

Working with Hospitals on Community Benefit



ROADMAP

1. Policy Refresher: Defining community benefit and understanding ACA requirements
2. Deep dive into the hospital community benefit planning process
3. Discussion: What's the *community* role in these processes?

Federal Community Benefit Policy

- **Tax exemption is source of the federal legal standard**
 - IRS and Treasury Department develop guidance and handle oversight
 - IRS has defined “community benefit” through guidance for tax-exempt hospitals ([1969 Revenue Ruling](#)): does the hospital promote the health of a class of persons broad enough to benefit the community?
- **Tax-exempt hospitals must report their community benefits annually to IRS on [Form 990, Schedule H](#)**
- **Affordable Care Act added [new requirements](#) for tax-exempt hospitals (Section 9007, 2010)**
 - Financial assistance policies
 - Reasonable billing & collections
 - End overcharging
 - More reporting
 - Conduct regular community health needs assessments (CHNA) & develop implementation strategies

What Counts as Community Benefit?

- Community health improvement services
- Financial assistance
- Subsidized health services
- Medicaid shortfall
- Health research, training and education
- Cash and in-kind contributions to community groups
- “Other”

Demonstrated Community Need

- Documented request from public agency or community group
- Community Health Needs Assessment
- Partnership with a government agency or non-profit organization

Meets Program Objective

- Reduced barriers to care
- Leverages public health efforts
- Reduces health disparities
- Increases community knowledge
- Reduces government burden

IRS Form 990, Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)						
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs						
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits						
k Total. Add lines 7d and 7j						

The “Science” of Community Benefit

Community Benefit

Strategies

Source: Hodgkins, D.

Charity Care

Government Sponsored
(means tested)

Programs/Activities

Community Health Improvement

Health Professions Education

Subsidized Health Services

Research

Financial & In-kind Contributions

Community Benefit Operations

Community Building Activities
990 H part II

OR, NY and MN State Requirements

Source: Hilltop Institute

Community Benefit State Law Profiles Comparison

State Community Benefit Requirements and Tax Exemptions for Nonprofit Hospitals

To see which states have a particular requirement, click on a symbol in the top (yellow) row. For detailed information about the requirement of a particular state, click on the symbol in the field at the intersection of the state's row and the requirement's column. For example, to read about Alabama's financial assistance policy dissemination requirement, click on the square in the field at the intersection of the Alabama row and the Financial Assistance Policy Dissemination column to open a new browser window showing the relevant text in the Alabama profile.

- Unconditional community benefit requirement
 ○ Conditional community benefit requirement
 ■ Requirement (either conditional or unconditional)
 Blank = No requirement

- State tax exemption
 X No state tax exemption
 Blank = State does not impose this tax

Select All States

Compare	State	Community Benefit Requirement	Mandatory Minimum Community Benefit Requirement	Community Benefit Reporting Requirement	Community Health Needs Assessment	Community Benefits Plan/ Implementation Strategy	Financial Assistance Policy	Financial Assistance Policy Dissemination	Limitations on Charges, Billing, and Collections	Income Tax Exemption	Property Tax Exemption	Sales Tax Exemption
	Select:	● ○	■	■	■	■	■	■	■	■ X		■ X
<input type="checkbox"/>	Minnesota			■				■		■	■	■
<input type="checkbox"/>	New York	○		■	■	■	■	■	■	■	■	■
<input type="checkbox"/>	Oregon			■						■	■	

How the New ACA Rules Fit In

The **law** requires non-profit hospitals to “take input” from people who “represent the broad interests of the community.”

The **final IRS rules** are more specific about WHO must and may provide input, WHEN hospitals must follow these processes, and WHAT hospitals have to report about the input they receive. They are very flexible about HOW hospitals must use the input and structure programs.

Deeper Dive: Community Benefit Planning

- Alternative definitions and principles to guide community benefit planning, beyond what is required by law
- Finding information
- Inside the hospital: potential approaches
- CHNA/implementation strategy: key steps

Alternative Definitions

Community Catalyst: Community benefits are **unreimbursed** (or partially reimbursed) goods, services, and resources provided by health care **institutions** in response to needs and concerns **identified by the community**, especially by people who are traditionally **underserved**.

Catholic Health Association: Community benefits are programs or activities that provide treatment and/or promote health and healing as a response to community needs; they are not provided for marketing purposes.

