

Agenda Item VI: Lown Institute Hospitals Index Presentation

Vikas Saini, MD, President, Lown Institute



**LOWN INSTITUTE
HOSPITALS INDEX**
FOR SOCIAL RESPONSIBILITY

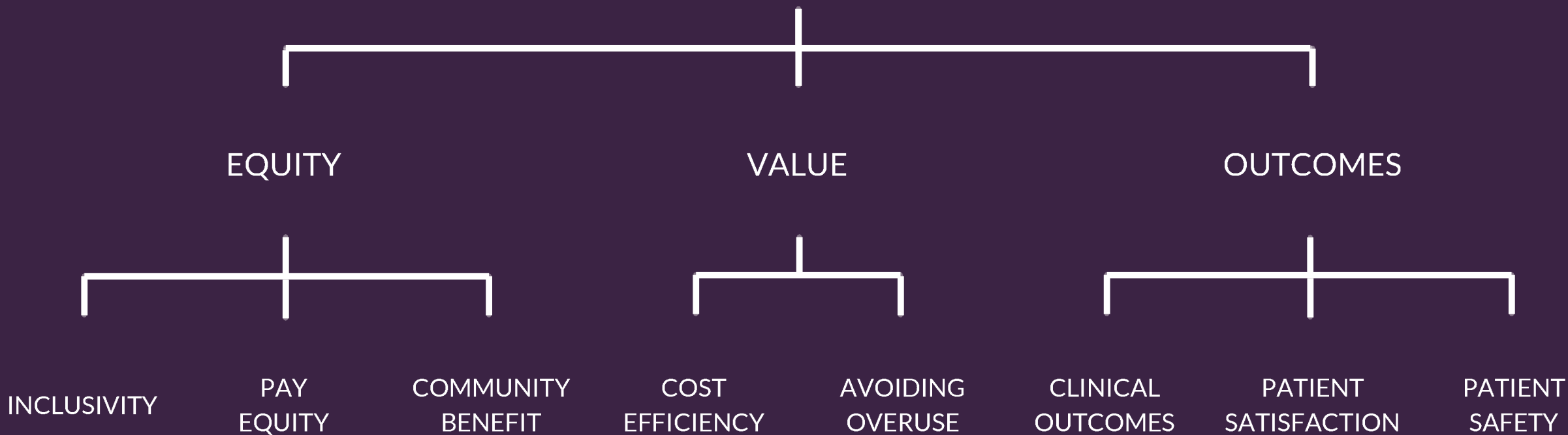
Vikas Saini, MD
President, Lown Institute

100 YEARS AFTER FLEXNER

Can we reframe what it means to be a high performing hospital?

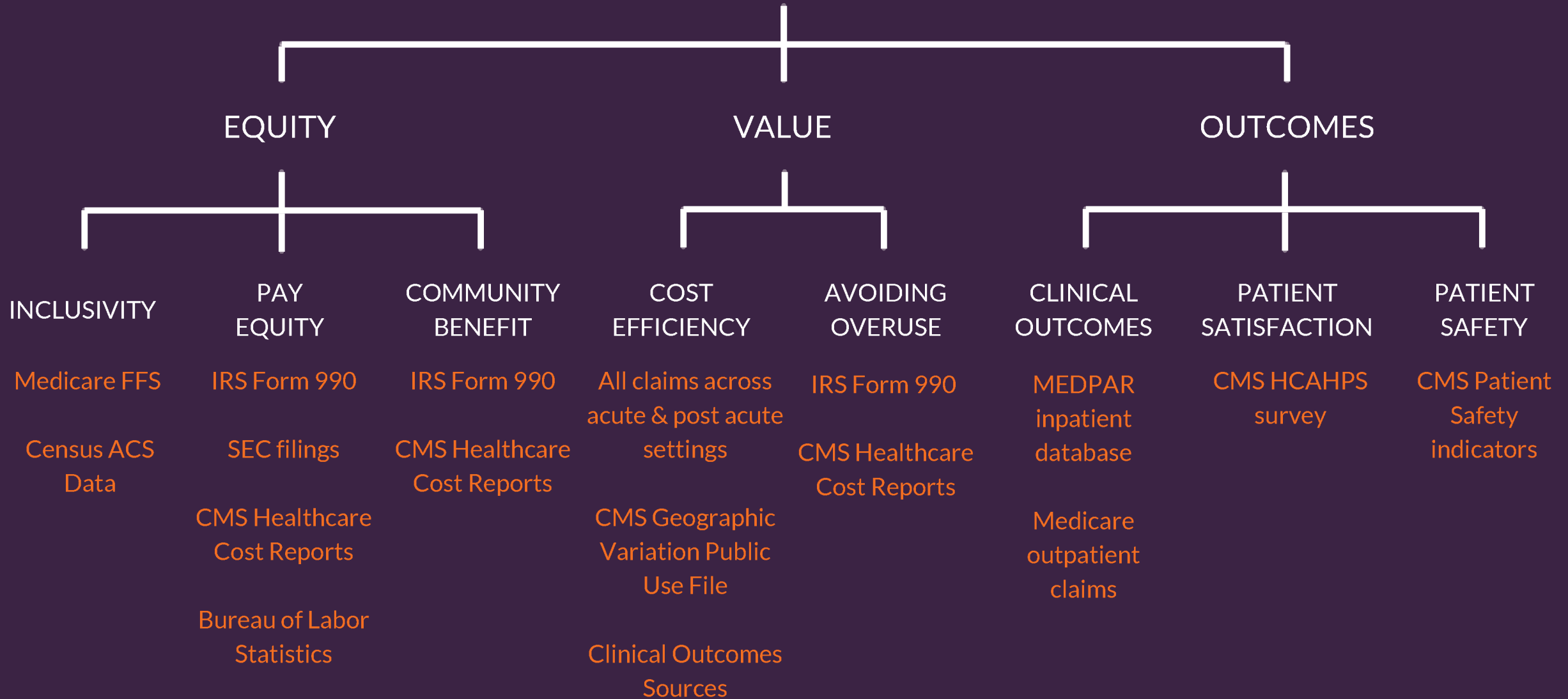


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LOWN INSTITUTE HOSPITALS INDEX FOR SOCIAL RESPONSIBILITY



IRS ALLOWED CATEGORIES

Medicaid shortfall

Shortfall from other gov't programs

Health professions education

Research

Charity care

Community health improvement activities

Community building activities

Contributions to community groups

Subsidized health services

LOWN ALLOWED CATEGORIES

Must show direct and meaningful benefit to local community.

