

Q: What is community benefit and what's the board's role in ensuring it?

Congress often questions what taxpayers are getting in return for the tens of billions of dollars per year hospitals receive in tax subsidies as a result of their not-for-profit charitable status. In past years, the Senate Finance Committee and the Internal Revenue Service have stepped up their efforts to evaluate whether hospitals' community benefit programs and services are adequate to support their tax-exempt status.

In 2008, the Internal Revenue Service (IRS) released the revised Form 990 and an initial set of 16 new schedules, including Schedule H, a brand-new schedule for completion by tax-exempt hospitals.

The IRS described its efforts to develop the new form and schedules as a resource for improving transparency, promoting compliance and minimizing filing burdens for not-for-profit organizations. The agency stated that the new Schedule H for hospitals was an attempt to "combat the lack of transparency surrounding the activities of tax-exempt organizations that provide hospital or medical care."

Connecting with the Community is Essential

In addition to the IRS' new Schedule H highlighting the government's desire for additional information about the community benefit provided by hospitals, consumer frustration about health care is driven by a lack of awareness and understanding of the current system and its challenges, something that an effective community benefit report and community engagement effort can address.

Most people do not understand how hospitals are organized and managed, how they work, what they do to provide charity care, or what they do in their communities as a part of their mission to provide community benefit and improve community health. They do not understand the magnitude of the forces that are changing health care, including payment inadequacies, the negative impacts of overregulation, the dramatic increase in "disruptive technologies," changes in the workforce and more.

In the absence of information and evidence, people rely on personal experiences, their own intuitive beliefs and personal opinions to shape and sustain their belief structure about what's good and bad about health care. Once in place, it is extremely hard to impact peoples' strongly-held beliefs and perceptions.

Hospital leaders have an opportunity to help shape positive public perceptions about their hospital. They have an obligation to communicate the unique challenges they face, how they are dealing with those challenges in a very difficult environment, and why their hospital relies on the commitment and loyalty of its community to ensure its ability to continue providing high quality health care services well into the future.

Getting the Right Mindset

A community benefit report is not simply a report that itemizes the total dollars spent on charity care and bad debt, the number of people employed, or the number of births or emergency room visits in the past year. In fact, best practice community benefit reports are much more than a list of statistics and numbers required to be reported on Schedule H.

Instead, hospitals that produce best practice community benefit reports view the report as an opportunity to tell their full benefit story. Their reports include pictures and personal stories about patients, families, and communities impacted by the hospital. Their reports are colorful, easy-to-read, and include graphs and statistics highlighting important information, while using narratives and pictures to tell the story.

Critical Questions Every Hospital Board Needs to be Able to Answer

Preparing for Best Practice Community Benefit Reporting and Communication

What Counts, What Doesn't

As hospitals work to create a community benefit report, a number of questions must be addressed concerning what activities hospitals should include. The following are points to consider for inclusion:

- **Community Health Education.** Education on specific disease conditions, health promotion and wellness programs, prenatal classes serving at-risk populations
- **Community-Based Clinical Services and Subsidized Services.** Free or low cost care to the uninsured, vans and mobile units used to deliver primary care services, hospice and home care, charity care and bad debt, free or discounted immunizations at a health fair or mall presentation
- **Financial Contributions.** In-kind services donated by staff during working and non-working hours, donated space to community groups for meetings, fund-raising costs for community programs
- **Community-Building Activities.** Financial support for community health programs and partnerships, participation in economic development council, community forums and reports
- **Health Professions Education.** Internships, residencies, scholarships, tuition reimbursements as an employee benefit, subsidized on-site training for nurses, nursing students and technicians, training for medical translators

Source: Catholic Health Association

Hospitals producing best practice community benefit reports don't stop with the report. They use the information to build relationships with the community. Some send copies of their report to every member of the community. Others publish stories in their local newspaper and post their report on their Web site so that it is easy to find. Still others share the information through presentations at town hall meetings, local community gatherings, and personal meetings with key stakeholders and legislators. The IRS' considers the ACA requirement to make community health needs assessment findings "widely available" to the public fulfilled if a written report is posted on the hospital's website.

Although every organization may employ a slightly different approach to communicate its story, one success factor is constant: their mindset is to use their community benefit report as an opportunity to build relationships and strengthen trust with the community.

Preparing Your Community Benefit Report

The American Hospital Association (AHA) has developed a comprehensive resource to help hospitals develop a community benefit report, called "Telling the Hospital Story: Going Beyond Schedule H." The toolkit includes case examples, sample completed written and PowerPoint® reports, and worksheets to guide hospitals in the process of developing their own reports and communication process.

