

Riverside Community Health Foundation

Our role in the community

Riverside's nonprofit sector has long played a critical role in community life. There are many organizations and associations that provide services to meet an extraordinary range of health and human needs. Perhaps more than any other segment of philanthropy, health philanthropy has emerged over the past two decades with a diverse set of foundation operating structures and grantmaking styles. Beginning in the 1980's a number of new health foundations were created when nonprofit health care organizations converted to for-profit status.

Setting the Course

Over the past twelve years, the community of Riverside has benefited by one such conversion foundation. When many of California's non-profit hospitals converted to for-profit entities in the late 1990's, Riverside Community Hospital weighed its options. In 1996, Community Health Corporation (CHC), the Public Benefit Corporation that owned Riverside Community Hospital (RCH) and its related businesses, determined that in order for the hospital to survive the shifting economy and the turbulent health care environment of the Inland Empire, it needed a strong capital partner. After considerable review a merger between Riverside Community Hospital and Hospital Corporation of America (HCA) took place May of 1997.

Due to the transaction's timing, the Office of the State Attorney General (AG) had jurisdiction over the transaction as a transfer of charitable assets (this authority was mandated by the Isenberg Bill, which was enacted by the California Legislature just prior to the CHC transaction). This transfer of assets is supported by the legal doctrine of *cy pres*, which stipulates that the assets be used to further a mission as close as possible to that of the original nonprofit organization and to maintain the level of public benefit presumed to have been provided by the nonprofit organization before the conversion took place.

Accordingly, following a public hearing and review by the AG's office, the Riverside Healthcare System LLC was formed to operate Riverside Community Hospital. CHC retained a 25% interest in the hospital assets, with HCA purchasing a 75% interest. After retiring outstanding debt, CHC retained a \$21 million health care trust. In 2002, through a second transaction, Community Health Corporation sold its remaining interest of 25% in the joint venture to HCA for \$33 million. Community Health Corporation and Riverside Community Health Foundation RCHF (formerly the Riverside Community Hospital Foundation that supported



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RCH) merged to become one organization.

The Articles of Incorporation were amended to require that charitable expenditures made from the trust must adhere to the following guidelines: *no less than 55%* of the expenditures are to be made for inpatient care, *no more than 42.5%* of the expenditures are to be made for outpatient care, and *no more than 2.5%* of the expenditures are to be made for health education. The final requirement is that all expenditures are required to benefit residents within specific Riverside *zip codes* that formerly comprised the majority of the hospital's primary service area.

Riverside Community Health Foundation, which manages the \$67 million endowment, changed its mission from hospital-focused to a mission of *improving the health and well-being* of the community, which means that grantmaking and operational programs are to benefit the community. The Foundation Board manages the grant application and approval process to keep the foundation on task with the funding guidelines.

The Foundation has been well served by a long-standing policy of asset diversification, directed by an outstanding finance/investment committee and our outside investment managers. Similar to many other foundations and large endowments, our Foundation utilizes a formula based on a three year rolling average to calculate our annual budget and grantmaking priorities. With this strategy, the Foundation has been able to maintain a fairly consistent funding amount for grants at approximately

\$2.5 million annually.

Serving the Community

Immediately after the transaction, Riverside Community Health Foundation began a strategic planning process, which included a needs assessment of the community and collection of health data. The process resulted in the identification of strategies to utilize the new RCHF health care trust in the utmost beneficial manner. The primary strategy identified in the plan was to provide access to primary care for children and families who could not afford health care.

During the past twelve years, the Foundation has focused on the broader health implications of children and families without health insurance, and lacking access to primary health care. With this focus, the Foundation has established the following programs in the community:

- **Eastside Health Center** – in partnership with Community Health Systems Inc., a Federally Qualified Health Center, provides medical and dental care for 15,000 patient visits annually
- **Arlanza Family Health Center** – also in partnership with Community Health Systems, Inc., provides medical, dental and vision care for 17,000 patient visits annually
- **Miles of Smiles** – a dental outreach program conducted at 29 elementary schools per year provides dental education, screenings and the placement of sealants to over 16,000 children annually
- **Health In Motion** – in partnership with Path of Life Ministries and Kaiser Permanente, this 38-ft mobile

clinic reaches out to about 1,500 homeless individuals annually

- **Health Education** -- offered at our health education centers and other community sites for the prevention and detection of health issues, and referrals to clinical services, is facilitated by several health education seminars, multi-week health education courses, classroom presentations to schools and other organizations, and participation in health fairs, providing 17,000 health education interventions annually
- **Teen Health Programs** – Riverside Challenges of Youth Coalition, Project t.e.a.m., Project X-Men, Peer to Peer, and INSPIRE, provide over 6,000 adolescent interventions annually. Programs focus not only on preventing teen pregnancy in Riverside, but on reducing the risk of sexually transmitted diseases as well as risky behavior, and also seek the development of teen communication strategies, decision-making skills, goal setting, healthy relationships, violence prevention, drug aversion, career guidance and skill building.

The Riverside Community Health Foundation provides approximately **70,000 interventions annually** in the City of Riverside, the vast majority being uninsured and underserved.

Supporting the Community

Our Foundation has learned that nonprofit organizations play a pivotal role in advancing far-reaching health and social change. Many of these organizations depend on Foundation dollars to do this critical work. We have benefited from these partnerships in that we are able to leverage our funds in meeting the needs of our community. Each year we have the opportunity to award grants to about 35 agencies totaling about \$2.5 million to address the health needs of Riverside.

Over the past twelve years, the Foundation has provided more than **\$30 million** in grants and programs in the City of Riverside to provide access to care for the uninsured and underserved. The Foundation has provided nearly **500,000** patient visits and interventions while securing, in partnership, over \$6 million in outside funding.

While the debate about the desirability of for-profit health care continues, foundations formed from health care conversions are part of the solution to the problems facing individuals, families, and localities across the country through the contributions they are able to make to the communities they serve.

For more information please contact the Foundation at (951) 788-3471.

