



*A Passionate Voice for Compassionate Care*

## **COMMITMENT TO COMMUNITY BENEFIT**

### **THE ISSUE**

Catholic and other not-for-profit health care organizations were established to respond to community needs. They are charitable institutions providing acute, emergency and often primary medical care. They also reach out to low-income and other vulnerable persons to improve access to health care and work with local partners to make their communities healthier places to live, work, and raise families.

Over the years, policymakers and the public have raised questions about whether not-for-profit hospitals are fully committed to their community service mission and deserving of tax-exemption. These debates have resulted in policy changes promoting greater transparency and accountability. The Internal Revenue Service (IRS) requires tax-exempt hospitals to complete Schedule H of the Form 990 to report their community benefit and other information related to tax-exemption. This hospital reporting form uses the community benefit reporting framework developed by the Catholic Health Association.

The Affordable Care Act (ACA) added requirements for tax-exempt hospitals to conduct and publish an assessment of community health need with input from the community and public health experts; adopt an implementation strategy for addressing needs identified in the assessment; and develop and publish financial assistance policies. The ACA also limits what hospitals can charge persons eligible for financial assistance, reinforces existing federal requirements regarding emergency medical care and addresses billing and collections policies and procedures. The ACA also requires the IRS to review, once every three years, community benefit activities for each tax-exempt hospital and submit a report annually to Congress regarding levels of charity care provided by tax-exempt, taxable and government hospitals; bad debt; unpaid costs for means-tested government programs; and community benefit costs incurred by tax-exempt hospitals.

These policy changes have helped to focus tax-exempt hospitals on addressing and evaluating prioritized community needs and strengthening community partnerships to improve community health. As policymakers evaluate community benefit activities it is important to keep in mind that the full benefit tax-exempt hospitals bring to their communities cannot be captured in a tax form that focuses mostly on dollars spent. Tax-exempt hospitals, through their roles as anchor institutions and community partners, are working to address the root causes of poor health by changing the policies, systems and environments of their communities. These types of efforts also need to be recognized as community benefit along with dollars spent on financial assistance, as both are addressing community health needs.

### **MINISTRY TRADITION**

As members of the Catholic health ministry, our mission of community service is based upon social justice teachings that call us to respect the human dignity of each person, promote the

common good, have special concern for low-income and other vulnerable persons, to promote health equity and be responsible stewards of resources. These foundational beliefs drive the Catholic health ministry's long-standing commitment to ensure that every patient has access to quality care regardless of ability to pay, and that all persons in our communities reach their highest potential for health possible.

### **CHA'S POSITION AND ACTIVITIES**

Catholic health organizations welcome the opportunity to be transparent and accountable to their communities and policy makers about how they are fulfilling their tax-exempt purpose. Our members view the requirements of the ACA to assess and address community needs as an extension of their mission and an opportunity to work more closely with public health and community partners to improve the access to health care and to improve the health of people in their communities. Some of CHA's activities have included:

- Publishing guidance on how to plan and report community; how to conduct community health needs assessments and develop implementation strategies; and how to evaluate community benefit efforts. This guidance is aligned with ACA and IRS requirements for tax-exempt hospitals.
- Working with the Health Anchor Network and the Center for Community Investment to promote health system investment in local communities to address the social determinants of health and the economic well-being of these communities.
- Working with other national hospital and other health organizations to promote changes in the IRS Form 990 Schedule H to clarify that activities addressing the root causes of health problems, such as violence, poverty and housing, can be reported as community benefit.
- Holding webinars and national meetings and on-line resources for tax-exempt hospitals to fully report their community benefit activity and to comply with ACA and IRS requirements.
- Working with national offices of public health and community-based organizations to promote effective partnerships for effective community health improvement.
- Developing resources for members to address health equity and the social determinants of health. CHA recently revised our foundational resource, *Planning and Reporting Community Benefit*, to incorporate equity into all aspects of community benefit.

### **CHA SUPPORTS:**

- The ACA and IRS requirements for tax-exempt hospitals to conduct community health needs assessments, develop implementation strategies and report their community benefit activities.
- Reporting as community benefit a full range of services that improve community health, including activities that impact the social, environmental and economic determinants of health such as increasing availability of safe, affordable housing and improving safety.
- Adequate funding for programs and services that address health equity and the social determinants of health.
- Policies and funding needed to rebuild and modernize the nation's public health infrastructure so that it can effectively carry out its core functions to prevent disease, promote health and prepare for and respond to emergency situations.

- Policies that support greater use of community health workers.