

LOWN
INSTITUTE

How much are hospitals giving back to communities?

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DR. BERNARD LOWN, MD



- World-renowned Harvard cardiologist
- Founder, Physicians Anti-Nuclear Movement (Nobel Peace Prize, 1985)
- Pioneer (defibrillator, cardioverter, CCU's, sudden death syndrome)
- Founder, Lown Institute



LOWN INSTITUTE
HOSPITALS INDEX
for SOCIAL RESPONSIBILITY



**LOWN INSTITUTE
HOSPITALS INDEX**
FOR SOCIAL RESPONSIBILITY

EQUITY

VALUE

OUTCOMES

INCLUSIVITY

PAY
EQUITY

COMMUNITY
BENEFIT

COST
EFFICIENCY

AVOIDING
OVERUSE

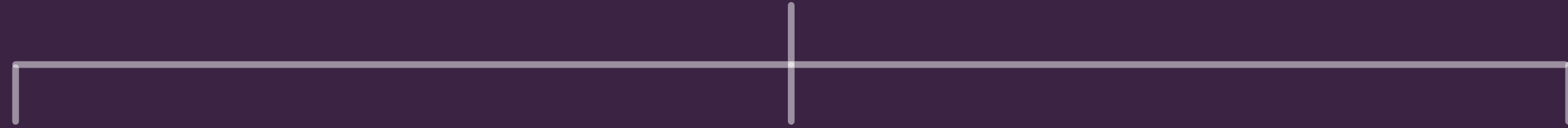
CLINICAL
OUTCOMES

PATIENT
SATISFACTION

PATIENT
SAFETY



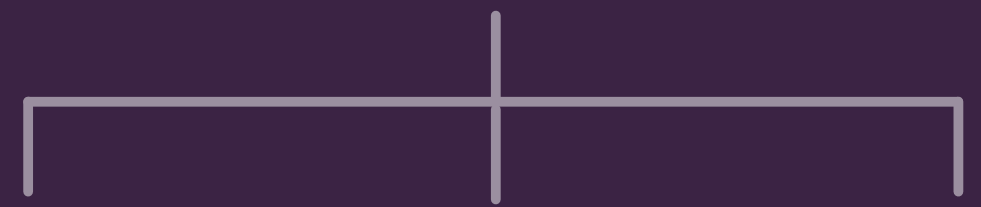
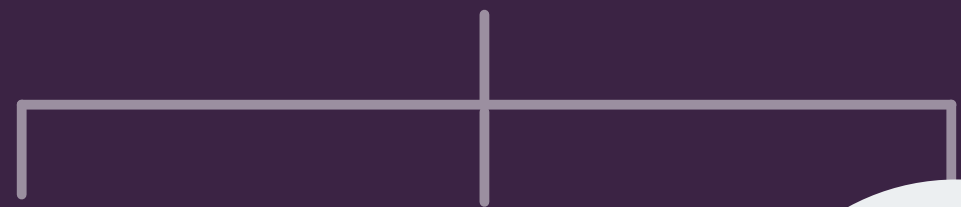
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How could hospitals
invest in their
communities?

The IRS Community Benefit standard

- Redefined several times over 100+ years
- Definition is a political process
- No federal minimum *amount* of spending required
- Spending does not have to be tied to priority health issues identified in CHNA

March 03, 2022 05:00 PM

Top Sutter Health exec says health system doesn't have to provide free care to be not-for-profit. She's right.

TARA BANNOW

**Modern
Healthcare**

A photograph of a Sutter Health building. The building is a multi-story, light-colored structure with a modern architectural style. In the foreground, there is a large sign on the building. The sign features the Sutter Health logo, which is a stylized cross with a green and blue gradient. Below the logo, the text "Sutter Health" is written in a large, bold, green font. Underneath that, "Sutter Medical Center" is written in a smaller, white font. The background shows a clear blue sky and some greenery, including trees and bushes. The sun is visible in the upper right corner, creating a lens flare effect.

Sutter Health
Sutter Medical
Center

IRS ALLOWED CATEGORIES

Financial assistance

Medicaid shortfall

Shortfall from other gov't
programs

Health professions
education

Research

Community health
improvement activities

Subsidized
health services

Contributions to
community groups

Community building activities*

**IRS ALLOWED
CATEGORIES**

Medicaid shortfall

Shortfall from other gov't
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Health professions
education

