

# Study of Hospital Executive Compensation and Lobbying Expenditures in Georgia

January 2020



Prepared by the Georgia Department of Audits and Accounts  
Greg S. Griffin, State Auditor

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## DEPARTMENT OF AUDITS AND ACCOUNTS

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January 10, 2020

The Honorable Terry England,  
Chairman, House Appropriations Committee  
The Honorable Jack Hill,  
Chairman, Senate Appropriations Committee

Gentlemen:

In compliance with the fiscal year 2020 Appropriations Act, we have completed our study of hospital and health system executive compensation and lobbying expenditures.

The information used in the report was obtained from a number of sources, including the Georgia Government Transparency and Campaign Finance Commission, the Georgia Department of Community Health, the IRS Form 990, and two third-party salary studies. This study was not conducted in accordance with generally accepted government audit standards. However, we used information from sources deemed most reliable and assessed all information to determine if it was reasonable.

Respectfully submitted,

Greg S. Griffin  
State Auditor

GSG/svp

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***Mission Statement***

***The Department of Audits exists to provide decision-makers with credible management information to promote improvements in accountability and stewardship in state and local government.***

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## Purpose of the Study

This study of hospital and health system executive compensation and lobbying expenditures was conducted in compliance with the fiscal year 2020 Appropriations Act. The Act requested that DOAA conduct a study on executive compensation and lobbying expenditures by charitable not-for-profit and hospital authority hospital organizations receiving more than \$5 million per year from the Georgia Medicaid and PeachCare for Kids programs.

The information in this study is intended to be used generally to understand executive compensation. Compensation comparisons are not intended to be used to set or evaluate individual executives' compensation because of several limitations. Georgia executive compensation data were limited to what was reported by hospitals and health systems on their IRS Form 990 and/or their Hospital Transparency Reports. These public documents may not have included all relevant information such as an accurate or comprehensive job title, span of executive's responsibility (i.e., activities in multiple facilities versus just one hospital), or whether the reported compensation is for a full or partial year.

Additional metrics such as bed size, scope of service, and teaching status are also factors that influence compensation levels but are not explored in this study.

## Background

Georgia currently has 184 hospitals<sup>1</sup> in operation. These hospitals can operate as a stand-alone hospital or operate as part of a health system. Most hospitals in Georgia (at least 86%) are part of a health system. A hospital system is a collection of hospitals and other lines of business such as skilled nursing facilities, pharmacies, or physician practices that operate under a single entity. For example, 10 hospitals operate under the WellStar Health System. In contrast, a health system may also have a single hospital and other lines of business.

Also, a hospital or health system may operate as a not-for-profit, a local government hospital authority, or for-profit.<sup>2</sup>

- **Not-For-Profit:** Hospitals are classified as "501 (c) (3)" organizations exempt from taxation under 26 U.S.C. 501 (a) if (1) they serve a charitable purpose, (2) no part of their net earnings goes to the benefit of any private shareholder or individual, and (3) they do not participate in political campaigns for or against candidates or carry on propaganda or lobbying as a substantial part of their activities.

In exchange for their tax-exempt status, not-for-profit hospitals are expected to provide additional health benefits to their communities. Generally, the

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<sup>1</sup> Includes hospitals owned by for-profit, not-for-profit, state, and hospital authority entities. Various types of hospitals include general, acute-care, psychiatric, and specialty hospitals.

<sup>2</sup> For-profit hospitals are not discussed in this report because they are not part of the requested scope of our study.

Internal Revenue Service (IRS) categorizes community benefits for not-for-profit hospitals as follows:

- Community health improvement services;
  - Health professions education;
  - Subsidized health services;
  - Research; and
  - Cash and in-kind contributions to community groups.
- **Local Government Hospital Authorities:** O.C.G.A. § 31-7-72 allows local government entities to create hospital authorities that create and operate a hospital in their county or municipality. Each hospital authority is governed by a board of five to nine members. Hospital authorities can contract with a not-for-profit hospital to handle their day-to-day operations.

Many hospitals participate in the state's Medicaid and PeachCare for Kids (PeachCare) insurance programs. Medicaid provides health insurance to low-income individuals, pregnant women, and the aged, blind, or disabled. Medicaid is jointly funded by federal and state governments, and the program is operated by the states and overseen at the federal level by the Centers for Medicare and Medicaid Services (CMS). PeachCare is Georgia's Children's Health Insurance Program that provides low-cost health coverage to children in families that earn too much to qualify for Medicaid. Both programs are administered by the Georgia Department of Community Health (DCH).



## Study Scope and Methods

The study covered activity related to executive compensation and lobbying expenditures for hospitals operated by charitable not-for-profits and hospital authorities during state fiscal year 2019, with consideration of earlier or later periods when relevant.

**Identification of Hospitals in the Study Scope:** We used DCH's Hospital Annual Financial Survey to identify not-for-profit and hospital authority hospitals. To identify which of these hospitals received at least \$5 million during fiscal year 2019 in Medicaid and PeachCare revenue, we reviewed data and reports from DCH including annual Disproportionate Share Hospital (DSH) surveys and Medicaid and PeachCare claims data. We also identified hospitals that were part of a health system because the system also employs executive-level officers and may conduct lobbying activities.

**Executive Compensation Analysis:** We utilized two forms of public reports to obtain financial and executive compensation information for the Georgia hospitals and health systems in our analysis: (1) The IRS Form 990 filed by not-for-profit entities and (2) Hospital Transparency Reports publicly disclosed by not-for-profit and hospital authority hospitals.

While there is not a formal definition of "executive positions," industry literature commonly defines executive positions to include "C-level" employees. Our analysis concentrates on the five executive positions most commonly reported by the hospitals in our population. These positions include the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Medical Officer (CMO), and the Chief Nursing Officer (CNO).

For each of these five positions, we compared the median cash compensation (salary and bonuses) reported by the hospitals and systems in our analysis with the median national and southeast compensation determined by two third-party companies (Total Compensation Solutions, LLC and SullivanCotter, Inc.). The benchmark data provided by the third-party companies also allowed us to compare executive compensation with hospitals of similar revenue size.

The study scope was limited to hospitals with at least \$5 million in Medicaid and PeachCare revenue. This requested scope excluded many smaller and rural area hospitals. These excluded hospitals likely provide lower executive compensation than the hospitals in metro areas. Consequently, our calculations of average and median executive compensation may be skewed towards the higher compensation offered by metro area hospitals.

A complete description of the purpose, scope, and methodology used in this study is included in [Appendix A](#).

## Included Georgia Hospitals

Of the 126 hospitals that operate as either a not-for-profit or hospital authority, we identified 77 that received at least \$5 million in Medicaid and PeachCare revenue in fiscal year 2019. As shown in **Exhibit 1**, there are 35 not-for-profit hospitals and 42 hospital authority hospitals with over \$5 million in Medicaid and PeachCare revenue.

### Exhibit 1

#### 77 Georgia Hospitals are Included in the Study Scope, FY 2019

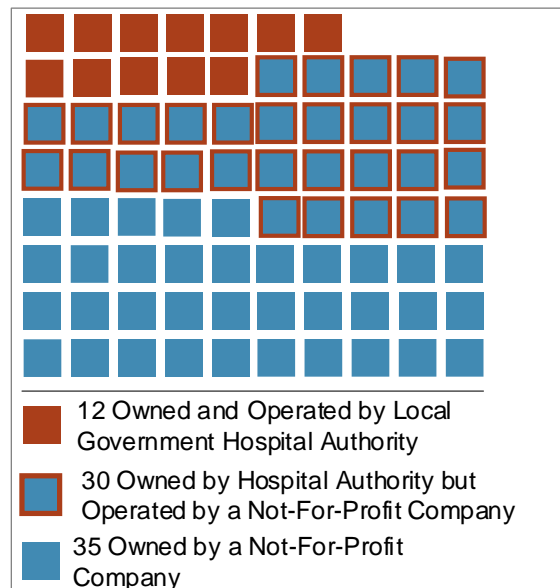
Hospital Type	No. Hospitals	Average Medicaid/PeachCare Revenue	Range Medicaid/PeachCare Revenue
Not-For-Profit	35	\$40,368,440	\$5.1 to \$297.3 million
Hospital Authority	42	\$35,312,706	\$5.2 to \$352.6 million
<b>Combined</b>	<b>77</b>	<b>\$38,070,379</b>	<b>\$5.1 to \$352.6 million</b>

Sources: DCH financial survey, DCH Medicaid and PeachCare reimbursement data

As shown in **Exhibit 2**, of the 42 hospitals owned by a hospital authority, 30 contract with a not-for-profit to operate its hospital. As a result, 65 of the 77 hospitals included in the study are operated or owned by a not-for-profit hospital or health system. The majority of the 77 hospitals in our scope (72 or 94%) are subsidiary units of a health system such as Wellstar Health System or Phoebe Putney Health System. The remaining five hospitals are “stand-alone” or independently operated hospitals.<sup>3</sup>

### Exhibit 2

#### 65 of the 77 Hospitals are Operated by a Not-For-Profit Hospital or Health System

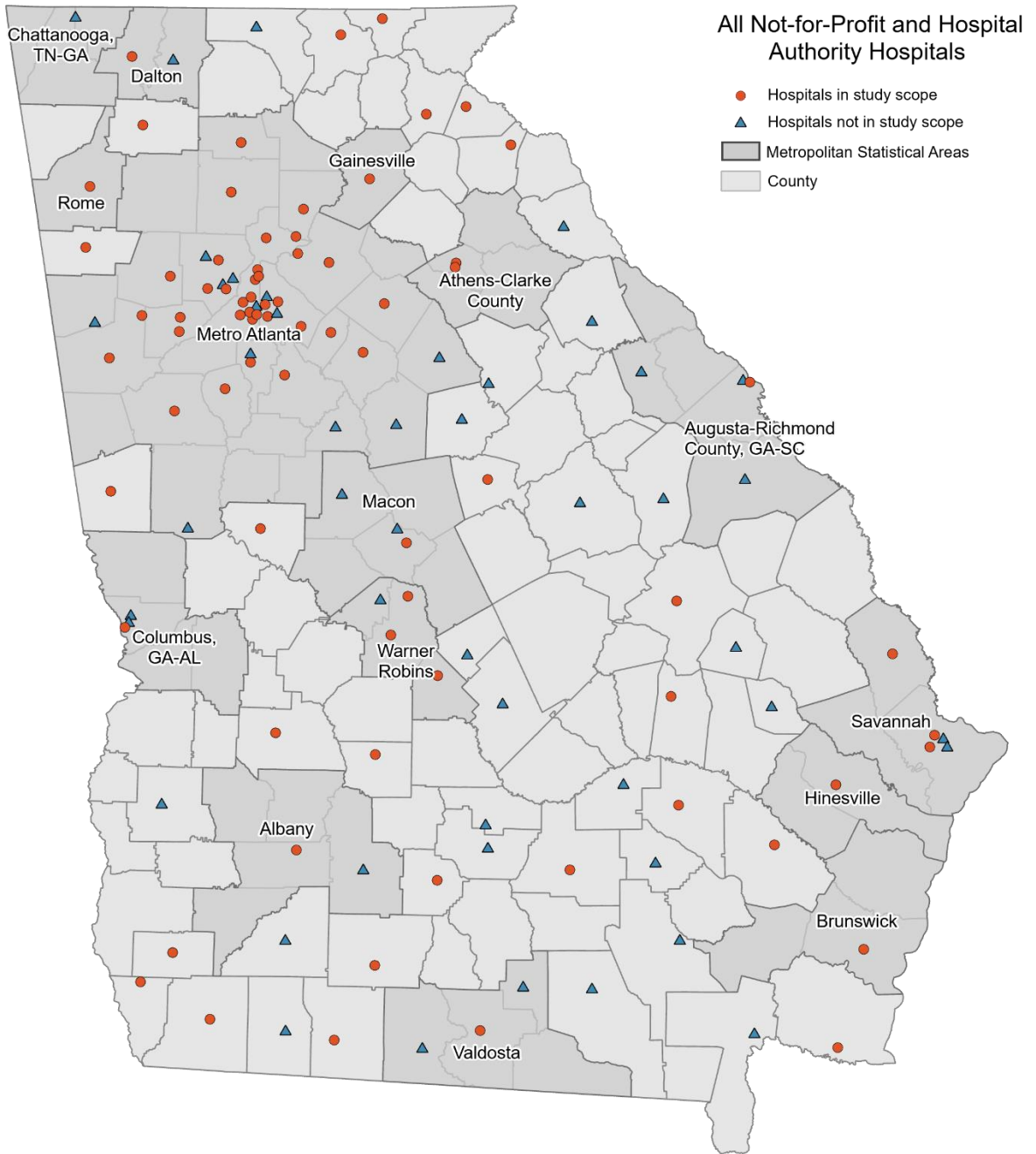


Source: DCH Hospital Financial Survey, DCH Medicaid and PeachCare Claims Data

<sup>3</sup> Habersham County Medical Center, Memorial Hospital & Manor, Shepherd Center, Stephens County Hospital, and Wayne Memorial Hospital.

As shown in **Exhibit 3**, 53 of the 77 hospitals (69%) in our analysis are located within Metropolitan Statistical Areas (MSAs). Almost half (35 or 45%) of these hospitals are located within the Atlanta MSA.

**Exhibit 3**  
53 of the Hospitals in the Study are Located Within Metropolitan Areas



Sources: DCH Financial Survey, DCH Medicaid and PeachCare reimbursement data, federal Census Bureau Metropolitan Statistical Areas

## Executive Compensation

Executive compensation levels are typically determined by the hospitals' governing board. According to the National Council of Nonprofits, it is the board's fiduciary responsibility to ensure that compensation levels are "reasonable and not excessive." In addition, the board must set compensation levels that are attractive enough to retain the best possible talent to lead the organization. The council recommends that organizations determine the appropriate compensation level by conducting an objective review such as a compensation study.

### **Attributes of Hospital and Health System Compensation Studies**

Compensation studies assist in ensuring that wages paid to employees are comparable to similar positions in the marketplace. These studies consider organizations that are of the same size and have a similar mission or field of activity. For not-for-profit hospitals and health systems, these studies may consider

- organization size such as the number of beds or number of hospitals in a health system;
- hospital scope of services including the number and/or complexity of services provided and whether or not it is a teaching hospital;
- total revenue;
- geographic indicators such as urban versus rural, regional location (i.e., southeast, northeast, etc.), or labor cost area; and
- specific job responsibilities—including those not completely defined by the individual's job title.

The IRS requires not-for-profits to have a process to determine a reasonable compensation level. Furthermore, the IRS requires not-for-profits to describe their process within the annual Form 990 (the Form 990 is discussed in detail on pg. 7). However, the IRS has no standard formula, such as percentage of total revenues or expenses, for determining reasonable compensation, nor are there any tables or schedules that define reasonable compensation. The IRS defines "reasonable" compensation as compensation that has been determined through a three-step process:

1. The governing board should arrange for an "independent body" (meaning that the person receiving the compensation should not be part of the review process) to conduct a "comparability review."
2. The independent body should review "comparable" salary and benefits data to identify what not-for-profit employers with similar missions, of similar budget size, and within similar geographic regions pay their senior leaders.
3. The independent body should document the process used to conduct the review and should document the governing board's final compensation

decisions. The documentation should demonstrate that the board took the comparable data into consideration when it approved the compensation.

