

OHIO

Making the hospital tax exemption work for Ohio

An analysis of nonprofit hospital tax
exemptions and community investments



LOWN
INSTITUTE



SUMMARY

Ohio nonprofit hospitals receive \$2.2 billion in tax benefits each year

The Lown Institute analyzed how much 137 nonprofit hospitals in Ohio 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

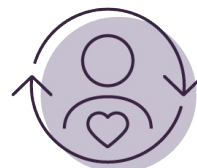
- From 2020-2022, **74% of private nonprofit hospitals in Ohio had a “fair share deficit,”** meaning they received more in tax benefits than they spent on community investments.
- The total fair share deficit for Ohio hospitals was **\$1.3 billion each year.** That’s enough to feed all people in Ohio facing food insecurity, nearly double the state’s budget on behavioral health, or wipe out medical debt for more than 680,000 people.
- Some of the **largest fair share deficit and surplus hospitals in the state are in major cities,** reflecting that there are “have and have nots” in urban hospital markets.
- The **Cleveland Clinic** has one of the largest fair share deficits among the 20 states studied (\$207 million per year on average).

\$1.3 BILLION

COULD BE PUT
BACK INTO THE
COMMUNITY



FOOD

BEHAVIORAL
HEALTH

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, Ohio hospitals received \$2.2 billion in tax breaks, an average of \$16.2 million per hospital (greater than the 20-state average of \$14.2million). Unlike the majority of states included in this analysis, Ohio does not levy a state income tax, but does implement a gross receipts tax. This tax applies to entities reporting more than \$3 million in taxable gross receipts annually.

INCOME, PROPERTY TAX LARGEST CATEGORIES OF HOSPITAL TAX EXEMPTION

Tax exemption category	Total amount (per year average, 2020-2022)	% of total tax exemption, Ohio	
Federal income tax	\$887 million	41%	<div style="width: 41%;"></div>
Local property tax	\$419 million	19%	<div style="width: 19%;"></div>
State and local sales tax	\$393 million	18%	<div style="width: 18%;"></div>
Value of tax-exempt bonds	\$185 million	9%	<div style="width: 9%;"></div>
Value of tax-exempt donations	\$172 million	8%	<div style="width: 8%;"></div>
Gross receipts tax	\$111 million	5%	<div style="width: 5%;"></div>
Federal unemployment tax	\$8 million	0.4%	<div style="width: 0.4%;"></div>
Total	\$2.2 billion	100%	

High incomes for some hospitals, particularly in 2021, drove large federal tax breaks. For example, Cleveland Clinic reported about \$1.3 billion in net income in 2021 and nine other hospitals had net income above \$200 million that year.

Property tax was also significant, in large part due to the amount and value of property owned by nonprofit hospitals in major cities. For example, hospitals own \$1 billion worth of real estate in Cleveland and \$992 million in Columbus, according to county assessment data.

COMMUNITY INVESTMENT RESULTS

From 2020–2022, nonprofit hospitals in the state spent \$1.1 billion on financial assistance and other community investments each year, an average of \$8.2 million per hospital.

Financial assistance (free and discounted care for eligible patients) made up the largest proportion of total community investment (43%). Subsidized health services were the second-largest contributor, making up 28% of total community investment. Compared to other states, Ohio hospitals spent more on community health improvement services, a positive sign that they’re investing in upstream and unmet health needs.

FINANCIAL ASSISTANCE LARGEST CATEGORY OF COMMUNITY INVESTMENT

Community investment category	Total spending (per year average, 2020-2022)	% of total community investment, Ohio	
Financial assistance	\$475 million	43%	<div style="width: 43%;"></div>
Subsidized health care services	\$307 million	28%	<div style="width: 28%;"></div>
Community health improvement services	\$208 million	19%	<div style="width: 19%;"></div>
Cash and in-kind contributions	\$97 million	9%	<div style="width: 9%;"></div>
Community building activities	\$11 million	1%	<div style="width: 1%;"></div>
Total	\$1.1 billion	100%	

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

FAIR SHARE SPENDING RESULTS











On average, 74% 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 \$1.3 billion each year – the second greatest annual deficit among the 20 states studied.

The wealth and size of some Ohio hospitals drive their large fair share deficits. However, low community investment spending also plays a role. Eight of these hospitals spent less than the state average on community investment and three of these hospitals spent under 50% of the state average rate.

Most of the top-deficit and top-surplus hospitals are in major metro areas like Cleveland, Cincinnati, and Dayton. 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.

