

CATHOLIC HEALTH ASSOCIATION OF THE UNITED STATES
Instructions for
Hospital Community Benefit Report
IRS Form 990, Supplement to Part III

This Hospital Community Benefit Report template for IRS Form 990, Attachment to Part III, was developed to promote consistency in the reporting of community benefit information on IRS Form 990 and to share the community benefit contributions of tax-exempt hospitals with the IRS and the public in a more organized, comprehensive, and consistent manner. CHA believes that through enhanced reporting of community benefit contributions, a tax-exempt hospital will be better equipped to demonstrate to government agencies and its community that its tax-exempt status is warranted.

By December 2006, most hospitals will be required to electronically file their Form 990s with the IRS. Because of this, they will no longer be able to attach a copy of their annual reports or similar documents to the Form 990 to provide information about their community benefit activities. After completing the template, you will need to work with your tax preparer to determine the best way to incorporate it as an attachment to Part III to your e-filed Form 990. It is our understanding that the technical form of creating attachments may differ slightly depending on which tax preparation software you use.

This template format is consistent with CHA's community benefit guidelines and IRS guidance. The template has two sections:

Section 1. Qualitative Description of Community Benefit

Describes the hospital's community benefit mission, how the mission is translated into a proactive approach designed to meet community health needs, how the hospital meets tax-exemption requirements, and a description of community benefit programs and services

Section 2. Quantifiable Community Benefit Information

Describes the hospital's community benefit contribution in financial terms presenting the amount of charity care, the unpaid shortfall from government health care for the indigent, and the net expense of community benefit services.

Note: Although Section 2 is optional, CHA *strongly recommends* including this information in the attachment to Part III of the IRS Form 990.

General Instructions:

- The information in this Hospital Community Benefit Report is intended to be included as an attachment to **Part III** of IRS Form 990. The information contained in this attachment is designed to supplement Part III with community benefit information and is not intended to provide a complete response to Part III. Part III asks for a description of all program service accomplishments, which includes, but is not limited to, community benefit activities.
- The information used in this report should be consistent with descriptions of community benefit in your hospital's community benefit and/or annual reports.
- It is recommended that this attachment be prepared not only by those in the finance department, but should also include input from other colleagues who are knowledgeable about the community benefit efforts, such as staff in the community benefits, communications, finance, and legal

departments. This will help ensure that the attachment contains a comprehensive description of the hospital's community benefit contribution.

- Section 2 can be used to describe quantifiable community benefit, that is, the cost of programs to increase access and improve health in the community. Although this section is optional, CHA strongly recommends using *A Guide for Planning and Reporting Community Benefit* to report costs in this section.

Hospital Community Benefit Report - IRS Form 990, Supplement Part III

The community benefit contribution of <INSERT HOSPITAL NAME> includes programs and activities that improve access to health care and improve health in our communities.

In order to portray the full breadth of our contribution, our community benefit information is described below:

- **Section 1: Qualitative Description of Community Benefit** - describes the hospital's community benefit mission, how the mission is translated into a proactive approach designed to meet community health needs, how the hospital meets tax-exempt requirements, and a description of community benefit programs and services that highlight the hospital's impact on community health.
- **Section 2: Quantitative Description of Community Benefit** - describes the hospital's community benefit contribution in financial terms presenting the amount of charity care, the unpaid shortfall from government health care for the indigent, and the net expense of community benefit services.

