

BECOMING BETTER NEIGHBORS

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A System in Transition: The non-profit hospital as an anchor institution

Hospitals are significant components of the built environment in American cities yet they are urban spaces for which the institutional planning process often remains obscure and poorly integrated into broader city plans. The real estate assets of health care systems and the taxation policy applied on these assets represent critical urban issues that are linked to the opportunities described in theories on the "right to the city." In the wake of major regulatory transformation in the United States, hospitals are shifting how they are positioned in communities, establishing themselves as true anchor institutions with a long-term stake in cities and executing community benefit programs with neighboring stakeholders. This research focuses on three institutional case studies to understand the various ways urban non-profit hospitals and local stakeholders work together towards civic goals. Interviews with hospital administrators and local community members explore different perspectives on their engagement experiences and help map local program activities, planning timelines, governance authorities, and accountability mechanisms. Stakeholders' planning documents, media reports, tax records, demographic data, and 17 interviews demonstrate where efforts overlap. The research highlights significant resource mobilization across the neighborhoods in which these institutions are located. Findings provide insight on three different models of hospital anchor relationships as well as implementation lessons for professionals working at the evolving intersection of health and urban planning.

Methodology: Comparative case study approach

This research provides a summary of the factors affecting engagement around three anchor institutions: Henry Ford Health System in Detroit (MI), Bon Secours Health System in Baltimore (MD), and Stamford Hospital in Stamford (CT). A case study approach deconstructs the implementation of earmarked community benefits funding and other ways that non-profit hospitals are using internal resources towards place-based initiatives in their immediate surroundings, with varying degrees of outside stakeholder input. The research highlights the strategies behind the different partnership arrangements that non-profit hospitals create with local stakeholders by asking the following questions:

- 1 What are the various ways in which urban non-profit hospitals engage with local stakeholders (e.g., city agencies, community groups, private stakeholders, etc.)?
- 2 What factors influence this process (internal or external to hospitals)?



Henry Ford Hospital in Detroit, Henry Ford Health System (Ramsey, 2016)

Exploring the processes of engagement between non-profit hospitals, local communities & American cities

Sites



17 interviews & participant observation / 3 years of tax data / Community Health Needs Assessments / Agreements & MOUs with local stakeholders

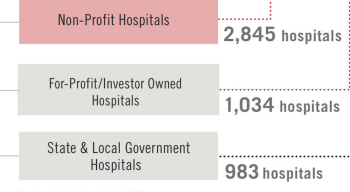
"Case" as an emerging "stakeholder ecology"



Non-profit hospitals are exempt from federal income tax, state tax, & property tax
 The Congressional Budget Office estimated that non-profit hospitals' exemption from federal, state, and local tax amounted to \$12.6 billion in 2002

Congressional Budget Office (CBO), Nonprofit hospitals and the provision of community benefits, Pub. No. 2707, Washington DC: The Congress of the United States.

- Community Hospitals
- Federal Government Hospitals
- Non-federal Psychiatric Hospitals
- Non-federal Long-Term Care Hospitals



American Hospital Association, 2017

"...having lived so much of its previous history on the periphery, however, the tax-exempt hospital sector is, for the most part, a virtual black box."

Camic Tahk, S. (2014). Tax-Exempt Hospitals and Their Communities. *Columbia Journal of Tax Law*, 6(33).

2017
 Second round of Community Health Needs Assessments completed by the non-profit hospital sector in 2016/2017. Future of the Affordable Care Act debated by Senate.

2012
 "Community building activities" added to the definition of community benefits. These activities may include affordable housing, economic development, downtown revitalization, workforce development, environmental improvements that address the social determinants of health.

2010
 Passage of the Patient Protection and Affordable Care Act (ACA): non-profit hospitals required to complete a "Community Health Needs Assessment" once every 3 years.

2008
 Congress mandates the reporting of community benefit activities to the IRS by non-profit hospitals in the Schedule H tax form. No quantitative threshold for community benefits established.

1980-1990s
 Significant period for the formation of large-scale health systems.

1969
 IRS ruling Revenue Ruling 69-545: federal government establishes standard for non-profit hospital tax exemption based on the extent to which these hospitals provide "community benefits" to the communities they serve.

