Is it Community Benefit?

The following questions can help organizations determine whether a program or activity should be reported as community benefit. Organizations are also urged to review the Internal Revenue Service (IRS) Instructions for completing IRS Form 990, Schedule H [www.irs.gov/pub/irs-pdf/i990sh.pdf](http://www.irs.gov/pub/irs-pdf/i990sh.pdf) and CHA’s A Guide to Planning and Reporting Community Benefit for expanded guidance. Visit [www.chausa.org/communitybenefit](http://www.chausa.org/communitybenefit) to order a copy of that CHA resource.

In addition, more information about reporting community benefit can be found at [www.chausa.org/whatcounts](http://www.chausa.org/whatcounts). View the “Community Benefit Categories and Standard Definitions document for definitions of community benefit categories.

This tool does not address community building activities or community benefit operations. Information on these activities can be found in other CHA resources.

+ Guidance on community building activities can be found on the CHA website at [www.chausa.org/whatcounts](http://www.chausa.org/whatcounts) under **What Counts Resources**.

+ Community benefit operations include costs associated with assigned staff and community health needs and/or asset assessment, as well as other costs associated with community benefit strategy and operations. See the categories and definitions document referenced above for specific examples of community benefit operations costs.

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*Please Take Note:* The information provided in this document does not constitute legal or tax advice. The information is provided for informational/educational purposes only. Please consult with counsel regarding your organization’s particular circumstances. Updated September 29, 2015.
Step I

Does the program or activity:
+ address a demonstrated community health need?\(^1\) and
+ seek to address at least one of the following community benefit objectives:
  - improve access
  - enhance public health
  - advance increased general knowledge
  - relieve government burden to improve health

Does the program or activity:
+ primarily benefit the community rather than the organization?
+ result in measurable expense to the organization?

If “No” to any of the questions in Step I, not a community benefit
If “Yes” to all questions in Step I, proceed to Step II

Step II

Is the program or activity:
+ provided primarily for marketing purposes?
+ standard practice, expected of all hospitals (such as activities required for accreditation, licensure, or to participate in Medicare)?
+ provided primarily for discharged patients or the organization’s “covered lives”?
+ primarily for employees (not including interns, residents and fellows) and/or affiliated physicians?

If “Yes” to any of the questions in Step II, not a community benefit
If “No” to all questions in Step II, proceed to Step III

\(^1\) IRS Instructions for Schedule H say that community need may be demonstrated through:
+ A community health needs assessment developed or accessed by the organization.
+ Documentation that demonstrated community need or a request from a public agency or community group was the basis for initiating or continuing the activity or program.
+ The involvement of unrelated, collaborative tax-exempt or government organizations as partners in the activity or program.
### Step III

<table>
<thead>
<tr>
<th>Community Health Improvement Program</th>
<th>Health Profession Education Program</th>
<th>Subsidized Health Service</th>
<th>Research</th>
<th>Cash and In-Kind Contribution</th>
</tr>
</thead>
</table>
| Is the program or activity carried out or supported for the primary purpose of improving community health? | Is the program:  
A) an education program necessary for a degree, certificate or training to be licensed to practice as a health professional or  
B) continuing education necessary to retain state licensure or certification and open to unaffiliated professionals? | Is it subsidized after subtracting Medicaid and other means-tested programs, bad debt and financial assistance?  
Is it a clinical service such as a burn unit or mental health unit (not an ancillary service such as lab or radiology)?  
Is it reasonable to conclude that if the organization no longer offered the service, the service would be unavailable in the community, the community’s capacity to provide the services would be below the community’s need, or the service would become the responsibility of government or another tax-exempt organization?  
Is the loss unrelated to inefficiency, or volatile reimbursement? | Is research funded by government or not-for-profit organization?  
Are the results generalizable (generalizability refers to the extent to which findings from a study apply to a wider population or to different contexts)?  
Are results intended to be or actually shared with the public? | Is the contribution restricted to be used for a community benefit activity or purpose? |

**If “Yes” to all questions**

Report as Community Benefit

**If “No” to any question**

Not Community Benefit