FAIR SHARE SPENDING

CHARITY CARE

COMMUNITY HEALTH IMPROVEMENT

COMMUNITY ORGANIZATIONS

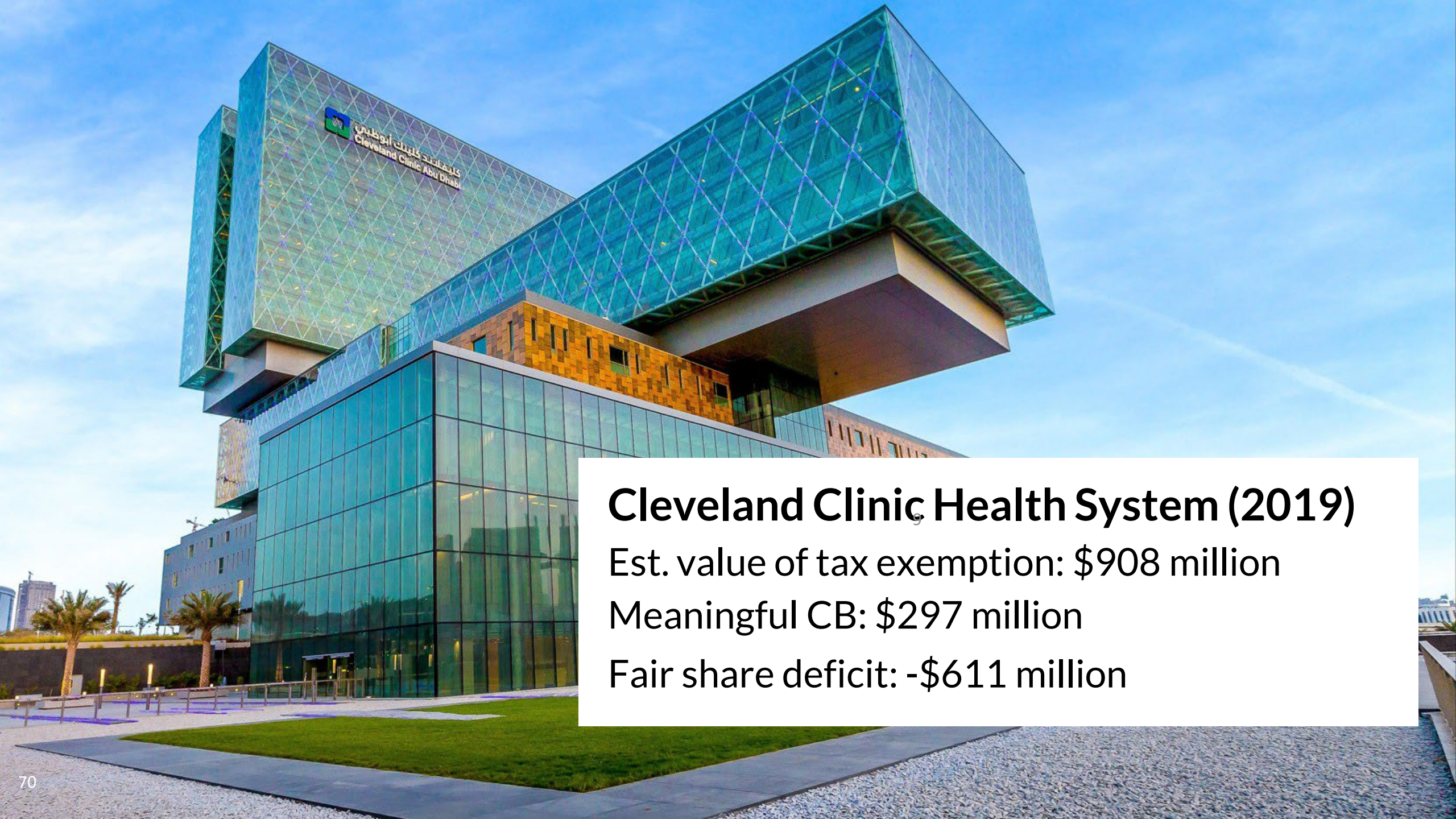
COMMUNITY BUILDING

SUBSIDIZED HEALTH SERVICES

TAX EXEMPTION

5.9% OF EXPENSES





كليه كليفلاند أبو ظبي
Cleveland Clinic Abu Dhabi

Cleveland Clinic Health System (2019)

Est. value of tax exemption: \$908 million

Meaningful CB: \$297 million

Fair share deficit: -\$611 million

Customized fair share spending for states and municipalities

Estimated value of total tax exemption =

- Federal & state income tax (applied to net income reported to CMS)
- State & local sales tax exem (applied to hospital total supply cost from AHA)
- Property tax exemption (local property assessment data)
- Value of tax-exempt bonds (data on bond prices)
- Value of charitable donations (applied to donations to hospitals reported to CMS)

Methods based on:

Herring B, Gaskin D, Zare H, Anderson G. Comparing the Value of Nonprofit Hospitals' Tax Exemption to Their Community Benefits. *The Journal of Health Care Organization, Provision, and Financing*, 2018



NYC fair share spending report for 32BJ Health Fund

- What is the nonprofit tax exemption worth for NYC hospitals?
- How much are hospitals giving back in charity care & community investment?
- How many hospitals have a fair share deficit?

PAY EQUITY

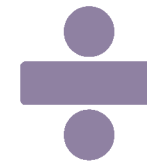
IRS 990 non-profit tax filings

CMS Healthcare Provider Cost Reporting Information System (HCRIS)

Hospital wage index data

SEC Proxy filings

**SENIOR
EXECUTIVE
COMPENSATION**



**NON-
PROFESSIONAL
WORKER WAGE**

PAY EQUITY EXAMPLE (2021 data)



PATIENT REVENUE

\$903 million

\$624 million

CEO PAY

\$667,000

\$1,600,000

PAY EQUITY RATIO

7:1

13:1

INCLUSIVITY

Measures disparities in access for vulnerable patients by showing how well hospitals serve people of color, lower incomes, lower education within their catchment area.

