



# Lifespan

*Delivering health with care.®*

## Lifespan: Commitment to Community In a Challenging Health Care Environment

**As Rhode Island's first and largest health system, Lifespan has been delivering health with care to the people of Rhode Island for more than 20 years, providing essential, unique and important health care services such as the state's only trauma center, heart surgery program, burn center, and children's hospital.**

Once a partnership of just two hospitals, Rhode Island Hospital and The Miriam Hospital, Lifespan is now a comprehensive, integrated academic, nonprofit health system affiliated with The Warren Alpert Medical School of Brown University and also includes Hasbro Children's Hospital, Bradley Hospital, Newport Hospital, and Gateway Healthcare, as well as numerous outpatient care locations.

Lifespan serves patients from across Rhode Island and southeastern Massachusetts. During FY15 almost 60 percent of all Lifespan outpatient encounters came from Rhode Island's core urban region, including Providence (28%), Cranston (11%), Pawtucket (8%), and Warwick (5%). On the inpatient side, just under half of all inpatient admissions (49%) came from the urban core, with 20 percent of all inpatients coming from Providence.

Lifespan recognizes it is part of and responsible to a diverse community. Across the system, and across the state and the region, Lifespan is working to bring its expertise and services into the community to deliver the care people need whenever and wherever they need it, putting the patient at the center of everything.

This report highlights the commitment of Lifespan and its member hospitals and staff to their communities in a challenging and changing environment.

### Environment

The U.S. health care system is confronting sweeping and historic changes with unprecedented impacts on both consumers and providers of health care. The Affordable Care Act (ACA) has greatly expanded health insurance coverage but it has also increased spending because people with insurance use more health care than those who are uninsured. The ACA also greatly reduced federal reimbursements for Medicare and Medicaid, as across-the-board cuts in federal spending further pared health care supports.

Nationally, hospitals were paid only 89 cents for every dollar they spent caring for Medicare patients, and 90 cents for every dollar spent on Medicaid patients in

2014. Sixty-five percent of hospitals were paid less for Medicare than what the care actually cost, and 61 percent were paid less for Medicaid in 2014. Nationally in 2014, these shortfalls cost hospitals \$51 billion, \$37.2 billion for Medicare and \$14.1 billion for Medicaid.<sup>1</sup>

The Department of Health and Human Services (HHS) reports growth in Medicare spending as the Baby-Boom generation ages and existing beneficiaries use more services. HHS predicts that one in five Americans are expected to receive Medicare benefits by 2025. Medicaid spending is also predicted to increase as “aged and disabled beneficiaries, who tend to require more expensive care than those who are younger and nondisabled, represent an increasingly higher share of total beneficiaries.”<sup>2</sup>

The broad, historic changes sweeping the country are being felt in Rhode Island as access to health insurance is expanded and the state moves to control costs in a very competitive market. The ACA has increased health insurance coverage so that Rhode Island now has one of the highest coverage rates in the nation (95% insured). Yet while more people have insurance, shrinking reimbursement rates are reducing payments to providers just as they are being asked to provide more services.

Health care providers such as Lifespan are facing cuts in federal and state revenue; at the same time, the state approach to providing and pricing health care is moving from a fee-for-service model to a value-based model. Following the federal government goals for Medicare, Rhode Island is aiming to move 50 percent of all Medicaid payments to alternative payment models by 2018 – particularly important to Lifespan because about 47 percent of Medicaid dollars spent in Rhode Island on hospitals comes to Lifespan’s Rhode Island Hospital.<sup>3</sup>

## *Lifespan Challenges*

This competitive, rapidly changing environment presents Lifespan and other health care providers with major challenges. Lifespan strongly endorses the move to value-based care, even as it is being challenged to transform in a very short period of time a business model that has been built over decades. At Lifespan,

the commitment is to continually work to find new and more efficient ways to care for patients, making sure the right people are working in the right places with the right resources.

