

Community Benefit & Community Health Needs Assessment Checklist:

**Best practices for building internal alignment and
maximizing impact**

Authored by CHAN Healthcare for the Healthcare Anchor Network,
with input from the Healthcare Anchor Network's *Collaborating with Community Stakeholders*
initiative group and The Democracy Collaborative

March, 2018

Background

Not-for-profit healthcare organizations are working with their communities to address specific community health needs and to improve the health of the overall community. In recent years, increasing emphasis has been placed on community benefit activities conducted by not-for-profit healthcare organizations by taxing authorities, legislatures and the public. Additionally, the tax-exempt status for some healthcare organizations has been challenged based on insufficient expenditures in community benefit activities. For these reasons, not-for-profit healthcare organizations need to reinforce their community benefit role, tell their community benefit story, and demonstrate compliance with state and federal requirements, such as completing the Community Health Needs Assessment (CHNA). Performing an audit of policies and practices related to community benefit whether a self-audit, or engaging a service provider, can assist with these efforts.

Auditing policies and practices as it relates to community benefit and CHNA processes is also important for identifying areas of integration with an anchor mission approach, defined as “a commitment to intentionally apply an institution’s long-term, place-based economic power and human capital in partnership with community to mutually benefit the long-term well-being of both.”¹ Under this framework, hospitals and health systems develop strategies to link all their assets to support health and well-being in the communities they serve and equitably address health disparities. These assets include community benefit activities, but also their everyday business practices—creating an opportunity to leverage significantly more resources toward community health and well-being goals.

Given that many of these strategies focus on leveraging and aligning business units and everyday practices within hiring, purchasing, investment and real estate for greater impact, many of them do not themselves count as community benefit. However, there are community benefit activities that can help to support and sustain the impact of anchor mission strategies by growing the infrastructure and capacity of the overall ecosystem for community economic development. In addition, activities pursued in partnership with other health systems, anchor institutions and community partners may count as community benefit. Over time current community benefit expenditures can be aligned with anchor mission strategies to maximize efforts to address identified community health needs.

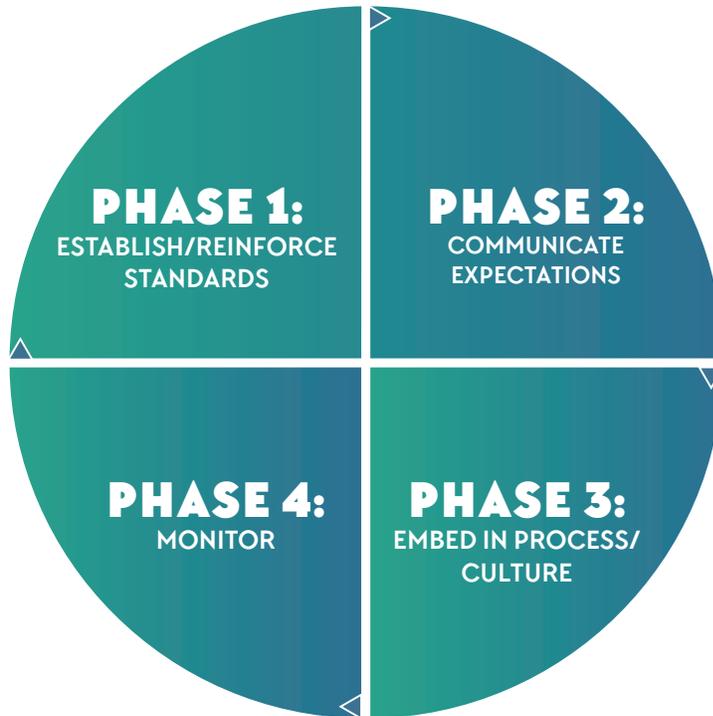
The following document outlines best practices for community benefit and community health needs assessment process as they exist. Recognizing that there has to date been little guidance around the delineation between anchor mission strategies and community benefit activities, the document makes suggestion for points of integration throughout the process.

Community Benefit

A leading practice to help organizations demonstrate their community benefit efforts is to form a Community Benefit Workgroup. The Community Benefit Workgroup, comprised of cross-functional

¹ Nancy Martin, on behalf of the Healthcare Anchor Network, *Advancing the Anchor Mission of Healthcare*, Washington, DC: The Democracy Collaborative, March 2017, <https://democracycollaborative.org/han>, accessed November 2017.

leaders, is considered a leading practice for aligning CHNA and community benefit efforts. The Community Benefit Workgroup may choose to facilitate the community benefit process by utilizing a structured approach such as the lifecycle depicted below.



