



Unmasking the Real Cost Drivers in U.S. Healthcare: A Critical Examination of Hospital Spending and Policy Reform

Troubling Trends: Systemic Practices in New York's Non-Profit Hospitals That Inflate Health Care Costs

Executive Summary

This case study explores how New York's non-profit hospitals contribute to rising health care costs through practices that prioritize financial gain over community benefit revealing systemic issues such as high pricing, lack of transparency, aggressive debt collection, and political lobbying.

Background and Context

Though non-profit hospitals receive billions in taxpayer-funded subsidies and donations, many fail to meet expectations for providing affordable care and meaningful community benefits. The report highlights how these institutions often function like for-profit entities, despite their tax-exempt status and public funding sources.

Key Findings

1. Prioritizing High Payment Rates Over Serving Patients

Hospitals increasingly avoid Medicaid and uninsured patients due to lower reimbursement rates. More than 30% of Medicaid recipients in New York reported being unable to access timely care.¹ Hospitals instead focus on services favored by private insurers, leading to inequities in care. New York City's academic medical centers often refuse to participate in health plans' Medicaid networks, despite their institutional missions and not-for-profit status. According to an investigative report in the New York Times, the Justice Department

is investigating whether the renowned New York-Presbyterian health system violated antitrust laws through hidden deals with insurance companies that kept hospital prices high. “The civil investigation is examining whether New York-Presbyterian persuaded insurance companies to agree to conditions that insulated the hospital system from competition — which would enable it to charge more for common procedures with little worry about losing patients.”²

2. Substantial Profits, No Taxes

Not-for-Profit hospitals are nonprofit charities that pay no federal, state, or local income tax. They receive a tax exemption in large part as compensation for providing charitable care at little or no cost to low-income patients.

When the financial benefits that a non-profit hospital receives from its tax-exempt status exceeds the amount of community investment it provides, it’s called a “Fair Share Deficit.”

Nationally, not-for-profit hospitals spent \$2.3 of every \$100 in total expenses incurred on charity care, which was less than government (\$4.1) or for-profit (\$3.8) hospitals.³ In New York, this “fair share deficit” for all non-profit hospitals exceeded \$1 billion in 2018.⁴

Large fair-share deficits among New York Hospitals include (2023)⁵:

- -\$93 million Tisch Hospital (New York)
- -\$59 million New York-Presbyterian Hospital (New York)
- -\$42 million Albany Medical Center (Albany)
- -\$35 million St. Francis Hospital & Heart Center (Roslyn)

Net Income (Profit) of New York's leading hospitals (2023):

- NYU Langone: \$1,307,353,029⁶
- New York Presbyterian: \$498,721,775⁷
- Long Island Jewish Medical Center: \$124,999,102⁸
- Memorial Sloan Kettering: \$273,914,602⁹
- North Shore University Hospital: \$83,186,539¹⁰

According to the Lown Institute, “In New York City, some of the largest fair share deficit and surplus hospitals are not far from each other. This indicates a segregated hospital market, in which safety net hospitals take on a disproportionate share of low-income and uninsured patients.”¹¹

The state’s Indigent Care Pool (ICP), designed to subsidize care for the uninsured, is often misallocated. Prestigious hospitals receive disproportionate subsidies relative to the amount of charity care they provide.

3. Failure to Comply with Price Transparency Rules

Most private, non-profit hospitals refuse to comply with federal regulations that require them to share transparent information on their pricing of services. While some hospitals provide chargemasters and price calculators online, in general they withhold valuable price information from their patients. According to a report in the Economist, “The problem is compounded by the opacity of hospital pricing. The cost of procedures varies widely across hospitals: a study in 2023 by KFF, a health-policy think-tank, found that the sticker price of a colonoscopy in the Atlanta area ranged from \$435 to over \$7,000. But the complexity of medical billing and the nuances of reimbursement often make it difficult to compare services effectively.”¹²

- 34 of 37 hospitals analyzed in New York City and Long Island were non-compliant with federal price transparency regulations in 2022.¹³
- Non-compliant hospitals included: Lenox Hill, Memorial Sloan-Kettering Cancer Center, Mount Sinai Beth Israel, Mount Sinai Medical Center, New York Presbyterian/Weill Cornell Medical Center, New York-Presbyterian, Lower Manhattan Hospital, Long Island Jewish Medical Center, North Shore University Hospital.¹⁴

4. Aggressive Debt Collection

Hospitals routinely pursue aggressive collections, including wage garnishments and lawsuits:

- Over 53,000 patients were sued by hospitals from 2015–2020.¹⁵
- Albany Medical Center filed 851 wage garnishments.¹⁶
- NYU Langone paid a collections agency \$18 million in one year.¹⁷

5. Private Donations and Charity Care Disparities

New York's private, non-profit hospitals receive hundreds of millions of dollars in charitable donations every year. Because these donations are tax deductible for the donors, they result in less tax revenue for local, state, and federal government. The most prestigious and wealthiest hospitals generally receive the biggest donations.

