

Do for-profit hospitals have an anchor mission?



Ohio University Anchoring Health Study

Exploring the role that for-profit hospitals play in bolstering economic development and community health

Study team

Cory E. Cronin, PhD

Berkeley Franz, PhD

Brian Gran, PhD

Kelly Choyke, PhD

Vanessa Rodriguez, BA



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**Heritage College of
Osteopathic Medicine**



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This presentation is based on research supported by the Robert Wood Johnson Foundation.

June 2021

Key Findings

- For-profit hospitals are more likely to be in counties with significant economic and physical health needs.
- For-profit hospitals are in counties with higher unemployment, higher uninsurance rates and more residents reporting poor or fair health, compared to nonprofit hospitals.
- Counties with for-profit hospitals had, on average, a lower median income.
- For-profit hospitals are less likely to be in states with certificate-of-need laws or in states that have expanded Medicaid.

For-Profit Hospitals Poised to Serve in an Anchor Role to Support their Communities

The Question:

Do for-profit hospitals serve in an anchor role, and invest in the social, economic, and health development of their local communities?

Hospitals serve as prominent public health partners in U.S. communities and make contributions to bolster population health and improve economic conditions. Although more than half of hospitals nationwide are nonprofit, for-profit hospitals are growing in number and compose approximately a quarter of hospitals. Large institutions like hospitals and universities are described as 'anchor institutions' in that they are deeply embedded within the economic infrastructure of a community, and they play a role in improving community life. While hospitals in general have been discussed as having the potential to be anchor institutions, only nonprofits have been typically described as such. The result is that very little literature exists on the public health potential of for-profit institutions.

Cory Cronin and Berkeley Franz, assistant professors at Ohio University, sought to understand the potential impact of for-profit hospitals serving in an anchor role, particularly if these organizations were willing to undertake new investments in community health. They used 2017-2018 data from the United States Census American Community Survey, the Area Health Resource File, and the American Hospital Association (AHA) Annual Survey. They calculated descriptive statistics and a multivariate regression model to assess economic and health characteristics for all U.S. counties that contain for-profit as compared to nonprofit or public hospitals. They also sought to provide insight into the economic and health needs in the counties where different types of hospitals are located. Full study details and findings are available in *Preventive Medicine Reports*.

The Implications:

Given their location in counties with high economic and health needs, for-profit hospitals have significant potential to impact population health.

Though the data do not provide any indication as to why for-profit hospitals are more likely to be in counties with high economic and health needs, it is possible that for-profit hospitals enter counties when other hospitals have failed, potentially due to poor economic and physical health which may make services less profitable. As a result, there is substantial opportunity for for-profit hospitals to serve as anchor institutions in many U.S. communities, despite this label more traditionally being applied to nonprofit hospitals, as for-profit hospitals can also: provide jobs to local residents, incentivize their employees to live nearby and support the local economy, and acquire hospital supplies from local businesses. While this does not mean that for-profits are currently doing this work, these institutions should be considered as possible partners in population health improvement initiatives, especially cross-sector partnerships. Following previous research on community health investments, the tax status of hospitals may not be the only or most important factor in assessing their potential contributions to population health. Given that there is not currently a regular reporting mechanism for documenting the community health contributions of for-profit hospitals, policymakers and researchers should evaluate the current state of these contributions and identify incentives to encourage more anchor activities to benefit economically vulnerable communities in the U.S.

Contact Us:

For more information on the results from this grant, please contact Dr. Cory Cronin at croninc@ohio.edu or Dr. Berkeley Franz at franzb@ohio.edu.

If you would like to learn more about related work, please contact: Megan Collado, M.P.H., Director, AcademyHealth | megan.collado@academyhealth.org



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Understanding and Supporting Anchor Businesses to Build a Culture of Health is a program supported by the Robert Wood Johnson Foundation, and administered by AcademyHealth. The views expressed here do not necessarily reflect the views of the Foundation or AcademyHealth.

What is an Anchor Institution?

“Anchor institutions are large or otherwise influential organizations that participate in community engagement activities and have relatively deep roots in (are unlikely to move from) their communities.”

