Driven by new requirements for accountability combined with new and continuing community need, senior hospital leaders are taking stronger roles in community benefit programs. It has become increasingly obvious over time that active engagement at the top is essential for success, and statements from the American College of Healthcare Executives and the Catholic Health Association have offered solid backing for executive involvement. (See sidebar.) So this additional high-level engagement is good news for programs.

Here is a program senior executives might follow when getting more involved.

BUILD A STRUCTURE FOR COMMUNITY BENEFIT

*Because* community benefit is part of the history, tradition and identity of not-for-profit health care, senior leaders should:
- Review whether and how often the word “community” appears in their organization’s statements of mission, vision and values

*Because* community benefit requires adequate resources to achieve results, senior leaders should:
- Appoint qualified person(s) to staff the community benefit program/department
- Ensure the program has sufficient financial and other resources

*Because* the success of the community benefit program depends largely on the commitment of senior leaders, senior leaders should:
- Be accountable to the board for setting and achieving community benefit goals and objectives
- Be an internal and external champion for community benefit

ENSURE THAT COMMUNITY BENEFIT IS PLANNED STRATEGICALLY.

*Because* community benefit plans should be based on an assessment of community need and because the IRS 990 H directs organizations to “describe how the organization assesses the health care needs of the communities it serves,” senior leaders should:
- Allocate sufficient resources for and review the findings of the community assessment
- Call for an assessment every three years with annual updates

*Because* community benefit plans should be integrated into the organization’s plan and budget, senior leaders should:
- Incorporate community assessment information in the assessment section of the strategic plan
- Specify community benefit goals and objectives and/or strategies in the organization’s strategic plan
- Make community benefit explicit in the organization’s budget

*Because* the most successful community benefit programs are planned in collaboration with the community, especially persons who will be participating in the program, senior leaders should:
- Collaborate
- Collaborate
- Collaborate

REPORT ACCURATELY, IN A STANDARDIZED WAY, WHAT COUNTS AS COMMUNITY BENEFIT

*Because* the IRS 990 instructions require that, to be considered a community benefit, an activity must address an identified community need, senior leaders should:
Maintain a record/audit trail of why each community benefit activity began (the need) and whether the need continues.

Because charity care/financial assistance is defined as free and discounted (below cost) care for persons meeting the organization’s criteria for financial assistance, senior leaders should:

- Review and revise financial assistance policies to assure that they meet professional standards (see the Healthcare Financial Management Association’s Patient Friendly Billing policies) and that the policies qualify all persons unable to pay.

Because charity care/financial assistance is reported as community benefit but bad debt is not, senior leaders should:

- Review policies and procedures for granting and processing financial assistance to be sure that bad debt accounts are separated from financial assistance.

DIRECT THAT PROFESSIONAL ACCOUNTING PRINCIPLES GUIDE THE ACCOUNTING FOR COMMUNITY BENEFIT

Because accounting for community benefit should be transparent and meet professional standards, senior leaders should:

- Develop an audit trail for community benefit programs and review the Healthcare Financial Management Association’s guidance on reporting community benefit.

Because tracking and accounting for community benefit require collaboration among community benefit and finance personnel (and others), senior leaders should:

- Encourage a team approach for all aspects of community benefit, including accounting.

EXECUTIVE INVOLVEMENT IN COMMUNITY HEALTH

The American College of Healthcare Executives, in its 1988 Code of Ethics, articulated the importance of executive involvement in community health:

The healthcare executive shall:

A. Work to identify and meet the healthcare needs of the community;
B. Work to support access to healthcare services for all people;
C. Encourage and participate in public dialogue on healthcare policy issues, and advocate solutions that will improve health status and promote quality healthcare;
D. Apply short- and long-term assessments to management decisions affecting both community and society; and
E. Provide prospective patients and others with adequate and accurate information, enabling them to make enlightened decisions regarding services.

In addition, the college’s “Policy Position on the Community Service Ethic” says:

“A commitment to caring for the sick, uninsured and disadvantaged has long been a cornerstone of our healthcare system. It is also a commitment personally embraced by healthcare executives who lead our nation’s healthcare organizations. But the healthcare executive’s responsibility to the community does not end here — it encompasses some commitment to improving community health status and addressing the societal issues that contribute to poor health, as well as personally working for the betterment of the community-at-large.

Taking a leadership role in serving the community is the responsibility of all healthcare executives regardless of the occupational setting or ownership structure. Further, when providers, individuals and communities work toward common goals, the results can be significant: reduced health care cost, appropriate use of limited healthcare resources, and ultimately, a healthier community.”

CHA’s Guide for Planning and Reporting Community Benefit discusses key elements of successful community benefit programs: building a sustainable structure, planning in a strategic way, using standardized reporting and accounting principles, ensuring the quality of programs and communicating the community benefit story. There is a role for executives in each of these elements.
Because the full expense of community benefit activities can be reported on the IRS Form 990 H without offsetting revenue from grants and donations, senior leaders should:
- Consider applying for grants to help support the community benefit program

ENSURE THE QUALITY AND EFFECTIVENESS OF COMMUNITY BENEFIT PROGRAMS
Because the organization’s overall community benefit program and strategy should be evaluated, senior leaders should:
- Periodically assess whether the organization’s community benefit program has adequate resources, goals and if the program is targeted for maximum impact

Because evaluation of individual programs should include assessment of its implementation (how it is being carried out) and impact (whether it is making a difference), senior leaders should:
- Call for community benefit evaluation that goes beyond attendance

Because not all programs need to be evaluated in the same way or to the same extent, senior leaders should:
- Target evaluation resources to answer the most important questions about community benefit programs

Because some evaluation activity can be conducted by internal staff but other activity will require outside expertise, senior leaders should:
- Contract for outside consultants or evaluators for programs that are complex or receive grant funding

TELL THE COMMUNITY BENEFIT STORY.
Because continued preferential tax treatment depends on policymakers believing the organization deserves tax exemption, senior leaders should:
- Include a discussion of community benefit in all encounters with policymakers

Because communications specialists have expertise in telling the community benefit story, senior leaders should:
- Involve the communications department in all aspects of the community benefit program

Because the IRS form 990 H is publicly accessible, senior leaders should:
- Be sure that the community benefit information reported in 990 H is accurate and complete

Because the IRS form 909 H asks if the organization prepares an annual community benefit report, senior leaders should:
- Prepare an annual community benefit report and make it publicly available

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CHECKLIST FOR EXECUTIVES
- Build a structure for community benefit.
- Ensure that community benefit is planned strategically.
- Report accurately, in a standardized way, what counts as community benefit.
- Direct that professional accounting principles guide the accounting for community benefit.
- Ensure the quality and effectiveness of community benefit programs.
- Tell the community benefit story.