

# Modern Healthcare

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## TREATING COMMUNITIES

**Hospitals begin tackling social determinants of health as need for charity care drops** Page 14

St. Francis Memorial Hospital's Abbie Yant with Safe Passages volunteers in San Francisco's Tenderloin district.

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THOMAS BROENING

# Taking a broader view of health

With less need for charity care, hospitals focus on community health improvement

By Beth Kutscher

Above: **St. Francis Memorial Hospital**, where Abbie Yant, second from left, directs mission and advocacy programs, is a major funder of the Safe Passages program. Shown with Yant are some of the “corner captains” in the Safe Passage program.

**I**T'S 2:45 ON A SUNNY THURSDAY AFTERNOON IN THE GANG-RIDDEN Tenderloin district of San Francisco, and community volunteers wearing lime-green and orange vests are patrolling an 11-block stretch. Their mission is to keep area schoolchildren safe from drug dealers, gangbangers and other threats as the kids walk to their afterschool activities.

Called the “corner captains,” they are the mothers of the students as well as other volunteers participating in the Safe Passage initiative. Cool and collected, they keep watch for an hour each weekday. Earlier this year, an intersection in this area, Turk and Leavenworth, was the site of a double shooting on an early Monday afternoon.

The children walk with a parent or in small groups along sidewalks that are painted to resemble the yellow brick road in the Wizard of Oz. Some of the kids thank the volunteers as they pass.

The program, part of a larger initiative called the Tenderloin Health Improvement Partnership, is funded by the St. Francis Foundation, the philanthropic arm of St. Francis Memorial Hospital. Its leaders have worked to get more police on the streets, and its community organizers have negotiated with

## UNEQUAL STATES

### MAPPING MEDICAID'S DIVERGING PATHS

An occasional series

local gangs to keep children secure during the Safe Passage time window. The broader initiative has received \$1 million from the hospital's foundation in each of the past two years.

“It’s not easy, but for the most part (the gang members) do respect the kids,” said Patricia Zamora, area director of the Boys & Girls Club of San Francisco. “Now it’s expanding to elderly and community walks, which wouldn’t have been possible without



**The Safe Passage program helps ensure students can walk safely to after-school activities.**

THOMAS BROENING



## Hospital spending on community health improvement in 2013

	Community health improvement services and community benefit % of total expenses	Cash and in-kind contributions for community benefit % of total expenses
<b>Top 3</b>		
Memorial Hermann Health System	4.99%	0.06%
UPMC Hamot	1.00%	0.06%
Texas Health Resources	0.97%	0.38%
<b>Bottom 3</b>		
UPenn Health's Pennsylvania Hospital	0.00%	0.00%
Novant Health	0.01%	0.05%
Mayo Clinic	0.04%	0.05%
<b>Median</b>	<b>0.29%</b>	<b>0.10%</b>

Source: Modern Healthcare survey of 46 hospitals and healthcare systems

the initial funding. We could never get the traction to sustain the volunteers.”

Dignity Health, which owns St. Francis Memorial, is one of a number of hospitals and health systems across the country targeting funds to address societal ills such as poverty, violence, hunger, poor nutrition and lack of housing. While not-for-profit hospitals have always been expected to offer programs that improve health or increase healthcare access, that work has traditionally focused on training new doctors, conducting research and providing charity care for the poor and uninsured. Critics, joined by some health system leaders, argue that hospitals can and should do more to address broader health issues in their communities.

**W**HILE THE NUMBER OF HEALTH SYSTEMS implementing such initiatives is still small, leaders of some not-for-profit systems such as Ascension Health, Dignity, Kaiser Permanente and ProMedica are making the case for greater investment in broad public health and community improvement programs. Their programs include Ascension's development of a mixed-use housing, retail and community space in Baltimore and Toledo, and Ohio-based ProMedica's partnership with the Alliance to End Hunger to host a hunger symposium in Washington.

Such efforts are starting to dovetail with those of philanthropic foundations and community and social service organizations. “We keep backing up into the healthcare world,” said David Erickson, director of the Center for Community Development Investments at the Federal Reserve Bank of San Francisco. “We see (hospitals) as potential partners.”

While health system leaders cite their not-for-profit

and/or religious missions to help their communities as the reason for their public health push, they also recognize that their systems face growing pressure to justify their tax-exempt status as their charity-care burden shrinks under the Affordable Care Act, particularly in states that have expanded Medicaid under the law.

