



# Community Benefit and Finance/Tax Staff: *Establishing an Infrastructure for Accurate Reporting*

---

**DEVELOPED BY THE CATHOLIC HEALTH ASSOCIATION  
OF THE UNITED STATES IN COLLABORATION WITH VIZIENT**



---

# COMMUNITY BENEFIT AND FINANCE/TAX STAFF: ESTABLISHING AN INFRASTRUCTURE FOR ACCURATE REPORTING

---

For many years, the Catholic Health Association of the United States and Vizient (CHA/Vizient) have published guidelines to help hospitals plan and report community benefits. CHA and Vizient are pleased to provide this additional resource which contains information designed to help staff in Community Benefit/Community Health and in Finance (and in some health systems also in Tax departments) establish an effective community benefit reporting infrastructure.

Accurate and timely community benefit reporting depends on establishing and maintaining an infrastructure with: dedicated staff, board and staff committees, training, software, work plans and timelines, written policies and procedures and other related elements.

Most organizations have relied on informal relationships and workflows for gathering, analyzing, reviewing and reporting community benefit information. For many reasons, formalizing how this important work is carried out can enhance the effectiveness of the reporting process.

This document discusses why establishing an effective infrastructure is important and provides recommendations regarding infrastructure elements.

## IMPORTANCE OF AN EFFECTIVE REPORTING INFRASTRUCTURE

An effective infrastructure can help address some challenges associated with the community benefit reporting process. Challenges occur because:

- + Data on which community benefit reporting is based come from multiple, disparate sources including patient accounting systems, Medicare Cost Reports, timesheets, cost accounting

### What you need to know

- + Accurate and timely community benefit reporting depends on establishing and maintaining an effective community benefit reporting infrastructure.
- + Many organizations have informal relationships and workflows for this process. Formalizing how community benefit reporting is carried out improves effectiveness, particularly as administrative functions increasingly are centralized.
- + This paper describes 13 infrastructure elements, including dedicated staff, written policies and procedures and staff training.

systems, the general ledger, and others.

Gathering, analyzing, reviewing, and reporting data from these multiple sources on a timely and accurate basis can be challenging.

- + Community benefit data need to be compiled no less frequently than quarterly or monthly. Waiting until year-end to gather information all at once invariably leads to under-reporting.
- + Health systems that include community benefit information in a footnote to their audited financial statements generally need final numbers a few weeks after each fiscal year ends. This is before some key underlying data sources (e.g., Medicare Cost Reports) are available in final form.

- + Schedule H instructions and other community benefit reporting guidelines are subject to change. A number of significant changes have occurred since 2008, the first year that Schedule H was published. See below.

## Changes in Community Benefit Reporting Instructions and Guidelines since 2008

### Example Changes to Schedule H Instructions Since Inception:

- + Community Building programs that meet the definition of Community Health Improvement Services should be reported as Community Benefit
- + Contributions for Community Benefit are not reportable if they involve a quid pro quo arrangement (e.g., Payments in Lieu of Taxes)
- + Physician clinics are reportable as Subsidized Health Services only if the organization operated both the clinic and associated hospital services at a financial loss during the year
- + Restricted grants or contributions provided by other entities or individuals and used for community benefits must be included in Direct Offsetting Revenue for those activities and programs
- + Regarding net community benefits: “don’t report negative numbers”
- + In Part III, no longer report Bad Debt Expense “at cost”

### Recent Changes to CHA/Vizient “What Counts” Guidelines:<sup>1</sup>

- + Circumstances under which screening and referring patients for health-related social needs are reportable as community benefit
- + No longer reporting expenses incurred in providing translation and interpretation services
- + Estimating Health Professions Education costs associated with precepting nursing students conservatively
- + Reporting expenses incurred by the hospital when assuring rules or laws regarding discharging homeless patients are met

It’s important for organizations to be aware of such changes and to factor them into community benefit reports.

- + Community benefit reporting on Schedule H frequently differs from reports filed with state governments. About half of U.S. states require hospitals to file reports and several states value certain community benefits differently than the IRS.

