



Center for
Community
Investment



LINCOLN INSTITUTE
OF LAND POLICY

THE LANDSCAPE OF HEALTH SYSTEM COMMUNITY INVESTMENT

Pre-Assembly Community Benefit Program

June 2018

Place Matters to Health



Source: Google Images

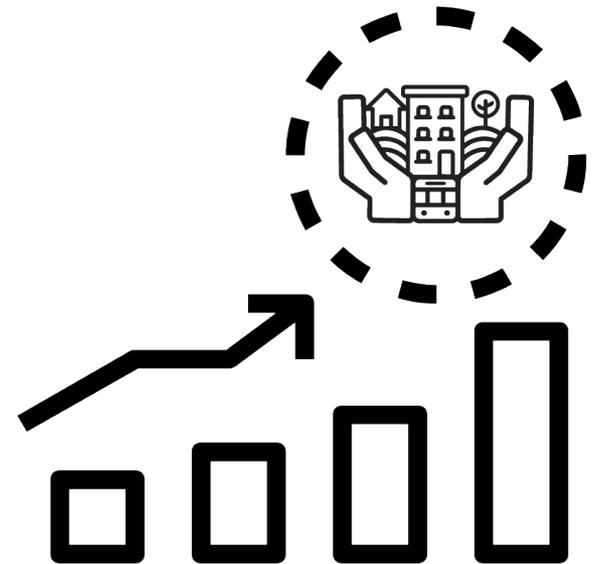
Approaches to Reducing Costs and Improving Health Outcomes

	CLINICAL (HEALTH CARE)	NONCLINICAL (HEALTH/WELLNESS)
COMMUNITY (TOTAL POPULATION)	<p>3 Expand access to healthcare through community-based services <i>Example: clinics at public housing or in schools</i></p>	<p>6 Create opportunity <i>Examples: train workforce for construction/remediation jobs</i> Improve conditions <i>Examples: air pollution, complete streets, green space</i> Change policies <i>Examples: affordable housing</i></p>
HIGH RISK (LIKELY TO BECOME PATIENTS)	<p>2 Emphasize outreach, prevention, early detection <i>Examples: primary care in homeless shelters</i></p>	<p>5 Targeted nonclinical preventive actions <i>Examples: lead or mold remediation, homeless supports</i></p>
PATIENTS	<p>1 Reorganize care delivery <i>Examples: step down care facilities</i></p>	<p>4 Integrate social services; release supports <i>Examples: referrals for housing services, social determinants screening, transit passes</i></p>



Motivations for Investing Upstream in Community Health

1. **Mission:** Foster healthier communities
2. **Institutional self-interest:** Ensure that reputation and relationships with the community and the public sector position the institution to gain needed approvals and preserve tax-exempt status
3. **Competitiveness:** Improve vibrancy of the surrounding community in order to strengthen the institution's ability to attract and retain patients and staff
4. **Strategy:** Gain experience with strategies that reduce costs and improve outcomes as preparation for payment shifts from volume to value ("skate where the puck is going")
5. **Financial returns:** Generate positive ROI
6. **Compliance:** Meet requirements, avoid penalties (e.g. for readmissions)



Funding vs. Financing: What's the Difference?

- **Funding** pays for spending on goods and services that are consumed (e.g. food, gas). The funders do not expect repayment, although they may expect to achieve important outcomes as a result of the spending
- **Financing (also called investment)** supplies money now that is repaid over time
 - Examples: buying a house with a mortgage; paying for college with student loans
 - Investors expect a return on their investment
 - Financial investors expect to receive the original sum (principal) plus a return in the form of interest (e.g. bank loans), capital gains (e.g. real estate or stocks) and/or savings/avoided costs (tax credits)
 - Repayment may come from cashflows produced directly by the investment (e.g. rental properties, toll roads) or from other sources (e.g. taxes)
 - Impact investors may trade off some financial return for the promise of social or environmental returns



How Can Community Investment Drive Health?

From “easier” to “harder” investments (from a finance perspective):

- Affordable housing development, rehab, preservation
- Community facilities
- Grocery stores/access to fresh food
- Mixed use, walkable, transit-oriented communities
- Small business development (jobs)
- Infrastructure: transit, green infrastructure for storm water management
- Early childhood interventions
- Investments without obvious cashflows: blight mitigation, parks/green space



Accelerating Investments for Healthy Communities

Initiative Goal: Deepen and accelerate investment by health systems in upstream determinants of health in low-income communities; light the path forward for others by working with pioneers

Participating Institutions:

Bon Secours Health System

Boston Medical Center

Dignity Health

Henry Ford Health System

Kaiser Permanente

Nationwide Children's Hospital

Pro Medica Health System

University of Pittsburgh Medical Center

Framework for Strengthening Community Investment

Shared Priorities

Create a shared vision
specific enough to
shape decisions

+

Pipeline

Generate deals and
projects that add up to the
realization of the
community's strategic
priorities

