CBISA™ Community Benefit

Lyon Software

Use “enter” on your keyboard, or click your left mouse button to move through the screens.

World leader in software for tracking and reporting community benefits and corporate social responsibility ... serving business and nonprofit clients since 1984.
What is Community Benefit and What Counts?

Community benefit programs or activities provide treatment and/or promote health and healing as a response to identified community needs.

For a program to “count”:
1. It must address a documented community need, and
2. It must have at least one of these community benefit objectives
   a) Improve access to health care services
   b) Enhance health of the community
   c) Advance medical or health care knowledge
   d) Relieve/reduce the burden of government/other community efforts

What is NOT Community Benefit

A program does not count as community benefit, if:

- The program is primarily for marketing purposes
- An objective “prudent layperson” would question whether the program truly benefits the community
- The program or donation is unrelated to health or the hospital’s mission
- The program represents a community benefit provided by another entity or individual
- The program benefits the organization more than the community
- Access to the program is restricted to individuals affiliated with the hospital
- The activity represents a normal “cost of doing business” or is associated with the current standard of care


What Qualifies (Counts) as a Community Benefit?

| Charity Care, at cost                                                                 | A. Community Health Improvement |
| Unreimbursed Medicaid                                                               | B. Health Professions Education |
| Unreimbursed Costs-other Means-tested Government Programs                           | C. Subsidized Health Services    |
| Categories A-G                                                                      | D. Research                     |
|                                                                                     | E. Financial & In-kind Contributions |
|                                                                                     | F. Community Building Activities |
|                                                                                     | G. Community Benefit Operations  |
### What Qualifies (Counts) as a Community Benefit?


Under this framework, the following items "count":

- Charity Care, at cost
- Unreimbursed Medicaid
- Unreimbursed Other Means-Tested Public Programs
- Community Health Improvement Services (category A)
- Health Professions Education (category B)
- Subsidized Health Services (category C)
- Research (category D)
- Contributions/Cash and In-kind (category E)
- Community Building Activities (category F)
- Community Benefit Operations (category G)

### Charity Care, at Cost

**Charity Care**

Free or discounted health services provided to persons who cannot afford to pay and who meet the organization's financial assistance policy criteria.

- Generally, a patient record and bill is generated
- Reported in terms of costs, not charges
- Does not include bad debt
- Allows for sufficient flexibility to qualify all persons unable to pay

Source: *A Guide for Planning & Reporting Community Benefit 2008 Edition*
Medicaid and Other Means Tested Government Programs

- The shortfall created when a facility receives payments that are less than the cost of caring for “means tested” public program beneficiaries:
  - Medicaid
  - SCHIP
  - Local and state government programs for low-income persons not eligible for Medicaid
  - Cost of days, visits, or services not covered by Medicaid or other indigent care programs


Categories and Examples

Community Health Improvement Services (category A)

- Are carried out to improve community health
  - Do not generate inpatient or outpatient bills, although they may involve a nominal fee

Examples include:
  - Community health education (classes/lectures, support groups, and self-help programs)
  - Community-based clinical services (screenings, free clinics, mobile units)
  - Healthcare support services (enrollment assistance, information & referral, transportation to improve access)

Health Professions Education (category B)

- Educational programs that result in a degree, certificate, or training that is necessary to be licensed to practice as a health professional as required by state law; or,

- Continuing education that is necessary to retain state license or certification by a board in the individual’s health profession specialty

Health professions education costs:

- Physicians and medical students
- Nurses and nursing students
- Pastoral care residents and interns & other health professionals

Subsidized Health Services (category C)

- Clinical services provided despite a financial loss, [even] after removing the effects of charity care and Medicaid shortfalls and bad debt

- Nevertheless, the service is provided because
  - It meets an identified community need
  - If the service no longer were offered, access to health services would be impaired, or
  - Providing the service would become the responsibility of government or another tax-exempt organization

Examples:

- Behavioral health services
- Burn Units
- Emergency and trauma services
- Outpatient hospice and palliative care services
**Categories and Examples, continued**