Of the 69 hospitals in our analysis that filed a Form 990 or whose parent organizations filed the form, 65 (94%) reported they used objective criteria to establish compensation levels for certain executive positions and that these compensation levels were approved by independent parties such as governing boards. The criteria used by the remaining four hospitals was not disclosed on the Form 990.

The reported processes for establishing executive compensation vary among the hospital organizations in our scope. For example, several organizations reported that they use their Board of Directors or a compensation committee to form policies and make decisions on how to establish compensation levels. Other organizations may engage outside consultants to administer compensation surveys and conduct studies that compile relevant market data to assist in establishing compensation that is deemed reasonable.

### Georgia Hospital Executive Compensation

We identified executive compensation through two forms of publicly reported information: the IRS Form 990 and Hospital Transparency Reports.

#### IRS Form 990

Federal law (Section 501(c) of the Internal Revenue Code) requires most organizations exempt from income tax to file the “Return of Organization Exempt from Income Tax” known as the Form 990. Government units, such as hospital authorities, are not required to complete or file this form. The Form 990 requires organizations to report details regarding the organization’s finances, governance, and compensation paid to officers, directors, trustees, and other “key employees” defined as persons receiving \$150,000 or more for specific responsibilities. When reporting this compensation, the organization must list each person, their title, and their total compensation amount. Total compensation includes base salary, bonuses, other compensation, deferred pay, and non-taxed earnings such as healthcare and retirement benefits.

#### Hospital Transparency Reports

Effective October 1, 2019, O.C.G.A. § 31-7-22 requires all not-for-profit hospitals, hospital authority hospitals, or not-for-profit corporations created on behalf of a hospital authority to provide on their websites the most recent versions of various financial reports, including a copy of their Form 990, if applicable. Also, these entities are required to provide a report that lists the salaries and fringe benefits of the 10 highest paid administrative positions working in the hospital, referred to as the Hospital Transparency Report. Fringe benefits, according to the state law, include all forms of compensation (actual or deferred) made to or on behalf of the executive, whether full- or part-time.

The majority (73 of 77) of hospitals and health systems in our scope complied with O.C.G.A § 31-7-22 by providing either the Hospital Transparency Report or by providing a Form 990 on their websites.

### Executive Compensation Comparison

We compared the median cash compensation<sup>4</sup> reported by each Georgia hospital and health system for the five executive positions (CEO, CFO, COO, CMO, and CNO) with benchmark compensation data provided from two third-party studies described below. Separate analyses have been completed for hospital executives (pages 10-25) and executives of health systems (pages 26-36). As stated earlier, we collected the Georgia data through Form 990 and Hospital Transparency Reports. We refer to this data as “our analysis.”

- **Total Compensation Solutions, LLC (TCS) Hospital Executive Compensation Report 2019:** This study reports compensation data on 25 executive- and director-level positions found in 1,345 hospitals throughout the nation (see **Exhibit 4** for types of hospitals included). The study reports and analyzes various compensation elements reported in IRS Form 990: base salary, bonus, other income, retirement and non-taxable benefits. The report also analyzes compensation practices taking into consideration the geographic location and revenue size of each reporting hospital. The compensation data included in the report is effective as of January 1, 2019 and includes Georgia hospital executive compensation.
- **SullivanCotter, Inc. 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report:** This study includes an analysis of compensation reported by 1,811 hospitals and 457 health systems that participated in the company’s survey (see **Exhibit 4** for types of hospitals included). The survey includes information for 330 executive- and director-level job titles reported by the survey participants and includes Georgia hospital executive compensation. It also considers other factors that contribute to compensation levels including the hospitals’ and health systems’ total revenue and the hospitals’ geographic location.

As shown in **Exhibit 4**, we cannot be certain that the compensation information included in our analysis is entirely comparable to these third-party studies. We excluded for-profit and state-owned hospitals, as well as not-for-profit hospitals with less than \$5 million in annual Medicaid and PeachCare revenue, from our analysis based on the legislative request directing this study. In addition, the number of Georgia hospitals in our analysis combined with the arms-length data gathering process also limited our ability to ensure that Georgia job classifications were comparable with those of the third-party studies.

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<sup>4</sup> Although compensation includes multiple components such as salary, bonuses and incentives, benefits, and other forms of compensation such as housing allowances and club memberships, our analysis focuses on salary and bonuses/incentives—or “total cash compensation.” We focused on these components because they were consistently reported by Georgia hospitals in the publicly available documents.

**Exhibit 4**  
**Attributes of Our Georgia Executive Analysis and the Compensation Benchmark Data**

<b>Scope &amp; Attributes</b>	<b>Our Analysis (GA Executive)</b>	<b>TCS</b>	<b>SullivanCotter</b>
Government Hospital Authorities	✓	X	✓
Not-For-Profit Hospitals	✓	✓	✓
Not-For-Profit Health Systems	✓	X	✓
For-Profit Hospitals	X	X	✓
For-Profit Health Systems	X	X	✓
Less Than \$5 million Medicaid and PeachCare Revenue Included	X	✓	✓

Sources: Total Compensation Solutions, LLC *Hospital Executive Compensation Report 2019*, and SullivanCotter *2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report*

It should be noted, the requested scope excluded many smaller and rural area hospitals. These excluded hospitals likely provide lower executive compensation than the hospitals in metro-areas. Multiple studies on executive compensation in not-for-profit hospitals and health systems have found that compensation increases as hospital size and revenue increases. In addition, other factors that contribute to executive compensation include geographic location and teaching status. For example, a study found that rural hospital CEOs earned nearly \$500,000 less annually than the national average.

## Georgia Hospital Executive Compensation Comparison with Benchmark Data

As shown in **Exhibit 5**, median cash compensation provided by the Georgia hospitals in our analysis ranged from \$241,954 to \$474,449 per year depending on job title and was within 86% to 113% of the national median benchmark compensation calculated in the TCS and SullivanCotter studies. However, Georgia’s compensation levels compare somewhat higher to other hospitals in the Southeast region, ranging from 86% to 141% of the median benchmark compensation.

### Exhibit 5

Georgia Hospital Executive Cash Compensation Ranges from 86% to 113% of the National Median and from 86% to 141% of the Southeast Median Depending on Benchmark Data Source, January 1, 2019

Job Title	Median Cash Compensation <sup>1</sup>	Number in Survey <sup>2</sup>	TCS		SullivanCotter	
			% of National Median	% of Southeast Median	% of National Median	% of Southeast Median
CEO	\$474,449	41	86%	86%	101%	127%
CFO	\$295,828	25	88%	91%	108%	126%
COO	\$328,107	16	91%	87%	113%	141%
CMO	\$419,323	19	100%	102%	100%	104%
CNO	\$241,954	28	94%	94%	100%	111%

Notes:

1. Cash Compensation includes the annual base salary and annual bonus/incentive payments.
2. Includes persons determined by the audit team to hold the job title at the hospital-level rather than the parent company or system-level. This determination was made based on information provided on the Form 990, financial transparency reports, and hospital websites.

Sources: DCH Financial Surveys, IRS Forms 990, hospital and system financial transparency, hospital and/or health system websites, Total Compensation Solutions, LLC *Hospital Executive Compensation Report 2019*, and SullivanCotter 2019 *Manager and Executive Compensation in Hospitals and Health Systems Survey Report*

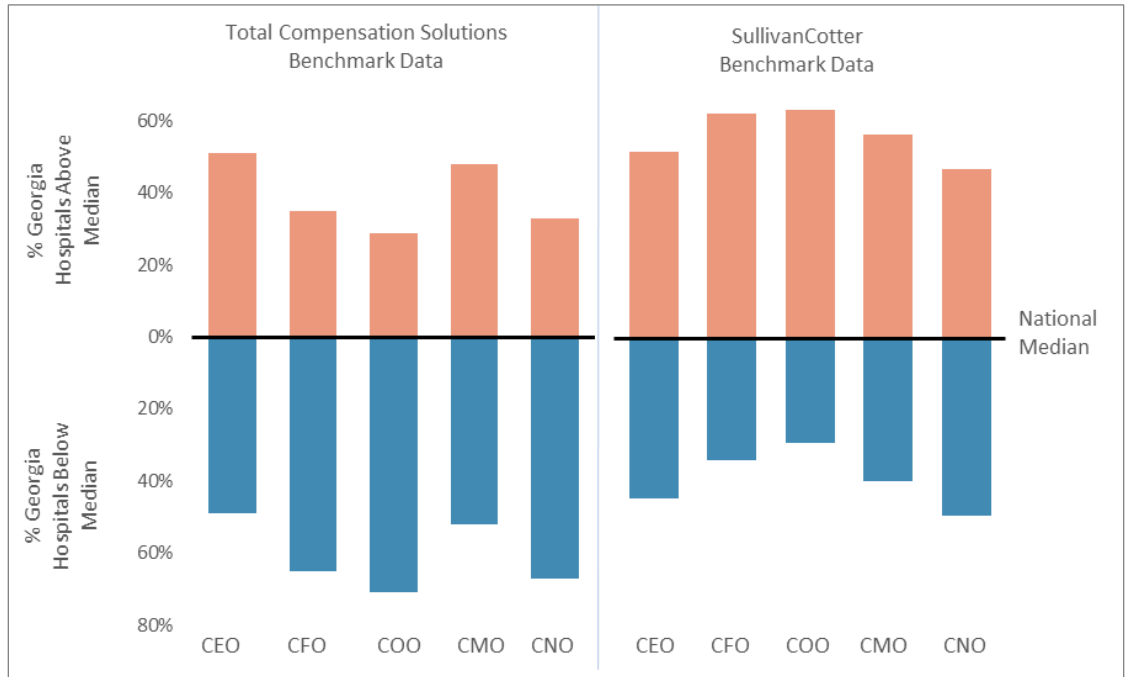
Hospitals with higher revenue generally provided higher levels of compensation to their executive employees. For example, the average cash compensation for CEOs of hospitals with more than \$250 million in revenue is \$705,580, which is 91% higher than the \$369,527 average cash compensation for CEOs of hospitals with less than \$250 million in revenue.



As shown in **Exhibit 6**, when considering hospital revenue, most Georgia executives included in our analysis were compensated below the benchmark median of hospitals with similar revenue size calculated by the TCS study. However, because the median compensation calculated in the SullivanCotter study is typically lower than the median calculated in TCS study, larger percentages of hospitals provided compensation above the SullivanCotter benchmark.

**Exhibit 6**

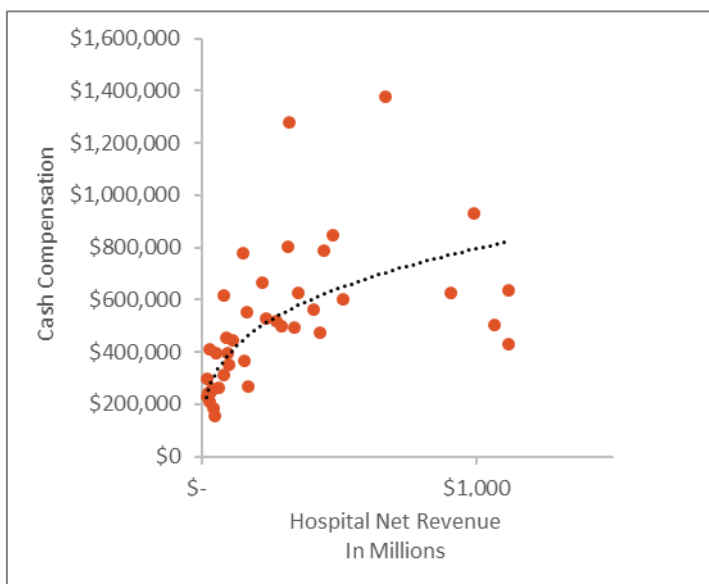
**Georgia Hospital Executive Compensation in Comparison to the National Median of Hospitals of Similar Revenue Size Varies by Benchmark Data Source, January 1, 2019**



Sources: DCH Financial Surveys, IRS Form 990 for each hospital and/or health system, financial transparency reports for each hospital and/or health system, hospital and/or health system websites, and Total Compensation Solutions, LLC *Hospital Executive Compensation Report 2019* and SullivanCotter *2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report*

**Exhibits 7-11** show the cash compensation of Georgia hospital executives in our analysis plotted in relation to their hospital's net revenue. We analyzed this information for each of the five key executive positions—Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Medical Officer (CMO), and Chief Nursing Officer (CNO). Each red dot in the charts display an executive's cash compensation in relation to their respective hospital's net revenue. The line represents the compensation trend, showing that compensation increases as revenue increases. These charts also show the cash compensation of Georgia hospital executives in our analysis in relation to each other, taking into consideration hospital net revenue.

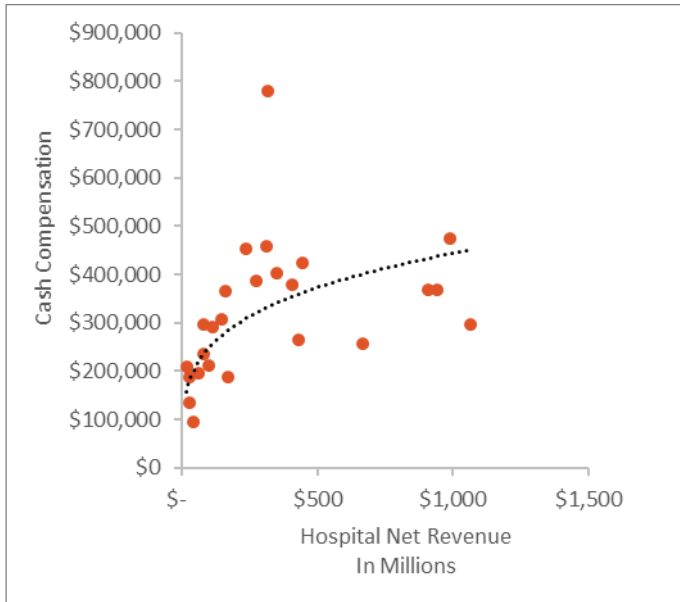
**Exhibit 7:**  
**Hospital CEO**  
**Median Cash Compensation in Georgia \$474,449**  
**January 1, 2019**



CEOs of Georgia hospitals with more than \$250 million in revenue (the approximate median revenue of hospitals in our analysis) received an average cash compensation of \$705,580, which is 91% higher than the \$369,527 average cash compensation received by CEOs of hospitals with less than \$250 million in revenue. Most of the hospital CEOs in our analysis (83%) received less than \$700,000 in annual cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

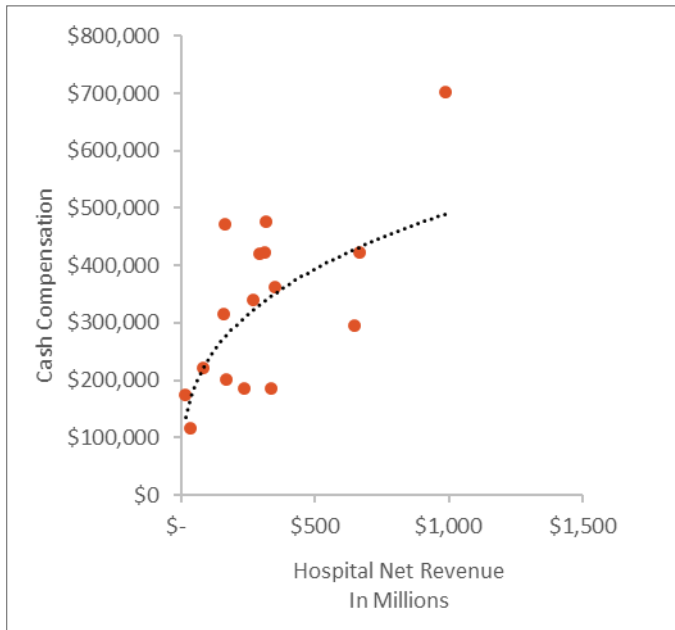
**Exhibit 8:**  
**Hospital CFO**  
**Median Cash Compensation in Georgia \$295,828**  
**January 1, 2019**