- + Several aspects of community benefit reporting depend greatly on the regular, dedicated involvement of Finance and/or Tax staff. The most frequently under-reported community benefits are those that rely on this support.<sup>2</sup>

Community benefit reporting rarely is a full-time responsibility for any of these staff members. Like all aspects of financial management and reporting, learning community benefit

1. See: <https://www.irs.gov/pub/irs-pdf/i990sh.pdf>.

2. Subsidized Health Services, Health Professions Education and indirect (overhead) costs are the most frequently under-reported areas. See “Community Benefit Reporting: Accounting Primer.”

accounting requires an investment of time. Staff turnover and shifting responsibilities make it challenging to have dedicated, consistent Finance/Tax staff devoted to the process.

- + In multi-hospital systems, Finance/Tax functions increasingly are being centralized. In these systems, some community benefit data are tracked locally while other data are available only at regional or system-office levels.

Local Community Benefit/Community Health staff can find it challenging to identify Finance/Tax resources to support the process and regional or national Finance/Tax staff may find reviewing reports prepared at the local level more challenging.

- + Mergers also create challenges for community benefit reporting. Health systems that merge often bring different approaches to the reporting process that over time need to be aligned.

An effective infrastructure helps to address these challenges, because it:

- + Formalizes “who does what” and “when” to assure accurate, timely reporting,
- + Identifies and provides for training needs,
- + Integrates community benefit reporting seamlessly into the overall financial reporting process,
- + Assures that reporting is responsive to periodic changes to reporting guidelines and instructions,
- + Helps prevent under-reporting and over-reporting, and
- + Facilitates important communication between Finance/Tax and Community Benefit/Community Health staff.

Effective communication between Finance/Tax and Community Benefit/Community Health staff is important due to the important roles played by each. Without such communication, the probability of errors (either under-reporting or over-reporting) increases.

## RECOMMENDATIONS FOR AN EFFECTIVE INFRASTRUCTURE

An effective community benefit reporting infrastructure includes the following elements.

### Elements of an Effective Community Benefit Reporting Infrastructure

- + Consensus Roles for Community Benefit/Community Health and Finance/Tax Staff
- + Dedicated and Trained Staff Resources
- + Achievable and Effective Timelines
- + Checklists and Reminders that help Avoid Over-reporting and Under-reporting
- + Software Tools
- + Internal Community Benefit Council (Advisory Committee)
- + Regular Meetings and Interactions
- + Effective Review and Approval Processes
- + Regular Reporting to Board Committees (and/or Full Board)
- + Community Benefit Budgets and Presence on Dashboards
- + Documented Policies and Procedures
- + Involvement of Internal Audit
- + Support of CEO, CFO and Board

Recommendations regarding the above elements are presented below.

**1. Establish Consensus Roles for Community Benefit/Community Health and Finance/Tax Staff in the Reporting Process**

Staff in Finance/Tax departments and staff in Community Benefit/Community Health each have important roles to play in the community

benefit reporting process. Assuring that roles and responsibilities are clear and well understood is an essential element of an effective reporting infrastructure.

The table that follows suggests *primary* roles for Finance/Tax and for Community Benefit/Community Health staff.

<b>Community Benefit Financial Reporting <i>Primary</i> Roles</b>	
Finance and Tax Staff	<p>Remain current on community benefit reporting instructions and guidelines</p> <p>Compile values (based on Schedule H and state-level instructions, as applicable) for:</p> <ul style="list-style-type: none"> <li>+ Ratio of Patient Care Cost to Charges</li> <li>+ Financial Assistance at cost</li> <li>+ Medicaid shortfalls (or gains, reported at \$0)</li> <li>+ Health Professions Education and associated reimbursement</li> <li>+ Subsidized Health Services (net of Financial Assistance, Medicaid, Other Means-tested Government Programs and bad debts)</li> <li>+ Accounting value of In-Kind Contributions (e.g., conference room space and donated staff time, supplies and equipment)</li> <li>+ Medicare and bad debt (assuring no double counting)</li> </ul> <p>Allocate community benefit amounts to hospital organizations from:</p> <ul style="list-style-type: none"> <li>+ System offices</li> <li>+ Joint ventures</li> <li>+ Physician practices</li> <li>+ Foundations</li> <li>+ Other affiliates</li> </ul> <p>Assure that the hospital generates actual expense for each reported activity and program (with the expense in the IRS Form 990 Statement of Functional Expenses) and are not valued based on “opportunity costs”</p> <p>Provide community benefit staff with statistics:</p> <ul style="list-style-type: none"> <li>+ Hourly wage values to apply to staff time while working on community benefit activities and programs</li> <li>+ Percentages applied to salaries and wages to account for employee benefits</li> <li>+ Indirect cost factors to apply to direct expenses for community benefit programs</li> </ul>

