As interest in community benefit grows nationally, so does interest in hospital reporting on community benefit activities. Meeting IRS reporting requirements has tended to dominate the discussion, but making annual reports to the public on a not-for-profit hospital’s community benefit assessment and activities represents a key channel for hospitals to communicate to their critical stakeholders and constituencies. However, hardly any studies have examined the content and communication style of such community benefit reports, thus there are no accepted “best practices.”

St. Mary Medical Center in Langhorne, Pa., commissioned this study to compare its 2008 Community Benefit Annual Report with community benefit reports from a set of 20 peer hospitals, both local and national. To make up the peer group, we selected five Catholic hospitals in Pennsylvania, and then we used the 100 Top Hospitals list annually compiled by Thomson Reuters to select five more Catholic hospitals plus 10 large community hospitals.

We put together a list of communication practices we deemed likely to promote credibility, transparency and ease of understanding for those reading the community benefit report.

Thomson Reuters’ list of 100 Top Hospitals includes hospitals that are both high quality and efficient. High quality is demonstrated through enhanced patient survival and reduced patient complications. High efficiency is demonstrated through reduced expense per discharge. We treated the Thomson Reuters focus on quality (in terms of enhanced patient survival and reduced patient complications) and cost-efficiency as a reasonable proxy for mission orientation because it involves using scarce hospital resources efficiently to provide high quality care. It seemed appropriate to compare St. Mary Medical Center’s reporting practices with reputable national hospitals committed to mission and community benefit.

Then we put together a list of communication practices we deemed likely to promote credibility, transparency and ease of understanding for those reading the community benefit report. The study looked for these benchmarks in community benefit reports:

- A letter from the board. The board represents the community and is responsible for overseeing community benefit activities.
- A letter from the chief executive. Since CEOs implement community benefit activities under the oversight of the board, the chief executive’s viewpoint is valuable.
- A listing of community benefit expenditures printed early in the report. Given the importance of expenditure information, having these numbers appear early rather than late in the pages increases the chance they will not be missed by readers who lack time to read the entire report.
- Total hospital revenue or total expenditures printed alongside the community benefit expenditures. Communicating such data packaged together gives context and helps the reader understand the size of the hospital and its cost picture.
- Definitions of community benefit categories. These help readers to better understand expenditure categories.
- Leave out Medicare shortfall and bad
debts. According to IRS guidance, Medicare shortfall and bad debts should be excluded when reporting community benefit.

- **List community partners.** Partnerships with community organizations are essential for the effectiveness of community benefit initiatives. Partnership lists also convey the size and breadth of partnerships carried out.

### Giving community benefit a human face helps readers to better understand such activities.

- **Balance text with photographs.** We measured the percentage of space devoted to photographs in the reports, as we believe photos help illustrate community benefit activities and improve reader understanding. A low percentage of photographs indicate inadequate illustration of the text (though a very high percentage could indicate lack of sufficient text).
- **No “multiplier effect.”** Some hospitals characterize the multiplier effect of their wages and salaries on the local and regional economy as community benefit. The multiplier effect does not fit IRS guidelines on community benefit.
- **Put in some people.** Describe some individuals who were involved with or participated in the hospital’s community benefit activities. Giving community benefit a human face helps readers to better understand such activities.

### Count the cases.** Putting a number to the community benefit cases provides a broader, more comprehensive illustration of the nature of activities.

### TAKING EXTRA STEPS

Based on the analysis, St. Mary Medical Center found its community benefit report met such benchmarks as keeping community benefit expenditure data at the front of the report and balancing text and photos, following IRS guidance in excluding Medicare shortfall, bad debt and “multiplier effect” figures, listing community partners and putting a face on community benefit activities with a case description.

The medical center immediately decided to add a letter to the community from the chief executive and/or the board in its next community benefit report. St. Mary also plans to explore conducting and including details of a community health needs assessment and analyzing and including outcomes of community benefit interventions.

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