CFOs of Georgia hospitals with more than \$250 million in revenue received an average cash compensation of \$404,864, which is 66% higher than the \$244,088 average cash compensation received by CFOs of hospitals with less than \$250 million in revenue. Most of the hospital CFOs in our analysis (76%) received less than \$400,000 in annual cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

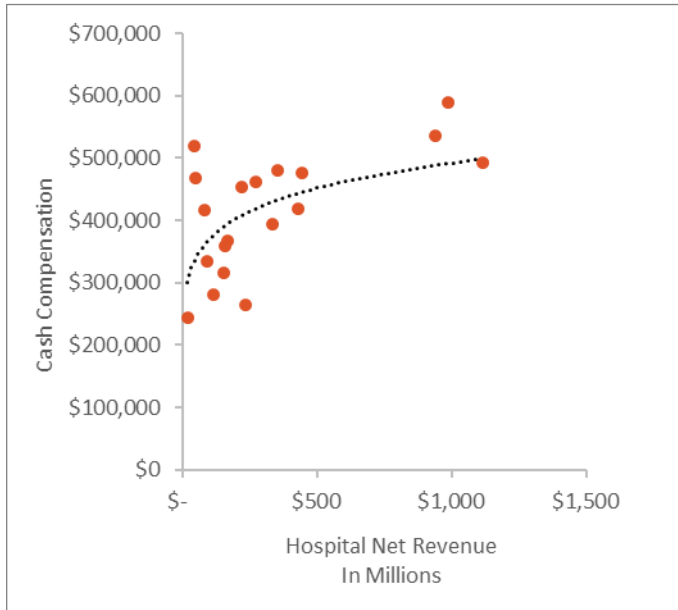
**Exhibit 9:**  
**Hospital COO**  
**Median Cash Compensation in Georgia \$328,107**  
**January 1, 2019**



COOs of Georgia hospitals with more than \$250 million in revenue received an average cash compensation of \$403,436, which is 21% higher than the \$332,301 average cash compensation received by COOs of hospitals with less than \$250 million in revenue.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

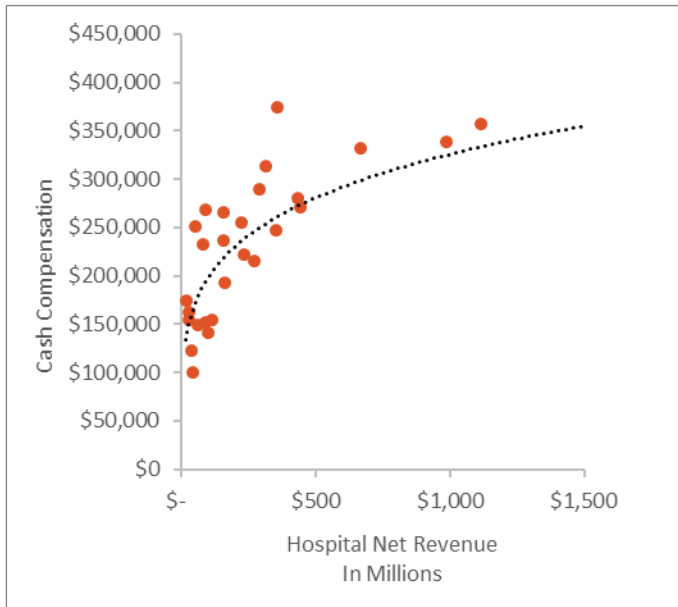
**Exhibit 10:**  
**Hospital CMO**  
**Median Cash Compensation in Georgia \$419,323**  
**January 1, 2019**



CMOs of Georgia hospitals with more than \$250 million in revenue received an average cash compensation of \$481,266, which is 31% higher than the \$366,218 average cash compensation received by CMOs of hospitals with less than \$250 million in revenue.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

**Exhibit 11:**  
**Hospital CNO**  
**Median Cash Compensation in Georgia \$241,954**  
**January 1, 2019**



CNOs of Georgia hospitals with more than \$250 million in revenue received an average cash compensation of \$298,822, which is 57% higher than the \$190,365 average cash compensation received by CNOs of hospitals with less than \$250 million in revenue.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

**Exhibits 12-16** compare the cash compensation provided by Georgia hospitals for each of the five executive positions with benchmark compensation data obtained from TCS and SullivanCotter. As shown in these charts, the median compensation reported by the hospitals in our analysis is typically below the national benchmark median calculated by TCS. However, the median cash compensation reported by the hospitals in our analysis is typically above the national benchmark median calculated by SullivanCotter.

- The first chart in each exhibit, *Cash Compensation Comparison*, compares the distribution of cash compensation of hospitals in our analysis (Georgia) with the national and Southeast region benchmark quartiles (lowest 25%, median, and highest 75%) of compensation calculated using TCS or SullivanCotter studies, respectively. Georgia's box has lines extending vertically indicating the high and low points in compensation outside the upper and lower quartiles. The length of each box indicates the degree of dispersion and how clustered the cash compensations are around the median. For example, a longer box indicates greater variability in cash compensation while a shorter box indicates less variability in cash compensation.
- The second chart in each exhibit, *Cash Compensation by Hospital Revenue*,<sup>5</sup> displays the relative number of executives in our analysis receiving cash compensation above or below the median benchmark compensation (lower 25%, median, and upper 75%) of hospitals with similar revenue. The length of each box indicates the number of entities that fall into each category. For example, a longer red than blue box indicates more entities had cash compensation above than below the median.
- The third chart in each exhibit, *Cash Compensation by Southeast Region*,<sup>5</sup> displays the relative number of executives in our analysis receiving cash compensation above or below the median benchmark compensation (lower 25%, median, and upper 75%) of hospitals in the Southeast region. The length of each box indicates the number of entities that fall into each category. For example, a longer red than blue box indicates more entities had cash compensation above than below the median.

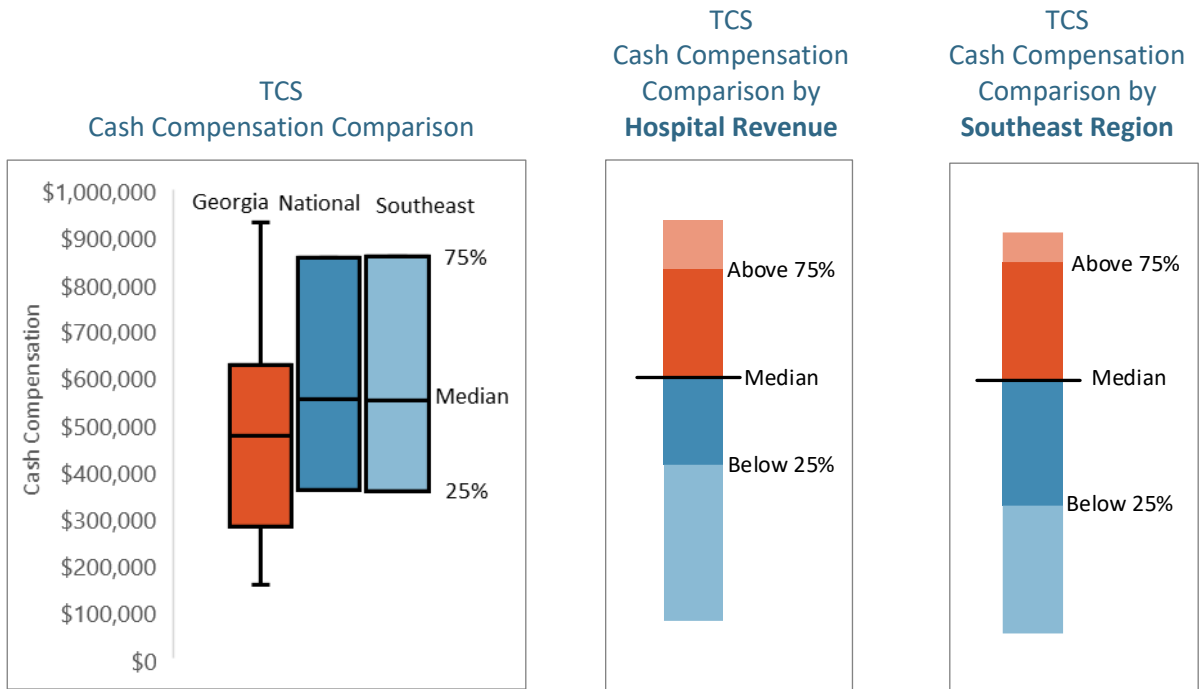
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<sup>5</sup> These are stand alone graphics and are not intended to be compared.

**Exhibit 12A:**  
**Hospital CEO**  
**Median Cash Compensation \$474,449**  
**86% of TCS National Median**  
**January 1, 2019**

As shown in the Cash Compensation Comparison chart, the median Georgia CEO cash compensation of the hospitals in our analysis is 14% less than both the TCS national and Southeast medians. Consequently, 26 of the 41 CEOs (63%) received cash compensation below the TCS national and Southeast medians. Almost one-third (32%) of Georgia’s hospital CEOs received cash compensation below the lowest quartile of both TCS national and Southeast cash compensation.

As shown in the Hospital Revenue chart, 61% of Georgia CEOs in our analysis received cash compensation below the TCS national median of hospitals with similar revenue. As shown in the Southeast Region chart, a slightly higher percentage (63%) of Georgia CEOs received compensation below the TCS median of other hospitals in the Southeast.

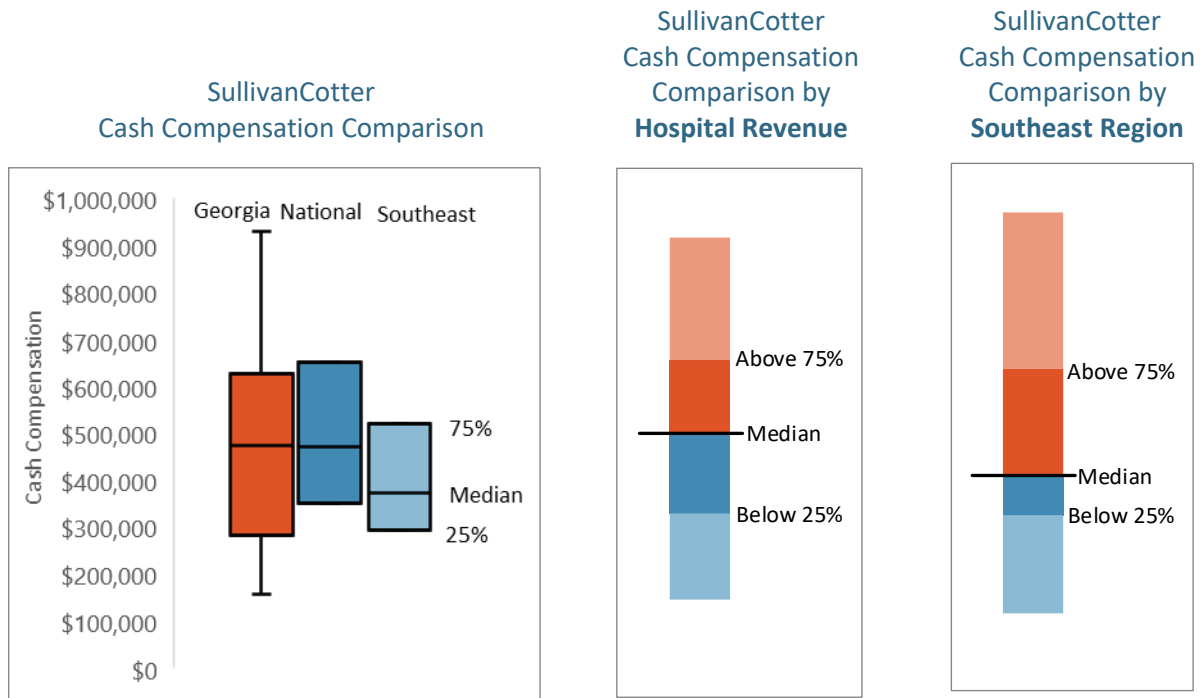


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, Total Compensation Solutions, LLC *Hospital Executive Compensation Report 2019*

**Exhibit 12B:**  
**Hospital CEO**  
**Median Cash Compensation \$474,449**  
**101% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation Comparison chart, the median CEO cash compensation of the hospitals in our analysis is similar to the SullivanCotter national median (only 1% higher) but 27% higher than the Southeast region median. Consequently, 21 of the 41 CEOs (51%) in our analysis received compensation above the SullivanCotter national median.

As shown in the Hospital Revenue chart, 54% of the Georgia CEOs received cash compensation above the SullivanCotter national median of hospitals with similar revenue. As shown in the Southeast Region chart, a larger percentage (66%) of Georgia CEOs received cash compensation above the SullivanCotter median of other hospitals in the Southeast.

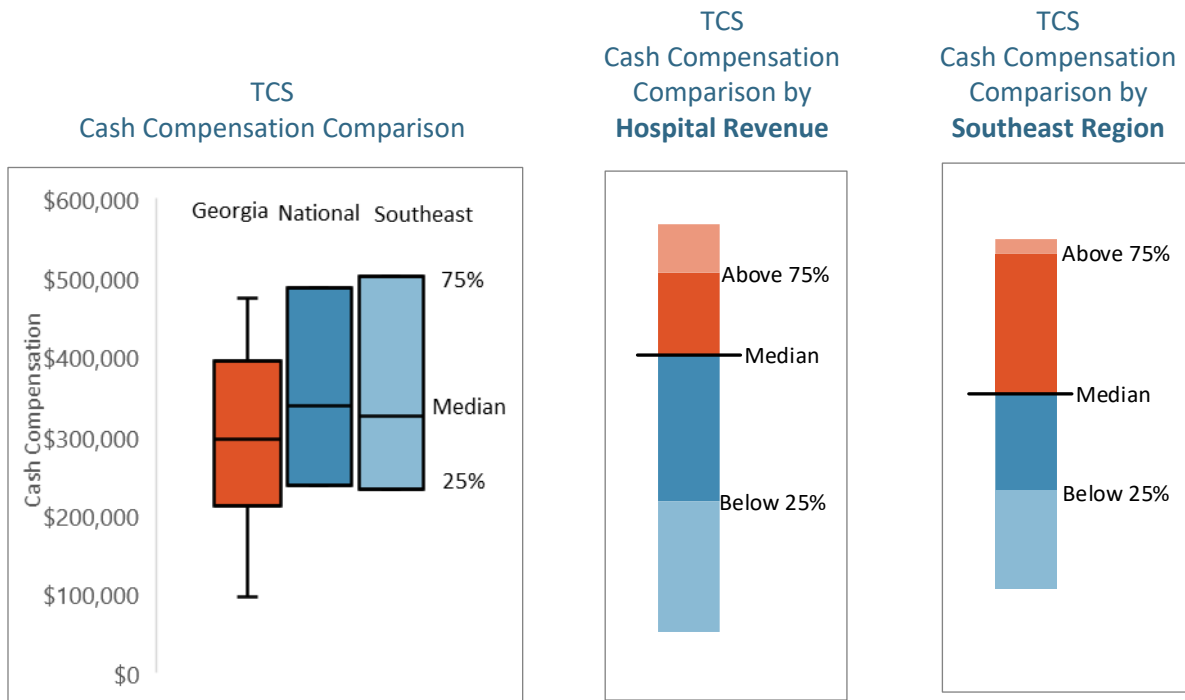


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 13A:**  
**Hospital CFO**  
**Median Cash Compensation \$295,828**  
**88% of TCS National Median**  
**January 1, 2019**

As shown in the Cash Compensation Comparison chart, the median Georgia CFO cash compensation of the hospitals in our analysis is 12% lower than the TCS national median and 9% lower than the TCS Southeast region median. However, the top range of pay for Georgia CFOs (the 75% quartile) is 19% lower than the top range of CFO compensation nationally and 21% lower than in the Southeast.

