




What Counts as Community Benefit? Webinar

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Reflection for Today's Program

To work for something beyond ourselves teaches us about the human spirit.

It's easy to feel hopeful about people after an experience where progress is made. But when we serve others, we gain more than hope. We gain energy – energy pours into our bodies through our open hearts and generous spirits.

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Your Speaker for Today's Program



Trina Hackensmith joined Lyon Software in February, 2006. With a background in finance, computer networking and customer relations, she initially served in technical and customer support. Within several months, Trina transitioned into training hospitals, health systems, senior living communities, and colleges and universities how to use Lyon Software's CBISA(tm) (Community Benefit Inventory for Social Accountability) program. She is now a Vice President and lead trainer for Lyon Software and enjoys travelling around the country meeting and training community benefit champions. Trina also serves of the Catholic Health Association's What Counts Task Force which provides community benefit reporting guidance to the field.

Trina graduated from Liberty University in 1986 with a B.S. degree in Finance and enjoyed a long career in the mortgage banking industry prior to joining Lyon Software.


What Counts



To count, a program or activity must respond to a demonstrated health-related community need and seek to achieve at least one community benefit objective:

1. Improve access to health services
2. Enhance public health
3. Advance knowledge through education or research
4. Relieve or reduce a health burden of government or other tax-exempt organization

Community Health Improvement




Community need can be demonstrated through the following:

- *A CHNA conducted or accessed by organization*
- *Documentation that demonstrated community need or a request from a public health agency or community group*
- *The involvement of unrelated, collaborative tax-exempt or government organizations as partners in the activity or program carried out for the express purpose of improving community health*

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Programs should not be counted if:



- An objective, “prudent layperson” would question whether the program truly benefits the community
- The program represents a community benefit provided by another entity or individual, such as
 - Activities by employees on their own time
- The program benefits the organization more than the community:
 - Generates referrals principally to the hospital versus community resources

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Programs should not be counted if:



- Access to the program is restricted to employees or medical staff affiliated with the hospital, such as Continuing Medical Education program, only for your medical staff
- The activity represents a normal “cost of doing business” or is associated with the current standard of care (expected of taxable and tax-exempt entities alike)
 - Employee benefits, such as in-service trainings
 - Licensure or accreditation requirements
 - Discharge planning

What Counts



Community Benefit Categories

- I. **Financial Assistance (Charity Care)**
- II. **Government Means-Tested Health Programs – unpaid costs of public programs**
 - Medicaid
 - State Children’s Health Insurance Program
 - Medically indigent programs
- III. **Community Benefit Services**



Community Benefit: Rooted in Catholic Tradition



What Is Community Benefit?

Categories of Community Benefit Services:

- Community Health Improvement Services
- Health Profession Education
- Subsidized Health Services
- Research
- Financial Contributions
- Community Building Activities

Financial Assistance (Charity Care)



IRS Definition:

Financial assistance means free and discounted health care services provided to persons who meet the organization's criteria for financial assistance and therefore, deemed unable to pay for all or a portion of such services.

Financial Assistance Policies – Does It Count?



Question:

A physician asked our hospital to waive all fees for caring for a child from another country. The physician will waive the professional fees and all other physicians involved in the child's care will not charge. Can this be included as charity care?

Financial Assistance Policies – Does It Count?



Recommendation:

Free or discounted care could be reported as community benefit charity care if the care was provided consistent with your charity care/financial assistance policies. For example:

- Your policies define the community as extending beyond your geographic area in some situations. (Centers of excellence for services such as transplantation or oncology often include such provisions.)
- The patient meets the financial criteria (income or income and assets) of your charity care/financial assistance policy. We do not recommend a blanket policy that when physicians donate services, the facility will as well, since this could open the facility to providing financial assistance to persons not in financial need.

Medicaid and Other Means-Tested Government Programs



IRS Definitions:

Medicaid: *The United States health program for individuals and families with low incomes and resources*

Other Means-Tested Government Programs: *Government-sponsored health programs where eligibility for benefits or coverage is determined by income and/or assets. Examples include:*

- *The State Children's Health Insurance Program (SCHIP), a United States federal government program that gives funds to states in order to provide health insurance to families with children*
- *Other federal, state and local health care programs*

Government Means Tested Programs Does It Count?



Question:

Can losses on CHAMPUS be reported as community Benefit?

Government Means Tested Programs Does It Count?



Recommendation:

Since CHAMPUS is not a means-tested public program, losses should not be reported as community benefit.

Community Health Improvement Services




IRS Definition:

Activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving community health.

Such services do not generate inpatient or outpatient revenue, although there may be a nominal patient fee or sliding scale fee for these services.


Community Health Improvement Categories



1. **Community health education**, including classes and education campaigns, support groups and self-help groups
2. **Community-based clinical services**, such as screenings, flu vaccine clinics and mobile units provided on a one-time or special event basis
3. **Health care support services**, such as transportation and enrollment into Medicaid for individuals
4. **Social and environmental improvement activities**, such as removing hazardous materials like asbestos or lead from public housing or violence prevention

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Health Care Support Services



Question:

We are developing a program to screen low-income patients for social needs and to refer persons identified as having unmet needs to community services. Can these activities be reported as community benefit?

