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March 2, 2016

Mr. Jody Jenner, Chief Executive Officer
Broadlawns Medical Center Board of Trustees
Broadlawns Medical Center
1801 Hickman Road
Des Moines, IA 50314

Dear Mr. Jenner and Members of the Board of Trustees:

Thank you for working with us over the past year to monitor and interpret Broadlawns' new financial status, and to consider what it might mean for taxpayers and other stakeholders.

A recent guest editorial in *The Des Moines Register* outlined the phenomenal work that Broadlawns Medical Center does in the community, and the value of living in a community that shows compassion for its most vulnerable citizens. We couldn't agree more. We also think Broadlawns is efficient and well-run.

Our issue is not about the value of Broadlawns or the value of its services and plans for the future. It is simply that Broadlawns' most vulnerable patients, long funded with local property tax, are now covered by recent expansions in state and federally (taxpayer) funded health insurance programs. Broadlawns no longer needs the same level of property tax support that it did before these expansions occurred. In fact, without a meaningful adjustment in the property tax rate, Polk County taxpayers are essentially paying twice for the same patients – once through property taxes and again through state and federal taxes.

Broadlawns' financials tell the story. Last year (the first full year after implementation of the Affordable Care Act), Broadlawns needed only one quarter (\$15 million) of its \$60 million of property tax revenue to break even. The rest (\$45 million or three quarters) was operating surplus. It appears that results will be very similar this year: about \$65 million in tax revenue, only \$17 million needed to break even, with a potential surplus of \$48 million.

Ten years ago, it took all of Broadlawns' \$39 million in local property tax revenue to cover the cost of \$39 million worth of uncompensated ("charity") care. This year Broadlawns will receive \$65 million in property tax revenue, though providing only about \$17 million worth of uncompensated care.

It's time for Broadlawns to acknowledge the existence of a new funding model. The safety net for our most vulnerable populations still exists – in fact it is now broader than ever – and we certainly see Broadlawns continuing as the premier specialty provider. The only difference is it now has a new primary funding source.

Yes, there are uncertainties in the future; there always are. But let's give taxpayers – who have willingly stepped up to support Broadlawns for so many years in the past – a break this time.

Polk County taxpayers will appreciate any change Broadlawns makes in its property tax rate this year to begin to reflect its new financial reality. We believe there is substantial capacity to go beyond the slight reduction that Broadlawns has proposed, without impacting any of Broadlawns' valuable services or expansion plans. We urge the board to do so.

Sincerely,

Gretchen Tegeler, President