

Hospitals Building Healthier Communities

Embracing the Anchor Mission

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with contributions from Holly Jo Sparks, Steve Dubb, and Ted Howard

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REPORT SUMMARY

The economic model that centered local economies on large corporations employing blue-collar workers is increasingly hard to find. In Detroit, for example, the “Big Three” are no longer Ford, General Motors, and Chrysler. Today, its three largest private employers are instead Henry Ford Health System, Detroit Medical Center, and Wayne State University. A massive shift is taking place across the nation: non-profit universities and hospitals have increasingly become the economic engines of their communities. Often referred to as “anchor” institutions, these nonprofits, once established, rarely move location, unlike today’s highly mobile corporations. Regardless of the prevailing economic winds, their mission, invested capital, and customer relationships bind anchors to their communities.

As a group, hospitals have the greatest economic impact of any nongovernmental anchor institution in the United States. They employ more than 5.4 million and spend more than \$340 billion a year on goods and services. Not-for-profit hospitals alone generate over \$650 billion in revenue. Consequently, hospitals are well situated to lead community revitalization strategies by embracing their “anchor institution mission.” Such a strategy: 1) aligns with a hospital’s commitment to promote health, 2) generates economic returns to both the community and institution, 3) helps satisfy its community benefit requirements to the federal government, and 4) provides an opportunity for a hospital to justify its tax exemption and support local governments.

Some hospitals have increased their efforts at community engagement and development, recognizing the importance of environmental hazards, poverty, unemployment,

and other social factors in determining health outcomes. This work summarizes some of the strategies available to hospitals, and highlights best practices in sustainability, minority- and women-owned business purchasing, housing development, capacity building, local hiring, community investment, and multi-institution partnerships.

CASE STUDIES

The report features five case studies. Mayo Clinic in Rochester, Minnesota, increasingly procures from local and diverse suppliers in the area to stimulate the local economy, and served as the principal funder for First Homes, a community land trust that has to date developed 875 units of affordable housing.

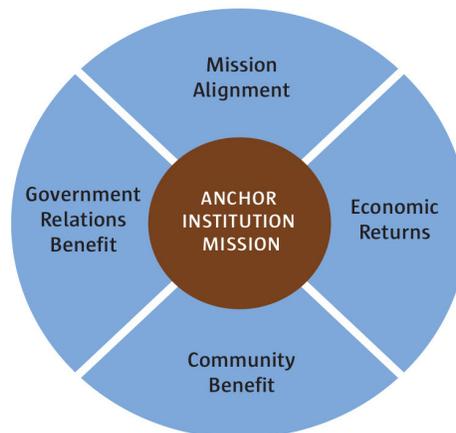
Gundersen Lutheran Health System in La Crosse, Wisconsin, established an aggressive program to achieve leadership in the areas of energy conservation and renewable energy, waste management, recycling, and sustainable design. Gundersen has also set local food-purchasing goals, developed local alternative en-

ergy sources, established a multi-stakeholder food cooperative, and rehabilitated old buildings into affordable housing.

Bon Secours Health System in Baltimore, Maryland, has adopted an approach to community and economic development since the 1990s that focuses on neighborhood revitalization through creating green spaces and rehabilitating housing, providing family and women’s services, offering youth employment and workforce development, and expanding financial services to underserved populations.

Henry Ford Health System in Detroit, Michigan, has partnered with Detroit Medical Center and Wayne State

EMBRACING AN ANCHOR INSTITUTION MISSION



University to encourage employees to live and invest in Midtown Detroit. Additionally, it helped found a local business incubator at Wayne State, set active goals to procure from local and diverse suppliers, and used its purchasing power to persuade suppliers to relocate to Detroit.

Finally, in Cleveland, Ohio, University Hospitals System and Cleveland Clinic Health System, less than two miles apart, have collaborated with the Cleveland Foundation and Case Western Reserve University to transform the city's Greater University Circle. This joint initiative expands transportation, education, and employment for the surrounding low-income neighborhoods.

RECOMMENDATIONS

Drawing from the case studies and promising practices, our recommendations provide a starting point for improving community health and building community wealth in struggling neighborhoods:

HOSPITAL

- Secure buy-in from senior-level executives.
- Detail goals and commitments in a long-term strategic plan.
- Establish independent officer positions for anchor-related objectives.
- Foster organizational culture change at all levels, including doctors, nurses, researchers, and other employees.
- Develop indicators and metrics for engagement.
- Focus on specific projects; embrace flexibility and patience.
- Understand the importance of community engagement and building community capacity as long-term investments.
- Engage community and local political partners, as well as other anchor institutions.
- Reassess institution policies regarding charity care, Medicaid patients, and bill collections.
- Leverage existing federal and state resources for place-based economic development.

PHILANTHROPY

- Convene anchor institutions and forge partnerships.
- Increase dialogue regarding the importance of hospitals as anchors.
- Encourage an anchor framework through specific initiatives.
- Provide important seed, predevelopment, and matching funds.
- Recognize the unique position of health conversion foundations.

POLICY

- Evaluate and publish collected data for Schedule H, along with best practice examples.
- Create an award to recognize leading hospital-community partnerships.
- Require state community benefit reporting requirements that at a minimum align with federal requirements.
- Establish City or County liaison offices to identify possible partnerships and coordinate efforts with local economic development.

There is no denying a hospital's impact in its community. In recent years, the question raised has been whether that impact is as beneficial as it should be, especially in low-income neighborhoods. Today, through new community benefit requirements, not-for-profit hospitals are being asked to demonstrate—in a more transparent and standardized process than ever before—how they differ from their for-profit counterparts. For hospitals that choose to embrace an anchor institution mission, the answer to that question is clear: to fully achieve their stated mission of promoting a community's physical and mental health, hospitals must also improve the community's social and economic health.

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