

# **CHA Summary of IRS Final Rule - Community Health Needs Assessments and Implementation Strategies (January 2015)**

## **Community Health Needs Assessment – Proposed IRS Requirements**

### **When must a community health needs assessment (CHNA) be conducted?**

- During the current tax year or in either of the two immediately preceding taxable years
- Considered “conducted” on date when hospital has conducted all the required steps. (If report is marked as a draft on which the public may comment, it is not considered to be made widely available.)

### **How is a community health needs assessment conducted?**

- Hospitals must define the community served
- Hospitals must assess health needs of the community served by the hospital.
- Hospitals must solicit and take into account input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of or expertise in public health
- Hospitals must document the CHNA in a written report that is adopted by an authorized body of the facility.
- Hospitals must make two subsequent CHNA report widely available to the public.

### **Who must hospitals work with to identify and prioritize community health needs?**

Hospitals must solicit and take into account input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of or expertise in public health such as:

- Those with special knowledge of or expertise in public health;
- At least one state, local, tribal, or regional government public health department (or equivalent department or agency) or State Office of Rural Health with knowledge, information, or expertise relevant to the health needs of that community;
- Members of medically underserved, low-income, and minority populations in the community served by the hospital facility, or individual or organizations serving or representing the interest of such populations;
  - Members of medically underserved include populations experiencing health disparities or at risk of not receiving adequate medical care as a result of being uninsured or underinsured or due to geographic, language, financial or other barriers.
- Input must also be considered through written comment received on the hospital facility’s most recently conducted CHNA and most recently adopted implementation strategy.
- Hospitals may also take into account input from a broad range of persons located in or serving its community, including health care consumers and consumer advocates, nonprofit and

community-based organizations, academic experts, local government officials, local school districts, health care providers and community health centers, health insurance and managed care organizations, private businesses, and labor and workforce representatives.

### **How is community defined?**

- Hospitals should define community taking into account “all of the relevant facts and circumstances” concerning the community a hospital serves including geographic area served, target populations served, and principal functions.
- Community may not be defined in a way that excludes medically underserved, low-income, or minority populations who are part of its patient populations, live in geographic areas (unless not part of facility’s target population) or otherwise should be included.
- In defining patient population, must include all who receive care without regard to insurance or eligibility for assistance.
- In the case of a hospital facility consisting of multiple buildings that operate under a single state license and serve different geographic areas or populations, the community served by the hospital is the aggregate of such areas or populations. (Preamble says different areas or populations can be addressed in separate chapter or sections of CHNA.)

### **How are community health needs assessed?**

- Hospitals must identify significant health needs of the community.
- Health needs include requisites for the improvement or maintenance of health status in both the community at large and in particular parts of the community (such as neighborhoods or populations experiencing disparities). These needs may include, for example, the need to address financial and other barriers to accessing care, to prevent illness, to ensure adequate nutrition, or to address social, behavioral, and environmental factors that influence health.
- Hospital must identify resources (such as organizations, facilities and programs in the community, including those of the hospital) potentially available to address those health needs.
- Needs must be prioritized.

### **How are need prioritized?**

- Hospitals may determine whether a need is significant based on all of the facts and circumstances present in the community it serves.
- Hospital may use any criteria to priorities significant health needs including, but not limited to, the burden, scope, severity, or urgency of the health need, the estimated feasibility and effectiveness of possible interventions, the health disparities association with the need, or the importance the community place on addressing the need.

### **How is community health needs assessment documented?**

Written report must include:

- Description of the community served by the hospital and a description of how the community was determined.
- Description of the process and methods used to conduct the assessment
  - Methods of collecting and analyzing this data and information
  - Any parties with whom the hospital collaborated or contracted for assistance
  - In the case of data obtained from external source material, the CHNA report may cite the source material rather than describe the method of collecting the data.
- Description of how the hospital solicited and took into account input from persons who represent the broad interests of the community.
  - The CHNA report should summarize the input of these persons and how and over what time period such input was provided (for example, meetings, focus groups, interviews, surveys or written comments and between what approximate dates
  - Provide the names of organizations providing input and summarize the nature and extent of the organization's input.
  - The medically underserved, low-income, or minority populations being represented by organizations or individuals providing input.
  - The organization does not need to name persons participating in forums or other groups.
  - In the event a hospital solicits but cannot obtain input from a source described above, the CHNA report must describe the hospital's efforts to solicit input from such sources.
- A prioritized description of the significant community health needs identified through the community health needs assessment, including a description of the process and criteria used in identifying significant needs and prioritizing such health needs.
- A description of the potential resources identified through the CHNA to address the significant health needs.
- An evaluation of the impact of any actions that were taken since the hospital facility finished conducting its immediately preceding CHNA, to address the significant health needs identified in the hospital's prior CHNA(s).

