



Community Benefit and Economic Development

“Community benefit” is a term of art often used in health care and economic development to describe the obligations businesses, developers, and health care institutions have to the surrounding community.

Hospital Community Benefit: Mandate and Mission

Many hospitals take a mission-driven approach to community benefit, choosing to offer free or reduced-cost programs that address community-identified health needs and concerns, particularly for those who are uninsured or underserved, that would otherwise go unmet. Community benefit is also a condition of federal tax-exempt status (states, counties, and municipalities can set additional requirements). The [Affordable Care Act](#) (ACA) tightened non-profit hospital requirements, adding a triennial Community Health Needs Assessment (CHNA) that seeks public health and community input and requiring hospitals to develop and adopt implementation strategies that meet priority needs the CHNA uncovers. Many hospitals are exploring non-traditional community benefits and are looking to adopt economic development models that fit federal requirements.

Development Agreements: Mitigation and Growth

When a development has an impact on the neighborhood in which it is located, developers may be asked to invest in permanent improvements to low-income neighborhoods through legally binding Community Benefit Agreements (CBA). CBAs can outline specific commitments and amenities that a developer must provide in exchange for community support and other benefits, such as tax subsidies and easier access to governmental permit approvals. CBAs can provide an opportunity for the community to access local jobs provided by the development or receive new or enhanced infrastructure, such as public parks or transportation improvements.

Categories	Hospital Community Benefit under the ACA	Community Benefit Agreements (CBAs)
Participants in negotiations/decision-making	Hospital leaders, public health leaders and community leaders	Developers, public officials, and sometimes community leaders
Public reporting	Must report annually to IRS on Form 990, Schedule H	Varies; typically negotiated by contract
Legal standard	Federal requirements for non-profit hospitals (state and municipal requirements may also apply)	Requirements varies; typically negotiated by contract
Timing	CHNA every three years; annual implementation strategies	Usually negotiated prior to development; contract may include other triggers
Enforcement	Some federal penalties, state and municipal penalties	Varies; often determined by terms of the contract