Working with Hospitals on Community Benefit

Michele Craig
Outreach and Training Coordinator

Community Benefit Webinar
December 4, 2013
What is community benefit?

• Tax exemption is source of the federal legal standard
  • IRS and Treasury Department develop guidance and handle oversight
  • IRS has defined “community benefit” through guidance for tax-exempt hospitals (1969 Revenue Ruling): does the hospital promote the health of a class of persons broad enough to benefit the community as a whole?

• Tax-exempt hospitals must report their community benefits annually to IRS on Form 990, Schedule H

• Affordable Care Act added new requirements for tax-exempt hospitals (2010)
  – Financial assistance policies
  – Reasonable billing & collections
  – End overcharging
  – More reporting
  – Conduct regular community health needs assessments (CHNAs) and develop implementation strategies
Guiding Principles for Community Benefit

• Quality community benefit programs engage communities, improve access to necessary care, and create long-term opportunities for strategic problem-solving to address underlying health needs.

• They:
  • Are **flexible** enough to include upstream measures to address disparities in health, tailored to local needs
  • **Open (or sustain) lines of communication and partnership** between communities, hospitals, other providers and public health
  • Are **accountable** and **transparent** to local communities
  • **Target** and reflect the needs of vulnerable community members
  • **Empower** community members, particularly those from vulnerable communities, to participate in decision-making and implementation
Evolution of Community Benefit

Health Outcomes
- Mortality (length of life): 50%
- Morbidity (quality of life): 50%

Health Factors
- Health behaviors (30%)
  - Tobacco use
  - Diet & exercise
  - Alcohol use
  - Unsafe sex
- Clinical care (20%)
  - Access to care
  - Quality of care
- Social & economic factors (40%)
  - Education
  - Employment
  - Income
  - Family & social support
  - Community safety
- Physical environment (10%)
  - Environmental quality
  - Built environment

Programs and Policies

Health Factors

• County Health Rankings model © 2010 UWPHI
What Counts as Community Benefit?

- Community health improvement services
- Financial assistance
- Subsidized health services
- Medicaid shortfall
- Health research, training and education
- Cash and in-kind contributions to community groups
- “Other”

**Demonstrated Community Need**
- Documented request from public agency or community group
- Community Health Needs Assessment
- Partnership with a government agency or non-profit organization

**Meets Program Objective**
- Reduced barriers to care
- Leverages public health efforts
- Reduces health disparities
- Increases community knowledge
- Reduces government burden

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During fiscal year 2009:

• Spent 7.5% of their operating expenses on CB
  – More than 85% of these expenditures were devoted to access (charity care, etc.)
  – Only 5% was spent on community health improvements
  – The rest was spent on education, research and community group contributions.

How the New ACA Rules Fit In

• Require hospitals to **assess** community health **needs** and **adopt an implementation strategy**
• Require **input from public health and community members** and representatives
• Provide an additional tool for advocates to use to weigh in on health equity, access, and public health issues impacting the community
• Requires board approval
Inside the Hospital: A Sample Community Benefit Process

Source: CHNA.org
Evaluating a Hospital’s Community Benefit Plan and Process: Advocates’ Roles

• Who was involved in the assessment? Who was left out who should be included?
• Who should be involved in implementation?
• How were needs prioritized? What (and who) was left out? Does the assessment square with community perception of unmet need?
• What and how were data gathered, analyzed and presented to the community?
• Are there missing pieces or relationships that advocates can bring to the table that are crucial to success?
Thank You
Community Benefit and Anchor Institutions: Linkages and Potential Opportunities

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Research Associate
The Democracy Collaborative
University of Maryland, College Park

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December 4, 2013

www.Community-Wealth.org
Social Determinants of Health

To address health inequities, you must address social and economic inequities

- 20% of Americans under 18 live in poverty
- 33% of Americans are “working poor”

Adapted from County Health Rankings, University of Wisconsin Public Health Institute.
Place Matters

New Orleans

Washington, D.C.


Source: Prepared by Woolf et al., Center on Human Needs, Virginia Commonwealth University using Centers for Disease Control and Prevention, National Center for Health Statistics, CDC WONDER Online Database, released January 2013, Data are compiled from Compressed Mortality File, 1999-2010 Series 20 No. 2P 2013.
Making the Connection

Hartford, Connecticut
2012 Community Health Needs Assessment

Map 2. HEI Poverty Score by Neighborhood

Map 7. HEI Diabetes Score by Neighborhood

“There are several strong and moderate correlations with cardiovascular health, the top being education and economic security.”

