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Investing in Social Determinants of Health: Roles for Health Institutions

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Improving Community Health by Strengthening Community Investment

Roles for Hospitals and Health Systems

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INITIATIVE FOR RESPONSIBLE INVESTMENT

Robert Wood Johnson Foundation

Session Goals

- Consider how communities can strengthen their capacity to invest in upstream determinants of health
- Inspire hospitals with examples from peer institutions
- Equip community leaders to consider how they might best involve their local hospitals in the investment ecosystem

Industry Context

- Evidence mounting on importance of social determinants of health
- Experimentation by CMMI, states (CA, MA, VT, OR, MD but also SC), plans and providers with new models for payment and care
- Considerable uncertainty—legislative and regulatory framework in play at federal and state levels
- Horizontal and vertical industry consolidation and integration underway
- Small percentage of patients account for disproportionate share of costs (5%/50%; 10%/70%), leading to a focus on reducing costs for these patients
- Growing trend of self-insured employers

THE CHALLENGE … AND CURRENT RESPONSE

LOW-INCOME PEOPLE OF COLOR FACE:

NARROWING OPPORTUNITIES

- Low-wage jobs
- Long commutes
- Poor health
- Housing costs

&

DISINVESTED, OVERBURDENED, VULNERABLE PLACES

Structural racism, conventional markets create **zones of disinvestment** (poor infrastructure, toxic overload)

Legacy of discrimination, perceived risk inhibit capital flows into these communities

CURRENT COMMUNITY INVESTMENT OUTMATCHED

Income inequality, **health disparities**, **climate change** requires **systemic change**, not financial gap filling

Existing mechanisms are creative but **underpowered** and **siloed**; focus on **transactions**, not systems; **reach some** places and not others; **fail to engage** the full range of relevant actors

Approaches to Reducing Costs and Improving Health Outcomes: Where are You Focused?

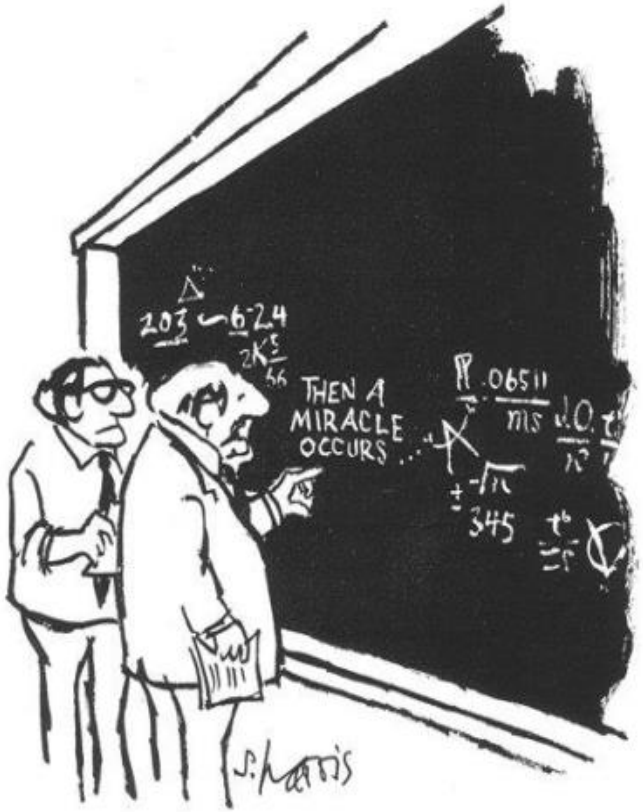
	Clinical (health care)	Nonclinical (health/wellness)
Community (total population)	**3** **Expand access to health care** *Example:* Shift from in-patient to community-based services	**6** **Create opportunity** *Examples*: jobs, public transport, education **Improve conditions** *Examples*: air pollution, complete streets, green space **Change policies** *Examples*: housing, food security
High risk; likely to become patients	**2** **Emphasize outreach; prevention, early detection** *Examples*: mobile mammogram screening vans, visiting nurses	**5** **Targeted nonclinical prevention actions** *Examples*: lead or mold remediation, housing, workplace anti-obesity programs
Patients	**1** **Reorganize care delivery** *Examples*: medical homes, health IT, care coordination, patient-centered care, cultural competence	**4** **Integrate social services** *Examples*: provide referrals or transit passes, write prescriptions for fresh food

How Can Investment Drive Community Health?

