

# EXECUTIVE BRIEFING 3

By Michael Bilton

## Community Health Needs Assessment

For many years, numerous hospitals have assessed the health needs of their communities as an expression of their mission and a component of their community health programs. This process is now poised to become a universal activity among nonprofit, tax-exempt hospitals. The reason? The Patient Protection and Affordable Care Act of 2010 requires it.

In addition to the health care reform headlines, the ACA contains new requirements that nonprofit hospitals must meet as 501(c)3 charitable organizations. Among those is the completion — every three years — of a community health needs assessment and adoption of an implementation strategy to address identified needs. Hospitals will report on compliance with this requirement via the Internal Revenue Service's Form 990, Schedule H. The IRS released a revised Schedule H in February to incorporate the new requirements, and then in July requested comments on the community health needs assessment requirements (see "What Does the ACA Say?" page 24).

The American Hospital Association has been actively engaged with the IRS to assure that the new requirements are implemented as Congress directed and without creating unnecessary paperwork or administrative burdens for hospitals. In an Aug. 24 comment letter to the IRS, the AHA, the Healthcare Financial Management Association and VHA Inc. made detailed recommenda-

tions for changes to Schedule H to achieve those goals.

Based on direct input from 300 hospitals of many types and sizes from across the country, the AHA, HFMA and VHA Inc. requested that the IRS "revise Schedule H in a manner that accounts for this immense diversity." They requested that the IRS make reporting on the new requirements, including community health needs assessment, optional for tax year 2011, unless the IRS is able to revise Schedule H sooner (see "A Brief History," page 22). The group's "practical experience with the current Schedule H form and with providing myriad benefits to diverse communities throughout the country should provide the Service with an invaluable perspective on how best to achieve the [ACA's] objectives." A hiatus in reporting would allow hospitals the opportunity to await the results of IRS' consideration of needed changes to the form.

But while this federal requirement may be new, engaging in CHNA is not. In fact, it has been a well-established practice in many hospitals and systems for years, and hospital associations from the regional to the national level have supported the practice. For example, the Dallas-Fort Worth Hospital Council offers a community health data warehouse with assessment, collaboration and planning tools. The Hospital Council of Northwest Ohio has conducted assessments as a serv-

ice in considerably more than a dozen counties. And the Hospital Council of Northern and Central California helps bring hospitals together to collaborate on assessments, and shares assessment reports on its website.

Finally, the AHA's Association for Community Health Improvement created an online Community Health Assessment Toolkit several years ago and regularly includes the topic in educational programs.

### WHAT IS COMMUNITY HEALTH NEEDS ASSESSMENT?

Generally speaking, CHNA is an effort to identify and prioritize a community's health needs, accomplished by collecting and analyzing data, including input from the community. Information from a CHNA can be used in the development of strategies to address prioritized needs, with the goal of contributing to improvements in the community's health.

Because it is a *community* health needs assessment and not a *patient* health needs assessment, a CHNA typically seeks to understand and document health status, behaviors and

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needs in the community served by the hospital. This includes, but is broader than, the hospital's patients. Thus, it likely will include health services data already collected by the hospital (for example, numbers of admissions or emergency department visits by diagnosis), and also population indicators such as rates of diabetes, unintentional injuries or the ability to obtain primary health care.

A CHNA is not only about data collection, and we will describe components of a typical process below. First, let's examine other factors behind the growing relevance of CHNAs.

### BEYOND TAX EXEMPTION

At least two other aspects of health policy and anticipated health system changes brought about by the ACA make references to community health themes generally, and even to CHNA specifically.

#### National Quality Strategy

Health & Human Services released a National Strategy for Quality Improvement in Health Care in March 2011.

When you think of quality, you might think first of evidence-based medicine, patient safety and the elimination of disparities in care. While the National Quality Strategy certainly addresses these concepts, as well as issues of health care costs and affordability, it also incorporates the notion of "healthy people and communities."

The strategy adapts the Triple Aim from the work of Centers for Medicare & Medicaid Services Administrator Donald Berwick, M.D., while at the Institute for Healthcare Improvement, and states the following as one of three overarching aims: "Improve the health of the U.S. population by supporting proven interventions to address behavioral, social and environmental determinants of health in addition to delivering higher-quality care."

The strategy also adopts, among its six priorities, "promoting the most effective prevention and treatment practices ..." and "working with communities to promote wide use of best practices to enable healthy living." Taken together, one third of the National Quality Strategy's aims and priorities

include a focus on prevention and on the community conditions that either promote or inhibit good health.

This makes clear that knowing your community is beneficial to improving care quality and health. To make improvements in the upstream community factors that influence health frequently requires information from outside the health care delivery system.

