



# Hospitals as Financial Sustainability Partners

## Background:

Hospitals strongly influence the health of Oregon's communities. While common hospital functions include inpatient services such as surgery, emergency care and intensive care, many hospitals also provide outpatient (non-overnight) diagnostic and treatment services for a variety of chronic conditions such as diabetes, cardiovascular disease and lung disease.

## Why hospitals would want to support Living Well:

1. **Medicare penalty for readmissions:** In 2012, the federal Medicare program will begin to penalize hospitals that show higher-than-expected readmission rates.<sup>1</sup> This provides hospitals a strong reason to make sure that patients leave with the information and support they need, and a referral to Living Well can be a key component of patients' discharge plans. Hospital discharge planners and care coordinators will be increasingly important partners for Living Well program as the new Medicare rules are implemented.
2. **Community wellness:** Hospitals are major contributors to the wellness of people in their service areas through delivery of outpatient health education and community wellness services and programs. Often this is a key component of a hospital's marketing and positioning strategy. Presenting Living Well programs as a means to demonstrate community leadership is a promising strategy for approaching hospitals as financial sustainability partners.
3. **Control costs:** As providers of key medical services, hospitals have a financial incentive to support programs like Living Well that can help patients stay healthy after they are discharged. The cost of hospital readmissions is skyrocketing; according to a recent study, nearly one in five fee-for-service Medicare patients discharged from the hospital is readmitted within 30 days, and one in three is readmitted within 90 days. These readmissions cost Medicare \$18 billion in 2007, and readmission rates are increasing.<sup>2</sup> If insurance does not cover the services or patients themselves cannot afford them, the hospital will not receive payment.
4. **Show the value of community benefits:** Nonprofit hospitals have an added incentive to support self-management programs through community benefits. In order to maintain their nonprofit status, hospitals are required to report the value of their community benefits programming—which can include offerings such as Living Well—to both the IRS and the

<sup>1</sup> Institute for Healthcare Improvement Weekly Update, February 28, 2011.

<sup>2</sup> Jencks SF, Williams MV, Coleman AE. *New England Journal of Medicine* 2009; 360:1418-1428.



state. Living Well could fit several categories of offerings that qualify, including health promotion and wellness programs, lectures and workshops provided by staff members to community groups, and worksite health education programs.<sup>1</sup> New federal legislation will also require nonprofit hospitals to perform periodic community health needs assessments in the future, and this process may provide opportunities for Living Well advocates to provide input on the importance of hospitals supporting self-management programs. Community benefits offices and hospital-associated charitable foundations would be the first lines of contact for this strategy.

### How they can be a funding resource:

- Hospitals can help support delivery of programs in local communities by sponsoring workshops, assisting with workshop coordination, hosting leader training, referring patients, recruiting hospital volunteers to provide workshops, and helping to publicize programs.
- Hospitals may also consider making Living Well a standard part of health education offerings, available both to discharged patients and the general public. They can provide space and healthy snacks for classes, and consider underwriting scholarships for people with financial need.
- Hospitals should be encouraged to make Living Well a routine offering for patients and a standard benefit for hospital employees. (Hospitals are often major employers in the areas they serve, and have a strong stake in keeping their employees healthy. Please see the employer/worksite section below for tips on working with hospitals from this aspect.)

### Examples:

Several hospital systems in Oregon support self-management program delivery, including the following:

- The Veterans Affairs Medical Centers in Portland and White City provide in-hospital and outpatient programs to patients and their families. They have trained VA staff members and volunteers to deliver Living Well workshops. The Portland facility supports staff members at six outpatient clinics to organize and deliver the program both at their clinics and in collaboration with community agencies.
- Tuality Healthcare in Hillsboro supports a part-time coordinator who is working on systems to connect patients to Living Well and *Tomando Control* programs, help reduce uncompensated hospital readmissions, and connect Latino patients to programs through their *¡Salud!* community health program.

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<sup>1</sup> Community Benefit Reporting Categories, Office for Oregon Health Policy and Research, July 2008; [http://www.oregon.gov/OHPPR/RSCH/docs/Community\\_Benefits/CBR2\\_July\\_2008.pdf?ga=t](http://www.oregon.gov/OHPPR/RSCH/docs/Community_Benefits/CBR2_July_2008.pdf?ga=t).