Research

Charity care

Community health
improvement activities

Community building activities

Contributions to
community groups

Subsidized
health services

**LOWN
ALLOWED
CATEGORIES**

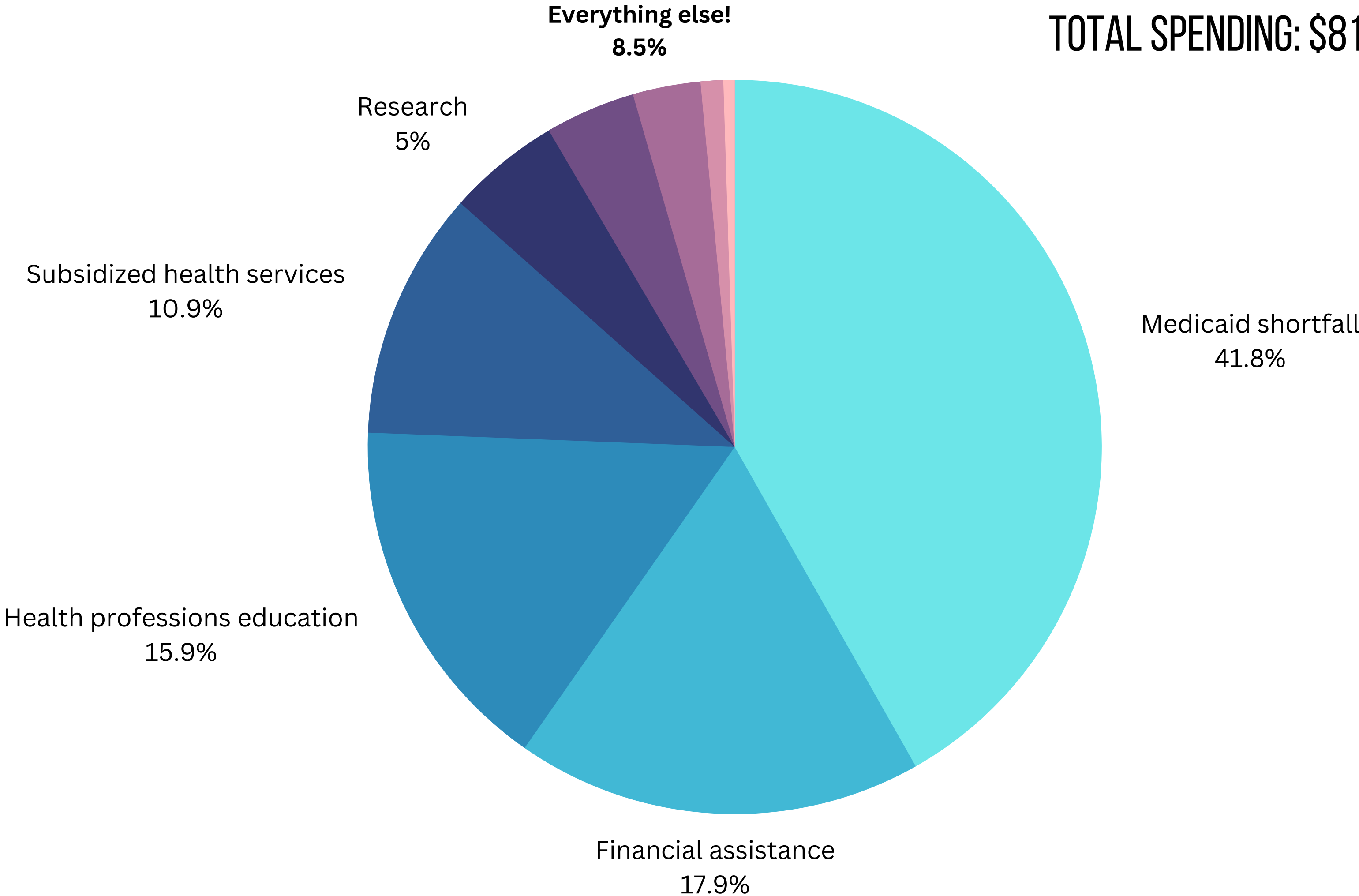
Must show direct and
meaningful benefit to
local community.



How do you think
community benefit
spending should be
allocated?

How do you think
it is actually
allocated?

