

Community Benefit Reporting:

Selected Changes to IRS Form 990, Schedule H Form and Instructions

2008 - 2025



Schedule H was added to the Internal Revenue Service (IRS) Form 990 in 2008. Community benefit reporting requirements were based on the Catholic Health Association's *A Guide to Planning and Reporting Community Benefit*, 2006. Nonprofit, tax-exempt hospital organizations were required to complete and submit all Parts of Schedule H beginning with Tax Year 2009. The Catholic Health Association's guidelines and the Schedule H instructions for community benefit reporting continue to align today.

Tax Year	Selected Changes
2008	Hospital organizations were required to complete Part V (Facility Information). Parts I, II, III, IV, and VI were optional for 2008 only.
2009	Hospital organizations that meet the filing criteria are required to complete and file all parts of Schedule H.
2010	<u>Part I, Line 7a</u> The category "Charity Care at Cost" (Part I, Line 7a) was changed to "Financial Assistance at Cost.", reflecting terminology in Patient Protection and Affordable Care Act (PPACA), 2010. <u>Part V Facility Information</u> Part V reorganized into three Sections, with questions about each hospital facility's compliance with IRC 501(r) requirements. • Section A (Hospital Facilities). • New Section B (Facility Policies and Practices). Each hospital facility operated by the hospital organization and listed in Part V, Section A must complete Section B, which includes questions about compliance with 501(r): community health needs assessments (CHNA), financial assistance policies, billing and collection practices, emergency medical care policy, and amounts charged to individuals eligible for financial assistance. ◦ CHNA portion was optional for 2010, 2011 • New Section C (Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility) requirement to list all non-hospital healthcare facilities operated by the filing organization. <u>General Instructions</u> Audited financial statements for organizations filing Schedule H must be attached to Form 990. "Section 6033(b)(15)(B) also requires hospital organizations to submit a copy of their audited financial statements to the IRS. Accordingly, and organization whose tax year begins after March 23, 2010 that is required to file Form 990, Schedule H, Part V, Section B, must attach its audited financial statement for the tax year to its Form 990 (see instructions for Form 990, Part IV, line 20b)."

Tax Year	Selected Changes
2011	<u>Part I, Line 7i, Contributions</u> Changed from “Cash and in-kind contributions to community groups” to “Cash and in-kind contributions for community benefit”. <u>Part II, Community Building Activities</u> Community building activities that meet the definition of community benefit should be reported in Part I as community benefit. “Some community building activities may also meet the definition of community benefit. Do not report in Part II community building costs that are reported on Part I, line 7 as community benefit (costs of a community improvement service reportable on Part I, line 7e). Note: activities reported in Part I as community benefit should not be reported in Part II, community building.” <u>Part III, Section A, Line 2, Bad Debt Expense</u> Deleted “(at cost)” from “Enter the amount of the organization’s bad debt expense (at cost)”. <u>Part V, Section B, Facility Policies and Practices</u> Question added about the implementation strategy.
2012	<u>Part I, Line 7i, Cash and in-kind contributions</u> Instructed hospital organizations that contributions may not be reported if they involve a quid pro quo arrangement (e.g., Payments in Lieu of Taxes) <u>Part V, Section B, Facility Policies and Practices</u> • Hospital organizations now allowed to complete Part V, Sections B by “facility reporting group” rather than separately for each hospital facility. • CHNA requirements became effective for tax years beginning after March 23, 2012. • Added reporting on Section 4959 excise tax penalties for failure to conduct a CHNA and adopt an implementation strategy as required under 501(r).