Key components of community benefit and leading practices, which may be used as a check-list, are provided in the table below, organized according to the life cycle shown above.

Key Components of Community Benefit	Leading Practices
Phase I: Establish/Reinforce Standards	
Establish a clear mission to serve the community and formal goals or financial targets to provide care to those most in need.	The organization’s mission and vision address the commitment to care for those most in need. Formal financial objectives are established each fiscal year. Organization’s staff is educated on the new commitment, community benefit goals and CHNA process.

Key Components of Community Benefit	Leading Practices
<p>Develop and implement a community benefit program infrastructure.</p>	<p>The organization has performed the following:</p> <ul style="list-style-type: none"> • Integrated community benefits into key organizational plans • Established responsibility for the community benefits program with a senior leader of the organization • Dedicated staff to community benefits and has a community benefits point person • Developed a Community Benefit Workgroup/Committee* <ul style="list-style-type: none"> ○ *Constituents may include: <ul style="list-style-type: none"> ▪ Functional members (tax, finance, foundation, advocacy, outreach, other key strategic business units such as human resources, procurement, and treasury) ▪ Influential members (senior leadership) ▪ Mechanisms to incorporate community input into the groups' decision making processes, which might include ad-hoc community member committees as needed ○ *Reviews: <ul style="list-style-type: none"> ▪ IRS Form 990, Schedule H Narrative ▪ CHNA Implementation Strategy • Budgeted for community benefit programs

Key Components of Community Benefit	Leading Practices
	<ul style="list-style-type: none"> Governing board reviews and approves (or is informed regarding) major documents related to community benefit
Develop and implement policies and procedures regarding community benefits and anchor strategies, at both the health system and facility level.	The Community Benefit Workgroup helps establish system-wide policies and procedures for community benefits and anchor strategies which support business objectives and are well documented, implemented, routinely updated and consistently communicated.
Establish consistent processes among organizations to identify, value and report community benefits and anchor strategies, to promote consistent health system reporting.	The Community Benefit Workgroup identifies standards. Examples of what does and does not count as community benefit are routinely updated and provided to all organizational coordinators of community benefits.
Identify community health needs by completing the Community Health Needs Assessment (see CHNA section below for specific requirements).	The organization, led by the Community Benefit Workgroup, defines the community and scope of an assessment of community health needs. The organization assesses the needs of the community, community benefit strategy, integration with anchor mission strategies, and infrastructure every three years. The organization has reviewed the results of the assessment and builds their programs around those identified needs.
Identify what does and does not count as community benefits in compliance with the Catholic Health Association (CHA's) Guide.	The Community Benefit Workgroup reviews programs and activities so that community benefit objectives are met, in compliance with CHA's Guide. The organization reviews community benefit program categories for reasonableness, in compliance with CHA's Guide.
Phase 2: Communicate Expectations	
Communicate with management regarding community benefit and anchor mission programs that are currently underway.	The Community Benefit Workgroup has created an inventory of possible current community benefit and anchor mission programs and routinely reviews the inventory for reasonableness. The inventory, along with metrics and benchmarks regarding outcomes, is shared with management periodically. Community partnerships and collaborations are well documented.
Phase 3: Embed in Process/Culture	
Incorporate community benefit and anchor mission training in New Leader	Organization requires new leaders to attend training

Key Components of Community Benefit	Leading Practices
Orientation.	regarding community benefit, anchor mission strategies, community health needs assessment and implementation strategy.
Employee activities that may qualify as community benefit are reported.	The organization requires employee submission of participation in community benefit activities. The Community Benefit Workgroup sends monthly requests to management to encourage community benefit initiatives, and provides education on community benefit guidelines on a regular basis.
<p>Properly account for and report the following, in accordance with CHA's Guide:</p> <ul style="list-style-type: none"> • Net cost of community health improvement services • Net cost of health professionals' education • Net cost of subsidized health services • Cost of generalizable research • Quantification of cash and in-kind contributions • Cost of community-building activities • Cost of community benefit operations 	The Community Benefit Workgroup captures community benefit program costs and activities, has sufficient documentation that supports the community benefit program and activity costs and has calculated community benefit program costs in accordance with CHA directives. Cost methodologies are routinely reviewed and compared to CHA directives.
Identify areas of alignment with anchor mission strategies:	The Community Benefit Workgroup connects with business unit leaders to learn about help align anchor mission strategies underway to improve impact and identify