Another driver is that hospital payment is evolving to a population-health management model that rewards providers for keeping large groups of enrolled patients healthy. Hospital leaders increasingly recognize that health and social factors are closely intertwined, and that it pays to invest in broader community health initiatives such as neighborhood safety, nutrition and housing.

“In some cases, it's going to happen because they realize the reimbursement is going to change,” said Phillip González, who oversees the hospital accountability project at Boston-based Community Catalyst, an advocacy group for affordable healthcare. “The more money they save, the more money they get to retain within the system.”

“When the payments come per person per year to keep (people) healthy,” Erickson said, “you start to see a real shift in thinking.”

Yet some observers aren't convinced that such community health-improvement efforts will spread widely across the hospital industry. “It exists,” said Nancy Murphy, who counsels not-for-profit hospitals at accounting firm KPMG. “I'm not sure it's accelerating.”

There's also the question of whether hospitals are the best-equipped institutions to address social ills. For one thing, not-for-profit hospitals with the mandate to provide community benefits aren't necessarily located where the greatest needs are, particularly in many parts of the South, which have some of the worst health outcomes, said Dr. David Kindig, professor emeritus of population health sciences at the University of Wisconsin. For-profit providers are more common in those regions.

If the movement does take off, the shift toward more hospital community health-improvement spending is likely to happen faster in the 30 states that have expanded Medicaid eligibility for adults up to 138% of the federal poverty level. Hospitals in those states are spending less money to cover care for the uninsured.

“In the states that have expanded Medicaid, we're seeing more of those dollars freed up,” said Robert Henkel, CEO of Ascension Health, a Catholic system with facilities

**Critics, joined by some health system leaders, argue that hospitals can and should do more to address broader health issues in their communities.**

in 24 states plus the District of Columbia. “We are intentionally moving toward community benefit.”

Half of Ascension’s states have expanded Medicaid eligibility. As a result, Ascension’s traditional charity care declined 9.3% in fiscal 2015. Some of those funds were shifted into covering the unpaid portion of government insurance programs. But the St. Louis-based system also increased its spending on community health initiatives by 6.2%, or \$37 million.

“We will continue to look at those numbers and plan to continue to invest more in the community as we see the number of insured goes up,” Henkel said.

Bad debt at hospitals and systems in expansion states rose only 2.5% between fiscal 2013 and 2014, compared with 8.9% in states that did not expand Medicaid, according to a Modern Healthcare analysis. Meanwhile, spending on charity care and community support—which many systems report as one item—increased 11.9% in expansion states and 5.5% in nonexpansion states during the same time period.

**B**ESIDES HAVING CHARITY-CARE MONEY freed up to spend on public health activities, not-for-profit health systems face increased pressure to demonstrate that they’re reinvesting in their communities. The ACA set new standards that not-for-profit hospitals must meet to retain their federal tax-exempt status, including a community needs assessment that must be conducted every three years. The IRS also indicated that it will start reviewing Schedule H tax forms on a rolling basis to ensure that hospitals are providing a sufficient amount of community benefit.

“It will start in waves, and my understanding is that the waves have begun,” KPMG’s Murphy said.

A July study in Health Affairs, using data from the IRS, found that not-for-profit hospitals spent \$62.4 billion on community benefit in 2011, but that 32% of that spending went toward Medicaid payment shortfalls. Another 24% covered charity care. Spending on community health improvement totaled \$2.7 billion, just 4% of the total, while donations to community groups accounted for another \$2 billion, or 3%.

Another factor that could prompt greater public health-improvement spending is the IRS’ requirement for more detailed community benefit reporting for each hospital, not just a report for the whole health system, said James Corbett, senior vice president of community health and values integration at Denver-based Centura Health.

In the first half of 2015, Centura, part of Adventist Health System, increased spending on health and wellness programs by 14.4%. One of its programs includes placing full-time community health workers in its hospitals’ emergency departments to provide care-management services and reduce inappropriate ED use. Charity care fell to 5.1% of gross patient service revenue, down from 5.7% in the prior-year period.