- Peter Eberhardt and Howard Wial

<https://icic.org/wp-content/uploads/2021/09/The-New-Anchors.pdf>

“I just feel like that is one of my major priorities, is to make sure – not only just make sure, but really be – we are one of the largest employers in our community, and as such, we should be good community stewards of who we are and how we interact together.” - Hospital CEO

Ohio Anchoring Health Study

How can we measure the potential of for-profit hospitals to serve as anchor institutions?

While each hospital has its own set of circumstances and characteristics, part of this effort is to understand trends and commonalities across the for-profit hospital market. Doing so provides us with a foundational understanding of the organization type.



Ohio Anchoring Health Study

We do this in three ways:



Explore

We explore the national landscape of for-profit hospitals to understand their potential impact as anchor institutions.



Engage

We engage hospital leadership around incentives for undertaking anchor activities.

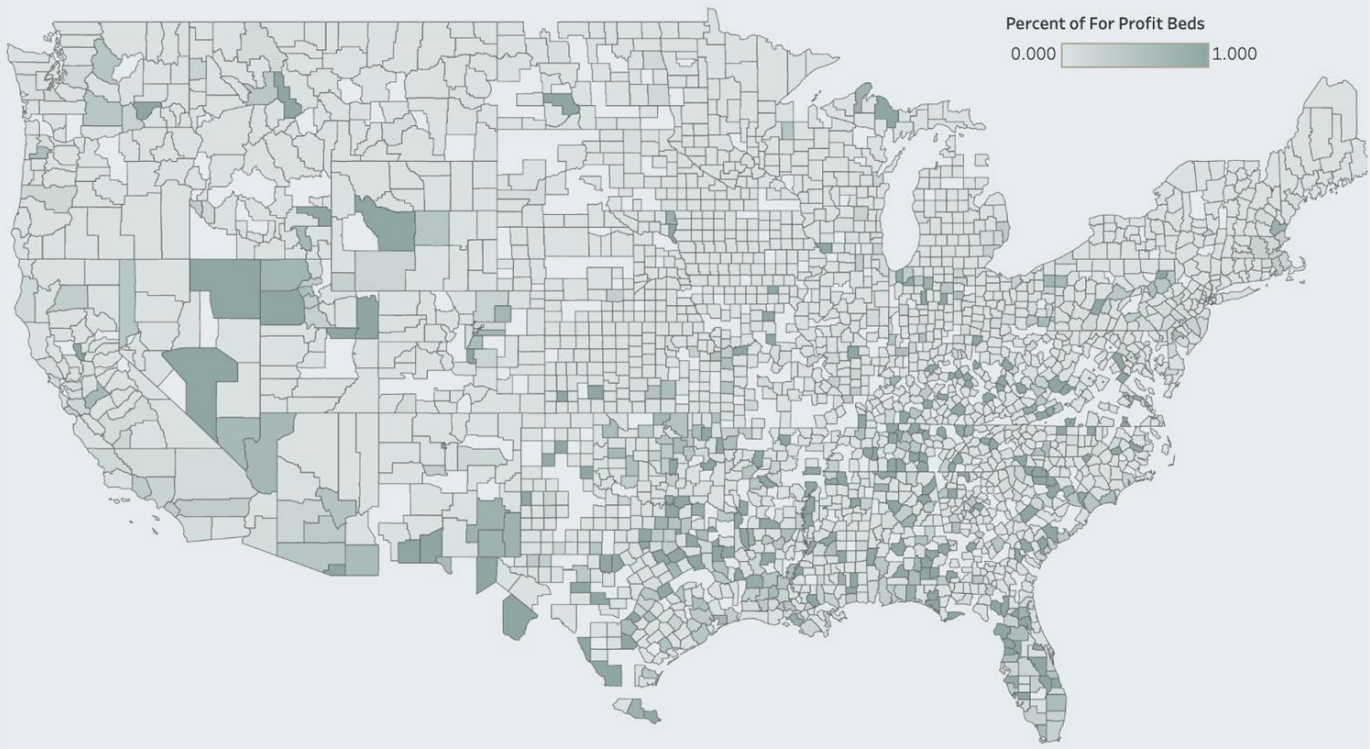


Consult

We consult local residents to learn more about expectations for and evaluations of for-profit hospital engagement.

