

GEORGIA

Making the hospital tax exemption work for Georgia

An analysis of nonprofit hospital tax
exemptions and community investments



LOWN
INSTITUTE



SUMMARY

Georgia nonprofit hospitals receive \$1.3 billion in tax benefits each year

The Lown Institute analyzed how much 84 nonprofit hospitals in Georgia 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, **30% of private nonprofit hospitals in Georgia 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 Georgia hospitals was **\$251 million each year.** That’s enough to cover the state’s estimated cost to **expand Medicaid, provide preventive HIV medications** for all at-risk individuals, feed more than 338,000 people facing **food insecurity** in the state, or provide permanent **supportive housing** for nearly 6,000 unhoused people in Georgia.
- Some of the **largest fair share deficit and surplus hospitals in the state are in Atlanta,** reflecting that there are have and have nots” in the Atlanta hospital market.

\$251 MILLION

COULD BE PUT BACK INTO THE COMMUNITY



FOOD



HOUSING



ACCESS TO CARE

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, Georgia hospitals received \$1.3 billion in tax breaks each year, an average of \$16.1 million per hospital (greater than the 20–state average of \$14.2 million).

High incomes for some hospitals, particularly in 2021, drove large federal income tax breaks. For example, Northside Hospital Atlanta reported \$635 million in net income in 2021 and six other hospitals had net income above \$200 million that year.

INCOME, SALES TAX LARGEST CATEGORIES OF HOSPITAL TAX EXEMPTION

Tax exemption category	Total amount (per year average, 2020-2022)	% of total tax exemption, Georgia
Federal income tax	\$539 million	41%
State and local sales tax	\$252 million	19%
State income tax	\$157 million	12%
Local property tax	\$154 million	12%
Value of tax-exempt donations	\$139 million	11%
Value of tax-exempt bonds	\$59 million	4%
Federal unemployment tax	\$5 million	0.3%
Total	\$1.3 billion	100%

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

COMMUNITY INVESTMENT RESULTS

From 2020–2022, Georgia hospitals spent \$1.8 billion on financial assistance and other community investments each year, an average of \$22.6 million per hospital or 6.6% of expenses.

Financial assistance (free and discounted care for eligible patients) made up the largest proportion of total community investment (67%), primarily driven by the fact that Georgia is among the few states that have yet to expand Medicaid. Subsidized health services were the second-largest contributor.

Georgia spends **far less proportionately on community health improvement and community building activities than other states on average**. While Georgia hospitals may be spending more on financial assistance to preserve access to care for uninsured patients, this leaves little left to invest in programs to improve community health upstream.

FINANCIAL ASSISTANCE LARGEST CATEGORY OF COMMUNITY INVESTMENT

Community investment category	Total spending (per year average, 2020-2022)	% of total community investment, Georgia
Financial assistance	\$1.2 billion	67%
Subsidized health care services	\$492 million	27%
Community health improvement services	\$88 million	5%
Cash and in-kind contributions	\$15 million	1%
Community building activities	\$4 million	0.2%
Total	\$1.8 billion	100%

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

FAIR SHARE SPENDING RESULTS

On average, 30% 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 \$251 million each year.

For most of the top deficit hospitals below, their deficits are driven by low community investment spending. All of the top deficit hospitals spent less than the state average on community investment and four hospitals spent under 50% of the state average rate.











The highest-deficit hospitals, Arthur Blank Hospital and Children’s Scottish Rite hospital also had over \$250 million in average income from 2020–2022 and received over \$80 million in donations each year.

Three of the top-deficit hospitals and five of the top-surplus hospitals are in the Atlanta metro area. This reflects a pattern in urban hospital markets in which higher-resourced hospitals are often inaccessible to low-income patients, while “safety net” hospitals that serve more of these patients operate on thin margins.

Despite the high need for financial assistance in Georgia, the **rates of spending on this category varied widely**. On average, hospitals spent 4.25% of their expenses on financial assistance, but 8 hospitals spent less than 1% and 6 hospitals spent 10% or more.

