

The Hospital Accountability Project: Policy 101



ROADMAP

1. Learn how Community Catalyst's Hospital Accountability Project (HAP) works and the role pilot sites play in the overall work
2. Understand community benefit's key terms and core issues
3. Begin thinking through potential implications and connections to local work

How We Work – Our Strategies

- **Educating local, state and federal policymakers** about community and consumer-friendly policies and procedures
- Building strategic **stakeholder alliances** with hospitals and public health
- **Increasing knowledge and skill** in local communities and among consumer advocates
 - Learning community
 - Pilot sites
 - Technical assistance
 - Policy analysis, strategy, and materials
 - Identifying opportunities for advocates to weigh in with federal policymakers

Core Issues

- **Community benefit**
 - At the federal level, this is broadly defined to include anything that **promotes the health of the community**
 - Some states, counties and municipalities have additional requirements
- **Hospital billing and collections**
- **Transparency in hospital reporting**
- **Community engagement in developing these hospital policies and procedures** so that the voices of the most vulnerable are heard and their health needs are addressed

What is community benefit?

- **Tax exemption is the 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 people 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

IRS and Treasury Rulemaking

- Issued **proposed rules** in two batches
 - Financial assistance, billing and collections (June 2012)
 - CHNAs, implementation strategies, and penalties for noncompliance (April 2013)
- **Final rules** issued in December 2014
 - Combined CHNAs and financial assistance, billing and collections all together

ACA + IRS Rules: Some Themes

- Allow **collaboration**
- Require **input from public health and community members** and representatives
- Provide an **additional tool for advocates** to use to weigh in on health equity, access, and public health issues impacting the community
- Require **board approval** on community benefit, financial assistance, billing and collection policies

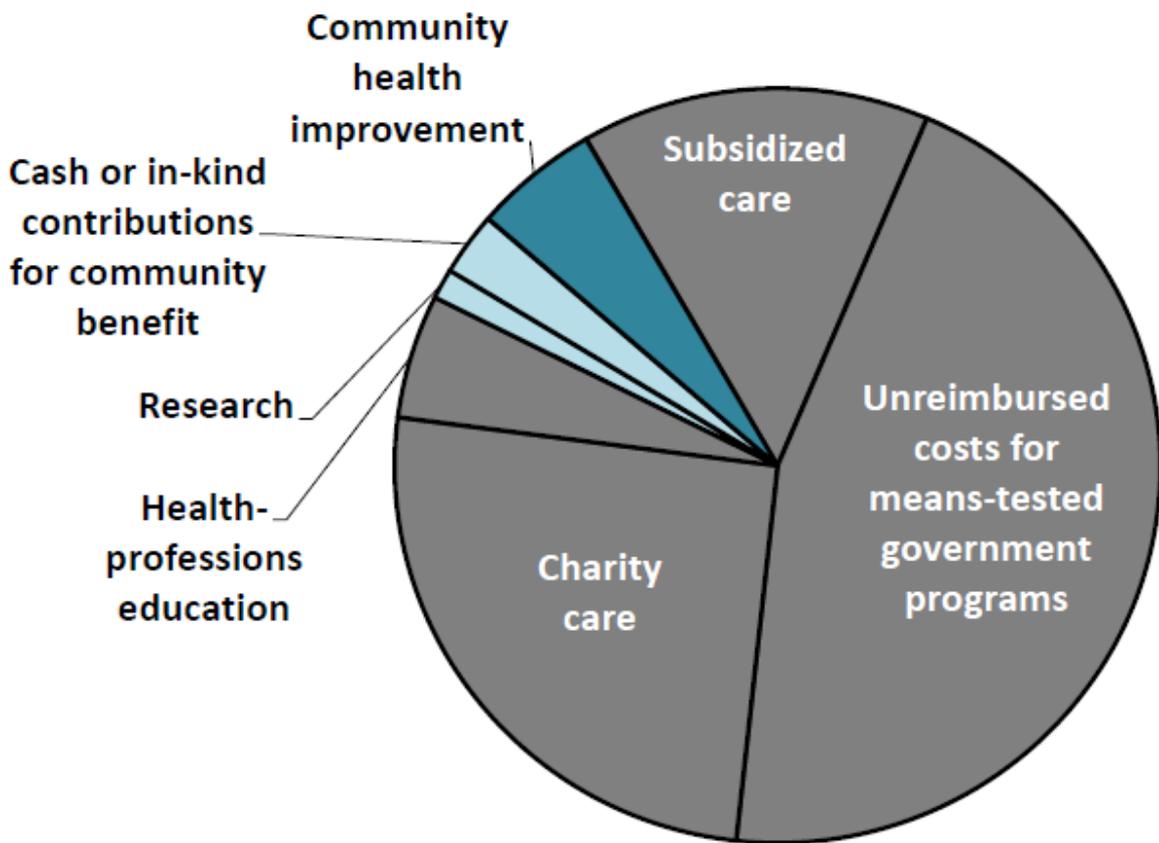
Hospital Spending on Community Benefit

During fiscal year 2009, hospitals spent 7.5% of their operating expenses on Community Benefit (average)