### Community Benefit Financial Reporting *Primary* Roles

Assure that Cash Contributions for Community Benefit are restricted in writing as required by Schedule H instructions

Help identify reportable Health Professions Education and Research activities

Assure that amounts reported on Schedule H accurately reflect the health system's EIN structure

Draft narratives to respond to certain Schedule H questions (Part V, Section C and Part VI)

Assess year-over-year changes in community benefit values to assure rational explanations are available

Prepare consolidated community benefit reports (e.g., for group returns and system-wide or region-wide reports)

Review and approve facility and regional/system-wide community benefit reports

Help set community benefit spending targets informed by benchmarking analysis and estimates for the value of the organization's tax-exempt status

Assure that cost accounting systems used for community benefit reporting are well maintained

Assure regular reporting to Management and Board regarding community benefits

<b>Community Benefit Financial Reporting <i>Primary</i> Roles</b>	
<b>Community Benefit Staff</b>	<p>Remain current on community benefit reporting instructions and guidelines</p> <p>Assure that criteria for “what counts as community benefit” are met for each reported program and activity</p> <p>Document that reported activities and programs address community health needs</p> <p>Track, enter and report data (staff hours and compensation expense, supplies expense, total expense, offsetting revenue and statistical information) for:</p> <ul style="list-style-type: none"> <li>+ Community Health Improvement Services</li> <li>+ Community Building activities and programs</li> <li>+ Community Benefit Operations expenses</li> <li>+ Cash Contributions for Community Benefit</li> </ul> <p>Help identify reportable Health Professions Education and Research activities</p> <p>Review community benefit reports for reasonableness and highlight possible issue areas</p> <p>Draft narratives to respond to certain Schedule H questions (Part V, Section C and Part VI)</p> <p>Actively participate in reviewing all Schedule H narratives (Part V, Section C and Part VI)</p>

Accurate reporting of Subsidized Health Services requires substantial collaboration between Finance/Tax and Community Benefit/Community Health staff. Finance staff identify clinical programs that have been subsidized by the hospital (because they lose money even after losses for Financial Assistance, Medicaid, Bad Debt and Other Means-tested Government Programs have been excluded) and Community Benefit/Community Health staff establish whether or not community need for the program(s) is present.

Collaboration and communication are important for other categories. Some organizations under-report Health Professions Education expenses because they haven't identified all reportable education programs (e.g., allied health professions beyond GME and nursing). Assuring that Cash Contributions for Community Benefit have been restricted to community benefit purposes and that In-Kind Contributions have been valued in alignment with Generally Accepted Accounting Principles also require collaboration.

Responses to Schedule H questions in Parts V and VI benefit greatly from Finance/Tax and Community Benefit/Community Health teamwork.

## **2. Assure Trained Staff are Dedicated to Community Benefit Reporting**

The community benefit reporting process depends on dedicated, trained staff in Community Benefit/Community Health and in Finance/Tax. Adequate staffing levels, codifying roles and responsibilities in job descriptions and training all are important to an effective community benefit reporting infrastructure.

### **a. Staffing Levels**

Most organizations find it helpful to assign a dedicated Community Benefit/Community Health lead person with responsibility for community benefit reporting at each hospital facility. These individuals generally have other community benefit-related responsibilities (e.g., Community Health Needs Assessments [CHNAs], Implementation Strategies, program development and management,

community relationships and others). Having a dedicated individual for each hospital facility is important to assuring data are gathered and reported on a timely, complete basis.

