



There to Care BUILDING A HEALTHY ARIZONA



The Arizona Hospital and Healthcare Association's Community Benefits Initiative

M E D I A R E L E A S E

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Defining Hospital Community Benefit

If asked to define the role of hospitals in their communities, most would point to the medical, surgical, behavioral, rehabilitation and emergency services expected of hospitals. These essential services represent the core of caring that is delivered by acute/community, behavioral and rehabilitation hospitals. Hospitals, however, go beyond these essential medical services to help improve the health of their communities, fulfill their charitable missions and demonstrate good corporate citizenship.

The following provides a definition of community benefits as well as the categories that comprise AzHHA's 2007 Community Benefits Study.

What Are Community Benefits?

Hospital and health system programs and services that address identified community health-related needs, regardless of source or availability of payment, and are intended to improve access to healthcare, health status and the use of healthcare resources. These programs are accessible to the entire target community regardless of ability to pay and likely would be discontinued if decisions about them were based only on financial considerations. Programs and services considered to be community benefits also may:

- support the organization's community-based mission;
- target the problems of the poor or medically underserved;
- impact the health status of the identified community;
- reduce community health costs; and/or
- stimulate external community partnerships.

Community Benefit Terms & their Definitions

Uncompensated Care—Care for which no payment is expected or no charge is made. It is the sum of bad debt and charity care absorbed by a hospital in providing medical care for patients who are uninsured or are unable to pay.

Community Benefit Operations—Community benefit operations include costs associated with dedicated staff, community health needs and/or assets assessment and other costs associated with delivering community benefit programs and services.

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Community Building Activities—Programs and services that while not directly related to healthcare, address the root causes of health problems such as poverty, crime, environmental issues, etc. These activities support other community organizations and assets by providing expertise and resources of the healthcare organization.

Examples: Habitat for Humanity activities, workforce development that addresses the healthcare workforce needs of the community.

Community Health Improvement Services—Services that are not billed on an inpatient or outpatient hospital bill, or services that are offered at a reduced charge to the indigent, medically underserved and/or broader community. This category includes the following subcategories: community health education; community-based clinical services and healthcare support services.

Examples: Education on living with chronic illness (*community health education*), Health screening and immunization programs (*clinical services*) as well as counseling, meals and transportation (*healthcare support services*).

Financial and In-Kind Contributions—Includes funds and in-kind services donated to individuals and/or the community at large. Also includes overhead expenses of space donated to nonprofit community groups, etc., and donation of food, equipment and supplies to the organization's defined community.

Examples: Hours donated by staff to the community during working hours or volunteer work sanctioned by the healthcare organization.

Subsidized Health Services—Services that are provided despite a financial loss and the financial losses are so significant that negative margins remain after removing the effects of charity care and Medicaid shortfalls. Hospitals typically provide these services at a loss because they are needed by the community, and if the hospital did not provide them, the services probably would not be available.

Examples: These services include billed clinical inpatient or outpatient care programs or services.

Uncovered Cost on Other Public Programs—Losses incurred by hospitals for providing services under the umbrella of public programs or programs that provide insurance coverage to the uninsured or underinsured. This category does not include losses incurred in the provision of services to Medicare or Medicaid patients.

Examples: TRICARE (known as TriWest in Arizona), SCHIP (known as KidsCare in Arizona) as well as other public programs such as Section 1011. (Federal funds provided to hospitals and other healthcare providers for delivering illegal immigrants emergency services.)

Uncovered Costs Related to Health Professions Education—The cost of preparing future physicians, nurses and other health professionals to care for patients.

Examples: Costs related to providing clinical settings for undergraduate training, internships, externships, clerkships, residencies and/or fellowships. Also includes costs for scholarships, tuition payments, continuing medical education classes and funding to external organizations to provide medical education.

Uncovered Costs Related to Research—Research expenses include clinical and community health research as well as studies on healthcare delivery. These operating expenses are borne by the hospital or health system, less any external funding sources such as grants, government subsidies, etc.

Examples: Costs associated with the development of research papers for professional journals that are prepared by staff and shared outside the organization; studies on therapeutic protocols and evaluations of innovative treatments; or costs related to research studies on innovative health delivery models.