Hospital Community Benefit Program

The Hilltop Institute

analysis to advance the health of vulnerable populations

Community Benefit Briefing

August 2011

Through news updates, state research and policy analysis, and policy questions, this newsletter is meant to assist state and local policymakers to understand and monitor hospital community benefit activities. The Community Benefit Briefing will report, discuss, and analyze various aspects of hospital community benefits, including the effects of the Affordable Care Act (ACA).

News

Strengthening Connections between Nonprofit Hospitals and Their Communities: an Interview with Jessica Curtis, Community Catalyst

Hilltop recently spoke with Jessica Curtis, Project Director of the Hospital Accountability Project and Staff Attorney of the Integrated Care Advocacy Project at Community Catalyst, about opportunities that the ACA affords for building and strengthening connections between nonprofit hospitals and their communities.

Hilltop: *In a recent blog post, you said the ACA draws a "new line in the sand for non-profit hospitals." Can you explain that concept more fully? What new connections and outcomes should communities expect from hospitals due to the ACA?*

Curtis: Sure. The ACA, on the issue of tax-exempt hospitals, is not radical. Each of its requirements has legal precedence in one or more states' laws, is a well-accepted standard of basic good practice, or both. The law simply codifies a very basic set of expectations that communities have come to expect of hospitals: be transparent and fair, especially in financial dealings with patients who can't afford to pay; and be responsive, engaged partners in addressing broader community needs.

Read the full response.

Hilltop: *When conducting a community health needs assessment, a hospital must take into account input from persons representing broad community interests. What advice are you giving community groups as they develop connections with hospitals?*

Curtis: Our first task is to let groups know about the new requirements; from there, it's up to them to decide whether this as an opportunity worth pursuing with their local hospitals. One of the challenges we face is simply the complexity of the times. Implementation of the whole Affordable Care Act and the crises occurring in many local and state budgets are just two of the major issues taking up a lot of space for

(predominantly state-based) advocates. In addition, participating in a community health needs assessment and implementation strategy can be a heavy lift for groups who may not have existing knowledge of the issues or established relationships with hospital leadership.

Read the full response.

Hilltop: *The ACA refers to broad community interests in the context of planning, but that same community focus is not carried over to the parts of the law related to hospital financial assistance policies and reporting processes. Do you have thoughts about strategies community groups can use to ensure that hospitals are also responsive to broad community interests when developing their financial policies, and also in the breadth and depth of their reporting about their community benefit activities?*

Curtis: We firmly believe that a hospital's financial policies should be on the table during the community health needs assessment and implementation strategy, and that hospitals themselves should be actively seeking community input on how to improve them. There is a false divide in some circles, I think, to separate this area from other forms of community benefit. In truth, they are inextricably connected. It is shortsighted to acknowledge the linkages between poverty, race and ethnicity, and the social determinants of health but ignore the impact that inadequate financial assistance policies and aggressive debt collection tactics have on poor and middle-income communities, especially for those with chronic illness and the uninsured or underinsured.

Read the full response.

Eileen Barsi Talks about Policies Resulting in Effective Responses to Community Health Needs

Among the hospital systems with extensive community connections is Catholic Healthcare West (CHW) in San Francisco. Eileen Barsi, CHW's director of community benefit, talked about its work at Hilltop's recent symposium, *Responding to Community Health Needs within the Framework of the Affordable Care Act*, convened on June 28, 2011. See her slides here. Listen to her presentation here.

Nonprofit Hospital – Local Health Department Collaboration for Assessing Community Needs in North Carolina Counties

Since 2005, North Carolina law has required local health departments to achieve and maintain state accreditation. An important accreditation criterion is the health department's provision of defined "essential public health services," which include conducting periodic needs assessment of the community. In May 2011, the NC Public Health – Hospital Collaborative, in association with state public health agencies and the North Carolina Hospital Association, developed a draft policy guidance explaining how North Carolina's tax-exempt community hospitals can achieve compliance with the ACA's community health needs assessment requirement. The guidance states that most nonprofit hospitals in North Carolina can meet the ACA needs assessment requirement through "a simple straight-forward process that is coordinated with the hospital's local public health department," then makes its case by comparing state community needs assessment requirements for local health departments with the ACA's similar requirements for nonprofit hospitals.