HOSPITALS WITH THE LARGEST FAIR SHARE DEFICITS IN GEORGIA











Average per year, 2020-2022

	-\$60 million	Arthur M. Blank Hospital (Atlanta)*
	-\$56 million	Children’s Scottish Rite Hospital (Atlanta)*
	-\$15 million	Piedmont Atlanta (Atlanta)
	-\$13 million	Tanner Medical Center - Villa Rica (Villa Rica)*
	-\$12 million	AdventHealth Redmond (Rome)
	-\$10 million	Atrium Health Navicent The Medical Center (Macon)
	-\$9 million	Piedmont Fayette (Fayetteville)
	-\$6 million	Hamilton Medical Center (Dalton)
	-\$6 million	Piedmont Newnan (Newnan)
	-\$4 million	Piedmont Macon Medical Center (Macon)

*IRS information prorated across multiple hospitals

HOSPITALS WITH THE LARGEST FAIR SHARE SURPLUSES IN GEORGIA

Average per year, 2020-2022

Grady Memorial Hospital (Atlanta)*^	\$135 million	
NGMC Gainesville (Gainesville)^	\$51 million	
Emory University Hospital Midtown (Atlanta)*	\$48 million	
Northside Hospital Gwinnett (Lawrenceville)*	\$44 million	
Emory Decatur Hospital (Decatur)*	\$36 million	
Emory Saint Joseph’s Hospital (Atlanta)*	\$29 million	
Northside Hospital Atlanta (Atlanta)*	\$28 million	
Northside Hospital Cherokee (Canton)*	\$27 million	
Northside Hospital Forsyth (Cumming)*	\$25 million	
Phoebe Putney Memorial Hospital (Albany)^	\$23 million	

*IRS information prorated across multiple hospitals

^Includes more than one hospital campus within same CMS ID

Among the ten hospitals above with large fair share surpluses, their community investment made up nearly half of the state’s total spending.

Among the community investments by these hospitals include screening for social determinants of health with referrals to services, food vouchers, case management support, transitional housing for those struggling with mental health or substance use disorders, free HIV prevention medications, and more.

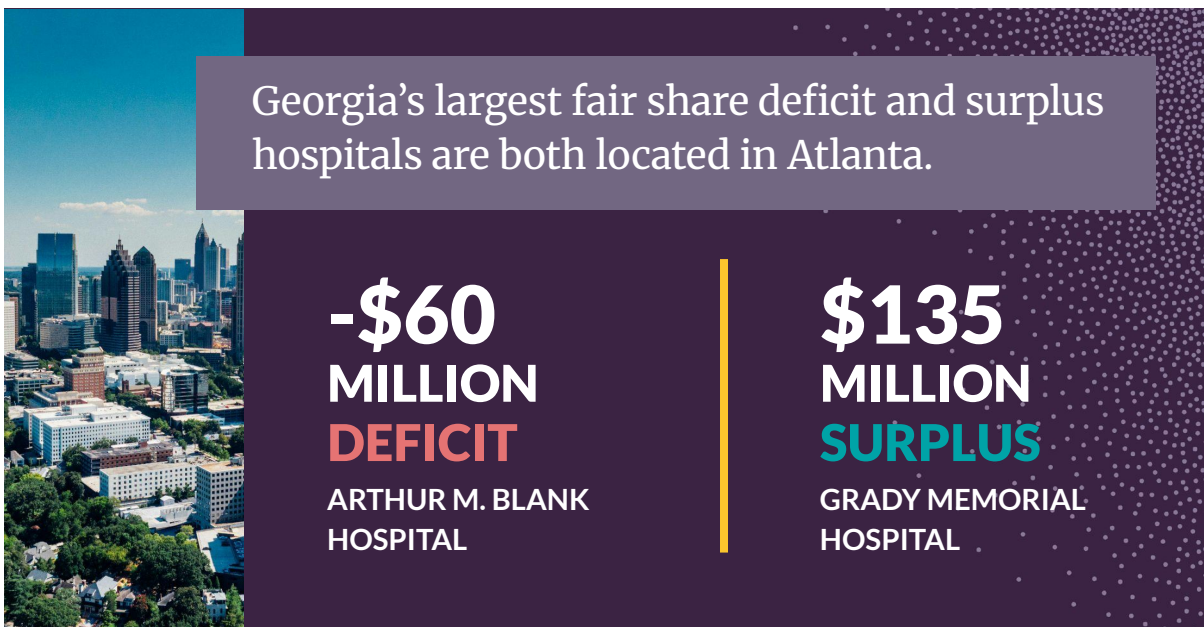
However, hospitals provided limited information about their spending on subsidized healthcare services, despite this comprising a substantial proportion of total spending. In the case of Emory University, they attribute \$177 million in “purchased services from the Emory Clinic, Inc” as subsidized healthcare services. Without more detail, it is hard to know whether this is actually a community benefit or just moving money around the health system.