- More **than 85% of these expenditures** were devoted to access (charity care, etc.)
- Only **5%** was spent on **community health improvements**
- The rest was spent on education, research and community group contributions.

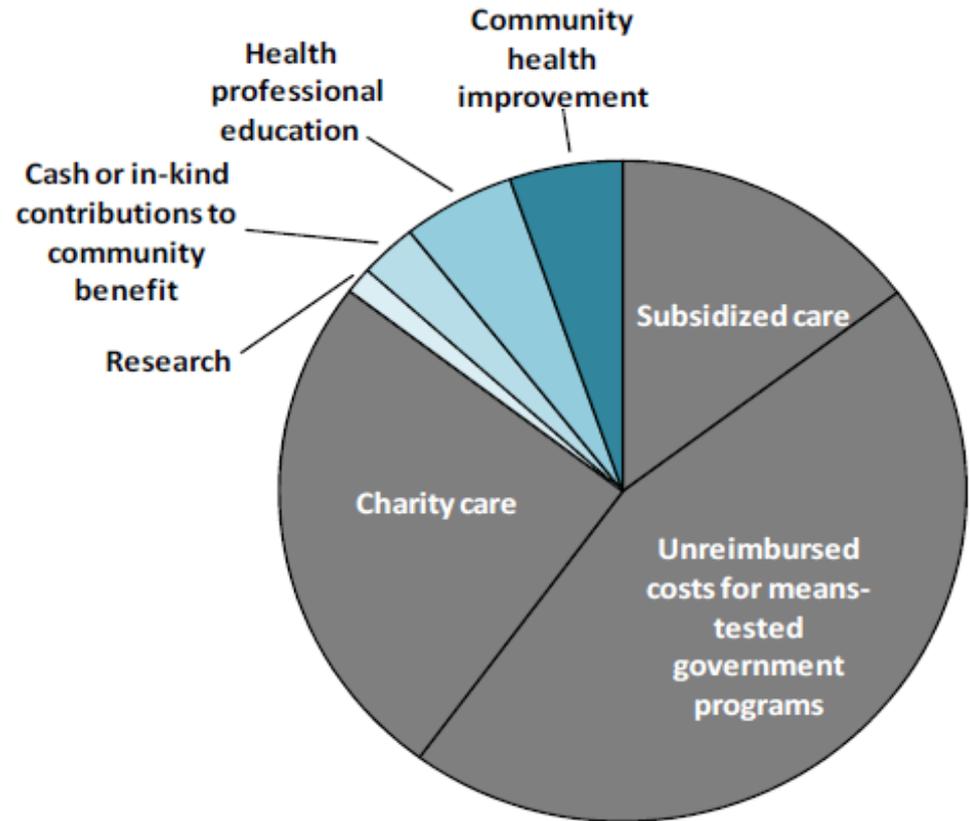
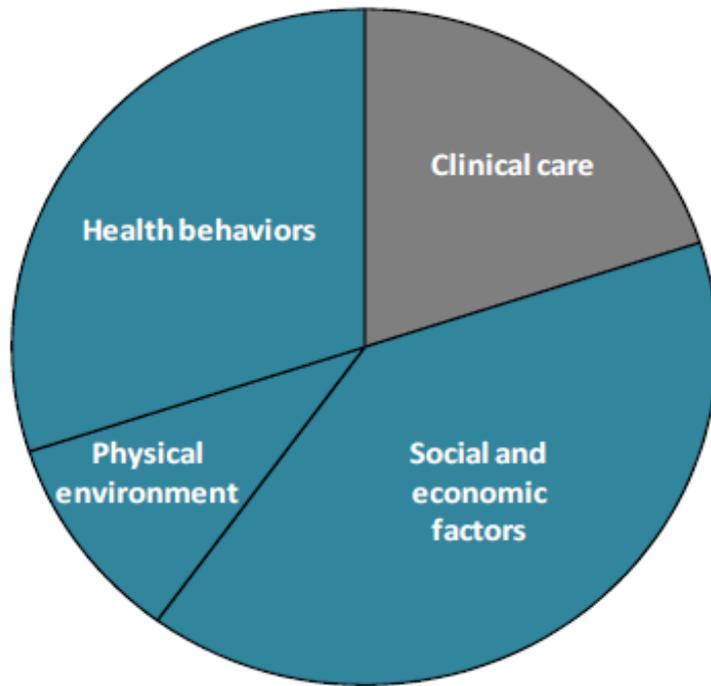
Source: Young, et al (2013). N Engl J Med 368:16.