1 Avenues of Engagement

Bon Secours Hospital | Baltimore, Maryland

Flagship hospital of the 9-hospital Bon Secours Health System (national, Catholic system)

MODEL 1 Coalition-building for integrated care



DEMONSTRATED AREAS OF COMMUNITY BUILDING
 Vacant lot conversion & rehab, capacity building, development and rehab of affordable & supportive housing since 1988 (ongoing)
 Community Health Needs Assessments completed in 2012 and 2016

LOCAL RELATIONSHIPS STUDIED
 Franklin Square Community Association
 Enterprise Community Partners Southwest Partnership (seven neighborhoods & institutional partners)
 Mayor's Office of Economic & Neighborhood Development, Anchor Institution Initiative



\$4.54M IN COMMUNITY BUILDING IN 2012
 \$22.8M TOTAL COMMUNITY BENEFITS IN 2013

Henry Ford Hospital | Detroit, Michigan

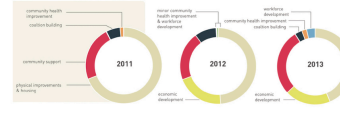
Flagship hospital of the 8-hospital Henry Ford Health System: regional system in south east Michigan

MODEL 2 Compartmentalized neighborhood planning & redevelopment



DEMONSTRATED AREAS OF COMMUNITY BUILDING
 Transportation and facade improvements; property rehabilitation; capacity development with local vendors; affordable and assisted housing development
 Community Health Needs Assessments completed in 2013 and 2016

LOCAL RELATIONSHIPS STUDIED
 Henry Ford Health System: Business Integrity, Accreditation & Community Benefit Unit
 Neighborhood & Redevelopment Unit
 Midtown Detroit Inc.
 West Grand Boulevard Collaborative
 City of Detroit, Planning & Development Department



\$2.98M IN COMMUNITY BUILDING IN 2013
 \$639M TOTAL COMMUNITY BENEFITS IN 2013

Stamford Hospital | Stamford, Connecticut

Stand-alone community hospital; affiliate of the New York Presbyterian Health Care System

MODEL 3 Community Collaborative & a "Health & Wellness District"



DEMONSTRATED AREAS OF COMMUNITY BUILDING
 Affordable and supportive housing development; creation of a wellness district; neighborhood revitalization
 Community Health Needs Assessments completed in 2013 and 2016

LOCAL RELATIONSHIPS STUDIED
 The Vita Health & Wellness District Community Collaborative represents a network of 12 affiliated agencies or member organizations including: Stamford Hospital, Charter Oak Communities, Inc. (formerly the Stamford Housing Authority), City of Stamford, Fargate Farm (community farm), Childcare Learning Centers (child care provider), Neighbors Link Stamford (immigration settlement services), Bova & Girls Club



\$272,108 IN COMMUNITY BUILDING IN 2013
 \$113M TOTAL COMMUNITY BENEFITS IN 2013

2 Factors that affect engagement

PARTNERSHIP ORIGINS
 Both hospitals and partners drive relationship-building

- Mission alignment and point of contact at leadership and managerial levels are critical
- Relationships are driven by policy frameworks, substantive expertise, or opportunities to pool/share resources
- Housing is a common interest among stakeholders



Stamford Hospital, Public Affairs Counsel + Executive Director, Charter Oak Communities (formerly the Stamford Housing Authority)

PLAN-MAKING + AGREEMENT STRUCTURES
 Plans and agreements are more contextualized and place-based when generated at the level of the hospital (vs. the health system)

- The Community Health Needs Assessment methodology and the level of detail provided vary across hospitals
- External collaboration with public health stakeholders may strengthen Community Health Needs Assessments as an actionable tool & reduce duplication where service areas / data collection activities overlap

PARTNERSHIP MANAGEMENT
 Hospitals are generally in a position of power when they engage with stakeholders

- There is a clear role for local government in support of equitable anchor institution strategies
- Partnerships built around aligned community goals (vs. singular projects) position partners to respond more effectively to crises and emerging issues

ACCOUNTABILITY MECHANISMS
 The challenge of measurement: it is harder to measure the impact of preventative and/or community initiatives that target the social determinants of health (vs. charitable health care)

- The current IRS documentation of community benefits spending by non-profit hospitals is ineffective for community reporting and communication
- Hospitals provide limited rationale (publicly) for the amount of community benefits spending and the categories of spending



New York Presbyterian Health System

Conclusions

- 1 Non-profit hospitals are becoming increasingly involved in urban development through mandatory & voluntary efforts
- 2 There is a lack of public information on health system decision-making & community benefit program impacts
- 3 There are varying degrees of "partnership readiness" & coordination capacity among stakeholders

