What Counts as Community Benefit Webinar

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Julie Trochilo
The Catholic Health Association

Trina Hackensmith
Lyon Software

Reflection

"Pope Francis recently gave renewed attention to the works of mercy when he suggested that being "stewards of creation" would be a worthy addition. The pope invites us all to imagine the new ways mercy might be lived out in today's world. What if we took that same imagination and applied it to the Gospel of Matthew?

"For I was hungry and you ensured I did not live in a food desert, I was thirsty and you guaranteed my tap water was safe to drink, a stranger and your laws allowed me to find asylum, naked and your donation did not shame me, ill and you ensured I had affordable health insurance, in prison and the system rehabilitated me."
Your Speaker for Today’s Webinar

Trina S. Hackensmith
Vice President
Lyon Software

Trina Hackensmith joined Lyon Software in February of 2006. With a background in finance, computer networking and customer relations, she initially served in technical and customer support. Within several months, she transitioned into training hospitals, health systems, senior living communities and colleges and universities how to use Lyon Software's CBISA (Community Benefit Inventory for Social Accountability) program. She is now a vice president and lead trainer for Lyon Software and enjoys travelling around the country meeting and training community benefit champions.

Ms. Hackensmith graduated from Liberty University in 1986 with a bachelor of science degree in Finance and enjoyed a long career in the mortgage banking industry prior to joining Lyon Software.

What Counts

To count, a program or activity must respond to a demonstrated health-related community need and seek to achieve at least one community benefit objective:

1. Improve access to health services
2. Enhance public health
3. Advance knowledge through education or research
4. Relieve or reduce a health burden of government or other tax-exempt organization
Programs should **not** be counted if:

- An objective, “prudent layperson” would question whether the program truly benefits the community
- The program represents a community benefit provided by another entity or individual, such as
  - Activities by employees on their own time
- The program benefits the organization more than the community:
  - Generates referrals principally to the hospital versus community resources

Programs should **not** be counted if:

- Access to the program is restricted to employees or medical staff affiliated with the hospital, such as Continuing Medical Education program, only for your medical staff
- The activity represents a normal “cost of doing business” or is associated with the current standard of care (expected of taxable and tax-exempt entities alike)
  - Employee benefits, such as in-service trainings
  - Licensure or accreditation requirements
  - Discharge planning
What Counts

Community Benefit Categories

I. Financial Assistance (Charity Care)

II. Government Means-Tested Health Programs – unpaid costs of public programs
   -- Medicaid
   -- State Children's Health Insurance Program
   -- Medically indigent programs

III. Community Benefit Services

Community Benefit: Rooted in Catholic Tradition

What Is Community Benefit?

Categories of Community Benefit Services:

- Community Health Services
- Health Profession Education
- Subsidized Health Services
- Research
- Financial Contributions
- Community Building Activities
Financial Assistance (Charity Care)

IRS Definition:

Financial assistance means free and discounted health care services provided to persons who meet the organization’s criteria for financial assistance and therefore, deemed unable to pay for all or a portion of such services.

The following should not be reported as financial assistance

- Prompt pay or self-pay discounts
- Contractual allowances
- Information reported elsewhere, such as losses from means-tested programs
- Bad debt
Medicaid and Other Means-Tested Government Programs

**IRS Definitions:**

**Medicaid:** The United States health program for individuals and families with low incomes and resources

**Other Means-Tested Government Programs:**
Government-sponsored health programs where eligibility for benefits or coverage is determined by income and/or assets. Examples include:

- The State Children’s Health Insurance Program (SCHIP), a United States federal government program that gives funds to states in order to provide health insurance to families with children
- Other federal, state and local health care programs

Community Health Improvement Services

**IRS Definition:**

Activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving community health.

Such services do not generate inpatient or outpatient revenue, although there may be a nominal patient fee or sliding scale fee for these services.
Community Health Improvement Categories

1. **Community health education**, including classes and education campaigns, support groups and self-help groups

2. **Community-based clinical services**, such as screenings, flu vaccine clinics and mobile units provided on a one-time or special event basis

3. **Health care support services**, such as transportation and enrollment into Medicaid for individuals

4. **Social and environmental improvement activities**, such as removing hazardous materials like asbestos or lead from public housing or violence prevention

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Community Health Improvement

**Does it count?**
- Immunization for low-income children?
- Flu shots for employees?

**Why?**
**Health Professions Education**

*IRS Definition:*

*Educational programs that result in a degree, certificate, or training necessary to be licensed to practice as a health professional, as required by state law; or continuing education necessary to retain state license or certification by a board in the individual’s health profession specialty.*

*It does not include education or training programs available exclusively to the organization’s employees and medical staff or scholarships provided to those individuals.*

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**Health Professions Education**

*Does it count?*

- Continuing medical education for community physicians?
- Continuing medical education for own medical staff?