TOTAL SPENDING: \$81 BILLION



FAIR SHARE SPENDING

CHARITY CARE

COMMUNITY HEALTH IMPROVEMENT

COMMUNITY ORGANIZATIONS

COMMUNITY BUILDING

SUBSIDIZED HEALTH SERVICES

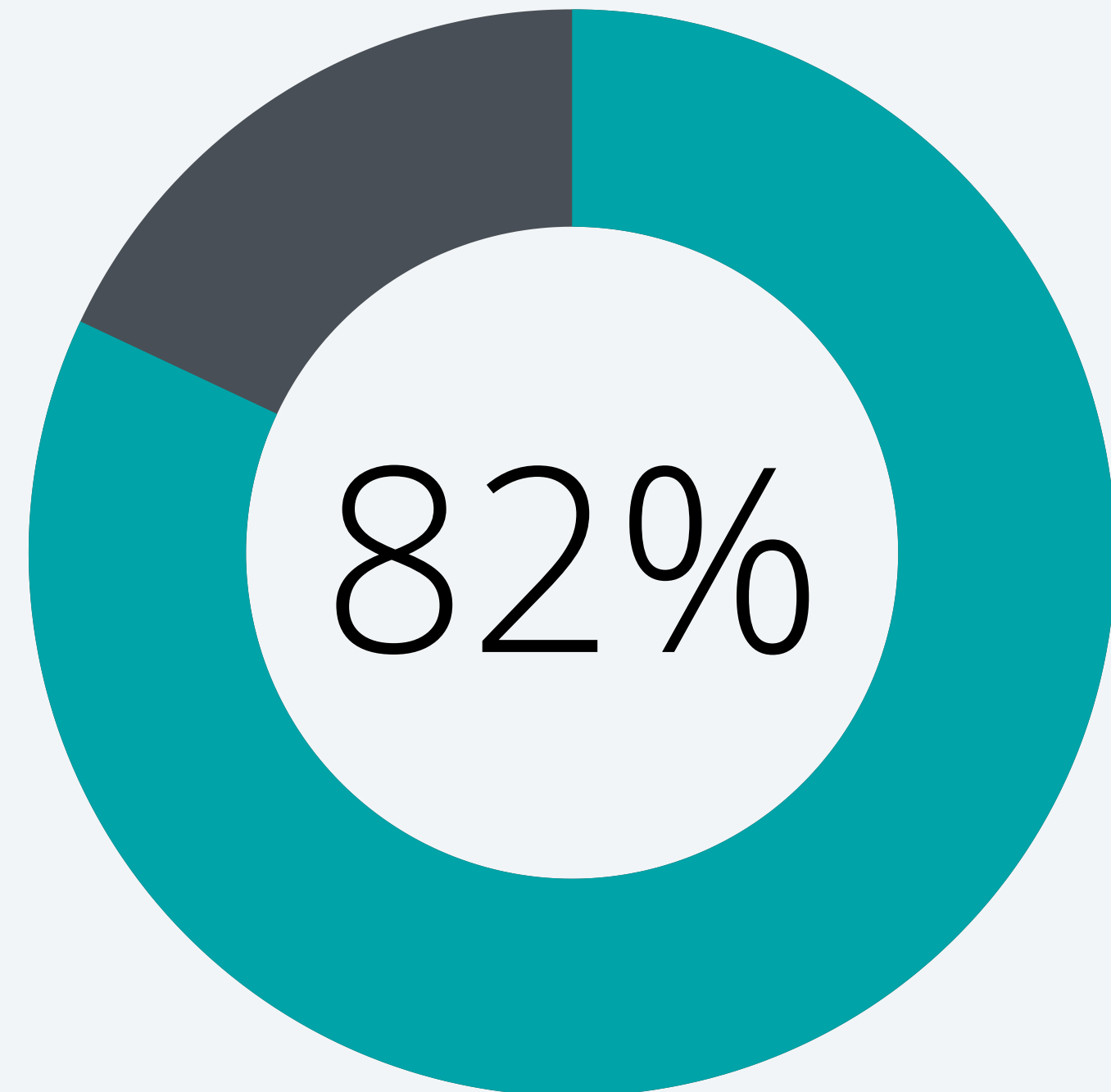
TAX EXEMPTION

5.9% OF EXPENSES



227/275 nonprofit systems
had a fair share deficit

Total fair share
deficit =
\$18.4 billion



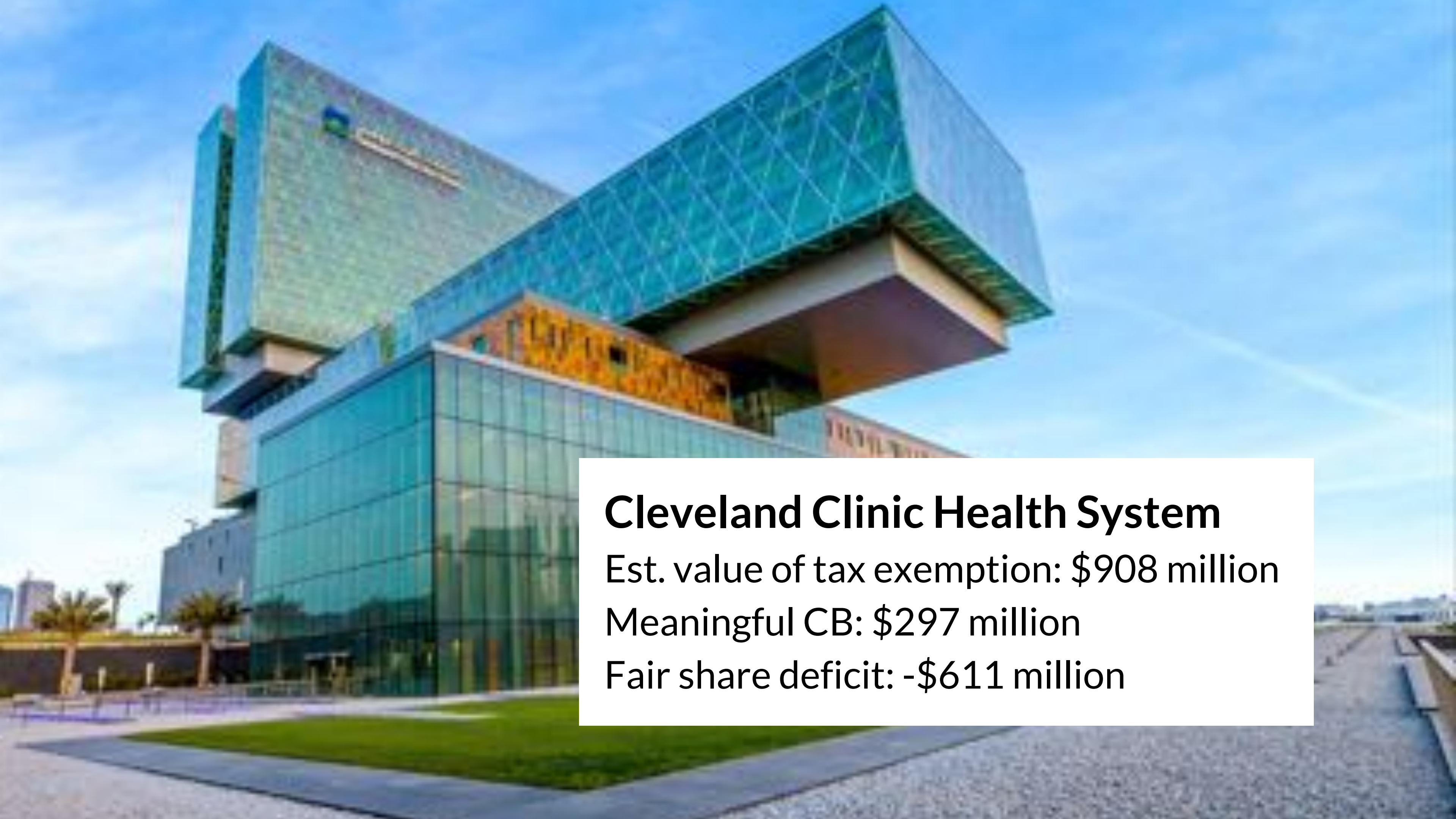
Top 10 Largest Fair Share Deficits

RANK	SYSTEM	FAIR SHARE DEFICIT
1	Providence St Joseph Health	-\$705 M
2	Trinity Health	-\$671 M
3	Mass General Brigham	-\$625 M
4	The Cleveland Clinic Health System	-\$611 M
5	UPMC	-\$601 M
6	University of PA Health System	-\$571 M
7	Catholic Health Initiatives	-\$515 M
8	Advocate Aurora Health	-\$498 M
9	Dignity Health	-\$456 M
10	Ascension Healthcare	-\$498 M

A woman with curly brown hair, wearing a red short-sleeved top and dark pants, sits in a chair. She has a serious expression. The room behind her features a bookshelf with various decorative items, including figurines and a swan, and a wooden cabinet with a lamp on top. The lighting is warm and indoor.

PROFITS OVER PATIENTS

***They Were Entitled to Free
Care. Hospitals Hounded
Them to Pay.***



Cleveland Clinic Health System

Est. value of tax exemption: \$908 million

