

# Where Care Meets Community:

## Massachusetts Hospitals' \$1 Billion Investment

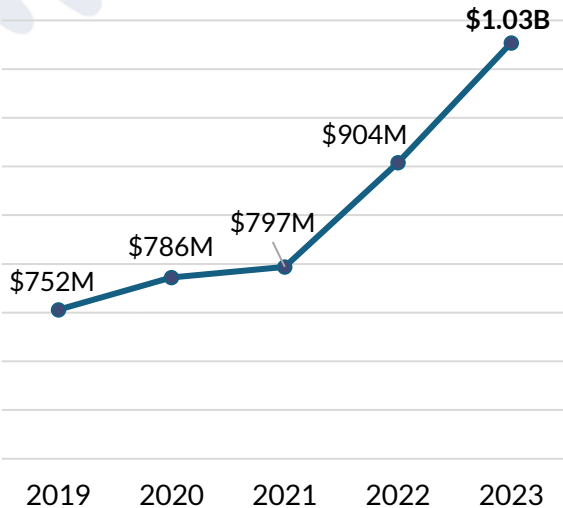
Massachusetts hospitals are renowned for the lifesaving, compassionate care they deliver each day for patients and families. What receives less attention, but is of vital importance to public health, are the activities they fund outside their walls to support people's wellbeing.

For the first time, Massachusetts hospitals' community benefits investments topped \$1 billion over the course of a single fiscal year – FY2023, or the latest year of reporting to the Office of the Massachusetts Attorney General.

"Community-based programs are a central aspect of fostering health and wellbeing, particularly for those with mental and behavioral health concerns. My office and I will continue to spotlight the critical investments of our hospitals and HMOs, which help expand health access and equity and meaningfully address the needs of communities across the commonwealth."

*Attorney General Andrea Joy Campbell*

**Massachusetts Hospitals' Community Benefits Investments**  
(Massachusetts Attorney General's Office)



## What are Community Benefits?

Hospitals' "community benefits" investments address specific health concerns and disparities identified in collaboration with trusted local partners, ranging from faith-based organizations to schools, first responders, and advocacy groups. Programs are provided at no cost to the populations being served and are not reimbursed by government or insurance companies.

Through these initiatives, hospitals and healthcare systems create healthier lifestyles for their patients in the places where people live, work, and play. The focus on prevention and education keeps people out of the hospital and overall care costs down. And because these free programs are carefully tailored to the unique needs of each community, they also build trust and deepen relationships between providers, neighborhoods, and families. The ultimate goal is to create healthier, more resilient communities in which every individual has the opportunity to thrive.

## What Do These Programs Look Like?

Hospitals' community benefit programs occur in schools and senior centers, in neighborhoods through the use of mobile health vans and farmers markets, through job fairs and health screenings, and in programs that address substance use disorder and violence prevention. They include mobile health clinics, mental health outreach, nutrition and fitness programs, chronic disease management workshops, among dozens of other free interventions.

Examples of hospital-specific programs are available through the [Attorney General's webpage](#).

In fiscal year 2023, local hospitals devoted \$1.03 billion to local community benefits programs – a 14% increase from FY22. Those investments continued even as the hospital community struggled with severe financial losses and well-documented instability. The statewide acute hospital median operating margin in FY2023 was just 0.2%; nearly 40% of hospitals in systems reported negative operating margins that year, as did 10 of 13 independent hospitals.



**What is your local hospital doing?**

The IRS allows hospitals to count financial losses related to care provided to Medicaid recipients, along with medical education costs and other metrics. **Based on the latest available IRS data (2022), Massachusetts hospitals reported \$2.43 billion in community benefits to the IRS.**

“There isn’t another economic sector that steps up for its communities more than our local hospitals, especially under the most challenging of circumstances. These investments embody our hospitals’ commitment to leading on community-based health, closing pervasive disparities, and being a part of their patients’ everyday lives.”

Steve Walsh  
President & CEO,  
Massachusetts Health & Hospital Association

## Community Benefits vs. the Health Safety Net

Hospitals’ community benefit investments are separate and distinct from their \$165 million annual investment in the Health Safety Net fund, which covers care for uninsured and underinsured patients in Massachusetts. Hospitals and health insurance companies pay an equal amount to fund the Health Safety Net, but hospitals are solely responsible for any funding shortfall. The Health Safety Net shortfall was \$152 million in FY2023 and is expected to exceed \$240 million in both FY2025 and FY2026.

## COMMUNITY BENEFITS: BY THE NUMBERS

Hospitals in Massachusetts report their community benefit spending to two agencies – the Massachusetts Attorney General’s Office (AGO) and to the IRS. The Massachusetts AGO only allows reporting on expenditures tied directly to specific needs identified in the Community Health Needs Assessment and targeting particular populations. In contrast, the IRS considers a broader range of expenditures on community benefits, including health education, research, and community building activities that might not directly correspond to the targeted needs defined within the AGO guidelines.



### **\$676 Million** in Health Professions Education

Educational programs that are available to physicians, medical students, interns, residents, nurses and nursing students, and other health professionals that are not available exclusively to the hospital’s employees.



### **\$506 Million** in Research

Clinical and community health research, as well as studies on healthcare delivery that are shared outside the hospital.



### **\$716 Million** in Subsidized Health Services

Clinical service lines that would not be available in the community if the hospital stopped providing them. This includes resources like air ambulance, neonatal intensive care, burn units, mobile units, and hospice and palliative care.



### **\$115 Million** in Community Health Improvement Services & Community Benefit Operations

Activities that improve community health based on an identified community need. They include support groups, self-help programs, health screenings, and health fairs, and also include the costs associated with staffing and coordinating the hospital’s community benefit activities.



### **\$347 Million** in Charity Care

Free or discounted health services provided to people who cannot afford to pay and who meet the eligibility criteria of the hospital’s financial assistance policy.



### **\$68 Million** in Cash and In-Kind Contributions

Funds and services donated to the community, including contributions to non-profit community organizations, grants, and meeting room space for non-profit organizations.