State Opportunities for Hospital Anchor Institutions
Connecticut Hospitals

Connecticut is home to 27 acute care hospitals that serve nearly 3.6 million Connecticut residents as well as individuals from neighboring states and regions.

Statewide Hospital Profile, Connecticut Hospital Association
Connecticut Hospitals – Economic Impact and Community Benefit

**Hospitals and Health Systems**

**Economic Impact:**

- **Jobs:**
  - 103,000 employed
  - Payroll: $7.6 Billion
  - 101,000 “ripple effect” jobs
  - Payroll: $7.7 Billion

- **Total Jobs:** 204,000

- **Total Payroll:** $15.3 Billion

- **Hospital Spending:**
  - $5.4 Billion spent on goods and services
  - $5.4 Billion created in “ripple effect” spending

- **Total Impact of hospital spending:** $10.8 Billion

- **Capital Improvements:**
  - $826 Million spent on buildings and equipment
  - $833 Million additional economic activity generated

- **Total Impact of spending on capital improvements:** $1.6 Billion

**Total Economic Impact = $27.7 Billion**

**Community Benefit by the Numbers:**

- **$679 Million**
  - Unpaid government-sponsored healthcare (Medicaid)*

- **$763 Million**
  - Unpaid government-sponsored healthcare (Medicare)*

- **$196 Million**
  - Uncompensated care: Charity care/bad debt to provide services for those who cannot pay

- **$26 Million**
  - Community services to improve the health of the community

- **$13 Million**
  - Donations to help support community organizations

- **$7 Million**
  - Community building to create stronger, healthier communities

- **$7 Million**
  - Subsidized health services* to provide care needed by the community

*Most subsidized health services funds are reflected in the unpaid costs of government programs numbers.

Statewide Hospital Profile, Connecticut Hospital Association
Hospital Anchor Institutions
Hospital Anchor Institutions

- Anchor Institutions (AI) are those entities that once established, rarely move location.
  - Prime examples are hospitals and universities.

- Hospitals are economic engines of their communities, and every dollar spent by a hospital supports roughly $2.30 of additional business activity*. 

- Across the United States, community hospitals directly employ over 5.7 million people, and with a ripple effect included, support 16 million jobs (1 of every 9 jobs in the USA), and support more than $2.8 trillion in economic activity*.

- In 2018, hospitals and health systems directly employed approximately 101,000 people, and with a ripple effect included, support just over 204,000 jobs, and $27.7 billion in economic activity**


Hospital Anchor Institutions

• Hospitals are well situated to lead community revitalization and population health strategies for four reasons:
  ▫ Commitment to promote health / mission of the organization
  ▫ Generate economic return for both the hospital and the community
  ▫ Support relationship with local communities and government
  ▫ Satisfy Community Benefits requirements

• Across the nation, hospitals are taking up the mantle as anchor institutions, and generating activity around:
  ▫ Sustainability Practices
  ▫ Minority- and Women-Owned Business Purchasing
  ▫ Housing Development
  ▫ Capacity Building
  ▫ Local Hiring
  ▫ Community Investment Program
  ▫ Multi-Institution Partnerships
Hospital Anchor Institutions – Why Do It?

- Mission alignment / fulfillment
- Economic gains for both the hospital and the community
- Improved relationships with the local communities and governments
- Community Benefit requirements
Health Enhancement Communities
The Health Enhancement Community Initiative

• The Health Enhancement Community (HEC) is a place-based initiative, that aims to improve the health and well-being of all residents in Connecticut, by fostering community-wide, multi-sector collaboration in defined geographies that span the entirety of the state.

• HECs will focus on two health priorities:
  ▫ Improving child well-being for Connecticut children, pre-birth to age eight years.
    • Ex: Adverse Childhood Experiences (ACEs); maternal and infant mortality; behavioral health.
  ▫ Improving healthy weight and physical fitness for all Connecticut residents.
    • Ex: Engaging in physical activity, eating nutritious diets.

