

Six Steps to Develop a Meaningful Community Health Needs Assessment
Part I of a Two-Part Series

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The Patient Protection and Affordable Care Act (PPACA) passed by Congress in March 2010 is recognized as one of the most important pieces of health care legislation to pass since the Medicare and Medicaid programs were signed into law in 1965. In its current form, PPACA focuses on the health care delivery model and its relationship to patient care. Although PPACA may undergo changes as it rides the political tide, some form of health care reform is inevitable regardless of the winner of the November election. Rising health care costs, insurance coverage gaps and exclusions, growing numbers of underinsured and uninsured individuals and families, and escalating concerns by employers and employees will continue to drive health care reform.

Health planners and marketers must be aware of, and ensure that their nonprofit hospital organization complies with, PPACA and its companion Internal Revenue Code Section 501(r) because compliance rests on how well a hospital serves the health care needs of its community. Specifically, Section 501(r) requires four new qualifications to maintain tax exemption, each designed to enhance transparency among reporting nonprofit entities for the purpose of defining community benefit. Of the four new requirements, it is the Community Health Needs Assessment (“CHNA”) that is of specific interest to the hospital planner and marketer.

The CHNA is intended to provide a community needs snapshot, incorporating demographic, socioeconomic, and financial data. The CHNA will also include input from community stakeholders and organizations gleaned from meetings, focus groups, interviews, surveys, etc. Finally, the CHNA includes prioritization of the identified health needs and an implementation plan to address them.

The CHNA provides the hospital organization an opportunity to assess the broader community and its health needs rather than focusing on the traditional hospital-centric assessment by working with community organizations. Think of the CHNA as a means to establish communications and develop (or enhance) relationships with a full array of community organizations to identify and ultimately address the community’s health needs.

The CHNA provides you with the opportunity to educate outside agencies and stakeholders in the community about the community benefits the hospital provides. Use of the CHNA as a public relations and marketing tool provides your organization with visibility in the community while fostering greater community understanding and collaboration for the future.

Community Benefit as an IRS Standard

It is no surprise that health care reform legislation and related IRS tax exemption have been, and continue to be, linked to the concept of community benefit. Over the years since the IRS 1969 Revenue Ruling that first defined community benefit, hospitals have commonly complied with the community

benefit provision through the operation of an emergency department. But, under PPACA and the newly codified Section 501(r), hospitals are now being asked to not only prove their community service through the provision of emergency and charity services, but to prove it in other ways.

First Steps in Developing the CHNA

Specific to the CHNA, IRC Section 501(r)(3) requires hospital organizations to conduct a community health needs assessment at least every three years starting with a hospital's tax year beginning after March 23, 2012. Key CHNA requirements include:

- Incorporating input from community representatives;
- Adoption of an implementation strategy that makes the CHNA widely available to the public;
- Disclosure of methods used to address the needs identified in the CHNA.

The following steps will help you get started with your organization's CHNA process.

Step #1 – Develop the Organization's CHNA Team

A hospital's compliance with the CHNA requirement can most capably be assured by a collaborative team effort. Merging the findings of the CHNA with the hospital's long-range planning and strategies will provide hospitals the opportunity to meet both the external tax reporting requirements called for by PPACA and internal planning goals to fulfill a more meaningful community health purpose.

Your hospital's CHNA team should be a multi-disciplinary team including planning, marketing, finance, operations (administration and medical), legal, and mission services/community outreach. Assembling a team with knowledge of your hospital and your community will provide the expertise necessary to create an accurate and meaningful CHNA. To ensure success, using an Executive team member to lead the process will foster buy-in at all levels of the organization.

It is important to recognize that a comprehensive CHNA is a time-consuming process that will take months to complete. Dedicated time of select staff members and/or use of outside consultants will ensure the CHNA is completed efficiently and with an end-product that is meaningful to the organization and the community while ensuring vital tax compliance.

Step #2 – Utilize IRS Notice 2011-052 to Develop the Broad Framework for the CHNA

IRS Notice 2011-052 Section 3 addresses the CHNA and describes anticipated provisions (final guidance from the IRS and U.S. Department of Treasury is still pending). A review of this notice provides a foundation for developing the CHNA. Key subsections include:

- Section .01: Hospital Organizations Required to Meet the CHNA Requirements
- Section .02: Hospital Organizations with Multiple Hospital Facilities
- Section .03: Documentation of a CHNA
- Section .04: How and When a CHNA is "Conducted"
- Section .05: Community Served by a Hospital Facility
- Section .06: Persons Representing the Broad Interests of the Community
- Section .07: Making a CHNA Widely Available to the Public

- Section .08: Implementation Strategy
- Section .09: How and When an Implementation Strategy is Adopted
- Section .10: Excise Tax on Failures to Meet the CHNA Requirements
- Section .11: Reporting Requirements Related to CHNAs
- Section .12: Effective Dates

The following link will direct you to the appropriate IRS page regarding Section 501(r):

[http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/New-Requirements-for-501\(c\)\(3\)-Hospitals-Under-the-Affordable-Care-Act](http://www.irs.gov/Charities-&-Non-Profits/Charitable-Organizations/New-Requirements-for-501(c)(3)-Hospitals-Under-the-Affordable-Care-Act).

Step #3 – Identify Community Stakeholders to Participate in the CHNA

The CHNA must at least: 1) take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with a special knowledge of or expertise in public health; and, 2) be made widely available to the public. Part 1 of this requirement is addressed below; information regarding publicizing the CHNA will be provided in Part II of this series.

The requirement of the CHNA to have the hospital consult with or seek input from representatives in the community with an understanding of the community's health needs provides your organization with an opportunity to coordinate with key stakeholders and agencies. External community agencies and/or stakeholders to consider involving in the assessment phase may include: public health officials (physical and mental health), free or discounted health clinics, Area Agencies on Aging, American Heart Association, Council for Economic Development, area churches and synagogues, homeless shelters or advocacy groups, minority advocacy groups, etc.

The involvement of community stakeholders in the CHNA will ensure a broad assessment of health needs for the community. The role of community stakeholders at this point in the CHNA process will provide necessary input regarding community health needs from unique and 'in the trenches' perspectives. The community stakeholders will provide expertise on community health needs, not necessarily drive the implementation or resolution of those needs. The next paper will address the important secondary role of the community stakeholders: involvement and coordination with select stakeholders in the implementation plan to address identified needs, as appropriate.

Next Steps to Complete a CHNA

Our next paper will provide detailed information regarding the following steps:

- Step #4 – Complete the CHNA;
- Step #5 – Summarize and Report Findings from the Needs Assessment; and,
- Step #6 – Develop an Implementation Strategy.