Regarding Finance/Tax resources, the following staffing resources are recommended:

- + A senior Finance/Tax staff member with expertise in community benefit reporting responsible for signing off on each hospital facility's report(s),
- + At least one member of the Finance team to provide Community Benefit/Community Health staff with statistics needed for the reporting process, to answer periodic questions and to compile values for several community benefit categories (see "Consensus Roles" above),
- + At least one Finance team member who prepares the financial analyses needed for each hospital to identify and report Subsidized Health Services, Health Professions Education, Research, and the value of In-Kind Contributions for Community Benefit,
- + At least one regional and system-office Finance/Tax staff person responsible for reviewing, approving and consolidating facility-level community benefit reports,
- + Finance/Tax staff responsible for drafting and completing Schedule H.

Some standalone hospital facilities find the following staffing model to be effective: one full-time Community Benefit/Community Health position, together with a dedicated part-time position in Finance (Analyst or Controller) and with a senior Finance executive responsible for signing off on reports.

Staffing models at multi-hospital systems vary depending on the extent to which various functions have been centralized. Systems where Finance/Tax departments have been centralized at regional and/or national levels find that each hospital facility benefits from one full-time Community Benefit/Community Health position and then assuring that dedicated,



expert regional/national Finance staff provide financial analysis and reporting support. In all cases, review and approval by Finance staff responsible for each hospital facility remains important.

Organizations with an Internal Audit department also have found it productive to ask auditors periodically to review community benefit reports to assure alignment with Schedule H instructions, CHA/Vizient guidelines and instructions that govern reports filed with states.

### **b. Job Descriptions**

Including community benefit reporting responsibilities in Community Benefit/Community Health and Finance/Tax job descriptions is a recommended step to help *formalize* how this important work is carried out. This sets expectations for individuals when they begin working in these positions and supports evaluating performance (and incentive compensation decisions) regarding how well relevant work is being carried out.

### **c. New Employee Onboarding**

Similarly, new employees should understand that Finance/Tax functions play essential roles in community benefit reporting. These roles are as important as those associated with reimbursement, financial reporting and other Finance/Tax responsibilities.

### **d. Staff Training**

CHA/Vizient and other organizations work to assure that opportunities for staff training on community benefit reporting are available at low or no cost. Finance/Tax and Community Benefit/Community Health staff can:

- + Attend Community Benefit 101, a program held annually by CHA/Vizient that includes training on CHNA, federal regulatory requirements, evaluation, and community benefit reporting,<sup>3</sup>

- + Obtain copies of the CHA/Vizient *A Guide to Planning and Reporting Community Benefit*,<sup>4</sup> which contains chapters on What Counts and Does Not Count as Community Benefit, on Accounting for Community Benefit and on other topics,
- + Review instructions for IRS Form 990, Schedule H,<sup>5</sup>
- + Review a recently published community benefit *Accounting Primer* that summarizes accounting and reporting guidelines for each category of community benefit and highlights issues that contribute to under-reporting and over-reporting, and
- + Look for additional resources to be published (and webinars and training opportunities sponsored) by CHA/Vizient, ACHI and other state and national hospital associations.

### **e. Exposure to (Volunteering with) Community Benefit Programs**

In some health systems, Finance/Tax staff have been encouraged to go “on the road” with Community Benefit/Community Health staff to see Community Health Improvement Services and other programs operating in action. Through these experiences, staff appreciate the importance of the programs and the impacts of the hospital organization’s support and involvement.

In other health systems, staff have been encouraged to volunteer as board members or in other ways to help community-based organizations (e.g., free clinics, FQHCs, farmer’s markets and substance abuse treatment facilities) achieve their missions.

These experiences are helpful when it comes to budgeting for community benefits and assuring that the organization reports accurately.

3. See: <https://www.chausa.org/events/calendar-of-events/community-benefit101-the-nuts-and-bolts-of-planning-and-reporting-community-benefit/overview>

4. See: <https://www.chausa.org/communitybenefit/a-guide-for-planning-and-reporting-community-benefit>

5. See: <https://www.irs.gov/pub/irs-pdf/i990sh.pdf>

### 3. Establish Achievable and Effective Timelines

Having written timelines for the community benefit reporting process (in procedures or more informal work plans) is another important infrastructure element. The table that follows provides an example.

