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(KFF Health News/Oona Zenda)

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Editor's note: *NCR is interested in your story ideas, investigative tips and documents detailing issues and concerns related to Catholic hospitals. Please send them to ncrnewstipsproton.me@proton.me.*

Inside the more than 600 Catholic hospitals across the country, not a single nun can be found occupying a chief executive suite, according to the Catholic Health Association.

Nuns founded and led those hospitals in a mission to treat sick and poor people, but some were also shrewd business leaders. Sr. Irene Kraus, a former chief executive of Daughters of Charity National Health System, was famous for coining the phrase "no margin, no mission." It means hospitals must succeed — generating enough revenue to exceed expenses — to fulfill their original mission.

The Catholic Church still governs the care that can be delivered to millions in those hospitals each year, using religious directives to ban abortions and limit contraceptives, in vitro fertilization, and medical aid in dying.

But over time, that focus on margins led the hospitals to transform into behemoths that operate for-profit subsidiaries and pay their executives millions, according to hospital tax filings. These institutions, some of which are for-profit companies, now look more like other megacorporations than like the charities for the destitute of yesteryear.

The absence of nuns in the top roles raises the question, said M. Therese Lysaught, a Catholic moral theologist and professor at Loyola University Chicago: "What does it mean to be a Catholic hospital when the enterprise has been so deeply commodified?"

> 'What does it mean to be a Catholic hospital when the enterprise has been so deeply commodified?'
>
> —M. Therese Lysaught

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The St. Louis area serves as the de facto capital of Catholic hospital systems. Three of the largest are headquartered here, along with the Catholic hospital lobbying arm. Catholicism is deeply rooted in the region's culture. During Pope John Paul II's only U.S. stop in 1999, he led Mass downtown in a packed stadium of more than 100,000 people.

For a quarter century, Sr. Mary Jean Ryan led SSM Health, one of those giant systems centered on St. Louis. Now retired, the 86-year-old said she was one of the last nuns in the nation to lead a Catholic hospital system.

Ryan grew up Catholic in Wisconsin and joined a convent while in nursing school in the 1960s, surprising her family. She admired the nuns she worked alongside and felt they were living out a higher purpose.

"They were very impressive," she said. "Not that I necessarily liked all of them."

Indeed, the nuns running hospitals defied the simplistic image often ascribed to them, wrote John Fialka in his book *Sisters: Catholic Nuns and the Making of America* .

"Their contributions to American culture are not small," he wrote. "Ambitious women who had the skills and the stamina to build and run large institutions found the convent to be the first and, for a long time, the only outlet for their talents."

Related: Q & A with Sr. Mary Jean Ryan on running a health care system for 25 years

This was certainly true for Ryan, who climbed the ranks, working her way from nurse to chief executive of SSM Health, which today has hospitals in Illinois, Missouri, Oklahoma and Wisconsin.

The system was founded more than a century ago when five German nuns arrived in St. Louis with $5. Smallpox swept through the city and the Sisters of St. Mary walked the streets offering free care to the sick.

Their early foray grew into one of the largest Catholic health systems in the country, with annual revenue exceeding $10 billion, according to its 2023 audited financial

report. SSM Health treats patients in 23 hospitals and co-owns a for-profit pharmacy benefit manager, Navitus, that coordinates prescriptions for 14 million people.

But Ryan, like many nuns in leadership roles in recent decades, found herself confronted with an existential crisis. As fewer women became nuns, she had to ensure the system's future without them.

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When Ron Levy, who is Jewish, started at SSM as an administrator, he declined to lead a prayer in a meeting, Ryan recounted in her book, *On Becoming Exceptional*.

"Ron, I'm not asking you to be Catholic," she recalled telling him. "And I know you've only been here two weeks. So, if you'd like to make it three, I suggest you be prepared to pray the next time you're asked."

Levy went on to serve SSM for more than 30 years — praying from then on, Ryan wrote.

In Catholic hospitals, meetings are still likely to start with a prayer. Crucifixes often adorn buildings and patient rooms. Mission statements on the walls of SSM facilities remind patients: "We reveal the healing presence of God."

Above all else, the Catholic faith calls on its hospitals to treat everyone regardless of race, religion, or ability to pay, said Diarmuid Rooney, a vice president of the Catholic Health Association. No nuns run the trade group's member hospitals, according to the lobbying group. But the mission that compelled the nuns is "what compels us now," Rooney said. "It's not just words on a wall."

The Catholic Health Association urges its hospitals to evaluate themselves every three years on whether they're living up to Catholic teachings. It created a tool that weighs seven criteria, including how a hospital acts as an extension of the church and cares for poor and marginalized patients.

"We're not relying on hearsay that the Catholic identity is alive and well in our facilities and hospitals," Rooney said. "We can actually see on a scale where they are at."

The association does not share the results with the public.

At SSM Health, "our Catholic identity is deeply and structurally ingrained" even with no nun at the helm, spokesperson Patrick Kampert said. The system reports to two boards. One functions as a typical business board of directors while the other ensures the system abides by the rules of the Catholic Church. The church requires the majority of that nine-member board to be Catholic. Three nuns currently serve on it; one is the chair.

Separately, SSM also is required to file an annual report with the Vatican detailing the ways, Kampert said, "we deepen our Catholic identity and further the healing ministry of Jesus." SSM declined to provide copies of those reports.

From a business perspective, though, it's hard to distinguish a Catholic hospital system like SSM from a secular one, said Ruth Hollenbeck, a former Anthem insurance executive who retired in 2018 after negotiating Missouri hospital contracts. In the contracts, she said, the difference amounted to a single paragraph stating that Catholic hospitals wouldn't do anything contrary to the church's directives.

To retain tax-exempt status under Internal Revenue Service rules, all nonprofit hospitals must provide a "benefit" to their communities such as free or reduced-price care for patients with low incomes. But the IRS provides a broad definition of what constitutes a community benefit, which gives hospitals wide latitude to justify not needing to pay taxes.

On average, the nation's nonprofit hospitals reported that 15.5% of their total annual expenses were for community benefits in 2020, the latest figure available from the American Hospital Association.

SSM Health, including all of its subsidiaries, spent proportionately far less than the association's average for individual hospitals, allocating roughly the same share of its annual expenses to community efforts over three years: 5.1% in 2020, 4.5% in 2021, and 4.9% in 2022, according to a KFF Health News analysis of its most recent publicly available IRS filings and audited financial statements.

A separate analysis from the Lown Institute think tank placed five Catholic systems — including the St. Louis region's Ascension — on its list of the 10 health systems with the largest "fair share" deficits, which means receiving more in tax breaks than what they spent on the community. And Lown said three St. Louis-area Catholic health systems — Ascension, SSM Health, and Mercy — had fair share deficits of

$614 million, $235 million, and $92 million, respectively, in the 2021 fiscal year.

Ascension, Mercy, and SSM disputed Lown's methodology, arguing it doesn't take into account the gap between the payments they receive for Medicaid patients and the cost of delivering their care. The IRS filings do.

But, Kampert said, many of the benefits SSM provides aren't reflected in its IRS filings either. The forms reflect "very simplistic calculations" and do not accurately represent the health system's true impact on the community, he said.

Today, SSM Health is led by longtime business executive Laura Kaiser. Her compensation in 2022 totaled $8.4 million, including deferred payments, according to its IRS filing. Kampert defended the amount as necessary "to retain and attract the most qualified" candidate.

By contrast, SSM never paid Ryan a salary, giving instead an annual contribution to her convent of less than $2 million a year, according to some tax filings from her long tenure. "I didn't join the convent to earn money," Ryan said.