### Research (category D)

- Any study or investigation of which the goal is to generate generalizable knowledge, such as about:
  - Underlying biological mechanisms of health and disease, natural processes or principles affecting health or illness;
  - Evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols;
  - Laboratory based studies; epidemiology, health outcomes and effectiveness
  - Behavioral or sociological studies related to health, delivery of care, or prevention
  - Studies related to changes in the health care delivery system; and
  - Communication of findings and observations (including publication in a medical journal)

**Source:** A Guide for Planning & Reporting Community Benefit 2008 Edition and IRS 990H Instructions

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### Financial and In-Kind Contributions (category E)

- Funds and in-kind services donated to individuals (not affiliated with the organization) or the community at large.

  - For a contribution to be considered community benefit, it should:
    - Provide a needed community service
    - Meet the criteria for a community benefit
    - Not be counted or reported by another entity

  - In-kind contributions: include the hours spent by staff as part of their work assignment while on health care organization work time, overhead expense of space donated to not-for-profit community groups (for meetings), and the financial value (cost) of donated food, equipment, and supplies

**Source:** A Guide for Planning & Reporting Community Benefit 2008 Edition
Community Building Activities (category F)

- Include programs that address underlying causes of health problems in order to improve health status and quality of life.

- Examples include:
  - Physical improvements and housing: community gardens, public works, Habitat for Humanity activities
  - Economic development: small business development, participation in an economic development council
  - Community Support: child care, mentoring programs, neighborhood watch groups, violence prevention groups
  - Environmental improvements (not related to laws and regulations)
  - Leadership development: civic, cultural, or language skills
  - Coalition building
  - Community health improvement advocacy
  - Workforce development: recruitment of physicians and other health professionals

Source: A Guide for Planning & Reporting Community Benefit 2008 Edition and IRS 990H Instructions

Community Benefit Operations (category G)

- Include costs associated with planning and operating community benefit programs.

- Examples include:
  - Assigned staff
  - Community health assessment
  - Individual program and activity evaluation
  - Software that supports the community benefit program (CBISA!)
  - Dues and program expenses for organizations which support the community benefit program
  - Community benefit grant-writing and fundraising costs

### IRS 990H Part I: Charity Care, Medicaid, Other Means-tested, Categories A, B, C, D, E, & G

<table>
<thead>
<tr>
<th>Charity Care and Means-Tested Programs</th>
<th>(a) Number of activities or programs (optional)</th>
<th>(b) Persons served (optional)</th>
<th>(c) Total community benefit expense</th>
<th>(d) Direct attaining revenue</th>
<th>(e) Net community benefit expense</th>
<th>(f) Percent of total expense</th>
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</thead>
<tbody>
<tr>
<td>a Charity care at cost (from worksheets 1 and 2)</td>
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<td>b Unreimbursed Medicaid (from worksheet 3, column d)</td>
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<td>c Unreimbursed costs – other means-tested government programs (from worksheet 3, column b)</td>
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<td>e Community health improvement services and community benefit operations (from worksheet 4)</td>
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<td>g Subsidized health services (from worksheet 6)</td>
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<td>i Cash and in-kind contributions to community groups (from worksheet 8)</td>
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<td>j Total Other Benefits</td>
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<td>k Total (lines 70 and 71)</td>
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</tbody>
</table>

### Other Benefits

| IRS 990H Part II: Community Building Activities (F) |

**Schedule H (Form 990 2008)**

**Part II Community Building Activities** (Complete this table if the organization conducted any community building activities) *(Optional for 2008)*

<table>
<thead>
<tr>
<th></th>
<th>Number of activities or programs (optional)</th>
<th>Persons served (optional)</th>
<th>Total community building expense</th>
<th>Direct attaining revenue</th>
<th>Net community building expense</th>
<th>Percent of total expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Physical improvements and housing</td>
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<td>2</td>
<td>Economic development</td>
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<td>3</td>
<td>Community support</td>
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<td>4</td>
<td>Environmental improvements</td>
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<td>5</td>
<td>Leadership development and training for community members</td>
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<td>6</td>
<td>Coalition building</td>
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<td>7</td>
<td>Community health improvement advocacy</td>
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<td>8</td>
<td>Workforce development</td>
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<td>9</td>
<td>Other</td>
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<td>10</td>
<td>Total</td>
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### IRS 9990H Part III: A (Bad Debt), B (Medicare), and C (Collection Practices)