The for-profit hospital population

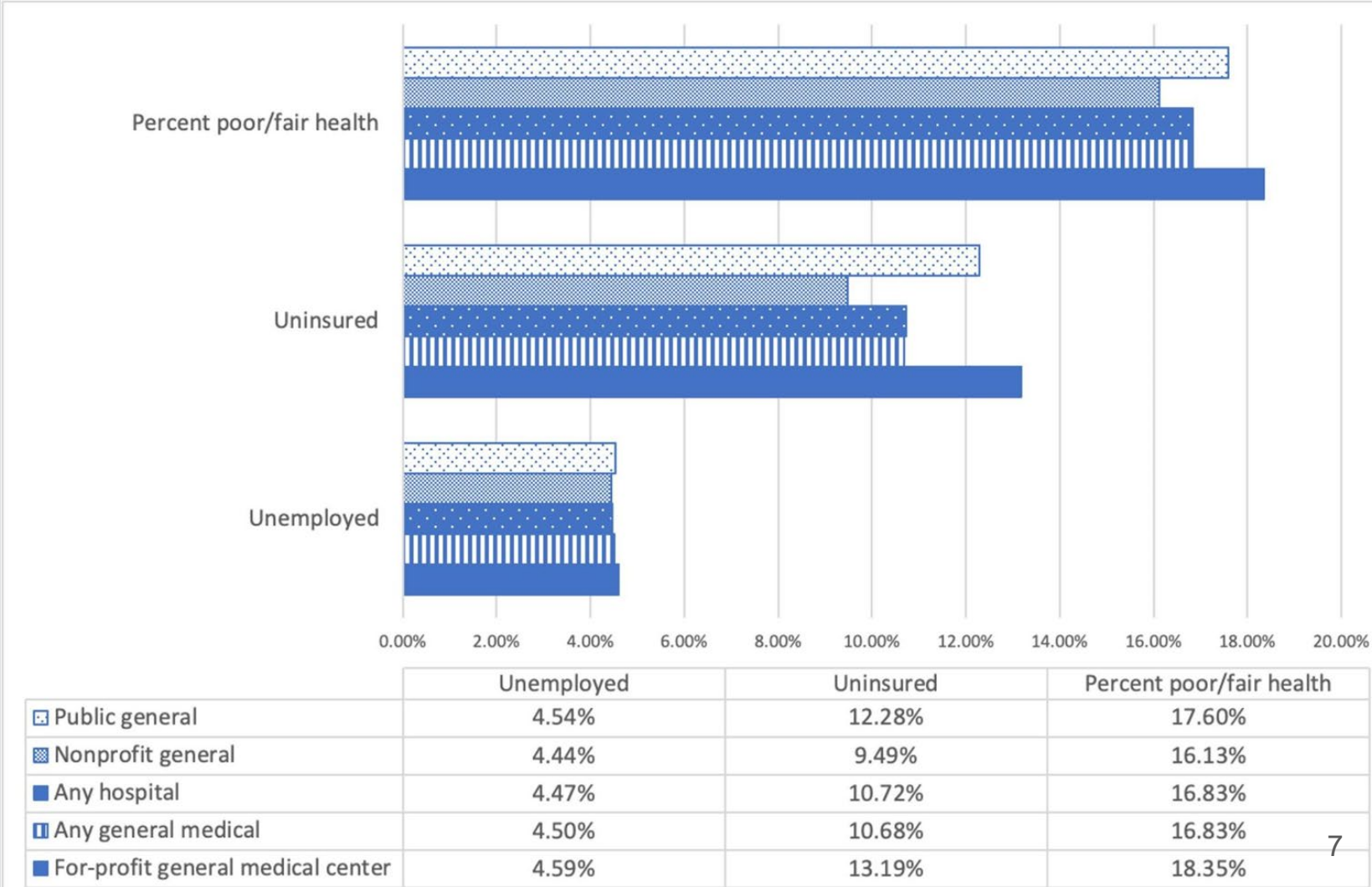
Total Number of All U.S. Registered ¹ Hospitals	5,534
Number of U.S. Community ² Hospitals	4,840
Number of Nongovernment Not-for-Profit Community Hospitals	2,849
Number of Investor-Owned (For-Profit) Community Hospitals	1,035
Number of State and Local Government Community Hospitals	956
Number of Federal Government Hospitals	209
Number of Nonfederal Psychiatric Hospitals	397
Other ³ Hospitals	88



Source: American Hospital Association

Opportunity to anchor

- For-profit hospitals on average are in communities with greater need for stabilizing and direct initiatives



Role as employer

- For-profit hospitals operate with fewer employees per bed compared to hospitals of other ownership status.