Hospital leaders, for example, might want to understand how best to promote healthful behaviors, including reducing barriers to regular physical activity or improving access to healthy food. Or, they might wish to understand the content and effectiveness of the local public schools' health education curriculum, to ensure young people are being equipped to make healthy choices. Similarly, knowledge of poor housing or air quality conditions in some communities might contribute to understanding elevated rates of asthma. The new National Quality Strategy highlights the importance of understanding and addressing factors like these, and community health needs assessment is one tool that can help us get there.

## A Brief History

Community health needs assessment has been a tax-exemption issue since 2008.

**August 2008:** The Internal Revenue Service releases final instructions for the original Schedule H for hospitals that file Form 990. It includes the question: "Describe how the organization assesses the health care needs of the communities it serves."

**March 2010:** The Affordable Care Act is enacted, and Section 9007 includes the new CHNA requirement. The provisions take effect in a hospital's first taxable year beginning after March 23, 2012.

**July 2010:** The American Hospital Association, Healthcare Financial Management Association, Premier and VHA Inc. send the IRS a comment letter in response to its Request for Comments Regarding Additional Requirements for Tax-Exempt Hospitals, including recommendations regarding CHNA.

**February 2011:** IRS releases a revised Schedule H that includes 28 specific questions about CHNA.

**April 2011:** AHA, HFMA, VHA Inc. and 10 state and metro hospital associations send the IRS a letter about Schedule H. They recommend several changes and request that the IRS "withdraw and reissue the form, improve the Instructions and issue clear and usable guidance."

**June 2011:** The IRS issues a notice making the section of Schedule H implementing the new CHNA requirements optional for tax year 2010.

**July 2011:** The IRS issues a notice seeking comments on CHNA requirements.

**August 2011:** AHA, HFMA and VHA Inc. send the IRS detailed comments to improve the revised Schedule H form and instructions, including the CHNA section.

#### National Prevention and Health Promotion Strategy

The ACA also created a National Prevention and Health Promotion Strategy. Released in June, the Prevention Strategy echoes the prevention-oriented aspects of the National Quality Strategy, presenting additional detail about proposed prevention activities. It covers a wide range of approaches, from widely deploying effective clinical preventive practices, to supporting healthy choices by people, improving community environments and eliminating health disparities.

Among its many points, the prevention strategy suggests that "health care systems, insurers and clinicians can partner with ... governments, business leaders, and community-based organizations to conduct community health needs assessments and develop community health improvement plans." Much of that work already is happening in communities across the country today.

## Other Organizations Conducting Assessments

The ACA's requirement that hospitals conduct CHNAs specifically allows for them to be based on information collected by other organizations, and to be done in collaboration with others. For this reason, it can be valuable to learn who else in your community may be planning or conducting one. While many local organizations — from the United Way to the YMCA — may complete assessments, at least two types of health organizations have specific incentives or requirements to do so: local public health departments and federally qualified community health centers. In some cases, they may be good collaborators on the hospital's assessment and sources of valuable data.

Hospitals that do elect to collaborate on assessments often find that public health agencies serve a largely similar community area to their own and possess valuable population health data. Depending on their resources, public health agencies may have staff with health data expertise and be able to share in the CHNA's costs.

Due to the Public Health Accreditation Board's voluntary accreditation program, local public health agencies have a new incentive to conduct assessments. Two prerequisites for accreditation are the completion of a "community health assessment" and a "community health improvement plan."

FQHCs are nonprofit providers of primary and preventive care services to uninsured and Medicaid-enrolled populations throughout the country. It is not uncommon for hospitals to have a referral relationship with the local FQHC for diagnostic or specialty care, or for the hospital to help its patients obtain a primary care medical home with the FQHC.

To achieve and retain their federally qualified designation and its financial benefits, the Health Resources and Services Administration states these centers must conduct a needs assessment every five years to demonstrate their "understanding of the health care needs of the target community" and to inform their service strategy.

## A Six-Step Framework

While there is no one-size-fits-all approach to completing a community health needs assessment, the Association for Community Health Improvement, an American Hospital Association personal membership group, created an online community assessment guide (available at [www.assesstoolkit.org](http://www.assesstoolkit.org)). The guide breaks down the assessment process into a six-step framework.



Source: ACHI, 2011

## COMPONENTS OF AN ASSESSMENT

What does CHNA entail? First, there is no single approach to CHNA; in practice, there are a number of steps that many assessments follow. Second, it is important that your hospital design and implement its assessment in ways that make sense given the unique needs, characteristics and resources of your community, the hospital, other health care resources, local health issues and available data.

A small rural hospital, a suburban community hospital and an urban academic medical center each may approach assessment somewhat differently, according to their circumstances. With these flexible design principles in mind, the ACHI Community Health Assessment Toolkit offers a framework to consider (see "A Six-Step Framework, above).

