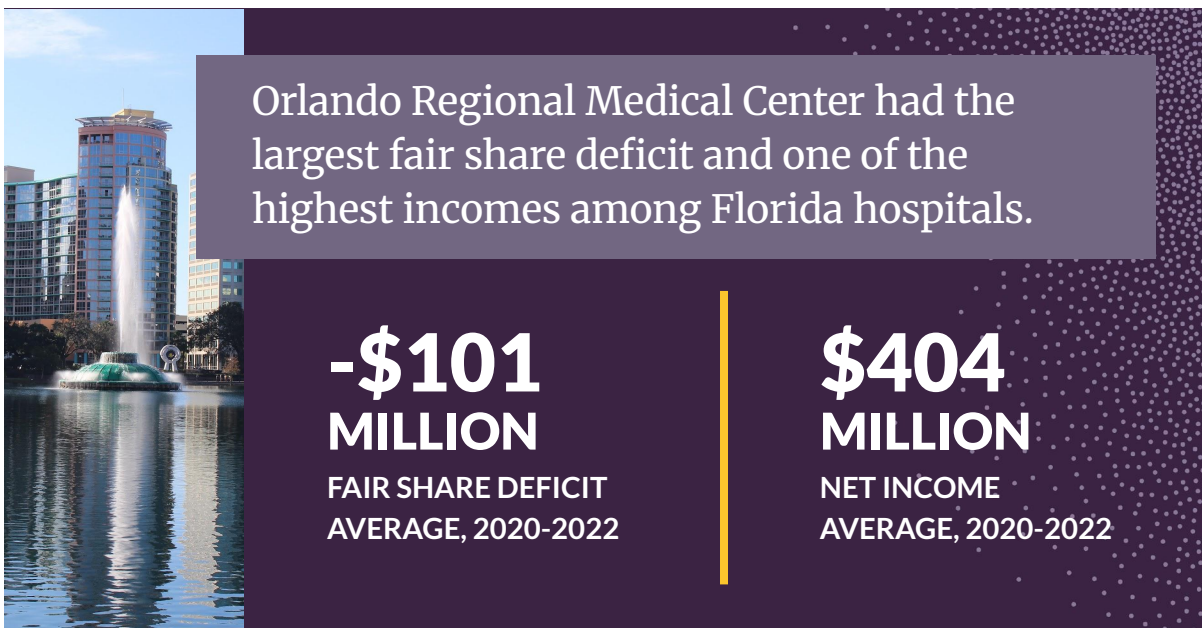
Among the community investments by these hospitals include health education, blood pressure and glucose screening, transition housing and care for patients at high risk of homelessness, peer support for caretakers, diabetes prevention, tobacco cessation program, case management, and in the case of Lakeland Regional Medical Center, a contribution to the city for use of the property.

The narrative information included in hospital Schedule H forms was not always detailed enough to determine how much hospitals spent specifically on the priority health needs identified in their community health needs assessments.

HOW COULD FILLING GAPS IN FAIR SHARE SPENDING IMPROVE COMMUNITY HEALTH?

The \$485 million annual fair share deficit is enough to:

- **Increase spending on Everglades restoration efforts by 60%.** The latest proposed state budget includes \$805 million on restoration projects for the Everglades, including funding for the Comprehensive Everglades Restoration Plan, EAA Reservoir, Northern Everglades and Estuaries Protection Plan and the Lake Okeechobee Watershed Plan ([FL Department of Environmental Protection](#)).
- **Feed more than 623,000 people facing food insecurity in Florida.** Nearly 3 billion people in Florida face food insecurity every year, including 819,000 children ([Feeding America](#)).
- **Wipe out medical debt for 705,000 people in Florida who owe \$1,000 or less.** An estimated 1.5 billion adults in Florida owed medical debt each year in 2019-2021 ([Peterson-KFF Health System Tracker](#)).



Florida's total fair share deficit is enough to **feed all children in the state facing food insecurity**.



POLICY IMPLICATIONS

Florida can follow the lead of other states to reduce medical debt and fair share spending gaps.

IMPROVING COVERAGE

To reduce medical debt, fill in fair share gaps, and increase upstream community investments, Florida could [follow the lead of North Carolina](#) and **adopt Medicaid expansion alongside medical debt protections** and community benefit spending thresholds for hospitals.

For hospitals with high community investments, this would reduce uncompensated care costs—potentially allowing for more spending on community health programs—while still maintaining a certain threshold of financial assistance. For hospitals with low community investments, this would raise the bar for them to spend at the rate of other hospitals and do their fair share in reducing medical debt.

INCREASING TRANSPARENCY

We found high variation in hospital spending on financial assistance and community health programs. To improve transparency around hospital community investments, state policymakers could:

- Require hospitals to **report spending on priority health needs** identified in Community Health Needs Assessments;
- Require hospitals to report the **number of patients who applied and received financial assistance**;
- Require hospitals to report the **number of extraordinary collection actions taken** to recover medical debt.

BETTER ACCESS TO FINANCIAL ASSISTANCE

Florida currently requires hospitals to provide financial assistance for patients at or below the federal poverty level. To improve accessibility for assistance, state policymakers could:

- Require use of a uniform financial assistance application;
- Require hospitals to screen patients for assistance to ensure that all eligible patients receive a discount.

REGULATING EXPANSIONS

Given that Florida has [removed its Certificate of Need requirements](#), ensuring that hospitals are expanding into areas with the greatest need is important. Hospital **fair share spending can be a tool for state and local policymakers** to understand how new hospital expansions are improving community health or increasing taxpayer burden.

METHODOLOGY

The study analyzed seven types of tax exemptions enjoyed by hospitals in Florida, including federal and state income tax, federal unemployment tax, sales tax, property tax, and the values of tax-exempt donations and bonds. Hospital net income data was sourced from CMS hospital cost reports. Information on tax-exempt donations and bonds was obtained from IRS Form 990. Three years of data (2020–2022) were included.

Community investments were identified from IRS Form 990 Schedule H, including the following categories: financial assistance, community health improvement services, subsidized healthcare services, contributions to community groups, and community building activities. For hospitals that filed as a group, community investment data was prorated according to hospitals' share of system charity care.



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ABOUT THE LOWN INSTITUTE

The Lown Institute is an independent think tank advocating bold ideas for a just and caring system for health. We envision a healthcare system focused on what's best for people, like hospitals caring for those most in need, patients living without fear of financial distress, and health professionals finding joy in their roles. Learn more: www.LownInstitute.org.