As shown in the Hospital Revenue chart, 68% of Georgia CFOs received cash compensation below the TCS national median of hospitals with similar revenue. As shown in the Southeast Region chart, a smaller percentage (56%) of Georgia CFOs received compensation below the TCS median of other hospitals in the Southeast.



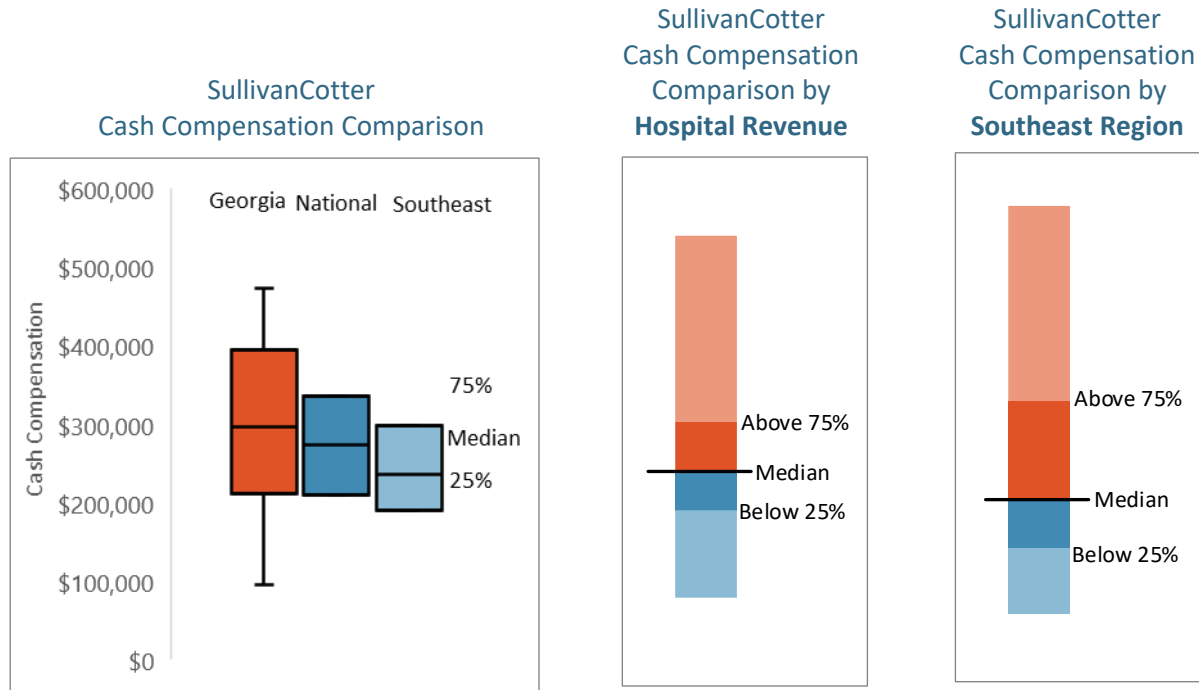
Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, Total Compensation Solutions, LLC. *Hospital Executive Compensation Report 2019*



**Exhibit 13B:**  
**Hospital CFO**  
**Median Cash Compensation \$295,828**  
**108% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median CFO cash compensation of the hospitals in our analysis is 8% higher than the SullivanCotter national median and 26% higher than the SullivanCotter Southeast region median. Consequently, 15 of the 25 CFOs (60%) in our analysis received compensation above the national median and 18 of 25 (72%) received compensation above the Southeast region median.

As shown in the Hospital Revenue chart, 65% of Georgia CFOs received cash compensation above the SullivanCotter national median of hospitals with similar revenue. As shown in the Southeast Region chart, a larger percentage (72%) of Georgia CFOs received compensation above the SullivanCotter median of other hospitals in the Southeast.

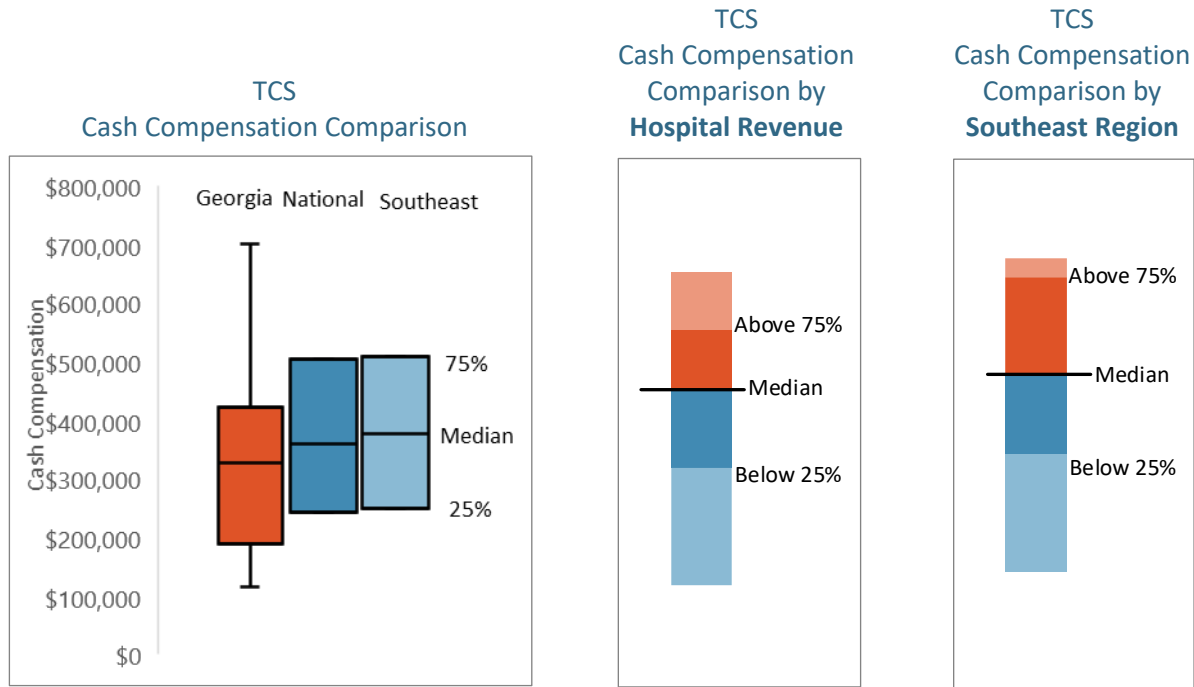


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 14A:**  
**Hospital COO**  
**Median Cash Compensation \$328,107**  
**91% of TCS National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia COO cash compensation is 9% lower than the TCS national median and 13% lower than the TCS Southeast median. Additionally, the top range of pay for Georgia COOs (the 75% quartile) is 16% and 17% lower than the top range of COO compensation nationally and in the Southeast.

As shown in the Hospital Revenue chart, 63% of COOs in our analysis received cash compensation below the TCS national median of hospitals with similar revenue. As shown in the Southeast Region chart, the same percentage (63%) of Georgia COOs received compensation below the TCS median of other hospitals in the Southeast.

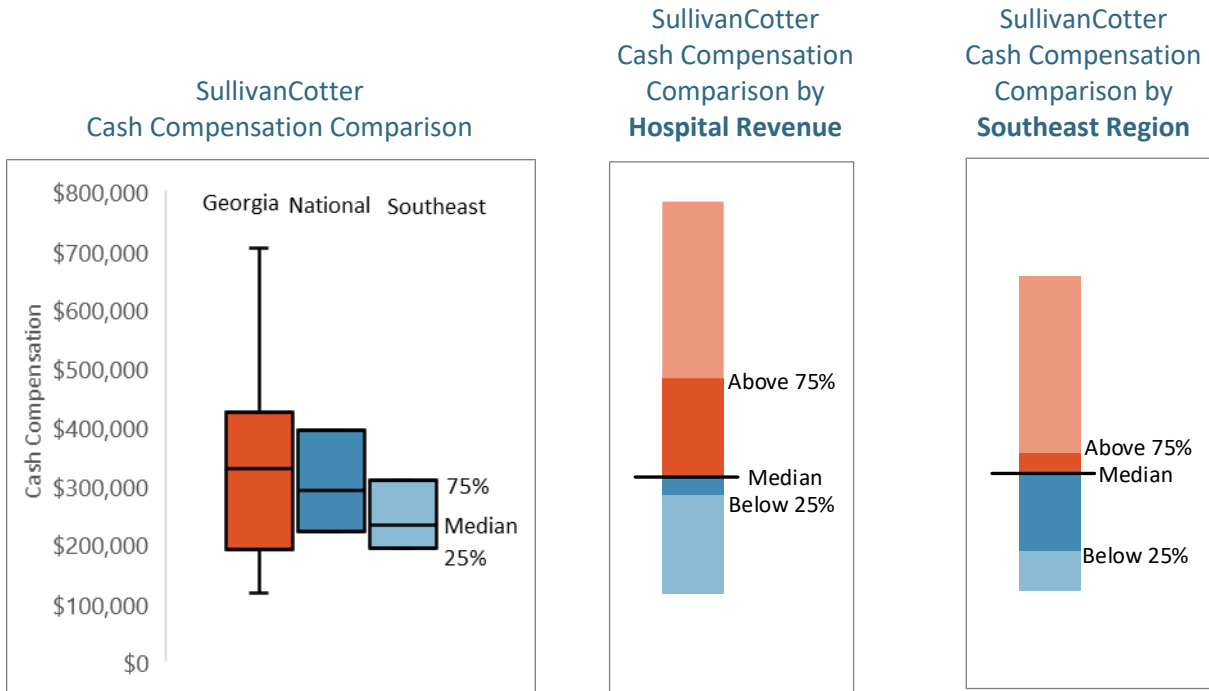


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, Total Compensation Solutions, LLC. *Hospital Executive Compensation Report 2019*

**Exhibit 14B:**  
**Hospital COO**  
**Median Cash Compensation \$328,107**  
**113% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia COO cash compensation is 13% higher than the SullivanCotter national median and 41% higher than the SullivanCotter Southeast median. Consequently, 10 of the 16 COOs (63%) in our analysis received compensation above both the national and the Southeast region medians.

As shown in the Hospital Revenue chart, 70% of COOs received cash compensation above the SullivanCotter national median of hospitals with similar revenue size. As shown in the Southeast Region chart, a smaller percentage (63%) of Georgia COOs received compensation above the SullivanCotter median of other hospitals in the Southeast.

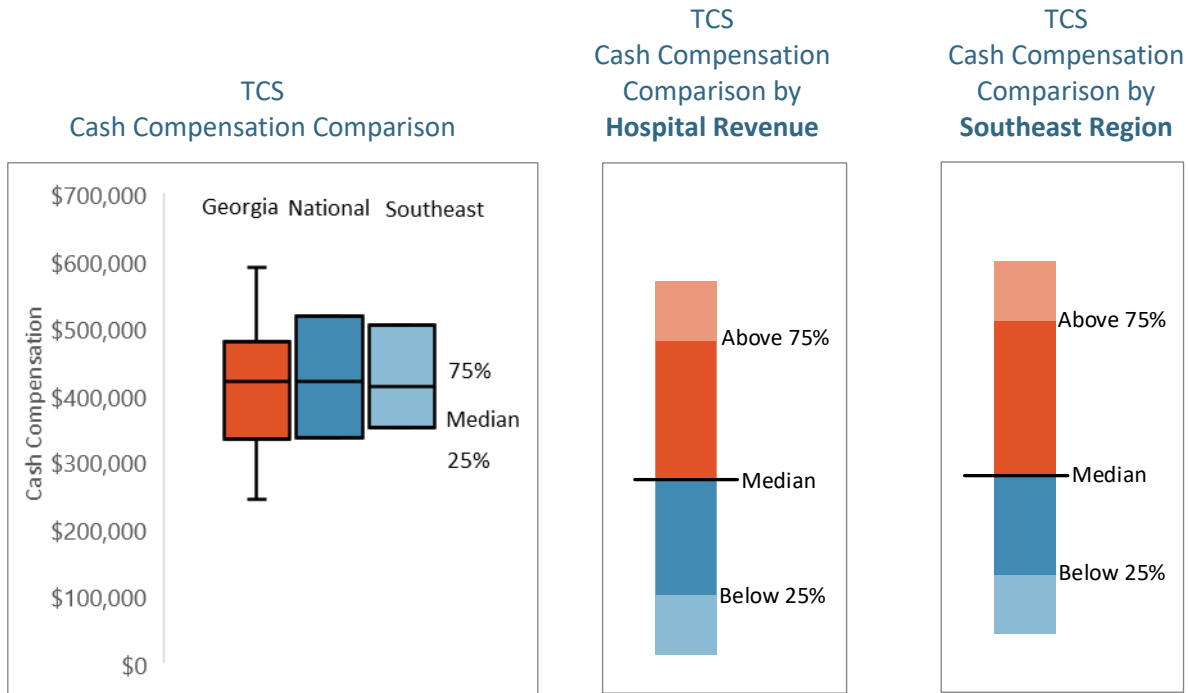


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

Exhibit 15A:  
 Hospital CMO  
 Median Cash Compensation \$419,323  
 100% of TCS National Median  
 January 1, 2019

As shown in the Cash Compensation chart, the median Georgia CMO cash compensation is similar to both the TCS national and Southeast region medians—within 2% of each. Additionally, both the top range of pay (the 75% quartile) and the bottom range of pay (the 25% quartile) is within 1% to 7% of the TCS national and Southeast region compensation ranges.

As shown in the Hospital Revenue chart, less than half (47%) of the Georgia CMOs received cash compensation below the TCS national median of systems with similar revenue. As shown in the Southeast Region chart, a smaller percentage (42%) of Georgia CMOs received cash compensation below the TCS median of hospitals in the Southeast region.

