

# 12 Characteristics of World-Class Community Benefit Programs

**W**hat goes into a successful, sustainable community benefit program, one that makes an impact on the health of the community and reflects the organization's tradition of community service? Here are 12 characteristics of world-class programs:

## 1 "COMMUNITY" IS FOUND IN ALL THE RIGHT PLACES.

The word "community" should be in your organization's mission statement and other foundational documents, such as statement of values, philosophy and broad purpose. Consider revising if it is not present.

Look at agendas, including orientation for board members, new staff and physicians. Is "community health" or "community benefit" listed? How about the agendas for board meetings, all staff and executive staff meetings?

Look at internal and external communications: Do you see "community" or "community health" or "community benefit" in the organization's strategic plan or annual report?

Although it is not sufficient for the health care organization to claim it pays attention to its community, it is certainly a first start. If you cannot find "community" on paper, it probably is not in the operations.

## 2 THE STAFF IS COMPLETE, COMPETENT AND SUPPORTED.

A well-run community benefit program needs to have assigned staff — at least one full-time person (except in small hospitals and long-term care facilities) — whose job it is to plan, run, track, evaluate and report community benefit activities. This person should report to or have access to the CEO on community benefit matters.

A team from other areas of the organization should support the staff person assigned to community benefit. The team can include representatives from finance, planning, communications, executive and other departments.

The community benefit staff member selected should be:

- Prepared, through education and/or experience in public health or community health.
- Skilled at building collaborative relationships both within and outside of the organization.
- Knowledgeable and concerned about persons and populations most at risk.
- Involved with others doing similar work (such as the Association of Community Health Improvement) and participating in education programs for community benefit workers.

## 3 THE COMMUNITY BENEFIT BUDGET IS PROSPECTIVE, ADEQUATE AND PERIODICALLY REVIEWED.

In the early days of community benefit programs, funds were informally allocated on an as-needed basis for miscellaneous community programs. Today's community benefit programs are likely to be better thought out, larger and more complex. They require a prospective budget that is adequate for addressing community need.

How large should the community benefit budget be? Some states require the budget to be at least comparable to the value of tax exemption. Texas rules ask hospitals to meet one of four tests, including value of tax exemption or 4 percent of total revenues. The Illinois attorney general proposed an 8 percent minimum. Some health systems set a goal of a target percentage of expense or net.

The board should address on a regular basis the question of whether the community benefit budget is adequate. Some issues to consider include:

- What is the value of the organization's tax exemption? What would its tax liability be?
- What are others in the community doing? Is the facility doing its fair share?
- What is the financial ability of the organiza-



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tion to provide community benefit? Given the extent of the organization's budget and margin, what would be a reasonable amount to set aside?

- What is the need in the community? If the need exceeds the financial ability, consider applying for outside funding or partnering with other organizations to accomplish community benefit goals.

**4 BOARD AND EXECUTIVE LEADERSHIP ARE CHAMPIONS OF COMMUNITY BENEFIT.**

For every successful community benefit program, the senior executives and board are convinced that community benefit is an essential role for the organization. When the CEO demonstrates that community health and improving access to health care services are priorities, other executives and departments will follow suit.

Executives should be explicit in speaking with business leaders, community members, department heads and staff, letting them know that serving the community, especially those who are most vulnerable, is a primary concern. Actions tell the story as well. An executive who is a community benefit champion might testify on behalf of health care reform, serve on boards of service organizations and meet regularly with principals of schools with large enrollments of at-risk children.

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Developing board champions starts with selection. Members of the governing board should be selected on the basis of their commitment to and knowledge about the community. They should be told from the start their primary role on the board is to represent the community's interest.

Former hospital executive and health policy researcher Lawrence Prybil, Ph.D., recommends five roles for the board. He writes:

"All community health system boards and their

CEOs should devote concerted attention and resources to meeting the emerging benchmarks of good governance with respect to their system's community benefit responsibilities. The boards are urged to (a) adopt a system-wide policy regarding their system's roles and obligations in providing community benefit, (b) collaborate actively with other organizations in ongoing community needs assessment, (c) adopt a formal community benefit plan that states objectives in clear, measurable terms, (d) ensure that reporting and accountability mechanisms to monitor progress are in place, and (e) provide thorough reports to the communities served on a regular basis, at least annually."<sup>1</sup>

**5 POLICIES RELATED TO COMMUNITY BENEFIT ARE WELL-REASONED, CURRENT AND FOLLOWED.**

Health care organizations should have explicit policies that spell out how the organization will operate. Policies related to community benefit include:

**A. Community benefit policies that describe:**

- The role of the community benefit staff, executive leader, other departments and the board.
- How community needs and resources are assessed and how needs are prioritized.
- How decisions are made about what programs to begin, continue and discontinue.
- The role of the governing board and any other advisory committees in the organization's community benefit program.
- How the budget is set.