SECTION 1 – QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT

1. **Organizational Commitment to Providing Community Benefit**

- Describe hospital's **mission** and **primary exempt purpose**. (If applicable, identify hospital's status as a critical access hospital, sole community hospital, disproportionate share hospital, or related status.)*
- Summarize hospital's **approach to providing community benefit**. This summary could include the following information:*
 - *Geographic area and target populations;*
 - *Major trends, needs, and problems in the community;*
 - *Major strategies to address identified needs and problems;*
 - *Community organizations collaborating with the hospital to improve community health, expand access to health care, or in other ways benefit the community;*
 - *Whether hospital has dedicated staff to assist the community benefit effort.*
- Describe the hospital's financial assistance policies or programs (e.g. charity care, discounting) for low-income persons and how they are communicated to the public.*

2. **Organizational Description for Tax Exemption**

Indicate whether the hospital:

- *operates an **emergency room that is open to all persons regardless of ability to pay**;*
- *has an **open medical staff with privileges available to all qualified physicians in the area**;*
- *has a **governing body in which independent persons representative of the community comprise a majority**;*

- *engages in **medical or scientific research** programs;*
- *engages in the **training and education of health care professionals**;*
- *participates in **Medicaid, Medicare, CHAMPUS, Tricare, and/or other government-sponsored health care programs**;*

3. Description of Community Benefit Programs

- A. *Describe and highlight one or more programs that have clearly met an identified community health need. Such programs could include the following:*
- *outreach to persons who live in poverty or who for other reasons face challenges accessing health care;*
 - *subsidized services needed by the community (e.g., burn unit, mental health services, hospice, trauma care, emergency department);*
 - *programs/services that provide significant community benefit (e.g., prevention programs, coalitions to improve access);*
 - *services and activities that are not specifically health care related (e.g., economic development, environmental improvements), but that benefit the general well-being of the community.*

This description could include the following information:

- ***Program title and general description***
- ***Target population***
- ***Unmet community need addressed by program and how that need was identified***
- ***Impact of the program on participants***
- ***Involvement of the community in program development or implementation***
- ***Overall benefit of the program with respect to health indicators, outcomes, costs, access, preparedness, etc.***

4. Links to Additional Community Benefit Information

- A. *Possible links to include in this report:*
- *Your hospital's publicly available financial assistance information*
 - *Your hospital's community benefit report*

SECTION 2 – QUANTIFIABLE COMMUNITY BENEFIT

This section includes a list of the types of programs and services that could be included as community benefit activities. See www.chausa.org/communitybenefit/counting for more details about these programs and services.

The financial information in this report was prepared in accordance with the Catholic Health Association’s (CHA) community benefit reporting guidelines. These guidelines recommend the following:

- Report charity care at cost, not charges.
- Do not include bad debt, contractual allowances, and quick pay discounts as part of charity care expense.
- Do not count Medicare shortfall as a community benefit.
- Report the net expense for community benefit services, i.e., the total community benefit expense minus any associated revenue from patients, payers, and other external sources.

The CHA reporting guidelines reflect a conservative approach to reporting quantifiable community benefit. The goal of the reporting guidelines is to produce community benefit financial reports that reflect true costs and that describe community benefit activities that increase access to health care and improve community health.

For [fiscal] year ended 20__

1) **Charity care – at cost** \$ _____
Do not include bad debt.

2) **Government sponsored health care - net expense** \$ _____
Unpaid cost of public indigent care programs
(includes Medicaid, SCHIP, other safety net programs;
does not include Medicare shortfall)

3) **Community Benefit Programs - net expense** \$ _____
Specific expenses may be itemized as appropriate.
Following are examples of the types of programs that could be included:

Community health services

- Community health education*
- Community-based clinical services*
- Health care support services*

Health professions education:

- Physicians/medical students*
- Nurses/nursing students*
- Other health professional education*
- Scholarships/funding for professional education*

Subsidized health services:

- Emergency and trauma services*
- Hospital outpatient services, e.g.,*
 - Burn unit*
 - Renal dialysis services*
 - Subsidized continuing care*
- Behavioral health services*
- Palliative care and hospice*

Research:

Clinical research
Community health research
Financial and In-Kind Contributions:
Cash donations
Grants
In-kind donations
Community-building activities:
Physical improvements/housing
Economic development
Environmental improvements
Coalition building
Community Benefit Operations:
Dedicated staff
Community health needs/health assets assessment

Total quantifiable community benefit \$ _____