

# Messaging Toolkit

## How Hospitals Enable Life-Changing Healthcare

Talking points that can be woven into any conversation about the beneficial role nonprofit hospitals play in American society



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# ABOUT THE TOOLKIT

In today's media landscape, hospitals and healthcare institutions face heightened scrutiny.

Negative press can erode public trust in hospitals, creating skepticism about the quality of care, patient safety, and overall organizational integrity. High-profile stories highlighting medical errors, billing controversies, or misconduct can shape public opinion, making individuals hesitant to seek treatment. These stories also diminish confidence in the hospital's ability to use funds effectively and ethically, causing potential donors to divert their support to other organizations or choose not to contribute at all.

Because negative narratives tend to overshadow the positive work hospitals do, it is essential for healthcare foundations to proactively manage their reputation.

The resources in this toolkit contain messages and proof points about the role nonprofit hospital systems play in enabling life-changing healthcare that can be woven into any conversation. By showcasing the countless benefits our organizations are providing to donors and the community, we can mitigate the damage of negative press.

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# KEY MESSAGES

Below are five distinct “umbrella” messages followed by proof points. These are intended to be used as talking points and provide guidance in approaching some of the more challenging and timely questions being raised by critics.

- I. Nonprofit hospitals are a vital part of the healthcare landscape, providing a wide range of services and philanthropic programs to meet the needs of the most vulnerable in their communities, including upstream preventive services.
- II. Nonprofit hospitals and healthcare systems face very complex challenges, such as bearing the cost of uncompensated patient care, as they work to balance their mission with their financial viability.
- III. In addition to meeting general requirements for tax exemption by the IRS, many nonprofit hospitals have taken voluntary actions that go beyond what is required to increase transparency across the organization.
- IV. Nonprofit hospital foundations use philanthropic dollars to engage and support local community partners in creating a holistic health system for the entire population, including those most in need.
- V. Nonprofit hospitals and healthcare philanthropy drive innovation—new cures, new service delivery approaches, and upstream preventive healthcare initiatives—that make life-changing healthcare possible.

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## MESSAGE I

Nonprofit hospitals are a vital part of the healthcare landscape, providing a wide range of services and philanthropic programs to meet the needs of the most vulnerable in their communities, including upstream preventive services.

### PROOF POINTS

- A. Nonprofit hospitals serve a social mission –to provide healthcare to underserved communities and promote overall health and well-being.** This mission is reflected in the services and programs that nonprofit hospitals offer, such as free or discounted care for low-income and under- or uninsured individuals, and health promotion and prevention programs.
  
- B. Nonprofit hospitals can respond to the specific needs of their communities by using their convening power to engage other stakeholders who can address social determinants of health.**
  
- C. Nonprofit hospitals provide a safety net:** Nonprofit hospitals often serve as a safety net for their communities, providing care to those who may not be able to afford it or who may not have access to care elsewhere. This is especially important in areas where there is a shortage of healthcare providers or where there are significant barriers to accessing care such as in rural or underserved urban areas.

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**D. Nonprofit hospitals are significant economic drivers in their communities.** They provide jobs, purchase goods and services from local vendors, and support other businesses through their economic activities.

**E. Nonprofit hospitals promote innovation:** Nonprofit hospitals often have a strong focus on research and innovation, which can lead to the development of new treatments and technologies that can benefit the community and advance medical knowledge.

**F. Nonprofit hospitals provide more comprehensive care:** Nonprofit hospitals are often more likely to provide a wider range of services and programs, such as behavioral programs, preventive care, and support for social determinants of health, in addition to traditional medical care. This can help to address the overall health and well-being of the community in a more comprehensive way.

**G. Nonprofit hospitals provide benefits to a wide range of communities.** These benefits can take many forms, such as:

- Providing free or discounted care to low-income individuals
- Supporting health clinics and other community-based organizations



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- Offering educational programs and screenings to promote health and prevent disease
  - Creating food pharmacies and grocery stores in health deserts
  - Offering mobile vaccine clinics
  - Providing financial literacy education
  - Providing employment and job training opportunities

**H. Nonprofit hospitals often use their convening power to fund upstream preventive health services like education, housing, employment, and physical environments.**

Nonprofit hospitals and their philanthropic programs help fill the gaps in funding healthcare services for the uninsured or underinsured and often assist in funding upstream preventive health services by creating new community programs or partnering with existing ones. Many nonprofit hospitals partner with local organizations to address social determinants of health such as hunger, behavioral health, domestic violence, poverty, lack of access to transportation, and lack of affordable housing. In addition, nonprofit hospitals may invest in research and development which can benefit the community by advancing medical knowledge and improving the quality of care.





