



Department
of Health

Community Benefit Update

PHHPC Joint Committee Meeting

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Overview

- Where have we been with community benefit reporting?
- Where are we now with community benefit reporting?
- Where are we going with community benefit reporting?
- Discussion

Where have we been with community benefit reporting?

Community Benefit – Federal Requirements

- Not for profit hospitals are required to report community benefit expenses to IRS on Schedule H
- Schedule H includes 8 categories of spending. Seven (7) related to charity care and one (1) for Community Health Improvement and Community Benefit Operations:

“...activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving community health. Such services do not generate inpatient or outpatient revenue, although there may be a nominal patient fee or sliding scale fee for these services.”

Community Benefit Categories

1. Financial Assistance at Cost	AKA “charity care.” Free or discounted services for those who cannot afford to pay and meet the hospital’s financial assistance criteria.
2. Medicaid	Unreimbursed costs from Medicaid.
3. Cost of Other Means-Tested Government Programs	Unreimbursed costs from CHIP and other federal, state, and local programs.
4. Community Health Improvement and Community Benefit Operations	Costs associated with planning or operating community benefit Programs (e.g., assigned staff, community health assessments).
5. Health Professions Education	Programs that result in a degree or certificate or training necessary to be certified; costs for residents or interns.
6. Subsidized Health Services	Negative margin service; meets an identifiable community need; if no longer offered would be unavailable or fall to the responsibility of another nonprofit or government agency (e.g., emergency room and trauma centers, burn units).
7. Research	Produces “generalizable knowledge” and funded by tax-exempt sources (e.g., clinical and community health research).
8. Cash and In-Kind Contributions for Community Benefit	Receiving group must be engaged in a community benefit activity; in-kind donations may include the indirect cost of space donated to community groups and direct cost of donated food or supplies.

<https://www.irs.gov/pub/irs-pdf/f990sh.pdf>

<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3483984/pdf/AJPH.2011.300339.pdf>



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Leveraging Hospital Community Benefit Spending to Support Prevention in NYS

- NYS requires non-profit hospitals to include budgets in their community service plans to demonstrate investments in evidence-based community health interventions tied to the NYS Prevention Agenda
- Data on spending serves as a guide for future decisions about spending requirements needed to achieve public health goals.

Where are we now with community benefit reporting?

Certificate of Need (CON) Process

- CON process governs the establishment, construction, renovation and major medical equipment acquisitions of health care facilities and agencies: hospitals, nursing homes, home care agencies, hospices and diagnostic and treatment centers.
- Three types of review: full, administrative and limited.
- Types of projects that require full review, including recommendation or decision of Public Health and Health Planning Council:
 - Addition of and/or conversion of beds
 - Addition of or changes in method of delivery of some services
 - Construction/renovation projects over certain dollar value
 - Changes in ownership, consolidations, creations of active parent entities
 - Establishment of new facilities, home care or hospice

https://www.health.ny.gov/facilities/cons/more_information/review_process.htm

https://www.health.ny.gov/facilities/public_health_and_health_planning_council/docs/con_redesign_report_appendix_f.pdf



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Inclusion of Prevention Agenda into CON Review

- Since June 2018, CON applications for hospital establishment and construction projects include information about the applicant's activities which advance Prevention Agenda goals and community public health needs.
- This met PHHPC's intent to align the CON process with the Prevention Agenda by including Prevention Agenda and public health considerations into hospital CON determinations.
 - The Council included such factors based on its statutory authority to consider "such other matters as it shall deem pertinent" when reviewing a CON application, in addition to its authority to consider public need, financial feasibility, and character and competence.

What is asked in the CON application?

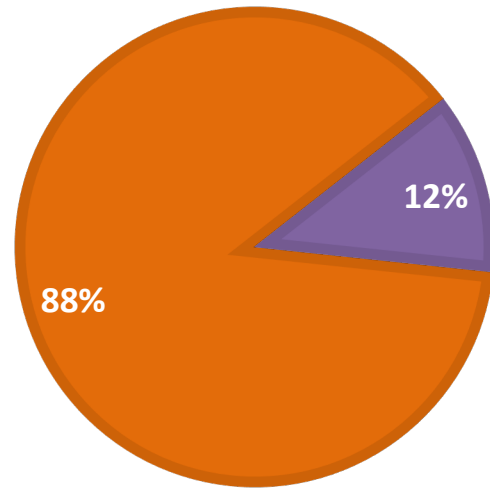
To facilitate consideration of public health factors, specific questions are asked of each applicant:

- How does proposed project advance local Prevention Agenda priorities?
- Is your organization a member of the local Prevention Agenda coalition?
- What evidence-based interventions has your organization or is your organization planning to implement to support local Prevention Agenda goals?
- Has your organization engaged local community partners including the local health department?
- What data are you using to track progress?
- Is your hospital investing community benefit dollars in community health improvement to support local Prevention Agenda goals?