Hospital Spending on Community Benefit



Credit: Martha Somerville, Somerville Consulting.
Based on Young, G., et al. (2013) Provision of
community benefit by tax-exempt U.S. Hospitals. N.
Engl J Med. 368: 16

Hospital Spending Compared to Health Determinants

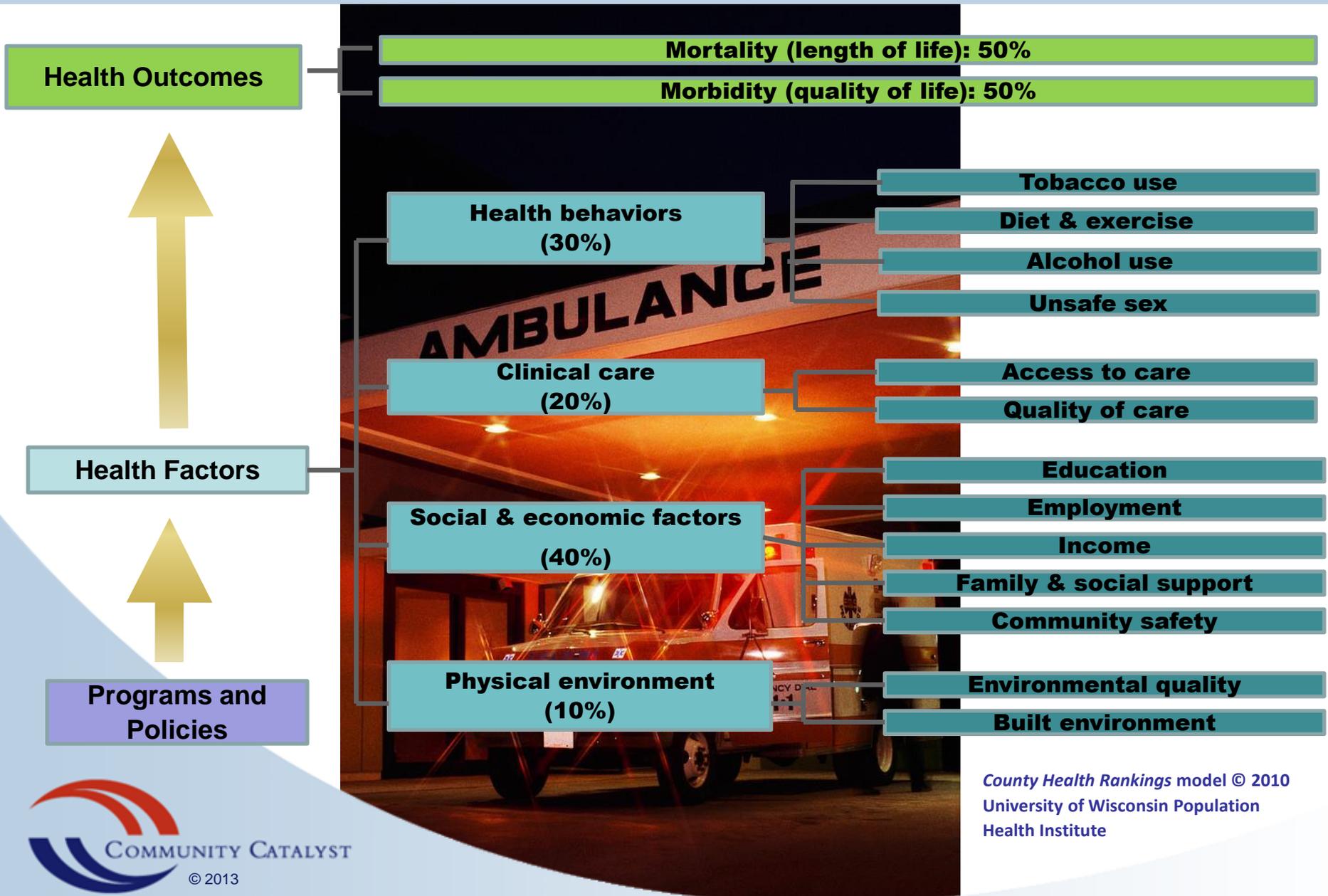


Based on:

UWPHI County Health Rankings & Roadmaps
Ranking Methods: Health Factor Weights for
the 2013 Health Rankings

Young, G., et al. (2013)
Provision of community benefit by tax-
exempt U.S. Hospitals. *N. Engl J Med.* 368: 16

Evolution of Community Benefit

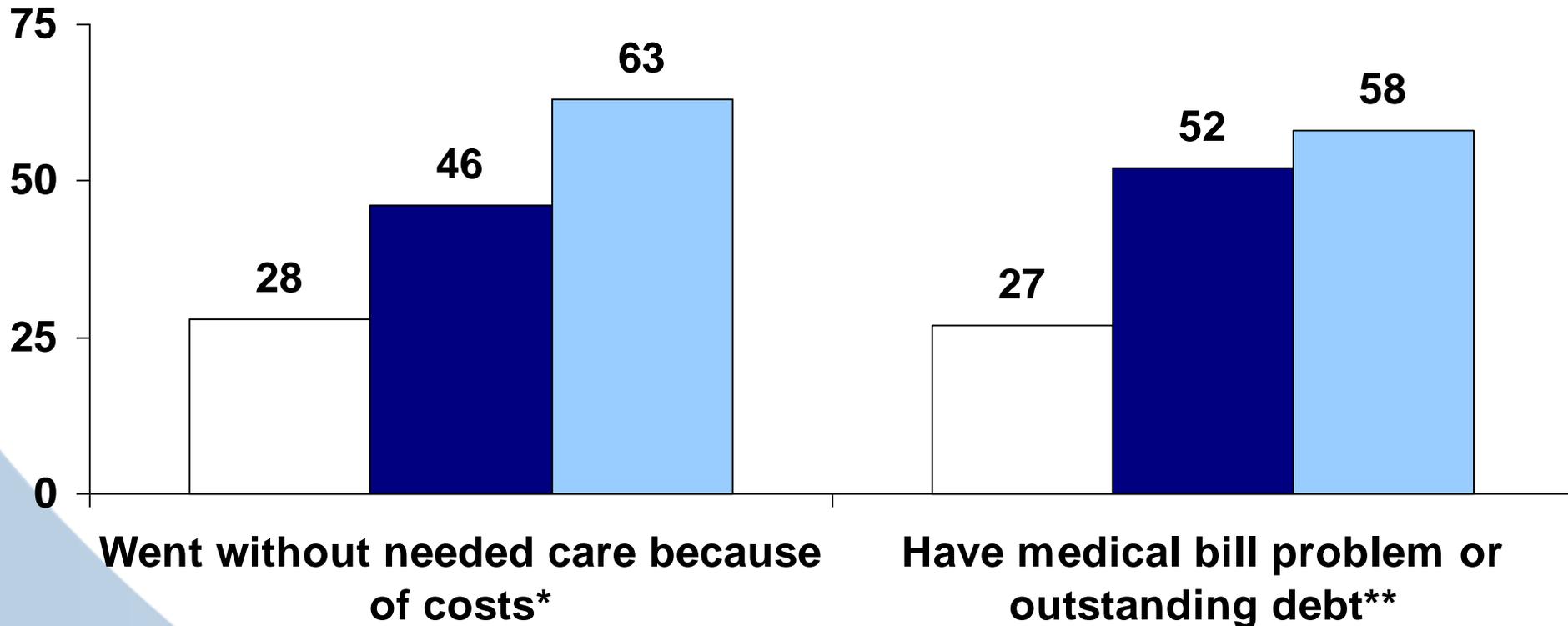


Who Are the Remaining Uninsured?

- “Hard to reach” populations that need assistance to enroll
- Low-income people living in states that have opted not to expand Medicaid
- People who opt out of coverage and will pay the penalty
- People exempted from the individual mandate
- Undocumented immigrants

How Medical Debt Impacts Patient Behavior

□ Insured, not underinsured ■ Underinsured □ Uninsured during year



* Did not fill prescription; skipped recommended medical test, treatment, or follow-up; had a medical problem but did not visit doctor; or did not get needed specialist care because of costs. ** Had problems paying medical bills; changed way of life to pay medical bills; or contacted by a collection agency for inability to pay medical bills or medical debt.



