

Health Systems Announce Commitment to Increase MWBE Spending by \$1B to Improve Supplier Diversity & Build Community Wealth

PRESS RELEASE

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A dozen health systems, some of the largest companies in their states, announced major shifts in procurement strategies to help address the economic, racial, and environmental disparities that impact community health outcomes

Washington, D.C., June 9, 2021 – Twelve health systems across the country announced signing the “Impact Purchasing Commitment” to build healthy, equitable, and climate-resilient local economies through what and how they spend their dollars. The commitment, designed by the [Healthcare Anchor Network](#) (HAN), in partnership with [Health Care Without Harm](#) and [Practice Greenhealth](#), includes collectively increasing spending with Minority and Women Owned Business Enterprises (MWBEs) as well as local and employee-owned, cooperatively owned and/or nonprofit-owned enterprises, by at least \$1 billion over five years. The institutions also agree to work with at least two of their large existing vendors to create hiring pipelines in the disinvested communities that they serve. The HAN member signatories also commit to adopting sustainable procurement goals, which helps build additional momentum garnered by hospitals in the Practice Greenhealth network to purchase goods and services that minimize damage to health and the environment.

It is estimated that roughly one in five (or 420,000) small businesses have closed during the COVID-19 pandemic. These closures have disproportionately impacted small

businesses owned by immigrants, women, and Black, Latinx, and Asian individuals, all of which have experienced higher rates of closures and sharper declines in cash balances. The number of Black business owners decreased by 41 percent, Latinx business owners by 32 percent, and Asian business owners by 26 percent. Immigrant business owners decreased by 36 percent and women business owners by 25 percent. The loss of jobs and wealth to workers and business owners is devastating. These businesses generate local jobs including downstream jobs such as with suppliers and other vendors, economic opportunities, and community wealth building that works to produce broadly shared economic prosperity and ownership. So, the loss of these small and MWBE businesses also has a massive impact on broader racial inequality and health equity.

“Health systems are uniquely positioned to have positive impact as leading employers and economic engines in their communities,” stated David Zuckerman, Executive Director, Healthcare Anchor Network. “In addition to providing quality healthcare, they can leverage institutional resources, including almost \$500 billion in annual spending, to help address the economic, racial, and environmental resource disparities that impact community health outcomes,” added Zuckerman.

Small local businesses struggle with tapping large, stable contracts and MWBEs historically lack access to capital. This contributes to spending that is mostly leaving communities that are already under-invested in. Even small shifts in the health systems’ spending portfolio can make a difference. Hospitals and health systems can be anchor companies that help local businesses and MWBEs stabilize and begin to recover, which facilitates employment, and in turn increases access to health insurance and builds individual and community wealth and health. When local businesses and MWBE’s are awarded business contracts, they are able to employ local residents and provide stable wages that allow employees to securely afford food, rent, and other necessities—all of which are crucial to individual and family health. This local spending also has a multiplier effect that can increase local economic activity beyond the one purchase.

Inclusive local purchasing also makes sense from a business impact standpoint. By sourcing products and services locally and from MWBEs, these health systems can further align their capital with sustainability, diversity and inclusion, and community benefit priorities. They can also strengthen their reputation as the local provider of choice, address supply chain needs, and create more efficient and resilient supply chains. Sustainable procurement has positive societal impact such as reducing pollution particulates which contribute to chronic health conditions, such as asthma, and switching to clean energy which reduces air pollution deaths.

“As we continue to find opportunities to improve health and equity in our communities, Kaiser Permanente approached the Healthcare Anchor Network to create actionable change in the economies of our communities by leveraging their collective assets and purchasing power,” said Kaiser Permanente chair and chief executive officer Greg A. Adams. “This commitment to social equity through supplier diversity, environmental protection through sustainable sourcing, and economic impact through job creation is critical to both individual and community health.”

The health systems adopting the *Impact Purchasing Commitment* include: Advocate Aurora Health, Baystate Health, Bon Secours Mercy Health, Cleveland Clinic, CommonSpirit Health, Henry Ford Health System, Intermountain Healthcare, Kaiser Permanente, Providence, Rush University Medical Center, Spectrum Health, and UMass Memorial Health.

These institutions are members of the [Healthcare Anchor Network \(HAN\)](#) that supports health systems to accelerate learning and local implementation of economic inclusion strategies. The HAN hospitals and health systems together employ more than 1.5 million people, purchase over \$75 billion annually, and have over \$150 billion in investment assets.