<b>Example Tasks and Timelines</b>	
<b>Task</b>	A=Annually Q=Quarterly M=Monthly
<b>Review Schedule H Instructions</b>	A
<b>Review CHA/Vizient “What Counts” Guidance</b>	A
<b>Supply Community Benefit/Community Health Staff with Key Metrics</b>	
+ Indirect Cost Factor(s) for Programs	A
+ Hourly Wage Value(s) for Programs	A
+ Employee Benefits Factor(s) for Programs	A
<b>Gather and Enter Data (into Excel, CBISA, other Software):</b>	
+ Financial Assistance	Q
+ Medicaid	Q
+ Other Means-tested Government Programs	Q
+ Community Health Improvement Services	M
+ Community Benefit Operations	M
+ Health Professions Education	Q
+ Subsidized Health Services	Q
+ Research	Q
+ Contributions for Community Benefit	M
+ Community Building	M
<b>Compile Data into Reports</b>	Q
<b>Conduct Reviews (including Variance Analyses) and Approvals</b>	
+ Local Hospital Finance/Tax	Q
+ Regional Finance/Tax	Q
+ National Finance/Tax	Q
<b>Share Reports with Leadership (Management and Board)</b>	Q
<b>Enter Values into Corporate Accounting Systems</b>	Q
<b>Compile Reports by EIN (Schedule H) and System-Wide</b>	A
<b>Compile Reports for Submission to State(s) (As Needed)</b>	A
<b>Develop and Publish Community Benefit Report(s)</b>	A

As previously mentioned, some health systems include community benefit information in a footnote to their audited financial statements. They thus require community benefit information to be finalized a few weeks after each fiscal year ends.

One health system that includes such information in audited financial statements has found it helpful to conduct a comprehensive review of community benefit reporting after the first three quarters of the year. This facilitates meeting a challenging year-end deadline and provides comfort that full-year data are as accurate as possible.

#### 4. Develop or Adopt Checklists and Reminders that Help Avoid Over-reporting and Under-reporting

Some health systems have found it helpful to develop checklists that provide reminders before data are entered into software systems and that facilitate the review and approval process. The checklists also support staff training and help avoid over-reporting and under-reporting. One example follows:

My Hospital Has:	✓if yes
Reported total expense, offsetting revenue and net expense for every category (particularly for Medicaid, GME, subsidized health services and research), rather than net expense only	
Adjusted the Ratio of Patient Care Cost to Charges to avoid double-counting (see Worksheet 2 of the IRS Schedule H instructions)	
Included indirect (overhead) expenses for every program (except for cash donations)	
Reviewed all reported programs against “what counts” criteria	
Included the cost associated with enrolling uninsured individuals into Medicaid and into ACA Marketplace coverage	
Included all types of reportable Health Professions Education disciplines (e.g., pharmacy technicians, pastoral care)	
Not over-reported the costs to precept nursing students	
Assessed clinical programs for whether or not they can be reported as Subsidized Health Services	
Not included physician clinics as Subsidized Health Services if the physicians’ services make money for the hospital	
Included all research funded by a tax-exempt source and “on the books” of the hospital	
Only reported cash donations as community benefit if they have been restricted to a community benefit purpose through a restriction letter or grant agreement (no such requirement applies to community building and in-kind donations)	
Valued in-kind expenses for use of conference room space based on consensus guidelines	
Reported all Community Benefit Operations expenses, including community benefit expenses allocated from the regional (and system) office	
(Other issues)	

## **5. Apply Software Tools for Data Entry, Management and Reporting**

Software, such as CBISA and other tools that help automate completion of IRS Form 990, have proven to be another key resource — particularly for multi-hospital systems that consolidate community benefit information across multiple entities and that have multiple IRS Form 990 filings each year. These tools facilitate the data entry, review and reporting process.

Cost accounting systems also can play an important role in helping to identify and analyze Subsidized Health Services. Organizations that have invested in these systems should consider using them for purposes of community benefit reporting.

