

## **Community Benefit Report - IRS Form 990, Supplement Part III**

As a member of the Catholic health ministry, **Bon Secours Health System, Inc.** (BSHSI) is called to live the teachings and promises of Jesus. The community benefit services provided by BSHSI include programs and partnerships working to improve access to health care and the quality of life and holistic health of the communities served. In order to portray the full breadth of our contribution to our communities, the content of the fiscal year 2006 report is divided into two sections.

- **Section 1: Qualitative Description of Community Benefit** - describes BSHSI's purposeful commitment and proactive approach to meet community health needs and to build the capacities for health, how BSHSI meets tax-exempt requirements, and illustrative examples of BSHSI's community benefit services.
- **Section 2: Quantitative Description of Community Benefit** - describes BSHSI's community benefit contribution in financial terms presenting the cost of charity care, the unpaid cost from government health care for the indigent, and the net expense of the other community benefit services provided.

### **SECTION 1 – QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT**

#### **1. Organizational Commitment to Providing Community Benefit**

##### **A. BSHSI's Mission and Primary Exempt Purpose**

BSHSI exists to benefit the people living in the communities it serves. With a presence in 13 communities in nine eastern states, BSHSI offers a continuum of health care and human services. These services include: 20 acute care hospitals (owned or joint ventured); six skilled nursing facilities; six assisted or independent living facilities; primary care clinics; physician service organizations; home health services; hospices; and many community health programs, alliances and partnerships.

“The Mission of BSHSI is to bring compassion to health care and to be good help to those in need, especially those who are poor and dying. As a System of caregivers, we commit ourselves to help bring people and communities to health and wholeness as part of the healing ministry of Jesus Christ and the Catholic Church.”

The long range Vision of BSHSI is “Inspired by the healing ministry of Jesus Christ and the charisma of Bon Secours, BSHSI will be recognized for its leadership in justice, transforming the communities in which we serve and work into places of health and hope, and being a prophetic voice for systemic US health reform and a more humane world.”

##### **B. BSHSI's Approach to Providing Community**

Being a health care provider in the United States in the age of managed care, prospective payment, and intense government regulation is a significant challenge. There are so many competing needs for the limited human and financial resources. For members of the Catholic health ministry the challenge is even greater, as we are called to live the teachings and promises of Jesus and address the social and economic injustices in our society.

For BSHSI, creating an option for the poor and disadvantaged cannot be simply providing free or discounted services to those who come to our health care facilities in crisis without financial means to pay. Our call to live the teachings and promises of Jesus requires that we nurture the growth of

individual and community capacities and create opportunities for each individual to assume a meaningful role in defining and pursuing holistic well being, peace, and hope. Our call requires that we be a prophetic voice for just and equitable public policies that ensure access to basic human goods for all people.

As an employer, health care provider, and corporate citizen, BSHSI invests human and financial resources to address the symptoms of injustice in our society while simultaneously working to eliminate the root causes.

BSHSI's commitment to social and economic justice is integrated into the fabric of the organization through its Strategic Quality Plan and its common vision of a healthy community. Our vision of a healthy community is embodied in the following statements. "A healthy community is a good place to live for all residents. The rich diversity of cultures and capacities of the community are celebrated and mobilized, with a particular concern for the poor, marginalized and dying, to create physical and social environments that promote families, nurture youth and support senior citizens. Individuals have the opportunity to fully participate in defining holistic well being and assuming responsibility for the development of their innate potential."

BSHSI's mission and vision are implemented through the daily work of thousands of employees, physicians and volunteers. The organizational structure and continual development program ensure people have the responsibility, authority, knowledge and skills needed to fulfill the commitment to the communities served. As of August 31, 2006, BSHSI provided employment to over 19,000 individuals. Salaries, wages and benefits totaled approximately \$1.1 billion, representing 48% of BSHSI's total operating expenses.

### **C. Financial Assistance Policies and Programs**

BSHSI is committed to ensuring access to health care services for all.

As a health care provider, BSHSI addresses the needs of the uninsured by providing free or reduced fees on hospital services, community outreach efforts to assist with Medicaid and SCHIP enrollment, and free community-based preventive and primary care services.

The BSHSI financial assistance program aids uninsured patients who do not qualify for government-sponsored health insurance and cannot afford to pay for their medical care. Insured patients may also qualify depending upon family income, family size and medical needs. The program provides 100% financial assistance for families that fall at or below 200% of the federal poverty level (FPL) and utilizes a sliding scale for those above 200% of the FPL. The financial assistance program uses data from the Tax Foundation to set a maximum annual family liability to receive needed health care services to ensure that no family suffers a catastrophic financial burden.

