Hospital Charity Care & The Hill-Burton Act

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Abstract

Hospital provision of charity care plays a crucial role in ensuring healthcare access for uninsured and low-income patients, yet the factors influencing this provision remain poorly understood. This paper examines how hospital charity care responds to regulatory changes by analyzing the long-term effects of the Hill-Burton Act of 1946, which allocated $6 billion to over 3,500 hospitals in exchange for those facilities providing free and reduced-cost care to uninsured patients for 20 years. Using detailed hospital financial data from four large states, patient discharge data from the Healthcare Cost and Utilization Project, and event studies around the expiration of Hill-Burton charity care obligations, I analyze the impact of these regulatory expirations on hospital conduct and patient access to care. I find that Hill-Burton hospitals decrease charity care provision by 30% and reduce admissions of likely charity-eligible patients by 14% after their obligations expire. These patients are subsequently shifted to neighboring public and non-profit hospitals, where they are required to pay for care. While county-level access to hospital care remains stable, county-level charity care spending drops by 20% after the first expiration of Hill-Burton obligations in the county. These results reveal strategic behavior in hospital charity care provision and highlight the importance of considering hospital objectives and responses when designing polices to improve healthcare access for underinsured populations.

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