Meaningful CB: \$297 million

Fair share deficit: -\$611 million



Cleveland nonprofit hospitals get millions in property tax breaks. Many are asking, 'Is it worth it?'



NYC fair share spending report for 32BJ Health Fund

- What is the nonprofit tax exemption worth for NYC hospitals?
- How much are hospitals giving back in charity care & community investment?
- How many hospitals have a fair share deficit?

CUSTOMIZED FAIR SHARE FOR NYC

FINANCIAL ASSISTANCE
COMMUNITY HEALTH IMPROVEMENT
COMMUNITY ORGANIZATIONS
COMMUNITY BUILDING
SUBSIDIZED HEALTH SERVICES

FEDERAL INCOME TAX
STATE INCOME TAX
STATE & LOCAL SALES TAX
PROPERTY TAX
TAX-EXEMPT BONDS
TAX-EXEMPT DONATIONS



How can we bring
more transparency
and accountability to
this issue?

State/local policy opportunities

- Increased transparency in community benefit reporting and value of tax benefit
- PILOT payments to make up fair share deficit
- Spending minimum for meaningful community benefit
- Community participation in health needs assessment process
- Community control of community benefit \$\$
- Reporting of community benefit outputs, not just inputs
- Leverage existing state regulations (ie. CON laws)

Bold ideas for a just and caring
system for health.

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