- Samaritan Health Services Inc. (SHS) is comprised of five hospitals, 70 primary care and specialty physician clinics, senior care facilities and four insurance plans providing health care services from the Oregon Coast to the mid-Willamette Valley, including Benton, Lincoln and Linn counties. SHS has demonstrated its commitment to building healthier communities together by employing a full-time Living Well with Chronic Conditions coordinator, hosting Living Well workshops and promoting the Living Well program. Workshop attendees are often referred by SHS physician offices, case managers, diabetes educators, nurses and medical assistants.

### **Who to talk to and how to get in the door:**

If you're already working with your hospital, ask your contact who might be the best person for a conversation about broader involvement and possible funding and request an introduction. In larger hospitals, the managers of disease-specific programs such as diabetes clinics and cardiac or pulmonary rehabilitation could be helpful contacts. In smaller hospitals, these functions may be grouped together into a single health education unit. Discharge planners and employee wellness coordinators could also be good contacts. Within hospital administration, supporters may be found in the marketing department, community benefits office, volunteer office, chaplain's office or charitable foundation.



### Issue Brief: Living Well and Hospitals

Chronic disease is putting our health care system under enormous pressure. Nationally, 80 percent of older adults have at least one chronic condition, and 50 percent have at least two.<sup>1</sup> In Oregon each year, diseases such as cancer, heart disease, lung disease, diabetes and arthritis claim the lives of 19,219 people and result in \$1.4 billion in hospitalization costs.<sup>2</sup>

Although patients with chronic conditions may know *what* they need to do to manage their disease, they often don't know *how*. It is critical to help Oregonians with existing chronic conditions live successfully and help them use the health care system as efficiently as possible.

#### The Living Well with Chronic Conditions Program

Oregonians are learning how to manage their chronic health conditions by participating in the **Living Well with Chronic Conditions** program and its Spanish language/cultural version, *Tomando Control de su Salud*. Living Well is delivered in a series of six weekly 2-1/2 hour workshops led by trained community members, many of whom have chronic conditions themselves.

Living Well is a proven program developed at Stanford University. The workshops teach people with chronic diseases to make healthy lifestyle choices and lessen the impact of their symptoms and of the disease itself. Participants have less pain and more energy. They are more able to live the lives they want, and gain the ability and confidence to care for their conditions. Participants learn how to properly use medications, communicate effectively with health care providers, and evaluate new treatments.

Living Well improves quality of life by reducing fatigue and increasing physical activity, emotional and physical well-being, and ability to function in social settings. After completing Living Well workshops, patients are healthier and better equipped to avoid unnecessary hospital readmissions.

#### Living Well and Hospitals

The average cost for someone to attend the six-week program is \$375—compare this to the thousands of dollars a hospital could spend on one unreimbursed avoidable readmission. Although hospitals may use different means of calculating their exact savings, the return on investment in the program is clearly significant.

As the number of Oregonians living with chronic conditions continues to grow, Living Well can help hospitals respond by teaching participants how to set goals and make their own plans to manage their disease and improve their health, enhance their ability to stay independent, and increase their energy and self-confidence. The program also helps patients learn how to improve

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<sup>1</sup> National Institute on Aging, [http://www.nia.nih.gov/HealthInformation/Publications/ClinicianHB/06\\_chronic.htm](http://www.nia.nih.gov/HealthInformation/Publications/ClinicianHB/06_chronic.htm)

<sup>2</sup> Oregon Department of Human Services. *Keeping Oregonians Healthy*, 2007.  
<http://public.health.oregon.gov/DiseasesConditions/ChronicDisease/Documents/healthor.pdf>

## Appendix C (2)



communication with their health care providers and caregivers, which is important during the crucial transition from hospital to home.

Hospitals can help make it possible for individuals to live successfully with chronic conditions to increase the efficiency of our health care system by:

- Supporting delivery of Living Well programs in local communities by sponsoring workshops, assisting with workshop coordination, hosting leader training, referring patients, recruiting hospital volunteers to provide workshops, and helping to publicize programs.
- Making Living Well a standard part of your hospital's health education offerings, available both to patients and the general public. Provide space and healthy snacks for workshops, and consider underwriting scholarships for people with financial need.



