

NEW YORK

# Making the hospital tax exemption work for New York

An analysis of nonprofit hospital tax  
exemptions and community investments



## SUMMARY

# New York nonprofit hospitals receive \$2.4 billion in tax benefits each year

The Lown Institute analyzed how much 132 nonprofit hospitals in New York 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, **42% of private nonprofit hospitals in New York had a “fair share deficit,”** meaning they received more in tax benefits than they spent on community investments.
- New York hospitals had a **higher rate of community investment** than the average rate for all hospitals across 20 states.
- The total fair share deficit for New York hospitals was **\$518 million each year.** That’s enough to feed 656,000 people facing food insecurity, house all unsheltered homeless people in New York City for a year, or wipe out medical debt for nearly 430,000 people who owe \$1,000 or less.
- Some of the **largest fair share deficit and surplus hospitals in the state are in New York City,** reflecting that there are “have and have nots” in the New York City hospital market.

## \$518 MILLION

COULD BE PUT  
BACK INTO THE  
COMMUNITY



FOOD



HOUSING



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, New York hospitals received \$2.4 billion in tax breaks, an average of \$18 million per hospital (greater than the 20-state average of \$14.2 million).

Sales tax made up the largest proportion of the total exemption (40%). This proportion was greater than the national average (19%) due to relatively high sales tax rates in New York and high spending on medical supplies (\$80 million per hospital on average in 2021).

### SALES, PROPERTY TAX LARGEST CATEGORIES OF HOSPITAL TAX EXEMPTION

Tax exemption category	Total amount (per year average, 2020-2022)	% of total tax exemption, New York	
State and local sales tax	\$950 million	40%	<div style="width: 40%;"></div>
Local property tax	\$723 million	31%	<div style="width: 31%;"></div>
Federal income tax	\$292 million	12%	<div style="width: 12%;"></div>
Value of tax-exempt donations	\$210 million	9%	<div style="width: 9%;"></div>
State income tax	\$96 million	4%	<div style="width: 4%;"></div>
Value of tax-exempt bonds	\$85 million	4%	<div style="width: 4%;"></div>
Federal unemployment tax	\$14 million	0.6%	<div style="width: 0.6%;"></div>
<b>Total</b>	<b>\$2.4 billion</b>	<b>100%</b>	

Nonprofit hospitals in New York City collectively own **\$3.6 billion** worth of real estate.

Property tax also comprised a significant portion of the overall tax exemption. Collectively, nonprofit hospitals in New York City own \$3.6 billion worth of real estate.

### COMMUNITY INVESTMENT RESULTS

From 2020–2022, nonprofit hospitals in the state spent \$3.5 billion on financial assistance and other community investments each year, an average of \$26.4 million per hospital. New York had the largest per-hospital rate of community investment spending of any state studied.

Subsidized health services (clinical services that meet an identified community need, provided at a loss to the hospital) made up the largest proportion of total community investment (58%). Financial assistance (free and discounted care for eligible patients) was the second-largest contributor, making up 23% of total community investment. New York hospitals spent more proportionally on community health improvement than other states on average, a positive sign that they are interested in addressing upstream unmet health needs.

#### SUBSIDIZED HEALTH CARE SERVICES LARGEST CATEGORY OF COMMUNITY INVESTMENT

Community investment category	Total spending (per year average, 2020-2022)	% of total community investment, New York
Subsidized health care services	\$2 billion	58%
Financial assistance	\$786 million	23%
Community health improvement services	\$600 million	17%
Cash and in-kind contributions	\$43 million	1%
Community building activities	\$20 million	1%
<b>Total</b>	<b>\$3.5 billion</b>	<b>100%</b>



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

## FAIR SHARE SPENDING RESULTS











On average, 42% of hospitals received more in tax breaks than they spent on community investment from 2020-2022. Hospitals with a fair share deficit had a collective deficit of about \$518 million each year.

The wealth and size of some New York hospitals drive their large fair share deficits. For example, New York-Presbyterian hospital reported \$1.48 billion in net income 2021. Additionally, New York-Presbyterian Hospital and Tisch Hospital are comprised of multiple campuses (8 and 5, respectively) and avoided a combined total of \$237 million in property taxes.

However, low community investment spending also plays a role; eight of these hospitals spent less than 2% of their expenses on community investment.