## **6. Establish Internal Community Benefit Council (Advisory Committee)**

Many health systems have found it very helpful to establish an internal Community Benefit Council, with representatives from Finance/Tax, Community Benefit/Community Health, Legal, Strategic Planning, Mission, Communications/Marketing, Government Relations, Foundation and other departments. These Councils provide a forum to help manage and troubleshoot the community benefit reporting process and guide other community benefit activities such as compliance with 501(r) and evolving state requirements. These groups also play helpful roles in:

- + Developing and maintaining Financial Assistance Policies that balance community access to care and financial performance needs,
- + Drafting Schedule H narratives,
- + Analyzing the budget implications of new Community Health improvement programs,
- + Responding to inquiries from the press, government officials and the public about community benefits,
- + Helping to manage the Community Health Needs Assessment and Implementation Strategy development process,

- + Reviewing and approving Contributions for Community Benefit,
- + Establishing community benefit spending budgets and targets, and
- + Effectively telling the organization’s “community benefit story.”

Internal Community Benefit Councils thus can play a helpful role in reviewing and approving community benefit reports, discussing year-over-year trends, reviewing benchmark data and proposing budgets.

## **7. Conduct Regular Meetings and Interactions**

Regular communication by Finance/Tax and Community Benefit/Community Health staff is important due to the roles played by each. Regular meetings and interactions are required.

Without such interactions, the probability of errors (either under-reporting or over-reporting) increases. CFOs and governing boards need confidence that community benefit information is accurate. In many health systems, increasingly the Finance/Tax function is being regionalized or centralized, making communication between local community benefit staff even more challenging.

Responses to Schedule H questions (Part V, Section C and Part VI) are most effective when they are prepared collaboratively, with staff in Community Benefit/Community Health, Finance/Tax and Communications substantively involved.

## **8. Establish Effective Review and Approval Processes**

As with other financial reports, community benefit reporting benefits from an effective review and approval process. Community benefits reported by each hospital facility need sign-off by local (or regional) staff in Finance/Tax.

Reviews should focus on:

- + Alignment with Schedule H and state reporting instructions,

- + Alignment with CHA/Vizient “what counts” guidelines,
- + Explaining year-over-year variances, and
- + Explaining values above or below budgeted and benchmark levels.

The example timeline presented above suggests reviews be conducted quarterly, prior to reporting to senior management and boards, publication of audited financial statements and filing with the IRS and state agencies.

### **9. Reporting Regularly to Board Committees (and/or Full Board)**

Regular reporting to board committees, local boards and/or system (fiduciary) boards is another important feature of an effective infrastructure. This practice encourages engagement in the reporting process by Finance/Tax (and other senior management) staff and reminds board members about the expectations associated with tax-exempt hospital organizations.

Several regulations and policies suggest that the IRS considers keeping boards informed about community benefits to be an element of “good governance.” For example:

- + 501(r) regulations require “authorized bodies” to approve CHNAs and Financial Assistance Policies and to adopt Implementation Strategies, and
- + IRS Form 990 asks organizations to describe the process by which boards review 990s prior to filing.

Community benefits also are subject to review by the press, regulators and the public at large. It’s helpful for board members to be fully conversant with the community benefits being provided by the organizations they govern.

### **10. Assure Presence of Community Benefit in Budgets and Dashboards**

Including community benefit values in budgets and on dashboards also is a preferred practice. Budgeting not only enhances strategic planning and efforts to improve community health, it also helps assure that community benefit reporting occurs regularly and is integrated into overall financial management practices.

Including community benefits in dashboards and among key performance indicators helps identify variances from budget and from benchmark levels, so any needed course corrections can be implemented on a timely basis.

### **11. Establish Written Policies and Procedures**

Establishing written policies and procedures can help formalize and standardize the community benefit reporting process. These also can help organizations reach consensus on the most effective ways to report community benefits, can support staff training needs, and can help new employees participate meaningfully in the process. An Appendix includes example policy contents.

