The Patient Protection and Accountable Care Act, that is, the health reform legislation, brings a new opportunity for tax-exempt hospitals to describe how they are serving their communities. The health reform provisions for charitable hospitals set federal performance and reporting requirements for community health needs assessment, financial assistance and billing procedures — sound practices that many tax-exempt hospitals already meet.

COMMUNITY HEALTH NEEDS ASSESSMENT
Starting in 2012, tax-exempt hospitals are required to conduct a community health needs assessment at least every three years and to make the assessment widely available to the public. Failure to meet this requirement could lead to a $50,000 fine.

Developing community health needs assessments and implementation strategies are not new roles for hospitals. The Catholic Health Association’s 1989 Social Accountability Budget described how member hospitals were conducting such assessments to identify needs and develop plans to meet them. In addition, over the past 20 years a number of states have put community health needs assessment and benefit planning requirements into place.

The new federal law specifies that, as tax-exempt hospitals conduct their assessments, they must consult with people who represent the broad interests of the community, including people with public health expertise. For example, hospitals could tap community members, community groups, public health experts such as federal, state or local health department personnel or academic departments of public health schools or public health consultants.

The hospitals can base their assessments on current information collected by a public health agency or not-for-profit organization, and they can conduct the assessments with other organizations, including other hospitals.

Then, based on the community health needs assessment, the hospital must adopt an implementation strategy that describes how it is meeting the identified needs. The hospital also must describe which community health needs its strategy addresses and why other needs are not being addressed.

FINANCIAL ASSISTANCE
Tax-exempt hospitals must develop and widely publicize written financial assistance policies. The policies must include: eligibility requirements, whether free and/or discounted care is covered, the basis for calculating amounts, actions taken for collections, and policies related to emergency medical care.

Hospital policies must require emergency care be provided without discrimination to individuals regardless of their eligibility under the hospital’s financial assistance policy.

LIMITS ON CHARGES
Though Internal Revenue Service (IRS) guidance is pending for further definitions and details, the federal law says tax-exempt hospitals must limit the amounts charged for emergency or medically necessary care to the amounts generally billed to persons having insurance. Hospitals may not use gross charges for persons qualified for financial assistance.
BILLING AND COLLECTIONS
The law prohibits tax-exempt hospitals from engaging in “extraordinary collection actions” before the hospital organization has made “reasonable efforts to determine whether the individual is eligible” for its financial assistance policy.

According to supplemental information accompanying the health reform law, “extraordinary collection actions” include lawsuits, liens on residences, arrests, body attachment warrants or other similar collection practices. The “reasonable efforts” to determine eligibility include notifying patients about financial assistance when they are admitted to the hospital and communicating orally and in writing — as with invoices and telephone calls — with patients about their bills before turning them over for collection or reporting them to a credit rating agency.

NEW REPORTING
There are three new reporting requirements:
- Make the community health needs assessment widely available to the public
- Describe, on tax forms, how the organization is meeting needs identified in the assessment, and describe why any needs are not being addressed
- Widely publicize the financial assistance policy within the community served

These public statements, along with other reports to the community and the new IRS Form 990, Schedule H for not-for-profit hospitals, create a picture of how the hospital serves its community. By making public its community health needs assessment and implementation strategy, the hospital is saying, “We are in touch with needs in this community and are part of efforts to meet these needs.” By widely publicizing its financial assistance, the hospital indicates that access to care is not only a moral priority but an operational priority as well.

Simply making these documents public is not enough. The ultimate goal of these new requirements is to ensure that not-for-profit health care organizations are fulfilling their charitable obligation to improve community health. The new requirements make it easier for policy makers, community groups and the media to see how closely an organization’s community benefit efforts align with the needs of the community. Hospitals should be prepared for questions if there is a significant misalignment between community needs and the organization’s community benefit programs.

CHA ASSISTANCE AVAILABLE
CHA’s Guide to Planning and Reporting Community Benefit provides guidelines for community

SUMMARY OF REQUIREMENTS
In summary, health reform legislation requires the following of tax-exempt hospitals:

Community Health Needs Assessment
- Conduct at least every three years
- Gather input from persons who represent broad interests of community
- Gather input from persons with special expertise in public health
- Make widely available to the public
- Information can be collected with/by others

Implementation Strategy
- Adopt an implementation strategy to meet needs found in assessment
- Describe how organization is addressing identified needs
- Describe any needs not addressed and reasons why they are not being addressed

Financial Assistance Policies
Should include:
- Criteria for eligibility
- Basis for calculating amounts charged patients
- Method for applying for financial assistance
- Measures to widely publicize the policy within the community
- Nondiscrimination in emergency care for people regardless of their eligibility for financial assistance

Billing and Collection Policy
- Limitation on what can be charged to persons eligible for financial assistance
- Prohibition against use of gross charges
- No “extraordinary collection actions” until eligibility for financial assistance is determined
health assessment, community benefit planning (implementation strategies) and developing financial assistance and billing policies. CHA’s community benefit website, http://www.chausa.org/cbresources, offers other resources and examples of assessment, planning and policy documents. In addition, CHA's community benefit committee, working with other national organizations and public health experts, is developing a new resource on community health needs assessment and implementation strategies.

CHA ADVOCACY

On July 22, 2010, CHA sent comments to the IRS regarding the new requirements for tax-exempt hospitals. CHA asked for clarification of several of the requirements, including those related to billing and collections. CHA also recommended flexibility in how community health needs assessments are conducted.

A link to CHA’s comments on requirements for tax-exempt hospitals is posted on the community benefit page, www.chausa.org/communitybenefit.

It is more important than ever for organizations to put processes in place ensuring that their assessments, implementation strategies and financial assistance policies are properly implemented and evaluated. The new health reform legislation gives tax-exempt hospitals a renewed opportunity to demonstrate they are meeting their goal of having a positive impact on the health of their communities.

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