Resource: Hallmarks for Assessing a Solid [Community Benefit] Program, CHA and Community Catalyst

http://www.communitycatalyst.org/doc-store/publications/Journal_CHAUSA_Trocchio-CurtisMay-June_2012.pdf

Suggested Principles

Quality community benefit programs engage communities, improve access to necessary care, and create long-term opportunities for strategic problem-solving to address underlying health needs. They:

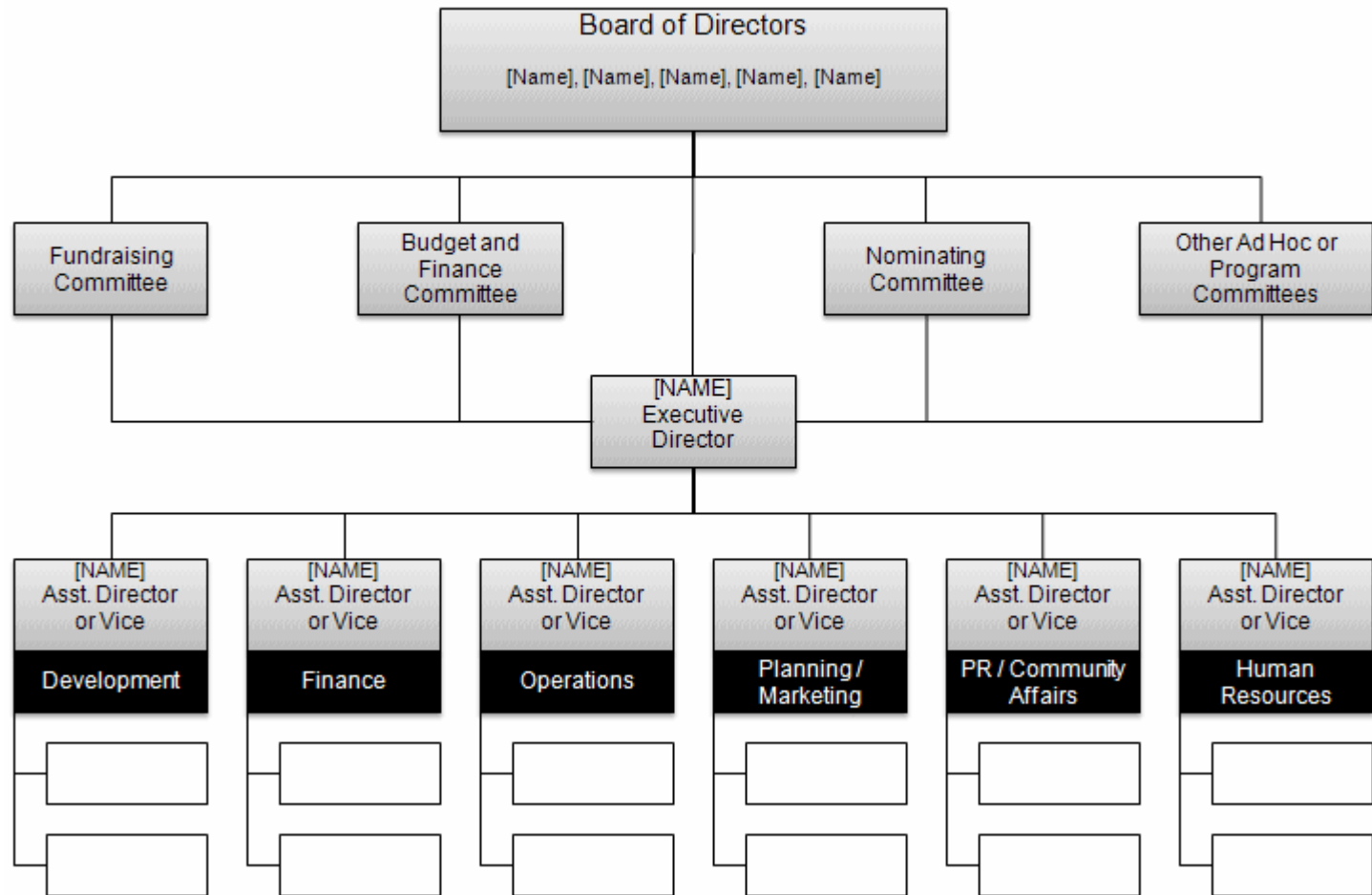
- Are **flexible** enough to include upstream measures to address disparities in health, tailored to local needs
- **Open (or sustain) lines of communication and partnership** between communities, hospitals, other providers and public health
- Are **accountable** and **transparent** to local communities
- **Target** and reflect the needs of vulnerable community members
- **Empower** community members, particularly those from vulnerable communities, to participate in decision-making and implementation

