Community Benefit and the ACA: How will not-for-profit hospitals respond?



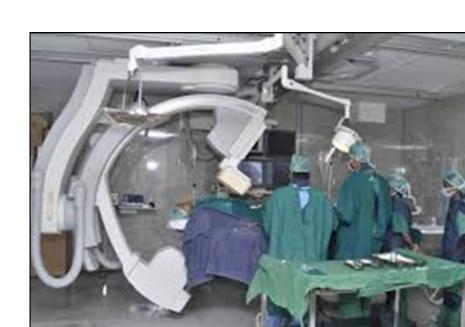
FLORIDA STATE UNIVERSITY COLLEGE of MEDICINE DEPARTMENT of FAMILY MEDICINE & RURAL HEALTH

Henry J Carretta, PhD MPH

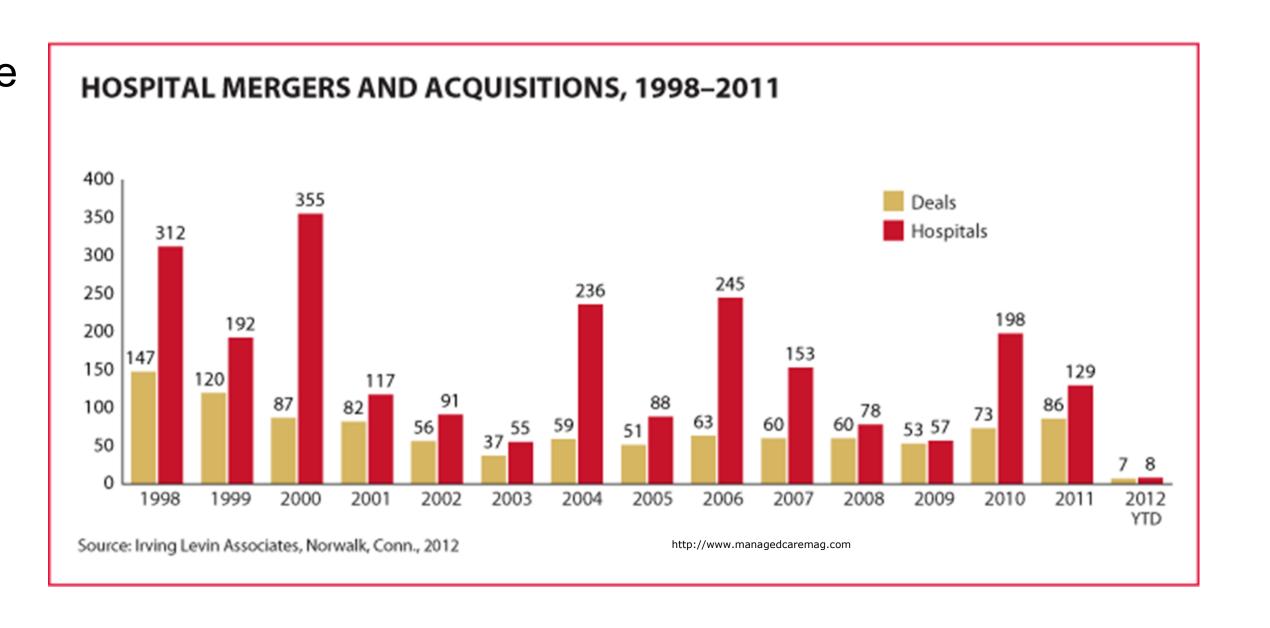
Background

Nature of hospitals has changed—Principal mission of NFP hospitals was charity care.



