GOING ALL-IN

Why Embracing an Anchor Mission Is How Health Systems Benefit Their Communities

By DAVID ZUCKERMAN

"Bon Secours Richmond Community Hospital is a vital health care partner, but its value to the community is so much more. It has become a secure, engaged institution in the neighborhood and an advocate for justice and social transformation," said Toni R. Ardabell, CEO of Bon Secours Richmond Health System.

In Richmond, Virginia's East End neighborhood, Bon Secours, along with the city of Richmond and the Richmond Redevelopment and Housing Authority, sponsored a charrette master-planning process in 2010 to establish a long-term plan for community transformation. By listening and engaging with local residents, a vision emerged. The hospital worked alongside other community organizations and the local government to provide grants to local entrepreneurs, support affordable housing, increase access to locally grown fresh food, advocate for a full-service grocery store and assist community partners with expanding youth and child development services.

At the national level, Bon Secours Health System invests a portion of its unrestricted assets in community development financial institutions and redirects procurement dollars toward small, local and diverse vendors. All of this is in addition to the traditional health care services and clinics it provides and operates.

In all of these areas, Bon Secours steps outside of its own walls, recognizing that health and wellness are created in the community and driven by an equitable and inclusive local economy that is robust and resilient. Bon Secours is not alone. Visionary health care leaders across the nation are asking, "How can we be more strategic about leveraging *all* of our assets to achieve our mission?" Nationally, there is a growing movement to align the full portfolio of nonclinical operations — from supply chain to human resources to investment — toward creating local economic impact and, ultimately, better health outcomes. At The Democracy Collaborative, we call this achieving an "anchor mission."

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The Democracy Collaborative, an independent nonprofit organization based in Washington, D.C. and Cleveland, Ohio, promotes strategies for community wealth-building to address concentrated poverty and growing wealth inequality. The collaborative documented this evolution in health care in a recent paper called *Can Hospitals Heal America's Communities?* co-authored by Tyler Norris, vice president of total health partnerships at Kaiser Permanente in Oakland, California, and Ted Howard, president and co-founder of the Democracy Collaborative.

Traditionally, health care institutions provided quality health care and produced research and grant-making or charitable services. As hospitals and integrated health systems increasingly prioritize improving community health, they are recognizing that everyday internal operations can be aligned for a higher external impact. Through this approach, health systems, which are increasingly the largest employers and purchasers in their communities, can leverage existing financial flows for local benefit and expand the set of

resources and tools that institutions have available to carry out their mission. They can help address social and economic conditions that underlie poor health outcomes, lower life expectancies and higher health care costs and overtime, and reduce utilization of unnecessary and costly services.

The economic impact of hospitals and health systems is significant. They purchase $340 billion in goods and services annually, have investment portfolios estimated at $500 billion and employ more than 5 million people. Currently, few of these procurement dollars, employment opportunities and investment dollars reach lower-income communities of color that many of these institutions serve.

Given the importance of social and economic factors on health and well-being, simply elevating the role of community benefit while keeping it removed from influencing the business side of the health system is insufficient to the task of creating a healthier community. Instead, health care leaders — trustees, top management, leading physicians and internal champions—must ask how to embed the philosophy of community benefit throughout the organization's business practices, including hiring, purchasing and investing, so that all of its activities are fully aligned to achieve its mission.

To support those institutions embracing this challenge, and with support from the Robert Wood Johnson Foundation, the Democracy Collaborative will make toolkits widely available in fall 2016 to help hospitals and health systems integrate community health principles into three distinct business functions: local and diverse sourcing; community investment (primarily within investment portfolios); and local hiring and workforce development.

Catholic health care systems, in particular, always have been leaders in leveraging their investment portfolios (some that exceed several billion dollars) as a tool for community health improvement in their service areas. These dollars often are invested as low-interest loans to either nonprofits or financial intermediaries that support community development.

