

## Meeting Community Needs: A HALLMARK OF CATHOLIC HEALTH CARE



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Catholic health care facilities can be viewed as the original community benefit organizations. When the early sisters left Europe, sailed to America, and crossed the country to establish our early hospitals, nursing homes, and places of refuge and hope, they started an American tradition of community service. When early church leaders pulled together the financial and human resources required to respond to the health and human service needs of our country's emerging communities, they embodied the spirit of philanthropy and voluntarism that has characterized the American experience.

Responsiveness to community needs has been a hallmark of Catholic health care for nearly three centuries. It is no surprise, then, that the Catholic health care ministry has spearheaded advances in health care community benefits.

### MODERN HISTORY

In the late 1980s, the community benefit tradition of Catholic and other not-for-profit health care organizations was challenged on many fronts. Congress held hearings on the growth of unrelated business then being conducted by the nonprofit sector. Members of Congress asked if nonprofit health care still deserved tax exemption, and a *Harvard Business Review* article claimed nonprofit hospitals were no more charitable than for-profits.<sup>1</sup>

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While these challenges to our charitable nature were of concern to leaders in Catholic health care, another factor was even more worrisome: the advent of Medicare's prospective payment system (PPS), designed to stem the growth of federal health care spending. If hospitals were no longer to be paid the cost of providing services, they would have to find ways to be more efficient. Some feared that, in the name of efficiency, valuable community benefit programs could be in jeopardy as hospitals tried to adjust to financial pressures.

To address that concern, the CHA Board of Trustees decided that Catholic health care organizations needed tools to help them plan and budget prospectively for community benefit and to tell their community benefit story to policy-makers and others.

To lay the groundwork, CHA in 1987 conducted a survey of members about their community benefits. The result was eye-opening: There was considerable discrepancy between what was, and was not, counted as "community benefit." Throughout the ministry a wide range of services were being provided that responded to the needs of persons living in poverty and to other community health needs. Although these services did not involve substantial financial outlays—they were relatively small in comparison to charity care, which was the most prominent community benefit provided—they represented genuine responsiveness to community need in the best tradition of Catholic health care. Community benefit, it was concluded, was much more than charity care.

The next step was to identify categories of community benefit and to uncover the policies and practices that were yielding successful community benefit programs. Catholic systems and facilities shared how they tracked community benefits and provided examples of their community need assessments; policies for working with staff physicians; ways of tracking needs, services and results; and other strategies for their community benefit programs. These policies and prac-



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## YESTERDAY, TODAY, AND TOMORROW

tices formed the basis of a groundbreaking document, the *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint*.<sup>2</sup>

CHA's *Social Accountability Budget* became widely used by not-for-profit hospitals both within and outside Catholic health care. Shortly after its publication, CHA, with the American Association of Homes and Services for the Aging, developed a version of the book for long-term care facilities and housing programs. A few years later, CHA worked with VHA, Inc., and Lyon Software to develop a software program for tracking community benefit in the *Community Benefit Inventory for Social Accountability* (CBISA).<sup>3</sup>

In the early 1990s, challenges to the tax exemption of health care organizations were again the subject of congressional hearings. In response, CHA organized a task force on tax exemption to reinforce the community benefit and charitable nature of Catholic health care. The task force recommended that all CHA members implement a set of community benefit standards of practice and urged them to work with others in their community to plan and carry out community benefit programs.<sup>4</sup>

As the decade progressed, the most significant development in health care was the prospect of health care reform. President Bill Clinton's proposal for reforming the health care system and ensuring that all persons had access to health care was embraced by the Catholic health ministry. (In fact, CHA significantly influenced the proposal's development.) However, the reform proposal also raised an important question: If all persons have access to health care, what does it mean to be a tax-exempt community benefit health care provider?

Once again, the ministry took a leadership role in explaining that, although charity care was *one* important way not-for-profit health care responded to the needs of the poor and uninsured, community benefit meant much more than care for uninsured persons. It also meant responding to

current and changing community needs. CHA worked with the Clinton administration's health reform task force, the Internal Revenue Service, and congressional committees to draft provisions in the reform bill that described requirements for tax-exempt health care organizations, with a focus on planning and reporting community benefits.

### A COMMUNITY BENEFIT COLUMN

Today, once again, the Catholic health ministry and other nonprofit health care providers are facing questions as to whether they are being true to their charitable mission. This time, our ministry can respond with confidence that the community benefit tradition of our organizations is thriving.

To focus on the contributions of the Catholic health care ministry to our communities and to explore how Catholic health care leaders can work collaboratively to promote well developed community benefit programs, we initiate with this issue of *Health Progress* a new column, "Community Benefit: Continuing the Tradition." The inaugural column by John F. Finan, Jr., CHA's vice chairperson and the chairperson of the Community Benefit Task Force, follows with information on current community benefit initiatives. ■

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### NOTES

1. R. E. Herzlinger and W. S. Krasker, "Who Profits from Nonprofits?" *Harvard Business Review*, January-February 1987, pp. 93-106.
2. Catholic Health Association, *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint*, St. Louis, 1989.
3. Lyon Software, *Community Benefit for Social Accountability*, Sylvania, OH, 1995.
4. Catholic Health Association, *Standards for Community Benefit*, approved by the CHA Board of Trustees, April 30, 1992.