#### **How are joint CHNAs reported?**

- When CHNA conducted in collaboration with other organizations, every hospital must document its CHNA is a separate report.
- All or part of the report may be identical to report of collaborating hospital or other organization
- Joint CHNA report may be issued if:
  - Adopted by the authorized body
  - Collaborating hospitals define their community to be the same and conduct it jointly
  - Joint report clearly identified as applying to the hospital facility

#### **How is community health needs assessment made public?**

- Written report of two subsequent assessments is conspicuously posted on the hospital’s website or on another website (rule for “other”).
- Paper copy is available for public inspection without charge.
- Hospitals provide individuals who ask how to access a copy of the document online with the direct Website address or URL of the web page on which document is posted.
- Website clearly informs reader how to download the report.
- Download may not require special equipment or fee.
- Report available until two subsequent assessments are made available.

## **Implementation Strategy – Draft Federal Requirements**

### **What is an implementation strategy?**

A written plan that addresses significant community health needs identified through a CHNA for the hospital.

### **How does the implementation strategy describe how the hospital plans to meet the health need?**

- The implementation strategy describes either:
  - How the hospital plans to meet the health need,
    - The actions the hospital facility intends to take to address the health need
    - The anticipated impact of these actions
    - The resources the hospital plans to commit to address the health need
    - Any planned collaboration between the hospital facility and other facilities or organizations.
  - or
  - The significant health need as one the hospital does not intend to meet, explaining why the hospital does not intend to meet the health need.
    - Provide a brief explanation of its reason, including, but not limited to, resource constraints, other facilities or organizations addressing the need, lack of experience or competency, relatively low priority for community or lack of identified effective interventions

### **Can implementation strategies be collaborative?**

- The implementation strategy could describe any planned collaboration with governmental, nonprofit, or health organizations for meeting health needs
- Implementation strategies for hospitals can be developed in collaboration with other hospitals, agencies or health departments.
- Each hospital must document its implementation in a separate written plan tailored to the particular hospital, taking into account its specific programs and resources, However, hospitals that develop joint CHNAs may also adopt a joint implementation strategy that either:

- Describes how the collaborating hospital facilities plan to address the need, or
- Identifies the health need as one the hospital facilities do not intend to address and explains why.
- Joint implementation strategy must be:
  - Clearly identified as applying to the hospital facility
  - Clearly identify the hospital facility’s particular role in taking action and programs and resources the hospital plans to commit, and
  - Includes a summary or other tool that helps the reader easily locate those portions of the joint implementation strategy that relates to the hospital facility

**How and when is implementation strategy adopted?**

- The implementation strategy is “adopted” on the date it is approved by and authorized by the governing body of the hospital (the governing body, a committee of the governing body, or others authorized).
- Implementation strategy must be adopted on or before the 15<sup>th</sup> day of the fifth month after the end of the same taxable year in which the hospital conducts the CHNA.
- Transition rules for CHNAs first conducted beginning before March 23, 2012. A hospital that conducted a CHNA in either its first taxable year beginning after March 23, 2010 or its first taxable year beginning after March 23, 2011 does not have to meet the CHNA requirements again until the third taxable year following the taxable year in which the hospital conducted the CHNA, provided the hospital adopted an implementation strategy to meet the community health needs identified through that CHNA on or before the 15<sup>th</sup> day of the fifth calendar month following the close of its first taxable year beginning after March 23, 2012.

**How is the implementation strategy reported?**

- Tax exempt hospital organizations must attach to its annual Form 990 the most recently adopted implementation strategy for each of its hospital facilities.
- If a hospital conducts only one implementation strategy for a three year period, the same attachment can be used for each year.

**What is consequence for failure to meet requirements?**

- IRS can revoke the tax exemption of the hospital organization depending on “relevant facts and circumstance” including organization’s history of compliance, scope of the failure to comply, and whether policies and safeguards were in place.
- Minor and inadvertent omissions and errors will not be considered failure to meet requirements if the hospital facility corrects them after discovery.
- “Willful or egregious” failure to meet requirements will not be excused, even if hospital makes disclosure and correction.
- Income from hospital out of compliance could be considered taxable income to hospital organization.

Prepared by the Catholic Health Association of the United States.