

Community Benefit 101

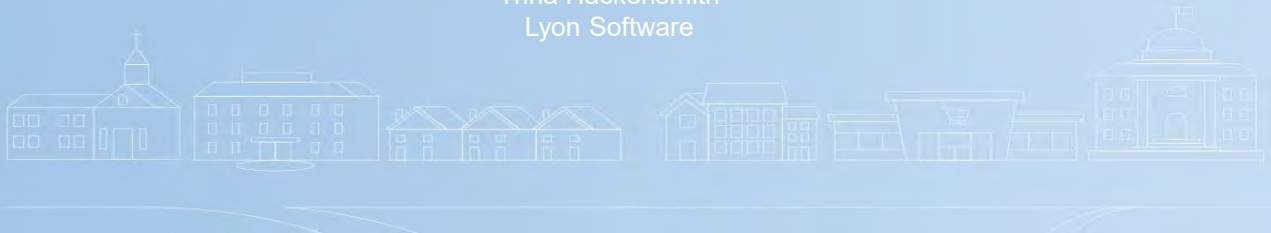


What Counts as Community Benefit?

October 15, 2019

Julie Trocchio
The Catholic Health Association

Trina Hackensmith
Lyon Software



What Counts: Definition



To count, a program or activity must respond to a demonstrated health-related community need and seek to achieve at least one community benefit objective:

1. Improve access to health services
2. Enhance public health
3. Advance knowledge through education or research
4. Relieve or reduce a health burden of government or other tax-exempt organization

What Counts: Identifying Need



Community need can be demonstrated through the following:

- *A CHNA conducted or accessed by organization*
- *Documentation that demonstrated community need or a request from a public health agency or community group*
- *The involvement of unrelated, collaborative tax-exempt or government organizations as partners in the activity or program carried out for the express purpose of improving community health*

What Does NOT Count



- An objective, “prudent layperson” would question whether the program truly benefits the community
- The program represents a community benefit provided by another entity or individual, such as
 - Activities by employees on their own time
- The program benefits the organization more than the community:
 - Generates referrals principally to the hospital versus community resources

What Does NOT Count



- Access to the program is restricted to employees or medical staff affiliated with the hospital, such as Continuing Medical Education program, only for your medical staff
- The activity represents a normal “cost of doing business” or is associated with the current standard of care (expected of taxable and tax-exempt entities alike)
 - Employee benefits, such as in-service trainings
 - Licensure or accreditation requirements
 - Discharge planning

What Counts: Categories



Community Benefit Categories

- I. **Financial Assistance (Charity Care)**
- II. **Government Means-Tested Health Programs – unpaid costs of public programs**
 - Medicaid
 - State Children’s Health Insurance Program
 - Medically indigent programs
- III. **Other Community Benefit Services**

Financial Assistance (Charity Care)



IRS Definition:

Financial assistance means free and discounted health care services provided to persons who meet the organization's criteria for financial assistance and therefore, deemed unable to pay for all or a portion of such services.

Medicaid and Other Means-Tested Government Programs



IRS Definitions:

Medicaid: *The United States health program for individuals and families with low incomes and resources*

Other Means-Tested Government Programs: *Government-sponsored health programs where eligibility for benefits or coverage is determined by income and/or assets. Examples include:*

- *The State Children's Health Insurance Program (SCHIP), a United States federal government program that gives funds to states in order to provide health insurance to families with children*
- *Other federal, state and local health care programs*

Other Community Benefit Services



Categories of Other Community Benefit Services:

- Community Health Improvement Services
- Health Profession Education
- Subsidized Health Services
- Research
- Cash and In-kind Contributions
- Community Building Activities*
- Community Benefit Operations

* Community Building is reported differently for IRS 990H

Community Health Improvement Services



IRS Definition:

Activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving community health.

Such services do not generate inpatient or outpatient revenue, although there may be a nominal patient fee or sliding scale fee for these services.

Community Health Improvement Categories



1. **Community health education**, including classes and education campaigns, support groups and self-help groups
2. **Community-based clinical services**, such as screenings, flu vaccine clinics and mobile units provided on a one-time or special event basis
3. **Health care support services**, such as transportation and enrollment into Medicaid for individuals
4. **Social and environmental improvement activities**, such as removing hazardous materials like asbestos or lead from public housing or violence prevention

Health Care Support Services



Question:

We are developing a program to screen low-income patients for social needs and to refer persons identified as having unmet needs to community services. Can these activities be reported as community benefit?