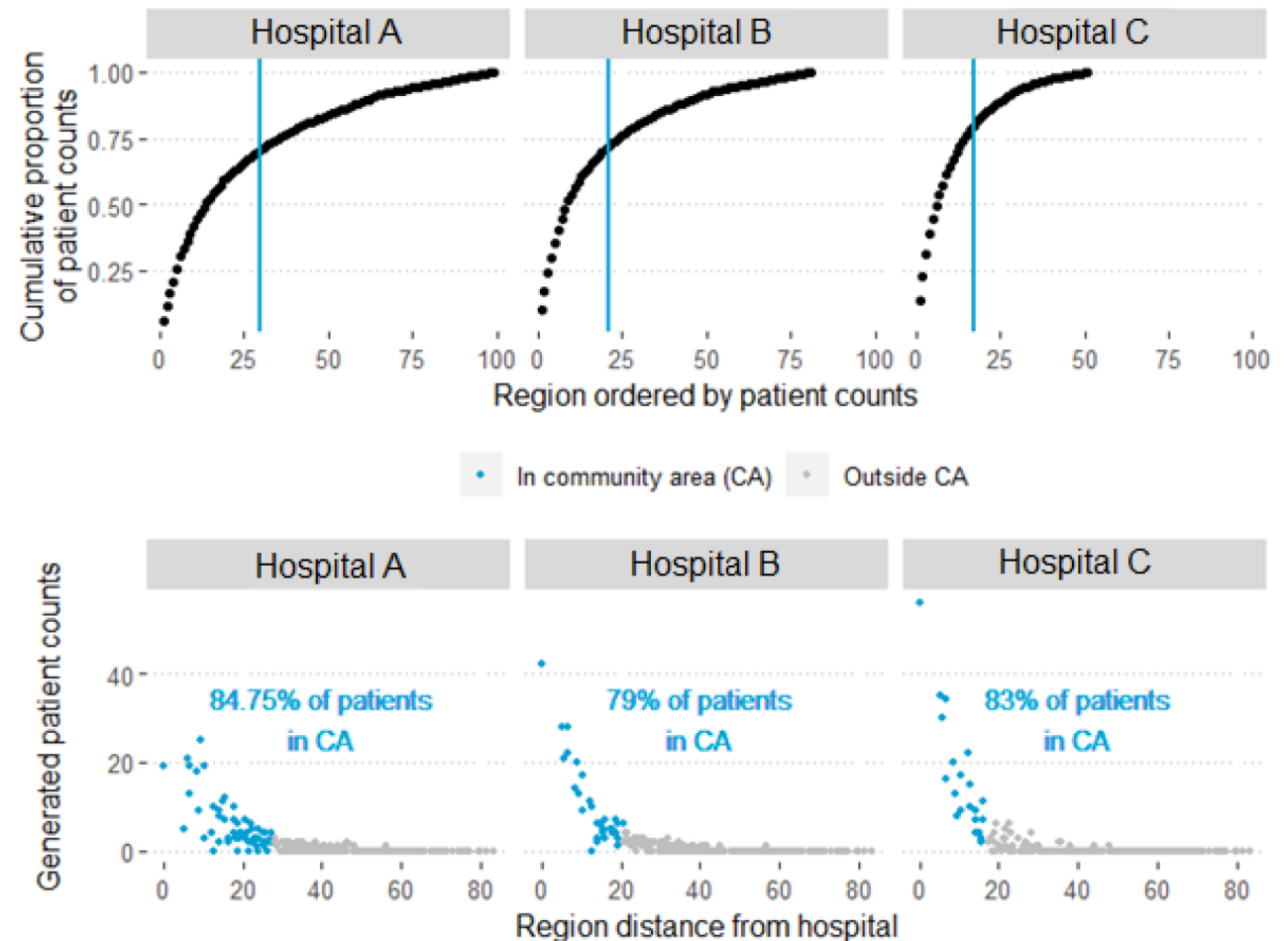
Compares each hospital's surrounding **community** characteristics of race, income, and education to the same characteristics of its **patients**. In other words, inclusivity detects "hospital redlining."



INCLUSIVITY METHODOLOGY

The community area is defined by the Zip Code Tabulation Areas containing most of the hospital's patients.

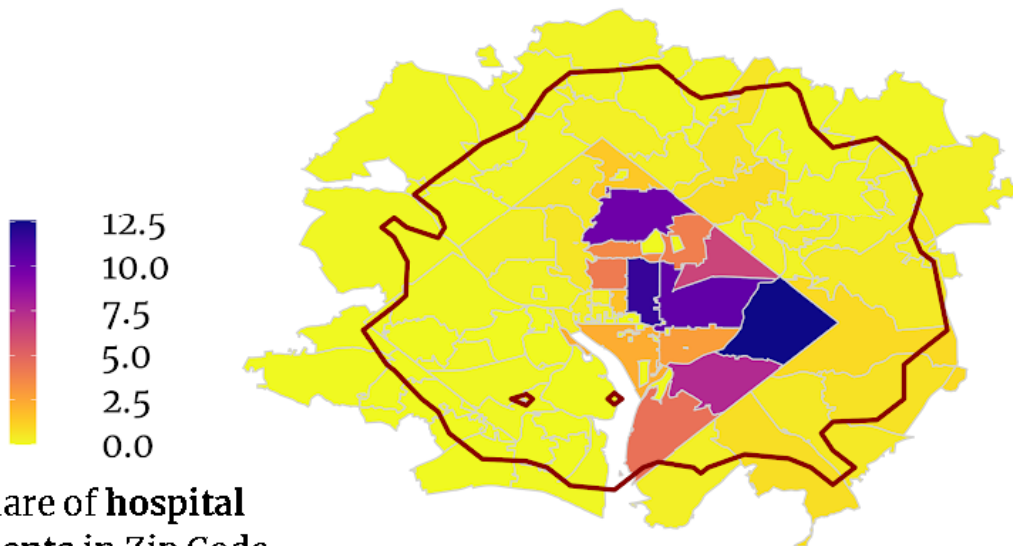
The community area *travel time* radius is the furthest distance across these ZCTAs.