*Why?*
Health Professions Education

**Does it count?**
- Nurse education if graduates are free to seek employment at any organization?
- Nurse education if graduates are required to become the organization’s employees?

**Why?**

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Subsidized Services

**IRS Definition:**

*Clinical services provided despite a financial loss to the organization.*

*The financial loss is measured after removing losses, measured by cost, associated with bad debt, charity care/financial assistance, Medicaid and other means-tested government programs.*
Subsidized Services

- Provided because of community need
- Includes inpatient programs and outpatient programs such as satellite clinics designed to serve low-income communities, and home health programs
- Excludes ancillary services such as radiology, anesthesiology, and lab

Subsidized Services

**Does it count?**
- Mobile mammogram unit for uninsured and uninsured persons?
- Hospitalist programs?

**Why?**
Subsidized Services

Does it count?
- Mental health service with high census, and Medicaid patients?
- Mental health service with low census that loses money?

Why?

Research

IRS Definition:
Any study or investigation that receives funding from a tax-exempt or governmental entity of which the goal is to generate generalizable knowledge that is made available to the public ...

- Self-funded research can be reported.
- Research funded by for-profits can be reported in Schedule H, Part VI but not quantified in Part I
Does it count?
- Research on how to reduce disparities in cancer?
- Study on whether to open a new cardiac unit?

Why?

Does it count?
- Study on how to triage emergency department patients, results published in professional journal?
- Quality assurance study on reducing medication errors?

Why?
Cash and In-Kind Contributions

**IRS Definition:**

*Contributions made by the organization to health care organizations and other community groups restricted in writing to one or more of the community benefit activities described [as community benefit].*

*In-kind contributions include the cost of staff hours donated by the organization to the community while on the organization’s payroll, indirect cost of space donated to tax-exempt community groups (such as for meetings), and the financial value (generally measured at cost) of donated food, equipment, and supplies.*

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**Reporting Issues**

- Report only contributions for activities that would qualify as community benefit
- Include written restriction that funds will be used for a community benefit activity
- Do not include funds contributed by employees or emergency funds for employees
- Donations outside the community, including internationally, can be reported, but should not constitute a large portion of overall community benefit contributions
Cash and In-Kind Contributions

Does it count?

- Cost of staff working in a free clinic while on hospital payroll?
- Value of staff time when volunteering on their own time?

Why?

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Cash and In-Kind Contributions

Does it count?

- Equipment with remaining useful life donated to community clinic?
- Equipment that has been fully depreciated?

Why?
Cash and In-Kind Contributions

**Does it count?**
- Emergency funds provided to groups in the community?
- Emergency funds provided a) to employees or b) by employees?

**Why?**

Community Building

**IRS Definition:**

Activities ... to protect or improve the community’s health or safety, and that are not reportable in Part I of this schedule. Some community building activities may also meet the definition of community benefit.

*(Eight subcategories)*

**Reporting issue:**

Do not report in Part II if reported in Part I
Community Building Categories

**IRS Definitions:**

1. Physical improvements and housing
2. Economic development
3. Community support
4. Environmental improvements
5. Leadership development and training for community members
6. Coalition building
7. Community health improvement advocacy
8. Workforce development

Community Building: IRS EO Update – December 2015

“The instructions for Schedule H describe community benefit activities or programs as those addressing an established need that “seek to achieve a community benefit objective, including improving access to health services, enhancing public health, advancing increased general knowledge, and relief of a government burden to improve health.”

“Thus, some housing improvements and other spending on social determinants of health that meet a documented community need may qualify as community benefit for the purposes of meeting the community benefit standard.”
IRS Rules for CHNAs

“Needs may include, for example, the need to address financial and other barriers to accessing care, to prevent illness, to ensure adequate nutrition, or to address social, behavioral, and environmental factors that influence health in the community.”

Community Building

Does it count?
- Housing for low-income seniors?
- Housing for employees?

Why?
Community Benefit Operations

**IRS Definition:**

**Community Benefit Operations:** Activities associated with community health needs assessments as well as community benefit program administration. Community benefit operations also include the organization’s activities with fundraising or grant-writing for community benefit programs.

Does it count?

- Cost of conducting community health needs assessment?
- Consultant fees for feasibility study of new service line?

Why?
Community Benefit Operations

Does it count?
- Attending workshop of community benefit program evaluation?
- Attending workshop on management skills?
Why?

Questions