Hospitals aren’t just facing pressure from the IRS. Some states and local governments also are more closely scrutinizing not-for-profit community benefit spending. California recently stripped Blue Shield of California of its tax-exempt status after determining that the insurer did not provide adequate community benefit. And Morristown (N.J.) Medical Center this month agreed to pay a \$26 million tax settlement to the town of Morristown; this

## Impact of selected social determinants on health in the U.S.

**1 in 3**

**Estimated share of urban youth in the U.S. with mild to severe post-traumatic stress disorder**

—Jeff Duncan-Andrade, San Francisco State University

**7,391**

**Number of firearms-related hospitalizations among U.S. children younger than 20 in 2009, with 453 of those patients dying in the hospital**

—Pediatrics

**3.1**

**Higher odds of self-reported fair or poor health for home-owning adults**

with housing instability compared with those with no recent housing instability, while adults who experienced a recent foreclosure were 5.8 times more likely to meet criteria for depression as stably housed adults

—University of Michigan Institute for Social Research

**5.8**

**Greater life expectancy in years for U.S. men in the upper half of the income spectrum and who lived to age 60 compared with men in the bottom half of the income spectrum**

—U.S. Social Security Administration

**14%**

**Percentage of U.S. households with food**

insecurity in 2014, with that percentage rising to 19.2% for households with children

—U.S. Department of Agriculture

**8.4%**

**Percentage of U.S. adults with incomes under the federal poverty level**

reporting four or more chronic health conditions in 2013, compared with 2.5% of adults with incomes of 400% of poverty or greater

—Centers for Disease Control and Prevention

summer a state tax court denied the hospital a property tax exemption after concluding that it acts like a for-profit business.

San Francisco-based Dignity Health in fiscal 2015 spent 14.3% of its total expenses on community benefit programs, the largest chunk of which covered the unpaid portion of Medicaid-covered services. California's Medicaid program, called Medi-Cal, has one of the lowest payment rates in the country. But Dignity also is spending more on community-building activities, both for the poor and the broader population.

Dignity has three systemwide initiatives:

- **Grants to community organizations** to address chronic conditions such as obesity

- **Investments in infrastructure** such as housing, banks and other financial institutions

- **A social innovations grant** for Silicon Valley entrepreneurs who want to tackle community health improvement in low-income neighborhoods

Since 1990, Dignity has awarded about \$50 million in grants and invested more than \$100 million in loans through these initiatives.

Dignity's St. Francis Memorial Hospital, which overlooks the Tenderloin district from its perch on Hyde Street, determined that lack of insurance coverage or access to care was not the biggest public health issue for its community. That's because the city and county have been subsidizing care for the uninsured since 2007. Instead, the hospital and its foundation decided to focus on reducing injuries from crime and addressing the psychological trauma of living in an unsafe neighborhood, said Abbie Yant, the hospital's vice president for mission, advocacy and community health. "That's where our challenges are," she said.

At Ascension, each of its local regions, which Ascension calls ministries, is expected to develop its own Medical Mission at Home events, with the goal of getting people who need care connected to the system. St. Thomas Health, an Ascension system in Nashville, has been holding free health and dental clinics in central Tennessee.

On a recent Saturday morning at the Nashville Municipal Auditorium, a check-in line of patients snaked out the door, and the auditorium's seats were filled with people



**Area residents in need of care receive a range of services at Ascension's Medical Mission at Home events, from vision screening and dental extractions to job opportunities.**

## St. Francis Memorial Hospital and its foundation chose to focus on reducing injuries from crime and addressing the psychological trauma of living in an unsafe neighborhood.

waiting to be seen. In a curtained-off space, volunteer dentists and hygienists at 22 dental stations were performing tooth extractions to offer immediate pain relief. About 1,000 people were expected to attend the health fair.

In a backroom, St. Thomas had set up foot-washing stations for the homeless, one of the more popular services. The hospital collects socks before the event and also provides shoes through a partnership with Soles4Souls. Last year, 400 pairs of shoes were given out.

At the end of each patient's visit, those who need another appointment are connected to a St. Thomas provider who can see them within the next week. The hospital also hands out maps showing the locations of its nearest clinics. Tennessee has not expanded Medicaid, so most of the people at this free clinic are uninsured.

Keena Kleckley, a heavyset African-American woman with a salt-and-pepper bob, sat at a volunteer table, waiting to direct patients from their initial health screening with a nurse to the treatment stations. She had been homeless for six years when she arrived at a similar free clinic event last year, debilitated by tooth pain. "It was just a blessing for them to pull my teeth," she said. "Because you can't function through pain."

While she was there, she spotted a table offering job applications. She is now employed as a nurse care partner at St. Thomas Midtown Hospital in Nashville. Volunteering at the event this year is her way of giving back.

Shy and soft-spoken, Kleckley becomes animated when talking about her work with the free clinic. "God is awesome," she said, breaking into a smile. "You ask him for something, he'll give it." ●

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