COMMUNITY BENEFIT AT CHA: HOW IT STARTED AND WHERE IT'S HEADED

CHA developed as the go-to resource for community benefit reporting and compliance in the 1980s, and the organization continues to lead the field today. This work includes creating the conditions for whole-person health and improving care access and outcomes for all people, with focus on integrating equity throughout our systems and communities. Community benefit work is done across the continuum of health care, including addressing the social determinants of health, and we tell the story of nonprofit health care and monitor our work using data.

CHA'S COMMUNITY BENEFIT HISTORY

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In the '80s, when nonprofit hospitals were being questioned on whether they deserved to be exempt from federal taxes, CHA decided to take on the challenge to outline what makes nonprofit hospitals distinct from for-profit hospitals.[1]

There had been a sharp increase in the number of for-profit hospitals, a relatively new phenomenon. For-profit and nonprofit hospitals looked alike in many ways and some scholars and policymakers were asking if they were, in fact, the same and whether federal tax-exemption should be eliminated for the nonprofits.

This was a great issue of concern to CHA's board of trustees. Tax exemption not only meant not paying federal taxes, but also meant being recognized as a charitable, community benefit organization.[2] "Charitable" to CHA leaders meant "mission-driven," suggesting that the question was more than "Are nonprofit hospitals the same as for-profits?" Instead, it was actually, "Are Catholic hospitals businesses or ministries?"

Adding to their concern was the move by some for-profit hospital systems to try to purchase Catholic hospitals. All this was taking place against a deep appreciation of the history and tradition of Catholic health care organizations, which had been conceived out of community need and often founded at great sacrifice.

Another backdrop at the time was the recent introduction of Medicare's prospective payment system. No longer would hospitals be reimbursed based on their reported costs, but by a new system using Severity Diagnosis Related Groups, which classified a Medicare patient's hospital stay into various groups to arrange payment for provided services. Some CHA leaders worried that the new payment system, while encouraging efficiency, would prompt hospitals to limit their charitable activities.

To advocate for tax-exempt hospitals, health policy expert Larry Lewin and others wrote an article in *The New England Journal of Medicine* called "Setting the Record Straight."[3] They argued that nonprofit hospitals distinguished themselves through their involvement in health professional education, by subsidizing needed services and through their activities that improve the health of communities.

The CHA board invited Lewin to help us categorize the activities he had described in his article that distinguish Catholic and other nonprofit hospitals, and to develop a way to account for and report these services. A task force led by then-CHA board secretary-treasurer Sr. Bernice Coreil, DC, was formed to oversee the work. During a task force meeting, a member said he had a large family, and explained, "If we only gave to charity what we had left over at the end of the year, we wouldn't give anything. If hospitals are going to continue their charitable tradition, they need to budget for it." Thinking like that led to CHA's first guide

for nonprofit hospitals on how to provide, track and report community benefit services. It was published in 1989, and called *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint*.[4]

Over the years, CHA's board, prophetic in the '80s, continued to support community benefit as integral to the mission and identity of Catholic health care. Community benefit continued to be part of CHA's strategic plans and budgets, whether or not tax-exemption was a hot-button policy issue.

When the issue rose again nearly two decades later, CHA was ready. In 2006, Sen. Chuck Grassley, R-Iowa, chair of the Senate Finance Committee, asked if hospitals deserved tax-exemption and if the requirement for providing community benefit was strong enough. CHA responded, showing him our widely used system of defining and reporting community benefits. Subsequently, Grassley instructed the Internal Revenue Service to incorporate CHA's community benefit reporting system into a tax form for exempt hospitals — the IRS Form 990, Schedule H — first issued in 2008.

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GOING FORWARD

Today, CHA's original *Social Accountability Budget* is now the *Guide for Planning and Reporting Community Benefit*.[5] It was updated to incorporate new requirements from the Affordable Care Act and subsequent IRS rules, and most recently to address equity and health disparities.

In the future, CHA's community benefit work will focus on creating conditions for whole-person health and improving health outcomes for all, with a focus on integrating equity throughout our systems and communities. We will continue to do this through our work across the continuum of health care — including addressing the social determinants of health,[6] confronting structural racism, reducing disparities and working to build trust with all of our communities through effective and collaborative partnerships. Through new and more accurate data sources, our efforts will lead to better strategies to improve community health and new ways to monitor community benefit practices. Community health improvement programs will continue the trend of going beyond reportable activities and strive to improve the economic status of struggling communities through anchor strategies, including purchasing, investing and hiring.[7]

The emphasis on social determinants of health will also dominate community benefit programs for years to come. COVID reminded us that housing instability and food insecurity are a hair's breath away for too many people in our communities. We must find new ways to work with community partners and government agencies to ensure that all in our communities have what they need to thrive. Hospitals are facing new challenges, with some recent reports and articles criticizing hospitals. Some states and organizations are trying to redefine community benefit to exclude such vital programs as medical education, research and even Medicaid shortfalls. Our hospitals must be more vigilant than ever in telling our community benefit story.

Community benefit — in our past, present and future — is grounded in our *Shared Statement of Identity for the Catholic Health Ministry*. Through this work, it states, we will continue to "... answer God's call to foster healing, act with compassion, and promote wellness for all persons and communities, with special attention to our neighbors who are poor, underserved, and most vulnerable." We are excited to continue our journey.

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NOTES

1. Julie Trocchio, "CHA's Community Benefit Evolution Reaps Health Care Results," *Health Progress* 100, no. 4 (July/August 2019): 64-68.
2. "Revenue Ruling 69-545," IRS, https://www.irs.gov/pub/irs-tege/rr69-545.pdf.
3. Lawrence S. Lewin, Timothy J. Eckels, and Linda B. Miller, "Setting the Record Straight," *The New England Journal of Medicine* 318, no. 18 (May 5, 1988): 1212-15.
4. Catholic Health Association, *Social Accountability Budget: A Process for Planning and Reporting Community Service in a Time of Fiscal Constraint* (St. Louis: Catholic Health Association, 1989).
5. Julie Trocchio, "CHA Guide Incorporates Equity Into All Aspects of Community Benefit," *Health Progress* 104, no. 1 (Winter 2023): 58-60.
6. "Social Determinants of Health," U.S. Department of Health and Human Services, https://health.gov/healthypeople/priority-areas/social-determinants-health.
7. Bich Ha Pham and David Zuckerman, "Health Anchors Invest to Build Community Wealth, Improve Well-Being," *Health Progress* 102, no. 3 (Summer 2021): 72-75; Bich Ha Pham and David Zuckerman, "Health Care Organizations Expand Anchor Role," *Health Progress* 101, no. 3 (Summer 2020): 101-103.

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