

# Why Community Investment?

Investing in Community Health:  
A Toolkit for Hospitals



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## Foreword

This long-planned community investment toolkit came to fruition during the first six months of 2020, as the coronavirus pandemic spread across the United States and the world. Hospitals were consumed with preparing and caring for COVID-19 patients. Doctors, nurses, and other hospital staff were stretched thin managing not only high numbers of patients but a disease that nobody had ever seen before this year. At the same time, the cancellation of months of elective procedures and regular appointments created a financial crisis for the entire healthcare sector.

**Why, then, are we still talking about community investment?**



Because COVID-19—along with the protests against police brutality and the national conversation about racism spurred by the murder of George Floyd—has starkly revealed the racial inequities that community investment seeks to address. All of us who work in healthcare know from our experience over the last few months what the data shows: across the nation, the novel coronavirus has taken firmest root in low-income Black, Latinx, Asian/Pacific Islander, Native American, and immigrant communities, many of which have suffered from decades of disinvestment. The lack of safe, affordable housing in these communities puts their residents at greater risk from a virus that is best avoided by sheltering in place. Those residents are often frontline workers in the service, healthcare, and food production industries and thus most likely to be exposed to the virus. The demonstrated health consequences of the stresses of racism and poverty have also left them more vulnerable to COVID-19.

Catholic and other not-for-profit health care organizations have been at the forefront of efforts to improve health outcomes in these communities by addressing the social and economic factors that are at the root of health inequities. These factors, known as the social determinants of health, include housing, jobs, education, food security, and health care, in short, the things that determine whether people can thrive.

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Community investment is a critical strategy for effecting deep, long-term improvement in the social determinants, and increasing numbers of health care organizations are adding it to their toolbox. Right now, the healthcare sector is rightly preoccupied with responding to COVID-19. Yet, the time will come when our communities will need to recover from the pandemic and its social, economic, and health consequences. **Community investment will be critical to building back better.** Efforts that begin now will position communities to benefit from recovery funding when it becomes available. This toolkit will help us prepare for that moment.



## Executive Summary

Guided by a deep concern for vulnerable populations and a commitment to social justice, Catholic and other not-for-profit health care organizations across the country are working to identify and act upon the most pressing health needs in the communities they serve. Along with the rest of the healthcare sector, they have come to realize that it is critical to address the root causes of those needs, which are known as the **social determinants of health**. These are the social, economic, and physical conditions in which people live, work, and age that impact population health outcomes and risks, including neighborhood and built environment, economic stability, health and health care, education, and social and community context. This toolkit will focus on how hospitals can develop a community investment strategy to improve health and health disparities in the communities they serve.

We define **community investment** as investments intended to improve social, economic, and environmental conditions in disadvantaged communities while producing some economic return for investors. Community investment (sometimes called impact investment) can be used to create the social and physical environments that support community health over the long term, including things like small businesses, affordable homes, and grocery stores. Health care organizations have an array of assets—land, financial resources, relationships, expertise, etc.— that can be harnessed to support community investment.

In far too many places, especially low-income Black, Latinx, Asian/Pacific Islander, and Native communities, poor social, economic, and environmental conditions are the consequence of decades of racist policies, like the reservation system and redlining, which have resulted in a lack of investment, among other consequences. Significant capital is needed to transform these communities and helping investment flow into them requires efforts that markets and financial investors alone will not achieve. Community anchor institutions such as hospitals can play a critical role by leveraging their assets to support community investment.

**Investable opportunities**, like a small business incubator or a fund that finances the acquisition and rehab of affordable homes, provide both long-term solutions and a return that gives you more money to use on behalf of your community.



We have identified six steps that will help health institutions develop an **investment strategy for community health**:

<b>1</b> <b>LAY THE GROUNDWORK</b>	Assess institutional understanding of social determinants and educate your hospital community about them, convene a cross-department team to support the work, and engage your board and senior leaders.
<b>2</b> <b>CHOOSE YOUR FOCUS</b>	Identify the most pressing health needs of your communities, their root causes, and the people they most affect. Use that information to determine your investment priority.
<b>3</b> <b>FIND PARTNERS</b>	Reach out to community members and the community investment stakeholders to find out what they are doing to address community health needs and how you might get involved.
<b>4</b> <b>IDENTIFY INVESTABLE OPPORTUNITIES</b>	With your cross-department team, determine your institutional investment priorities, including what resources are available to allocate for investment. Working with community members and your community investment partners, figure out which deals and projects in your communities could make best use of your investment.
<b>5</b> <b>CREATE A STRATEGY</b>	Set a general goal with specific targets for impact, develop criteria for prioritizing investment opportunities and making decisions about which to pursue, identify partners, select your initial investments, and take action.
<b>6</b> <b>ENHANCE THE LOCAL COMMUNITY INVESTMENT SYSTEM</b>	Assess the policies and regulations, available funding, skills and capacities of local actors, and institutional relationships that undergird community investment in your communities (we call this the enabling environment). Look for opportunities to improve the system through advocacy and policy change to support greater investment, engaging stakeholders who have been overlooked or excluded, and/or finding new roles for your hospital to play.



