

St. Luke's – Serving the Community, Serving You

Is St. Luke's not-for-profit?

Yes. St. Luke's University Health Network, its hospitals and certain of their affiliates are organized as not-for-profit corporations which also meet the tax exemption requirements of Section 501(c)(3) of the Internal Revenue Code. As a not-for-profit organization, St. Luke's is exempt from some taxes, but not all. To have this designation, St. Luke's must meet several criteria, including reinvesting surplus funds in facilities and services to pursue the organization's mission, vision and goals to improve the health of people in the communities we serve.

What's the difference between a not-for-profit and for-profit?

A for-profit distributes profits to its owners and investors. Management and board members are typically part owners of the company. They determine the amount of profits that will be distributed to owners and investors and the amount that will be reinvested in the company.

A not-for-profit corporation, generally speaking, reinvests in its mission and its community. It has one use for its margin: investment in programs and services, often for those who otherwise would be unable to afford them or have nowhere else to turn. Since not-for-profits don't have shareholders, St. Luke's is able to invest in people, new technology, programs to improve health and new services to meet the health care needs of the people we serve.

What does St. Luke's do with the income it generates?

If revenues exceed expenses resulting in a financial surplus, 100 percent is retained and reinvested back into the organization to support our mission in the form of physical assets, programs and services for the communities we serve.

Why does St. Luke's need philanthropic support?

St. Luke's has relied on philanthropic support to become a leader in health care. St. Luke's continues to make significant investments in facilities, technology and medical services, in order to serve patients, including those patients who require financial assistance.

Facility replacement and enhancement projects are being implemented at St. Luke's locations in carefully planned stages with the community's long-term needs and well-being in mind. Communities throughout St. Luke's service region benefit from an exceptionally designed health care system dedicated to both medical excellence and personalized care.

Providing a means for the members of the community to invest in an institution that will transform health care and support the needs of area residents for decades is essential to achieving St. Luke's vision. With ongoing philanthropic support, St. Luke's will create a strong, community-based health care system for the future and preserve our tradition of health care excellence for the greater Lehigh Valley

region. Generous philanthropic support will ensure St. Luke's can advance its vision to transform health care within our region.

Why does St. Luke's advertise?

Though St. Luke's health care services are available 24/7/365 to everyone, they are not necessarily needed on a daily basis by the vast majority of the community. Therefore, advertising is one way we can communicate about the many services St. Luke's offers and inform the public about the physicians who choose to practice at St. Luke's facilities. Additionally, as a growing region, newcomers need to know about the health care services available to their family from St. Luke's and how to access them.

St. Luke's spends its advertising dollars responsibly, and we spend considerably less on marketing-related activities than the national average reported by the American Hospital Association. That national average is 2 percent of total operating expenses, while St. Luke's marketing budget is only 0.29 percent of total operating expenses.

Why does St. Luke's continue to build facilities and buy property throughout the region?

As a leading regional health care organization, St. Luke's has a responsibility to keep pace with demographic changes as well as advancements in how health care is delivered. This commitment requires continued investment in facility expansions and new construction.

The way health care is delivered continues to evolve. New technology, a shift to more outpatient delivery options, medical advancements impacting patients' length of stay and the importance of convenience for patients in choosing where they receive their care are all influencing the type, size, and configuration of St. Luke's facilities. To meet patient needs, St. Luke's must continue to adjust and invest appropriate resources in its facilities.

Every investment St. Luke's makes in building renovations, expansions and new facilities is made following a thoughtful process and considerable analysis by its leadership team and the Network's community-based boards of directors.

Does St. Luke's require that St. Luke's-employed or affiliated physicians only refer to St. Luke's facilities?

St. Luke's does not require that patients be referred only to St. Luke's facilities. The decision on where to refer a patient is based upon the patient's wishes in consultation with his or her physician.

How does St. Luke's give back to the communities it serves?

Since its inception nearly a century and a half ago, St. Luke's has come to the aid of patients who otherwise could not afford care. Today, unreimbursed services include charity care, bad debt write-offs and under-reimbursed care covered through government programs such as Medicaid and Medicare.

Charity care takes many forms, such as St. Luke's mobile health units that treat students at local schools. The Network also provides, among many other programs, health care job training to at-risk youth, parenting instruction to single mothers and special clinics for rural populations.

During fiscal year 2018, these community benefits represent 12.2 percent, or \$192 million, in costs of our total expense budget. According to the IRS Form 990 for fiscal year 2018, that is the highest percentage among health systems in the Lehigh Valley.