

# What is Community Benefit?



*Community benefit programs or activities provide treatment or promote health and healing as a response to identified community needs and meet at least one of these community benefit objectives.*

For a program to “count”:

1. It must address a documented community need, and
2. It must have at least one of these community benefit objectives
  - a) Improve access to health services
  - b) Enhance public health
  - c) Advance increased general knowledge
  - d) Relieve a government burden to improve health

# What is Community Benefit?



1. It must have at least one of these community benefit objectives

a) **Improve access to health care services**

- *The participants include underserved persons*
- *A program reduces or eliminates a barrier to **access***
- *The program is available broadly to the public and not only to insured persons and patients*
- *If the program ceased to exist, the community would lose **access** to a needed service*



# What is Community Benefit?



2. It must have at least one of these community benefit objectives

b) **Enhance public health**

- The program is designed around *public health goals* or initiatives
- The program yields *measurable improvements* to health status
- The community's health status would decline if the program ceased to exist
- A public health agency provides comparable services
- The program is operated in collaboration with public health partners



# What is Community Benefit?



3. It must have at least one of these community benefit objectives

c) **Advance increased medical knowledge**

- *The program results in a degree, certificate or training that is **needed to practice** as a health professional*
- *The organization does not require trainees to work for the organization after completing training*
- *Health professional continuing education programs are open to professionals in the community, not exclusively for the organization's employees and physicians*
- *The program involves health-related research that is funded by a tax-exempt source intended to be made **publicly available** and to be useful to other providers*



# What is Community Benefit?



4. It must have at least one of these community benefit objectives

d) **Relieve the burden of government to improve health**

- *The program or activity relieves a government financial or programmatic **burden for improving community health** or for providing access to care for vulnerable or medically underserved persons*
- *Government provides the same or a similar service*
- *Government provides financial support of the activity*
- *If the program ceased to exist, health-related cost to government or another tax-exempt organization **would increase***



# What is NOT Community Benefit



A program does not count as community benefit, if:

- The program is **primarily** for marketing purposes
- The program benefits the organization **more** than the community
- An objective “prudent layperson” would question whether the program **truly** benefits the community
- The program or contribution is **unrelated** to health or the organization’s mission
- The program represents a community benefit provided by another **entity or individual**





## What is NOT Community Benefit

- The program only serves the **hospital's patients** post-discharge and has return on investment to the hospital as its **primary** purpose
- The program is targeted only to the organization's "**covered lives**", or individuals for whom the organization bears financial risk
- Access to the program is **restricted** to hospital employees or physicians
- The activity represents a normal "**cost of doing business**" or is associated with the current standard of care or is required for licensure or accreditation



# Community Health Improvement Services



**Community Health Education:** Includes lectures, presentations, other group programs and activities, and development and dissemination of materials that focus on prevention and health behaviors.



COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Caregiver training for persons caring for family members at home.</li><li>• Education on specific diseases or conditions (e.g. diabetes or heart disease).</li><li>• Health fairs that respond to community health needs.</li><li>• Consumer health libraries.</li><li>• Parish and congregational health-related programs.</li></ul>	<ul style="list-style-type: none"><li>• Community calendars and newsletters primarily focused on marketing.</li><li>• Patient education that is part of comprehensive patient care (e.g., diabetes education provided only for patients).</li><li>• Health education sessions offered for a fee and that result in a profit.</li><li>• Childbirth and parenting education classes that are reimbursed or designed to attract paying or insured patients.</li></ul>





**Community-Based Clinical Services:** Clinical services provided on a *periodic* basis or as special events in the community. They do not include permanent subsidized hospital outpatient services

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• School and sports physical examinations (only if there is a demonstrated need for populations experiencing vulnerability).</li><li>• Skin cancer screenings.</li><li>• Colon cancer screenings.</li></ul>	<ul style="list-style-type: none"><li>• Screenings for which a profit is realized.</li><li>• Screenings when the primary purpose is to generate referrals to the organization or its physicians.</li><li>• Screenings provided primarily for public relations or marketing purposes.</li></ul>

**IMPORTANT:** To be considered community benefit, screenings should provide follow-up care as indicated, and provide access to services for all including individuals who are uninsured and underinsured. **Also, program must address a community health need and meets at least one community benefit objective.**



**A3: Health Care Support Services:** Health care and social support services are provided by the hospital to enhance access to and quality of health care services for vulnerable populations, especially persons living in poverty.