From “easier” to “harder” investments:

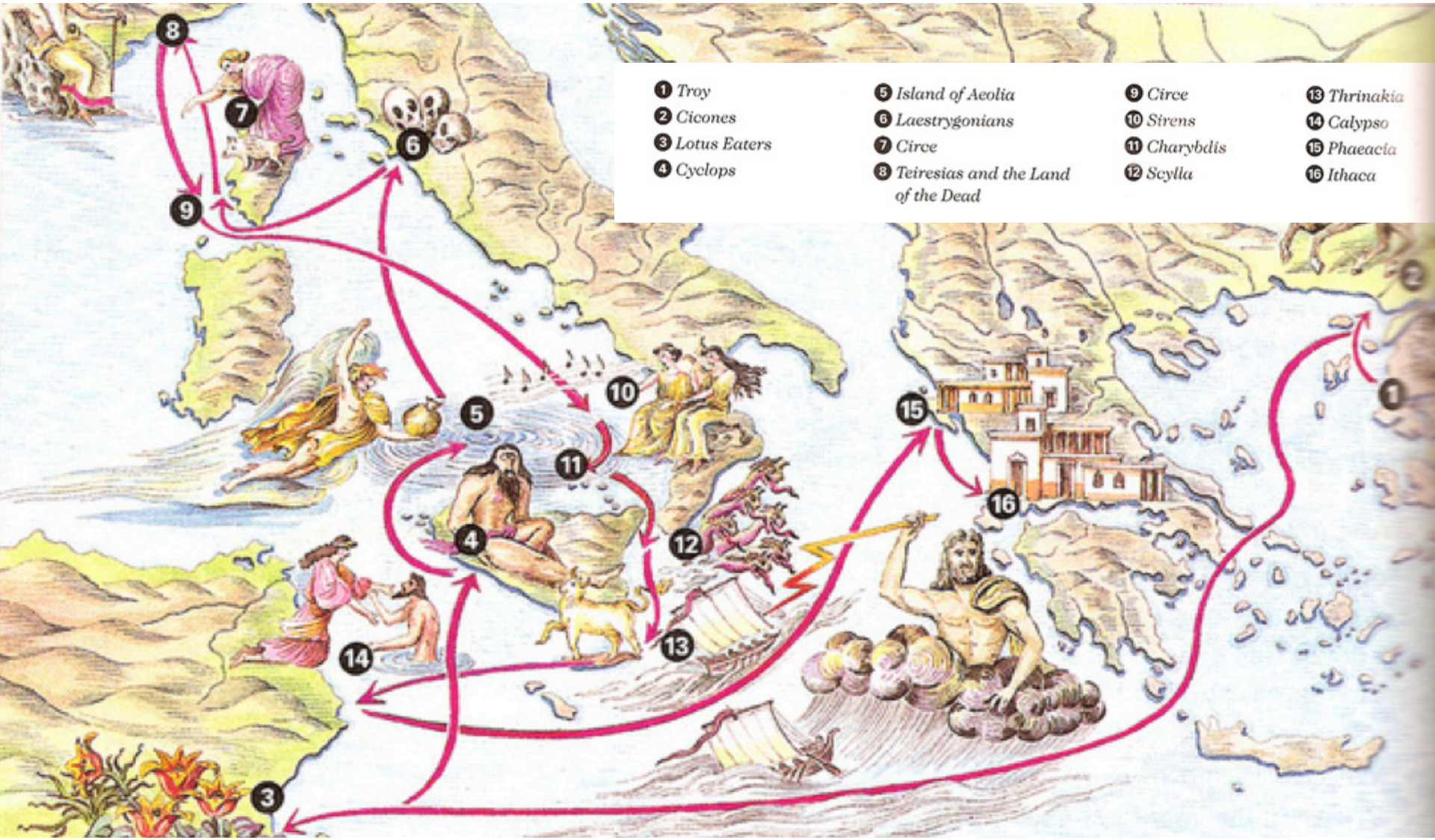
- Affordable housing development, rehab, preservation
- Community facilities
- Grocery stores/access to fresh food
- Mixed use, walkable, transit-oriented communities
- Small business development (jobs)
- Infrastructure: transit, green infrastructure for storm water management
- Early childhood interventions
- Investments without obvious cashflows: blight mitigation, parks/green space

What does it take for a city or region to attract and deploy capital to improve upstream determinants of health?