**Section A—Bad Debt Expense**

1. Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 117? **Yes**  
2. Enter the amount of the organization’s bad debt expense (at cost). **2**  
3. Enter the estimated amount of the organization’s bad debt expense (at cost) attributable to patients eligible under the organization’s charity care policy. **3**  
4. Provide in Part VI the text of the footnote to the organization’s financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3 or rationale for including other bad debt amounts in community benefit.

**Section B—Medicare**

5. Enter total revenue received from Medicare (including DISH and IME). **5**  
6. Enter Medicare allowable costs of care relating to payments on line 5. **6**  
7. Enter line 5 less line 6 (surplus or shortfall). **7**  
8. Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit, and the costing methodology or source used to determine the amount reported on line 6 and indicate which of the following methods was used:
   - [ ] cost accounting system
   - [ ] cost to charge ratio
   - [ ] Other

**Section C—Collection Practices**

9a. Does the organization have a written debt collection policy? **Yes**  
9b. If “Yes,” does the organization’s collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? **Yes**

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### IRS 9990H Part VI: Supplemental Information

**Schedule H (Form 990) 2008**

**Part VI** Supplemental Information (Optional for 2008)

Complete this part to provide the following information:

1. Provide the description required for Part I, line 5c, Part II, line 6, Part III, line 6, and Part III, line 6b.
2. Describe how the organization assesses the health care needs of the communities it serves—“Needs Assessment.”
3. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state or local government programs or under the organization’s charity care policy—“Patient Education and Eligibility for Assistance.”
4. Describe the community the organization serves, taking into account the geographic and demographic characteristics it serves—“Community Information.”
5. Describe how the organization’s community-building activities, as reported in Part II, promote the health of the communities the organization serves—“Community Building Activities.”
6. Provide any other information important to describing how the organization’s hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e.g., annual medical staff community board, use of patient funds, etc.).
7. If the organization is part of an affiliated health care system, describe the respective role of the organization and its affiliates in promoting the health of the communities served.
8. If applicable, identify all states with which the organization or affiliated organizations filed a community benefit report.

[www.990forhospitals.org](http://www.990forhospitals.org)
Why Should We Collect, Track and Report Community Benefit?

- Public Awareness Reasons
  - Showing accountability to your community
- Tax Exemption Reasons
  - How much is enough?
- Sponsoring Reasons
  - Walking the walk, not just talking the talk
- Management Reasons
  - Top down support
- Mandatory State Reporting Reasons
  - 37 States have mandated or voluntary reporting
- Competitive Reasons
  - Which hospital is the better community member?
- Other
Why Track, Collect, and Report

Summary Reports
- How much?
- Narrative Reports
- By program

Where?
- IRS 990H Reports
- Statistical Reports
- By category

Who?
- Exception Reports

It’s all about reporting!

Telling Your Story
“By communicating the benefits organizations provide—responding to community health needs, improving health in the community, and serving those in need—organizations illustrate accountability to their communities.”

Source: CHA Guidelines 2006
Who Needs to Know?

- Community Members
- Communication Specialists
- Advocacy/Government Relations
- Fundraising/Development
- Governance/Strategic Planners
- Upper Level Management/Board Members

How Do You Tell Them?

- Newsletters
- Website
- Community Group/Church Meetings
- Videos/Media Ads
- Table Tents/Bulletin Boards
Hospital staffs will quickly embrace a “team effort” / “team approach”, for compelling reasons.

Coordinators
Finance
PR & Marketing
Senior Leadership
Reporters
Board Members

Additional Resources

Lyon Software

419-885-4593
9:00 am – 5:00 pm (EST)
support@lyonsoftware.com
www.lyonsoftware.com
Additional Resources

www.chausa.org

Additional Resources

www.chausa.org/guideresources
Lyon Software...striving to make social accountability reporting a streamlined process...