This toolkit is designed to help health care organizations look at their resources in a different light, expand their efforts to support their communities, and maximize their impact on community health by harnessing the power of their investment capital. It will help them distinguish between financial contributions and investment strategies, understand the value of investment strategies for addressing the social determinants of health, and mobilize investment capital to improve community health.







## Introduction

Hospitals have provided care to the sick for centuries. For Catholic and not-for-profit health care organizations, delivering high quality, compassionate health care is more than a job; it's their mission.

Guided by a deep concern for vulnerable populations and a commitment to social justice, Catholic and not-for-profit health care organizations across the country are working to identify and address the most pressing health needs in the communities they serve.



One way these organizations accomplish this goal is through community benefit and community health improvement programs and activities (see Box 1).<sup>1</sup> For example,

- Community health education programs
- Mobile clinics for health screenings or improved access to services
- Support for at-risk persons with chronic disease management
- Participation in community coalitions/partnerships to address community health needs

Another way is by making financial contributions to community organizations so they can provide community benefit services, such as contributions to:

- An American Red Cross chapter to teach caregivers about home nursing
- Federally Qualified Health Centers to provide free care to immigrant populations
- The local Agency on Aging to provide transportation to health care appointments for low-income seniors
- A local school to support nutrition education and exercise programs

#### Box 1

## Understanding Community Benefit

Not-for-profit hospitals provide community benefits to carry out their mission of community service and to demonstrate that they are fulfilling their tax-exempt charitable purpose. Hospitals are required to report to the Internal Revenue Service (IRS) the following community benefit categories:

- Financial assistance/charity care
- Medicaid and other government-sponsored means-tested health care
- Community benefit services, including:
  - Community health improvement programs
  - Health professional education
  - Subsidized health services
  - Clinical and community health research
  - Cash and in-kind contributions
  - Community building activities

To better understand what counts, read [What Counts as Community Benefit](#).

<sup>1</sup> For more on community benefit strategies, see [A Guide for Planning and Reporting Community Benefit \(CHA, 2017\)](#).

However, driven by a growing understanding of the social determinants of health (see Box 2), many health care organizations are using community benefit strategies, including community health improvement activities and financial contributions, to address the root causes of health needs. For example:

- Making environmental improvements such as removing harmful material in buildings
- Holding farmers markets on facility grounds in local communities that lack access to fresh produce
- Joining community efforts to prevent violence
- Making financial contributions to partners who deliver programs and activities that address the social determinants

## Box 2

# Social Determinants

The social determinants of health are the social, economic, and physical conditions in which people live, work, and age that impact health outcomes and risks. According to [Healthy People 2030](#), these conditions fall into five categories:



**Neighborhood  
and Built  
Environment**



**Economic  
Stability**



**Health and  
Health Care**



**Education**



**Social and  
Community  
Context**

Creating environments with conditions that support optimal health is a critical strategy for improving health outcomes and reducing health care spending.

It is important to note that **social determinants** are factors that influence the health of a population. Efforts to address **social risks** (also known as social needs), such as transportation to appointments, food vouchers, and housing assistance, are important and effective in managing the health of individuals. However, addressing social determinants goes beyond individual needs to improve the underlying conditions that affect the health of an overall population or community.



## Community Investment

We define community investment as investments intended to improve social, economic, and environmental conditions in disadvantaged communities while producing some economic return for investors. Community investment finances things like small businesses, affordable housing, grocery stores, and other efforts to address social determinants that promote better health outcomes.

A growing number of health care organizations are also using their business operations to improve community health by supporting their local economies. These approaches are known as anchor strategies<sup>2</sup> and include efforts like:

- Hiring locally and building a career ladder for local residents
- Buying and contracting with local businesses
- Local investing

This toolkit will zero in on the last of these approaches, also known as community investment (see Box 3). Community investment (sometimes called impact investment) can be used to create the social and physical environments that support community health over the long term. Health care organizations have an array of assets—land, financial resources, relationships, expertise, etc.—that can be harnessed to support community investment.

Community investment is critical to addressing the social determinants of health.<sup>3</sup> In far too many places, especially Black, Latinx, Asian/Pacific Islander, and Native low-income communities, poor social, economic, and environmental conditions are the consequence of decades of racist policies, like the reservation system and redlining, which have resulted in a lack of investment, among other consequences. Significant capital is needed to transform these communities, and helping investment flow into them in ways that advance community priorities requires efforts that markets and financial investors alone will not achieve. Community organizations such as hospitals and universities, foundations, and government can also play a critical role by leveraging their assets to support community investment.

2 For more information on anchor strategies, especially hiring and purchasing, see [Anchor Mission Playbook \(Democracy Collaborative, 2018\)](#).

3 For the impact of community investment on health outcomes, see [A Community Development Program and Reduction in High-Cost Health Care Use \(Pediatrics, July 2020\)](#).

To illuminate the impact that investment can have on the social determinants and community health outcomes, this toolkit will:

- **define** community investment,
- **explain** how you can integrate community investment into your community health improvement strategies, and
- **explore** how a health organization can create a community investment strategy.

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There are many ways to impact community health. Once you understand investment capital and how to use it, you can help your organization harness its full suite of assets to increase the scale of your impact and further advance your mission.





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