The AHA stresses the importance of making community benefit programs "real" to people via stories, examples and successes, explaining that the "information required by the IRS on the new Schedule H provides communities with only a limited view of what hospitals do for the communities they serve." It is essential that hospitals communicate that they do more than treat injury and illnesses—each hospital's programs and services meet their community's unique needs, whether it is transportation for elderly patients, dental care for children, or a center serving the homeless.

The sample community benefit report developed by the AHA includes:

- A graphical summary of expenses, including items required in the Schedule H, such as charity care, bad debt, unreimbursed Medicare and Medicaid costs, community health improvement programs, education, research, and community-building activities;
- A letter to the community from the CEO and board chair;
- An overview of services provided to the community, including charity care and financial assistance, need-based programs such as a dental care clinic, elder care program and women's resource center, educational classes for community members, and employee volunteer time;
- Personal testimonials and quotes about community programs offered by the hospital, and their impact on individuals and families; and
- A list of organizations the hospital partners with in the community.

Questions to Consider: Are You Prepared?

In light of the current environment and ACA and IRS requirements, discussing the organization's community benefit report should be a top board priority whether the hospital develops a report every year or once every three years. As the board prepares, questions to consider include:

Critical Questions Every Hospital Board Needs to be Able to Answer

Preparing for Best Practice Community Benefit Reporting and Communication

Best Practice Case Examples

Below are examples of what some hospitals are doing to prepare for the development of their community benefit report, and to communicate the benefit provided. For more information go to the American Hospital Association's Web site, www.caringforcommunities.org.

- **Munson Healthcare**, Traverse City, MI, conducts a community needs assessment nearly every five years. The system also uses the Community Benefit Tracker software tool created by the Michigan Hospital Association to capture community benefit activities in one place in a user-friendly manner. The information entered into the program is combined with financials itemizing the community benefit provided (such as subsidized programs) to provide a complete and accurate picture of the total community benefit provided. Munson shares its detailed community benefit information annually through a printed report that highlights personal stories about the lives touched and the programs and services provided to the community. It is distributed to nearly 250 community partners, posted on the Munson Web site, and printed in surrounding newspapers.
- **Glendive Medical Center**, Glendive, MT, believes that part of its mission includes communicating the hospital's community benefit story. Every year the Critical Access Hospital develops a full-color, easy-to-read community benefit report and corresponding PowerPoint® presentation. The report is mailed to 11,000 households in the hospital's service area, and is published on its Web site. The hospital also shares its story through personal presentations, such as the local Speakers' Bureau, and through quarterly employee forums with time dedicated to the organization's community benefit.
- **North Shore-Long Island Jewish Health Care System**, Long Island, NY, encourages employees to share with their managers personal stories they observe, which are often used when the organization develops its annual community benefit report. The report also includes stories derived from letters written by patients and families. The community benefit report is disseminated to local civic community leaders, elected officials, thought leaders and opinion makers, and other key stakeholders. In addition, the personal stories and letters are shared throughout the year with employees through e-mails and newsletters, and play a vital role in the organization's new employee orientation process. Finally, individuals represented in the stories serve as spokespeople for the hospital at community and town hall meetings, sharing their personal experiences with the hospital.
- **Sutter Medical Center**, Sacramento, CA, uses its community partnerships to tell its community benefit story. As part of its mission, the medical center offers grants to local community agencies, helping the organization to have a greater impact on the community and also form strong partnerships with local not-for-profit organizations and community stakeholders. Each year the medical center distributes its community benefit report to more than 500 community partners and elected officials. Local partners play a key role in the medical center's communication with the community, sharing the medical center's benefit provided with their constituents using the language and communication style that is most effective for their target population.

- Does the board review and understand the requirements of the Form 990 and Schedule H?
- Is the board committed to go beyond the basic requirements and use the community benefit report as an opportunity to strengthen community ties?
- Has the organization's leaders reviewed the AHA toolkit to help prepare a comprehensive community benefit report?
- Does the hospital have a communications plan for using the community benefit report once it is complete? Who will the hospital communicate directly with? Has the organization shared the information directly with stakeholders and others? If the hospital holds or attends local community meetings, who will present, and what is the role of the board?
- Does the board have a long-term plan for identifying community needs? Has it prioritized opportunities to meet the community's needs, incorporating initiatives into the hospital's strategic plan? Has the hospital shared the findings of its community health needs assessment by posting the written report the organization's website?