The ACA means more people have health insurance, and they are seeking and getting more health care. And the cost of providing that care is increasing, with higher prices for technology, drugs, and medical supplies, for example. But as consumers are getting more and the cost of that care is increasing, their insurance—such as Medicaid, Medicare, high-deductible plans and risk-sharing—provides significantly less to hospitals and systems providing the care. Nonprofit health care systems such as Lifespan are facing an incredible financial challenge. They are providing more care that demands more staff, services, and supplies at a time when insurance companies and the government are covering less. Nonprofits like Lifespan must make up the difference in budgets that are already constrained.

In 2016, Lifespan covered \$63.1 million in unreimbursed Medicaid costs alone. Caps on commercial insurance rate increases from the Rhode Island Office of Health Insurance Commissioner exacerbate these pressures. And the transition to “value-based reimbursement,” which Lifespan supports, adds to the complexity of these financial challenges.

## *Lifespan Commitment*

Delivering health with care, Lifespan’s mission, is about restoring people’s health and strengthening and supporting the health of the communities Lifespan serves. We are a cherished community asset, synonymous with the highest quality, most compassionate, and most patient-centered health care anyone needs, at any age and at any time of life. That goal extends beyond the health system into schools, workplaces and neighborhoods.

Across the Lifespan system we all share a commitment to put the patient at the center of everything. And across the Lifespan system, that commitment is realized through investments in charity care, in-kind and subsidized health services, research, provider education, and community initiatives.

## *Charity Care*

As a nonprofit health care system, Lifespan provides services to anyone who comes through their doors, regardless of ability to pay. Because Rhode Island does not have a public hospital to meet the health care needs of the state's most vulnerable citizens, Lifespan provides the majority of that care throughout the state. For low-income citizens eligible for Medicaid, Lifespan subsidizes care because reimbursements do not cover actual costs. While more people have coverage, these lower reimbursements leave providers such as Lifespan paying more. In fiscal year 2013, Lifespan provided an historic high of nearly \$109 million in total uncompensated care (free care plus bad debt) at cost to our communities, with approximately one-third of that involving patients from Providence.

FY16 Charity Care, at cost, Net Cost: \$26.4 million  
FY16 Losses from Medicaid, Net Cost: \$63.1 million

## *In-Kind & Subsidized Health Services*

Lifespan is always augmenting and improving the range of care to meet the ever-growing and changing needs of the communities it serves. In 2015, Lifespan opened new clinics and services throughout the region and expanded services at existing locations.

Lifespan is committed to sharing its expertise beyond the system's hospitals and centers, into the diverse community that is Rhode Island. Lifespan believes it must work to safeguard health and prevent disease as well as provide medical care. Lifespan's community-based clinics provide care for those suffering from or at risk for disease, while helping people stay healthy by providing free screenings and referral services.

The Lifespan Community Health Institute plays a central and critical role in strengthening, supporting, and extending Lifespan's services to the community. Serving more than 14,000 people annually, the Lifespan Community Health Institute is supported by a budget of approximately \$900,000 to provide community-based education, screening and advocacy programs, including a nationally recognized social needs screening, referral, and navigation program that is unique in Rhode Island. In addition, the Lifespan Community Health Institute improves the health of communities

with free glucose, blood pressure, skin cancer, and breast & cervical cancer screenings; as well as flu clinics and skill-building training including CPR education, parenting and youth programs, health literacy, and financial literacy.

FY16 Net Cost Subsidized Health Services:  
\$30.1 million

## *Community Assessments & Workforce Development Initiatives*

Lifespan recognizes that health is directly related to education and income levels and the mission of delivering health with care includes providing educational programs and workforce development. Across Rhode Island, Lifespan sponsors youth health and technology career programs, a summer youth employment program and workplace readiness program, partnerships to offer CNA classes and jobs to under-employed and unemployed adults, career enhancement and training for employees, volunteer reading tutors for elementary schools, and support for parents and families.

Through the Lifespan Community Health Institute, Lifespan has conducted two comprehensive statewide assessments of community health needs in 2013 and 2016, which provided critical information about the health needs and status of communities across Rhode Island to help Lifespan better meet those needs.

FY16 Community Health Initiatives, Net Cost:  
\$900,000.

FY16 Cash and In-Kind Contributions, Net Cost:  
\$869,000.

