Hospitals’ Community Benefit in the Context of the larger Public Health System

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Context

• Achieving meaningful population health improvements has become a priority for many healthcare and public health organizations, yet funding to sustain multi-sector initiatives is frequently not available.

• One potential source of funding for population health initiatives is the community benefit spending that is required of nonprofit hospitals to maintain their tax-exempt status.

•This study explores the importance of hospitals’ community benefit dollars as a funding source for population health.

Methods

• Data for this study came from hospitals’ 2009 tax filings (IRS Form 990 Schedule H), the American Hospital Directory, the 2013 NACCHO Profile Study, and the 2014 ASTHO Profile of State Public Health.

• Key measures for this study included:

1. Hospitals’ community benefit spending:
   - Community health improvement (CHI)
   - Community building activities (CBA)
2. Governmental public health spending:
   - Spending by state health departments (SHD)
   - Spending by local health departments (LHD)

• All indicators were expressed in terms of state-level dollars per capita.

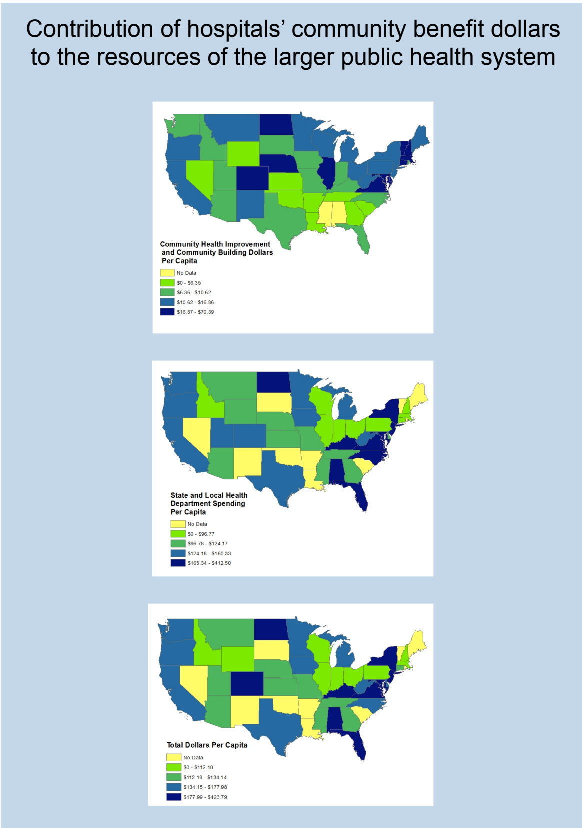
• Analyses conducted included univariate and bivariate statistics including correlations and Gini coefficients.

Results Part 1

• Across the US, nonprofit hospitals spent an average of $13 per capita on population health activities. State and local health departments spent an average of $110 and $50 per capita, respectively. Spending by both hospitals and state and local health departments varied widely.

• Hospitals’ spending contributed an additional 8 percent to governmental financial resources for population health activities, with further increases expected as the ACA takes full effect.

Contribution of hospitals’ community benefit dollars to the resources of the larger public health system



Results Part 2

•CHI and CBA spending varied widely among hospitals and was unrelated to state and local health department spending.

	LHD spending	SHD spending	Combined LHD/ SHD spending
CHI spending	0.22 (0.20)	-0.032 (0.85)	0.075 (0.65)
CBA spending	0.19 (0.26)	-0.034 (0.84)	0.060 (0.72)
Combined CHI/CBA	0.23 (0.16)	-0.038 (0.82)	0.077 (0.65)

• Adding hospitals’ community benefit dollars to the financial resources available to governmental public health agencies did not reduce existing inequalities in population health spending across states.

Spending indicator	Gini coefficient
Hospital CHI spending	0.31
Hospital CBA spending	0.62
Combined CHI and CBA spending	**0.36**
LHD spending	0.31
SHD spending	0.26
Combined LHD and SHD spending	**0.22**
Combined hospital, LHD, and SHD spending	**0.21**

Implications for Policy and Practice

• Hospitals’ population health initiatives play an important role in funding the larger public health system, yet inequalities in the availability of resource for this purpose remain across states.

• It remains to be seen whether changes in hospitals’ community benefit spending under the ACA can help reduce inequalities in population health spending.