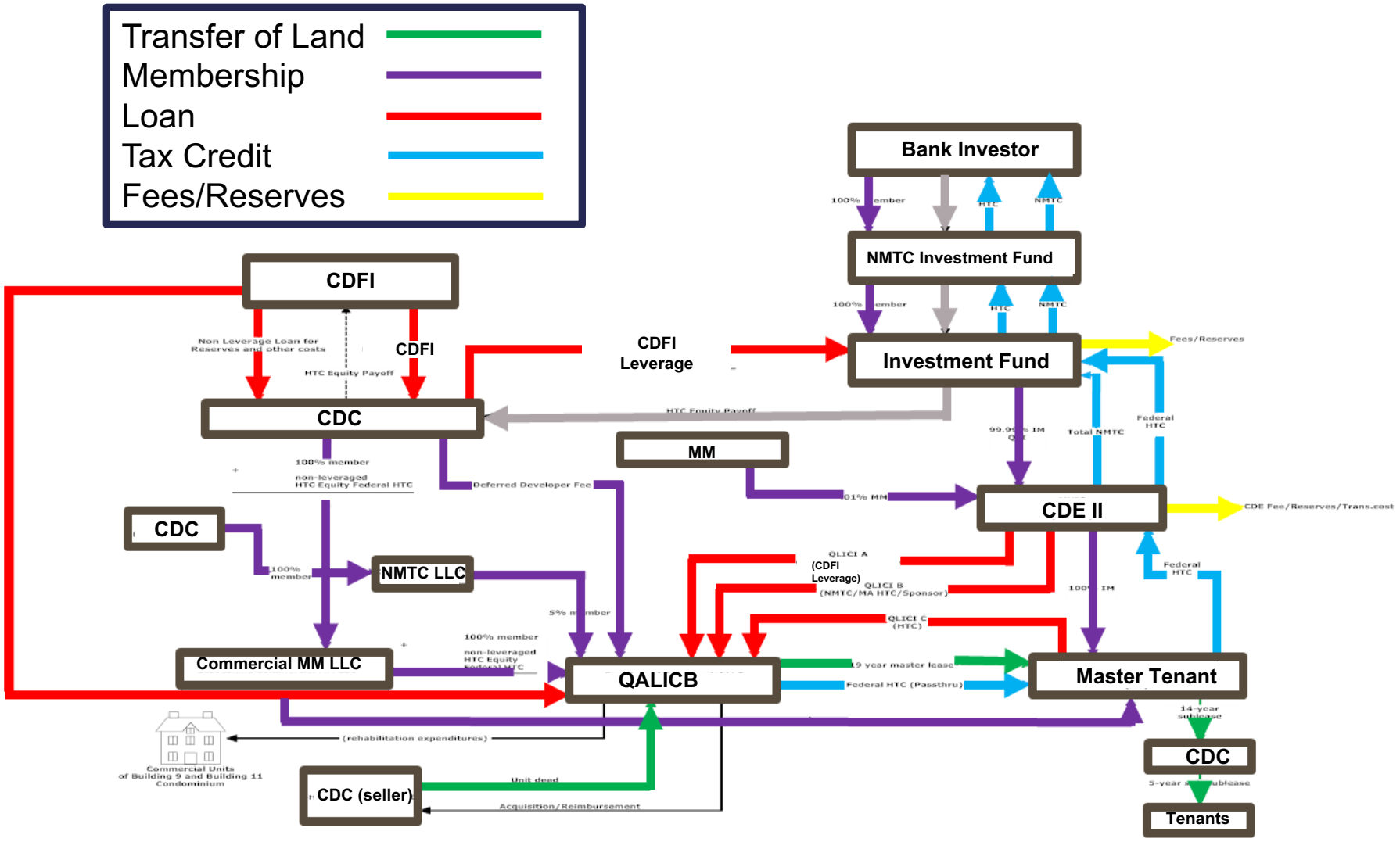


"I THINK YOU SHOULD BE MORE EXPLICIT HERE IN STEP TWO."

Community Investment as a Heroic Quest



Community Investment: Making Money Flow Uphill



Three functions of an effective community investment system

Strategic Priorities

Create a shared vision specific enough to shape decisions

Pipeline

Generate deals and projects that add up to the realization of the community's strategic priorities

Enabling Environment

Shape the context that promotes or impedes the execution of the pipeline

Motivations for Investing Upstream in Community Health

- **Mission:** Foster healthier communities
- **Strategy:** Gain experience with strategies that reduce costs and improve outcomes as preparation for payment shifts from volume to value ("skate where the puck is going")
- **Institutional self-interest:** Ensure that reputation and relationships with the community and the public sector position the institution to gain needed approvals, etc. (goodwill)
- **Competitiveness:** Improve vibrancy of the surrounding community in order to strengthen the institution's ability to attract and retain patients and staff
- **Finances:** Generate positive ROI
- **Compliance:** Avoid penalties, e.g. for readmissions

Prompts for Action: What Drives Institutions Upstream?