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Health Care Support Services



Recommendation:

We recommend reporting the expense of screening for health-related social needs and follow-up referrals as community benefit community health improvement when all of the following are met:

- Community health need as 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 not required by accrediting bodies for licensure or by third-party payers.
- Activity is provided for low-income and vulnerable persons.
- The organization operates the program in collaboration with other providers and agencies.

Health Care Support Services



Question:

Employees of our hospital serve in leadership roles on our Food Leadership Council. The council works to move local sustainable food purchasing forward for many hospitals and other institutions in our community, which results in increased access to healthier foods through distributors, and thus in the community. Can we claim their meeting and travel in the hospital's community benefit report?

Health Care Support Services



Recommendation:

The cost of employees serving on local Food Leadership Council can be reported as community benefit in the following circumstances:

- The work of the Food Leadership Council is related to an identified community health need.
- The purpose of the Council is to improve community health (or another community benefit objective).
- The time reported spent on the Council is related to community health improvement (as opposed to the hospital's community food service needs). Ideally the hospital should be able to show/document that their time is not solely devoted to meeting their own hospital's food service needs, i.e., ordering their own food.

Health Professions Education



IRS Definition:

Educational programs that result in a degree, certificate, or training necessary to be licensed to practice as a health professional, as required by state law; or continuing education necessary to retain state license or certification by a board in the individual's health profession specialty.

It does not include education or training programs available exclusively to the organization's employees and medical staff or scholarships provided to those individuals.

Health Professions Education



Question:

Is there a recommended percentage of staff time spent mentoring students that can be reported as community benefit?

Health Professions Education



Recommendation:

We recommend including the incremental cost of hospital staff who mentor/precept nursing students (and students in other health disciplines) based on each hospital's experience with this type of health professions education. In general, while nursing and other students are receiving clinical experience, patient care is being provided and incremental costs are difficult to determine. Hospitals should include the cost associated with training their nurses and other staff to serve as preceptors, and also the cost spent by staff in educational activities that occur outside of regular duties (e.g., didactic/classroom experiences before or after regular shifts).

Health Professions Education



Recommendation: (continued)

Each organization should quantify staff time devoted to mentoring or precepting students based on their unique circumstances, recognizing that when students are present, they may or may not affect staff productivity. The students may perform work that otherwise would fall to staff. Hospitals should ask staff members to estimate the amount of time they devote to precepting students away from their regular duties (which may increase staff time), and value incremental costs accordingly.

Subsidized Services



IRS Definition:

Clinical services provided despite a financial loss to the organization.

The financial loss is measured after removing losses, measured by cost, associated with bad debt, charity care/financial assistance, Medicaid and other means-tested government programs.

Subsidized Services



- Provided because of community need
- Includes inpatient programs and outpatient programs such as satellite clinics designed to serve low-income communities, and home health programs
- Excludes ancillary services such as radiology, anesthesiology, and lab

Subsidized Services



Question:

Should we report as community benefit the cost of organ donations (harvesting the organs and ensuring arrival)?

Subsidized Services



Recommendation:

It is our understanding that the cost of harvesting organs generally is recovered through reimbursements from Organ Procurement Organizations (OPO) or through insurance and other resources provided by organ recipients. Accordingly, the cost associated with organ donation/harvesting should not be reported as community benefit. If reimbursement is inadequate, we suggest that hospitals seek to negotiate better payment terms

Subsidized Services



Question:

We are in the development phase of a PACE (Program of All-inclusive Care for the Elderly) program and will not open until spring, 2015. Even though most PACE programs break even once fully operational can we count expenses incurred during the long ramp up period to breaking even? The PACE program is part of our needs assessment priority areas and implementation strategies.

Subsidized Services



Recommendation:

We recommend reporting start-up costs for establishing a PACE program as a subsidized service as long as there is an identified community health need for the program. For example, some organizations have been asked by legislators or government agencies to start a program. Unmet needs of persons dually eligible for Medicare and Medicaid being identified in the CHNA would be another indication of need. Once the program is operational, unreimbursed costs or shortfalls may also be reported as community benefit under the Subsidized Service category.

Research



IRS Definition:

Any study or investigation that receives funding from a tax-exempt or governmental entity of which the goal is to generate generalizable knowledge that is made available to the public ...

- Self-funded research can be reported.
- Research funded by for-profits can be reported In Schedule H, Part VI but not quantified in Part I

Research



Question:

We have an Institutional Review Committee that reviews, approves the initiation of and conducts continuing review of biomedical research involving human subjects in clinical studies. Should these efforts be counted?

Research



Recommendation:

We recommend reporting the unsponsored cost of research, including the cost of the Institutional Review Board (IRB) as long as the research meets the criteria for community benefit research. If some of the organization's research meets the criteria (meets the definition of community benefit and is funded by government or a nonprofit organization) and other research does not meet the definition of community benefit is funded by a commercial entity, then only report the portion of IRB associated with community benefit research.

