



Something Old, Something New: CHA's Updated *Guide for Planning and Reporting Community Benefit*



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The Catholic Health Association has revised its widely used community benefit resource, *A Guide for Planning and Reporting Community Benefit*, to make it consistent with the recently released Internal Revenue Service instructions for submitting community benefit information on the new Form 990 Schedule H and to incorporate current information from the rapidly developing field of community benefit. This new edition of the *CHA Guide* was developed in cooperation with VHA Inc., CHA's longtime community benefit partner. It is scheduled for late fall release and will be available through CHA's order processing department by calling (314) 253-3458.

Like the 2006 edition, the new edition discusses the foundation of community benefit, including the traditions and values that inspire and guide these programs, and stresses the accountability imperative for serving our communities and demonstrating faithfulness to the missions of our organizations.

The new edition retains the basic chapters of the previous edition with an important addition: a new chapter titled, "Getting Started." This new chapter was developed especially for people and organizations new to community benefit or who want to start building a more strategic approach. The chapter provides guidelines on:

- Establishing responsibility for the community benefit program
- Conducting an inventory of community benefit program and key policies
- Gaining an overall sense of community needs and resources
- Identifying partners for community benefit both within and outside of the organization.

Chapters retained from the 2006 edition include:

- Building a community benefit infrastructure

- Planning and evaluating programs
- Determining "what counts" as community benefit
- Accounting principles
- Telling the community benefit story
- Long-term care and community benefit

These chapters and related guidelines have been enhanced, not only to be current with IRS instructions for the Schedule H, but also to better reflect the experience of CHA members, information from academic public health centers, and insights of advisors from the broader health care universe, including health care finance and auditing experts, children's hospitals, and rural health and teaching hospitals. The following topics have been updated to reflect the input of these groups.

CHANGING "WHAT COUNTS" AND ACCOUNTING

The IRS based its new reporting form, the Schedule H, on the CHA guidelines for reporting community benefit described in the 2006 edition. However, the IRS departed from CHA's positions in several key areas, and these are addressed in the 2008 edition. The revised chapter on determining what counts as a community benefit contains some of the changed positions. For example:

1) The Schedule H does not include "community building activities in its summary of community benefit," i.e., initiatives that address the root cause of health problems such as anti-poverty programs, low-income housing, and workforce development. Instead, the IRS asks hospitals to report these activities in a separate section. The new edition describes how to report community building activities on the Schedule H, but also suggests hospitals could include them with other community benefit activities in other reports.

2) Instructions for the Schedule H specifically direct hospitals to exclude from community benefit any expenditures made to reduce environmental hazards caused by their activities. CHA's prior definition of community benefit included activities related to environmental responsibility, such as reductions in energy use, waste and hazards. The new edition explains the change and notes that facilities can report these activities in the "supplemental information" section of the Schedule H and in the narrative portion of other community benefit reports.

3) The IRS instructions narrowly define research expenses that can be reported as community benefit. The 2006 edition did not distinguish between research funded by industry (pharmaceutical and medical device firms) and that funded by tax-exempt sources (foundations, National Institutes of Health, and the organization itself). The revised edition aligns its guidance with the IRS in stating research should be reported only if it is funded by government or tax-exempt organizations and is designed to yield "generalizable knowledge" available to the public.

4) *Only* in-kind and cash donations made to organizations and community groups to be used for community benefit activities and programs can be reported as community benefit, according to the IRS and the revised guide. Hospitals are directed to report donations that support community building activities in that category rather than as a "cash and in-kind donation."

Since the 2006 edition was released, CHA and VHA members and our consultants have revised the original framework for determining whether an activity should be reported as a community benefit. This framework was incorporated by the IRS in its instructions for the Schedule H and is described in the updated guide.

The revised framework recommends that to be considered a community benefit, a program or service should first meet an identified community need. It should also meet at least one of the following community benefit objectives:

- Improve access to health care
- Improve community health
- Advance knowledge through education or research
- Relieve a government burden

Other changes to the 2006 edition that bring

the 2008 version in line with Schedule H instructions are related to the accounting of community benefit. These include:

1) Grants that are restricted to be used for community benefit activities are not to be included in "direct offsetting revenue." However, the CHA guide recommends that organizations keep track of these resources for budgeting, planning and other purposes.

2) The "ratio of patient care cost to charges" is modified to remove bad debt expense from the ratio and to allow more precise accounting for the cost of non-patient care activities.

3) Bad debt no longer is to be included in the losses reported for subsidized health services.

4) Consistent with Schedule H requirements, if revenues derived from community benefit activities are greater than costs, the gains should now be reported as a negative net community benefit expense. (The 2006 edition recommended that if "direct offsetting revenue" is greater than "total cost," the "net cost" of the community benefit in question should be valued at \$0, rather than included as a negative number.)

