



## **Community Benefit and Community Engagement: Basic Facts and Terms**

Non-profit hospitals are under a new federal requirement that they partner with community and public health representatives to identify and develop strategies for addressing community health needs. This requirement, found in the Affordable Care Act (ACA), builds on the best practices of leading hospitals and hospital systems that strategically invest resources and build partnerships with community groups and public health leaders to improve community health.<sup>1</sup> States may have additional community benefit requirements for hospitals.<sup>2</sup>

The IRS is the federal agency in charge of developing regulations for this section of the ACA. It recently issued proposed rules that provide further detail on the steps hospitals must take to plan their community benefit programs.<sup>3</sup> This fact sheet provides an overview of those federal requirements as well as key terms.

### **Community Benefit**

Very generally, “community benefit” is a term that describes the benefits that flow back to a community from a hospital. The IRS requires non-profit hospitals to provide community benefit in exchange for federal tax-exempt status. Specifically, the IRS requires that hospitals engage in “the promotion of health for a class of persons sufficiently large so the community as a whole benefits.” States, hospital associations, advocates and others have developed their own definitions, but the IRS definition is important because it is applicable nationwide. Through annual reporting to the IRS, non-profit hospitals are required to describe how they are meeting their community benefit requirements.

Community Catalyst defines community benefit as the “unreimbursed goods, services, and resources provided by health care institutions that address community-identified health needs and concerns, particularly of those who are uninsured or underserved.”<sup>4</sup> Financial assistance or charity care is one of the most basic forms of community benefit. Other common forms of community benefit include funding community health clinics that provide preventive care to low-income patients; sponsoring food banks and farmers’ markets in communities without grocery stores; supporting community coalitions to reduce youth violence or substance use; or reducing traffic congestion and air pollution by subsidizing bike lanes and other forms of alternative transportation. Community benefit is about improving the overall health and access to care in a community. At their best, hospital community benefit programs involve the community at all levels, distribute resources to the people and areas in the community that have the highest needs, and are open and transparent to the public.

### **Community Health Needs Assessment (CHNA)**

The ACA requires non-profit hospitals to conduct a community health needs assessment (CHNA) once every three years. A CHNA is “a systematic process involving the community to

identify and analyze community health needs and assets in order to prioritize these needs, and to plan and act on unmet community health needs.”<sup>5</sup> As part of this process, hospitals must:

- Define the community they serve and assess the health needs of that community
- Get input from community and public health stakeholders
- Document the CHNA in a written report that is adopted by the board or another authorized body
- Make the CHNA report widely available to the public

### **CHNA Report**

Hospitals must document their assessments in a written report that must be made widely available to the community. The report must describe:

- The community the hospital serves and how that definition was determined
- The process, methods and data the hospital used to do the assessment, as well as any contractors or collaborators
- How the hospital took input from public health and community stakeholders
- The prioritized needs the hospital identified in the assessment that it will address through its implementation plan, including the criteria the hospital used to select those priorities

### **Implementation Plan**

Hospitals must use the assessment to develop and adopt an implementation strategy, which is a written plan to address the community health needs identified through an assessment and approved by an authorized governing board.

### **Stakeholder Engagement**

In the process of conducting a CHNA, the ACA requires that non-profit hospitals “take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health.”

The proposed rules from the IRS are more specific. They require hospitals to take input from the following in the course of conducting their assessments:

- At least one governmental public health department (can be local, regional, state, tribal)
- Members or representatives of “medically underserved, low-income, and minority populations” in the community the hospital serves
  - “Medically underserved” is defined to include populations experiencing health disparities or at risk of not receiving adequate medical care due to insurance status, geographic, language, financial or other barriers
- Written comments on the hospital’s most recent CHNA and implementation strategy

Hospitals may also consult with others situated in the hospital’s community, including health care consumer advocates, local school districts, non-profit and community-based organizations, academia, health insurers, local elected officials, other providers, organized labor and businesses in conducting their assessments.

### **Collaboration**

Hospitals may collaborate with each other and with other nonprofit, governmental or health organizations to complete their assessments and to develop and carry out their implementation

plans. However, each hospital facility must complete its own CHNA report and document its implementation strategy separately. This is to ensure that local communities can more easily access their local hospitals' reports and plans.

## Public Reporting

Non-profit hospitals must take steps to ensure that the assessment and implementation plans are available to the public for inspection and review.

CHNA reports must be posted, easy to find, and available for free download on the hospital's website or on another website and paper copies must be available for public inspection free of charge. Hospitals must keep reports up until the next two reports are available.

Implementation plans must be filed with Schedule H, the attachment non-profit hospitals file every year as part of their Form 990 tax returns. Schedule H includes other data on their community benefit activity and expenditures, as well.

---

<sup>1</sup> Section 9007 of the *Patient Protection and Affordable Care Act*. See Community Catalyst, "Protecting Consumers, Encouraging Community Dialogue: Reform's New Requirements for Non-profit Hospitals," available at [http://www.communitycatalyst.org/doc\\_store/publications/Hospital\\_Accountability\\_Summary\\_ACA.pdf](http://www.communitycatalyst.org/doc_store/publications/Hospital_Accountability_Summary_ACA.pdf).

<sup>2</sup> See The Hilltop Institute, "Hospital Community Benefits After the ACA: Building on State Experience." April 2011. Available at <http://www.hilltopinstitute.org/publications/HospitalCommunityBenefitsAfterTheACA-HCBPIssueBrief2-April2011.pdf>. See also Community Catalyst, "Health Care Community Benefits: A Compendium of State Laws." 2007. Available at [http://www.communitycatalyst.org/doc\\_store/publications/community\\_benefits\\_compendium\\_2007.pdf](http://www.communitycatalyst.org/doc_store/publications/community_benefits_compendium_2007.pdf).

<sup>3</sup> IRS Notice of Proposed Rulemaking, Community Health Needs Assessments for Charitable Hospitals, 26CFR Parts 1 and 53 (REG-106499-12), available at <http://www.regulations.gov#!documentDetail;D=IRS-2013-0016-0001>. Prior to this, the IRS issued Notice 2011-52, which was not a final rule, but rather indicated how the IRS was considering implementing the requirements around CHNA. Hospitals were allowed to rely on Notice 2011-52 in order to complete their first CHNA requirements. Notice 2011-52 and the proposed rules are mostly consistent with one another.

<sup>4</sup> See Community Catalyst, "The Health Care Institution Responsibility Model Act," p. 3. Available at [http://www.communitycatalyst.org/doc\\_store/publications/the\\_health\\_care\\_institution\\_responsibility\\_model\\_act\\_1\\_999.pdf](http://www.communitycatalyst.org/doc_store/publications/the_health_care_institution_responsibility_model_act_1_999.pdf).

<sup>5</sup> Catholic Health Association of the United States, "Assessing and Addressing Community Health Needs: Discussion Draft (Revised February 2012)," p. 13. Available at <http://www.chausa.org/communitybenefit/>.