**B. Financial assistance policies that describe:**

- Who is eligible for financial assistance (free and discounted care).
- What services are available for financial assistance.
- How information is gathered and determinations made.
- How exceptions are made.
- How financial assistance policies are made known to persons who may need help.

**C. Billing and collections policies that describe:**

- How patients being billed are informed of available financial assistance.
- How the organization will respond if it learns that a patient is eligible for financial assistance.



■ What measures are and are not used to collect payments.

■ The need for all billing and collection personnel to treat each person with respect.

## **6 THE ORGANIZATION USES STANDARD DEFINITIONS AND PROFESSIONAL ACCOUNTING PRINCIPLES.**

For community benefit reports to be credible and comparable, they should be based on generally accepted standard definitions for what counts as community benefit and professionally accepted accounting principles.

The IRS definitions of hospital community benefits are now the accepted standard for what counts as community benefit (although some states may have minor differences). If your organization uses different definitions or includes as community benefit activities not included in the IRS definitions, be sure to document what is different and why you have included other items.

The accounting principles for reporting community benefit include such basics as:

■ Using generally accepted accounting principles unless instructed to do otherwise by the IRS.

■ Measuring actual costs, not “opportunity cost” or the “value” of a service.

■ Using the most accurate cost accounting method available, whether that be a cost accounting system or a ratio of cost to charges.

■ Avoiding double counting and maintaining an audit trail.

## **7 THE PROGRAM WORKS IN COLLABORATION WITH COMMUNITY PARTNERS.**

Collaboration with community members and groups is essential to effective community benefit programs. This means identifying the *right partners*, behaving the *right way* and selecting the *right programs* to work on together. A description of each follows:

■ **Right Partners:** Potential partners include public agencies and their leaders: schools, health departments, social service and law enforcement agencies. Others might include community groups, consumer groups, neighborhood leaders, civic organizations and foundations. Academic institutions, including schools of public health and welfare, can help with community assessment, program planning and evaluation.

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Essential to an effective program is collaboration with other providers: physicians and other health professionals, other health care organizations, mental health professionals, administrators of housing programs and insurers.

■ **Right Way:** Behaving the right way in collaborative relationships means sharing decision-making authority with others, meeting in the community rather than the hospital, keeping agendas and timelines flexible, and allowing time for the group to build trust and to understand the assets each partner brings to the table.

■ **Right Programs:** Selecting initiatives to work on in collaboration with others should be a group process. The health care organization may have statistical information about health needs in the community, but if this information does not match what community partners think is important, it is unlikely the program will succeed.

The right programs build on existing community programs and capacities. They do not compete with or supplant programs that are working or could be improved.

## **8 THE ORGANIZATION IS KNOWLEDGEABLE ABOUT COMMUNITY NEEDS AND ASSETS.**

Health organizations don't need to conduct community need assessments. In fact, it is best to start by finding an existing community assessment or an assessment process already in place. If a community assessment is available (often from state or local public health departments or the United Way), review it for timeliness and determine whether target populations have been assessed, and then look for areas needing further exploration.

If a community-based assessment is underway, ask to join the process and bring the skills and knowledge of the health care organization to the process. If there is no assessment process going on, consider joining with other health care orga-



nizations and community groups to get one started.

### **9 PROGRAMS ARE STRATEGICALLY PLANNED AND INTEGRATED INTO THE ORGANIZATION'S PLANNING PROCESS.**

Envision two community benefit programs: Program A has more than 45 discrete activities: health fairs, mobile clinics, lectures to community groups, mentoring high school students, camp for sick kids and many more. Program B focuses on two community needs: children's mental health and adults with diabetes, both with multiple activities, all working toward the goals of the two initiatives. Which is more likely to have an impact on the community? If you said B, you are probably right.

**Quality and effectiveness are integral to core functions of health care organizations. That is why they must be central to community benefit programs as well.**

A community benefit program deserves the same careful planning as all activities in the health care organization. It involves:

- Looking at community needs and assets.
- Selecting priorities among competing needs, based on the scope and importance of community health problems and the health care organization's and community's capacities.
- Selecting an evidence-based approach to address the need, one that has been successful with a similar population elsewhere.
- Developing program goals, objectives and indicators for assessing whether goals and objectives have been met.