### Establishing the Assessment Infrastructure

Ensure that senior leaders are informed about assessment requirements and the overall process. Identify available resources, including responsible staff,

and create a work plan. Decide whether (and if so, how) to partner with external organizations on the assessment; assess whether they can contribute data, community health knowledge, in-kind staff or financial resources.

### Defining the Purpose and Scope

Define the community to be covered by the assessment, including the geographic area and any specific target populations. Determine what you want to learn about the community's health, including the range of topics and any issues of particular interest. Discuss any anticipated uses of the assessment results, in addition to fulfilling the IRS requirement, keeping in mind the assessment will be made available publicly.

### Collecting and Analyzing Data

Data are at the core of any assessment. Identify what information is desired, consistent with your purpose and scope. Consider beginning with data that already exist and are accessible in the hospital and through publicly available sources, such as information on health services utilization, rates of

chronic disease, access to health care, health behaviors and demographic indicators. Determine whether additional information is desired and how to obtain it. Be sure to take into account input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of or expertise in public health.

### Selecting Priorities

Once data are in hand, consider how priorities will be determined and who will participate in selecting them. Select a manageable number of priority issues, based on the assessment data and knowledge of available resources and capabilities to address them.

### Documenting and Communicating Results

Prepare a written assessment summary or report that describes the community, the process used to conduct the assessment, how the organization took into account community and public health input, and the health needs identified. Make the assessment report publicly available, and consider creating a communica-

tions plan highlighting key findings and the hospital's engagement in community health.

### Planning for Action and Monitoring Progress

The ACA requires that tax-exempt hospitals adopt an implementation strategy once the assessment is complete. In practice, many hospitals already use their assessments to inform strategic and program decisions. Document the priority health needs the hospital intends to address, directly or in coordination with others, including any continuation of effort to address previously determined unmet needs.

## TAKING STOCK OF THE BENEFITS

Requirements and health care system trends aside, many hospitals have conducted CHNAs voluntarily and found them of value for several reasons. Drawing from case examples presented by hospitals at ACHI events, frequently cited benefits include:

**1. Planning and targeting community health services, including:** safety net primary care programs; prevention, wellness and health education initiatives; and projects to address social de-

terminants of poor health. Assessment data can help to ensure allocation of resources to the highest priorities.

**2. Raising awareness of key health issues:** Documenting the community's health needs can raise the community's awareness, build support for improving the conditions for health, and help the hospital obtain new financial resources for programs.

**3. Benchmarking and monitoring health status improvement:** Periodic assessments provide repeated snapshots of a community's health. Over time, they provide a picture of health trends and successes.

**4. Regional health improvement collaboration:** The CHNA process can be a valuable tool for starting or deepening conversations among the various organizations with a stake in the community's health. Potential benefits include shared priorities, coordinated planning and strategies, and more efficient use of resources.

## OPPORTUNITIES FOR TRUSTEE PARTICIPATION

As a trustee of a nonprofit hospital, it is important to be informed about the compliance requirements of IRS tax-exemption provisions. Learn whether (and when) your hospital is required to complete a CHNA and to adopt an implementation strategy, and ask questions to help ensure its timely completion.

It is anticipated that the IRS will require that the board or those it may designate be involved in the adoption of an implementation strategy. Review the board's current role in connection with CHNA. Consider how the board or its designee would carry out that responsibility. The assessment will be made widely available to the public. Be sure you are familiar with the key findings and priorities and ask how you — as a community ambassador for the hospital — might support messaging about the hospital's engagement on community health issues. **T**

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## What Does the ACA Say?

The Affordable Care Act provides specific details about conducting and using a community health needs assessment.

**Section 9007 of the Affordable Care Act requires that 501(c)3 hospitals:**

- conduct a CHNA every three years; and
- adopt an implementation strategy to meet the community health needs identified.

**The assessment must:**

- take into account input from persons who represent the broad interests of the community served by the hospital, including those with special knowledge of or expertise in public health; and
- be made widely available to the public.

**The assessment may:**

- be based on information collected by other organizations, such as a public health agency or nonprofit organization; and
- be conducted in collaboration with other organizations, including related organizations, other hospitals, and state and local agencies, such as public health departments.

There is a \$50,000 excise tax for failing to meet the CHNA requirements for any taxable year and noncompliance with this, or other new requirements, may result in loss of exemption. Hospitals report on these activities using the IRS's Form 990, Schedule H.

Source: Patient Protection and Affordable Care Act, Sec. 9007, pp. 802-806, and "Technical Explanation of the Revenue Provisions of the Reconciliation Act of 2010," as amended, in combination with the "Patient Protection and Affordable Care Act," p. 81