Mean Comparison of Hospital Bed Characteristics by Ownership, 2008 and 2017

	2008				2017			
	For-profit		Other ownership		For-profit		Other ownership	
	N	Mean	N	Mean	N	Mean	N	Mean
FTE per bed	629	4.41*	3,541	5.79	629	5.39*	3,712	6.56
RNs per bed	629	1.34*	3,541	1.41	629	1.82	3,712	1.76
Payroll per bed	629	\$220,353*	3,541	\$302,499	629	\$339,260*	3,711	\$428,565
Benefits per bed	629	\$48,666*	3,541	\$78,471	629	\$75,187*	3,712	\$113,946
¹ Boldface indicates statistical significance (* $p < .05$)								



History of Hospital F

Hospital F is a for-profit, mid-sized institution (50-200 beds) providing acute care, general services to the South Atlantic region. Hospital F was established 50 years ago by local physicians seeking more autonomy in how they treated patients. Hospitals E and F are owned by the same parent company.

By the 1990s, Hospital F was minority-owned by its current for-profit system, but majority-ownership was held by a partnership of local physicians and investors. The hospital's current system and the public health system launched bids to acquire Hospital F. Despite the public system offering a higher bid and promising to lower prices for patients, the current system won. Subsequently, Hospital F moved to a new site closer to population growth along the interstate. Its new location is one of the fastest growing communities in the US.

Location Characteristics

Market

Mixed Market

U.S. Region

South

State Regulatory Environment

Lax

Hospital Characteristics

Bed Capacity

50-200 beds

Size of System

100+ hospitals

Community Characteristics

Type of Community

Urban

Racial & Ethnic Demographics

Diverse

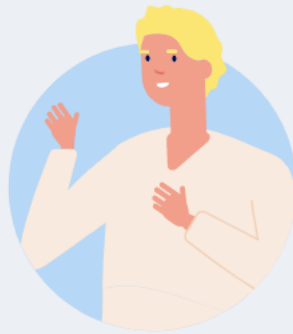
Median Household Income

\$0-\$44,999

For profit leaders on anchor activities

- Not familiar with the “anchor” language but feel they meet definition
- Able to speak on how anchor activities benefit their organization
- Report feeling left out of community conversations, particularly around data
- Believe tax contributions are under appreciated

Why is being an anchor institution a priority to for-profit hospitals?



Hospital Leadership Governmental Relations

“Why do we view it as a priority? Well, you’re nothing without the communities you’re serving. ... I guess the best way to answer that is we are nothing without the communities we serve. You build patient loyalty. You build loyalty to physicians, the nurses, to the janitorial staff. I mean they are from those communities, and that’s what makes up our hospital. So, there is nothing better for delivery of the care, and also good business, than to be completely wedded to the communities we serve.”

How are for-profit hospitals unique in their anchor roles?



Employee in Public Relations & Communications

“I think as resources become more limited hospitals may want to see more of an ROI on their investments. I frequently challenge organizations that are asking us for contributions, how can we engage in this event? So some community organizations just want us to sponsor their event. They want us to get a tent, and they want us to set up a tent and handout plastic giveaways. Which is maybe the way things used to be done, but there is a high cost of participation in that, first to sponsor the organization, then the cost of the giveaways. Then manpower for a one, two, sometimes three-day event. So I would look and give priority to events that enable us to engage with people more, to have a deeper connection with people.”

Community Member Input

Community Survey

- Sample: 522 participants
- Greater focus on cost and quality than community engagement
- Participants ranked characteristics such as reputation, cleanliness, and distance as greatest priorities
- From a community perspective, level of hospital's community engagement is lower stakes than issues of cost, access, and quality

Thank you

croninc@ohio.edu

franzb@ohio.edu