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## MESSAGE II

Nonprofit hospitals and healthcare systems face very complex challenges such as bearing the cost of uncompensated care as they work to balance their mission with their financial sustainability.

### PROOF POINTS

- A. Medicare and Medicaid pay less than the cost of caring for program beneficiaries**—an annual shortfall of \$57.8 billion borne by hospitals. Hospital uncompensated care makes up about 6 percent of the average hospital's costs. And even when a subset of public hospitals receives tax subsidies from state or local governments to offset some of the costs of care for poor populations—not all public hospitals do—these payments only represent 10 cents per dollar of cost. Private insured patients and others often make up the difference.
- B. Because of low reimbursement rates for the under- or uninsured, U.S. hospitals continue to struggle with profitability.** Though operating margins have improved since the height of the pandemic, average operating margins [remained negative in 2023](#). In addition to labor costs, hospitals are facing an increase in cost for supplies, expenses for purchased services, drug expenses and other expenses including rent utilities, and software.





- C. Nonprofit hospitals provide a higher level of uncompensated care (care provided to patients who are unable to pay) compared to for-profit hospitals.** This can benefit low-income and under- or uninsured patients but may also contribute to financial challenges for the hospital. Many hospitals, especially academic ones, must cross-subsidize their activities and service lines with a handful of profitable procedures from a subset of patients who are commercially insured patients.
- D. Nonprofit hospitals have lower profit margins and rely more heavily on donations, patient gratitude programs, concierge services, and other sources of funding.**
- E. Although nonprofit hospitals do not pay taxes, they still need to generate sufficient revenue to cover their expenses and invest in the services and philanthropic programs they offer.** Recent studies suggest that most nonprofit hospitals contribute more than their fair share in programs and services to address the needs of the most vulnerable in their communities.

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## MESSAGE III

Nonprofit hospitals must meet general requirements for tax exemption by the IRS and many have taken voluntary actions that go beyond what is required to increase transparency across the organization.

### PROOF POINTS

- A. The IRS requires nonprofit hospitals to demonstrate the community benefits they provide.
- B. **Nonprofit hospitals must provide care to all patients regardless of their ability to pay.** This includes operating an emergency room that is open to all and providing hospital care for those patients who pay their bills through public programs such as Medicaid and Medicare.
- C. **The IRS also requires nonprofit hospitals to conduct community health needs assessments (CHNA) every three years** and to adopt an implementation strategy to address the community health needs identified through the CHNA.
- D. In addition to the IRS requirements, **many hospitals are voluntarily going beyond what is required to demonstrate their impact in service of health equity and access** in their communities.



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## MESSAGE IV

Nonprofit hospitals and systems can use philanthropy to engage and support local community partners in creating a holistic health system for the entire population, including those most in need. While government funding is an important source of support for healthcare services and programs, philanthropy can play a complementary role in helping to address the healthcare needs of a community.

### PROOF POINTS



**A. Healthcare philanthropy drives community health outcomes in distinctly measurable ways.**

Community healthcare needs often exceed government funding which can be limited and may not be sufficient to meet all the needs of a community. Philanthropy can help to fill in this gap by providing additional resources to support healthcare programs and services.

**B. Healthcare philanthropy builds partnerships by**

bringing together different organizations and stakeholders, including government agencies, healthcare providers, and community organizations, to work together to address healthcare challenges in a coordinated and measurable way.

**C. Healthcare philanthropy can engage the community.**

Healthcare philanthropy can engage community members in supporting and advocating for healthcare services and programs and can help build a sense of ownership and commitment to improving the health of the community.

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## MESSAGE V

Nonprofit hospitals and healthcare philanthropy drive innovation—new cures, new service delivery approaches, and upstream preventive healthcare initiatives—that make life-changing healthcare possible.

### PROOF POINTS

- A. [This is an opportunity to cite specific examples from your organization that bring the innovation story to life.]