Key Components of Community Benefit	Leading Practices
<ul style="list-style-type: none"> • Inclusive, Local Hiring • Inclusive, Local Purchasing • Place-based impact investment • Community-integrated real estate and facilities <p>Properly account for and report any costs associated with Anchor Strategies that support the effectiveness of community benefit activities but do not solely benefit the health system and business unit operations. These might include expenditures that help to support community economic development ecosystem,</p>	<p>potential gaps. It has a clear understanding of the costs associated with each strategy and funding streams for each. The group identifies community benefit interventions that support local economic development broadly, common partners, or common infrastructure for multiple institutional efforts.</p> <p>The Community Benefit Workgroup has sufficient documentation that supports the activity costs and has calculated associated community benefit costs. Cost methodologies are routinely reviewed. It also helps connect these operational strategies to identified health needs.</p>
<p>Communicate the community benefit program, in accordance with state and federal regulations.</p>	<p>The Community Benefit Workgroup has a formal communication plan and routinely communicates the community benefit provided to the public.</p>
<p>Cross-train personnel to identify and account for community benefits.</p>	<p>The organization has a designated back-up employee who has been appropriately trained to identify and account for community benefits in accordance with CHA's Guide.</p>
<p>The costs of community benefit programs are correctly stated in the community benefit report.</p>	<p>The Community Benefit Workgroup reviews the community benefit report for clarity, reasonableness of benefits and agreement with actual costs incurred.</p>
<p>Key spreadsheets, databases, or other systems that are utilized to track and calculate community benefit and anchor</p>	<p>Systems and/or spreadsheets in MS Excel are secure and are reviewed for mathematical accuracy.</p>

Key Components of Community Benefit	Leading Practices
strategy amounts are accurate and only appropriately accessed.	
Phase 4: Monitor/Assess	
Establish routine reporting, monitoring and review procedure to measure financial target progression regarding community benefit goals.	Reporting demonstrates clear progress and identifies potentially significant issues. Monitoring is formalized and consistently performed. Reporting is flexible enough to adjust for changing focus in objectives and metrics. Compare your processes to benchmarks in the field.
Evaluate the community benefit program for quality and effectiveness on an ongoing basis.	The organization is evaluating its community benefit strategy and infrastructure every three years. Community programs are reviewed to determine whether resources are effectively utilized and if the programs are making a positive impact.

Community Health Needs Assessment

The Community Benefit Workgroup can also be a resource for the healthcare organization to document the community health needs assessment (CHNA). The CHNA is an important resource and a vital component of demonstrating community benefit. All not-for-profit hospitals must perform a CHNA every three years to comply with Section 501(r) of the Internal Revenue Code. Failing to comply with any of the requirements of 501(r) can lead to penalties, including an excise tax or loss of tax-exempt status. Therefore, organizations must be diligent in their compliance efforts. The following checklist contains the six required elements that must be included in the report, considerations for meeting the requirements, and tips for avoiding trouble spots.²

² Federal Register, Vol. 79, No. 250, Dec. 31, 2014, pp. 78966 and 79002, <https://www.gpo.gov/fdsys/pkg/FR-2014-12-31/pdf/2014-30525.pdf>

Required Elements	Considerations	Tips
<p>Define the community served, and describe how the community served was determined.</p>	<p>While defining the community served is a straightforward requirement, hospitals often overlook the section of the report where they must describe <i>how</i> they determined the community to be served. Hospitals typically determine their community served by reviewing data such as:</p> <ul style="list-style-type: none"> • Demographics, including age, ethnicity, and socioeconomic status • ZIP codes in their service area • Discharge data • Community trends • Social determinants of health 	<p>Documenting <i>how</i> the defined community was determined is just as important as defining the community served.</p>
<p>Describe the process and methods used to conduct the CHNA.</p>	<p>Hospitals are required to describe all types of data and information used in the assessment and all methods used to collect and analyze that data and information. Common methods used to collect data include:</p> <ul style="list-style-type: none"> • Focus groups • Surveys • Interviews with key stakeholders • Other primary and secondary sources 	<p>In the report, don't forget to include parties with whom the hospital collaborated or contracted for assistance in conducting the CHNA.</p>