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Physician referral programs for Medicaid and uninsured persons.</li><li>• Assistance to enroll patients in health insurance marketplace programs.</li><li>• Enrollment assistance for patients in govt. health insurance programs for low-income persons (e.g. Medicaid)</li></ul>	<ul style="list-style-type: none"><li>• A physician referral program intended primarily for marketing purposes or only for hospital-affiliated physicians (<i>unless for uninsured or Medicaid patients</i>).</li><li>• Routine discharge planning.</li><li>• Written translation and interpreter services required of all providers.</li></ul>



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**Social and Environmental Improvement Activities:** These are programs and activities that improve the health of persons in the community by addressing social and community factors, poverty and economic stability, education, and neighborhood and the built environment.

COUNT	DON'T COUNT
<p><b>Social and Community Factors</b></p> <ul style="list-style-type: none"><li>• Support for activities serving youth in high risk situations.</li><li>• Reentry programs for persons who have been incarcerated.</li><li>• Activities related to <b>community resiliency and disaster preparedness</b> (beyond requirements expected of all organizations).</li><li>• <b>Advocacy</b> related to healthcare access.</li></ul>	<ul style="list-style-type: none"><li>• Neighborhood events (festivals) not related to a community health need.</li><li>• Participating in economic development not specifically related to poverty or the needs of low-income people.</li><li>• Activities for employees.</li><li>• Development of housing and investments made for community development where a return is expected.</li></ul>

# Health Professions Education



Health Profession 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.

Source: 2019 IRS 990H Instructions

- B1: Physicians/Medical Students
- B2: Nurses/Nursing Students
- B3: Other Health Professions Education
- B4: Scholarships/Funding for Health Professions Education





## **Physicians/Medical Students:** Graduate and Undergraduate Medical Education and Continuing Medical Education for Physicians

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Total expenses for graduate medical education considered allowable by the Medicare program (salaries for interns and residents, costs associated with faculty supervision).</li><li>• Expenses attributable to training and precepting medical students.</li><li>• Continuing medical education (CME) required for state licensure or certification if CME programs are made available to practitioners on a community-wide basis.</li></ul>	<ul style="list-style-type: none"><li>• Expenses for the organization's physician and medical student in-service training.</li><li>• CME programs limited to members of the organization's medical staff only</li></ul>



**Nurses/Nursing Students:** Health profession educational programs for nurses and nursing students

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Costs associated with clinical staff hours when staff are unavailable to perform clinical duties because they are devoting time solely to instructing, training, or precepting students.</li><li>• Costs to train staff nurses to serve as preceptors.</li><li>• Costs of time spent by instructors when they interact with students in classroom settings and simulation labs.</li></ul>	<p>Expenses associated with:</p> <ul style="list-style-type: none"><li>• <b>Education required by the organization</b> rather than by state or third-party accrediting organizations, In-service programs (e.g., how to use EMR).</li><li>• Expenses for <u>standard in-service</u> training and in-house mentoring programs.</li><li>• In-house nursing and nurse's aide training programs.</li><li>• Costs if nursing students are <b>required to work for the organization</b></li></ul>



**Other Health Professions Education:** Pastoral care trainees and other health professionals when that education is necessary to retain state license or certification by a board in the individual's health profession specialty.