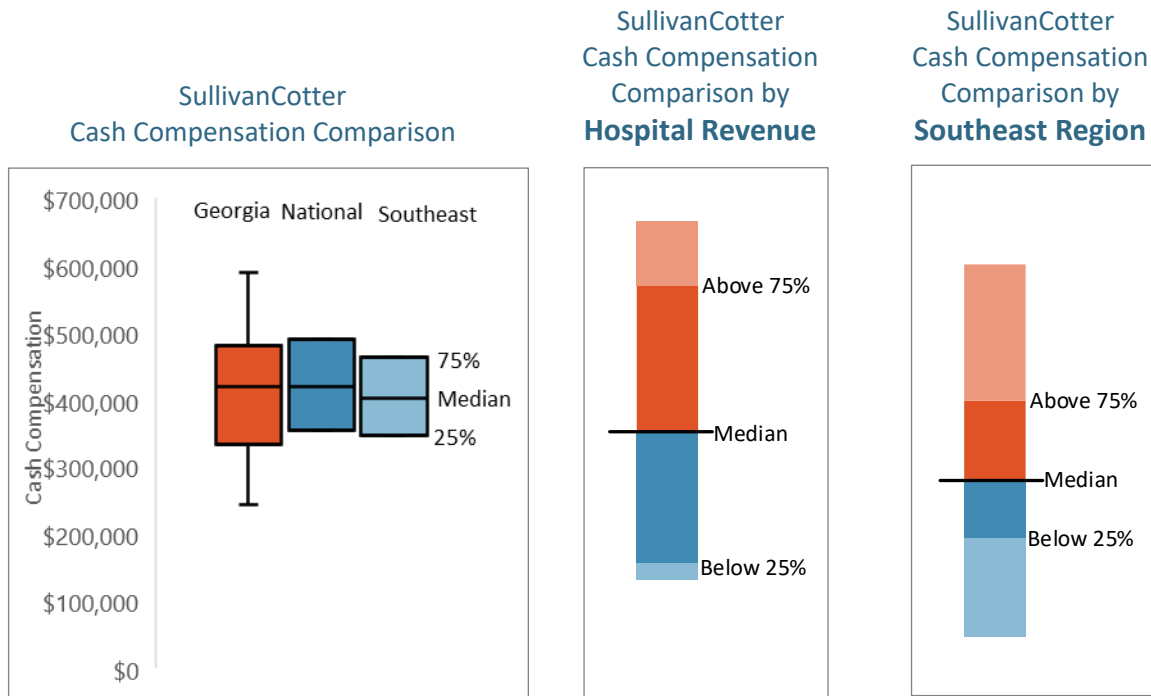


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, Total Compensation Solutions, LLC. *Hospital Executive Compensation Report 2019*

**Exhibit 15B:**  
**Hospital CMO**  
**Median Cash Compensation \$419,323**  
**100% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia CMO cash compensation is similar to the SullivanCotter national median and only 4% higher than the SullivanCotter Southeast region median. However, because it is slightly higher, 10 of the 19 CMOs (53%) in our analysis received compensation above both the national and Southeast region medians.

As shown in the Hospital Revenue chart, 59% of the CMOs in our analysis received compensation above the SullivanCotter national median of hospitals with similar revenue. As shown in the Southeast Region chart, a similar percentage (58%) of Georgia CMOs received compensation below the SullivanCotter median of hospitals in the Southeast region.

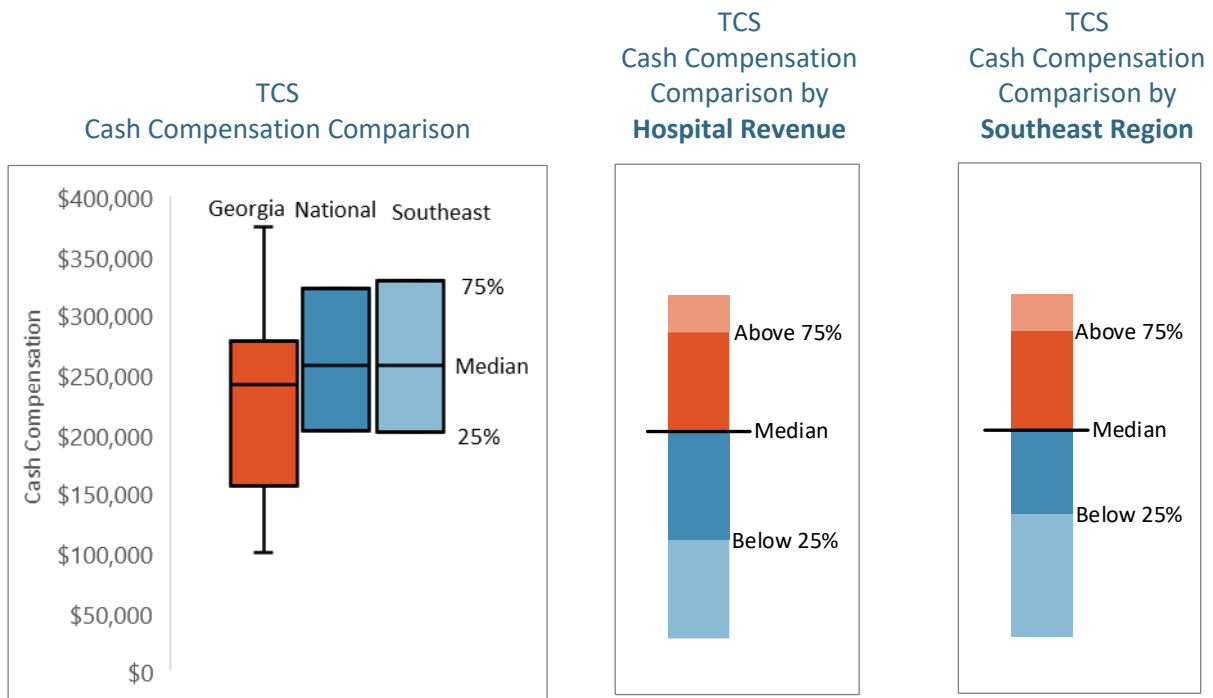


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 16A:**  
**Hospital CNO**  
**Median Cash Compensation \$241,954**  
**94% of TCS National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia CNO cash compensation is 6% lower than the TCS national and Southeast region medians. However, the top range of compensation for Georgia CNOs (the 75% quartile) is 16% lower than the top range of CNO compensation nationally and 15% lower than in the Southeast.

As shown in the Hospital Revenue chart, 61% of CNOs in our analysis received cash compensation below the TCS national median of hospitals with similar revenue. As shown in the Southeast Region chart, the same percentage (61%) of Georgia’s CNOs received cash compensation below the TCS median of hospitals in the Southeast region.

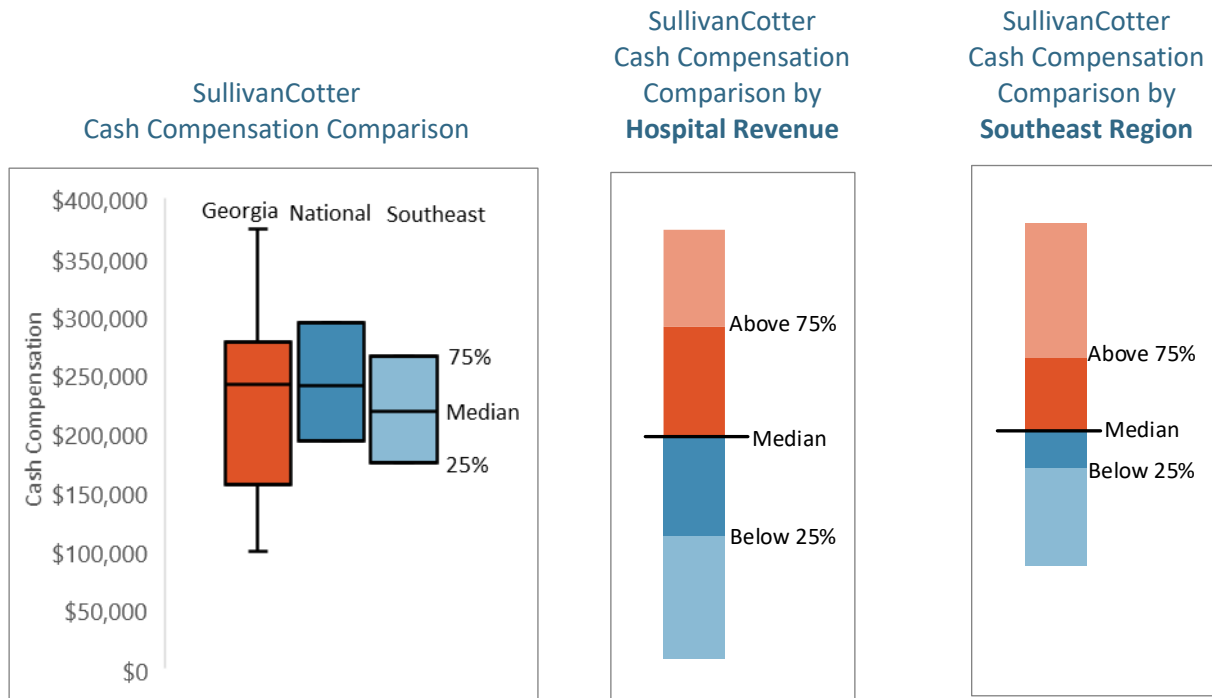


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, Total Compensation Solutions, LLC. *Hospital Executive Compensation Report 2019*

**Exhibit 16B:**  
**Hospital CNO**  
**Median Cash Compensation \$241,954**  
**100% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia CNO cash compensation is similar to the SullivanCotter national median and 11% higher than the SullivanCotter Southeast region median. Consequently, an equal number of CNOs in our analysis received compensation above and below the national median.

As shown in the Hospital Revenue chart, 49% of CNOs in our analysis received cash compensation above the SullivanCotter national median of hospitals with similar revenue. As shown in the Southeast Region chart, a larger percentage (61%) of Georgia CNOs received cash compensation above the SullivanCotter median of hospitals in the Southeast region.



Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

## Georgia Health System Executive Compensation Comparison with Benchmark Data

As previously noted, Georgia hospitals included in the analysis are typically associated with a health or hospital system. Like the hospitals, these systems employ individuals in executive-level positions such as CEO, CFO, COO, CMO, and CNO. The SullivanCotter study provides compensation data for health system executives.

As shown in **Exhibit 17**, median cash compensation for health system executives in the key positions was consistently below the national median.

### Exhibit 17

#### Georgia Health System Executive Cash Compensation is Consistently Below the National Median, Effective Date January 1, 2019

Job Title	Median Cash Compensation <sup>1</sup>	% of National Median	Number in Survey <sup>2</sup>
Chief Executive Officer	\$849,160	57%	27
Chief Financial Officer	\$427,793	60%	23
Chief Operating Officer	\$342,701	41%	18
Chief Medical Officer	\$505,963	79%	18
Chief Nursing Officer	\$263,306	66%	22

Notes:

1. Cash Compensation includes the annual base salary and short-term bonuses and incentives.
2. Includes persons determined by the audit team to hold the job title at the parent company/system-level rather than the hospital-level. This determination was made based on information provided on the IRS Form 990, financial transparency reports and hospital websites.

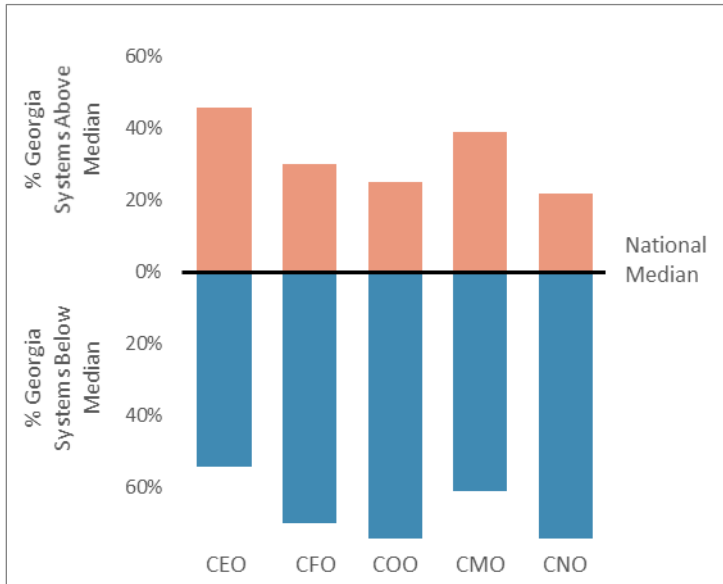
Sources: DCH Financial Surveys, IRS Form 990 for each hospital and/or health system, financial transparency reports for each hospital and/or health system, hospital and/or health system websites, and SullivanCotter *2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report*

Health systems with higher revenue generally provided higher compensation to their executive employees. For example, the average cash compensation for CEOs of Georgia health systems with more than \$500 million in revenue is \$1.5 million, which is 63% higher than the \$564,102 average cash compensation for CEOs of health systems with less than \$500 million in revenue. As shown in **Exhibit 18**, when controlling for health system revenue, most health system executives included in our analysis received compensation below the national median of health systems with similar revenues.



**Exhibit 18**

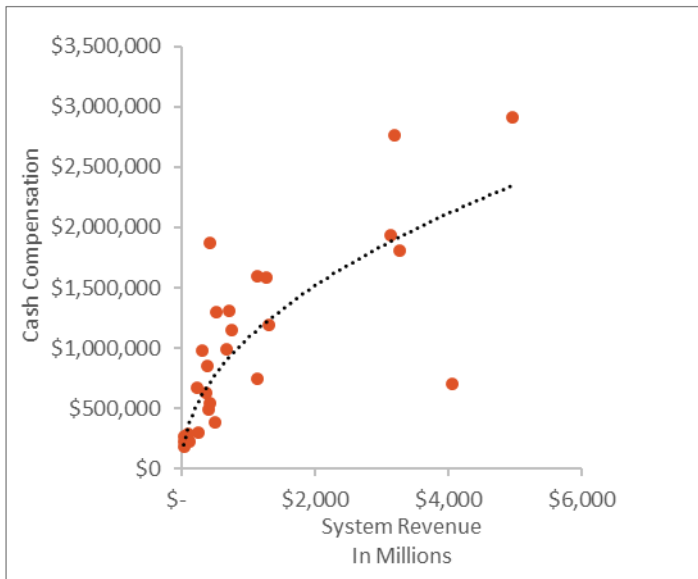
**In Comparison to Health Systems of Similar Revenue, Most Georgia Systems Compensate Their Executives Below the SullivanCotter National Median, January 1, 2019**



Sources: DCH Financial Surveys, IRS Form 990 for each hospital and/or health system, financial transparency reports for each hospital and/or health system, hospital and/or health system websites, and SullivanCotter *2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report*

**Exhibits 19-23** show the cash compensation of Georgia health system executives in our analysis plotted in relation to their system’s net revenue. We analyzed this information for each of the five key executive positions–Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Medical Officer (CMO), and Chief Nursing Officer (CNO). Each red dot in the charts display an executive’s cash compensation in relation to their respective system’s net revenue. The line represents the compensation trend, showing that compensation increases as revenue increases. These charts also show the cash compensation of Georgia health system executives in our analysis in relation to each other, taking into consideration system net revenue.