- Approximately \$435 million in private donations were received by Memorial Sloan Kettering Cancer Center, New York Langone Hospitals, and Montefiore Medical Center in 2020 alone.¹⁸

6. Executive Compensation

In New York, salaries for non-profit hospital CEOs and other top executives vastly exceed those for other non-profits in New York and for non-profit hospitals in most of the country.

- Annual compensation of selected New York not-for-profit hospital CEOs (2023):
 - Montefiore, Philip Ozuah: \$16,314,853¹⁹
 - New York Presbyterian, Steven Corwin: \$9,277,693²⁰
 - NYU Langone, Robert Grossman: \$8,829,014²¹
 - Memorial Sloan Kettering, Selwyn Vickers: \$5,489,537²²
 - Mount Sinai Hospital, Kenneth Davis: \$2,686,510²³

In early May 2025, New York Presbyterian Hospital announced it would lay off two percent of its workforce.²⁴ With roughly 50,000 employees system-wide, that means around 1,000 workers will lose their jobs.

According to CEO Steven Corwin, “The magnitude of what’s happening at the federal level plus the magnitude, quite frankly, of our loss of volumes across the board has mandated that we need to take this action.”

But, according to a report in Working solutions, CEO Steven Corwin “is among the highest-paid hospital executives in the country.”²⁵ The layoff announcement also came just days after the hospital agreed to a \$750 million settlement related to sexual abuse charges against former gynecologist Robert Hadden.²⁶

7. Excessive Spending on Advertising

Large marketing budgets are used to attract privately insured patients:

- NYU Langone spent over \$34 million on advertising in 2019²³
- Montefiore and Northwell each spent over \$15 million²⁴
- Memorial Sloan Kettering spent \$9.5 million, targeting elite demographics²⁵

This prioritizes revenue over community health, especially when advertising is funded by tax-exempt dollars.

8. Political Contributions and Lobbying

New York’s hospital sector exerts significant political influence:

- Hospital associations contributed \$25.9 million to political action committees from 2018 to 2022²⁷

- Executives gave large personal donations to state and federal candidates, including \$40,000 from Kenneth Raske, head of the Greater New York Hospital Association²⁸
- Contributions favored influential figures such as Senator Chuck Schumer, who received over \$115,000 from NYU Langone stakeholders²⁹.

These donations often support policies that weaken patient protections and block regulatory reforms.

9. Implications

The implications of these behaviors are far-reaching:

- **Public Trust:** Faith in non-profit hospitals erodes when they behave like for-profit firms.
- **Access to Care:** Low-income and Medicaid patients face significant barriers due to strategic prioritization of wealthier patients.
- **Policy Failure:** Regulatory frameworks have not evolved to ensure accountability and fairness in how hospitals operate and use public funds.

10. Recommendations

The issues outlined above highlight the need for increased oversight and accountability in New York's not-for-profit hospital sector. Recommendations include:

1. **Establishing Clear Standards:** Define and enforce clear criteria for what constitutes adequate charity care and community benefits.
2. **Establish Charity Care Minimums:** Tie tax exemptions to specific charity care thresholds that reflect hospital capacity and community need.
3. **Enhancing Transparency:** Require detailed public reporting on financial practices, including the allocation of community benefits and lobbying expenditures in ZIP-code level detail.
4. **Cap Executive Compensation:** Align CEO pay with community health outcomes and nonprofit mission goals.
5. **Limit Lobbying:** Enforce stricter rules on lobbying expenditures and require full transparency on indirect and association-sponsored political activity.
6. **Conduct Regular Audits:** Mandate third-party audits to ensure compliance with IRS and state-level nonprofit regulations.

11. Conclusion

There is a systemic divergence between the mission of non-profit hospitals and their current operations. Hospitals in New York, despite their public funding and charitable status, too often prioritize revenue over responsibility. Practices such as surprise billing,

lawsuit-driven collections, and disproportionate executive pay undercut the moral argument for tax exemption.

For the non-profit model to serve its intended purpose, robust reforms must be enacted to realign hospital behavior with public interest. Transparency, fairness, and accountability should be the cornerstones of any system entrusted with public welfare.

For a more complete examination of these troubling trends, see [**Unmasking the Real Cost Drivers in US Healthcare: A Critical Examination of Hospital Pricing and Policy Reform.**](#)

¹ <https://rightsandrecovery.org/e-news-bulletins/2024/08/02/nyc-medicaid-enrollees-face-access-barriers-long-waits-for-mental-health-services/>

² <https://www.nytimes.com/2025/07/28/nyregion/doj-ny-presbyterian-health.html?searchResultPosition=1>

³ Bai, Ge et al. "Analysis Suggests Government and Nonprofit Hospitals' Charity Care Is Not Aligned with Their Favorable Tax Treatment." *Health Affairs* 40, no. 4. (April 2021). [Analysis Suggests Government and Nonprofit Hospitals' Charity Care Is Not Aligned with Their Favorable Tax Treatment | Health Affairs](#). Abstract, sentence 3.

