

Community Benefit and Community Building (March 2015)

A Suggested Approach for Determining Whether to Report a Program or Activity as Community Health Improvement

Since first published in 2008, IRS instructions for the Form 990, Schedule H have directed hospital organizations to report financial assistance and other community benefits in Part I of the form and community building activities in Part II.

IRS Form 990, Schedule H lists the following items as “financial assistance and certain other community benefits” (and defines each in the form’s instructions):

- Financial assistance
- Medicaid
- Unreimbursed costs from other means-tested government programs
- Community health improvement services
- Community benefit operations
- Health profession education
- Subsidized health services
- Research
- Cash and in-kind donations

Community Building activities listed in Part II of the form (and also defined in the instructions) include:

- Physical improvements and housing
- Economic development
- Community support
- Environmental improvements
- Leadership development and training for community members
- Coalition building
- Community health improvement advocacy
- Workforce development.

There has been confusion about how to report those programs that improve community health and also fit in one of the community building categories.

The IRS addressed this issue in its instructions to the 2011 Form 990, Schedule H by adding in its definition of community building, “*Some community building activities may also meet the definition of community benefit.*”

Another way the IRS addressed this issue is through its final regulations for community health needs assessments which expanded the definition of community health needs to include “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.” Programs that meet these types of needs can usually be reported as community benefit.



This document provides guidance on how organizations can assess whether a community building activity may be reported as community benefit under the category of community health improvement.

CHA has added a new sub-category under the category of community health improvement where community building activities that also meet the criteria for community health improvement may be reported. This category is titled “Social and environmental activities.” Activities and services that are provided to improve the health of persons in the community by addressing the determinants of health, including the social, economic and physical environment, would be reported in this new sub-category.

Guidance for reporting activities in the new community health improvement sub-category.

An activity that might otherwise fit in one of the categories of community building (see above) could be reported as community health improvement when the activity meets all of the IRS criteria for community health improvement. These criteria, described in the IRS Instructions for Form 990, Schedule H include:

- Responds to a demonstrated community need
- Meets at least one community benefit objective, including improving access to health services, enhancing public health, advancing generalizable knowledge, and relief of government burden.
- Carried out or supported for the express purpose of improving community health
- Subsidized by the organization
- Does not generate an inpatient or outpatient bill
- Not provided for marketing purposes
- Not more beneficial to the organization than to the community. (For example, not designed primarily to increase referrals of patients with third party coverage).
- Not required for licensure or accreditation.
- Not restricted to individuals affiliated with the organization (employees and physicians)

It is recommended that public health resources and literature be used to demonstrate that an activity that falls under the new sub-category improves community health.

Public health resources can be used to provide evidence that an activity meets a community benefit objective and can be reported as community health improvement. These resources include, among others:

- Healthy People 2020 (www.healthypeople.gov),
- The CDC Guide to Community Preventive Services (www.thecommunityguide.org),
- Department of HHS Aims of Public Health Quality (www.hhs.gov/ash/initiatives/quality/quality/index.html#aims),

- CDC Winnable Battles (www.cdc.gov/winnalbebattles)
- HHS Consensus Statement on Quality in the Public Health System (<http://www.hhs.gov/ash/initiatives/quality/quality/phqf-consensus-statement.html>) and Priority Areas for Improvement of Public Health Quality (www.hhs.gov/ash/initiatives/quality/quality/improvequality2010.pdf).

These resources and other public health resources contain examples of activities that improve the health of people in the community by addressing the social and physical determinants of health. These resources can be referenced in hospitals' community benefit records that document the purpose of programs.

The following chart gives examples of what could be reported as community health improvement (as long as the activity or program is carried out for purpose of improving community health and meets other criteria for community health improvement) and what could be reported as community building.

Generally, activities reported in Part I as community health improvement are provided to improve the health of individuals and populations in the community and activities reported as community building are provided to strengthen the community's capacity to promote the health and well-being of its residents. Activities reported in Part I as community health improvement should not be reported in Part II as community building.

Community Building Category from Form 990, Schedule H	Community Health Improvement	Community Building
Physical improvements and housing	<ul style="list-style-type: none"> - Removing materials (such as asbestos, lead) that harm residents in public housing. - Providing HEPA filter vacuum cleaners to low income households of children with asthma to reduce "asthma triggers." 	<ul style="list-style-type: none"> - Neighborhood improvement and efforts to address blight.
Economic development	<ul style="list-style-type: none"> - Working with local grocery stores to improve availability of fresh fruits and vegetables in areas known as "food deserts." 	<ul style="list-style-type: none"> - Participation in an economic development council to revitalize depressed community.

Community Building Category from Form 990, Schedule H	Community Health Improvement	Community Building
Community support	<ul style="list-style-type: none"> - Violence prevention. - Child care when safe and affordable alternatives are not available for at-risk families. 	<ul style="list-style-type: none"> - Mentoring programs to improve graduation rates.
Environmental Improvements * CHA has worked with Health Care Without Harm to provide additional guidance – visit www.chausa.org/whatcounts , see right hand column titled “What Counts Resources” - Guidelines for Reporting Environmental Improvement as Community Benefit and Community Building on IRS Form 990, Schedule H	<ul style="list-style-type: none"> - Programs that reduce air pollution that contributes to cardiovascular and/or respiratory problems. - Support for lead removal and/or radon exposure prevention in community buildings. 	<ul style="list-style-type: none"> - Participation in community-wide effort to decrease litter and graffiti.
Leadership development and training for community members	<ul style="list-style-type: none"> - Training for community members to participate effectively in the community health needs assessment and improvement planning processes 	<ul style="list-style-type: none"> - Conflict resolution training. - Community leadership development.
Coalition building	<ul style="list-style-type: none"> - Costs for coalitions involved in task-specific projects and initiatives that identify and address community health needs 	<ul style="list-style-type: none"> - Costs for coalitions that address economic revitalization.

Community Building Category from Form 990, Schedule H	Community Health Improvement	Community Building
Community health improvement advocacy	<ul style="list-style-type: none"> - Advocating for higher cigarette taxes or smoke-free public places. - Advocating for stronger regulation of toxic and/or other harmful materials. 	<ul style="list-style-type: none"> - Advocating for “complete street” policies that ensure safe access for all users, regardless of mode of transportation.
Workforce development	<ul style="list-style-type: none"> - Recruitment of physicians and other health care providers to medically underserved areas 	<ul style="list-style-type: none"> - Job creation and training programs in communities with high unemployment or for vulnerable populations (disabled, prisoner re-entry programs).