



Health Policy Snapshot

Public Health and Prevention

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ISSUE BRIEF

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What's new with community benefit?

Takeaways:

- There are long-standing federal requirements for hospitals to provide benefits to their communities in order to maintain their non-profit status – this now includes a community health needs assessment and improvement plan.
- Assessing community health needs and adopting a strategy to address those needs provides hospitals with a valuable opportunity to work together with community partners to identify strategies for improving health, quality of life, and the community's vitality.
- Benefits of the new requirements go beyond improving health – they include enhanced accountability for hospitals, more effective use of resources, and building community capacity and engagement in addressing health issues.

Overview

Non-profit hospitals are required to provide benefits to the communities they serve to keep a tax-exempt status. Nationwide, about 2,900 hospitals (60% of hospitals) are non-profit and the financial benefit to these hospitals from being tax exempt is estimated to be worth \$12.6 billion annually.

Historically, much of hospitals' community benefit activities have been charity care and other forms of uncompensated care. A lack of transparency and

wide variations in how, and how much, hospitals spend for community benefits led to increased oversight by the Internal Revenue Service (IRS) and Congress. New community benefit requirements under the Affordable Care Act include community health needs assessments and improvement plans, as well as additional consumer protections on financial assistance, billing, and collections practices.

COMMUNITY HEALTH NEEDS ASSESSMENTS ARE CENTRAL TO COMMUNITY BENEFIT

A community health needs assessment, which must be made widely available to the public, uses local data and community stakeholder input to identify and prioritize a community's health needs. The law specifically requires coordination with the local community and public health experts. The assessment must lead to the development of strategies to address the identified needs—all of which must be updated every three years. The IRS has issued preliminary guidance about community health needs assessments and will release final regulations at a later date.

Hospitals can look to local and state health departments, the County Health Rankings & Roadmaps,¹ and other data sources to help them identify community health needs. Resources such as the *Guide to Community Preventive Services*² and *What Works for Health*³ can be used to help identify evidence-based programs to improve health.

HOW CAN HOSPITALS, LOCAL HEALTH DEPARTMENTS, AND COMMUNITIES WORK TOGETHER TO IMPROVE HEALTH?

The community health needs assessment process offers an opportunity for the entire community to work together to collectively improve health. Participants can include health systems, health departments and other government agencies, community organizations, employers, the faith community, United Ways and other non-profits, local funders, academic institutions, and other community leaders.

In many communities around the country, hospitals, health departments, and community groups are already working together. For example, a collaborative effort is underway in the Portland, Oregon metropolitan area to conduct a community health needs assessment. The partners include all 14 hospitals in the region and four county health departments, and the Multnomah County Health Department is facilitating the process. And in New Jersey, the United Way of Greater Mercer County is leading an effort to conduct a community health assessment, which includes a collaboration with four community hospitals and eight local health departments.

WHAT ARE THE BENEFITS OF THE NEW REQUIREMENTS?

The collaboration on assessments can ensure that public and private resources are being used as efficiently as possible to address a community's most pressing health needs. In Buncombe County, North Carolina, better utilization of health needs data and collaboration led to health departments and hospitals creating voluntary partnerships with local providers to provide a stronger safety net and reduce costs associated with uncompensated care.

There are additional incentives for public health departments to work with hospitals on community health assessments including accreditation. Public health departments are required to have a community health assessment and a community health improvement plan in place in order to become accredited by the Public Health Accreditation Board.

CONCLUSION

Hospitals, health departments, and other community partners should work together to assess community health needs and create a plan for addressing those needs. A successful collaboration will ensure that resources are used efficiently and effectively to improve the health of all members of the community.

WANT TO KNOW MORE?

- [*Hospital Community Benefit Program \(The Hilltop Institute\)*](#)
- [*Community Benefit \(NACCHO\)*](#)
- [*501\(c\)\(3\) Hospitals: Proposed IRS Rules under § 90007 of the Affordable Care Act \(CRS\)*](#)
- [*Hospital Accountability Project \(Community Catalyst\)*](#)
- [*Community Benefit \(CHA USA\)*](#)

¹ <http://www.countyhealthrankings.org/>

² <http://www.thecommunityguide.org/index.html>

³ <http://www.countyhealthrankings.org/what-works-for-health>