



*We Will Empower Bold Change to Elevate
Human Flourishing.*

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 people to improve access to health care and work with local partners to make their communities healthier places to live, work, and raise families. The primary mission and charitable purpose of tax-exempt hospitals is to provide health care services and improve the health of their communities, with a focus on members who are low-income and vulnerable. To qualify as not-for-profit under Section 501(c)(3) of the Internal Revenue Code, hospitals need to invest in supporting their mission and benefiting their communities. This primary purpose of supporting and investing resources in the health and well-being of their communities is a distinguishing feature between not-for-profit and for-profit organizations.

Over the years, policymakers and the public have sought to more fully understand how not-for-profit hospitals are investing in and the resulting impact on the health and well-being of their communities. These inquiries have resulted in policy changes promoting greater transparency and accountability. The Internal Revenue Service (IRS) requires tax-exempt hospitals to annually complete Schedule H of 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 CHA. Community benefit is a well-defined set of activities articulated by the Internal Revenue Service. The IRS has identified specific categories of community benefit with detailed definitions and specific accounting guidelines. Each category is important to improving community health and well-being.

The Affordable Care Act (ACA) added requirements, implemented through IRC 501(r) for tax-exempt hospitals, to conduct and publish an assessment of community health needs 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. Additionally, it 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, 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.



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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 on community benefit. Tax-exempt hospitals benefit their communities in many ways: 1. Primary charitable purpose of providing health care; 2. IRS defined community benefit; and 3. Activities and investments above and beyond, including their roles as anchor institutions and community partners, to address the root causes of poor health by changing the policies, systems and environments within their communities and promote health and well-being. This work goes above and beyond their community benefit requirements and reflects their continued commitment to their mission and to addressing and strengthening community health.

MINISTRY TRADITION

As members of the Catholic health ministry, our mission of community service is based upon our teachings, which call on us to respect the human dignity of each person, promote the common good, have special concern for low-income and other vulnerable persons, promote health equity, and be responsible stewards of limited 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 their tax-exempt requirements to assess and address community needs as an extension of their mission and an opportunity to work more closely with public health and their communities to improve access to health care and to improve the health and well-being of all people in their communities. Some of CHA's activities have included:

- Publishing guidance on how to plan and report community benefit; 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 national offices of public health and community-based organizations to promote collaborative partnerships to address access to health care, the social determinants of health and the economic well-being of these communities.



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- Developing and hosting educational webinars, national meetings and on-line resources for tax-exempt hospitals to plan, track and report their community benefit activities and comply with ACA and IRS requirements.
- Developing resources for members to address the health and well-being of all people, including the social determinants of health. CHA's foundational resource, *A Guide for Planning & Reporting Community Benefit*, provides guidance, tools, and resources to lift up the health and well-being of all people in 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, financial assistance policies, limitations on charges, and billing and collection policies and report their community benefit activities, as defined by and through the IRS Schedule H 990 form.
- 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.
- The publication of the congressionally required annual IRS report to Congress regarding levels of charity care and community benefit provided by tax-exempt, taxable, and government hospitals. The failure to produce this report has created confusion amongst policymakers and the broader community as non-governmental researchers seek to fill the gap. By producing the required report, Congress will have a baseline for making informed decisions on community benefit policy.
- The IRS Form 990, Schedule H definition of community benefit and the importance of each of the eight categories in improving the health and well-being of communities. Each community is unique, and we support not-for-profit hospitals working with their communities to determine their community benefit programs. A top-down approach that focuses on only one aspect of community benefit fails to adequately reflect the divergent health, social, and economic needs of communities.
- Policies and funding for the nation's public health infrastructure to effectively carry out its core functions to prevent disease, promote health and prepare for and respond to emergency situations.