Health Care Support Services



Recommendation:

We recommend reporting the expense of screening for health-related social needs and follow-up referrals as community benefit community health improvement when all of the following are met:

- Community health need as been established (for example, housing and food security issues are present in community).
- Activities are above and beyond the standard practice of discharge planning and not required by accrediting bodies for licensure or by third-party payers.
- Activity is provided for low-income and vulnerable persons.
- The organization operates the program in collaboration with other providers and agencies.

Health Professions Education



IRS Definition:

Educational programs that result in a degree, certificate, or training necessary to be licensed to practice as a health professional, as required by state law; or continuing education necessary to retain state license or certification by a board in the individual's health profession specialty.

It does not include education or training programs available exclusively to the organization's employees and medical staff or scholarships provided to those individuals.

Health Professions Education



Question:

Is there a recommended percentage of staff time spent mentoring students that can be reported as community benefit?

Health Professions Education



Recommendation:

Each organization should quantify staff time devoted to mentoring or precepting students based on their unique circumstances, recognizing that when students are present, they may or may not affect staff productivity. Hospitals should include the cost associated with training their nurses and other staff to serve as preceptors, and also the cost spent by staff in educational activities that occur outside of regular duties (e.g., didactic/classroom experiences before or after regular shifts).

Subsidized Services



IRS Definition:

Clinical services provided despite a financial loss to the organization.

The financial loss is measured after removing losses, measured by cost, associated with bad debt, charity care/financial assistance, Medicaid and other means-tested government programs.

Subsidized Services



- Provided because of community need
- Includes inpatient programs and outpatient programs such as satellite clinics designed to serve low-income communities, and home health programs
- Excludes ancillary services such as radiology, anesthesiology, and lab

Research



IRS Definition:

Any study or investigation that receives funding from a tax-exempt or governmental entity of which the goal is to generate generalizable knowledge that is made available to the public

...

- Self-funded research can be reported.
- Research funded by for-profits can be reported In Schedule H, Part VI but not quantified in Part I

Research



Does it count?

- Study on how to triage emergency department patients, results published in professional journal?
(yes)
- Quality assurance study on reducing medication errors?
(no)

Cash and In-Kind Contributions



IRS Definition:

Contributions made by the organization to health care organizations and other community groups restricted in writing to one or more of the community benefit activities described [as community benefit].

In-kind contributions include the cost of staff hours donated by the organization to the community while on the organization's payroll, indirect cost of space donated to tax-exempt community groups (such as for meetings), and the financial value (generally measured at cost) of donated food, equipment, and supplies.

Cash and In-Kind Reporting Issues



- Report only contributions for activities that would qualify as community benefit
- Include written restriction that funds will be used for a community benefit activity
- Do not include funds contributed by employees or emergency funds for employees
- Donations outside the community, including internationally, can be reported, but should not constitute a large portion of overall community benefit contributions

Community Building



IRS Definition:

Activities ... to protect or improve the community's health or safety, and that are not reportable in Part I of this schedule. Some community building activities may also meet the definition of community benefit.

(Eight subcategories)

Reporting issue:

Do not report in Part II if reported in Part I

Community Building Categories



IRS Definitions:

1. *Physical improvements and housing*
2. *Economic development*
3. *Community support*
4. *Environmental improvements*
5. *Leadership development and training for community members*
6. *Coalition building*
7. *Community health improvement advocacy*
8. *Workforce development*

Community Benefit vs Community Building



IRS Rules for CHNAs

“Needs may include, for example, the need to address financial and other barriers to accessing care, to prevent illness, to ensure adequate nutrition, or to address social, behavioral, and environmental factors that influence health in the community.”

Community Benefit vs Community Building



IRS EO Update – December 2015

“The instructions for Schedule H describe community benefit activities or programs as those addressing an established need that “seek to achieve a community benefit objective, including improving access to health services, enhancing public health, advancing increased general knowledge, and relief of a government burden to improve health.”

“Thus, some housing improvements and other spending on social determinants of health that meet a documented community need may qualify as community benefit for the purposes of meeting the community benefit standard.”

Community Benefit Operations



IRS Definition:

Community Benefit Operations: *Activities associated with community health needs assessments as well as community benefit program administration. Community benefit operations also include the organization's activities with fundraising or grant-writing for community benefit programs.*

Community Benefit Operations



Question:

Does coming to a training session on community benefit count as community benefit? Can the costs be reported (e.g., registration fee, travel, food and lodging)?

Community Benefit Operations



Recommendation:

The What Counts Task Force recommends counting all costs related to training as community benefit in Category G Community Benefit Operations. This is community benefit because it helps enhance the overall community benefit program. As with all of your organization's activities, community benefit should be provided as efficiently as possible. The Task Force thus recommends that travel related expenses be kept to a minimum.



Questions

Next Presentation



- [Building a Sustainable Infrastructure](#)