While these hospitals had a fair share surplus from 2020–2022 on average, some (including Northside Atlanta and NGMC Gainesville) had fair share deficits specifically in 2021 due to higher income that year.

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

The \$251 million annual fair share deficit is enough to:

- **Cover the state’s cost of expanding Medicaid**, estimated at \$1.5 billion over ten years ([Urban Institute](#)). This is assuming the federal match rate for Medicaid expansion would not change. Nearly 14% of adults under 65 in Georgia are uninsured, making it more difficult to access care ([KFF](#)).
- **Supply annual Pre-Exposure Prophylaxis (PrEP) medications** to all 39,000 individuals at high risk of HIV ([CDC](#), [CNN](#)). Georgia’s rate of new HIV diagnoses is more than double the national rate ([AIDSvU](#)).
- **Increase the budget for the State Housing Trust Fund for the Homeless** by nearly ten times ([Georgia DCA](#)). Nearly 6,000 people in Georgia were unhoused in 2022, a 40% increase from 2019 ([Georgia Department of Community Affairs](#)).
- **Wipe out medical debt** for nearly 300,000 people in Georgia who owe \$500 or less. An estimated 1 million adults in Georgia owed medical debt each year in 2019-2021 ([Peterson-KFF Health System Tracker](#)).
- **Feed more than 338,000 people in Georgia** facing food insecurity. Nearly 1.4 million people in Georgia face food insecurity every year, including 462,000 children ([Feeding America](#)).



Georgians face a **high level of medical debt** compared to other states

POLICY IMPLICATIONS

Georgia’s fair share spending data highlights several key issues in need of policy solutions:

1. While many hospitals in Georgia are providing generous financial assistance, **Georgians still face a high level of medical debt**, with [12.7% of residents](#) reporting medical debt over \$250, compared to 8.6% nationwide.
2. Some of the largest **fair share deficit and surplus hospitals are in the Atlanta area**, suggesting that certain hospitals in the region are giving back more than others.
3. The breakdown of Georgia hospitals’ community benefit spending suggests that **hospitals are not able to dedicate as much spending to upstream drivers of health** as those in other states.

To reduce medical debt, fill in fair share gaps, and increase upstream community investments, Georgia should **adopt Medicaid expansion alongside medical debt protections** and community benefit spending thresholds for hospitals.

In North Carolina, where state officials pioneered this [“carrot and stick” approach](#) of pairing new state-directed Medicaid payments with medical debt protections, all eligible hospitals have agreed to participate, setting a [roadmap for other states](#) to do the same. Georgia could **expand their income eligibility levels for financial assistance**, and **require patient screening** to ensure eligible patients receive aid.

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.

REPORTING REQUIREMENTS AND CERTIFICATE OF NEED

To improve transparency around hospital community investments, state policymakers could **require hospitals to report spending on items identified in Community Health Needs Assessments**, which was [proposed in 2024](#).

Fair share spending information can also inform state efforts to increase **accountability around hospital expansions** (such as Children’s Hospital of Atlanta’s \$1.5 billion new campus) and closures (such as Wellstar Atlanta Medical Center). The state could **leverage its existing Certificate of Need regulations** to require that hospitals spend a certain proportion of spending on CHNA-related health needs, as it does for charity care ([Institute for Justice](#)).



METHODOLOGY

The study analyzed seven types of tax exemptions enjoyed by hospitals in Georgia 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. For Emory University Hospital, only income from 2021 hospital cost reports were valid, so this income was used for all three years. 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.