References

Moore, J. 2011. *Introduction to local public health services in North Carolina*. http://www.sog.unc.edu/sites/www.sog.unc.edu/files/IntroLocalPH-Art41excerpt.pdf

NC Public Health - Hospital Collaborative. *2011 draft policy guidance: Achieving the community health needs assessment requirement for tax-exempt community hospitals in North Carolina*. http://oce.sph.unc.edu/acawebinar/policyguidance.pdf. See also North Carolina Division of Public Health, Office of Healthy Carolinians and Health Education. 2011.

Comparison of the ACA Hospital Requirements (Form 990H), Accreditation and NC Community Health Assessment Process required by Local Health Departments. http://oce.sph.unc.edu/acawebinar/IRS-HospitalandCHAcomparison5-23-2011.pdf

IRS Notice 2011-52: New IRS Guidance on the Community Health Needs Assessment (CHNA) Requirement

On July 7, 2011, the Treasury Department and the IRS released a new guidance and request for comments relating to the ACA CHNA requirement for nonprofit hospitals. The notice describes regulations the agency "anticipates" proposing at a future date to clarify the CHNA requirement and potential penalties for noncompliance established by IRC §501(r), 4959, and 6033(b). The notice provides guidance on which hospitals may rely with respect to any CHNA made widely available to the public, as well as to any implementation strategy adopted, within six months after the date Treasury/IRS issues further guidance on CHNAs.

The notice, available at http://www.irs.gov/pub/irs-drop/n-11-52.pdf, provides guidance as to:

1. What tax-exempt entities are "hospital organizations" to which §501(r) applies
2. Application of the CHNA requirement to hospital organizations operating multiple hospital facilities
3. CHNA documentation requirements
4. Required elements of CHNA, when a CHNA is "conducted"
5. Identification of "the community a hospital serves"
6. Identification of "persons representing the broad interests of the community," groups within the community from which input must be gathered, and "persons with special knowledge of or expertise in public health"
7. What constitutes "making a CHNA widely available to the public
8. Requirements for developing an implementation strategy
9. When and how an implementation strategy must be adopted
10. Excise tax penalty for noncompliance
11. CHNA reporting requirements
12. Effective dates for CHNA and implementation strategy requirements

Reports

County Health Rankings

In March 2011, the University of Wisconsin Population Health Institute, in collaboration with the Robert Wood Johnson Foundation, released its second annual *County Health Rankings*. The report ranks the counties of each state based on overall health status, based on selected health factors and health outcomes. The *Rankings* model scores weighted health factors in four categories: health behaviors, clinical care access and quality, social and economic factors, and the physical environment. Counties are also ranked by health outcomes based on equally weighted measures of mortality (length of life) and morbidity (four measures). This year, the *Rankings* identifies programs and policies shown to promote improved health status. These are arranged by health factors that the program or policy addresses. Thus, the 2011 *County Health Rankings* not only provides information about the current health status of county populations, but also serves as a resource for health planners looking for successful approaches to community health improvement. Additional information is available at: http://www.countyhealthrankings.org/.

The Hilltop Institute at the University of Maryland, Baltimore County (UMBC) is a nationally recognized policy and research center dedicated to improving the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels.

Hilltop's Hospital Community Benefit Program *is the central resource created specifically for state and local policymakers who seek to assure that tax-exempt hospital community benefit activities are more responsive to pressing community health needs. The program provides tools to state and local health departments, hospital regulators, legislators, revenue collection and budgeting agencies, and hospitals, as these stakeholders develop approaches that will best suit their communities and work toward a more accessible, coordinated, and effective community health system. The program is funded for three years through the generous sponsorship of the Robert Wood Johnson Foundation (www.rwjf.org) and the Kresge Foundation (www.kresge.org).*

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