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PLANNING AND EVALUATION IMPROVEMENTS

The 2008 edition's chapters on planning and evaluating community benefit programs are enhanced, based on the work of a CHA task force to incorporate principles of public health into community benefit program planning and evaluation. Key concepts from a CHA resource on program evaluation, currently being pilot tested and scheduled for release in spring 2009, have been incorporated in the updated edition of the guide.

The revised planning and evaluation approach provides guidelines for developing a program theory (preferably from an evidence-based source), as well as for establishing goals, objectives and indicators for knowing whether objectives are met. The logic model, used in public health and social

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program planning and evaluation, is described with community benefit examples.

TELLING THE COMMUNITY BENEFIT STORY BETTER

The National Association of Children's Hospitals and Related Institutions helped re-craft the revised guide's communications chapter. Guidelines describe how to assess the needs and interests of various audiences, tailor the community benefit message and work with others to describe the impact of the community benefit program. A new section gives helpful suggestions for working with the media. Like the previous edition of the guide, the revised edition stresses the importance of involving the health care organization's communications staff in all aspects of community benefit programming.

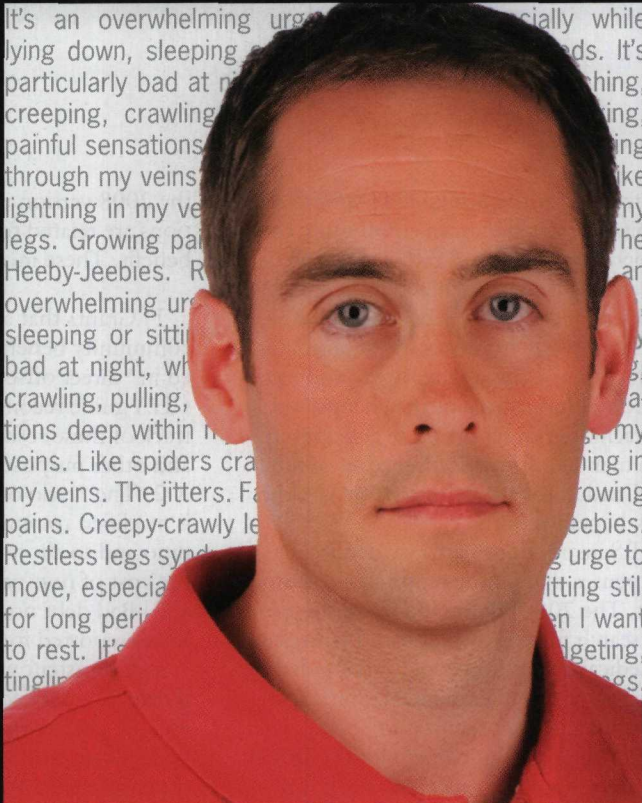
ADAPTING GUIDELINES WITH NATIONAL PARTNERS

Other national organizations assisted in the guide's revision. The Association of Academic Medical Centers helped both the IRS and CHA with the definition and accounting of health professional education programs and research. The National Rural Health Association provided advice on how the guidelines could be adapted by critical access hospitals and other small rural facilities. CHAN, an organization that provides internal auditing services for not-for-profit health care, provided technical assistance for accounting.

The 2006 version of the guide proved to be both popular with readers and influential in the IRS process to prepare the new Schedule H. And, so far, the revised edition is getting good reviews. Renee Hanrahan, a CHA advisory committee member and newcomer to community benefit, said, "With every page of the drafts I reviewed I found myself saying, 'this is exactly the information I've been looking for.'" ■



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It's an overwhelming urge to get up and move, especially while lying down, sleeping or sitting. It's particularly bad at night, when I'm creeping, crawling, pulling, or tugging at my veins. Like spiders crawling through my veins. The jitters. Falling asleep is a struggle. Restless legs syndrome. I have to move, especially at night. It's a struggle to rest. It's a struggle to get to sleep. It's a struggle to get to sleep. It's a struggle to get to sleep.

For me, it feels like bugs crawling underneath my skin or ice burning in my veins. What I feel may be different than what other people experience, but the problem is the same – restless legs syndrome or RLS. I'm glad to know I'm not alone.

- Joseph, age 36
Living with RLS

Joseph has restless legs syndrome, or RLS. Because of his RLS, he averaged 2 to 3 hours of sleep a night over a three year period. The lack of sleep had a major impact on his life.

Approximately 10 percent of American adults suffer from RLS, which causes uncomfortable and sometimes painful sensations in the legs that can only be relieved with movement.

Each person's experience with RLS is unique. The key to living with RLS is seeking help and learning how to manage the symptoms. Talking to your doctor can help.



Learn more today, visit
www.WhatisRLS.org