Tax Year	Selected Changes
2013	<u>Part I, Line 7 and Part II</u> Changed definition of “direct offsetting revenue” to now include restricted grants or contributions that the organization uses to provide a community benefit, i.e., restricted grant to fund a community health improvement program or fund research. “Direct offsetting revenue” does not include unrestricted grants or contributions that are used by the organization to provide a community benefit. <u>Part I, Line 7g, Subsidized Health Services</u> Physician clinics may be reported as subsidized health services, but only if the clinic (professional component) services and any associated hospital (technical component) services together operated at a financial loss during the year. <u>Part I, Line 7i, Cash and In-Kind Contributions for Community Benefit</u> Contributions for community benefit must now be restricted in writing to qualify for reporting as community benefit. <u>Part V, Facility Information</u> • New Section C (Supplemental Information for Part V, Section B). Written descriptions required from Part V, Section B, now documented in Part V, Section C, instead of Part VI. • Prior years, Section C changed to Section D, (Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility) Requirement to list all non-hospital health care facilities operated by the filing organization.
2014	<u>Part V, Sections B and C</u> Revised to incorporate requirements in the IRC 501(r) Final Rule.
2015	<u>Part I, Line 7 and Part II, Net Community Benefit Expense and Net Percent of Total Expenses</u> Filers instructed not to report negative numbers, “Don't enter negative numbers. If the net community benefit expense is less than \$0, enter “0.” Similarly, don't enter a negative percent in column (f), but enter “0.” <u>Part I, Line 7 and Part II</u> IRS EO Update – December 2015 “Thus, some housing improvements and other spending on social determinants of health that meet a documented community need may qualify as community benefit for the purposes of meeting the community benefit standard.”

Tax Year	Selected Changes
	<u>Part VI, Supplemental Information</u> “...use Part VI to make disclosures described in section 7 of Revenue Procedure 2015-21”, which provides correction and disclosure procedures for non-willful or non-egregious failures to meet the requirements of Internal Revenue Code Section 501(r).
2016	Updates made throughout the instructions to align with the IRC 501(r) Final Rule, effective for tax years beginning after December 29, 2015.
2020	<u>Part V, Section B, Line 3, CHNA</u> Relief provided due to COVID-19 “Note: Notice 2020-56 provided a postponement, until December 31, 2020, of the deadline for performing any CHNA requirement due to be completed on or after April 1, 2020, and before December 31, 2020. If you utilized this relief, treat the completed CHNA as having been completed in the tax year in which it would have been due in the absence of any relief when answering line 3 and line 4. <u>Part VI, Line 5, Promotion of community health</u> Included improvements in facilities and equipment to description of “How the organization applies surplus funds to improvements in facilities and equipment, patient care, medical training, education, and research.”
2022	<u>Part II, Line 9, Other Community Building Activities</u> Added, "Examples might include, but are not limited to, spending on food security, nutrition, and other social determinants of health."
2023	<u>Part I, Line 7 e, Community Health Improvement Services</u> Activities and programs that are required for licensure or accreditation may now be reported as community benefit, “when responding to a community health need, enhancing public health, or relieving the burden of government to improve health.” <u>Part V, Section B, Line 3, CHNA</u> Relief provided due to COVID-19 Added: “Notice 2022-36 provides relief for certain taxpayers from certain failure to file penalties and certain international information return (IIR) penalties with respect to tax returns for taxable years 2019 and 2020 that are filed on or before September 30, 2022. This notice also provides relief from certain information return penalties with respect to taxable year 2019 returns that were filed on or before August 1, 2020, and with respect to taxable year 2020 returns that were filed on or before August 1, 2021.”

Tax Year	Selected Changes
2024	Part V, Section B, Line 3, CHNA Notice 2020-56 and Notice 2022-36 reference removed

Form 990 Schedule H by year

Tax Year	Schedule H Form	Schedule H Instructions
2008	https://www.irs.gov/pub/irs-prior/f990sh--2008.pdf	https://www.irs.gov/pub/irs-prior/i990sh--2008.pdf
2009	https://www.irs.gov/pub/irs-prior/f990sh--2009.pdf	https://www.irs.gov/pub/irs-prior/i990sh--2009.pdf
2010	https://www.irs.gov/pub/irs-prior/f990sh--2010.pdf	https://www.irs.gov/pub/irs-prior/i990sh--2010.pdf
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