COUNT	DON'T COUNT
<p>Expenses borne by the organization to train other allied health professionals where such training is necessary for them to retain state license or certification by a board in the professional's health profession specialty. These professions may include PT, OT, RT, public health, EMT, lab tech, clinical pastoral education (chaplain), registered dietician, pharmacy.</p>	<p>Expenses not required for state licensure or board certification:</p> <ul style="list-style-type: none"><li>• Education required by both licensed and non-licensed staff, such as orientation and standard in-service programs.</li><li>• On-the-job training, such as pharmacy technician and nurse's assistant programs.</li><li>• Training for non-health related professions such as accounting</li></ul>





## Scholarships/Funding for Health Professions Education

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Scholarships or tuition payments for nursing and other health professions education to nonemployees <u>with no requirement to work</u> for the organization as a condition of the scholarship.</li><li>• Specialty in-service and video conferencing programs required for certification or licensure made available to professionals in the community</li></ul>	<ul style="list-style-type: none"><li>• Financial assistance for employees who are advancing their own educational credentials.</li><li>• Staff tuition reimbursement costs provided as an employee benefit.</li><li>• Financial assistance where students/trainees are required to work for the organization.</li></ul>

# Subsidized Health Services



“Subsidized health services” means **clinical\*** services provided despite a financial loss to the organization. The financial loss is measured **after** removing losses associated with **bad debt, financial assistance, Medicaid, and other means-tested government programs.**

In addition, in order to qualify as a subsidized health service, the organization must provide the service because it meets an identified community need. A service **meets an identified community need** if it is reasonable to conclude that if the organization no longer offered the service:

- The service would be unavailable in the community,
- The community's capacity to provide the service would be below the community's need, or
- The service would become the responsibility of government or another tax-exempt organization.





Examples of  
Subsidized Health  
Services

**Emergency and Trauma Services**

Neonatal Intensive Care

Hospital Outpatient Services

Burn Units

Women's and Children's Services

Renal Dialysis Services

Subsidized Continuing Care

**Behavioral Health Services**

Palliative Care





## Emergency and Trauma Services

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Air Ambulance/helicopter.</li><li>• Trauma center.</li><li>• Emergency department.</li></ul>	<ul style="list-style-type: none"><li>• Ancillaries that support these services, such as imaging.</li><li>• Subsets of the service such as geriatric, pediatric or psychiatric emergency rooms if the overall emergency department does not need to be subsidized.</li></ul>

**IMPORTANT:** *Subsidized health services is not a catch-all category for services that operate at a loss. Care needs to be taken to ascertain whether the service satisfies all criteria for being included as a subsidized health service that provides community benefit*



## Behavioral Health Services

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Addiction recovery</li><li>• Other substance abuse programs</li><li>• Inpatient psychiatric services</li></ul>	<ul style="list-style-type: none"><li>• If after backing out bad debt, financial assistance, Medicaid and other means-tested programs the program does not operate at a loss <b>for the full year.</b></li></ul>

**IMPORTANT:** *Subsidized health services is not a catch-all category for services that operate at a loss. Care needs to be taken to ascertain whether the service satisfies all criteria for being included as a subsidized health service that provides community benefit.*



“Research” means any study or investigation the goal of which is to generate increased generalizable knowledge made available to the public.

Source: 2019 IRS 990H Instructions

Basic and Applied Clinical Research  
Community Based Research

Where is the money coming from to fund the research?

*Self?*

*Not for profit?*

*Government?*

**NOT** a for profit





## Basic and Applied Clinical Research

COUNT	DON'T COUNT
<p>Direct &amp; indirect costs for studies funded by a tax-exempt or govt. entity &amp; intended to be <u>made available to the public</u>, including:</p> <ul style="list-style-type: none"><li>• Basic research and Translational research.</li><li>• Clinical trials.</li><li>• Other types of clinical research (e.g., studies regarding nutrition, quality improvement, information technology).</li><li>• Costs borne by the organization to conduct research, including an appropriate portion of costs associated with research administration – unless those costs already have been included in indirect costs.</li></ul>	<ul style="list-style-type: none"><li>• Research where findings are used only internally.</li><li>• Research funded by a for-profit entity or source or that yields knowledge used for proprietary purposes.</li></ul>



