

Role of Hospitals in Improving Community Health: Community Benefit

Next Steps in
Health Reform 2017

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Role of Hospitals in Improving Community Health

- Drivers of change:
 - A growing focus on social determinants of health.
 - Health care reform.
 - Expanding and refining the community obligations of tax-exempt hospitals.

Rosenbaum, S. 2016. Hospitals as community hubs: Integrating community benefit spending, community health needs assessment, and community health improvement. Retrieved at <https://www.brookings.edu/research/hospitals-as-community-hubs-integrating-community-benefit-spending-community-health-needs-assessment-and-community-health-improvement/>

The Numbers

- > 50% of all U.S. hospitals (> 2900) operate as nonprofit corporations.
- Between 2002 and 2011, national value of tax exemption estimated to nearly double, from \$12.6 billion to 24.6 billion (federal and state income taxes, state and local property and sales taxes)
- IRS reported > \$62 billion in community benefit spending in 2011

Community Benefit Test

- **1956:** IRS rules that hospitals can meet the test if they furnish charity care.
- **1969:** IRS modifies its policy and defines community benefit to encompass other hospital activities that benefit the community as a whole.
- **2009:** IRS introduces the Form 990 Schedule H Worksheet.

Along Comes the ACA

- Improving the health of communities is a central aim of public health, and improving community health is a central tenet of the Affordable Care Act (P.L. 111-148).

ACA Reforms to Tax-Exempt Policy

- EMTALA compliance
- Financial assistance policy
- Limits on charges
- Bar against unreasonable collection efforts
- Community Health Needs Assessment (CHNA) requirements including transparent, public-involved planning, transparency, and implementation strategy
- No change to pre-existing community benefit definition

ACA

- Among new requirements:
 - Community Health Needs Assessments (CHNA)
 - Implementation Strategy

What's Missing?

- CHNA
- Implementation Strategy
- **Knowledge of how community benefit dollars are spent**

Three key factors inform the conversation and collaboration:

- A clear link between health planning and community benefit investment
- Transparency in community benefit investment choices
- Incentives to spend on community-wide health improvement

Community Benefit Web Resource

- Thanks to the generous support of the Robert Wood Johnson Foundation (RWJF), a team at The George Washington University (GWU) Milken Institute School of Public Health developed a prototype for a user-friendly community benefit web resource.

Community Benefit Web Resource

- Web resource provides easy access to Schedule H reporting data and enables comparisons among “like” hospitals on a range of factors including what proportion of community benefit obligation goes outside the four walls of the hospital to community health improvement and community building activities.

Why Develop the Web Resource?

- Access – Access to information and data that is publicly available but difficult to obtain.
- Inform – Provide potential community partners and others with information needed for a constructive and effective dialogue with nonprofit hospitals.
- Comparisons & Trends – Understand how “like” hospitals compare by investment and allocation of community resources.
- Educate – Educate potential users about the opportunities for community benefit partnerships with nonprofit hospitals

Full Build of the Web Resource RWJF

- Center to Advance Community Health Equity (CACHE)
 - Public Health Institute
- Community Benefit Insight (CBI)
 - RTI International

Current IRS Policy

- IRS separates community building (community-wide efforts) from community benefit spending while requiring separate justification for community-wide health improvement efforts
- IRS does not require hospitals to report CHNA-linked CB spending or describe how CB spending responds to CHNA priorities

Community Building Part II Schedule H

- Physical improvements and housing
- Economic development
- Community support
- Environmental improvements
- Leadership development and training for community members
- And others...

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Improving Community Health through Hospital Community Benefit Spending: Charting a Path to Reform

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<https://publichealth.gwu.edu/sites/default/files/downloads/research/Improving%20Community%20Health%20through%20Hospital%20Community%20Benefit%20Spending%20Release.pdf>

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IRS Policy Opportunities

- Broaden the definition of community benefit to clearly include community health improvement activities that encompass community-wide efforts, now classified as separate community building activities
- Revise Schedule H reporting to include hospital reporting on the Relationship between CHNAs, implementation strategies, and CB spending
- Advance best practices in community-wide health improvement through government-wide advisory committee that identifies evidence-based upstream spending initiatives that hold promise to improve community health

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A decorative graphic at the bottom of the slide consisting of several overlapping, semi-transparent blue geometric shapes, primarily parallelograms and trapezoids, arranged in a rhythmic, staggered pattern.