## *Corporate Giving*

Lifespan's myriad collaborations with local nonprofits connect critical resources to our neighbors in need. Lifespan contributes over \$986,000 a year in corporate giving partnerships through our sponsorship arm and hospital Community Investment Grant programs. Partnerships and sponsorships target agencies and nonprofits whose goals and missions align with ours and help strengthen the outcomes of mission aligned programs.

## Employee Volunteering

Throughout our system and all year long, Lifespan employees give of their time in a range of ways from mentoring youth to fundraising for groups like the Rhode Island chapter of the American Heart Association. Employees are also an integral part of Lifespan's annual Season of Giving campaign which supports Rhode Island's most vulnerable populations during the winter holiday season. In 2016, our employees raised over \$252,000 for the American Heart Association and provided warm winter items, toys and food to well over 500 families living on or below the poverty line in Rhode Island through our annual Season of Giving.

## Research Investments

The mission of Lifespan's research is to attract and support scientists and clinicians who work at the leading edge of their fields and who have the scientific vision to transform patient care. Lifespan scientists and physicians excel at research in cancer, heart disease, dementia and diseases of aging, weight control and diabetes, and mental illness and developmental disorders—among the nation's most common conditions that shorten lives, reduce quality of life, impose significant costs and create a major burden for caregivers.

Lifespan supports the research of nearly 1,000 scientists and staff who are leading in:

- **Clinical research:** Roughly 1,500 current studies to improve the health of patients, including tests of new drugs, devices, and diagnostics for people with cancer, heart disease, diabetes, and brain injury;
- **Basic research:** Hundreds of ongoing investigations in the fundamental mechanisms of cancer, and the function or dysfunction of the heart, brain and nervous system, bones and joints, and the immune and endocrine systems;
- **Behavioral research:** Nationally ranked portfolio in psychiatry, preventive medicine, and behavioral medicine, including studies to address depression, sleep disorders, weight control, and substance abuse.

Lifespan's investment in the work of these researchers includes supporting:

- 336,584 gross square feet of research space in its four hospitals and three freestanding labs.
- The Office of Research Administration for grant and contract support, research protections and compliance, three Institutional Review Boards, and research operations.
- The system's flagship research facility, the 270,000-square-foot Coro Research Building, for which we are making new plans to continue to upgrade space to support new research labs and centers.
- Core facilities for electron microscopy, digital imaging and analysis, flow cytometry, histology, proteomics, and molecular pathology.
- Three Centers of Biomedical Research Excellence (COBRE) for Stem Cell Biology, Cancer Development, and Skeletal Health Repair.
- Lifespan Medical Simulation Center, a 3,000-square-foot training and assessment facility that is the largest and best-equipped in the region.
- Access to critical equipment through partnerships with Brown University and the University of Rhode Island, access to high-performance computing, high-throughput gene sequencing, and two 3T MRI magnets for imaging research.

Lifespan hospitals conduct extensive medical research, are in the forefront of biomedical health care delivery research, and are among the leaders nationally in the National Institutes of Health programs. The hospitals also sponsor a significant level of research activities, \$15.5 million in FY16.

FY16 Investments in research, Net Cost: \$15.5 million  
FY16 Total direct revenue from external grants and contracts: approximately \$80.4 million

Lifespan's deep and broad commitment to research adds value across the state, through better health and translation of research from bench to bedside, and through increased economic development.

In health and translation, Lifespan research:

- Encourages a culture of discovery and continuous innovation while keeping clinicians current in their fields;
- Attracts and retains scientists, clinicians, medical students, and residents;
- Improves health and saves lives through drug and diagnostics trials, as well as discovery and testing of new procedures and treatment models;
- Provides critical training for the next generation of biomedical researchers;
- Encourages collaboration with industry, government agencies, and other nonprofit organizations with a focus on medicine and health.

In economic development, Lifespan research:

- Creates high-paying “Knowledge Economy” jobs, with an average salary of \$50,000/year;
- Brings key tenants, and vitality, to Providence’s Knowledge District;
- Attracts national and international companies for local investment in clinical trials and basic and translational research;
- Generates intellectual property in the form of patents and licenses;
- Creates startup companies such as ProThera and Lubris.