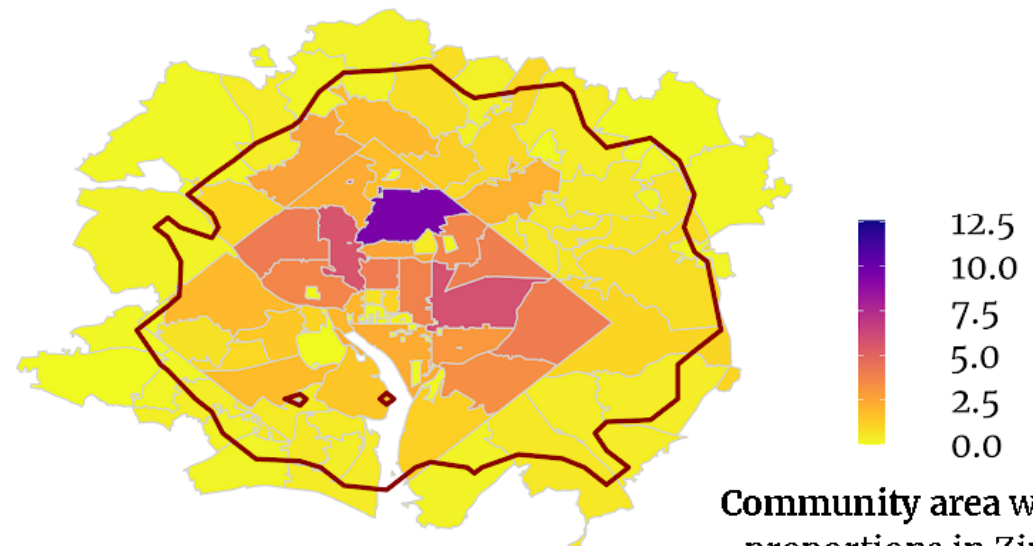
INCLUSIVITY METHODOLOGY

Community area: based on the zip codes of its actual hospitalized patients, the area of potential patients surrounding it

Inclusivity= the gap between the weighted demographics of the community area and the hospital patients (based on American Community Survey data)



Share of **hospital patients** in Zip Code Tabulation Area (%)

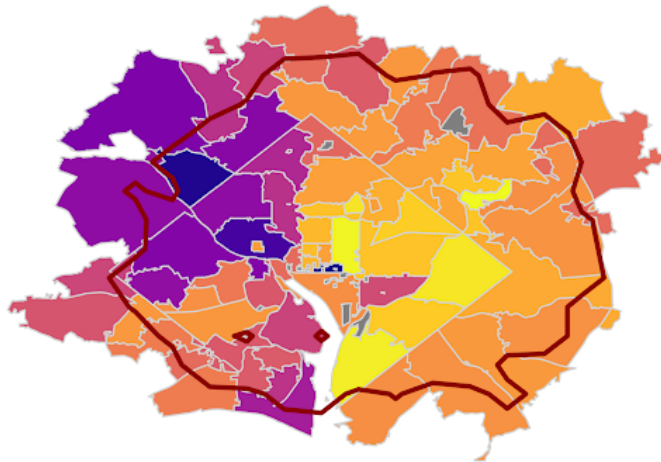


Community area weighted proportions in Zip Code Tabulation Area (%)

INCLUSIVITY METHODOLOGY

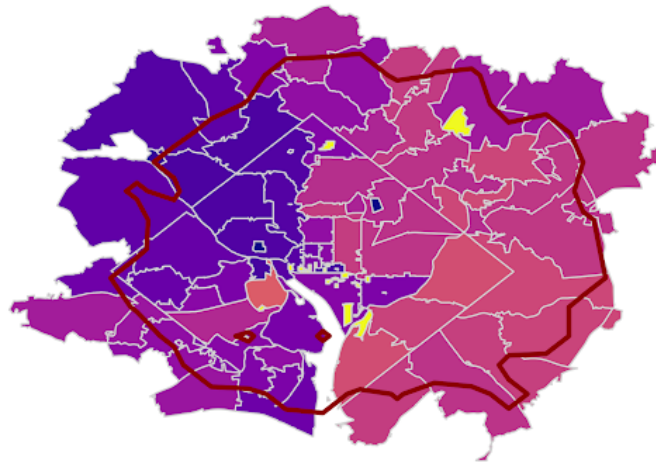
The Lown Inclusivity score is a composite of 3 subcomponents: income, education level and racial gaps.