HOSPITALS WITH THE LARGEST FAIR SHARE DEFICITS IN OHIO

Average per year, 2020-2022











	-\$207 million	Cleveland Clinic Main Campus (Cleveland)*
	-\$121 million	Nationwide Children's Hospital (Columbus)
	-\$81 million	Cincinnati Children's Hospital (Cincinnati)^
	-\$57 million	Riverside Methodist Hospital (Columbus)*
	-\$49 million	ProMedica Toledo Hospital (Toledo)*^
	-\$48 million	University Hospitals Cleveland Medical Center (Cleveland)*^
	-\$44 million	Fairview Hospital (Cleveland)*
	-\$42 million	Miami Valley Hospital (Dayton)^
	-\$36 million	The Christ Hospital (Cincinnati)^
	-\$27 million	Genesis Hospital (Zanesville)

*IRS information prorated across multiple hospitals

^Includes more than one hospital campus within same CMS ID

HOSPITALS WITH THE LARGEST FAIR SHARE SURPLUSES IN OHIO

Average per year, 2020-2022

UC Medical Center (Cincinnati)*	\$38 million	
Southern Ohio Medical Center (Portsmouth)	\$25 million	
Lima Memorial Hospital (Dayton)	\$15 million	
West Chester Hospital (West Chester)*	\$10 million	
Aultman Hospital Main Campus (Canton)*	\$9 million	
Ashtabula Regional Medical Center (Ashtabula)	\$8 million	
Dayton Children's Hospital (Dayton)	\$8 million	
Marietta Memorial Hospital (Marietta)	\$7 million	
Marymount Hospital (Garfield Heights)*	\$4 million	
Euclid Hospital (Euclid)*	\$4 million	

*IRS information prorated across multiple hospitals

Akron-based **Summa Health** originally had the largest fair share surplus in the state (\$39M), but was excluded from the analysis because it was **purchased by venture capital firm General Catalyst** in late 2024.

All of these high-surplus hospitals above gave more proportionally in community investment than the state average, and four of these hospitals gave at three times that rate. The total community investment of these ten hospitals made up about one quarter of the state's total community investment.


Among the community investments reported by these hospitals include COVID-19 testing, support groups, blood drives, smoking cessation program, cancer screening for at-risk individuals, cardiac and diabetes screening, and medical nutrition therapy for people with diabetes.

More detail on spending in certain categories would be helpful for community members and policymakers, as Schedule H does not provide a spending breakdown by program and hospitals varied in their level of detail provided for each category.

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

The \$1.3 billion annual fair share deficit is enough to:

- Nearly double federal funding to Ohio for lead line replacements, improving infant mortality and overall health in the state. Over five years, Ohio is receiving \$735 million from the EPA to remove lead from service lines ([OH Environmental Council](#)).
- Feed 1.6 million people in Ohio that face food insecurity every year, including 505,000 children ([Feeding America](#)).
- Double the state's budget on behavioral health services. Ohio's allocated budget for behavioral health was \$1.2 billion in 2025, including 988 hotline, mobile crisis services, and regulation of mental health & addiction providers ([OH Office of Management & Budget](#)).
- Wipe out medical debt for 688,000 people in Ohio who owe \$5,000 or less. An estimated 810,000 adults in Ohio owed medical debt each year in 2019-2021 ([Peterson-KFF Health System Tracker](#)).



The Cleveland Clinic has the largest fair share deficit in Ohio.

-\$207 MILLION
FAIR SHARE DEFICIT

CLEVELAND CLINIC
Annual average, 2020-2022

Ohio's fair share deficit is enough to **double the state budget on behavioral health services**.

POLICY IMPLICATIONS

Ohio can follow the lead of other states to improve transparency and accountability on hospital community investments.

TRANSPARENCY

The Ohio Department of Health compiles hospital Community Health Needs Assessments (CHNAs), Community Health Improvement Plans, and Schedule H, and [makes these publicly available](#). However, the **Schedule H does not always provide enough detail** to understand how much hospitals are investing on priority health needs identified in the CHNA. Additionally, many hospital systems report their spending altogether, making it difficult to know how much individual facilities are spending.

The state could go further towards improving transparency on community investment by requiring hospitals to report their **spending on programs that directly address health needs** by program and facility, as Massachusetts and Colorado do.

Ohio currently [asks hospitals to report](#) the amount of financial assistance they provide in dollar amount and patients served. The state could **build on this regulation** by also asking hospitals to report the **number of applications denied and reasons for denial**.

ACCOUNTABILITY

To close fair share spending gaps and prevent medical debt, state policymakers should consider the following reforms: **Renew existing requirements for financial assistance** for hospitals that participate in the Hospital Care Assurance Program, create a **uniform financial assistance application** to streamline the application process, and **patient screening** for financial assistance eligibility.

Ohio does not allow hospitals to foreclose on a primary residence due to medical bills. However, the state does not restrict other extraordinary debt collection actions. [More than half of nonprofit hospitals in Ohio](#) allow legal action against patients according to their collections policy and about one third allow wage garnishment. The state could consider **additional restrictions on these collection actions** such as required screening before sending debt to collections.

MAKING THE SYSTEM EQUITABLE

Fair share spending in Ohio highlights the problem of “have and have nots” within the hospital system, as **some of the largest fair share deficit and surplus hospitals are in the same cities**.

To address these inequities, policymakers could implement an **assessment on revenue or property** for hospitals with low community investment spending. This pool of funds could be used by the local public health department to address community health needs and medical debt, or to relieve uncompensated care burden for safety net hospitals.



METHODOLOGY

The study analyzed seven types of tax exemptions enjoyed by hospitals in Ohio, including federal income tax, federal unemployment tax, gross receipts 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.