Community Benefit State Law Profiles

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The Hilltop Institute
analysis to advance the health of vulnerable populations

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Research Objective

"Hospital community benefits" are hospital activities that improve community health, including:

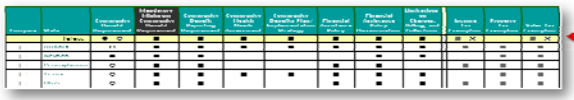
- Free, discounted, or under-reimbursed care (e.g., Medicaid services)
- Community health improvement services and operations
- Subsidized health services
- Research
- Health professions education
- Cash and in-kind contributions for community benefit

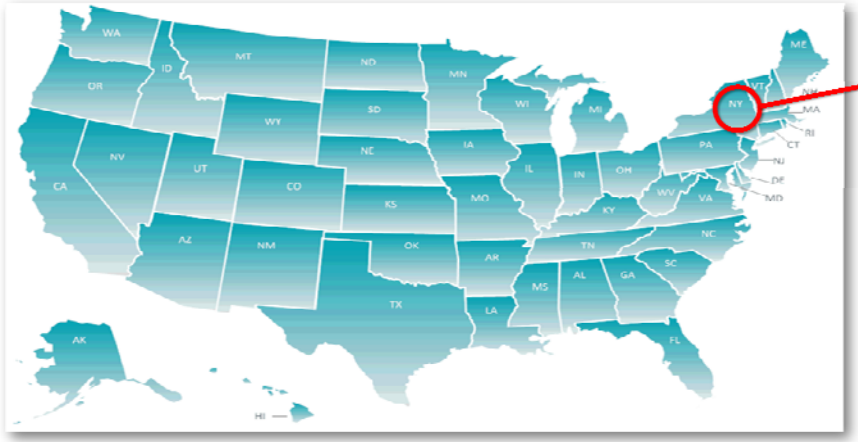
In general, nonprofit (NP) hospitals are expected to provide community benefits in exchange for tax exemption. The Affordable Care Act (ACA) requires federally tax-exempt hospitals to conduct community health needs assessments and adopt community benefit plans (called "implementation strategies") at least every three years. Additional (and different) community benefit requirements may apply at the state level.

The Hilltop Institute's Community Benefit State Law Profiles identify the community benefit requirements of each state by categories that reflect eight key federal community benefit requirements established by the ACA. In addition, the Profiles indicate the presence or absence in each state of three types of state tax exemptions for which NP hospitals may qualify.

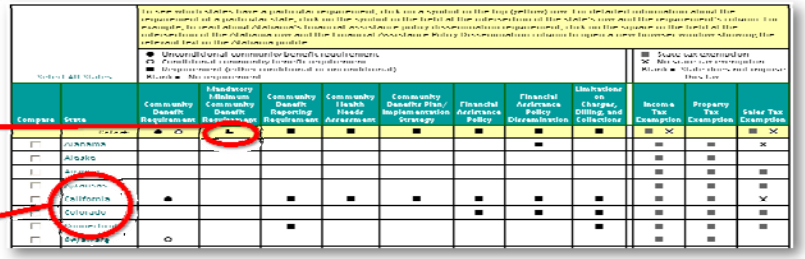
Study Design

Researchers collected primary source data (i.e., relevant statutes and regulations of the 50 states) to identify state community benefit laws that address the same subject matter as eight key community benefit requirements of the ACA's §9007 (26 USC 501(r)) and the presence or absence of exemptions from property, sales, and income tax that may apply to NP hospitals.





For each state's Profile and the Comparison Table, go to www.hilltopinstitute.org/hcbp_cbl.cfm



Principal Findings

There is substantial variation in states' approaches to community benefit regulation:

- 14 of the 23 states that expressly require community benefits make compliance a condition of a government-conferred benefit, such as tax exemption, hospital licensure, or certificate of need approval
- 5 states specify a specific minimum amount of community benefits that NP hospitals must provide
- 28 states require NP hospitals to report community benefits to a government entity
- 11 states require NP hospitals to conduct periodic community needs assessments
- 10 states require NP hospitals to develop community benefit plans (implementation strategies) addressing community health needs identified by the assessment
- 19 states direct NP hospitals to develop financial assistance policies

Conclusions and Policy Implications

The Profiles' State Comparison Table identifies which of the eight federal requirements (and state tax exemptions) are addressed in some form by state law. Interactive features allow users to:

- Retrieve a complete analysis of all 11 factors for a selected state
- Determine which states address any 1 of the 11 factors
- Compare multiple states' status for all 11 factors

Tax exemption is a powerful incentive for NP hospitals to support community health improvement objectives. In a post-ACA environment, the Profiles can be useful for:

- State policymakers as they consider adjustments to state community benefit laws and policies
- Communities and advocates as they consider state law-based strategies for promoting hospital engagement and support of community-based health improvement partnerships
- Hospital systems wishing to conform their community benefit policies to the laws of each state in which they operate a hospital facility
- Communities and advocates interested in advancing NP hospital accountability and financial transparency

Notes

All content and statements made herein are provided for informational purposes only and are not legal advice. The Hilltop Institute does not enter into attorney-client relationships.

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For further information, please contact msomerville@hilltop.umbc.edu or visit www.hilltopinstitute.org/hcbp.cfm.