Maps from Hartford’s 2012 Community Health Needs Assessment, conducted by the Hartford Department of Health and Human Services in conjunction with Connecticut Children’s Medical Center, Hartford Hospital, Saint Francis Hospital and Medical Center, and the University of Connecticut Health Center.
“Focusing on vulnerable populations is a hallmark of community benefit programs....Underserved communities should be assessed for access to affordable healthy food options, safe and healthy housing and neighborhoods, exposure to air and other critical pollutants and overall environmental health risks.”
## Continuum of Wealth-Building Strategies

### Broadening Ownership over Assets and Capital

<table>
<thead>
<tr>
<th>Individual</th>
<th>Community</th>
<th>Government</th>
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<tbody>
<tr>
<td><strong>Family Wealth Building</strong></td>
<td><strong>Shared Equity</strong></td>
<td><strong>Community/Worker Ownership</strong></td>
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<tr>
<td>Individual Development Accounts</td>
<td>Community Land Trusts</td>
<td>Anchor institutions (eds, meds, churches, museums, libraries)</td>
</tr>
<tr>
<td>Microenterprise</td>
<td>Limited Equity Cooperatives</td>
<td>ESOPs or worker cooperatives</td>
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<tr>
<td>Family Self-Sufficiency Program</td>
<td>Deed restriction (inclusionary zoning)</td>
<td>Credit unions</td>
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<tr>
<td>“Baby Bonds” &amp; child savings accounts</td>
<td>Mixed ownership (Market Creek)</td>
<td>Community corporations</td>
</tr>
<tr>
<td>Earned Income Tax Credit volunteer assistance programs</td>
<td>Program-Related Investments</td>
<td>CDC or CDFI direct ownership</td>
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<tr>
<td>Alternatives to predatory lending</td>
<td>CDC/CDFI equity investments or joint ventures</td>
<td>Social enterprises</td>
</tr>
<tr>
<td>Nonprofit financial education programs</td>
<td>Community benefits agreements</td>
<td>Commons-based enterprises (e.g., Wikipedia, Creative Commons licenses)</td>
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What are Anchor Institutions?

- “Sticky capital”
- Economic engine: employer and purchaser
- Vested interest in surrounding communities
- Typically nonprofit or public
## Economic Impact of Hospitals

<table>
<thead>
<tr>
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<th>Nationally</th>
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<tbody>
<tr>
<td><strong>Number of Hospitals</strong></td>
<td>4,973</td>
</tr>
<tr>
<td>(nonprofit, for-profit, and</td>
<td></td>
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<tr>
<td>state and local government)</td>
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<tr>
<td><strong>Nonprofit Hospitals</strong></td>
<td>58%</td>
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<tr>
<td>(Percentage of total)</td>
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<tr>
<td><strong>Employment</strong></td>
<td>5.5 million</td>
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<tr>
<td><strong>Annual Procurement</strong></td>
<td>$342 billion in goods and services</td>
</tr>
<tr>
<td><strong>Investment Portfolios/Endowments (conservatively)</strong></td>
<td>&gt;$100 billion</td>
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“Rethinking How We Do Business”

“Community and healthcare leaders are discovering that hospitals can help heal entire cities through economic development... healthcare systems can create jobs and wealth... And we can earn the trust and goodwill of our neighbors.”

Tom Zenty
CEO, University Hospitals System
(May 2013)
## ANCHOR MISSION DASHBOARD

### ECONOMIC DEVELOPMENT
- Equitable Local & Minority Hiring
- Equitable Local & Minority Business Procurement
- Vibrant Arts & Cultural Development
- Thriving Business Incubation
- Affordable Housing
- Sound Community Investment

### HEALTH, SAFETY & ENVIRONMENT
- Healthy Community Residents
- Safe Streets & Campuses
- Healthy Environment

### COMMUNITY BUILDING & EDUCATION
- Stable & Effective Local Partners
- Financially Secure Households
- Educated Youth

For more information:

www.Community-Wealth.org/indicators
dave@democracycollaborative.org