⁴ Lown Institute, "Fair Share Spending, 2022." (2022) [2022. Fair Share Spending - Lown Institute Hospital Index \(lownhospitalsindex.org\)](#). "Fair Share Spending By State" section

⁵ https://lownhospitalsindex.org/wp-content/uploads/2025/04/New-York_state-report.pdf

⁶ <https://projects.propublica.org/nonprofits/organizations/133971298>

⁷ <https://projects.propublica.org/nonprofits/organizations/133957095>

⁸ <https://projects.propublica.org/nonprofits/organizations/112241326>

⁹ <https://projects.propublica.org/nonprofits/organizations/912154267>

¹⁰ <https://projects.propublica.org/nonprofits/organizations/111562701>

¹¹ https://lownhospitalsindex.org/wp-content/uploads/2025/04/New-York_state-report.pdf

¹² <https://www.economist.com/business/2025/03/20/how-hospitals-inflate-americas-giant-health-care-bill>

¹³ PatientRightsAdvocate.Org. "Semi-Annual Hospital Price Transparency Compliance Report." August 2022. [PatientRightsAdvocate.org+Semi-Annual+Hospital+Compliance+Report.pdf \(squarespace.com\)](#). Page 1, "Methodology" section. The research team assessed compliance with **the** Affordable Care Act's federal hospital price transparency rule, which took effect January 1, 2021, by reviewing 2,000 U.S. hospitals out of

the over 6,000 accredited hospitals in the country. Research was conducted from May 17, 2022 through July 22, 2022.

¹⁴ PatientRightsAdvocate.Org. "Semi-Annual Hospital Price Transparency Compliance Report." August 2022. PatientRightsAdvocate.org+Semi-Annual+Hospital+Compliance+Report.pdf (squarespace.com). Pages 9-10, rows 1245-1291.

¹⁵ S6522A prohibits nonprofit hospitals and healthcare providers from imposing and enforcing liens on a patient's primary residence to satisfy judgments in medical debt lawsuits. It also prohibits nonprofit hospitals and healthcare providers from securing wage garnishments to satisfy judgments in medical debt lawsuits. It is effective

as of January 1, 2022. Consumer Finance Protection Bureau, "What is a "surprise medical bill" and what should I

know about the No Surprises Act?" February 2022. [What is a "surprise medical bill" and what should I know about the No Surprises Act?](https://www.consumerfinance.gov/consumers/articles/what-is-a-surprise-medical-bill-and-what-should-i-know-about-the-no-surprises-act/) | Consumer Financial Protection Bureau (consumerfinance.gov)

¹⁶ Dunker, A and Benjamin, A E. "Discharged Into Debt: Nonprofit Hospitals Garnish Patients' Wages." Community Service Society, July 2022. [Wage Garnishment Report V6.pdf](https://www.nexcesscdn.net/WageGarnishmentReportV6.pdf) (nexcesscdn.net). Page 13, Appendix A.

²⁰ Internal Revenue Service. 990 Form. New York University Langone Hospitals. 2020. [TY 2019 Form 990](https://www.irs.gov/efile/2019-form-990) (s3.us-east-1.amazonaws.com). "Section B. Independent Contractors," first entry.

¹⁷ Internal Revenue Service. 990 Form. New York University Langone Hospitals. 2020. [TY 2019 Form 990](https://www.irs.gov/efile/2019-form-990) (s3.us-east-1.amazonaws.com). "Section B. Independent Contractors," first entry

¹⁸ Calculated by totaling the sum of donations given to each hospital with a published 990 form for 2020.

¹⁹ <https://projects.propublica.org/nonprofits/organizations/131740114>

²⁰ <https://projects.propublica.org/nonprofits/organizations/133957095>

²¹ <https://projects.propublica.org/nonprofits/organizations/133971298>

²² <https://projects.propublica.org/nonprofits/organizations/912154267>

²³ <https://projects.propublica.org/nonprofits/organizations/131624096>

²⁴ <https://www.beckershospitalreview.com/finance/newyork-presbyterian-to-cut-1000-employees/>

²⁵ <https://www.workingsolutionsnyc.com/blog/newyork-presbyterian-mass-layoff-impacts-ny-hospital-workers>

²⁶ <https://www.nbcnews.com/news/us-news/columbia-new-york-presbyterian-hospital-settle-hundreds-sex-abuse-clai-rcna205335>

²⁷ "Research: New York Non-Profit Hospitals." November 2022. Page 11, GNYHA section, 2nd bullet.

²⁸ "Research: New York Non-Profit Hospitals." November 2022. Page 11, GNYHA section, 3rd bullet.

²⁹ "Research: New York Non-Profit Hospitals." November 2022. Page 7, 2nd bullet.