- Politics
  - Political sea change (new mayor, ballot initiative)
  - Threat of PILOT
  - Regulation (e.g. MA requirement to invest 5% of facility cost in community health)
  - Plan for new facility, nearby development or major infrastructure
- Unfortunate event
  - Murder in the parking lot
  - Difficulty attracting/retaining patients, star staff
- Board pressure
- Condition of contract negotiation

What Assets Can Health Institutions Bring to Bear?

- Financial resources
  - Endowment assets
  - Capital and operating funds
  - Grants (community benefit or foundation dollars)
  - Guarantee capacity
- Land/facilities
- Data
- Staff expertise
  - Development/project management
  - Financial deal structuring and investment
  - Fund-raising
- Reputation/influence
  - Convening power
  - Advocacy

Business Case for Investment in Upstream SDOH

Institution Type	Institutional Outcomes	Financial Outcomes (ROI)	Mission/Health Outcomes
Plan	• Build organizational competence as market shifts away from fee for service • Gain market share	• Capture long-term cost savings resulting from better health • Capture cost savings resulting from lower cost of care (e.g. avoid nursing homes, ED visits)	Covered people: • are healthier • have fewer avoidable chronic illnesses • have fewer acute care needs
Provider	• Relationships • Reputation • Ability to receive Certificates of Need, zoning variances • Market share • Attractiveness to payers • Competitiveness for patients and staff	• Revenues/payments • Unreimbursed care • Penalties • Costs of turnover, safety, vandalism • Profitability • Utilization measures • Endowment growth • Land value • Interest costs/payments	• Avoidable admissions • Avoidable ED visits • Readmissions within 30 days

Roles for Health Institutions

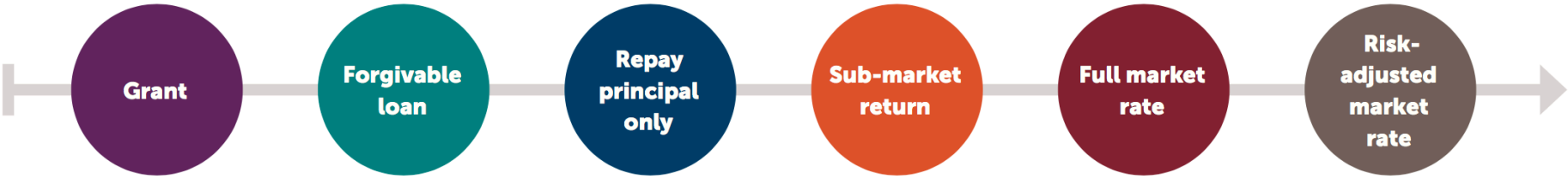
1. Invest
2. Boost market demand
3. Make deals
4. Support planning and project development
5. Build capacity of end-users of capital and intermediaries

Roles for Health Institutions

1. **Invest** in deals, projects or enterprises
   - Use grants for loss reserve or other credit enhancement (community benefit, foundation or operating $)
   - Lend/invest at or below market rate (endowment, pension fund or capital $)

Health Institutions May Choose to Invest Upstream in a Variety of Ways

Spectrum of Financial Return



Type of Investment:

- Loans
- Bonds
- Equity (e.g. venture capital)
- Tax credits
- Pay for success deals
- Guarantees
- Cash deposits in credit unions or mission-driven banks

Investment Target:

- Project
- For-profit or not-for-profit enterprise
- Intermediary (e.g. CDFI)
- Fund or other structured vehicle

Health Institutions as Investors: 5 Examples

- United Health/*Low Income Housing Tax Credits*
- Dignity Health Community Investment Program/*funds, CDFIs, credit unions*
- Trinity Health Transforming Communities Initiative/*CDFIs*
- Children's Health (Dallas)/*GoNoodle*
- Johns Hopkins/*Walgreens*

Roles for Health Institutions, continued

2. Strengthen demand

- Master leases/guarantees (Hopkins)
- “Live Local” incentives (Detroit, Cleveland)

3. Make deals

- Cooper

4. Support planning and project development

- Gundersen
- Stamford Hospital

5. Build capacity

- Henry Ford and Detroit Medical Center

Advice for Community Leaders Engaging Hospitals

- Prepare!
  - Obtain and review the hospital's Community Health Needs Assessment (CHNA) and Community Health Improvement Plan to understand priorities
  - Look at how nonprofit health systems are spending their community benefit dollars (990 Schedule H)
- Identify contacts who can reach senior leadership
- Consider and frame the "ask"
  - What would help the community achieve its goals? (several options)
  - How will engagement help the institution meet its objectives?
- Understand the process
  - Who decides?
  - What factors influence the outcome?

For a copy of the paper discussed today, visit:

www.centerforcommunityinvestment.org/resources

For more information, contact:

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