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.

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
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.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
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<tbody>
<tr>
<td>Access –</td>
<td>Access to information and data that is publicly available but difficult to obtain.</td>
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<tr>
<td>Inform –</td>
<td>Provide potential community partners and others with information needed for a constructive and effective dialogue with nonprofit hospitals.</td>
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<tr>
<td>Comparisons &amp; Trends –</td>
<td>Understand how “like” hospitals compare by investment and allocation of community resources.</td>
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<tr>
<td>Educate –</td>
<td>Educate potential users about the opportunities for community benefit partnerships with nonprofit hospitals.</td>
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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…
Thanks to the generous support of the Kresge Foundation and RWJF
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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