Quotes from the hospitals and health systems making the Impact Purchasing Commitment:

Advocate Aurora Health president and CEO Jim Skogsbergh:

As one of the largest health systems in the country, Advocate Aurora Health is focused on taking tangible action to spur economic vitality and create positive change. Supporting minority and women-owned businesses through our local supply chain purchasing efforts is an important step to address health inequities. We know job creation and giving people access to good paying jobs helps improve their health and well-being. We are constantly evaluating the best ways to meet the needs of the communities we serve and create an inclusive environment to help everyone live well.

Baystate Health president & CEO Mark Keroack, MD:

The Impact Purchasing Commitment represents a key part of our anchor mission strategy to address structural bias, the root causes of health disparities, by investing in the economic future and well-being that comes from the impact vibrant minority and women-owned businesses have in our communities. The IPC pledge is a capital investment that aims to advance racial and gender equity and improve community health.

Bon Secours Mercy Health CEO John Starcher:

Bon Secours Mercy Health is committed to improving the health and well-being of the communities it serves, through both providing compassionate care and investing in our markets. By working together with our HAN partners, we can make a difference through sustainable and equitable sourcing—lifting our communities by helping to reduce economic, racial and resource disparities and creating a resilient pipeline for the future.

Cleveland Clinic CEO and president Tom Mihaljevic, MD:

Cleveland Clinic is committed to addressing structural racism and bias, both of which have a sizeable impact on the health of our communities. We need to be unified in advancing health for every person in need. By being intentional about who we hire, where we purchase our goods and services, and where we invest, we can make a meaningful, measurable and lasting systemic impact on the lives of our neighbors.

CommonSpirit Health CEO Lloyd H. Dean:

Right now, small businesses—especially those owned by women, people of color, and immigrants—need focused and intentional investment to sustain them. As health institutions, we see firsthand how building community wealth can improve health and wellbeing by stabilizing employment and wages. Directing our purchasing and capital dollars to disinvested communities strengthens our connection to the people we serve and is another means to achieve racial equity.

Henry Ford Health System president and CEO Wright Lassiter, III.:

We know we have a sacred mission to provide the highest quality of care to every individual we serve, but we must challenge ourselves to do more. For our communities to achieve true health and wellness, we have to be willing to authentically and courageously address the systemic racism and other barriers that prevent equity for all. We are proud to support this deeper commitment to employment opportunities and support for minority owned businesses that will have a meaningful impact on the health of our communities.

Intermountain Healthcare president and CEO Marc Harrison, MD:

As an anchor in the communities we serve, we understand we can improve community health in ways beyond providing access to high-quality care. We are committed to bringing all our assets to bear in helping people live the healthiest lives possible, including our

supply chain. As we intentionally purchase supplies from our diverse communities, we improve community health.

Providence president and CEO Rod Hochman, MD:

At Providence, we are guided by our Mission and values, which includes our value of justice. That's why we are pleased to sign on to HAN's Impact Purchasing Commitment, which will ensure we increase efforts to leverage the purchasing and investment power of our health system across seven states. These intentional efforts will strengthen and support the economic health of our communities and, ultimately, improve health equity and access.

Rush University Medical Center president and CEO Omar Lateef, DO:

As an anchor institution on the West Side of Chicago, how we purchase, along with our commitment to sustainability and community wealth building, can have a substantial impact on the social determinants of health. Our support of the Healthcare Anchor Network's Impact Purchasing Commitment will aid us in tackling the ongoing issue of health equity and help to improve the lives of the residents in the communities we serve.

Spectrum Health president and CEO Tina Freese Decker:

The mission of Spectrum Health is to improve health, inspire hope and save lives. We embrace our role as an anchor institution by applying employment, procurement and investment practices to increase diversity among our team members and suppliers, eliminate health inequities in our communities, and foster a welcoming culture of belonging for all. These practices support economic health in our region, building on established partnerships and collaborations, and providing people the resources they need to live fuller, healthier lives.

UMass Memorial Health president and CEO Eric Dickson, MD:

With a focus on increasing purchasing efforts with local, minority and women owned businesses, UMass Memorial Health can help create job growth and make a direct impact on many of the devastating social determinants of health factors that contribute to the inequities we see in the communities we serve. This commitment further demonstrates our long-held commitment to bolstering the community's economic well-being as well as helping individuals live vibrant, healthy lives. With our purchasing power, we have an opportunity to change the business dynamics of deserving local businesses. This is yet

one more way UMass Memorial Health is addressing the inequities that have existed in our region for far too long.

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