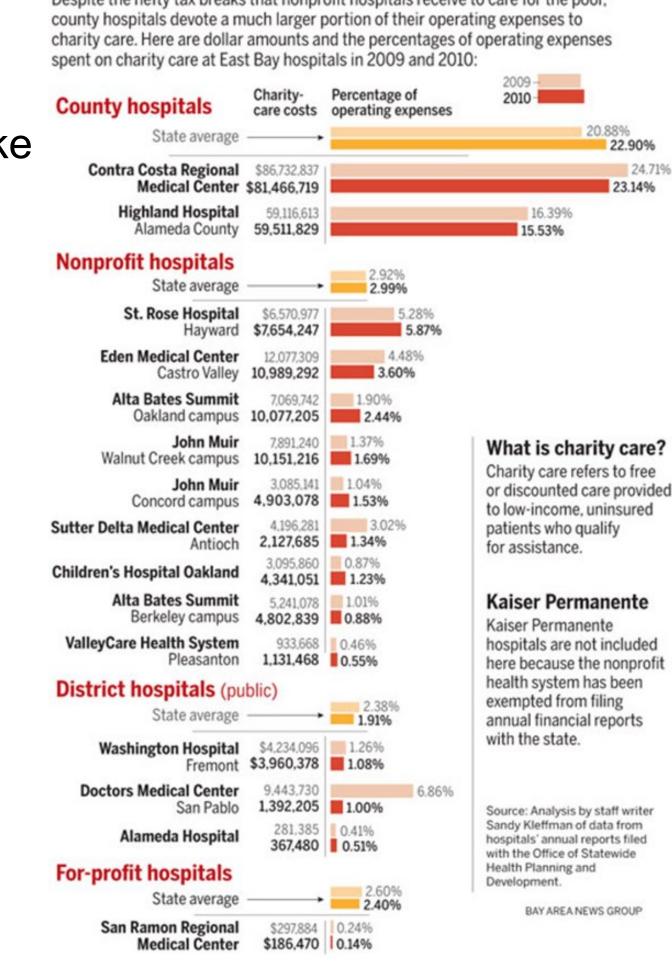


Today, hospitals are big business.



Hospital charity care

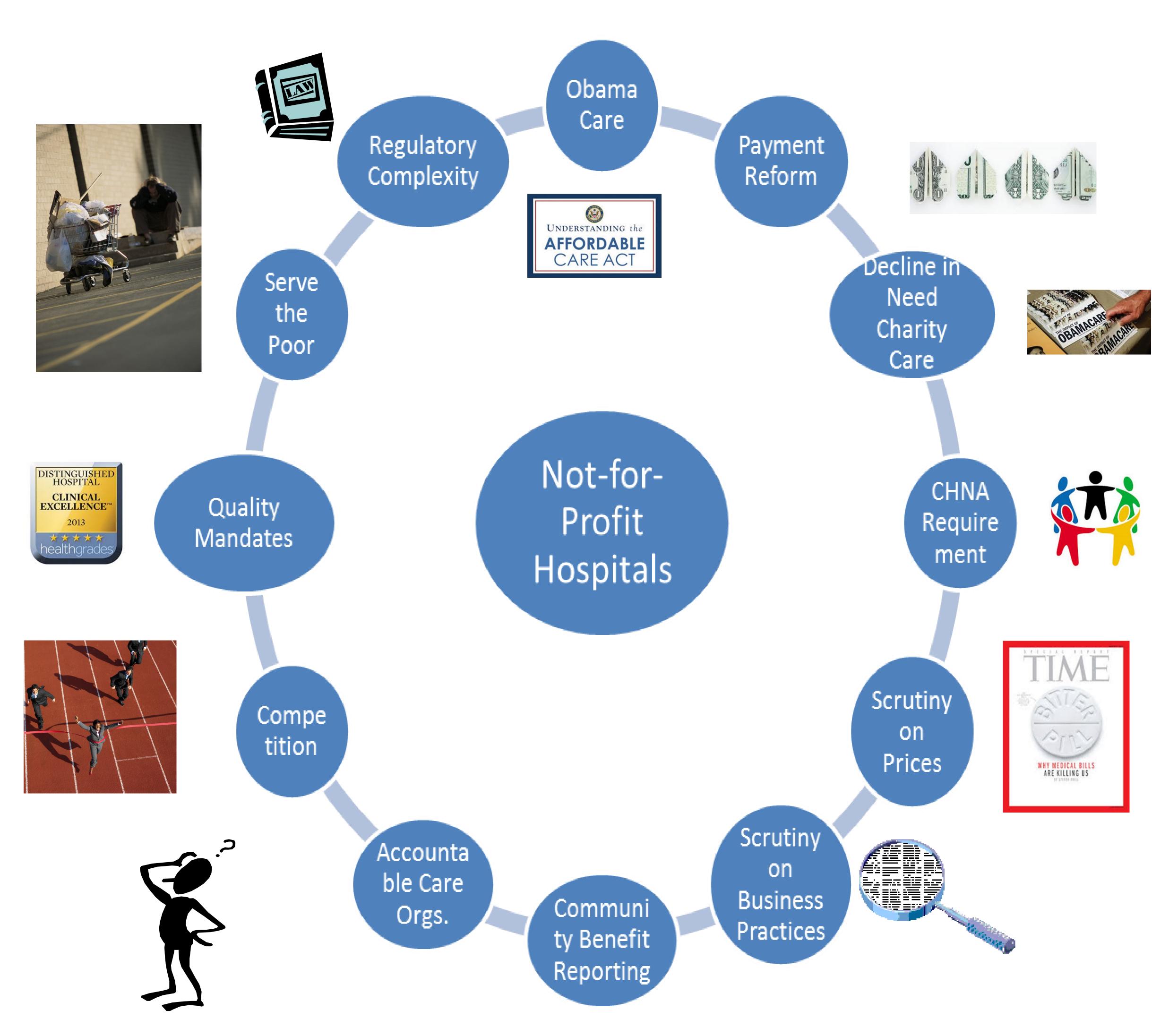
For-Profit and Not-For-Profit hospitals look alike and sometimes behave alike.