Median income



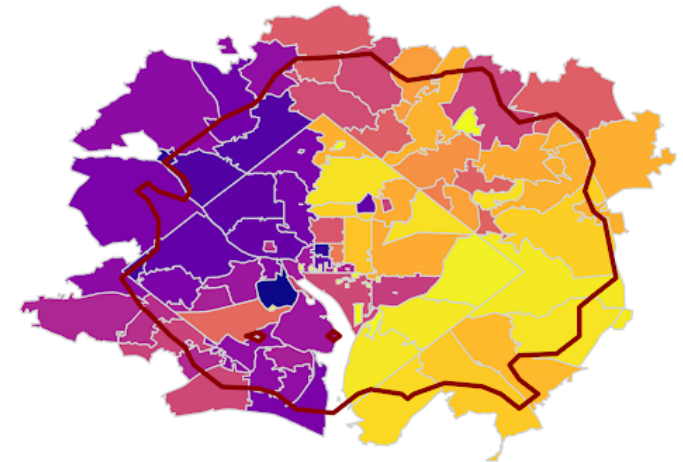
\$80,000 \$160,000

Education level



0 2 4 6

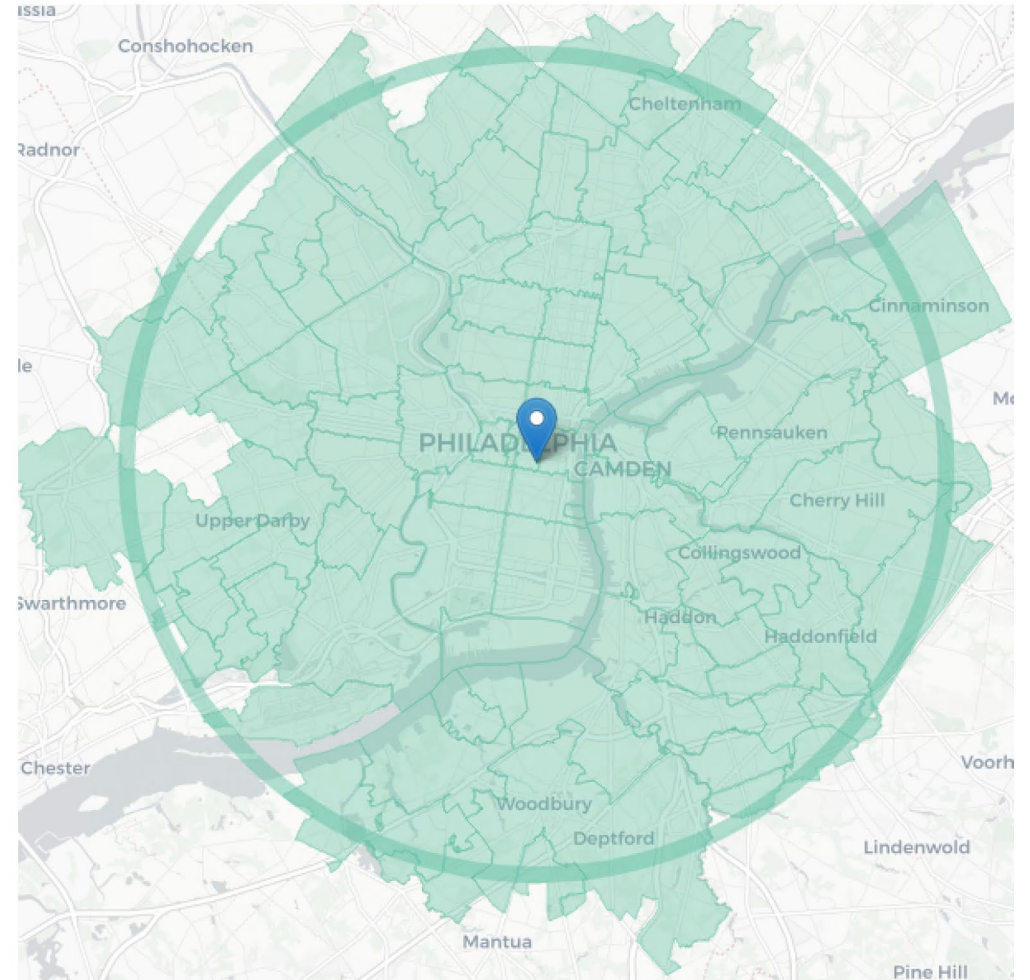
White population (%)