Source: C. Schoen, M. Doty, R. Robertson, S. Collins, "Affordable Care Act Reforms Could Reduce the Number of Underinsured U.S. Adults by 70 Percent," *Health Affairs*, Sept. 2011. Data: 2003 and 2010 Commonwealth Fund Biennial Health Insurance Surveys.

Daisy's Story



“I was told that in order to have the surgery, I would have to pay half the amount. Not knowing what else to do, I gave them my credit card, and it was charged \$4,000.00. [...] I am now months behind on my mortgage.”

- Daisy, unemployed, Orlando

State Requirements Vary



What Does Minnesota Law Say?

- **Hospital financial assistance, billing & collections**
 - Fairly lax - hospitals have great flexibility
 - Hospitals must communicate charity care policies to patients
 - AG agreement limits what hospitals can charge the uninsured and blocks abusive debt collection practices (e.g., Accretive investigation)
- **Community benefit**
 - Regulates hospitals *and* non-profit health plans
 - Minimal reporting requirements
 - State health commissioner has called for stronger integration and oversight of community benefit, but hospitals have not been supportive

What Does New York Law Say?

- **Hospital financial assistance, billing & collections**
 - Fairly strong consumer protections against hospital debt
 - Limits what uninsured patients with incomes below 300% FPL can be charged for care
- **Community benefit**
 - NY requires non-profit hospitals to do a **community service plan** and write a yearly **implementation report** that shows the hospital's progress
 - This is similar to the ACA requirements for hospitals. However, NY law does *not* require hospitals to get community input.
 - In 2009, State Health Department [asked hospitals](#) to integrate their community service plans with the state's public health initiative

What Does Oregon Law Say?

- **Hospital community benefit**
 - Fairly lax - hospitals have great flexibility
 - Minimal community benefit reporting requirement
- **Coordinated care organizations**
 - CCO rules require community health needs assessment (CHNA) and community health improvement plan in partnership with hospitals, local public health authority, and local mental health authority
 - Standard tied to ACA requirements
 - Also has to meet Public Health Accreditation Board criteria and include partnership with local Area Agency on Aging and mental health authority

Hilltop Institute's Comparison

Community Benefit State Law Profiles Comparison

State Community Benefit Requirements and Tax Exemptions for Nonprofit Hospitals

Select All States		<p>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.</p> <ul style="list-style-type: none"> ● Unconditional community benefit requirement ○ Conditional community benefit requirement ■ Requirement (either conditional or unconditional) Blank = No requirement 								<ul style="list-style-type: none"> ■ State tax exemption ✗ No state tax exemption Blank = State does not impose this tax 		
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:	● ○	■	■	■	■	■	■	■	■ ✗		■ ✗
<input type="checkbox"/>	Minnesota			■				■		■	■	■
<input type="checkbox"/>	New York	○		■	■	■	■	■	■	■	■	■
<input type="checkbox"/>	Oregon			■						■	■	

What if my hospital isn't non-profit?

- State and local requirements
- Certificate of Need Agreements
- Mission statements
- If public hospital – look at charter, governing authority, and mission
- Receipt of public dollars
- Social/corporate responsibility
- **Good will, good governance, good idea!**

Challenges Remaining

- 1) **Variation in hospital spending/approach**
- 2) **Consumer protections all tied to the content of the hospital's policy**
 - State laws might set stronger limits
- 3) **Policies and application materials may be hard for consumers to access**
 - Wish list: HHS gathers and posts policies on www.healthcare.gov (would mimic CA's site)
 - Wish list: Navigators, advocates and others working in outreach/enrollment and the uninsured gather information on financial assistance policies; establish working relationships with hospitals to flag problems; and add this as a “screen” to the questions they ask

Challenges Remaining

5) Balancing act

- Hospitals will continue to be a safety net for the remaining uninsured/underinsured, especially in states that do not expand Medicaid or have high numbers of immigrants ineligible for coverage subsidies. But other drivers are encouraging a shift in resources to invest in prevention and the social/economic determinants of health.

6) An untapped avenue for engaging hospitals on access issues: The Community Health Needs Assessment (CHNA)

- Final Rules promote hospitals to consider access issues arising due to financial, geographic, language, and other barriers to care
- Consumer advocates working on access issues for the remaining uninsured should connect with community benefit staff

Thank You



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