Some health systems have established written procedures to support the annual process of preparing Schedule H. These procedures specify:

- + “Who does what” between staff in Revenue Cycle, Local System Finance, Local Community Benefit Staff and System Office Finance/Tax,
- + Responsibilities for drafting answers to specific Schedule H questions (lines), and
- + Model answers that staff can tailor to specific circumstances.

These procedures have proven helpful to streamlining the Schedule H preparation process across multiple entities and filings.

### **12. Periodically Involve Internal Audit**

Some health systems also have found it helpful to ask their Internal Audit departments periodically to review community benefit reports and how they were compiled. Staff in Internal Audit review Schedule H instructions, the CHA *Guide*, state

filing requirements and related guidelines and then assess opportunities for improvement. Independent review of the reporting process has proven helpful to organizations, particularly those that have experienced turnover, mergers, or other transitions.

### 13. Seek Support of CEO, CFO and Board

As with any activity, support by senior management and governing boards is helpful to assuring an effective community benefit reporting process. An effective infrastructure depends on dedicated staff, involvement of board and staff committees, training, software, work plans and timelines, written policies and procedures and other resources. With CEO, CFO and board support, these elements can be

established and maintained, helping tax-exempt hospital organizations receive full credit for their important community benefit work.

## APPENDIX: EXAMPLE POLICY CONTENTS

Some organizations have several policies in place (e.g., one for Community Benefit Governance, one for Accounting and Reporting and another for various Administrative responsibilities). Others have one overarching policy that covers these topics.

For organizations with one policy, the following table lists example provisions:

Community Benefit Policy (Example Provisions)
+ Policy purpose
+ Organization Infrastructure
<ul style="list-style-type: none"> <li>• Board of Directors role in ensuring development and provision of community benefits to promote the health of the community</li> <li>• Role for Finance Committee to establish priorities and community benefit program budgets, Implementation Strategies</li> <li>• CEO role to appoint a Community Benefit Officer</li> <li>• Each entity to appoint a Senior Leader charged with assuring adequate resources to develop and implement community benefit initiatives, including relationships with community agencies</li> <li>• Responsibilities of Multi-Disciplinary Work Group (Community Benefit Council)</li> </ul>
+ Community Health Needs Assessment
+ Community-Based Partnerships
+ Resource Allocation and Program Development
+ Performance Measurement
+ Uniform Reporting (following CHA/Vizient <i>Guide</i> and Schedule H)
+ Dissemination of Community Benefit Reporting

Organizations with a separate community benefit Governance Policy include the following types of provisions:

### Community Benefit Governance Policy (Example Provisions)

- + Organizational commitments to:
  - Providing community benefits, as a tax-exempt organization
  - Integrating community benefit into strategic planning and into budgeting
  - Reporting community benefits in alignment with federal, CHA/Vizient and state guidelines
  - Compliance with federal and state tax-exemption standards
  - Focusing community benefit endeavors on low-income (poor) and other vulnerable populations
- + Governing body structure(s) including roles for:
  - Corporate (fiduciary) Board
  - Local/regional (community) Boards
  - Community Benefit Committee (with Board members and other community stakeholders)
- + Roles of governing bodies in:
  - Approving/adopting Community Health Needs Assessments, Implementation Strategies, Financial Assistance Policies, Billing and Collections Policies
  - Assuring adequate staffing for community benefit-related activities
  - Monitoring community benefit expenditures
  - Establishing spending targets
  - Reviewing IRS Form 990 prior to filing
- + Roles of senior community benefit leaders, e.g.
  - Vice President of Mission/Community Benefit/Community Health (Chief Community Health Officer)
  - System Community Benefit/Community Health Director

Organizations with a separate community benefit Accounting and Reporting Policy include the following example provisions:

### Community Benefit Accounting and Reporting Policy (Example Provisions)

- + Policy purpose (to standardize reporting and specify responsibilities, process and deadlines for the community benefit reporting process)
- + Definitions (total expense, direct offsetting revenue, net expense, community benefit categories)
- + Identification of principally affected departments
- + Policy to make available the most recent IRS and CHA *Guide* to all accounting, finance, and community benefit departments
- + Software used to gather and report data
- + Role for facility-level community benefit staff
- + Roles for regionalized accounting staff
- + Responsibility for entering community benefit data into corporate accounting software
- + Responsibility for sign-off
- + Timelines for state and federal filings



## ABOUT THE CATHOLIC HEALTH ASSOCIATION

The Catholic Health Association of the United States (CHA), founded in 1915, supports the Catholic health ministry's commitment to improve the health of communities and provide quality and compassionate health care.

