

# Nonprofit Outpatient Dialysis Facilities

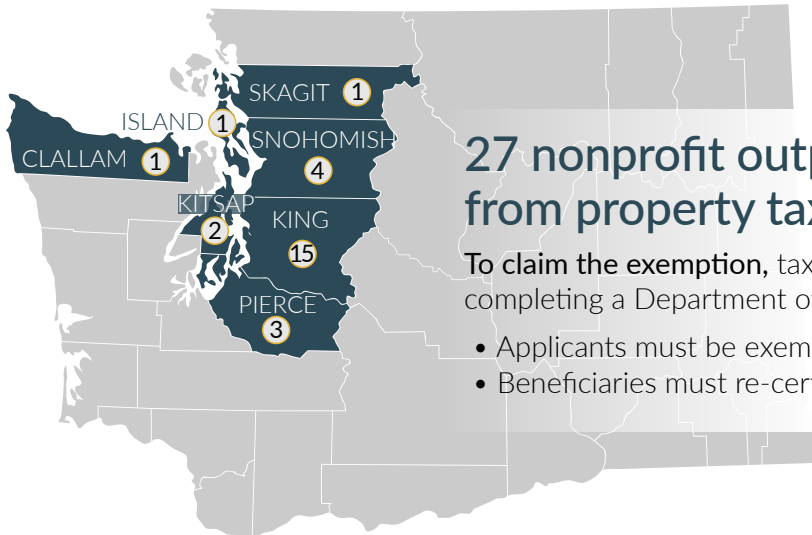
2021 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: \$4.2M

Property Tax



Preference has no scheduled expiration.



## 27 nonprofit outpatient dialysis facilities exempt from property taxes

To claim the exemption, taxpayers must demonstrate their eligibility by completing a Department of Revenue application.

- Applicants must be exempt from federal income taxes under IRC Section 501(c).
- Beneficiaries must re-certify each year to maintain their exemption.

## Coverage provided by Medicare and Medicaid leaves little need for charity care

Together, Medicare and the state's Kidney Disease Program **provide coverage and assistance with treatment costs for people diagnosed with end stage renal disease**, regardless of age or income. Therefore, support for charity care is not a relevant objective for the tax preference.

Testimony suggests the preference was intended to extend the same tax treatment for nonprofit hospitals to nonprofit dialysis centers. **The preference for nonprofit hospitals is intended to support charity care**, which hospitals are required to provide. Dialysis facilities are not required to provide charity care.

### Dialysis is a life-saving treatment for patients with end stage renal disease

End stage renal disease (ESRD) is a condition where kidney function is almost entirely and irreversibly lost.

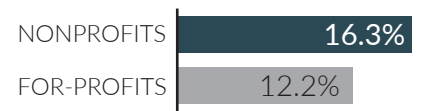
Over 99% of treatments at outpatient dialysis facilities are for patients with ESRD.

Doctors generally prefer patients receive transplants, but waitlists are long.

## Nonprofit facilities outperform for-profit counterparts on two standard measures

JLARC staff compared nonprofit and for-profit facilities in Washington on several measures. **Nonprofits performed better on two measures.** Nonprofits and for-profits otherwise performed similarly.

**Nonprofits averaged 16.3%** of patients on the transplant waitlist, for-profits averaged 12.2%.



**Nonprofits averaged lower revenue per treatment.**



## LEGISLATIVE AUDITOR'S RECOMMENDATION

### Clarify

The Legislature should clarify the objectives of the preference by including a performance statement.

The complete report is on the JLARC web site: [www.leg.wa.gov/jlarc](http://www.leg.wa.gov/jlarc)

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