Required Elements	Considerations	Tips
<p>Describe how the hospital solicited and took into account input from persons who represent the broad interests of the community served.</p>	<p>The IRS designed this area of the report to help hospitals better understand the needs of the low-income, minority, and medically underserved populations in their community. Hospitals are required to specify not only the origin of the information obtained and the population it represents but also how the input was obtained, including the nature and extent of the input.</p> <p>Consider a hospital that operates in a community with a significant Hispanic population. The CHNA report should specify what steps the hospital took to obtain input from members of that population or organizations or individuals who serve that population. For example, did the hospital reach out to a community center or other community organizations that specifically serve the needs of the Hispanic community? And, in doing so, what did the hospital learn about the specific health needs of that population? Were social determinants of health/negative drivers of health considered?</p>	<p>Be sure to accurately describe the process used by the hospital to gather information from various community groups rather than simply listing the fact that it reached out to those groups.</p>

Required Elements	Considerations	Tips
<p>Include a prioritized description of the community’s significant health needs, and describe how the hospital prioritized those health needs.</p>	<p>Examples of some of the significant health needs outlined on many hospitals’ CHNA reports include obesity, diabetes, access to care, birth outcomes, chronic disease and transportation. Anchor strategies addressing social determinants of health may include: affordable housing, good paying jobs, stable local economy and stable or improved graduation rates. Often, the CHNA report itself includes little discussion about how the health needs were prioritized.</p> <p>In the report, hospitals are required to describe the methods used and factors considered to prioritize the community’s significant health needs. This may be accomplished via a scientific method or through discussion among leadership and other hospital stakeholders (or with the help of a third-party consultant) about various relevant factors, including the severity of the health need, the urgency of the health need, and the importance the community places on addressing the health need and should include social determinants of health.</p>	<p>Although hospital leaders and staff have the flexibility to choose how best to prioritize the significant health needs of their own community, they have to be transparent in that process by clearly describing it in the CHNA report.</p>

Required Elements	Considerations	Tips
<p>Describe the resources potentially available to address the significant health needs identified.</p>	<p>In this section of the CHNA report, hospitals must identify and describe existing healthcare facilities and resources that are available to meet the health needs of their community. The intention behind this section of the report is to encourage hospitals to be mindful of the service offerings in their area. Completing this section helps them determine if they can fulfill a need in the community that isn't already being addressed by the organization itself or by another organization, while avoiding duplicating services in the community.</p> <p>For example, if a hospital identifies cancer as one of the top health needs in the community served, but a neighboring organization recently has built a new cancer center, the hospital likely would not want to build another cancer center if that would be a duplication of services that already are available.</p> <p>For example, if local hiring is identified as a top driver for social determinants of health, consider what additional resources/community partners are available to assist the hospital in increasing local hires.</p>	<p>Completing this section of the report serves a dual purpose for hospitals, as it could spark ideas for new service lines and guide business decisions that best harness existing resources already offered in the community. Opportunities to develop partnerships with other community organizations to address identified needs should be considered and explored including nontraditional partners such as food banks, training institutions and other local social service agencies.</p>

Required Elements	Considerations	Tips
<p>Evaluate the impact of any actions that the hospital took since its last CHNA.</p>	<p>Because many hospitals are on only their second CHNA report cycle, this section of the report is somewhat new. As they complete a CHNA every three years, hospitals must look back at previous reports and evaluate the top health needs listed, what actions they took to address those needs, and whether the actions made an impact on community health needs as well as on socioeconomic factors.</p> <p>A best practice is to make sure the actions taken to address community health needs and socioeconomic factors are measurable. For example, rather than listing that the hospital is going to “reduce cancer in the community,” it might commit to “conducting 50 percent more cancer screenings than in the previous period.” For example, rather than listing that the hospital is going to “hire locally”, it might commit to “increasing local hires by five percent over the previous period.” Both of these examples are more measurable goals.</p>	<p>When listing community health needs including socioeconomic factors, and how the hospital will address them, set up a measurable metric so the organization can successfully evaluate whether any actions taken since the last CHNA have made an impact on the community.</p>

Work Together

As hospitals fall into the rhythm of completing community health needs assessments every three years to comply with Section 501(r), it’s a good practice to continually review the required elements that must be included in a CHNA report. Hospital management and staff from across the organization must work together – with each other and with consultants the organization hires to complete a CHNA – when drafting reports to confirm that the information they contain is accurate and consistent with federal reporting requirements. The Community Benefit Workgroup can facilitate this collaboration.