### Talking Points for Hospitals

*These talking points are for use by Living Well programs when approaching funders. They are not to be handed out. Instead, leave the “issue brief” handout. Please remember, when you use these talking points, be sure to listen as much as you talk. The goal is to understand your prospect’s perception of the program, and what they would need to support it.*

- Acknowledgment:
  - Thank the prospect for any current or prior engagement in or support/funding for the Living Well program, and for the opportunity to talk now.
- The problem:
  - Nationally, 80 percent of older adults have at least one chronic condition, and 50 percent have at least two.<sup>1</sup> Every year, the toll of chronic disease in Oregon is more than 19,000 lives and \$16 billion in health care costs.<sup>2</sup>
  - Chronic diseases affect a hospital’s bottom line as an employer, because they are one of the leading causes of missed days of work. Every day in America, 40,000 people miss school or work due to asthma.<sup>3</sup> Chronic diseases account for more 2.5 billion missed work days or “work cutback” days per year.<sup>4</sup>
  - Chronic diseases are expensive to health purchasers. Nationally, the 27 percent of people with multiple chronic conditions account for two-thirds of health care spending.<sup>5</sup>
- The solution:
  - Patients who are supported beyond discharge and taught to self-manage their conditions are better equipped to avoid an unnecessary readmission or unreimbursed emergency room visit.
  - Living Well with Chronic Conditions is a six-week workshop that provides tools for living a healthy life with chronic health conditions, including diabetes, arthritis, asthma and heart disease.
  - Living Well workshops teach people with chronic diseases to make healthy lifestyle choices and, in many cases, lessen the impact of their symptoms or of the disease itself. Participants learn to deal with issues such as fatigue, frustration, pain and

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<sup>1</sup> <http://www.cdc.gov/chronicdisease/resources/publications/AAG/aging.htm>

<sup>2</sup> Oregon Department of Human Services. *Keeping Oregonians Healthy*, 2007.

<http://public.health.oregon.gov/DiseasesConditions/ChronicDisease/Documents/healthor.pdf>

<sup>3</sup> Asthma and Allergy Foundation of America: <http://www.aafa.org/display.cfm?id=9&sub=42>

<sup>4</sup> Kessler, RC et al. The Effects of Chronic Medical Conditions on Work Loss and Work Cutback . *Journal of Occupational & Environmental Medicine*. 43(3):218-225, March 2001.

<sup>5</sup> US Department of Health and Human Services. Multiple Chronic Conditions—A Strategic Framework, 2010.

[http://www.hhs.gov/ash/initiatives/mcc/mcc\\_framework.pdf](http://www.hhs.gov/ash/initiatives/mcc/mcc_framework.pdf)



isolation. They learn exercises that help maintain strength and flexibility. They learn information on properly using medications, communicating with health care providers, and evaluating new treatments.

- Dozens of organizations offer Living Well workshops around the state, and about 4,000 Oregonians have participated in the program so far. Workshops are available in 27 counties, and an online version is being piloted.
- The impact:
  - Living Well improves the quality of life of participants by helping reduce fatigue and increase their physical activity, emotional and physical well-being, ability to function in social settings, and communication with their doctors, according to research conducted by Stanford University and replicated in several other studies.
- Why it matters to **hospitals**:
  - The average cost for someone to attend the six-week program is \$375—compare this to the thousands of dollars a hospital could spend on an unreimbursed avoidable readmission or unpaid emergency room visit. Although hospitals may use different means of calculating their exact savings, the return on investment in the program is clearly significant.
  - The program also helps patients learn how to improve communication with their health care providers and caregivers, which eases patient care both during a hospital stay and care-setting transitions.
  - As the number of Oregonians living with chronic conditions continues to grow, Living Well can help hospitals respond. It teaches participants how to set goals and make their own plans to manage their disease and improve their health, enhancing their ability to stay independent and increasing energy and self-confidence.
- What hospitals can do:
  - Help support delivery of programs in local communities by sponsoring workshops, assisting with workshop coordination, hosting leader training, referring patients, recruiting hospital volunteers to provide workshops, and helping to publicize programs.
  - Consider making Living Well a standard part of your hospital's health education offerings, available both to patients and the general public. Provide space and healthy snacks for classes, and consider underwriting scholarships for people with financial need.
  - Make Living Well a routine offering for patients and a standard benefit for hospital employees.