Getting Started: Where to go for hospital intel

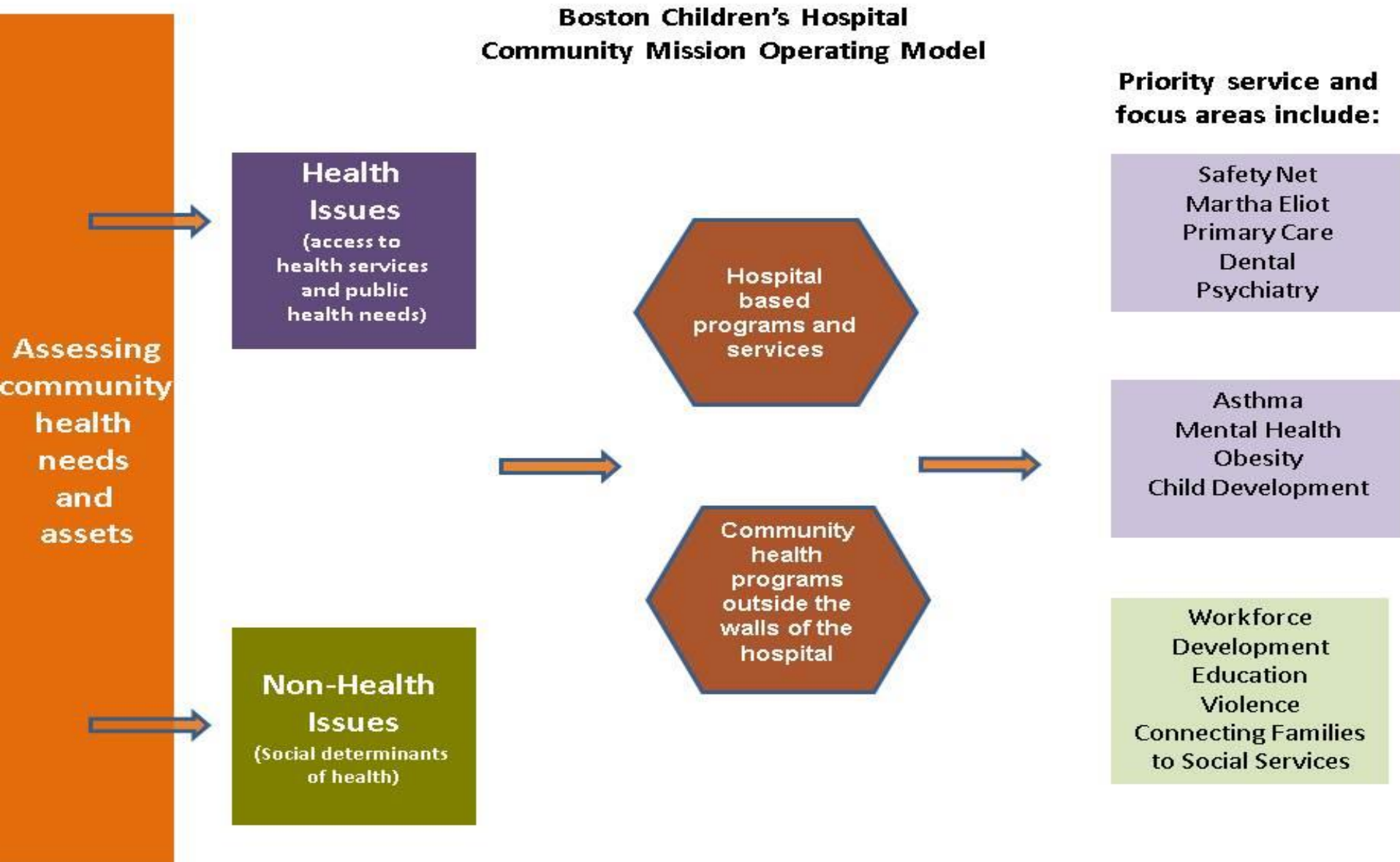
- **IRS Form 990, Schedule H**
 - Find it on hospital's website, or filed with Guidestar
 - Gives financial snapshot and some qualitative discussion
- **Hospital website**
 - For community benefit reports, community health needs assessments, and other policies/procedures
 - For mission statement and board members, key staff and initiatives
- **State agencies**
 - Depends on the state
 - Attorney General (regulates charities)
 - Department of Public Health (may have included hospitals in planning)
- **Recent news stories**
- **Community partners**
- **Straight to the source: find a hospital contact**

Who Is Your Hospital Contact?