Increasingly, health care organizations are making community benefit or community health part of their strategic plans. This means including information about health needs in the community within the plans' assessments and setting aside one or more goals for community benefit/community health.

Another approach is to have a separate community benefit plan that describes community needs

and assets, priorities, program objectives, and the method of how success and effectiveness is to be determined. If the organization has a community benefit separate from its strategic plan, the two should be *interrelated*, with ongoing communication and sharing of information among the staff members responsible for the plans.

Whichever approach is used, it is important that information about community health needs, including access problems, are considered in all of the organization's planning and decisions.

### **10 EVALUATION IS BUILT INTO THE PROGRAM.**

Quality and effectiveness are integral to core functions of health care organizations. That is why they must be central to community benefit programs as well. Programs should be evaluated to ensure that:

- They are structured with sufficient resources to provide effective community service.
- They are targeted to persons and populations most in need.
- They work toward achieving well-developed and explicit goals and objectives.
- They are executed as planned and reviewed for quality.
- Resources are used prudently and effectively.
- Effectiveness is monitored.
- Evaluation results drive decisions about continuing, changing, replicating and discontinuing programs.

All major community benefit programs should be evaluated for how they are being implemented (process evaluation) and their results (impact evaluation). Smaller programs should be periodically reviewed, at least in regard to whether the target population is being reached and whether the need for the program continues.

Some organizations have within their staff persons who are knowledgeable and skilled in program evaluation. Other facilities look to academic centers or consultants to coach their staff or to conduct the evaluation.

### **11 ATTENTION TO EFFECTIVE COMMUNICATIONS CAN BE FOUND IN ALL ASPECTS OF THE PROGRAM.**

Community benefit requires communication. An effective organization communicates:

- About community health need, especially



what community members think is most needed.

- Among partners to ensure that a collaborative approach is used to select the right initiatives and to implement the programs.

- With various leaders and departments within the organization to ensure the organization's community-related goals are clear and achieved.

- About the need for volunteers and philanthropic dollars to provide the resources needed for the community health programs.

- The community benefit story to staff, physicians, volunteers, donors, community members, public officials and others.

- The story behind the story when an organization files the IRS form 990H, so that reviewers know that its community benefit contributions are more than just numbers.

Communications about community benefit must be more than an annual report or its 990H. It should be a year-round effort of looking for opportunities to tell about community need and ways in which the facility is working with others to help improve community health and increase access to needed services.

**12 THE HEALTH CARE ORGANIZATION MAKES AN IMPACT ON THE PUBLIC HEALTH AND/OR ADVANCEMENT OF KNOWLEDGE.** Programs and activities should meet community benefit objectives, including:

**It is best to start by finding an existing community assessment or an assessment process already in place. If a community assessment is available, review it for timeliness and determine whether target populations have been assessed, and then look for areas needing further exploration.**

- Addressing a community need: Is your program improving the problem it is dealing with?

- Improving access to service: Is the organization actively working to increase access to health care for persons who experience barriers?

- Improving community health: Can you show that the health of the community has improved? Are immunization rates higher? Are there fewer avoidable emergency room visits?

- Educating health professionals for the future: Is the organization engaged in research that will impact health care and medicine?

- Accomplishing what governmental agencies might otherwise have to do. ■



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#### NOTE

1. Lawrence Prybil et al., *Governance in Non-profit Community Health Systems: An Initial Report on CEO Perspectives* (Chicago: Grant Thornton LLP, February 2008), 29. Available at [www.public-health.uiowa.edu](http://www.public-health.uiowa.edu).

The Catholic Health Association's office of community benefit welcomes additional suggestions for characteristics of world-class community benefit programs. Send your suggestions to Julie Trocchio at [jtrocchio@chausa.org](mailto:jtrocchio@chausa.org).

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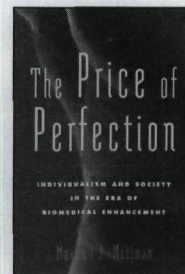
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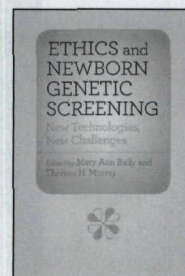
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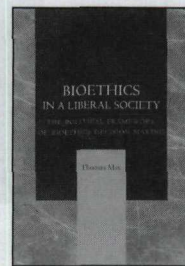
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