### HOSPITALS WITH THE LARGEST FAIR SHARE DEFICITS IN NEW YORK

Average per year, 2020-2022











	<b>-\$93 million</b>	Tisch Hospital (New York)^
	<b>-\$59 million</b>	New York-Presbyterian Hospital (New York)^
	<b>-\$42 million</b>	Albany Medical Center (Albany)*
	<b>-\$35 million</b>	St. Francis Hospital & Heart Center (Roslyn)
	<b>-\$26 million</b>	St. Peter's Hospital (Albany)
	<b>-\$15 million</b>	Hospital for Special Surgery (New York)
	<b>-\$15 million</b>	Crouse Hospital (Syracuse)
	<b>-\$14 million</b>	St. Joseph Health's Hospital (Syracuse)
	<b>-\$13 million</b>	Vassar Brothers Medical Center (Poughkeepsie)
	<b>-\$9 million</b>	Ellis Hospital (Schenectady)

\*IRS information prorated across multiple hospitals

^Includes more than one hospital campus within same CMS ID

## HOSPITALS WITH THE LARGEST FAIR SHARE SURPLUSES IN NEW YORK

Average per year, 2020-2022

North Shore University Hospital (Manhasset)^	<b>\$217 million</b>	
Long Island Jewish Medical Center (New Hyde Park)^	<b>\$152 million</b>	
One Brooklyn Health (Brooklyn)^	<b>\$74 million</b>	
Lenox Hill Hospital (New York)	<b>\$67 million</b>	
Rochester General Hospital (Rochester)	<b>\$65 million</b>	
Mount Sinai Beth Israel (New York)^+	<b>\$54 million</b>	
New York-Presbyterian Queens (Flushing)	<b>\$53 million</b>	
South Shore University Hospital (Bay Shore)	<b>\$51 million</b>	
Unity Hospital (Rochester)	<b>\$47 million</b>	
Cayuga Medical Center (Ithaca)	<b>\$42 million</b>	

^Includes more than one hospital campus within same CMS ID

+Beth Israel campus closed April 9, 2025

New York is home to some of the hospitals with the largest fair share surpluses in our 20-state analysis. Four New York hospitals are among the top ten surpluses across the states studied.

All of these hospitals gave more proportionally in community investment than the state average, and one of these hospitals gave at more than three times that rate.

Examples of community investments by these hospitals include COVID-19 testing and protective equipment, gun violence prevention, youth initiatives, primary care clinics, health information center, home visits for seniors, and more.

While subsidized healthcare services was the leading community investment category, some New York hospitals provided limited information about their spending on these services on their 990s.

In New York City, some of the largest fair share deficit and surplus hospitals are not far from each other. This indicates a segregated hospital market, in which safety net hospitals take on a disproportionate share of low-income and uninsured patients.

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

The \$518 million annual fair share deficit is enough to:

- **House all unsheltered homeless people in New York City for a year.** There are an estimated 4,042 people who are homeless and unsheltered in NYC. The cost to shelter one person for one year was \$85,421 in 2023 ([Department of Homeless Services](#)).
- **Create or preserve 5,000 units of supportive or transitional housing.** In 2024, New York State spent \$86 million to create or preserve 513 units of supportive housing. The fair share deficit amount is six times that spending ([Governor of NY](#)).
- **Feed 656,000 people facing food insecurity in New York.** An estimated 2,638,700 people in New York are food insecure, including about 750,000 children ([Feeding America](#)).
- **Wipe out medical debt for nearly 430,000 adults in New York who owe \$1,000 or less.** An estimated 910,000 adults in New York owed medical debt each year in 2019-2021 ([Peterson-KFF Health System Tracker](#)).

Some of New York's largest fair share deficit and surplus hospitals are located in New York City.

**-\$93  
MILLION  
DEFICIT**  
TISCH HOSPITAL

**\$74  
MILLION  
SURPLUS**  
ONE BROOKLYN  
HEALTH

New York [ranks high](#) among states on medical debt protection.

## POLICY IMPLICATIONS

*New York is a leader in medical debt protections, but could do more to increase transparency and support safety net hospitals.*

### TRANSPARENCY

While New York hospitals are among the highest-spending on community benefit overall, it is still difficult to understand how much hospitals are spending on specific community health needs. New York state [requires](#) hospitals to report their community benefit spending, but we were not able to find these reports on a centrally located website.

State policymakers should consider asking hospitals to report their spending on selected [Prevention Agenda categories](#), and the state should make this data easily available. This could help fill in the gaps that exist in the Form 990, which do not always provide details on spending for specific community benefit programs.

### MAKING THE SYSTEM EQUITABLE

Fair share spending patterns in the state demonstrate the problem of “have and have nots” in the NYC hospital market, which contains some of the largest fair share deficit and largest surplus hospitals. The City’s hospitals also stand out for their high property values, owning a total of \$3.6 billion in real estate.

To address these inequities, policymakers could require hospitals with large property holdings and low community investment to pay into a pool of funds. This pool could be used by the local public health department to address community health needs from the Prevention Agenda, or to relieve uncompensated care burden for safety net hospitals.





## METHODOLOGY

The study analyzed seven types of tax exemptions enjoyed by hospitals in New York, 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. Public hospitals that do not file a 990 (such as those in the NYC Health+Hospitals system) were not included.

Property data was largely unavailable for hospitals in Suffolk and Westchester counties, therefore property tax values were imputed using the state median rate as a percent of expenses.

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](http://www.LownInstitute.org).