Webinar

What Counts as Community Benefit?
October 28, 2014

PATSY MATHENY
JULIE TROCCHIO

Reflection for Today’s Program
Adapted Franciscan Benediction:

May God bless you with discomfort at easy answers so that you may live deep within your heart.

May God bless you with anger at injustice, so that you may work for justice and peace.

May God bless you with tears to shed for those who suffer so that you may reach out your hand to comfort them.

And may God bless you with enough foolishness to believe that you can make a difference in this world, so that you can do what others claim cannot be done.

Amen.
Your Speaker for Today’s Program

Patsy Matheny, MPA, MSW
Community Benefit Consultant

Patsy Matheny consults with individual hospitals and health systems on developing a sustainable, organization-wide community benefit strategy and assuring creditable community benefit reporting in line with federal and state guidelines.


Patsy was a contributing author for "A Guide for Planning and Reporting Community Benefit" released by The Catholic Health Association and VHA Inc. in 2006 and revised in 2008 and 2012. Further with CHA, she staffs the national "What Counts" hotline and serves as lead faculty for the CHA Community Benefit 101 workshops.

While working for VHA Inc., Patsy coordinated four national community benefit conferences and remains the resource expert for VHA Inc. members using the Lyon CBISA Online Software.

She holds master degrees in public policy and management and social work from The Ohio State University.

Your Speaker for Today’s Program

Julie Trocchio, MSN
Senior Director, Community Benefit and Continuing Care
CHA
Washington, DC

Julie Trocchio is senior director of community benefit and continuing care at the Catholic Health Association of the United States. She is based in CHA's Washington, DC office.

Ms. Trocchio carries out programmatic and advocacy activities related to community benefit, tax exemption, environmental sustainability and long-term care. She also is the CHA liaison to the executives of state Catholic health associations and conferences.

Before joining CHA in 1988, she was director of delivery of services at the American Health Care Association in Washington, DC, a nonprofit organization that represents long-term care facilities. Ms. Trocchio also was a public health nurse for the Montgomery County Health Department in Rockville, Md., and has worked as a staff nurse for a hospital and nursing home facility. Ms. Trocchio earned a bachelor's degree from the Georgetown University School of Nursing in Washington, DC, and a master's degree from the University of Maryland School of Nursing in Baltimore.
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 burden of government to improve health

Programs should not be counted if:

- An objective, “prudent layperson” would question whether the program truly benefits the community
- The program or donation is unrelated to health or the hospital’s mission
- The program represents a community benefit provided by another entity or individual, such as
  - Activities by employees on their own time
  - In-kind value of volunteer time
- The program benefits the organization more than the community:
  - Generates referrals principally to the hospital versus community resources
  - Marketing-focused
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 requirements
  - Discharge planning
  - Minimum-standard translation service

Community Benefit Categories

I. Charity Care/Financial Assistance

II. Government-sponsored Means-Tested Health Care – unpaid costs of public programs
  - Medicaid
  - State Children’s Health Insurance Program
  - Medically indigent programs

III. Community Benefit Services
Financial Assistance (Charity Care)

**IRS Definition:**

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

The following should not be reported as financial assistance

- Prompt pay or self-pay discounts
- Contractual allowances
- Information reported elsewhere, such as losses from means-tested programs
- Bad debt
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

Community Health Improvement Services

**IRS Definition:**

Activities or programs carried out or supported for the express purpose of improving community health that are subsidized by the health care organization. Such services do not generate inpatient or outpatient bills, 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 screening, annual flu vaccine clinics, and mobile units

3. **Health care support services**, such as transportation and enrollment into Medicaid

4. **Social and environmental improvement activities**, such as removing hazardous materials like asbestos or lead from public housing or violence prevention

<table>
<thead>
<tr>
<th>Activity or Program</th>
<th>Report</th>
<th>Example Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immunization for low-income children</td>
<td>Yes</td>
<td>Public health priority, relief of government burden</td>
</tr>
<tr>
<td>Flu shots for employees</td>
<td>No</td>
<td>Cost of doing business, more benefit to organization</td>
</tr>
<tr>
<td>Health screening program in low-income community</td>
<td>Yes</td>
<td>Enhances access, health education</td>
</tr>
<tr>
<td>Health screening program in upscale mall for marketing purposes</td>
<td>No</td>
<td>More benefit to organization than community</td>
</tr>
<tr>
<td>Outreach to help seniors remain independent in their homes</td>
<td>Yes</td>
<td>Public health priority</td>
</tr>
<tr>
<td>Discharge planning function</td>
<td>No</td>
<td>Represents the current standard of care, required for licensure</td>
</tr>
<tr>
<td>Taxi vouchers for low-income persons</td>
<td>Yes</td>
<td>Provides access to care for vulnerable people</td>
</tr>
<tr>
<td>Van service between wealthy retirement community and only the organization</td>
<td>No</td>
<td>Benefits the organization more than the community</td>
</tr>
</tbody>
</table>
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.*