+

Enabling Environment

Shape the context
that promotes or
impedes the
execution of the
pipeline



You are Not Alone: Community Investment Actors

Priorities

Residents and local businesses

Neighborhood organizations

Local elected officials

City agencies

Advocacy groups

Pipeline

Capital sources

- Banks
- Insurance companies
- Pension funds
- Foundations
- Anchors
- Federal, state, local governments

\$

Intermediaries

- Community Development Financial Institutions (CDFIs)
- Development Finance Agencies (DFAs)
- Banks and credit unions
- Small business intermediaries

Structuring,
Monitoring,
\$

Deal generators/Capital users

- Community Development Corporations (CDCs)
- Affordable housing developers
- Small businesses

Enabling Environment

Set and enforce policies and regulations

- State and local agencies
- Elected officials

Determine and align resource flows

- State and local agencies
- Philanthropy
- Anchor institutions
- Investors
- Intermediaries
- Civic/nonprofit organizations

Establish and sustain platforms for collaboration

- Philanthropy
- Civic leaders

Generate/provide data

- Universities
- Nonprofit organizations
- Government agencies

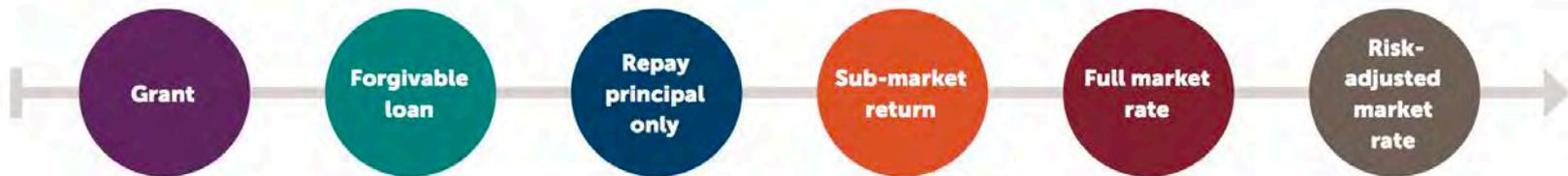
Funding and Financing: What Can Health Systems Do?

Fund important programs or not-for-profit organizations, pay for predevelopment activities, provide gap financing to catalytic projects (no expectation of financial return; use community benefit or foundation grants)

Invest in projects, funds, intermediaries or enterprises (e.g. loans at or below market rate, using endowment, pension fund, capital budget)

Provide credit enhancement to leverage investment by others (take a subordinate position in the capital stack using community benefit or foundation grants for loss reserves, flexible/patient gap filler; use guarantees to reduce risk)

Spectrum of Financial Return



Health Systems in Community Investment: Examples

Fund

- **ProMedica:** food insecurity, hunger
- **Kaiser:** homelessness

Invest

- **Bon Secours:** affordable housing projects
- **Boston Medical:** Healthy Neighborhoods Equity Fund
- **Dignity:** portfolio of CDFIs and developers

Credit Enhance

- **Nationwide Children's:** guarantee/subordinate debt for affordable housing rehab + development
- **Hopkins:** master lease in mixed-use building

Other Assets

Land

Expertise

- Development/project management
- Structuring deals and investments
- Fund-raising
- Policy
- Communications and marketing

Relationships

- Convene stakeholders
- Advocacy and Influence

A Way Forward

1. Define **priorities**: what is the most important problem to tackle now?

Consult/convene: CHNA, community leaders, clinicians, government relations staff, patients and neighbors

2. Assess the **ecosystem**:

- Who are the **partners** with whom we can collaborate?
- What are the **opportunities** for investment?
- What **gaps** in the pipeline or enabling environment might we help to fill?

3. What are the **assets and resources** upon which we can draw?

Community benefit dollars; plan reserves; endowment and pension assets; land; development and fund-raising expertise; relationships and influence

4. What **role(s)** can we play?

Investor, funder, convener, developer, advocate, data provider

5. **START MOVING!** One thing leads to another...

To Learn More:

See the resources on our website at:

www.centerforcommunityinvestment.org

Download our paper at:

www.rwjf.org/content/dam/farm/reports/reports/2017/rwjf435716

Or contact Robin Hacke at:

Rhacke@centerforcommunityinvestment.org

ISSUE BRIEF

Improving Community Health by Strengthening Community Investment

Roles for Hospitals and Health Systems



Robin Hacke, Executive Director, Center for Community Investment
Katie Grace Deane, Assistant Director, Initiative for Responsible Investment
Preface by Donald Schwarz, MD, MPH, MBA, Vice President, Program,
Robert Wood Johnson Foundation