In addition to the its financial assistance program, BSHSI offers a community service adjustment to our uninsured patients and their families. The community service adjustment ensures that uninsured patients do not pay full charges for medically necessary services. The adjustment reflects an ongoing commitment by BSHSI to the communities we serve.

## **2. Organizational Description for Tax Exemption**

### **A. Board of Directors**

BSHSI is an extension of the ministry of the Sisters of Bon Secours, a congregation of Catholic religious women, in the United States. The BSHSI Board of Directors is comprised of sixteen

members. Four of the members are Sisters of Bon Secours and the others represent expertise in various areas, including finance, audit, clinical quality, sponsorship, human resources, management and administration, and business ethics. Members of the BSHSI Board of Directors are appointed by Bon Secours Inc. (BSI). The BSI Board of Directors is comprised of seven people, designated as Class A Directors and Class B Directors. The Class A Directors were appointed by the Sisters of Bon Secours USA and the Class B Directors were appointed by the Class A Directors.

#### **B. Nursing Advancement Program**

BSHSI has a Nursing Advancement Program that pays the tuition for employees who wish to pursue a nursing or advanced nursing degree. The Nursing Advancement Program distributed \$208,867 in fiscal year 2006 to supplement the cost of tuition for participating employees.

### **3. Description of Community Benefit Services**

#### **A. Community Health Partnerships**

Working alone or with other organizations, BSHSI participates in long-term collaborative partnerships with the people we serve (community health partnership) to support them in improving the quality of life for themselves and the community. The following provides illustrative examples of the more than 40 community health partnerships in which BSHSI participates. Each partnership is working to mobilize and nurture the growth of individual and community capacities to address mutually identified obstacles that limit the potential for sustainable health and well being.

##### **Grosse Point, Michigan**

*Bon Secours Cottage Health Services*, a joint venture with Henry Ford Health System, serves the people of Grosse Pointe and five surrounding cities in the northeast suburbs of Detroit. To address the needs of the aging population, Bon Secours Cottage partners with *Services for Older Citizens* to provide meals and social visits to homebound elderly individuals. These services are an integral part of a comprehensive continuum of care helping seniors to maintain their lives in independence and dignity.

##### **Suffern, Warwick and Port Jervis, New York**

*Bon Secours Charity Health System* serves three very different communities located in southern New York State along the borders of New Jersey and Pennsylvania. The *Perinatal Bereavement Partnership* offers support through the various stages of grief and healing after the death of an unborn or newborn child. The partnership offers to bereaved parents, siblings, and other relatives and friends a variety of mutual help groups and special services including a parent network for one to one sharing, lending library and telephone support. The broader community is involved through special annual events such as the "Walk to Remember," a holiday candlelight memorial service.

##### **Riverdale, New York**

*Bon Secours New York Health System*, located on the east bank of the Hudson River in the Bronx, provides a continuum of long-term care services. *Interfaith Caregivers of the Northwest Bronx* is a grassroots, community-based program that provides volunteers to the homebound and frail elderly residents living in the community. Bon Secours New York supports nine faith communities of diverse denominations to recruit and train volunteers to assist homebound elderly in such essential activities of daily living as shopping, home repairs, respite care for families and companionship visits. Individuals are served by over 60 volunteer lay health caregivers. The program is based on a community-building approach in which people of various faiths serve elderly of many backgrounds, forming relationships across boundaries of age, faith, and culture.

### **Hoboken, New Jersey**

***Bon Secours New Jersey Health System*** is located across the Hudson River from the Empire State Building. *F.A.I.T.H Services* provides care and support for individuals infected and affected by the HIV/AIDS virus. Thousands of individuals have received direct services and many others have been educated about HIV/AIDS through speaking engagements throughout the County. Bon Secours New Jersey caregivers help clients and their primary support network to secure and coordinate social, cultural and community resources including emergency housing and food, support groups and payment for childcare during treatments or hospitalization. The program seeks to empower clients through the development of skills in problem solving, and identification and use of community resources.

### **Baltimore, Maryland**

***Bon Secours Baltimore Health System*** is located in an urban area with a high incidence of poverty, crime and disease. Founded over 10 years ago, the purpose of *Operation ReachOut South West* is to revitalize the community. The partnership is a broad-based coalition comprised of over 65 organizations. Committees are addressing six issues (economic development, education, health, physical planning, public safety and special needs). The last bank in southwest Baltimore closed in 1998, leaving only check cashing outlets, pawn shops, and predatory home mortgage lenders to meet the residents' needs for financial services. To fill this void, the *Operation OutReach* Economic Development Committee and the Bon Secours of Maryland Foundation developed *Our Money Place*, a community-owned, full service financial center that provides a range of needed services from transactional (check cashing, money orders) to asset building (homeownership counseling, credit counseling).

