Driving Health Equity through Public Policy: Hospital Community Benefits

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Achieving Health Equity via the Affordable Care Act: Promises, Provisions, and Making Reform a Reality for Diverse Patients

Hartford, Connecticut
Hospital Community Benefits

- Initiatives, activities, and investments undertaken by tax-exempt hospitals to improve health in the communities they serve
- Expression of charitable mission
- Condition of tax exemption
ACA §9007
Community Benefit Accountability

- Reinforces and clarifies the expectation that tax-exempt hospitals provide community benefits

- New sanctions for new community benefit requirements
ACA §9007
Community Benefit Responsiveness

Establishes processes to ensure that hospital community benefits are responsive to the needs of the community served

- Conduct a community health needs assessment (CHNA) at least every three years to identify community’s needs and priorities
- Develop a strategic plan to address the needs identified
ACA §9007

Financial Assistance & Protections

- Financial assistance policies:
  clear statements of hospital policy communicated to patients & the community

- Financial protections for individuals who qualify (or may qualify) for financial assistance:
  limits hospital charges;
  prohibits extraordinary collections until determined ineligible for financial assistance
Health Equity

“Health equity is attainment of the highest level of health for all people. Achieving health equity requires … focused and ongoing societal efforts to address avoidable inequalities, … injustices, and the elimination of health and healthcare disparities.”

U.S. Dept of Health & Human Services, National Partnership for Action to End Health Disparities
http://minorityhealth.hhs.gov/npa/templates/browse.aspx?lvl=1&lvlid=34
ACA §9007

Health Equity Levers: CHNA

- Define the community served by the hospital facility:

“May not define the community to exclude medically underserved, low income, or minority populations who are part of its patient populations, live in geographic areas in which its patient populations reside, … or otherwise should be included based on the method the hospital facility uses to define its community.”

Proposed §1.501(r)–3(b)(3)
Health Equity Levers: CHNA Assessment

- Assess health needs of community served
  - Identify & prioritize significant needs
  - Identify potential measures and resources to address those needs
- Generally each hospital facility must develop a separate CHNA report
- Make CHNA report “widely available to the public”

Proposed 1.501(r)–3(b)(5)(i)
Health Equity Levers: CHNA

Community Engagement

■ “Take into account input from persons who represent the broad interests of the community…”

Proposed §1.501(r)–3(b)(1)(i)

■ Must include, at a minimum “…members of medically underserved, low-income, and minority populations in the community served by the hospital facility, or individuals or organizations serving or representing the interests of such populations….”

Proposed §1.501(r)–3(b)(5)(i)
Multi-Sector Collaboration

- For CHNA, community health improvement planning, health improvement initiatives
- Among hospitals, community health centers, public health agencies, business/employers, community-based organizations, schools, public safety
- Leverages the community’s public and private resources, perspectives, expertise for the common purpose of community health improvement
Health Equity Levers:
Implementation Strategy

- Hospital must describe how it will meet each significant need identified by CHNA

- Or explain why it will not identify an identified significant need
  - Inadequate resources
  - Collaborating hospital will address
Addressing Community Needs: What Counts as Community Benefit

- Free and discounted care
- Under-reimbursed care (Medicaid & other means-tested government programs)
- Community health improvement services & community benefit operations
- Health professions education
- Subsidized health services
- Research
- Cash and in-kind contributions to community groups

IRS Form 990, Schedule H, Part I, line 7
Community Benefit Spending - 2009
Will ACA reduce demand for unreimbursed hospital care?

The 8 percent: Community Health Improvement Services

IRS definition

“Activities or programs carried out or supported by the health care organization for the express purpose of improving community health”

Form 990, Schedule H 2012 Instructions, p. 15
Community Health Improvement Services: IRS Criteria/Conditions

- In response to established community need
  - CHNA
  - Request from public health agency or community group
  - Collaboration with unrelated tax-exempt or government organization

IRS Form 990, Schedule H Instructions, pp. 16-17
Seek to achieve a community benefit objective ... (e.g.)

“Address federal, state, or local public health priorities such as eliminating disparities in access to health services or disparities in health status among different populations”

IRS Form 990, Schedule H Instructions, p. 17
Relative Impact of Health Determinants on Population Health

(If Nonprofit Hospitals Can) Refocus Community Benefit Resources?

**Health Determinants***

- Medical care
- Genetic
- Health behaviors
- Social, economic, & environmental

**Hospital-Reported Community Benefit Costs (2009)**

- Subsidized care
- Charity care
- Unreimbursed costs for means-tested government programs
- Cash or in-kind contributions for community benefit
- Research
- Health-professions education
- Community health improvement


Community Health Improvement
“Community Building”

Investment to address “upstream” factors shown to negatively affect health status, disproportionately impact low-income & non-white populations:

- Economic decay & unemployment
- Low educational attainment
- Substandard housing
- Food insecurity
- Unwalkable neighborhoods
Community Building Reporting

Is it Community Benefit?

- If it satisfies the criteria/conditions for community health improvement services
  - Express purpose of improving community health
  - Demonstrated community need
  - Seeks to achieve a community benefit objective
  - Evidence-based

IRS 2012 Form 990, Schedule H Instructions, p. 4
Why Health, Poverty, and Community Development are Inseparable

“To effectively reduce poverty and poor health ... we now know that we must address both, as well as the contributing factors they share.... We have learned that factors that are integral to poverty, such as insufficient education, inadequate housing, racism, and food insecurity, are also indicators of poor health. We know that a child’s life expectancy is predicted more by his ZIP code than his genetic code.”

Lavizzo-Mourey, R. “Why Health, Poverty, and Community Development are Inseparable” Investing in What Works for America’s Communities (Federal Reserve Bank of San Francisco & Low Income Investment Fund: 2012).
Recommendations

- Community engagement – include nonprofit hospitals
- Prevention, prevention, prevention
- IRS: Clarify that tax-exempt hospital community building activities “count” as community benefit
About The Hilltop Institute

The Hilltop Institute at UMBC is a non-partisan health research organization—with an expertise in Medicaid and in improving publicly financed health care systems—dedicated to advancing the health and wellbeing of vulnerable populations. Hilltop conducts research, analysis, and evaluations on behalf of government agencies, foundations, and nonprofit organizations at the national, state, and local levels. Hilltop is committed to addressing complex issues through informed, objective, and innovative research and analysis.

www.hilltopinstitute.org
About Hilltop’s Hospital Community Benefit Program

Hilltop’s Hospital Community Benefit Program is a resource for state and local policymakers who seek to ensure that tax-exempt hospital community benefit activities are responsive to pressing community health needs. The program provides tools to these and other stakeholders in support of their efforts to improve population health and to promote a more accessible, coordinated, and equitable community health system. The program is funded by the Robert Wood Johnson Foundation and the Kresge Foundation.

http://www.hilltopinstitute.org/hcbp.cfm
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