

CHA/Vizient Webinar – “What Counts as Community Benefit”

May 24, 2017

Responses to Participant Questions

1. Can Medicare shortfalls be reported as community benefit?

Yes, but not in their entirety. Unlike bad debt expense, Medicare-related expenses are reportable within subsidized health services and health professions education. Medicare thus is reported programmatically in IRS Form 990, Schedule H, Part I. Any amounts reported in Part I are to be subtracted from amounts reported on Part III of the form titled “Bad Debt, Medicare, & Collection Practices”.

2. Can we report services provided only to patients discharged from the emergency department?

Several types of community benefits can be reported for emergency department patients, including financial assistance and Medicaid. Post-discharge activities may be reported if they are provided to low-income or vulnerable persons who need follow-up care that goes beyond what is routinely provided to other patients. The primary goal of these activities should not be to reduce financial risk or losses (e.g., readmission penalties or reductions in value-based payments). See CHA’s website for more information, <https://www.chausa.org/communitybenefit/what-counts-q-a-listing/community-health-improvement-services/health-care-support-services/post-discharge-care-management-services-for-hospital's-low-income-patients>

3. If we charge a small fee for flu vaccines, can it be reported as community benefit?

Report hospital costs associated with providing vaccines to the community at large (rather than only the hospital’s employees) and include the amount collected in direct offsetting revenue.

4. We have health occupation students who spend several days each semester helping to improve access to care. Can this be reported as community benefit?

The cost of services that improve access to health care, particularly for low-income individuals, can be reported if the hospital incurs costs for this program. The only expense may be the cost of hospital staff time to supervise these students. In this case, report the time away from their regular duties staff devote to supervising these students.

5. Our state requires that all nurses and care providers receive training in suicide prevention, assessment and intervention. Can this be reported?

Education provided in compliance with a licensure or certification requirement should not be reported as community benefit, however, if the education qualifies as fulfilling continuing education requirements for health professionals and your training is open to other professionals in the community, it can be reported as health professional education.

6. Why can't anesthesiology be reported as community benefit?

Ancillary services by themselves are not reportable as community benefit. In general, ancillary services (like anesthesiology, laboratory, radiology) are shared by multiple clinical services (product lines). If certain surgery or obstetrics programs are reportable as “subsidized health services,” then any associated anesthesiology costs can be reported as a component of those services.

7. Does continuing education for our own staff count as community benefit?

Yes, if the continuing education is required for your health professionals to obtain or maintain licenses to practice AND the education is open to the other professionals in the community.

8. We hold mental health patients in the emergency room, often for several days, until a bed is available. Can this be reported as community benefit? Mental health has been identified as a community health need.

Most likely, these mental health services are reportable as a “subsidized health service.” In addition, if these patients are low-income, uninsured, or Medicaid recipients, community benefit for these patients is reportable as financial assistance and Medicaid.

9. Would the cost of running an in-house community swimming pool be considered community benefit? It is used by rehab and is open for membership to the community at little cost?

We recommend not reporting the community pool as community benefit because it is part of the care you provide your patients and appears to have a comparatively weak link to community health needs.

10. Can we report research sponsored by a corporation as community benefit?

The IRS Form 990, Schedule H instructions only allow research funded by a tax-exempt source, e.g.: NIH, a foundation, or the tax-exempt hospital itself as community benefit. Even though research funded by a for-profit entity is not reportable, you can describe the value of such activities on Schedule H in Part VI, question 5, Promotion of Community Health – particularly if the research is intended for broad publication and is likely to advance generalizable knowledge.

11. We collaborate with the county health department and a health network organization on a 3 year community service plan. Are the staff hours and mileage reportable as community benefit?

Yes. We recommend reporting the cost of staff time and other expenses related to developing and implementing a community service plan (implementation strategy) as community benefit operations (Part I, line 7e of the IRS Form 990 Schedule H).

12. Can payment in lieu of taxes be reported as community benefit?

No. PILOTs are considered “quid pro quo” arrangements with local/state government and the Schedule H instructions explicitly do not allow them to be reported as community benefit.

13. We have a booth at the county fair and give away promotional items? If we did education could it be reported?

The booth and giveaways appear to be public relations/marketing and thus not reportable as community benefit. If education was provided in response to a community health need and you had reason to believe that the education would address the need (approach is evidence-based), a portion of the cost to operate the booth could be reported as community health improvement. However, organizations should use caution reporting any programs for which the primary purpose is not community benefit.

14. Can staff time at a hospital-sponsored event be reported as community benefit when the staff members volunteer their time?

There is no cost to the hospital when staff members volunteer their own time so their time should not be reported as community benefit.

15. We have a behavioral health assessment response team (BART) of nurses and mental health specialists who provide behavioral health assessments to patients transitioning to nursing homes and following discharge. This is beyond routine discharge planning. Can this be reported as community benefit?