## Community-based Research

COUNT	DON'T COUNT
<p><b>Direct</b> and <b>indirect</b> costs for studies funded by a tax-exempt or government entity and intended to be made available to the public, including:</p> <ul style="list-style-type: none"> <li>• Studies on health issues for economically poor and vulnerable persons.</li> <li>• Studies on community health, such as incidence rates of conditions for special populations (e.g. children, older adults, or persons with a disability).</li> <li>• Research papers prepared by staff for professional journals or presentation.</li> <li>• Studies on innovative health care delivery models.</li> <li>• Creation of partnerships for community-based research projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Costs to prepare Community Health Needs Assessments, which are reported in Category G (Community Benefit Operations).</li> <li>• Market research.</li> <li>• Research where findings are only used internally or by the funder.</li> </ul>





“Cash and in-kind contributions” means 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 in the table in Part I, line 7

Source: 2019 IRS 990H Instructions

## E1: Cash Donations

*Don't count employee-donated funds*

*Send a “restricted use” letter*

*Cash donations are one-time donations restricted in writing toward a CB purpose.*

## E2: Grants

*What constitutes a grant?*

*Grants require the recipient to apply for funding and report on expected outcomes beyond persons served.*

## E3: In-Kind Donations

*Meeting room space*

*Employee time*

*Actual not opportunity cost*



## E1: Cash Contributions Toward Community Benefit

COUNT	DON'T COUNT
<p>Contributions restricted to be used by another entity (e.g. non-profit) to one or more of the following community benefit activities and programs, as defined in Schedule H instructions:</p> <ul style="list-style-type: none"><li>• Financial assistance</li><li>• Medicaid</li><li>• Other means-tested government programs</li><li>• Community health improvement services</li><li>• Health professions education</li><li>• Subsidized health services</li><li>• Research</li><li>• Community benefit operations</li></ul>	<ul style="list-style-type: none"><li>• Payments that the organization makes in exchange for a service, facility, or product, or that the organization makes primarily to obtain a benefit.</li><li>• Unrestricted sponsorships and other donations that have not been restricted, in writing, to a community benefit purpose.</li><li>• Employee-donated funds.</li><li>• Emergency funds provided to employees.</li><li>• Fees for sporting event tickets.</li></ul>

# Community Building Activities



Report in this part the costs of the organization's activities that it engaged in during the tax year to *protect or improve the community's health or safety*, and that aren't reportable in Part I of this schedule.

Source: 2019 IRS 990H Instructions

- Physical Improvements and Housing
- Economic Development
- Community Support
- Environmental Improvements
- Leadership Development/Training for Community Members
- Coalition Building
- Advocacy for Community Health Improvements and Safety
- Workforce Development



“Community benefit operations” means:

- activities associated with conducting community health needs assessments,
- community benefit program administration, and
- the organization's activities associated with fundraising or grant writing for community benefit programs.

Source: 2019 IRS 990H Instructions

## **Assigned Staff**

Community Health Needs/Implementation Strategy

## **Other Resources**

Consider including costs of training, program evaluation



## Assigned Staff:

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Staff costs for managing or overseeing community benefit program activities that are not included in other categories of community benefit.</li><li>• Staff costs for internal tracking and reporting community benefit.</li></ul>	<ul style="list-style-type: none"><li>• Staff time to coordinate in-house volunteer programs.</li><li>• Volunteer time of individuals for community benefit programs.</li></ul>



# Community Benefit Operations

## Other Resources

COUNT	DON'T COUNT
<ul style="list-style-type: none"><li>• Cost of fundraising for hospital-sponsored health improvement programs.</li><li>• Grant writing and other fundraising costs related to equipment used for hospital-sponsored community benefit services and activities.</li><li>• Costs associated with developing a community benefit plan, conducting community forums, and reporting community benefit.</li><li>• Overhead and office expenses associated with community benefit operations.</li><li>• Costs associated with attending educational programs to enhance community benefit program planning and reporting.</li></ul>	<ul style="list-style-type: none"><li>• Grant writing and other fundraising costs of hospital capital projects (such as funding of buildings and equipment) that are not hospital community benefit programs.</li><li>• Dues or employee time contributed to hospital and professional organizations not specifically and directly related to community benefit.</li><li>• Grant writing for community organizations (counted under In-kind Donations).</li></ul>