

# Community Benefit 101



## What Counts as Community Benefit?

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## ***Guide for Planning and Reporting Community Benefit***

### Chapter 2

### Appendix – Categories and Definitions

### **CHAusa.org**

- Webinar Recording

[What Counts as Community Benefit? The Basics and Special Considerations for COVID-19](#)

- **What Counts Q and A:**

<https://www.chausa.org/communitybenefit/what-counts-q-a-listing/what-counts-q-a-index>

- **Recommendations for reporting related to coronavirus:**

<https://www.chausa.org/docs/default-source/community-benefit/recommendations-for-cb-related-to-coronavirus.docx?sfvrsn=4>

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

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*

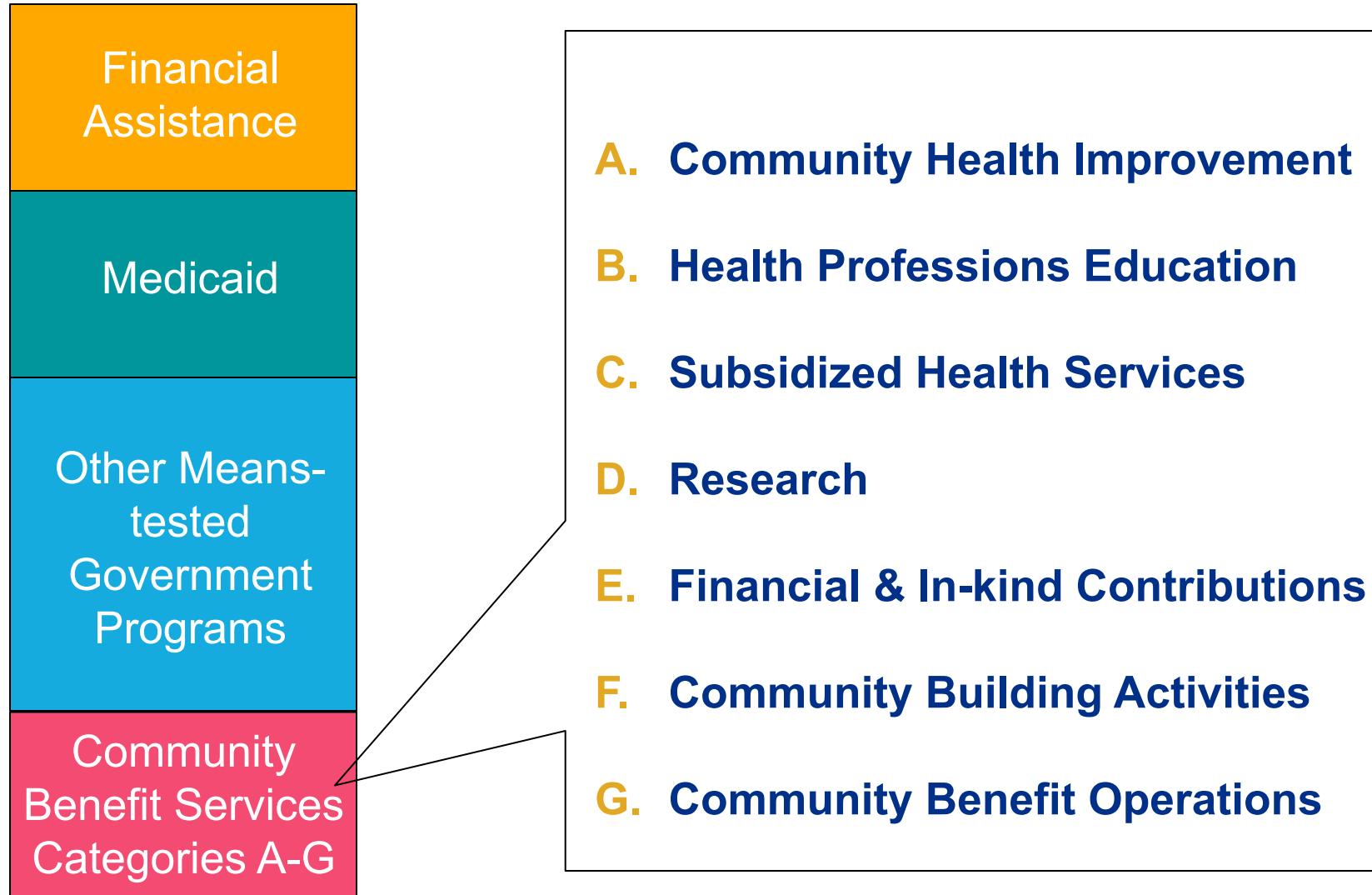
# Programs should not be counted if:

- 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

# Programs should not be counted if:

- 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 requirements
  - Discharge planning

# What Qualifies (Counts) as a Community Benefit?



## ***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.*



## ***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*

## ***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.*

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.

### ***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.*

### ***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.*

A service meets an **identified community need** if it is reasonable to conclude that if the organization no longer offered the service:

- The service would be **unavailable** in the community,
- The community's capacity to provide the service would be **below** the community's need, or
- The service would become the **responsibility of government or another tax-exempt organization.**

## Why is Reporting Subsidized Health Services Important?

- Hospitals that haven't been reporting Subsidized Health Services may have **under-reported** their community benefits
- Providing Subsidized Health Services **differentiates tax-exempt from for-profit hospital** organizations
- Subsidized Health Services represent significant ways that tax-exempt hospitals benefit their communities by providing access to needed health care services
- The Subsidized Health Services category provides an opportunity to report **Medicare-funded** activities as community benefit.

### ***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



### ***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.*

- 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

## ***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

## ***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*

“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.”

## ***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.*

# Questions