Other hospitals have implemented similar programs in an effort to reduce readmissions. Without more information, a lay-person could conclude that the program is part of the excellent care you provide your patients. Programs designed primarily to reduce financial losses or associated with the evolving standard of care generally are not reportable as community benefit. If your hospital has a behavioral health program and the overall program must be subsidized, then the subsidy can be reported as community benefit expense.

16. Can we report as community benefit a contribution to a fundraising event, such as a charity golf tournament?

Financial contributions can only be reported if their use is restricted, in writing, to a specific activity that meets the definition of community benefit in the Schedule H instructions.

17. Who has the final say on what counts as community benefit?

The IRS instructions for Form 990, Schedule H, which was based largely on guidance developed by the Catholic Health Association, include criteria for what to report as community benefit. Organizations should be able to document how each reported program aligns with these criteria. The CHA/Vizient/Lyon Software What Counts Task Force makes recommendations based on our understanding of the instructions. The recommendations of this task force do not constitute tax or legal advice.

18. When foundation staff raise funds for a school health project, can their time be reported as community benefit?

If the foundation is part of the hospital's EIN (tax number), then the staff time can be reported. If the foundation is not part of the hospital's tax number, it should not be reported as community benefit.

19. Can an event (such as screening or health education) held at a business be reported as community benefit if it is only open to the employees of the company?

The answer depends on the primary purpose of the activity. If it is to build a relationship with the company or in another way to benefit the hospital, it should not be reported as community benefit. If the screening or health education part of a multi-site, broad-based program to address a community health need (e.g., reducing obesity, smoking, or risks associated with other chronic diseases), it could be considered community benefit. We strongly recommend offering the services in other locations to serve others in the broader community as well.

20. We hold patients in the inpatient setting while they are waiting for nursing home placement. Is this a community benefit expense?

This is not a community benefit expense that would be counted and reported separately. However, if the patient is receiving financial assistance or is a Medicaid beneficiary, the cost of the care would be reflected in financial assistance or Medicaid shortfall.

21. When non-exempt employees spend time outside standard business hours on a community benefit activity, can their time be counted as community benefit?

Yes, if they have been assigned to participate in the activity or it is routine part of their jobs (i.e., participating in such events is mentioned on job descriptions) and they are being paid by the hospital.

22. We host medical students who shadow health professionals. How do we report this as community benefit?

This expense only would be reportable if documentation exists that the hospital incurs incremental cost when the students are present. Medical students frequently shadow physicians who are not employed by the hospital. Students also frequently perform work that reduces other staff time. As a result, there typically is little or no expense associated with student shadowing staff members so there would be no community benefit expense to report.

23. We have a program to give families of hospitalized infants free room and meals. Can the cost of meals and staff time be reported as community benefit?

If this program primarily is made available to families known to be low-income (i.e., Medicaid recipients or qualifying for financial assistance) and the program is known to enhance access to care, then the case for reporting such costs is enhanced. Otherwise this appears to be part of the excellent care you give all patients, and not separately reportable. If the costs are part of the NICU or pediatric program's expenses and the overall program must be subsidized, it is included as part of the subsidized health service expense.

24. One of our staff serves as a sports trainer at local high school football program. Can his time be reported as community benefit?

In most instances, we recommend that support for youth sports programs not be reported as community benefit because this support is usually part of marketing or creating community good will. In limited situations, such support may be reported as community benefit. We recommend reporting as community benefit youth sports programs in the following circumstances:

- When there is an identified community need, for example, without your organization's assistance, the trainer/physicals would not be available, and
- When appropriate follow-up is provided regardless of insurance status, including referrals to health care providers who are accessible and available for required care, and referrals not exclusively to the hospital and its affiliated physicians.

25. Do advocacy efforts for sugar-free beverages or immunization funds qualify as community benefit?

If diet or diet-related illness needs have been identified as community need, then this advocacy can be reported as community health improvements. Advocacy for immunizations can be reported as community health improvement because it responds to a public health need.

26. We receive grants for HIV services. Can the grants be reported as community benefit?

If the HIV services qualify as community benefit (e.g., it is not simply a hospital service line) the cost of the service can be reported as community benefit with the amount of the restricted grant offsetting the hospital's expense.

27. Can we report staff presentations at conferences as community benefit?

If the presentations advance knowledge among other professionals, the cost associated can be reported as community benefit.

28. One of our nurses writes a column for local newspaper on health related issues. She does this on her own time. Can this be reported as community benefit?

If the writing is done on her own time as a personal activity, is not part of her work assignment, and she is not paid by the hospital for it, then it should not be reported as community benefit.

29. Does disaster planning count as community benefit?

See the [CHA website](#) for a detailed description of what activities related to disaster preparedness can be reported as community benefit

31. Is there an updated version of *2015 Guide for Planning and Reporting Community Benefit* available?

We will be releasing a revision later this year based on minor changes in the IRS instructions that impact how to account for community benefit

32. Can costs associated with sponsoring activities such as Go Red for Heart Disease be reported as community benefit?

Employee contributions cannot be reported, but paid staff time coordinating the activity can, if the activity meets an identified community health need and community benefit objectives, and is not principally a marketing or community relations activity for the hospital.