0 25 50 75 100

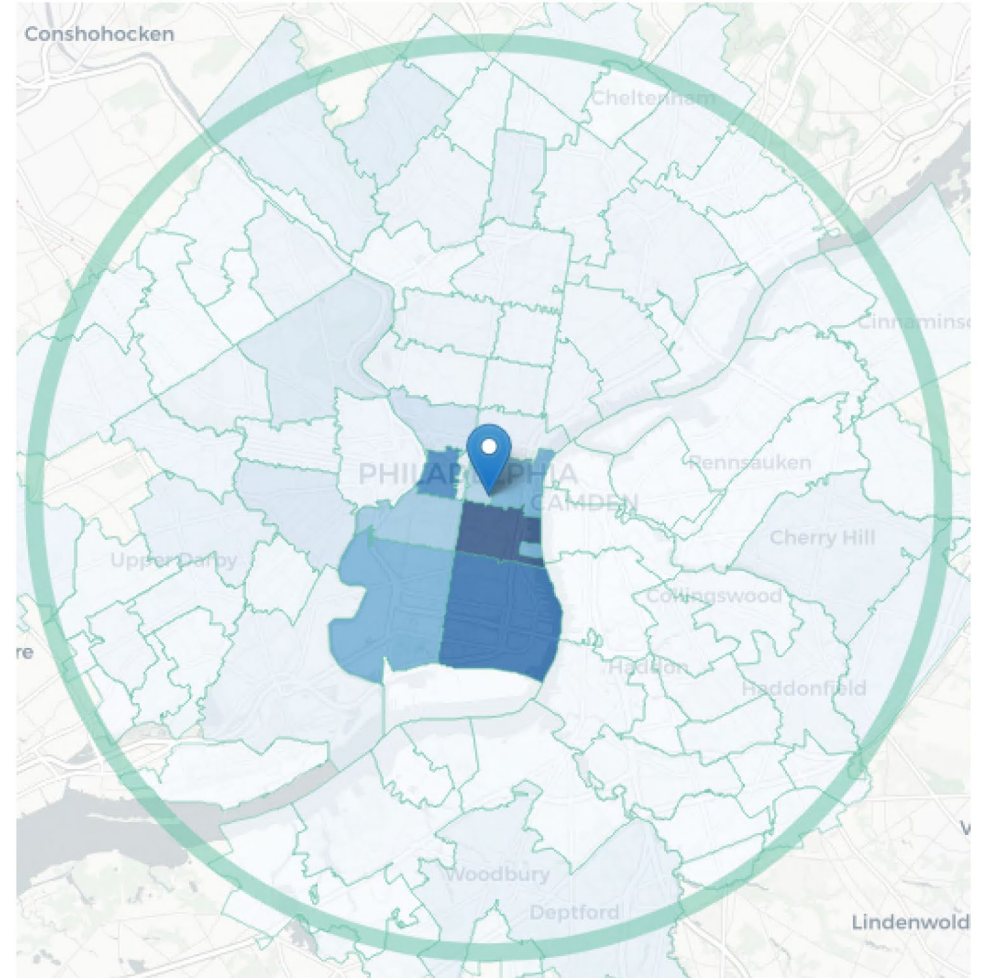
CASE STUDY: PENNSYLVANIA HOSPITAL

Community Area



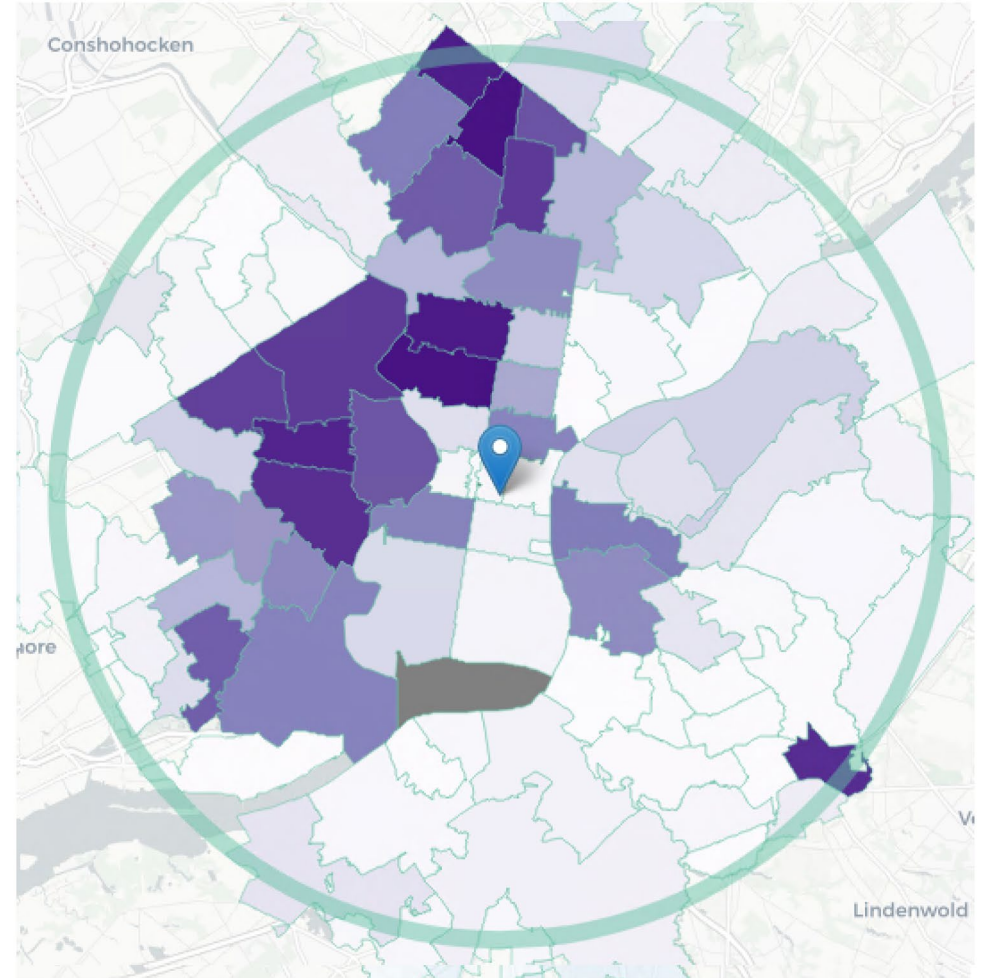
CASE STUDY: PENNSYLVANIA HOSPITAL