For instance, Dignity Health, based in San Francisco, has a $100 million loan pool for low-interest loans that represents a little more than 1 percent of its investment portfolio. Pablo Bravo Vial, Dignity Health's vice president of community health, noted that during the Great Recession, the loan fund outperformed the overall investment portfolio. The loan pool is invested in many areas, including affordable housing, expansion of federally qualified health care centers and community development financial institutions. This type of investment strategy not only benefits the community but represents a sound business practice by creating a more diversified and resilient investment portfolio.

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Several other Catholic health care systems, such as Maryland-based Bon Secours and Michigan-based Trinity Health, do not provide direct loans but invest a portion of their dollars in community development financial institutions, which are financial intermediaries that support community development work in the United States. In turn, those institutions use health care investments to help fund grocery stores in low-income communities, charter schools, federally qualified health care centers, affordable housing and small businesses.

University Hospitals in Cleveland, Ohio, offers another model for how a health care institution can begin, step-by-step, to re-orient its business model in the areas of purchasing and hiring. Since 2005 when it adopted its *Vision 2010* initiative — a comprehensive effort to localize more than $1 billion in new procurement and construction over a five-year period — University Hospitals has adopted a range of innovative purchasing, workforce and investment strategies to utilize its economic power to transform some of Cleveland's lowest income neighborhoods.

Through new procurement policies, University Hospitals has lured established medical suppliers like Owens & Minor Inc. back into the core city, which has resulted in new local jobs for residents of low-income neighborhoods without increasing

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costs. University Hospitals also has redirected portions of its laundry contract to help anchor the environmentally friendly and employee-owned startup, Evergreen Cooperative Laundry. Working in partnership with a community-based organization and local workforce intermediary, the hospital's human resource department is creating a targeting employment strategy for front-line positions while providing a jobs pipeline called "Step Up to UH" for surrounding low-income neighborhoods.

Slowly, these common-sense practices are leading to additional institutional commitment, and we are seeing more health systems not just adopt one or two of these practices, but begin to integrate all of them. To assist with tracking these investments, the Democracy Collaborative created the Anchor Dashboard, a scorecard by which hospitals can measure their impact. Developed through extensive research and in-depth interviews conducted with more than 75 leaders of anchor institutions, national nonprofit organizations, federal agencies and community organizations, the Anchor Dashboard identifies indicators that can be tracked by an anchor institution of its own operations and the surrounding communities in 12 critical areas such as economic development, community building and education in which anchor institutions can play an effective role.

If a healthy, thriving and resilient community is the ultimate objective, health systems must recognize that embracing an anchor mission is the only way forward. In this era of shrinking resources, the old way of thinking has been "we already do all we can" and "no margin, no mission." Instead, the thought process must be the opposite: only through strategic investment will we create the conditions for thriving communities. Resources are too precious and dollars are too scarce for institutions not to maximize their value for improving health and well-being. The shift that needs to occur is from reactive charity to proactive inclusion.

Just as Catholic institutions have led with a more holistic approach to community benefit over the last 25 years, they can again lead with a holistic approach to health care that values the community and its health broadly and deploys all of the resources of the institution with maximum intention.

In July 2015, Pope Francis spoke passionately about the need for a new approach to addressing issues of poverty, advising, "It is not enough to let a few drops fall whenever the poor shake a cup which never runs over by itself. Welfare programs geared to certain emergencies can only be considered temporary responses. They will never be able to replace true inclusion, an inclusion which provides worthy, free, creative, participatory and solidary work."

Pope Francis is calling us to think beyond charity and consider an economic model that, by its design, produces better economic, social and health outcomes. Given its outsized role in our national and local economies, health care must play a role in that process; it must become, as Ardabell echoed, a "fully engaged partner, an advocate for justice and a voice for social transformation." In our work, we see that this new leadership role is not only possible, it is already present and growing strong. Through a commitment to consciously apply the place-based economic power of the institution — in combination with its human and intellectual resources — to better the long-term welfare of the community in which the institution is based, health care can realize its anchor mission.

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