

Question: Screening for social needs will be required for all adult patients ages 18-64 beginning January 2024. What costs related to screening and referrals may be reported as community benefit?

Recommendation: We recommend that expenses related to screening of social needs and referrals for identified social needs be reported as community benefit.

The IRS instructions for community health improvement services (reported on Schedule H, Part I, line 7e) include language that activities not be reported as community health improvement services if they are required for licensure or accreditation. However, this restriction is in the context of excluding programs that are “more beneficial to the organization than to the community.” In this situation, it is our opinion that these services of screening for and identifying social needs, then connecting patients with social needs to community resources, are responding to an identified community health need and enhance public health, are more beneficial to the community than to the organization, and therefore likely meet the definition of community health improvement services reportable on Schedule H, Part I, line 7e.

It should be noted that there are some other activities required of our organizations by law that are also reportable as community benefit on Schedule H. These include offering financial assistance/charity care consistent with the hospital’s financial assistance policy and conducting community health needs assessments, both of which are required by Section 501(r) of the Internal Revenue Code.

Additional recommendations:

We recommend reporting the expense of screening for health-related social needs and follow-up referrals as community benefit under Category A3: Health Care Support Services when all of the following are met:

- Community health need has been established (for example, housing and food security issues are present in community),
- Activities are above and beyond the standard practice of discharge planning, and
- The organization operates the program in collaboration with other providers and agencies.

If these criteria are met, the following expenses could be reported:

- Staff time for the development of policies, procedures, and agreements with referral partners,
- Staff training
- Staff time for screening and referral activities, beyond standard activities,
- Technology used to facilitate screening, record findings, and make and manage referrals (excluding routine medical records).

(Be careful not to double-count with community benefit operations or any other reported community benefit expenses.)

Do not report screening for health-related social needs and follow-up referrals when:

- The activity is part of standard discharge planning,
- The activity is provided primarily to financially benefit the health care organization, such as to avoid re-hospitalization penalties, earn reimbursement incentives, or reduce Medicaid or financial assistance losses,
- The activity is limited to a subgroup of patients for which the organization bears financial risk, such as those that are part of the health care organization’s ACO/population health management program, or
- The program excludes uninsured or Medicaid-covered persons.

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