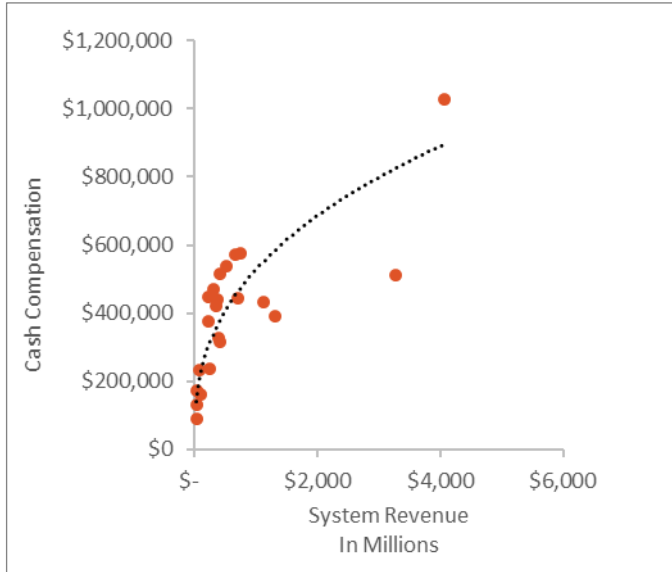
**Exhibit 19:**  
**Health System CEO**  
**Median Cash Compensation in Georgia \$849,160**  
**January 1, 2019**



CEOs of Georgia health systems with more than \$500 million in revenue (the approximate median revenue of health systems in our analysis) received an average cash compensation of \$1.5 million, which is 63% higher than the \$564,102 average compensation received by CEOs of Georgia health systems with less than \$500 million in revenue. Most of the health system CEOs in our analysis (74%) received less than \$1.5 million in annual cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

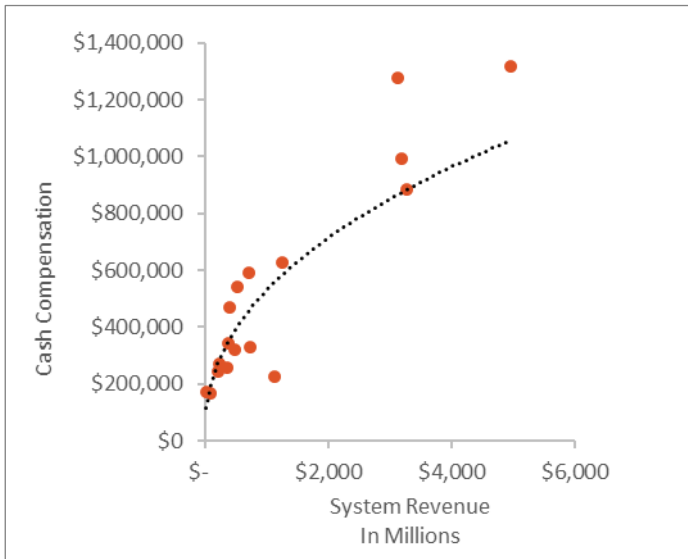
**Exhibit 20:**  
**Health System CFO**  
**Median Cash Compensation in Georgia \$427,793**  
**January 1, 2019**



CFOs of Georgia health systems with more than \$500 million in revenue received an average cash compensation of \$561,664, which is 81% higher than the \$310,031 average cash compensation received by CFOs of Georgia health systems with less than \$500 million in revenue. Most of the health system CFOs in our analysis (95%) received less than \$600,000 in annual cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

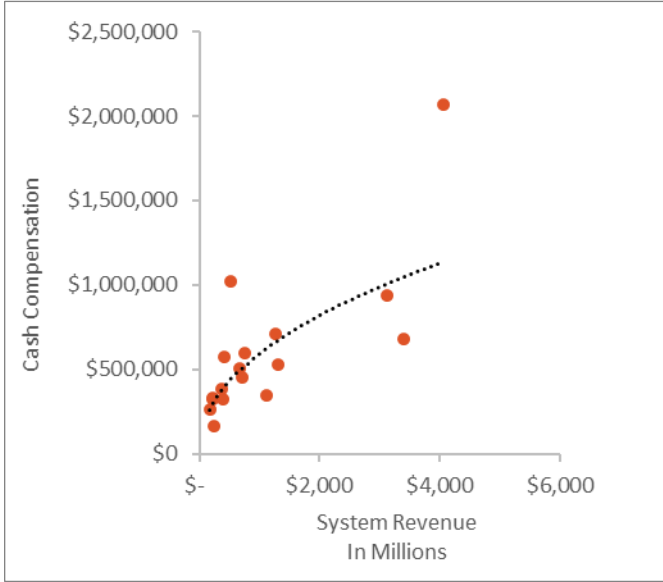
**Exhibit 21:**  
**Health System COO**  
**Median Cash Compensation in Georgia \$342,701**  
**January 1, 2019**



COOs of Georgia health systems with more than \$500 million in revenue received an average cash compensation of \$629,077, which is 194% higher than the \$214,286 average compensation received by COOs of Georgia health systems with less than \$500 million in revenue. Most of the health system COOs in our analysis (71%) received less than \$600,000 in annual cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

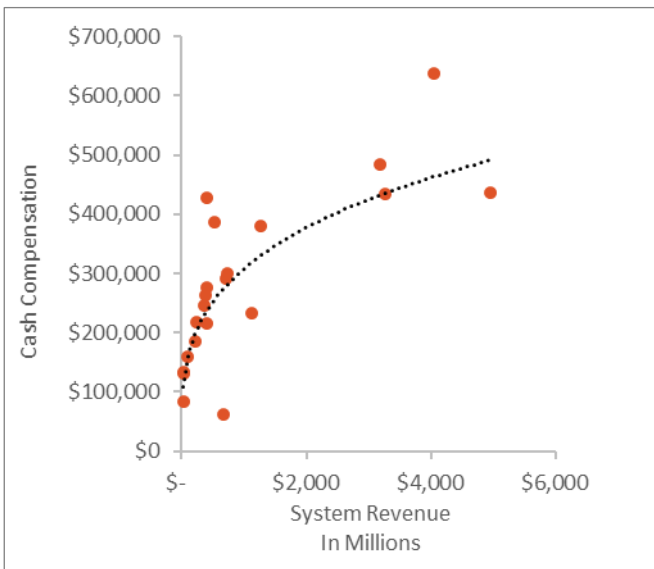
**Exhibit 22:**  
**Health System CMO**  
**Median Cash Compensation in Georgia \$505,963**  
**January 1, 2019**



CMOs of Georgia health systems with more than \$500 million in revenue received an average cash compensation of \$785,425, which is 134% higher than the \$336,310 average cash compensation received by CMOs of Georgia health systems with less than \$500 million in revenue. Most of the health system CMOs in our analysis (82%) received less than \$800,000 in cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

**Exhibit 23:**  
**Health System CNO**  
**Median Cash Compensation in Georgia \$263,306**  
**January 1, 2019**



CNOs of Georgia health systems with more than \$500 million in revenue received an average cash compensation of \$364,283, which is 71% higher than the \$212,564 average cash compensation received by CNOs of Georgia health systems with less than \$500 million in revenue. Most of the health system CNOs in our analysis (76%) received less than \$400,000 in cash compensation.

Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites

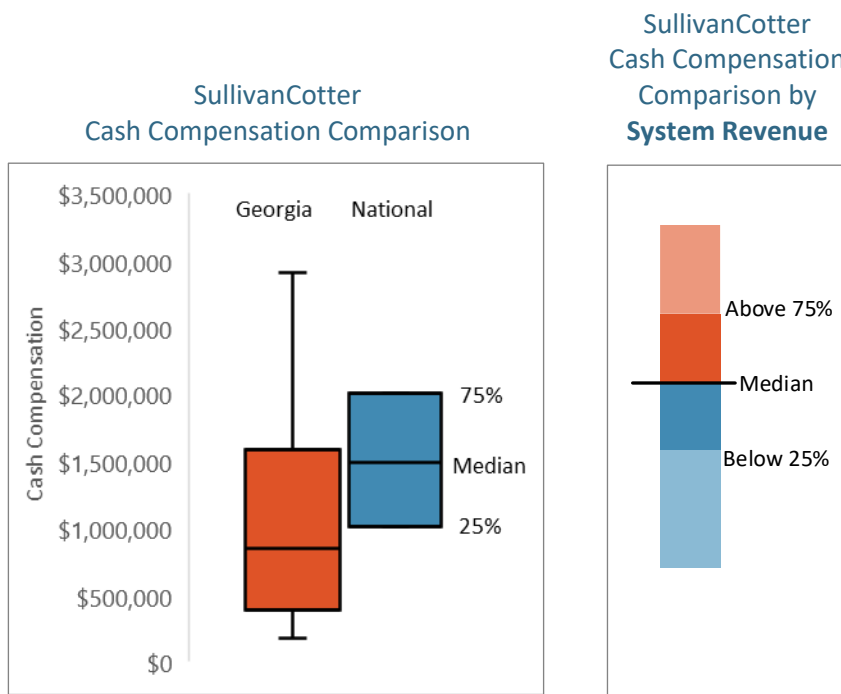
**Exhibits 24-28** compare the cash compensation reported by Georgia health systems in our analysis for each of the five executive positions with benchmark compensation data obtained from SullivanCotter. As shown in these charts, the median compensation reported by the health systems in our analysis for these executive positions is typically below the national benchmark median calculated by SullivanCotter.

- The first chart in each exhibit, *Cash Compensation Comparison*, compares the distribution of cash compensation of health systems in our analysis (Georgia) with the national and Southeast region benchmark quartiles (lowest 25%, median, and highest 75%) of compensation calculated using the SullivanCotter study. Georgia's box has lines extending vertically, indicating the high and low points in compensation outside the upper and lower quartiles. The length of each box indicates the degree of dispersion and how clustered the cash compensations are around the median. For example, a longer box indicates greater variability in cash compensation while a shorter box indicates less variability in cash compensation.
- The second chart in each exhibit, *Cash Compensation by System Revenue*, displays the relative number of executives in our analysis receiving cash compensation above or below the median benchmark compensation (lower 25%, median, and upper 75%) of health systems with similar revenue. The length of each box indicates the number of entities that fall into each category. For example, a longer red than blue box indicates more entities had cash compensation above than below the median.

**Exhibit 24:**  
**Health System CEO**  
**Median Cash Compensation \$849,160**  
**57% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia health system CEO cash compensation is 43% less the SullivanCotter national median. Consequently, 20 of the 27 CEOs (74%) received cash compensation below the national median. The cash compensation for the lowest paid CEOs in Georgia (those in the lowest quartile – 25%) is 62% lower than the lowest national quartile.

As shown in the System Revenue chart, 54% of CEOs in our analysis received cash compensation below the SullivanCotter national median of systems with similar revenue.

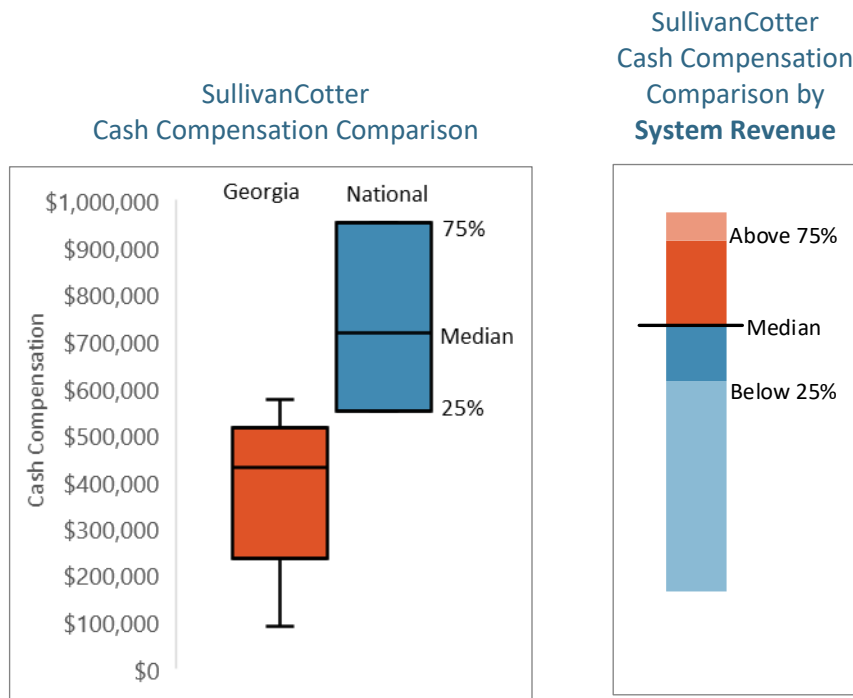


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 25:**  
**Health System CFO**  
**Median Cash Compensation \$427,793**  
**60% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia health system CFO cash compensation is 41% less than the SullivanCotter national median. Consequently, 22 of the 23 CFOs (96%) received cash compensation below the national median. In fact, cash compensation in the lowest quartile (25%) of national survey respondents is 7% higher than the highest quartile (75%) of Georgia CFO cash compensation.

As shown in the System Revenue chart, 70% of Georgia CFOs received cash compensation below the SullivanCotter national median of systems with similar revenue.

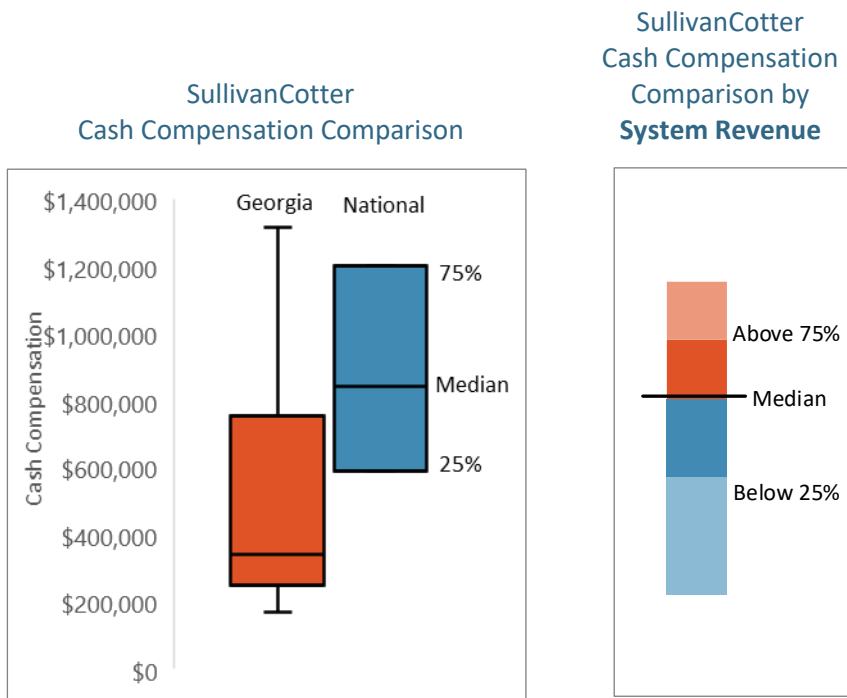


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 26:**  
**Health System COO**  
**Median Cash Compensation \$342,701**  
**41% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia health system COO cash compensation is 52% less than the SullivanCotter national median. Consequently, 14 of the 18 COOs (78%) in our analysis received cash compensation below the national median. In fact, Georgia COO cash compensation in the highest quartile (the 75%) is 18% lower than the median COO cash compensation of national survey respondents.

As shown in the System Revenue chart, 75% of Georgia COOs received cash compensation below the SullivanCotter national median of systems with similar revenue.