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# Q&A

**Q1: Nonprofit hospitals are criticized for “being run like corporations” far more interested in the bottom line than in patient care. Some argue that nonprofit hospitals are more like for-profit enterprises that provide far fewer benefits to their communities than they’re nonprofit status requires. How do you respond to that?**

**A1:** What some stakeholders fail to realize is that nonprofit hospitals are operating in a perfect storm fueled by low reimbursement rates for under- or uninsured patients coupled with a steep rise in operational costs which continue to put tremendous pressure on hospital systems as they try to fill both healthcare access and equity gaps. In addition, nonprofit hospitals are also funding upstream preventive services like education programs, behavioral health, employment, and physical

environments that most experts agree can have a significant impact on community health. Neither government nor payers alone can finance these initiatives. Nonprofit hospitals must constantly work to balance staying on mission with their financial viability.



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**Q2: Many critics have argued that not-for-profit hospital systems are getting too big and that bigger isn't always better for patients. How do you respond?**

**A2:** Larger not-for-profit hospital systems can offer a range of benefits that smaller hospitals may not be able to match including access to resources, economies of scale, better coordination of care, research and education opportunities and community benefits—all of which benefit patients. In some cases, big hospital systems can keep community hospitals operating in their local communities. Many would not survive without the support of the big hospital systems. Second, big hospital systems have access to more resources which allows them to invest in better equipment, facilities, and staff, which often results in better patient care and outcomes. For example, some systems provide access to advanced technologies like the eICU that provides 24-hour (electronically monitored) intensive care for every ICU patient in the sys-

tem—even those in rural locations. Third, in times of crisis, resources can be coordinated and allocated beyond those typically available for stand-alone community hospitals. For instance, to address hot spots during the initial COVID response, PPE, nursing surges, and technology demands (like ECMO machines) were all allocated as needed across many hospital systems. In addition, large not-for-profit systems often have research and education departments that contribute to medical knowledge and improve patient care.

**Q3: Why do nonprofit hospital executives make so much money?**

**A3:** Non-profit hospital executives must manage complex healthcare systems that require a range of skills and expertise. More specifically, there are several reasons why nonprofit hospital executives are paid competitive salaries:

*Complexity of Role:* Running a hospital and healthcare system can

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be a complex and demanding job that requires a range of skills and expertise. CEOs of nonprofit hospitals may be responsible for managing large budgets, overseeing complex operations, and navigating a constantly changing healthcare landscape. As a result, CEOs may be compensated at a level that reflects the complexity of their role.

*Market Forces:* Like all executive salaries, CEOs salaries at nonprofits hospitals are influenced by market forces such as the supply and demand for qualified candidates, the salaries of CEOs at similar organizations, and the financial resources of the hospital.

*Skill and Experience:* CEOs of nonprofit hospitals may have a high level of skill and experience, which may be reflected in their salaries.

It is important to carefully consider the specific context and circumstances of each hospital when evaluating CEO salaries, and to

ensure that salaries are reasonable and justified given the responsibilities and performance of the CEO.

**Q4: Are nonprofit hospitals contributing to “health deserts”?**

**A4:** Many nonprofit hospitals are actively working to improve access to healthcare in their communities, including the most disadvantaged ones. Divestment is often the result of a strategic decision designed to invest in resources that contribute to the hospitals' financial sustainability and its long-term ability to scale its services and programs and help the most people, including those most in need. Typically, these hospital systems seek to care for as many people as possible and consider how busy hospitals are and whether money spent on hospitals with very few patients could be better spent where more people need care.

**Q5: Are nonprofit hospitals expanding in wealthier areas and shunning poorer ones?**



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**A5:** Many nonprofit hospitals acquire hospitals that are struggling and their strategy for divestment includes looking for new owners who are locally based and who can scale operations based on community needs. Typically, nonprofit hospital executives must determine if the acquisition in question contributes to the financial sustainability of the organization and will often look for deals that create scale and continue to provide healthcare services to those most in need. In



addition, many nonprofit hospitals must consider how busy service lines are and whether money spent on service lines with very few patients could be better spent where more people need care. Community income levels don't drive transaction decisions and even hospitals in wealthier areas provide care for low-income patients.

**Q6: Some nonprofit hospital systems make billions in revenues and have what many critics are calling excessive cash reserves. Is there something wrong with this picture?**

**A6:** Cash reserves can be used to fund capital improvements, such as the construction of new facilities or the purchase of new medical equipment. Cash reserves can also be used to support the hospital's operations and to ensure that it has the financial resources to meet the healthcare needs of its patients. In addition, cash reserves can be used to protect against financial risks, such as unexpected increases in the cost of medical supplies (pro-

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jected to increase 25% in 2023) or fluctuations in patient demand, or even the dramatic financial pressures associated with a pandemic like the one we've just had or other health emergencies.