• HECs work on broad, systemic change will concentrate on improving the social, economic, and physical conditions within communities by applying upstream interventions to root causes like social determinants of health.
Health Enhancement Community Interventions

- Policy
- Systems
- Programs
- Cultural Norms
HEC Revenue, Capital, and Mechanisms

**REVENUE**
Regular, ongoing sources of funding to pay for local HEC interventions
- Braided Funding
- Blended Funding
- Outcomes Rate Cards
- Philanthropy
- Hospital Community Benefit

**CAPITAL**
Funding to support HEC development and infrastructure
- Philanthropy
- Hospital Community Benefit
- Foundation PRIs
- CDFIs/Commercial Banks/Hospitals

**MECHANISMS**
Approaches to connect and distribute revenue and capital
- Wellness Trust
- Tax Credits
- Loan Fund

Source: Nonprofit Finance Fund
Alignment Between Hospital Anchor Institutions and Health Enhancement Communities
Alignment Between Health Enhancement Communities (HEC) and Hospital Anchor Institutions

- Hospital anchor institutions are envisioned as key participants in HEC governance and management
- HECs can help hospitals realize their anchor institution mission by convening stakeholders, aligning strategies, and supporting implementation
Alignment Between Health Enhancement Communities (HEC) and Hospital Anchor Institutions

- The full complement of anchor institution strategies will help enable the achievement of HEC health priorities
Mission Alignment

- Hospital anchor institutions will better realize their mission by doing so in partnership with HECs by:
  - Engaging communities in determining how to address community needs with community-based participatory research (CBPR).
    - CBPR is a collective of health practitioners partner with community members to address community health needs by co-developing solutions that are acceptable and feasible for the community to adopt.
  - Promoting health and wellness by reducing social barriers and environmental hazards in the community.
  - Addressing the root causes of poor health.
Economic Returns

- Hospitals are incurring considerable costs associated with chronic conditions like obesity and diabetes in populations for whom hospitals are un-reimbursed or under-reimbursed.
  - Currently, hospitals are writing off these expenses. This current solution has low-income individuals seeking care at the most expensive point, a lose for the individual, and a lose for the hospital.
  - HECs plan to intervene in these communities around the two health priorities and help with these chronic conditions.

- HECs and anchor institutions both plan to address socioeconomic conditions within their communities, creating a win-win economically for both the hospital and the community.

- Reinvestment back into the community that benefits the hospital.
  - Ex: Levinston, Maine.
Community Benefit Requirements

• HECs are an ideal partner for hospital anchor institutions to demonstrate their community benefit to the Federal Government (IRS).

• Community building activities get to the root cause of health problems – a major tenant of HECs - and as of 2011 are permissible to show community benefit.

• Activities within HECs are appropriate to meet a majority of the requirements set by the IRS around community building activities, which is critical for hospitals to keep their not-for-profit status.
## CHNAs and CHIPs

- Community Health Needs Assessments (CHNAs) and Community Health Improvement Plans (CHIPs) provide the context for Community Benefit investment strategy.
- HECs will most likely rely on the existing multi-stakeholder collaboratives that are responsible for CHNAs and CHIPs within a given HEC geographic region.
- We anticipate that CHNAs and CHIPs will evolve to incorporate HEC health priorities (in addition to other priorities).

### Key Facts about CHNAs & CHIPs:

- CHNAs identify key health needs and issues within a community through systematic, comprehensive data collection and analysis, and are required for non-profit hospitals under the Patient Protection and Affordable Care Act (ACA).
- CHIPs are the long-term, systematic effort to address public health problems based on the results of the CHNA and the effort by non-profit hospitals to address public health problems.
- HECs are a strategic avenue to fulfill the opportunities found in the CHNAs/CHIPs, as HECs provide:
  - A venue for community engagement (voice of the customer).
  - Cross-sector collaboration in defined geographic areas of the state.
  - Support on community needs and drivers related to the two HEC health priorities, which draw from the CHNA.
Community Health Improvement Services

• In order for an activity to count in the IRS’ Schedule H, Community Health Improvement Services category, Part I, an activity must:
  ▫ Be carried out or supported for the purpose of improving community health or safety.
  ▫ Be subsidized by the organization.
  ▫ Not generate an inpatient or outpatient bill.
  ▫ Not be provided primarily for marketing purposes.
  ▫ Not be more beneficial to the organization than to the community.
  ▫ Not be required for licensure or accreditation.
  ▫ Not be restricted to individuals affiliated with the organization.
  ▫ Meet at least one community benefit objective.
  ▫ Respond to a demonstrated community need.
Community Need

- HECs also assist with the IRS requirement for hospitals to demonstrate they are working on community need, defined through the following activity paths:
  - Identified by a community health needs assessment completed by the hospital.
  - Provide documentation that a government or another nonprofit organization requested it to initiate or continue addressing a specific need.
  - If government agencies or unrelated nonprofits are partnered with the hospital in addressing the need.
Government Relations Benefit

• Partnership between HECs and hospital anchor institutions is a combination of state government sponsored activity, supported by hospitals as economic engines, tied together through community engagement.

• HECs are an avenue for hospital anchor institutions to reshape their commitment to their communities and collaborate with the state and local governments.