



Maximizing Community Benefit: A Six-Point Program

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The Alliance for Advancing Nonprofit Health Care believes the best long-term approach to promoting and ensuring publicly-accountable community benefit in non-profit healthcare organizations is through the establishment of a national voluntary program that independently certifies their community benefit practices in relation to best practices in the field. Such a program would 1) publicly recognize those organizations that have exemplary community benefit practices, 2) share their community benefit practices and programs as part of a continuous improvement process and, in the process, 3) stimulate and assist other organizations to improve their community benefit practices.



The program would *not* assess compliance with government reporting requirements on the levels of resources devoted to various types of community programs and activities.¹ Nor would it assess those resource levels according to some quantitative test. We strongly believe that increased public demands for, and scrutiny of, data on the resources invested in community benefit, while understandable in one sense, can in fact become a major deterrent to, rather than stimulus for, effective community benefit practices and programs. Community benefit must not be reduced to an accounting exercise on organization-specific resource inputs, distracting non-profit healthcare boards, executives, and staff from the critical work of continuously improving how they *plan, implement, and evaluate the results* of their community benefit programs—both internally *and* in collaboration with other key private and public stakeholders in the communities they serve.

Instead, the right focus is on the structures and processes, internal and external, for making, executing, and evaluating community benefit decisions—toward the ultimate goal of improving quality of life and health status. This is no different than what is already occurring in the healthcare field to improve patient safety and quality of care; the

relevant question is not how much the organization is spending on this dimension of performance, but rather whether the organization is consistently following best practices and is achieving good or even superior outcomes.

Impact of the Current Economic Crisis

While we believe that a national voluntary certification program is the best vehicle *in the long run* to stimulate and recognize superior community benefit practices, the non-profit healthcare sector does not have the luxury of time in the current economic crisis to develop, test, and broadly implement a full-blown national voluntary certification program.

In the current economic crisis, the number of uninsured and underinsured Americans continues to grow while many state and local governments are cutting back their healthcare-related programs and/or payments. *Without effective community and public interventions*, the following impacts are virtually certain:

- **For at-risk Americans:** Lack of access or reduced access to primary care, medications, preventive services, and elective procedures leads to reduced quality of life, deterioration of health, emergency care in expensive outpatient and/or inpatient settings, and inadequate follow-up care thereafter.
- **For non-profit hospitals, nursing homes, community health centers, and other providers:** Significant reductions in investment income and tight credit markets, escalating uncompensated care and/or payment shortfalls under government programs lead to deteriorating financial status, inadequate capital, and the inability to care for all in need at the right time and in the right setting.
- **For non-profit health plans:** Reductions in investment income and tight credit markets, recent financial losses in group and/or individual private health insurance markets, added pressures from healthcare providers for payment increases to help cover their uncompensated care costs and government program payment shortfalls, and in some cases escalating payment shortfalls for those plans participating in Medicaid programs lead to deteriorating financial status, inadequate capital and reserves, and the inability to provide adequate health benefit coverage to all in need.

¹ Community benefit includes any program or service that benefits one or more segments of the population served that would not be provided based on financial return metrics. For a non-profit healthcare provider, financially assisting uninsured and low-income patients represents only one of many possible examples. For a non-profit health plan, subsidizing the costs of coverage for a class of subscribers represents but one of many possible examples.

Non-profit healthcare providers, non-profit health plans, and public, safety-net healthcare facilities will be hit the hardest without external support. Their demise would create a domino effect on other healthcare organizations and exacerbate access and cost problems, which in turn would impose greater burdens on government and communities.

The Alliance applauds federal efforts to expand healthcare benefit coverage, building on the current employer-based, private insurance system, to help address these problems. It should be noted, however, that even if the Congress legislates expanded coverage under the President's proposed \$634 billion reserve fund for expanding access to healthcare benefit coverage, it is estimated that 24 million or more of the 48 million uninsured Americans will continue to lack coverage.² Moreover, racial and ethnic disparities and many other health status issues are not resolvable by coverage expansions alone. These difficult issues can only be addressed effectively by non-profit healthcare organizations and other stakeholders working together at the local level—on illness prevention, health promotion, community development, and other community benefit initiatives.

For these reasons, the non-profit health sector needs to accelerate improvements in its community benefit practices. In lieu of establishing a full-blown certification program at this time, the Alliance urges all non-profit healthcare organizations to voluntarily *self-certify* that they have adopted the six community benefit practices listed below—or will adopt them as quickly as possible, within a specified timeframe. These “best practices” are derived from a variety of sources³ and embody four basic principles:

- Board and CEO commitment and involvement is essential for effective community benefit programming.
- As stewards of their communities' largest private sector resources, non-profit healthcare organizations have a special leadership and fiduciary responsibility to identify and address unmet needs in an organized, focused, and systematic manner—rather than through “random acts of kindness.”
- Investment in community benefit programs that can effectively reduce the needs of the uninsured, underinsured, and other vulnerable people for expensive emergency room and inpatient care will not only improve their health status but also reduce overall uncompensated care costs, potentially freeing up additional resources to address unmet needs.
- Notwithstanding—and indeed, *because of*—the fiscal pressures they currently face as well as growing health status and access problems, non-profit healthcare organizations must collaborate with one another, with physicians, and with other key stakeholders in the community—pooling their ingenuity, talents, and community benefit resources.