**Q7: How do nonprofit hospitals provide community benefits?**

**A7:** Nonprofit provide community benefits in a variety of ways depending on the needs of the communities in which they operate: They often provide free or discounted healthcare to low income and uninsured or underinsured individuals; they support health clinics and other community-based organizations; they offer educational programs and screenings to promote health and prevent disease. Some nonprofit hospitals also partner with local organizations to address social determinants of health, such as food insecurity, behavioral health, domestic violence, poverty, lack of access to transportation, and housing insecurity. Nonprofit hos-

pitals must constantly work to balance their vision and commitment to providing healthcare for all with their need to remain financially viable.

**Q8: What role do nonprofit hospitals play in creating healthier communities?**

**A8:** Nonprofit hospitals serve a social mission, provide a safety net for their communities, generate economic benefits, and help create responsive and innovative cities and communities, promote innovation, and provide more comprehensive, quality care. Nonprofit hospitals help create and sustain healthier communities by providing quality care to vulnerable communities and partnering with other community-based organizations to address social determinants of health like housing and education.

**Q9: How can we ensure that nonprofit hospitals are providing their fair share of community benefits**

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**(commensurate with their tax savings)?**

**A9:** The IRS has very specific requirements for a hospital to qualify for tax-exempt status. These include treating all patients regardless of their ability to pay, transparent billing practices, and operating a 24/7 emergency room that is open to all. In addition, every three years nonprofit hospitals are required to conduct community health needs assessments (CHNA) and to adopt an implementation strategy to address the community health needs identified through the CHNA. And many nonprofit hospitals have taken voluntary actions that go beyond what is required by the IRS to increase transparency across the organization and maximize the benefits they provide to their communities.

**Q10: What role does healthcare philanthropy play in delivering healthcare services to vulnerable communities? Why can't govern-**

**ments provide these services?**

**A10:** Healthcare needs often exceed government funding. Government funds for healthcare can be limited and may not be sufficient to meet all the healthcare needs of a community. Healthcare philanthropy can help to fill this gap by providing additional resources to support healthcare services and programs. Healthcare philanthropy can also support innovation by providing resources to support the development and implementation of innovative healthcare services and programs that may not be funded through traditional sources. Healthcare philanthropy can also help bring together different organizations and stakeholders, including government agencies, healthcare providers, and community-based organizations to work together to address healthcare needs in a coordinated way. Finally, healthcare philanthropy can engage community members in supporting and advocating for healthcare

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services and programs and can help to build a sense of ownership and commitment to improving the health of the community.

**Q11: What about concierge programs? Do nonprofit hospitals provide preferential treatment to big donors?**

**A11:** Nonprofit hospitals generally provide a higher level of uncompensated care (care provided to patients who are unable to pay) compared to for-profit hospitals. This can be beneficial to low-income and uninsured patients but may also contribute to financial challenges for the hospital. Consequently, many nonprofit hospitals solicit financial support from grateful patients and/or through concierge programs to fund their operations and services.

Hospital concierge programs are a type of service offered by some hospitals that provide additional amenities and services to patients.

These programs may include things like private rooms and personal assistants to help with tasks like making appointments and coordinating care. While hospital concierge programs may offer certain amenities and services that are not available to all patients, they do not provide preferential treatment to any of their patients. Nonprofit hospitals are required to provide medical care to all patients, regardless of their ability to pay, and to treat everyone equally and with respect. Hospital concierge programs are designed to enhance the overall patient experience rather than providing preferential clinical treatment to certain individuals.



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# BENEFITS NARRATIVE

There are approximately 6,093 hospitals in the U.S. and, of these, 2,960 or close to half, are nonprofit hospitals. Nonprofit hospitals are a vital part of the healthcare landscape, providing a wide range of services and philanthropic programs to meet the needs of their communities, which often include uninsured or underinsured individuals and families. In addition, nonprofit hospitals provide training and development support for nurses and staff, invest in clinics in underserved communities, partner with community-based organizations to address social determinants of health like affordable housing and education, and launch outreach efforts to promote healthier behaviors, especially focusing on disease categories like heart disease and diabetes that disproportionately impact the disadvantaged and the working poor. Nonprofit hospitals and healthcare philanthropy also drive innovation—new cures, new service delivery models, new upstream preventive health initiatives—that make life-changing healthcare possible.