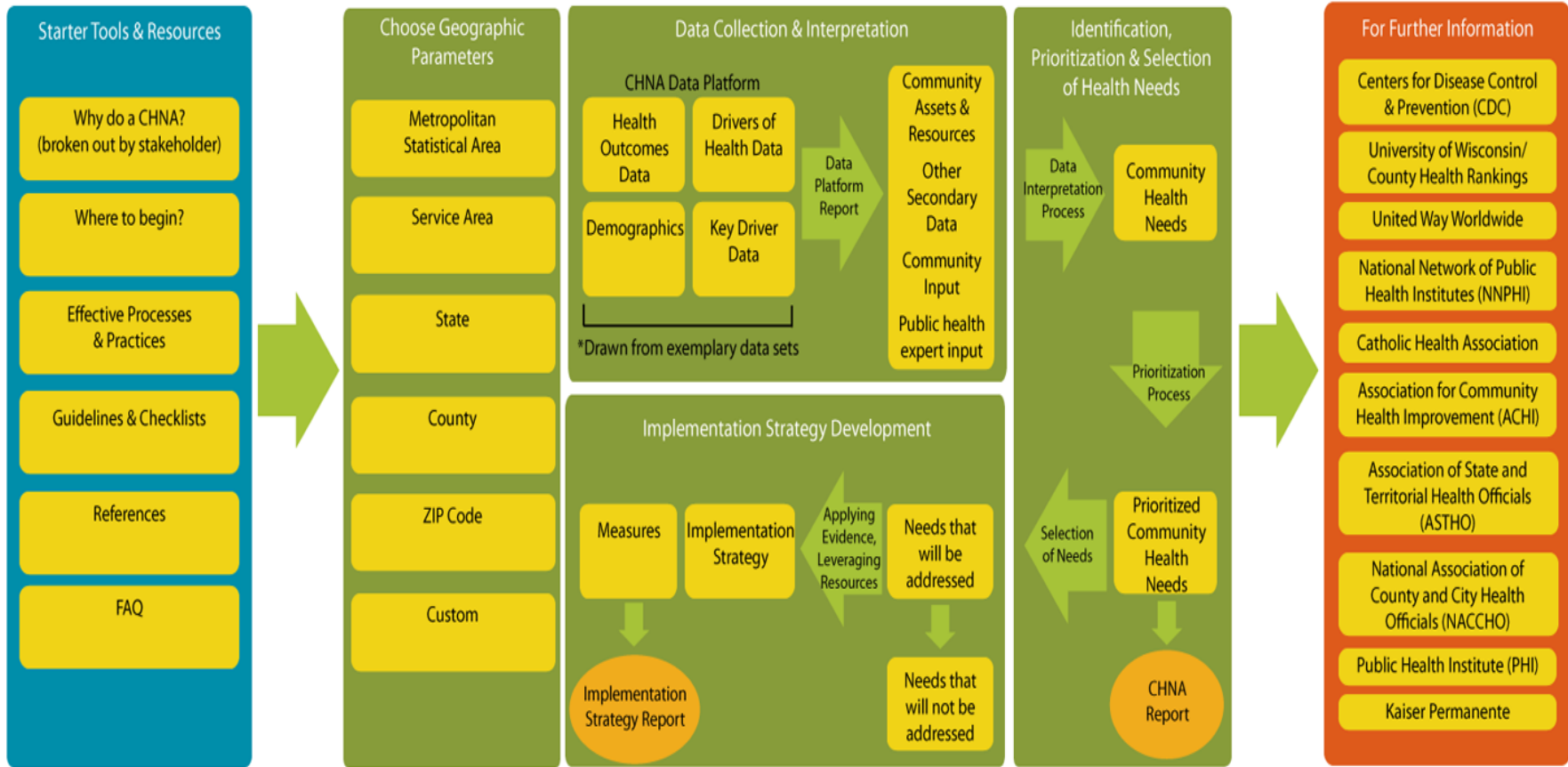
Nonprofit Organizational Chart



A Sample Community Benefit Process



A Sample CHNA Process



Source: CHNA.org

Key Steps in a CHNA

- Planning and preparing for the assessment
- Determining its scope and purpose
- Identifying the data to describe community health, needs and assets
- Understanding and interpreting the data
- Defining and validating the priorities the hospital will work on in its implementation strategy
- Documenting and communicating results

Source: CHA, *Assessing and Addressing Community Health Needs*

Key Steps in an Implementation Strategy

- Planning and preparing for implementation
- Developing goals, objectives, and concrete indicators for success
- Identifying the data to describe community health, needs and assets
- Determine approach to prioritized needs
- Integrate CB strategy with hospital's strategic plan, community plans
- Adopt the strategy formally (hospital board);
- Evaluate impact

Source: CHA, *Assessing and Addressing Community Health Needs*

Evaluating the Community's Role

- Who was involved in the assessment? Who was left out who should be included?
- Who should be involved in implementation?
- How were needs prioritized? What (and who) was left out? Does the assessment square with community perception of unmet need?
- What and how were data gathered, analyzed and presented to the community?
- Are there missing pieces or relationships that advocates can bring to the table that are crucial to success?
- What was the impact of the program?

DISCUSSION

What's the *community* role in these processes?

Where are the intervention points?

Questions