Collaboration provides the best mechanism for ensuring that the right services are provided at the right time and in the right settings for all the people they collectively serve, including the uninsured, underinsured, and other vulnerable people.

Six Vital Community Benefit Practices

1. Establish and maintain a board-level standing committee on community benefit to plan, oversee, and evaluate the results of the organization's community benefit programs and activities, with regular reporting by the committee to the full board.⁴
2. Establish community benefit responsibilities in the job description, and community benefit objectives in the annual goals (including incorporation into any incentive compensation) of the CEO and other managers as appropriate.
3. Assign one individual in the organization, reporting to the CEO or to a senior manager reporting to the CEO, to oversee and coordinate the organization's ongoing community benefit programs and activities, both internally and externally.⁵
4. Establish and regularly update a community benefit plan and budget as an integral part of the organization's overall operating plan and budget.⁶ Included in the plan should be:
 - a. An assessment of the health status of the community(ies) served, based on the best available information.
 - b. Criteria used to prioritize needs to be addressed and programs to address those needs.
 - c. Metrics used to monitor and assess program progress and results.
5. Include the following as priorities in the organization's community benefit goals:
 - a. **Improve healthcare access, improve health status or reduce health disparities of the uninsured, the underinsured and/or other vulnerable populations in ways that reduce their needs for preventable, costly emergency room care, inpatient admissions, or readmissions.** Examples of strategies to achieve this goal, which will vary by type of non-profit healthcare organization, include establishing new community health centers or expanding existing ones, improving triage in emergency rooms, providing financial or in-kind contributions to other organizations operating community health clinics, offering free health screenings on a targeted basis, arranging with pharmacies to provide free or discounted drugs for uninsured and low-income patients, seeking physician volunteers to provide ambulatory surgery or other services to underserved

2 Ricardo Alonso-Zaldivar, “Obama Budget ‘Down Payment’ May Cover Less Than Half the 10-Year Cost,” Associated Press, March 18, 2009.

3 For example: guides developed by the Catholic Health Association and VHA, Inc.; “Advancing the State of the Art of Community Benefit,” a recent major three-year community-benefit demonstration project; the Foster G. McGaw Prize Program; Hospital Community Benefits Standards Program developed by New York University; and information reported at national community benefit conferences.

4 Non-profit healthcare organizations with foundations providing community benefit should coordinate their respective community benefit plans to the maximum extent possible. In addition, in some non-profit healthcare organizations, the full board may have this role.

5 In a smaller non-profit healthcare organization, the CEO may have this coordinative role.

6 In some non-profit healthcare organizations whose overall mission is community benefit, such as a community health center, these plans and budgets may be one and the same, with no need for integration.

populations, improving chronic disease management programs, or modifying health insurance products or insurer/provider payment arrangements to better promote primary care and preventive services.

- b. **Help protect one or more of the region's healthcare safety-net organizations.** Strategies to achieve this goal might entail, for example, special in-kind or cash contributions from a provider or health plan to one or more safety-net providers to care for uninsured or underinsured patients, and/or advocating special government funding support for safety-net providers at the federal, state, and/or local levels.
6. Join with the leaders of other healthcare organizations, including both providers and plans, other private sector community leaders, as well as state and/or local government officials, in voluntary regional health planning mechanisms that share and coordinate community benefit plans. This might entail expanding or re-focusing the participants or agendas of any existing multi-stakeholder coalitions. Important collaborations among non-profit healthcare organizations and other stakeholders on patient safety, quality or healthcare workforce issues are already occurring in a number of states and regions around the country, and this same type of collaboration—rather than competition—needs to be extended to community benefit.

Conclusion

No non-profit healthcare organization that is vital to its community will fail. The challenge is to make certain that it is—and is recognized as being—vital. Adoption of the above six-point program is the right thing to do in any environment, but never since the Great Depression has it been more imperative. The Alliance urges at this time that all such organizations self-certify to having adopted these practices or to having committed to adopt them as quickly as possible.

We invite leaders of national, state, and regional groups that have either non-profit healthcare provider or health plan members—or members involved in the governance of such organizations—to join us in promoting this six-point program.

We also invite major policymakers and opinion leaders involved in healthcare, at all levels, to join us in promoting voluntary regional health planning mechanisms as outlined under the sixth community benefit practice.

The Governance Institute thanks Bruce McPherson, president and CEO, The Alliance for Advancing Nonprofit Health Care, for contributing this article. He can be reached at mcpersonbruce@aol.com or (877) 299-6497.