CHA is recognized nationally as a leader in community benefit planning and reporting. In collaboration with member hospitals, health systems and others, CHA developed the first uniform standards for community benefit reported by not-for-profit health care organizations. These standards were used by the Internal Revenue Service to develop the Form 990, Schedule H for Hospitals.

## ABOUT VIZIENT

Vizient is a member-driven, health care performance improvement company committed to optimizing every interaction along the continuum of care. Vizient was founded in 2015 as the combination of VHA Inc., a national health care network of not-for-profit hospitals; University HealthSystem Consortium, an alliance of the nation's leading academic medical centers; and Novation, the care contracting company they jointly owned. In February 2016, Vizient acquired MedAssets' Spend and Clinical Resource Management (SCM) segment, which included Sg2 health care intelligence.

Vizient has a long track-record of working to ensure that community-based, not-for-profit health care is supported. Congress, the White House and federal regulatory agencies, such as the Internal Revenue Service, regularly examine the merits of tax-exemption for not-for-profit hospitals and look to ensure that exemption is justified by activities that provide meaningful benefits to their communities. Vizient continues to work with policymakers to ensure that our members are represented in those policy discussions and are able to fully tell the full story of the essential care that they provide to the communities they serve.

## ABOUT THE AUTHOR

**Keith Hearle, MBA**, is President of Verité Healthcare Consulting. Prior to establishing Verité in 2006, Keith led the Hospitals and Health Systems practice for The Lewin Group, Inc., served as CFO of the San Francisco Department of Public Health (Public Health Division), as a Manager at KPMG Peat Marwick and as a Senior Equity Analyst (Healthcare) for a California-based money manager.

In 1989, he developed for CHA/Vizient the first accounting framework for hospital community benefit and co-authored the CHA/Vizient Social Accountability Budget. He also authored the accounting chapters (and worksheets and other materials) in the May 2006 and December 2008 CHA/Vizient *Guide to Planning and Reporting Community Benefit* and in all subsequent editions. He developed a framework for determining "What Counts as Community Benefit," adopted by CHA/Vizient in 2007. In 2008, he was asked by IRS officials to draft major sections of the Instructions to IRS Form 990, Schedule H. He worked with IRS staff thereafter on refinements to the Instructions.

[www.veriteconsulting.com](http://www.veriteconsulting.com)



## A Mission to Care: A Commitment to Community

From the very beginning, civic leaders and congregations of religious women and men courageously responded to the needs of the communities they were called to serve.

Today, that same call to provide health and hope is being answered in unique and creative ways through community benefit programs.

### **AS COMMUNITY BENEFIT LEADERS:**

**We are concerned with the dignity of persons.**

We are committed to improving health care access for all persons at every stage of life regardless of race, culture or economic status and to eliminating disparities in treatment and outcome.

**We are concerned about the common good.**

We design community benefit programs to improve health through prevention, health promotion, education and research.

**We have special concern for vulnerable persons.**

We put a priority on programs that address the most vulnerable in our communities and ensure that all programs reach out to persons most in need.

**We are concerned about stewardship of resources.**

We use resources where they are most needed and most likely to be effective.

**We are called to justice.**

We advocate health care for all and work to improve social conditions that lead to improved health and well-being.

**We care for the whole person.**

We engage partners in our communities so that together we improve health and quality of life through better jobs, housing and the natural environment.

*For more information about community benefit and Catholic health care, go to [www.chausa.org/communitybenefit](http://www.chausa.org/communitybenefit)*



**Washington Office**

1875 Eye Street, NW, Suite 1000  
Washington, DC 20006  
(202) 296-3993

**St. Louis Office**

4455 Woodson Road  
St. Louis, MO 63134  
(314) 427-2500

[chausa.org](http://chausa.org)