Research



Does it count?

- Study on how to triage emergency department patients, results published in professional journal?
- Quality assurance study on reducing medication errors?

Cash and In-Kind Contributions



IRS Definition:

Contributions made by the organization to health care organizations and other community groups restricted in writing to one or more of the community benefit activities described [as community benefit].

In-kind contributions include the cost of staff hours donated by the organization to the community while on the organization's payroll, indirect cost of space donated to tax-exempt community groups (such as for meetings), and the financial value (generally measured at cost) of donated food, equipment, and supplies.

Cash and In-Kind Reporting Issues



- Report only contributions for activities that would qualify as community benefit
- Include written restriction that funds will be used for a community benefit activity
- Do not include funds contributed by employees or emergency funds for employees
- Donations outside the community, including internationally, can be reported, but should not constitute a large portion of overall community benefit contributions


Cash and In-Kind Contributions: Does it Count?



Question:

My hospital works with the Red Cross and holds quarterly blood drives at our facility. We have small direct costs in food, some staff time at registration, canteen, etc. The main thing is that most of our employees come down to give blood while on the clock. Could this be considered community benefit?

**Cash and In-Kind Contributions:
Does it Count?**




Recommendation:

Yes, the hospital is contributing the value of the employee's time.

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**Cash and In-Kind Contributions:
Does it Count?**



Question:

We sponsor staff and executives to travel to poor counties for “poverty immersion trips” and for mission trips to deliver health care to the people. Are these activities community benefit?

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Cash and In-Kind Contributions: Does it Count?



Recommendation:

It is not recommended to count as a community benefit the cost of spending executives on immersion trips to distant sites (e.g., part of orientation). While the trips might help executives develop a greater appreciation for the plight of the poor/vulnerable and motivate them to champion projects that help this group, there is not a direct benefit to the community. These trips could be described in the narrative portion of a community benefit report.

Cash and In-Kind Contributions: Does it Count?



Recommendation: (continued)

However, the costs incurred by the hospital of sending health care professionals on paid hospital time to deliver health care in underserved communities can be counted as a community benefit. Count the time of the professionals only if the organization is paying for them to be part of the trip. If they are volunteering their time, report only the cost to the organization, such as travel expenses.

Community Building



IRS Definition:

Activities ... to protect or improve the community's health or safety, and that are not reportable in Part I of this schedule. Some community building activities may also meet the definition of community benefit.

(Eight subcategories)

Reporting issue:

Do not report in Part II if reported in Part I

Community Building Categories



IRS Definitions:

1. *Physical improvements and housing*
2. *Economic development*
3. *Community support*
4. *Environmental improvements*
5. *Leadership development and training for community members*
6. *Coalition building*
7. *Community health improvement advocacy*
8. *Workforce development*

Community Building: IRS EO Update – December 2015



“The instructions for Schedule H describe community benefit activities or programs as those addressing an established need that “seek to achieve a community benefit objective, including improving access to health services, enhancing public health, advancing increased general knowledge, and relief of a government burden to improve health.”

“Thus, some housing improvements and other spending on social determinants of health that meet a documented community need may qualify as community benefit for the purposes of meeting the community benefit standard.”

IRS Rules for CHNAs



“Needs may include, for example, 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 in the community.”

Community Benefit Operations



IRS Definition:

Community Benefit Operations: *Activities associated with community health needs assessments as well as community benefit program administration. Community benefit operations also include the organization's activities with fundraising or grant-writing for community benefit programs.*

Community Benefit Operations



Question:

Does coming to a training session on community benefit count as community benefit? Can the costs be reported (e.g., registration fee, travel, food and lodging)?

Community Benefit Operations



Recommendation:

The What Counts Task Force recommends counting all costs related to training as community benefit in Category G Community Benefit Operations. This is community benefit because it helps enhance the overall community benefit program. As with all of your organization's activities, community benefit should be provided as efficiently as possible. The Task Force thus recommends that travel related expenses be kept to a minimum.

Community Benefit Operations



Does it Count?

Question:

Now that community health needs assessments are required under the Affordable Care Act should their costs still be reported as community benefit under Category G? CHA guidance suggests not reporting activities that are required (either by law, regulation or professional standards).

Community Benefit Operations

Does it Count?

Recommendation:

We recommend reporting the costs associated with community health needs assessments. This activity is specifically mentioned as a reportable cost in Category G. Community Benefit Operations in the instructions for IRS Form 990 Schedule H.

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Recent Questions to the “Hot Line”

Does it Count?

- Teaching paramedics to visit COPD patients (yes)
- Becoming baby friendly (no)
- Becoming smoke free (no)
- Fee is charged for vaccine (offset)
- Paying for malpractice insurance for physicians working in free clinics (yes, if it’s only for clinic work)

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Recent Questions to the “Hot Line”



Does it Count?

- Booth at county fair with giveaways (no, marketing)
- Presentations about cancer clinical trials (yes)
- Speaking on disaster preparedness to other providers (yes)



Questions