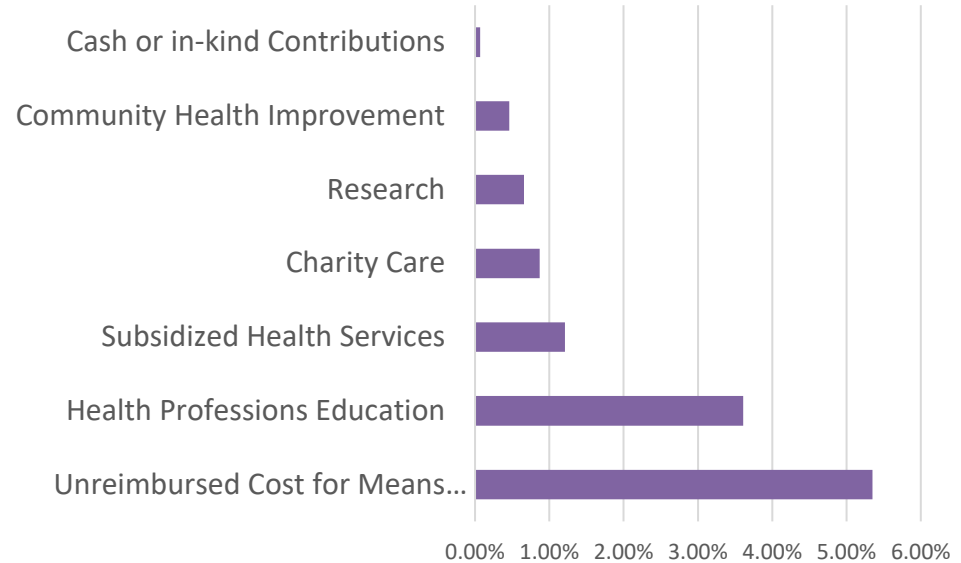
Hospital Community Benefit Investment (Cont'd)

TOTAL HOSPITAL EXPENSES IN
2016 = \$56.4 BILLION

Other Hospital Expenses Community Benefit

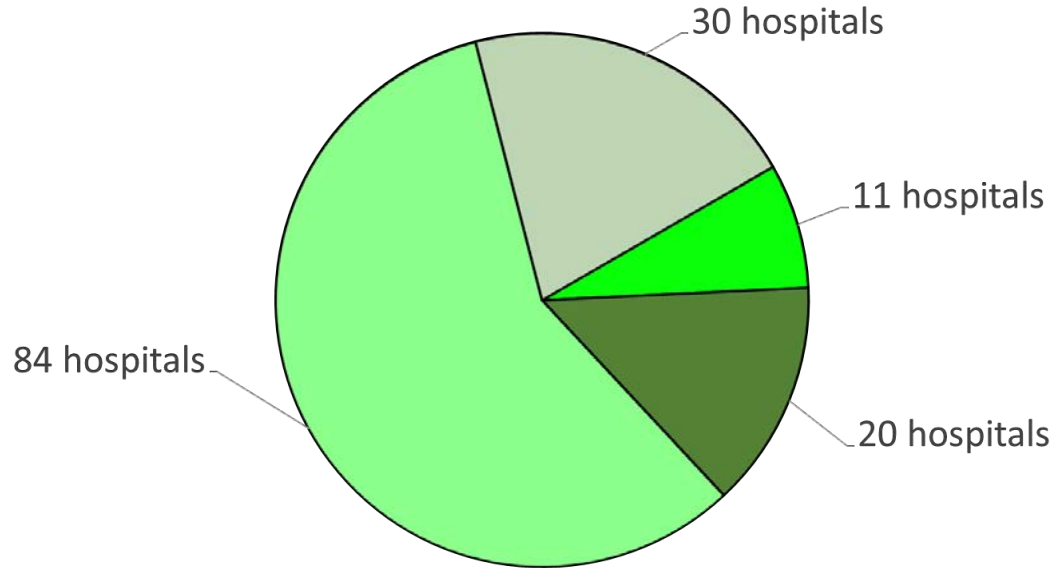


Community Benefit Spending Categories - 2016



Distribution of Community Health Improvement Services and Community Benefit Operations Expenses Among Non-Profit Hospitals, New York State (2016)

N=145



Where are we going with community benefit reporting?

2022 Activities

- Update analysis of how much hospitals are investing in Community Health Improvement.
- Issue letter from Commissioner Bassett reinforcing need for hospitals to support their Prevention Agenda efforts.
- Determine if a specific requirement for a certain spending level in community health improvement is necessary.
- Continue to participate in National Academy for State Health Policy (NASHP) Community Benefit working group.

National Academy for State Health Policy (NASHP)

- NASHP has been convening state officials since 2017 with the goal of addressing community benefit practices, programs, and policies.
- NASHP recommendations include:
 - Aligning hospital community benefit spending to needs identified by the Community Health Needs Assessment (CHNA);
 - Evaluating the impact of community benefit programs, and;
 - Using community benefit policies to address social determinants of health and advance equity.

<https://www.nashp.org/wp-content/uploads/2021/03/community-benefit-equity-slideshow.pdf>

Discussion