What is the proper balance between profits and serving the community?

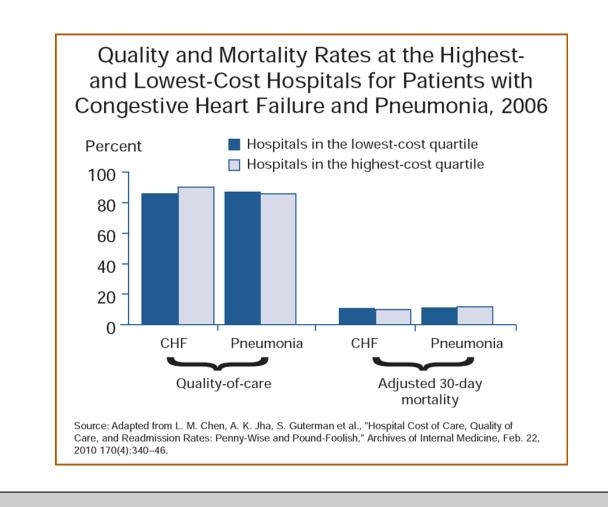
PROFITS THE OVER CHARITY CARE	CHARITY CARE	TAX EXEMPTIONS IN EXCESS OF CHARITY CARE PROVIDED	NET INCOME
Cedars-Sinai Medical Center	\$ 16,123,766	\$ 104,327,297	\$ 152,820,769
Stanford University Hospital	\$ 19,124,975	\$ 100,065,799	\$ 186,165,663
California Pacific Medical Center	\$ 16,063,125	\$ 79,592,416	\$ 199,699,801
Santa Barbara Cottage Hospital	\$ 12,917,174	\$ 65,131,123	\$ 109,338,526
John Muir Medical Center	\$ 15,054,293	\$ 60,700,416	\$ 131,627,459
Alta Bates-Summit Medical Center —Alta Bates, Herrick Sources: OSHPD, IRS 990s, IHSP analysis INSTITUTE FOR HEALTH	\$ 4,802,839	\$ 48,447,774	\$ 111,679,854
THSP& SOCIO-ECONOMIC POLICY			081412

Environmental Uncertainty



Need for Organizational Differentiation from Investor Owned Hospitals







NFP Hospitals Will Adapt

Institutional Theory Suggests Organizations Change for Three Reasons:

- ⇒Coercive Forces—Change because it's required
- ⇒Pushing NFP hospitals toward "Community Orientation"
- ⇒IRS community benefit reporting requirements
- ⇒ACA requirement for CHNA every three years
- ⇒ACA regulations regarding billing, pricing, and financial assistance practice
- ⇒Medicare payment reform—improve care transition and reduce rehospitalization
- ⇒Media scrutiny on pricing and billing practices
- ⇒Normative Forces—Change because it is the right thing to do
- ⇒Community orientation in board make-up and policies
- ⇒Catholic Health Association
- ⇒Mimetic Forces –Just do what the other guy does

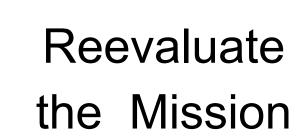
Board leadership matters

"Does you board require your local organization to adopt a formal community benefit plan that identifies specific priorities and strategies for its community benefit program?"

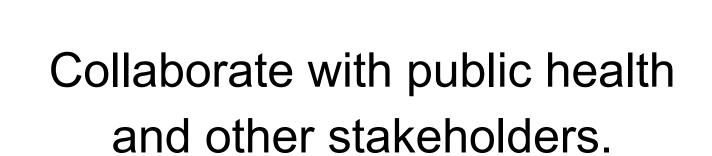
Re-	Catholic Sys- tems (n=8)	Other Sys-	All Sy tems (n=14	
Yes No	62% 38%	33% 50%	50% 43%	
Not	0	17%	7%	
Total	100%	100%	100%	











PRINCIPLES OF CATHOLIC HEALTH CARE

MALCOLM BALDRIGE
PERFORMANCE EXCELLENCE

The difference between tax benefits and charity care provided,

Federal income tax — State income tax —

Sales tax —