However, as nonprofit hospitals work to balance their mission with their financial viability, they continue to struggle with inadequate reimbursement rates from Medicare and Medicaid, the government healthcare insurance programs. According to the American Hospital Association, Medicare and Medicaid pay less than the cost of caring for program beneficiaries—an annual shortfall of \$57.8 billion borne by hospitals. Hospital uncompensated care, both free care and care for which no payment is made by patients, makes up about 6 percent of the average hospital's costs. And even when a subset of public hospitals receives tax subsidies from state or local governments to offset some of the costs of care for poor populations—not all public hospitals

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do —these payments only represent 10 cents per dollar of cost. Private insured patients and others often make up the difference.

Differences in Medicaid, Medicare, and commercial health reimbursement rates also continue to impact nonprofit healthcare systems' ability to address access, health equity and cost. According to the Medicaid and CHIP Payment and Access Commission (MACPAC), Medicaid fee-for service (FFS) inpatient hospital base payments were 22 percent below comparable Medicare rates. And when we compare how Medicare and Medicaid stack up against commercial coverage the gap is even wider. The Congressional Budget Office found commercial physician rates were 30 percent higher than Medicare rates for inpatient care and the Kaiser Family Foundation reported commercial rates are nearly 90 percent higher than Medicare. Simply put, both government and commercial payers' reimbursement rates are too low. Low base payment levels by government and commercial payers impact the ability of hospitals to attract and retain a robust and qualified workforce, invest in innovative care models, and make critical and ongoing capital investments that can strengthen quality.

In addition to low reimbursement rates for the under- or uninsured, U.S. hospitals continue to struggle with profitability. Though operating margins have improved since the height of the pandemic, average operating margins remained close to zero in 2023. In addition to labor costs, hospitals are facing an increase in cost for supplies, expenses for purchased services, drug expenses and other expenses including rent utilities, and software.

As nonprofit hospitals explore a broad range of programs and initiatives to become financially viable, they have come under attack for not living up to their mission. These critics argue that some nonprofit hospital systems are

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not contributing their fair share of community services and instead are using their tax benefits to increase profitability and expand in ways that do not help the most vulnerable. They also question high executive salaries and aggressive billing practices. In some cases, they are right to call attention to these issues and we all benefit when informed stakeholders work collaboratively with payers, providers, and the community to hold the entire healthcare system accountable. But what these critics fail to realize is that nonprofit hospitals are operating in a perfect storm fueled by low reimbursement rates for under- or uninsured patients coupled with a steep rise in operational costs which continue to put tremendous pressure on hospital systems as they try to fill both healthcare access and equity gaps. In addition, neither government nor payers can finance upstream preventive services like education programs, behavioral health, employment, and physical environments that most experts agree can have a significant impact on community health.

Katy Welkie, CEO, Intermountain Primary Children's Hospitals and Vice President of Children's Hospital for Intermountain Healthcare writes, "Hospitals continue to treat more kids with more complex needs and despite strong research spotlighting the critical role that social determinants of health play in health outcomes, programs addressing education, employment, and physical environments are beyond the scope of what payer reimbursements will finance." Given the critical role played by nonprofit hospitals in the US and their philanthropic programs to fill the gaps that neither government nor payers can fill, and the costs of uncompensated care, we need to consider the complex operating environments surrounding nonprofit hospitals and systems before rushing to any conclusions about their charitable contributions to communities and their overall impact on community health.

It is also important to note that nonprofit hospitals must meet general require-

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ments for tax exemption by the IRS such as demonstrating the community benefits they provide and providing care to all patients regardless of their ability to pay. This includes operating an emergency room that is open to all and providing hospital care for those patients who pay their bills through public programs such as Medicaid and Medicare. The IRS also requires nonprofit hospitals to conduct community health assessments (CHNA) every three years and to adopt an implementation strategy to address the community health needs identified through the CHNA. And many nonprofit hospitals have taken voluntary actions that go beyond what is required by the IRS to increase transparency across the organization.

Healthcare leaders and stakeholders must work together to harness the power of nonprofit hospitals and healthcare systems and healthcare philanthropy. The ever-increasing complex needs of our patients will not be solved by any single provider, payer, or philanthropic partner. What is needed now more than ever before are partnerships between community leaders, healthcare systems and philanthropists who together can finance innovative, sustainable, and community-centric solutions to the access and equity gaps we face. We will succeed in narrowing healthcare equity gaps by recognizing that nonprofit hospitals and healthcare philanthropy play a unique and complementary role to government and payers in making life-changing healthcare possible.