## *Medical Education and Training*

Lifespan’s three teaching hospitals—Rhode Island Hospital and its Hasbro Children’s Hospital pediatrics department, The Miriam Hospital, and Bradley Hospital—are closely affiliated with The Warren Alpert Medical School of Brown University and train about 600 residents and fellows every year in more than 70 programs.

Rhode Island Hospital is the principal teaching hospital for Alpert Medical School, the only medical school in Rhode Island. In FY15, Rhode Island Hospital sponsored 48 graduate medical education programs accredited by or under the auspices of the accreditation Council for Graduate Medical Education (ACGME) while also sponsoring another 28 hospital approved residency and fellowship programs.

An additional 200 residents and fellows who are based at other academic medical institutions also do their specialty training at Lifespan hospitals. In 2016, Lifespan invested \$58.9 million net in medical education.

Lifespan hospitals also have educational affiliations with a number of regional nursing schools, providing their students clinical training and experience at the hospital, and do not receive any compensation from these schools for providing a clinical setting for student nurse training. Lifespan hospitals also provide clinical affiliation and training programs for regional colleges and universities in a range of professional areas, including speech-language pathology and audiology, physical therapy, and medical technology.

FY 16 Net Costs Education of Providers:  
\$58.9 million

## *Innovating*

Lifespan is continuously innovating to meet the growing and changing needs of the communities it serves.

**Rhode Island Hospital is designated a Comprehensive Stroke Center by The Joint Commission, meeting rigorous standards that exceed those of primary stroke centers.** Fifteen hospitals currently send their stroke patients to Rhode Island Hospital because our neuro-radiologists can perform a new treatment that directly removes a clot in the brain, with a special device in a state-of-the-art procedure suite. This is significant because more than 2,500 Rhode Islanders had strokes last year, and stroke is the fifth leading cause of death in the country and the leading cause of long-term disability. Rhode Island Hospital’s stroke team crosses several specialties and includes nurses, technologists and a group of physicians whose knowledge and passion save more lives, as well as more function and mobility, than ever before.

The stroke team is now looking beyond the typical 4- to 6-hour treatment window and instead, using an MRI of the brain to determine the extent of the damage and proportion of salvageable tissue, enabling them to make individualized treatment decisions based on prognosis, rather than on the treatment window. RIH is one of a handful of sites across the country undertaking an NIH-funded study to prove the efficacy

of this interventional radiology approach. With the components of research, intervention, and comprehensive care, Rhode Island Hospital is positioned to become one of the country's leading stroke centers.

**Rhode Island Hospital also added new cutting-edge technologies at the Transcranial Magnetic Stimulation Center at the West River Center in Providence.**

Transcranial magnetic stimulation provides patients an innovative and noninvasive treatment option for major depression, while avoiding the possible side effects associated with antidepressant medication.

**The Comprehensive Spine Center is introducing the next generation of nerve stimulation therapy with a DRG (dorsal root ganglion) implant device,** which can provide relief of chronic pain to more areas of the body than previous iterations such as Nevro. Rhode Island Hospital's medical director of the center was among the first wave of doctors nationwide to train on the DRG.

**The Comprehensive Cancer Center is also a leader on some of the most advanced clinical trials in the country and brings them to patients in our local community.** We have enrolled the first patients in the country in key Phase I trials that treat advanced malignancies and solid tumors.

Patient-specific genomic information is leading to better diagnoses and treatment strategies that are tailored to patients' tumors. Our physicians and researchers working in this field are leading a Phase II trial, which studies how well treatment that is directed by genetic testing works in patients with solid tumors or lymphomas.

**The Cardiovascular Institute's Genetics Clinic at Rhode Island Hospital is the first in the state to offer evaluation and genetic counseling for cardiac conditions.** Approximately 20 to 40 percent of common heart problems are inherited. Early diagnosis and treatment of inherited cardiac conditions, via genetic testing and family screening, can prevent catastrophic events and significantly improve and prolong a patient's life.