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<tr>
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<tr>
<td>Scholarship for community members</td>
<td>Yes</td>
<td>More benefit to community than organization</td>
</tr>
<tr>
<td>Scholarships for staff members</td>
<td>No</td>
<td>More benefit to organization than community</td>
</tr>
<tr>
<td>Continuing medical education for community physicians</td>
<td>Yes</td>
<td>Accessible to all qualified physicians</td>
</tr>
<tr>
<td>Continuing medical education for own medical staff</td>
<td>No</td>
<td>Restricted to own medical staff members</td>
</tr>
<tr>
<td>Nurse education if graduates are free to seek employment at any organization</td>
<td>Yes</td>
<td>More benefit to community than organization</td>
</tr>
<tr>
<td>Nurse education if graduates are required to become the organization’s employees</td>
<td>No</td>
<td>Program designed primarily to benefit the organization</td>
</tr>
</tbody>
</table>
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

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<tr>
<td>Clinics for low-income persons</td>
<td>Yes</td>
<td>Enhances access</td>
</tr>
<tr>
<td>Hospitalist programs</td>
<td>No</td>
<td>Current standard of care</td>
</tr>
<tr>
<td>Mental health service with high census, and Medicaid patients</td>
<td>Yes</td>
<td>Responds to need and provides access for low-income consumers</td>
</tr>
<tr>
<td>Mental health service with low census that loses money</td>
<td>No</td>
<td>Need not established and may reflect poor business decision</td>
</tr>
<tr>
<td>Emergency department operated at a loss</td>
<td>Yes</td>
<td>Provides access to care for all patients, including low-income and uninsured patients</td>
</tr>
<tr>
<td>Cosmetic surgery and other elective care for which financial assistance is not available</td>
<td>No</td>
<td>Difficult to establish community need, and inaccessible for patients needing financial assistance</td>
</tr>
</tbody>
</table>

## 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

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<tr>
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<tbody>
<tr>
<td>Research on how to reduce disparities in cancer</td>
<td>Yes</td>
<td>Community need</td>
</tr>
<tr>
<td>Study on whether to open a new cardiac unit</td>
<td>No</td>
<td>Market research</td>
</tr>
<tr>
<td>Study on how to triage emergency department patients, results published in professional journal</td>
<td>Yes</td>
<td>Results shared with others</td>
</tr>
<tr>
<td>Quality assurance study on reducing medication errors</td>
<td>No</td>
<td>Finding used solely by the organization</td>
</tr>
</tbody>
</table>

**Cash and In-Kind Services**

**IRS Definition:**

**Cash Contributions:** 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].
Cash and In-Kind Services

**IRS Definition:**

In-kind Contributions: “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.

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**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 Services

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<tr>
<td>Donation to community clinic</td>
<td>Yes</td>
<td>Enhances access</td>
</tr>
<tr>
<td>Executive time a charity golf outing</td>
<td>No</td>
<td>Unrelated to health/mission</td>
</tr>
<tr>
<td>Cost of staff working in a free clinic while on hospital payroll</td>
<td>Yes</td>
<td>Commitment of organization’s resources</td>
</tr>
<tr>
<td>Value of staff time when volunteering on their own time</td>
<td>No</td>
<td>Benefit provided by staff, not the organization</td>
</tr>
<tr>
<td>Equipment with remaining useful life donated to community clinic</td>
<td>Yes</td>
<td>Equipment has financial value, and donation results in net financial cost</td>
</tr>
<tr>
<td>Equipment that has been fully depreciated</td>
<td>No</td>
<td>Equipment has been fully expensed – only new cost for delivery can be reported</td>
</tr>
<tr>
<td>Emergency funds provided to groups in the community</td>
<td>Yes</td>
<td>Benefits the community more than the organization</td>
</tr>
<tr>
<td>Emergency funds provided a) to employees or b) by employees</td>
<td>No</td>
<td>a) Benefits only persons internal to the organization and b) not an expense of the organization</td>
</tr>
</tbody>
</table>

### 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 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*
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<tr>
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<tbody>
<tr>
<td>Cost of conducting community health needs assessment</td>
<td>Yes</td>
<td>Critical for effective community benefit program</td>
</tr>
<tr>
<td>Consultant fees for feasibility study of new service line</td>
<td>No</td>
<td>Related to operations of the organization</td>
</tr>
<tr>
<td>Fundraising for organization’s community benefit activities</td>
<td>Yes</td>
<td>Related to community need</td>
</tr>
<tr>
<td>Fundraising for new technology</td>
<td>No</td>
<td>Related to operations of their organization</td>
</tr>
<tr>
<td>Attending workshop of community benefit program evaluation</td>
<td>Yes</td>
<td>Directly related to community benefit program</td>
</tr>
<tr>
<td>Attending workshop on management skills</td>
<td>No</td>
<td>Not related to community benefit program</td>
</tr>
</tbody>
</table>

**Q&A**