

# How Mission's sale will create Dogwood Health Trust

Staff report

Mission Health leaders have billed the private, nonprofit Dogwood Health Trust as the crown jewel of Mission's sale to Nashville-based HCA, a for-profit company that owns 178 hospitals. The trust will focus on addressing social determinants of health.

Here's how that might work:

## What are social determinants of health?

Factors beyond genes and germs affect well-being. That has led public health experts to focus increasingly on a broad category of environmental factors known collectively as social determinants of health.

The federal government's Healthy People 2020 initiative defines social determinants of health as "conditions in the environments in which people live, learn, work, play, worship, and age that affect a wide range of health, functioning, and quality-of-life outcomes and risks."

Five key areas, the government says, are economic stability, education, social and community context, health and health care and neighborhood and built environment.

Some determinants are obvious, others less so. Low-income people may face more health challenges because they often cannot afford healthy food, a doctor visit or medication. People who live in areas with more air pollution are more at risk of respiratory problems.

Other examples include how someone's neighborhood is laid out, or whether a person has ties to neighbors or other support networks. It is harder to walk, run or bicycle for exercise for people who live in an area without sidewalks or where auto traffic is heavy.

Source: Centers for Disease Control

## How Dogwood Health Trust be run?

Dogwood Health Trust's articles of incorporation say its purpose is to "dramatically improve the health and well-being of all people and communities of

Western North Carolina."

The foundation will be governed by a board of up to 19 members with the "knowledge, skill, experience and commitment to advance" that goal and "who represent the diversity of the residents of Western North Carolina," its bylaws say.

Mission Health's board has responsibility to choose initial board members, Mission President and CEO Dr. Ron Paulus said earlier this year. Board members will serve for staggered three-year terms and the Dogwood board will elect new members when terms expire or vacancies occur for other reasons.

Bylaws and articles of incorporation set out several restrictions on Dogwood's operations. It is to be a nonprofit and a vote of 85 percent of its board would be needed to change Dogwood's purpose or board structure, to spend more than 7 percent of its assets in a year or for Dogwood to dissolve itself or transfer its assets to another entity.

## Are changes ahead for Mission's charitable efforts?

Some charitable work could stop, but it is difficult to know which services and programs HCA Healthcare might continue and which it might end or hand off to a nonprofit.

Mission's sale agreement with HCA requires HCA to continue offering most major health care services for 10 years after the sale. However, HCA would be free to take a different approach to, or end, some of Mission's charitable efforts.

Here's a look at what Mission told the Internal Revenue Service the system spent on charity care, services intended to provide community benefits and money-losing health services at its hospitals and CarePartners, which provides home health, rehabilitation and other services, for the fiscal year that ended in September 2016.

**Charity and related care, \$30.4 million:** That's the net cost to Mission of care it provided to people who either paid nothing or less than the cost of care because of their income levels. Paulus says HCA's charity care policy is more

generous than Mission's and rules against turning patients away mean HCA will end up serving many low-income patients for free or at reduced rates also.

**Medicaid, \$5.7 million:** This figure is the difference between the cost of care Mission provided to people covered by Medicaid, the federal program that covers some low-income people, and the amount the government paid Mission. It is in addition to the charity care figure above.

**Subsidized health services, \$48.4 million:** This is the amount Mission says it lost on medical services that are not profitable. Mission told the Citizen Times that major services included are its air ambulance, cancer center, emergency department psychiatric evaluation, pediatrics, surgery on veins and arteries, general surgery, urology, neurosurgery, inpatient cancer treatment, palliative care, regional transportation and nurses who examine victims of sexual assault.

It appears that HCA would be required to continue all of those services for at least 10 years under its purchase agreement with Mission. Mission's Rowena Buffett Timms, head of government and community relations, said ending these services after that "isn't at all likely or sensible."

**Community health improvement and community benefit operations, \$17.1 million:** The IRS defines this category as things hospitals do to enhance public health and advance knowledge about health or that are tasks that government would otherwise have to perform. Some of this money went to recruit doctors to underserved areas.

Cash and in-kind contributions for community benefit, \$7.7 million: This figure includes \$2.2 million in direct grants to community organizations. Mission said recipients of cash or in-kind donations include the Asheville-Buncombe Community Christian Ministries charity clinic, Mountain Area Health Education Center (MAHEC) and a variety of community groups, county health departments and nonprofits.

**Health professions education, \$2.8 million:** This figure can include work

with physicians in training and educational opportunities open to caregivers off or on Mission's payroll.

**Research, \$2 million:** This covers a range of activities intended to increase medical knowledge.

**Total, \$114.1 million:** Charity, Medicaid and related care cost Mission \$36.1 million. Spending on other items listed above totaled \$78 million.

Mission and HCA say HCA also makes charitable contributions. Buffett Timms says HCA would end up continuing many services Mission included as community benefits on its tax returns – although she said HCA will be able to make services more efficient, meaning some would turn a profit and some would lose less money than under Mission.

HCA said in a statement that as talks on a sale agreement continue, "we are working to help ensure that the majority of the community services Mission Health provides to the eighteen counties in Western North Carolina continue under HCA Healthcare, though it's possible a few of those services will be provided by other non-profits that currently serve the community."

It said WNC "will be gaining a good corporate citizen in HCA Healthcare with a track record of coordinating with organizations such as the American Red Cross, American Heart Association, Jason Foundation and the March of Dimes nationally and within the communities they serve to support vital health programs."

Last year, the statement says, HCA "provided \$23.6 million in cash donations to local charitable organizations across the regions it serves and free, discounted and other uncompensated care at a cost of \$2.8 billion."

*NOTE: Figures were calculated from tax returns filed by Mission hospitals, the health system as a whole, and CarePartners. They do not include spending by nonprofits that operate physician practices owned by Mission or by foundations associated with the health system and its hospitals. Foundations will continue their operations after the HCA sale.*



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