**Orthopedic surgeons at Hasbro Children's Hospital are the first in the state to use new magnetic growing rod technology to lengthen children's limbs and straighten**

**spines.** The surgery eliminates the need for a large external frame with wires and pins, often a cause of irritation, pain and infection. The patient's rods can be lengthened in minutes with an external magnet during an outpatient office visit, with no need for anesthesia and no need for the child to undergo surgery to lengthen the rods. Hasbro Children's Hospital is one of only a handful of medical centers in New England using this technology.

**Bradley Hospital is a national model in children's psychiatry.** Several groups around the country have approached Bradley to learn about our programs, specifically our autism center, OCD program and partial programs, so they can create their own programs using the Bradley Hospital model.

## Conclusion

In the face of a demanding regulatory environment, tough and changing economic conditions, and growing community needs, Lifespan is innovating and investing to keep and strengthen its commitment to the communities it serves across Rhode Island.

The Lifespan Community Commitment is realized in the hospitals across this nonprofit health care system through:

- *Charity Care:*  
Providing services to anyone who comes through their doors regardless of their ability to pay, Lifespan provides millions in free and charity care at cost, \$26.4 million in 2016.  
  
FY16 Charity Care, at cost, Net Cost: \$26.4 million  
FY16 Losses from Medicaid, Net Cost: \$63.1 million
- *In-kind & Subsidized Health Services:*  
Bringing Lifespan's expertise beyond the system's hospitals and centers to safeguard health, prevent disease, and provide medical care across Rhode Island. Lifespan's community-based clinics provide care for those suffering from or at risk for disease, while helping people stay healthy by providing free screenings, CPR education, parenting and youth programs, flu clinics, and referral services.

- Lifespan serves more than 14,000 people annually, supporting a budget of approximately \$900,000 annually.
- FY16 Net Cost Subsidized Health Services: \$30.1 million
- *Community Assessments & Initiatives:* Recognizing that health is directly related to education and income levels and the mission of delivering health with care includes providing educational programs and workforce development from primary school through post-secondary, and across a spectrum of health careers.

FY16 Community Health Initiatives, Net Cost: \$900,000.  
 FY16 Cash and In-Kind Contributions, Net Cost: \$869,000.

Total community health improvement services and community benefit operations totaled nearly \$1.8 million

- *Research Investments:* Through extensive medical research that puts Lifespan in the forefront of biomedical health care delivery research and among the leaders nationally in the National Institutes of Health programs. Lifespan also sponsors a significant level of research activities, \$12.5 million in FY15.

FY16 Research Investment: \$15.5 million  
 FY16 Total direct revenue from external grants and contracts: approximately \$80.4 million

- *Medical Education and Training:* Engaging about 600 residents and fellows every year in more than 70 programs at Lifespan’s three teaching hospitals—Rhode Island Hospital and Hasbro Children’s Hospital, The Miriam Hospital, and Bradley Hospital, closely affiliated with The Warren Alpert Medical School of Brown University. An additional 200 residents and fellows who are based at other academic medical institutions also do their specialty training at Lifespan hospitals. In 2015, Lifespan invested, net, more than \$63.4 million in medical education.

FY 16 Net Costs Education of Providers: \$58.9 million

- *Innovation* Constantly innovating to meet the growing and changing needs of the communities it serves with the most cutting-edge treatments and services.

Even as Lifespan faces financial challenges that force difficult choices, it will continue working to keep the Lifespan commitment to delivering health with care—beginning in every Lifespan hospital and extending well beyond.

*Note:*  
 These net costs are reflected in the Lifespan audited financial statements. The individual hospitals also disclose these community benefits in their annual tax returns (Form 990). The amounts shown in Schedule H of the Form 990 differ from those in the audited financial statements as the IRS requires specific formulas to be used in the Form 990.

*References:*

- 1 <http://www.aha.org/content/16/uncompensated-carefactsheet.pdf>  
<http://www.aha.org/content/16/medicaremedicaidunderpmt.pdf>
- 2 <http://content.healthaffairs.org/content/early/2016/07/15/hlthaff.2016.0459>
- 3 <http://www.governor.ri.gov/documents/press/20151007%20Working%20Group%20for%20Healthcare%20Innovation%20vF.pdf>