### **Newport News, Norfolk and Portsmouth, Virginia**

***Bon Secours Hampton Roads Health System*** serves three very different communities located in Hampton Roads area of eastern Virginia. Mary Immaculate Hospital, a joint venture between BSHSI and the Bernardine Sisters of the Third Order of St. Francis, is a founding partner of *Family Focus*. *Family Focus* is a broad coalition of private and public organizations that provides a continuum of education, prevention and support programming to Newport News and surrounding communities to encourage healthy child development and assist parents and caregivers in providing nurturing environments in the home and community. The partnership, which serves over 900 families living in the Peninsula, works to reduce child abuse and neglect by providing opportunities for parent-to-parent support, increased parental knowledge of child behaviors and development and enhanced child management skills.

### **Richmond, Virginia**

***Bon Secours Richmond Health System*** participates in several partnerships that are addressing health and well being throughout the metropolitan area. One of these is focused on asthma. The vision for a healthy community for the *Asthma Self Management Partnership* is that any child suffering from asthma is fully supported in the management of the condition by parents, health care providers and schools. The partnership includes schools, students, parents, the American Lung Association, Bon Secours Richmond Home Medical, private physicians, pharmaceutical companies, and supportive services to help improve the children's health and the quality of life. The partnership is a member of the Central Virginia Asthma Coalition. Through a grant from the Centers for Disease Control and Prevention for CARMA (Controlling Asthma in the Richmond Metropolitan Area) the partnership has developed asthma programs for preschool children and physician education.

### **Ashland, Kentucky**

***Bon Secours Kentucky Health System*** is located on the Ohio River where Kentucky, Ohio and West Virginia meet. *Community Health Watch* is a faith-based community health ministry in which Bon

Secours Kentucky provides preparation and coordination to nurse volunteers in 55 area churches. Bon Secours Kentucky assist the faith communities in developing health and wellness activities that blend with existing ministries and meet the unique needs of each congregation. In all programs, the relationship between physical and spiritual health is emphasized. Bon Secours Kentucky also provides a patient chauffeur program for non emergent transportation to outpatient services. This service has been particularly helpful to individuals in radiation therapy, cardiac and pulmonary rehab programs where the lack of transportation is a major barrier to patients following through with the recommended therapies.

### **Greenville, South Carolina**

***Bon Secours St. Francis Health System*** serves the Greenville-Spartanburg area of nearly one million people. The Access to Oral Health Care Program is a collaboration of Bon Secours St. Francis Health System, the Community Health Alliance, Greenville Technical College and New Horizon Family Health Services, Inc. The collaboration is working to improve access to oral health care. The target population includes low income, uninsured and Medicaid-covered children and adults in Greenville and surrounding counties. The overall objective is to improve their oral health status by ensuring access to comprehensive and sustainable oral health services. Two key activities to accomplish this objective are: 1) a community-based dental clinic providing a full range of oral health services; and 2) operation of a mobile dental unit that will travel to churches, schools, shelters, and other sites. Both components will provide preventive, primary and restorative care through Greenville Technical College's dental hygienist training program as well as NHFHS dentists.

### **St. Petersburg, Florida**

***Bon Secours St. Petersburg Health System*** provides skilled and long-term nursing and assisted living to the Tampa Bay area. The *Refugee Healthcare Partnership* is a collaboration among six community organizations to enhance access to health services and employment training in healthcare to refugees that reside in Hillsborough and Pinellas County. A Healthcare Coordinator provides direct service and referrals to community service providers. In past years, Bon Secours St. Petersburg provided grants totaling over \$255,000 to assist in starting the partnership. The continuing contribution to the partnership is the provision of Certified Nurse Assistance training and employment to 15 individuals at a time.

## **B. Economic and Public Policy Development**

BSHSI recognizes that health in a community is often influenced dramatically by business and government decisions.

### **Economic Development**

BSHSI has a mission-based, socially responsible financial investment strategy. Long-term reserves are invested in the securities of corporations based on human, social and financial performance. A portion of the reserves is contributed directly to needed improvements in the communities BSHSI serves through the following funding vehicles.

- Over the past several years through the **Affordable Housing Fund**, Bon Secours has granted \$1,600,000 to Mercy Housing, Inc., a Catholic-sponsored organization developing reasonably priced housing with support services in targeted low-income communities. Through this partnership, over 160 housing units for low income families and seniors have been constructed in two of BSHSI's communities - Charleston and Greenville, South Carolina.
- The **Bon Secours Health System Mission Fund** provides funding to innovative and collaborative initiatives that support the development of holistic health and well-being, particularly for disenfranchised and marginalized people in communities served by BSHSI. In

fiscal year 2006, \$1,163,806 was awarded to 14 applicants bringing the total awards since inception of the Fund to over \$9.6 million.