Medicare patients served

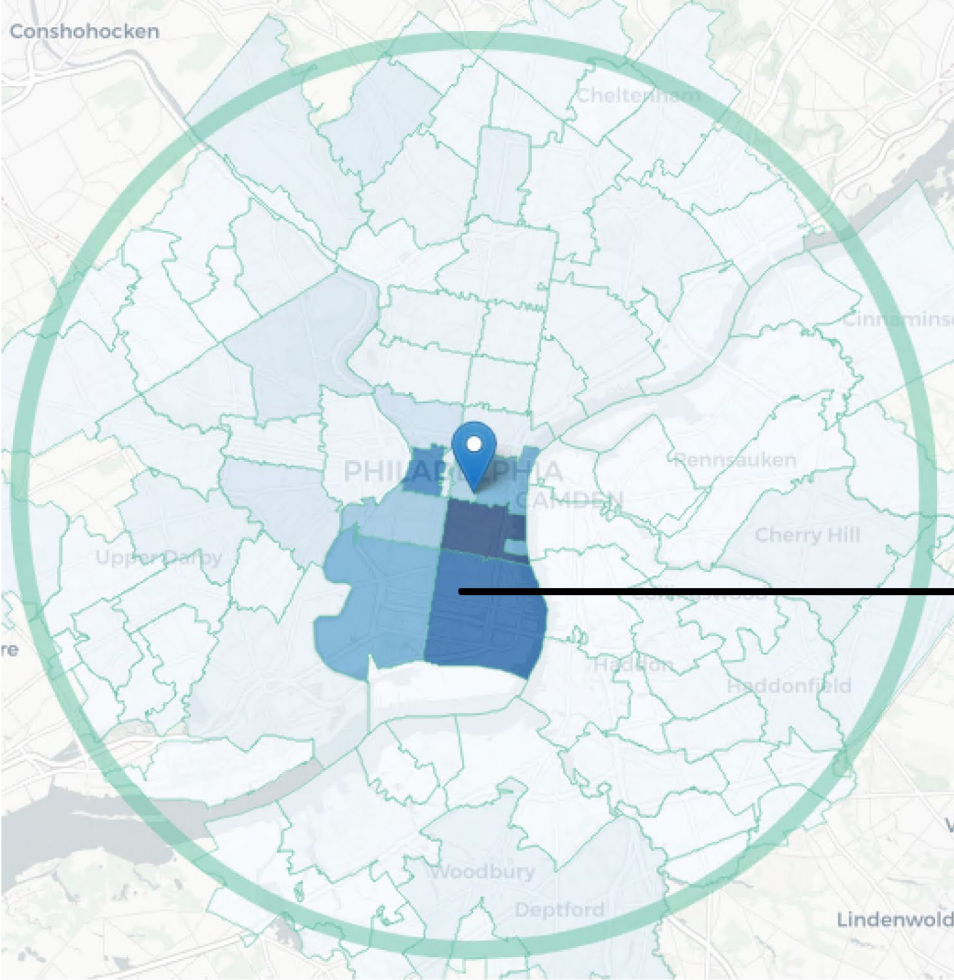


CASE STUDY: PENNSYLVANIA HOSPITAL

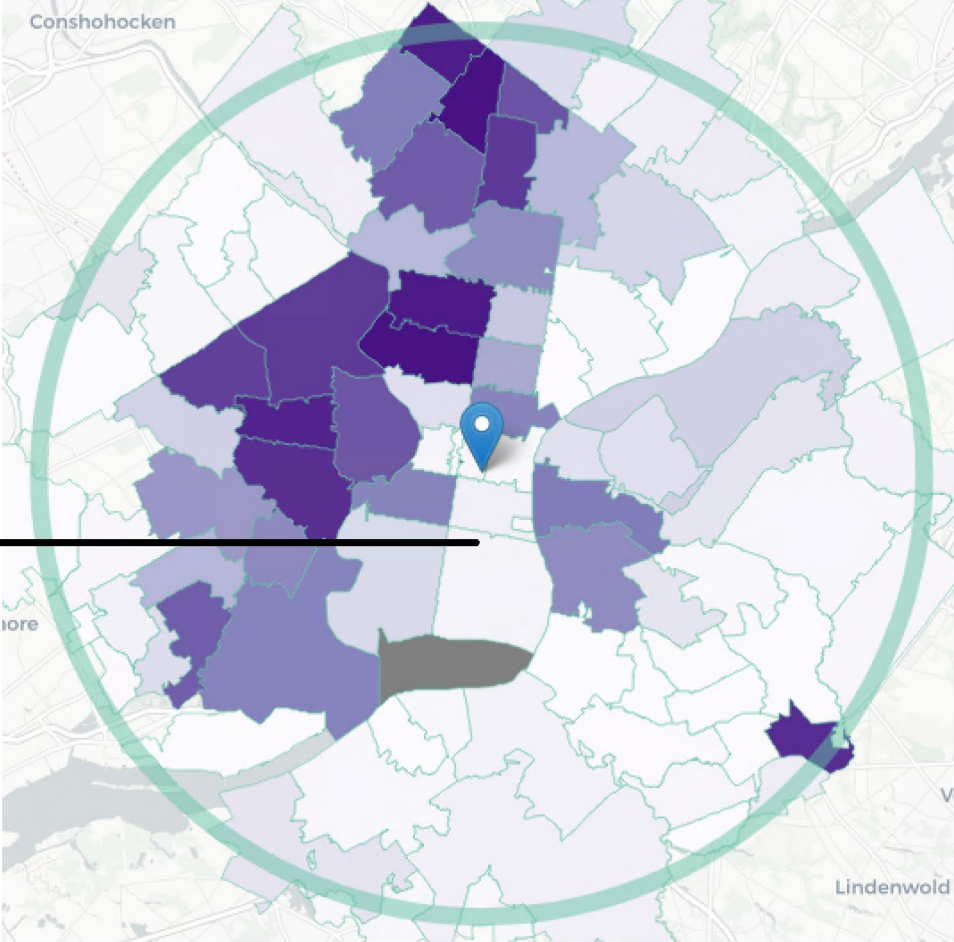
Where Black, Medicare-eligible people live



