



OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

November 14, 2016

The Honorable John Koskinen  
Commissioner  
Internal Revenue Service  
1111 Constitution Ave NW  
Washington, DC 20224

Dear Commissioner Koskinen:

As Mayor of Chicago, I have made public health a priority of my administration. To promote health in Chicago and across the nation, I urge the IRS to modify Form 990 Schedule H to clarify its definition of a hospital community benefit to explicitly include investments in supportive housing and other programs that address the root causes of health. This clarification would help address critical health needs and reflect the changing landscape of community health.

Chicago's health plan for the next four years, Healthy Chicago 2.0, recognizes what experts nationwide now understand: community health is determined not just by medical services and individual behavior, but also by social factors such as education, housing, and economic opportunity. Addressing these factors – known as the social determinants of health – has the potential to improve health in a transformative way. Accordingly, hospitals are increasingly looking to broaden their community benefit investments to address these underlying determinants rather than merely subsidizing the care of individual patients. This shift is especially important given that more and more Americans are gaining health insurance due to the Affordable Care Act.

In Chicago, supportive housing is a particularly critical issue. On any given day, our city has an estimated 5,889 homeless residents, 1,243 of whom are unsheltered.<sup>1</sup> While the homelessness count represents a decline of 13% from the previous year and is the lowest in more than a decade, we still have much work to do. We are striving to end homelessness by housing residents in need and providing them with services such as case management, mental health and addiction counseling, job training, and child care. This model of supportive

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<sup>1</sup> "City of Chicago: 2016 Homeless: Point-in-Time Count and Survey Report." Chicago Department of Family Services and Voorhees Center for Neighborhood & Community Improvement, University of Illinois at Chicago (UIC). [cityofchicago.org/content/dam/city/depts/fss/supp\\_info/Homeless/2016PITHomelessCount/2016PITSummaryReportFinal091216.pdf](http://cityofchicago.org/content/dam/city/depts/fss/supp_info/Homeless/2016PITHomelessCount/2016PITSummaryReportFinal091216.pdf)

housing has a significant community health benefit, as the evidence shows that supportive housing leads to improved physical and mental health, more appropriate use of health services, fewer hospital readmissions, and reduced healthcare costs.<sup>2</sup>

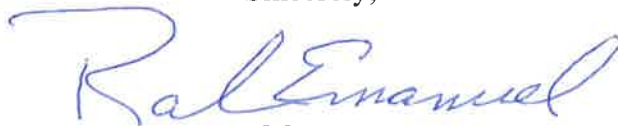
Despite the clear gains of addressing the social determinants of health, many hospitals are unclear on exactly which activities the IRS would count as community benefits to help them justify their tax-exempt status. As you know, activities that validate this status fall under two categories on Form 990 Schedule H: community benefits (Part I) and community-building activities (Part II). A subset of the community benefits category is “community health improvement,” which theoretically should cover social determinants of health but does not explicitly do so. Instead, hospital expenditures that address social factors are generally considered community-building activities that require special justification. There is no clear standard as to how the IRS assesses these justifications.

Although the IRS included a note in its December 2015 newsletter that investments in housing and other areas “may qualify” as community benefits,<sup>3</sup> there was no clarifying guidance, nor was there any change in Form 990 or its accompanying instructions. As a result, many hospitals remain unsure of exactly what counts as a community benefit, what does not, and what activities must be specially explained and justified. They are therefore apprehensive about investing in certain activities that would improve community health.

Hospital spending to address the social determinants of health should be consistently counted as community benefits in practice and not just in theory. Accordingly, **I urge the IRS to put community-building activities under the category of community benefits, making clear that investments to address the social determinants of health – including supportive housing, explicitly – would count as community benefits.** Form 990’s section on community health improvements would be a logical place to put the community-building activities.

This modification to IRS policy and guidance would help ensure hospitals can make much-needed investments in community health. I am confident that with your cooperation, we can significantly improve the health and welfare of Chicagoans and other Americans in need. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Rahm Emanuel". The signature is fluid and cursive, with the first name "Rahm" being more prominent than the last name "Emanuel".

Mayor

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<sup>2</sup> Hostetter, M., and Klein, S. “In Focus: Using Housing to Improve Health and Reduce the Costs of Caring for the Homeless,” *Quality Matters*. The Commonwealth Fund: October/November 2014.

[commonwealthfund.org/publications/newsletters/quality-matters/2014/october-november/in-focus](http://commonwealthfund.org/publications/newsletters/quality-matters/2014/october-november/in-focus)

<sup>3</sup> “EO Update: e-News for Charities & Nonprofits,” Internal Revenue Service, Issue Number 2015-9. December 18, 2015. [business-united-statess.blogspot.com/2015/12/inclusion-of-certain-housing.html](http://business-united-statess.blogspot.com/2015/12/inclusion-of-certain-housing.html)

## Organizational Co-Signers

Mercy Hospital & Medical Center

Trinity Health System

Presence Health

University of Illinois Hospital & Health Sciences System

Cook County Health & Hospital System

Rush University Medical Center

Saint Anthony Hospital

Roseland Community Hospital

Swedish Covenant Hospital

Catholic Health Association of the United States

All Chicago

Sargent Shriver National Center on Poverty Law

EverThrive Illinois

AIDS Foundation of Chicago

Center for Housing & Health

Thresholds

TASC Inc. (Treatment Alternatives for Safer Communities)

Health & Disability Advocates

Chicago Coalition for the Homeless