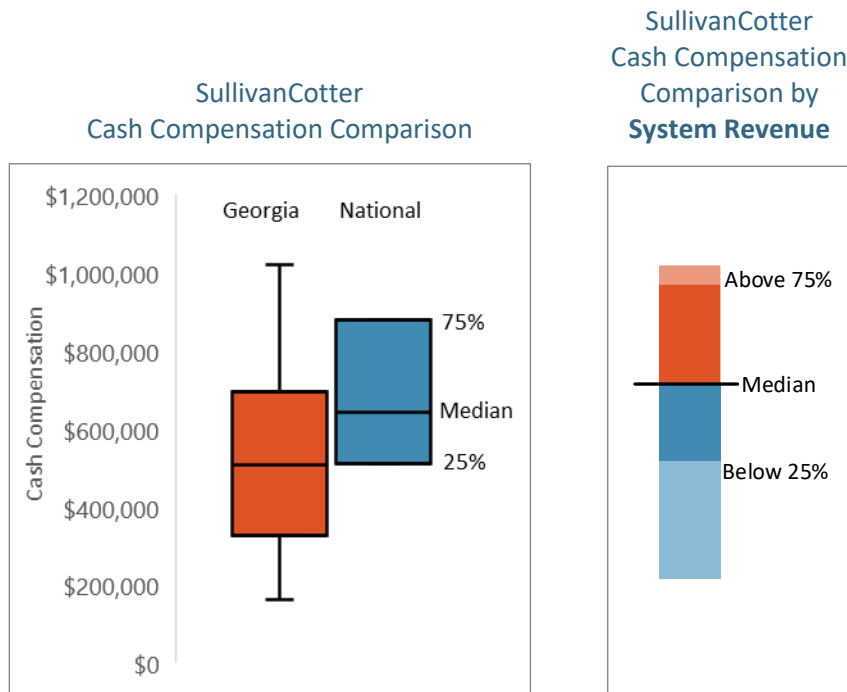
Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report



Exhibit 27:  
 Health System CMO  
 Median Cash Compensation \$505,963  
 79% of SullivanCotter National Median  
 January 1, 2019

As shown in the Cash Compensation chart, the median Georgia health system CMO cash compensation is 19% less than the SullivanCotter national median. Consequently, 13 of the 18 (72%) CMOs received cash compensation below the national median.

As shown in the System Revenue chart, 61% of Georgia CMOs received cash compensation below the SullivanCotter national median of systems with similar revenue.

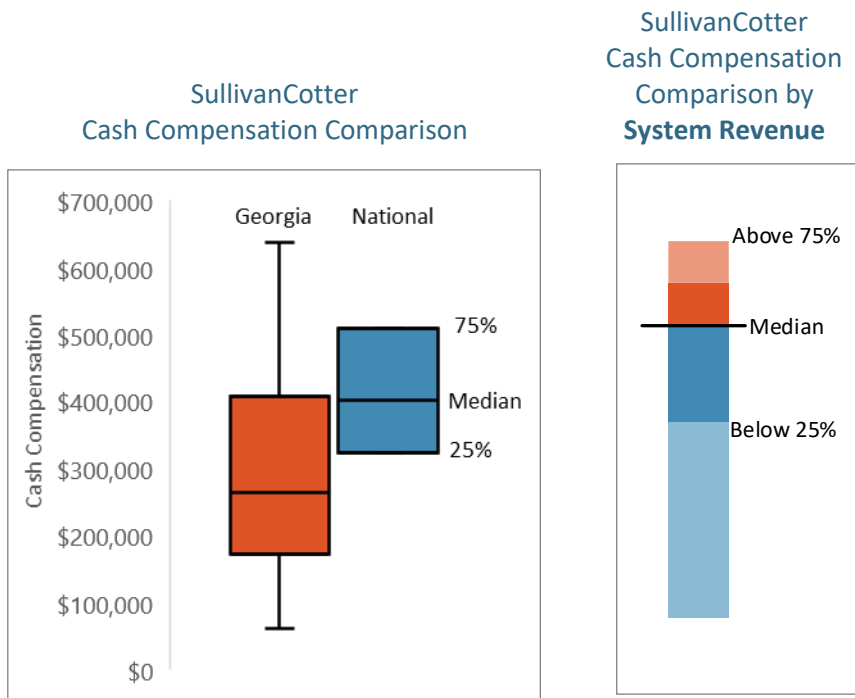


Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

**Exhibit 28:**  
**Health System CNO**  
**Median Cash Compensation \$263,306**  
**66% of SullivanCotter National Median**  
**January 1, 2019**

As shown in the Cash Compensation chart, the median Georgia health system CNO cash compensation is 33% less than the SullivanCotter national median. Consequently, 17 of the 22 CNOs (77%) received cash compensation below the national median. In fact, cash compensation in the lowest quartile (the 25%) of the national survey respondents is 20% higher than the median Georgia CNO cash compensation.

As shown in the System Revenue chart, 78% of Georgia CNOs received cash compensation below the SullivanCotter national median of systems with similar revenue.



Sources: IRS Form 990, Hospital and Health System financial and transparency reports, Hospital and Health System websites, SullivanCotter 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report

## Lobbying

Both federal and state law require certain entities, including some hospitals, to report lobbying expenditures. Federal tax-exempt organizations are required to report lobbying expenditures on the Form 990. In addition, the state requires lobbyists registered with the state to report certain expenditures to the Georgia Government Transparency and Campaign Finance Commission (Georgia Campaign Finance Commission).

While both the federal and state law require reporting, the IRS's reporting requirements are different from the Georgia Campaign Finance Commission's. In general, the federal requirements are more comprehensive; therefore, the amount of lobbying expenditures reported on Form 990 is higher than expenditures reported to the Georgia Campaign Finance Commission. For example, Form 990 includes labor costs for lobbyists, whereas the Georgia Campaign Finance Commission reports do not. In addition, the number of entities reporting expenditures to the IRS may differ from the number reporting to the Georgia Campaign Finance Commission. This is because individual hospitals may report lobbying expenses on their 990 but rely on their parent company or health system to report lobbying expenses to the Georgia Campaign Finance Commission.

### Federal Reporting Requirements

Organizations that are tax exempt under the Internal Revenue Code section 501 (c)(3) cannot participate in political campaigns for or against candidates or carry on propaganda or **lobbying** as a substantial part of their activities. The IRS defines lobbying expenditures as including all administrative and overhead costs incurred for the purpose of influencing legislation through any member or employee of a legislative or similar body, any government official or employee who may assist in formulating legislation, or by affecting the opinions of the general public.

Tax-exempt organizations have two options in reporting their lobbying activity to the IRS to determine whether lobbying is a substantial part of their activities, described below.

- **Expenditure Test:** Tax-exempt organizations may elect to have the extent of lobbying activities subject to review solely on the basis of their related expenditures. Section 501(h) of the Internal Revenue Code establishes that the extent of an organization's lobbying activity will not jeopardize its tax-exempt status provided its lobbying expenditures do not normally exceed established limits. These limits are based on the organization's revenue and cannot exceed \$1.0 million regardless of size.
- **Substantial Part Test:** For organizations that do not elect to use the expenditure test, the IRS considers a variety of factors, including but not limited to lobbying expenditures, to determine whether an organization's lobbying efforts comprise a substantial part of its overall activities. For example, the IRS may consider the time devoted by both compensated and volunteer workers when determining whether the lobbying activity is substantial.

These IRS reporting requirements and limits are a mitigating control on how much not-for-profit entities spend on lobbying efforts. Additionally, when considering the amount of lobbying expenditures reported by the hospitals in our study, as shown in **Exhibit 29**, reported expenses are generally below the \$1.0 million maximum allowed by the IRS Expenditure Test.

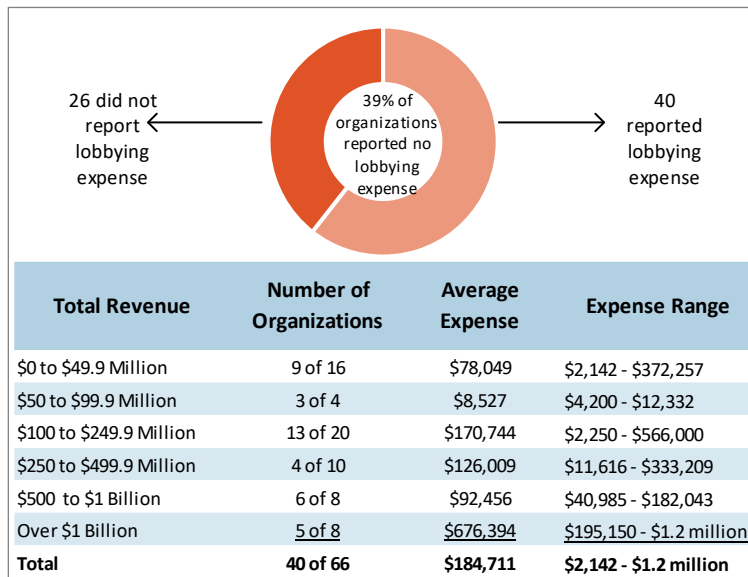
### Lobbying Expenditures Reported on Form 990

A total of 66 organizations associated with the hospitals in our scope filed a Form 990,<sup>6</sup> and 40 (61%) reported lobbying expenditures. These 40 entities reported a total of \$7.1 million in annual lobbying expenditures, with an average expenditure of approximately \$185,000. These expenditures include any federal or state level lobbying activities/costs.

Hospital entities of various revenue sizes reported lobbying expenses. As shown in **Exhibit 29**, hospitals with lower revenue were just as likely to report lobbying expenses as hospitals with higher revenue. We found that 24 of the 40 hospital entities with less than \$250 million in revenue (60%) reported lobbying expenses and only 14 of 26 hospital entities with more than \$250 million (54%) reported lobbying expenditures.

#### Exhibit 29

#### 61% of Organizations Reported Lobbying Expenditures on Form 990, Tax Year 2018



Sources: IRS Forms 990, Hospital financial audits, DCH financial survey

<sup>6</sup> A total of 66 organizations associated with one or more hospitals in our scope filed a Form 990. Some hospitals were represented in more than one organization's Form 990 and some Forms 990 included more than one hospital.

Health systems reported spending more on lobbying than individual hospitals. Twenty-one health systems in our analysis reported \$6.8 million in total lobbying expenditures. Six of the 21 systems spent more than \$500,000 each on lobbying.

### State Law

O.C.G.A § 21-5-70 requires any individual engaged in lobbying to register with the Georgia Government Transparency and Campaign Finance Commission (Georgia Campaign Finance Commission) as a lobbyist. A lobbyist is defined by state law (O.C.G.A § 21-5-71(a)(1)) as a person hired or retained as an employee, agent, or independent contractor, whose primary (or substantial) duty is to lobby. Lobbyists can be hired directly by hospitals as employees, or hospitals can retain the services of a lobbying firm or a lobbyist. Registered lobbyists must prepare disclosure reports with the Georgia Campaign Finance Commission that include descriptions of all lobbying expenditures and the value on behalf of or for the benefit of a public office or employee; however, salary or contract expenditures for lobbyists are not required to be reported.

According to state law (O.C.G.A § 21-5-70(1) (4.1)) lobbying expenditures that must be reported include the following:

- Promotional items
- Awards/plaques/certificates
- Discounts/upgrades/memberships
- Food/beverage and registration at events
- Reimbursement or payment of actual expenses provided to a public officer, such as transportation, lodging, travel, and registration fees for educational, informational, charitable, or civic meetings or conferences

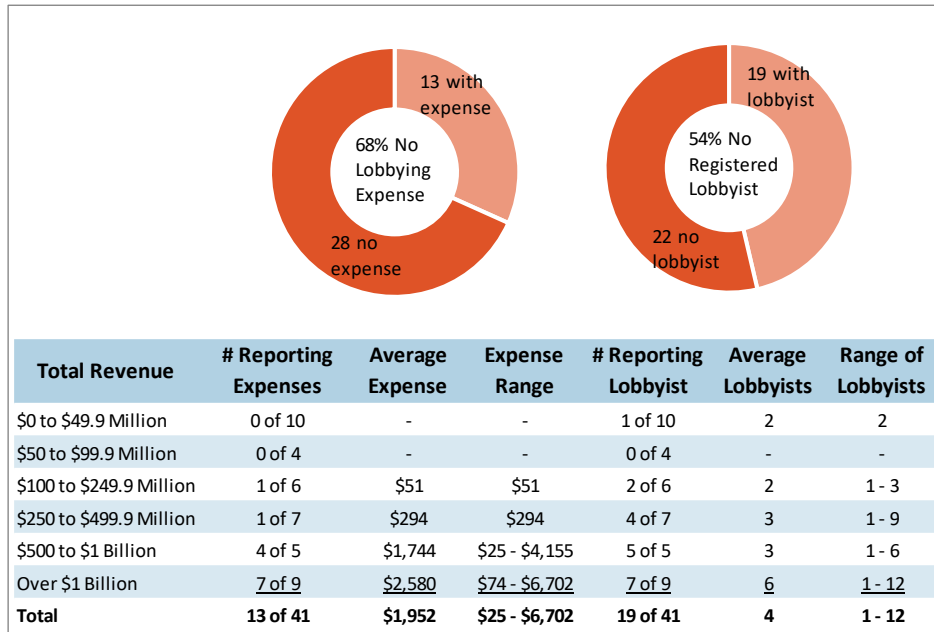
### Lobbying Expenditures and Registered Lobbyists Reported to Georgia Campaign Finance Commission

**Exhibit 30** shows itemized lobbying expenditures and the number of registered lobbyists reported to the Georgia Campaign Finance Commission for the 41 organizations in our analysis. Most organizations (28 of the 41, 68%) reported no lobbying expenditures to the Georgia Campaign Finance Commission in fiscal year 2019. The 13 entities that did report lobbying expenditures reported a combined total of only approximately \$25,400, with an average expenditure per entity of \$1,952. In addition, less than half of the organizations (46%) reported registered lobbyists.

We also found that organizations with higher revenues were more likely to report lobbying expenditures. No organizations with less than \$100 million in revenue reported lobbying expenditures. By contrast, seven of the nine organizations with over \$1 billion in revenue reported lobbying expenditures. In addition, most lobbyists (nearly 60%) were hired by hospital organizations with over \$1 billion in revenue in calendar year 2019.

Exhibit 30

13 of 41 Organizations Reported Lobbying expenditures in FY 2019 and 19 Organizations Retained the Services of 77 Lobbyists in CY 2019



Sources: Campaign Finance Commission lobbyist disclosures and registration database, Hospital financial audits, DCH financial survey

**Hospital Association Lobbying**

Hospitals and health systems are typically members of one or more association such as the Georgia Hospital Association or the Georgia Alliance of Community Hospitals which often lobby on behalf of their membership.

We identified three associations that may lobby on behalf of the Georgia hospitals in their membership.

- Georgia Alliance of Community Hospitals
- Georgia Hospital Association
- Georgia Rural Health Association

Because these associations are also tax-exempt not-for-profit entities, they are required to report lobbying expenditures on their annual IRS Form 990. Only one of the three associations reported any lobbying expenditures on the most recently filed Form 990. The Georgia Hospital Association reported spending \$1.2 million on lobbying efforts during calendar year 2018.

Lobbyists representing these associations are also subject to state law O.C.G.A § 21-5-70, which requires them to register with the Georgia Campaign Finance Commission and to report certain expenses. In fiscal year 2019, lobbyists reported a combined \$17,300 in expenditures to the Georgia Campaign Finance Commission for two of these three associations—the Georgia Hospital Association and the Georgia Alliance of Community Hospitals.