Medicare patients served

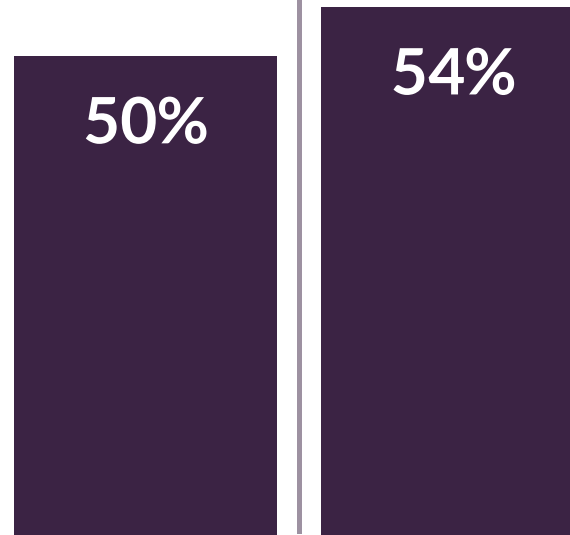


Where Black, Medicare-eligible people live

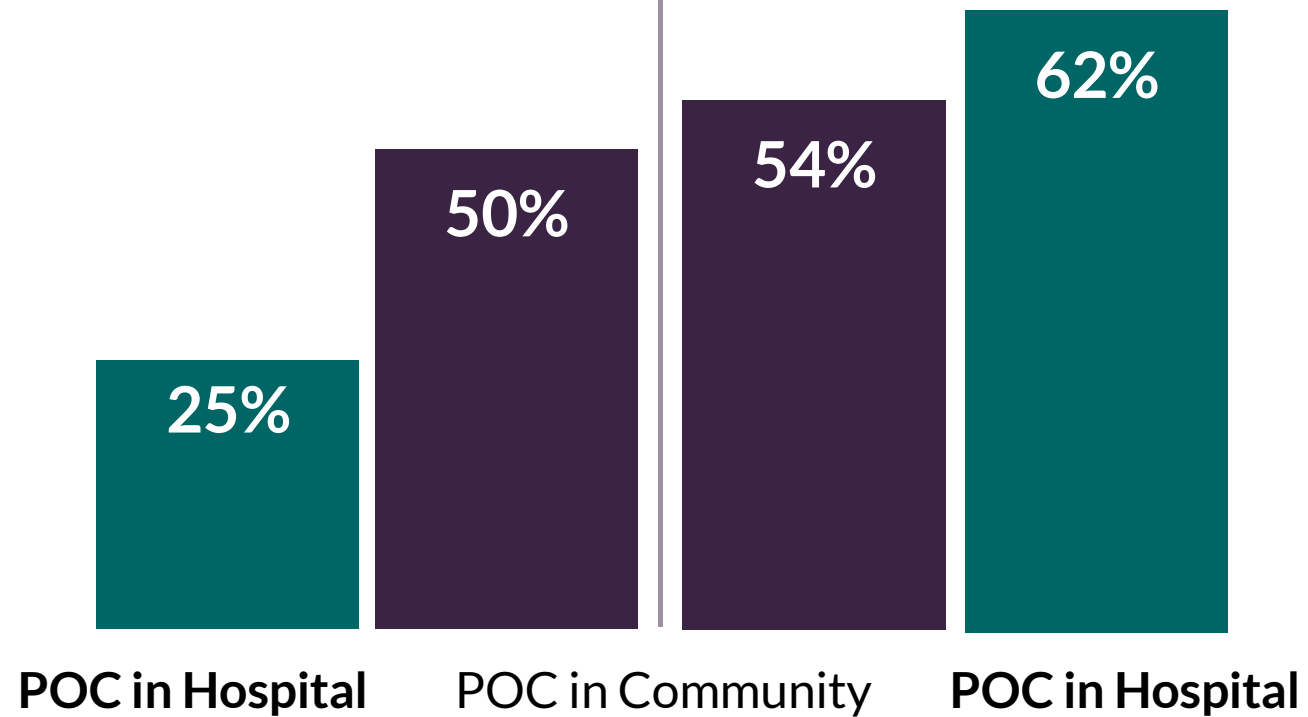


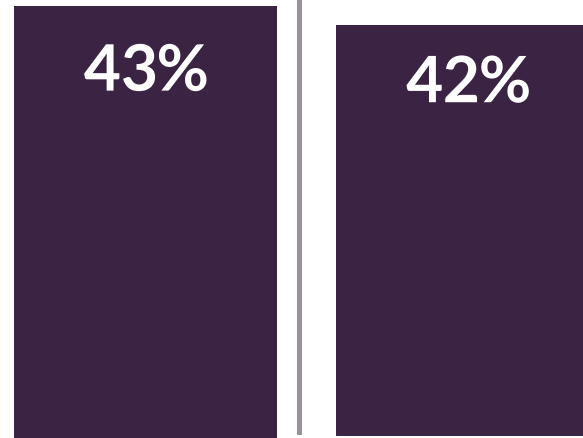
CASE STUDY: PENNSYLVANIA HOSPITAL

VARIABLE	COMMUNITY	HOSPITAL
Education value	3.7	4.1
Median income (\$)	39,674	43,623
American Indian (%)	0.3	0.4
Asian (%)	4.8	7.8
Black or African American (%)	35.7	25.9
Hispanic (%)	6.6	4.0
Other race (%)	3.1	1.5
Pacific Islander (%)	0.0	0.1
Two or more races (%)	1.2	0.9
White (%)	51.9	61.2

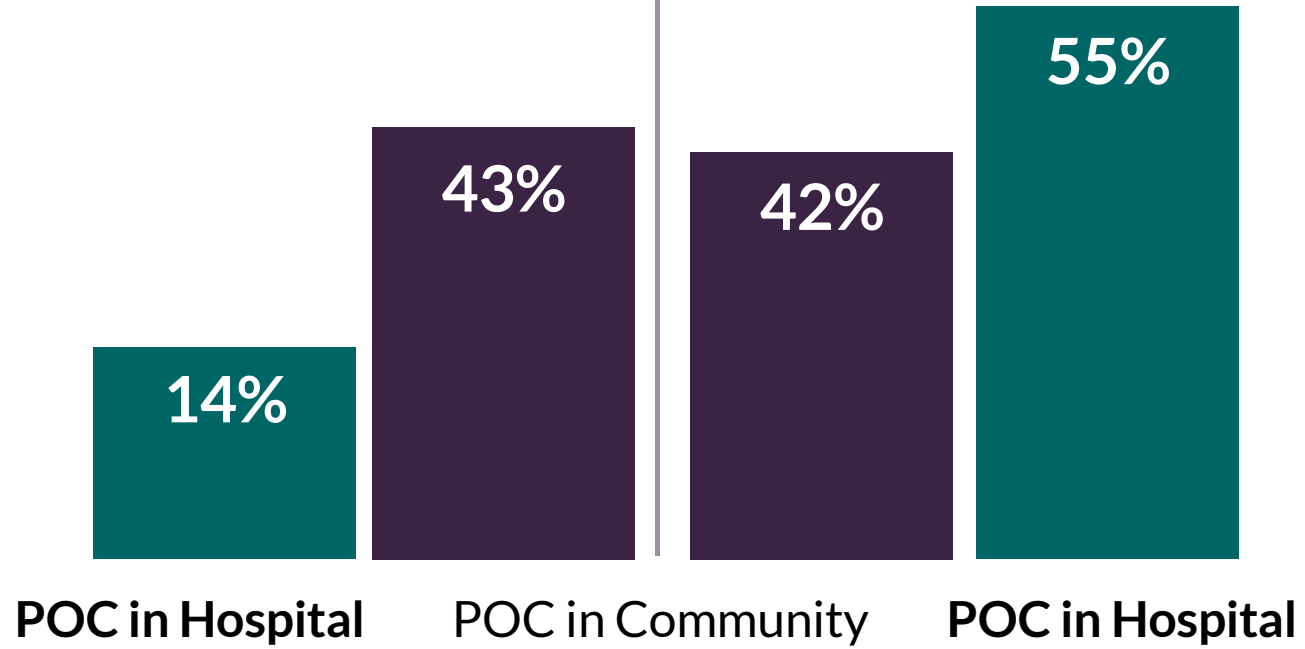


POC in Community





POC in Community



UPCOMING WORK

- Expanding to include Medicare Advantage & Medicaid data
- Customized Fair Share Calculations for 20 states
- A database of billing and debt collection practices of 2500 hospitals

LOWN INSTITUTE HOSPITALS INDEX FOR SOCIAL RESPONSIBILITY

The most comprehensive,
data-driven hospital rating
index available in United States

Bold ideas for a just and caring
system for health.

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www.LownInstitute.org

info@LownInstitute.org