The devastation caused by Hurricane Katrina affected all aspects of life in the Gulf Coast region and beyond. To provide support to the recovery, BSHSI contributed \$125,000 each to Catholic Charities USA and the American Red Cross plus an additional \$58,000 to match the contributions of its employees, a total of \$308,000. BSHSI relief efforts went well beyond the contribution of money. In each community served, additional support was provided including collecting and delivering medicine and clothing, and contributing to the care and housing of displaced persons who sought refuge in Greenville, Richmond and Hampton Roads.

### **Legislation and Public Policy Development**

BSHSI continues to advocate for legislation and public policy that promotes human flourishing on the national, state and local levels. Acting as a voice for poor and marginalized individuals, BSHSI worked to improve access to quality health and human services.

A primary objective has been to advocate for convenient access to quality health care services for uninsured and underinsured individuals with a particular focus on children and families.

As an employer, BSHSI strives to provide affordable health care coverage for all its employees. The health system also provides education to its employees about health insurance to include information on Medicaid and SCHIP enrollment so they can help those they serve and others in the communities.

BSHSI as a corporate citizen is involved in federal and state advocacy to maintain funding, expand benefits and simplify enrollment for health care insurance. BSHSI also participated in Cover the Uninsured Week with educational and outreach efforts in each community served. Over 9 million children in the United States do not have health insurance or a primary care physician. BSHSI is a member of *Children's Health Matters*, a coalition of Catholic Charities and Catholic health systems. The purpose of the coalition is to ensure that eligible uninsured children are enrolled in government health insurance programs and have access to quality health services.

BSHSI is active in shareholder advocacy. This advocacy is accomplished by working with other Catholic health systems and organizations to create awareness of issues of injustice in the corporate community and by sponsoring/cosponsoring shareholder resolutions on issues of concern. BSHSI's shareholder advocacy efforts are focused on a variety of issues impact health including: pharmaceutical companies' drug pricing strategies for low income people in the US and third world countries; the responsibility of oil companies for the environmental impact in their operations; financial institutions' predatory lending practices; and the responsibility of food manufacturers and distributors to identify and label all food products that contain genetically engineered ingredients.

BSHSI's achievements, whether as a health care provider, employer, advocate or corporate citizen, are the result of a constant effort to live the teachings and promises of our Catholic social tradition. BSHSI is committed to being "*good help to those in need.*"

## **SECTION 2 – QUANTIFIABLE COMMUNITY BENEFIT**

The financial information was prepared in accordance with the Catholic Health Association's (CHA) community benefit reporting guidelines. These guidelines recommend the following:

- Report charity care at cost, not charges.
- Do not include bad debt, contractual allowances, and quick pay discounts

- Do not count Medicare shortfall as a community benefit.
- Report the net expense for community benefit services, i.e., the total community benefit expense minus any associated revenue from patients, payers, and other external sources.

As a tax-exempt entity, BSHSI is exempt from federal and state taxation. However, BSHSI contributes value to the community that consistently exceeds the benefit of this tax exemption. Over the years, BSHSI periodically has an independent analysis performed by outside consultants knowledgeable of tax law. The consultants help it quantify the value of its tax exemption including income, unemployment, real estate, property and excise taxes, and the benefit of being able to borrow at tax-exempt interest rates. This independent analysis provides BSHSI with a baseline methodology to compare its cost of community benefit services and the taxes that it would pay if it were a taxable entity. For the fiscal year ending August 31, 2006, BSHSI provided over \$132 million in community benefit services at a cost well in excess of the value of its potential tax obligation.

**Fiscal Year Ended August 31, 2006 [Thousands of Dollars]**

<b>Charity care – <u>at cost</u></b>		<b>\$ 76,389</b>
<b>Government Sponsored Health Care - <u>net expense</u></b>		<b>\$ 42,577</b>
<b>Other Community Benefit Services - <u>net expense</u></b>		<b>\$ 13,763</b>
• <b>Community Health Services</b>	\$ 4,483	
• <b>Health Professions Education</b>	\$ 551	
• <b>Community Health Research</b>	\$ 17	
• <b>Financial and In-Kind Contributions</b>	\$ 5,083	
• <b>Community-building Activities</b>	\$ 2,372	
• <b>Community Benefit Operations</b>	\$ 1,257	
<b>Total Quantifiable Community Benefit</b>		<b>\$ 132,729</b>