In addition to these Georgia-based associations, hospitals may also belong to national associations that represent their interests at the national and state level. However, because national and state lobbying expenses are consolidated, we could not isolate expenses made on behalf of Georgia hospitals.

## Appendix A: Purpose, Scope, and Methodology

### Purpose

This study of hospital and health system executive compensation and lobbying expenditures was conducted in compliance with the fiscal year 2020 Appropriations Act. The Act requested that DOAA conduct a study on executive compensation and lobbying expenditures by charitable not-for-profit and hospital authority hospital organizations receiving more than \$5 million per year from the Georgia Medicaid and PeachCare for Kids programs.

The information in this study is intended to be used generally to understand executive compensation. Compensation comparisons are not intended to be used to set or evaluate individual executives' compensation because of several limitations. Georgia executive compensation data were limited to what was reported by hospitals and health systems on their IRS Form 990 and/or their Hospital Transparency Reports. These public documents may not have included all relevant information such as an accurate or comprehensive job title, span of executive's responsibility (i.e., activities in multiple facilities versus just one hospital), or whether the reported compensation is for a full or partial year. Additionally, the DOAA does not have legal access to information needed to analyze the appropriateness of executive compensation.

Additional metrics such as bed-size, scope of service, and teaching status are also factors that influence compensation levels but are not explored in this study.

### Scope

This study generally covered activity related to executive compensation and lobbying expenditures for hospitals operated by charitable not-for-profits and hospital authorities that occurred during state fiscal year 2019, with consideration of earlier or later periods when relevant. Information used in this report was obtained by reviewing relevant state and federal laws, rules, and regulations, interviewing agency officials and staff from the Georgia Department of Community Health (DCH), analyzing data and reports by DCH, reviewing existing studies by Total Compensation Solutions (TCS) and SullivanCotter, and comparing executive compensation of hospitals within the scope of the examination with industry standards. The study relies on data from the IRS, ProPublica, Georgia Government Transparency and Campaign Finance Commission, TCS, SullivanCotter, and from DCH. We have determined that the data we obtained from these sources are sufficiently reliable for the comparison of Georgia hospital and health system executive cash compensation with national and regional compensation benchmark data through analysis of publicly available tax documents, interviews with DCH staff, and assessment of the studies by the industry. It should be noted that our comparison of executive cash compensation as reported by Georgia hospitals and health systems on publicly available documents is not equivalent to a compensation study that would consider other factors such as job responsibilities not described by the executive's reported job title or scope of hospital/health system services.

### Methodology

**To determine which Georgia charitable not-for-profit and hospital authority organizations received more than \$5 million from Medicaid and PeachCare programs**, the audit team used the most recent DCH Hospital Financial Survey Database to identify eligible Georgia charitable not-for-profit and hospital authority organizations. This list was verified with DCH staff to ensure accuracy. This list was then grouped based upon parent company using the following groupings: hospital authority, local government, and not-for-profit. These groups were determined based on hospital type and parent organization listed within the Annual Hospital Financial Survey available on the DCH website. We obtained and reviewed DSH reports from DCH for each of these hospitals to identify



hospitals receiving at least \$5 million in Medicaid during fiscal year 2018. Because the DSH reports do not include PeachCare revenue, we analyzed Medicaid/PeachCare claims data to determine whether any of the remaining hospitals received at least \$5 million in reimbursements from both programs combined during FY 2019.

**To determine the extent to which executives of Georgia’s not-for-profit and hospital authority hospitals compensated within industry benchmarks,** the audit team obtained reported executive compensation for each hospital in our scope. The audit team examined Tax Form 990 Schedule J for each organization using ProPublica and the IRS websites. We collected and analyzed compensation for each category of employee, including officers and key employees, and analyzed by title such as CEO, COO, etc. The audit team summed all direct compensation and benefits as well as indirect compensation and benefits in our database to reach a grand total compensation package for each executive on each organization’s Schedule J. The audit team also examined the Tax Form 990 to determine if the organization had a process for determining compensation for executives and key employees. For organizations that did not file a Tax Form 990, the audit team obtained and reviewed budget reports and relevant compensation reports that were required to be posted to the hospitals’ websites by HB 321. The audit team obtained and reviewed two executive compensation studies—TCS’s 2019 Hospital Executive Compensation Report and Sullivan Cotter’s 2019 Manager and Executive Compensation in Hospitals and Health Systems Survey Report- to develop an analysis to determine trends and baseline statistics to use as comparisons for our analyses.

**To determine the reported lobbying expenditures of not-for-profit and hospital authority hospitals,** the audit team obtained and analyzed Schedule C of the Tax Form 990 for each hospital. Lobbying expenditures were calculated as a percent of total revenue for each hospital group identified. Additionally, reported lobbying expenditures for each hospital were obtained on the Georgia Campaign Finance Commission website. The website’s “search lobbyist by expenditures” tool was used to obtain line-item expenditure reports for each hospital in our scope that had registered lobbyists. The line-item report was summed to determine total expenditures. This was done for state fiscal years 2017-2019. This process was also completed for associations/organizations potentially involving not-for-profit hospitals, local government hospitals, or hospital authority hospitals for calendar years 2016-2019. The associations/organizations identified were the Georgia Alliance of Community Hospitals, the Georgia Hospital Association, and the Georgia Rural Health Association. The total lobbying expenditure figures from the 990 data and the Georgia Campaign Finance Commission were compared to determine differences in reporting.

The information in this study is intended to be used generally to understand executive compensation. Compensation comparisons are not intended to be used to set or evaluate individual executive’s compensation.

## Appendix B: Georgia Hospitals in Our Study

Hospital Name	Hospital Owner	Hospital Operated By	System	FY 2019 Medicaid/ PeachCare Revenue
AdventHealth Gordon	Not-for-Profit	Not-For-Profit	Adventist Health System of Georgia	\$11,026,613
Appling Hospital	Hospital Authority	Hospital Authority	Appling Healthcare System	\$9,243,220
Candler Hospital	Not-For-Profit	Not-For-Profit	St. Joseph's/Candler	\$26,749,475
Children's Healthcare of Atlanta at Egleston	Not-For-Profit	Not-For-Profit	Children's Healthcare of Atlanta	\$297,330,682
Children's Healthcare of Atlanta at Hughes Spalding	Hospital Authority	Not-For-Profit	Grady Memorial Hospital Corporation	\$31,470,705
Children's Healthcare of Atlanta at Scottish Rite	Not-For-Profit	Not-For-Profit	Children's Healthcare of Atlanta	\$196,509,783
Coffee Regional Medical Center	Hospital Authority	Not-For-Profit	CRH Health Care Inc.	\$13,211,627
Colquitt Regional Medical Center	Hospital Authority	Hospital Authority	Colquitt Regional Health Inc.	\$16,075,478
Crisp Regional Hospital	Hospital Authority	Not-For-Profit	Crisp Regional Health Services	\$8,909,523
DeKalb Medical Center	Not-For-Profit	Not-For-Profit	Emory Healthcare	\$56,525,410
DeKalb Medical Center Hillandale	Not-For-Profit	Not-For-Profit	Emory Healthcare	\$16,805,938
Donalsonville Hospital	Not-for-Profit	Not-For-Profit	Donalsonville Hospital Inc.	\$6,703,653
Effingham Health System	Hospital Authority	Hospital Authority	Effingham Health System	\$8,173,898
Emanuel Medical Center	Hospital Authority	Hospital Authority	Emanuel County Hospital Authority	\$6,034,144
Emory Johns Creek Hospital	Not-for-Profit	Not-For-Profit	Emory Healthcare	\$6,052,974
Emory University Hospital	Not-for-Profit	Not-For-Profit	Emory Healthcare	\$65,279,170
Emory University Hospital Midtown	Not-for-Profit	Not-For-Profit	Emory Healthcare	\$69,886,544
Floyd Medical Center	Hospital Authority	Not-For-Profit	Floyd Healthcare Management	\$56,339,000
Grady Memorial Hospital	Hospital Authority	Not-For-Profit	Grady Health System	\$352,612,463
Gwinnett Medical Center	Hospital Authority	Not-For-Profit	Gwinnett Hospital System	\$72,465,649
Gwinnett Medical Center – Duluth	Hospital Authority	Not-For-Profit	Gwinnett Hospital System	\$11,786,967
Habersham County Medical Center	Hospital Authority	Hospital Authority	N/A	\$6,820,106

Hospital Name	Hospital Owner	Hospital Operated By	System	FY 2019 Medicaid/ PeachCare Revenue
Hamilton Medical Center	Not-For-Profit	Not-For-Profit	Hamilton Health System	\$26,686,044
Houston Medical Center	Hospital Authority	Not-For-Profit	Houston Hospitals Inc.	\$32,794,003
John D. Archbold Memorial Hospital	Not-For-Profit	Not-For-Profit	Archbold Medical Center Inc.	\$25,475,372
Liberty Regional Medical Center	Hospital Authority	Hospital Authority	Hospital Authority of Liberty County	\$8,075,672
Meadows Regional Medical Center	Not-For-Profit	Not-For-Profit	Meadows Healthcare Alliance Inc.	\$18,336,855
Medical Center of Central Georgia – Navicent Health	Hospital Authority	Not-For-Profit	Navicent Health	\$104,607,647
Memorial Hospital & Manor-Bainbridge	Hospital Authority	Hospital Authority	N/A	\$6,479,596
Miller County Hospital	Hospital Authority	Hospital Authority	Hospital Authority of Miller County	\$21,997,326
Navicent Health Baldwin	Not-For-Profit	Not-For-Profit	Navicent Health	\$7,250,050
Northeast Georgia Medical Center	Hospital Authority	Not-For-Profit	Northeast Georgia Health System	\$91,918,336
Northside Hospital	Hospital Authority	Not-For-Profit	Northside Hospital Inc.	\$95,691,669
Northside Hospital Cherokee	Not-For-Profit	Not-For-Profit	Northside Hospital Inc.	\$20,301,214
Northside Hospital Forsyth	Not-For-Profit	Not-For-Profit	Northside Hospital Inc.	\$25,019,303
Perry Hospital	Hospital Authority	Not-For-Profit	Houston Hospitals Inc.	\$29,945,355
Phoebe Putney Memorial Hospital	Hospital Authority	Not-For-Profit	Phoebe Putney Health System	\$89,724,334
Phoebe Sumter Medical Center	Hospital Authority	Not-For-Profit	Phoebe Putney Health System	\$15,311,703
Piedmont Athens Regional Medical Center	Hospital Authority	Not-For-Profit	Piedmont Healthcare	\$54,884,325
Piedmont Columbus Regional Midtown (Midtown Medical Center)	Hospital Authority	Not-For-Profit	Piedmont Healthcare	\$64,985,751
Piedmont Fayette Hospital	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$26,417,041
Piedmont Henry Hospital, Inc	Hospital Authority	Not-For-Profit	Piedmont Healthcare	\$30,495,051
Piedmont Hospital	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$36,720,627
Piedmont Mountainside Medical Center	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$9,179,075
Piedmont Newnan Hospital	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$22,039,692
Piedmont Newton Hospital	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$16,122,280
Piedmont Rockdale Hospital (Rockdale Medical Center)	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$17,167,291

<b>Hospital Name</b>	<b>Hospital Owner</b>	<b>Hospital Operated By</b>	<b>System</b>	<b>FY 2019 Medicaid/ PeachCare Revenue</b>
Piedmont Walton Hospital (Clearview Regional Med Ctr)	Not-For-Profit	Not-For-Profit	Piedmont Healthcare	\$9,119,446
Polk Medical Center	Hospital Authority	Not-For-Profit	Floyd Healthcare Management	\$5,948,779
Ridgeview Institute	Not-For-Profit	For-Profit	US HealthVest LLC	\$13,951,997
Saint Joseph's Hospital	Not-For-Profit	Not-For-Profit	St. Joseph's/Candler	\$10,608,934
Saint Joseph's Hospital of Atlanta	Not-For-Profit	Not-For-Profit	Emory Healthcare	\$12,707,456
Shepherd Center	Not-For-Profit	Not-For-Profit	N/A	\$6,312,166
South Georgia Medical Center	Hospital Authority	Hospital Authority	Hospital Authority of Valdosta and Lowndes County	\$41,171,630
Southeast Georgia Medical Center - Camden Campus	Not-For-Profit	Not-For-Profit	Southeast Georgia Health System	\$6,154,513
Southeast Georgia Medical Center-Brunswick Campus	Not-For-Profit	Not-For-Profit	Southeast Georgia Health System	\$23,793,996
Southern Regional Medical Center	Hospital Authority	Not-For-Profit	Prime Healthcare Inc.	\$37,568,725
St Mary's Hospital	Not-For-Profit	Not-For-Profit	Trinity Health	\$18,594,938
St. Mary's Sacred Heart Hospital	Not-For-Profit	Not-For-Profit	Trinity Health	\$6,704,008
Stephens County Hospital	Hospital Authority	Hospital Authority	N/A	\$11,083,231
Tanner Medical Center Villa Rica	Hospital Authority	Not-For-Profit	Tanner Health System	\$19,896,858
Tanner Medical Center-Carrollton	Hospital Authority	Not-For-Profit	Tanner Health System	\$25,038,873
Taylor Regional Hospital	Not-For-Profit	Not-For-Profit	Taylor Health Care Group	\$19,564,888
Tift Regional Medical Center	Hospital Authority	Hospital Authority	Tift Regional Health System	\$30,795,662
Union General Health System-Chatuge Regional Hospital	Hospital Authority	Not-For-Profit	Union General Health System	\$5,195,057
Union General Health System-Union General Hospital	Hospital Authority	Not-For-Profit	Union General Health System	\$12,136,516
University Hospital	Hospital Authority	Not-For-Profit	University Healthcare System	\$42,340,699
Upson Regional Medical Center	Hospital Authority	Not-For-Profit	Upson County Hospital Inc.	\$13,392,225
Wayne Memorial Hospital	Hospital Authority	Hospital Authority	N/A	\$10,805,594
WellStar Atlanta Medical Center	Not-For-Profit	Not-For-Profit	WellStar Health System	\$89,176,445

<b>Hospital Name</b>	<b>Hospital Owner</b>	<b>Hospital Operated By</b>	<b>System</b>	<b>FY 2019 Medicaid/ PeachCare Revenue</b>
WellStar Cobb Hospital	Hospital Authority	Not-For-Profit	WellStar Health System	\$66,576,066
WellStar Douglas Hospital	Hospital Authority	Not-For-Profit	WellStar Health System	\$20,680,335
WellStar Kennestone Hospital	Hospital Authority	Not-For-Profit	WellStar Health System	\$80,870,383
WellStar North Fulton Hospital	Not-For-Profit	Not-For-Profit	WellStar Health System	\$10,599,295
WellStar Paulding Hospital	Hospital Authority	Not-For-Profit	WellStar Health System	\$11,228,495
WellStar West Georgia Medical Center	Hospital Authority	Not-For-Profit	WellStar Health System	\$20,691,813
Youth Villages - Inner Harbour Campus	Not-For-Profit	Not-For-Profit	Youth Villages Inc.	\$5,071,557
Sources: DCH; Hospital Organizations' Audited Financials, web sites, surveys and questionnaires				

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