

Community Benefit

Because health is about more than the absence of sickness or disease, Georgia hospitals reach out to their communities through their day-to-day operations and with programs and services that address community health needs. Hospitals work to be an essential part of both short-term and long-term health improvement by promoting healthy living and quality of life. They also work to expand access and coverage. Health screenings, clinical services, support groups, research, subsidized health services, in-kind contributions, and the provision of indigent and charity care are just a few instances of hospitals' efforts to improve the health of their communities. In 2016, Georgia not-for-profit hospitals provided more than \$1 billion in community benefit.¹³

Indigent, Charity and Free Care

In 2018, hospitals cumulatively provided \$1.5 billion in financial assistance through indigent, charity and free care.¹⁴ This number is calculated based on the actual cost to provide that care, which is provided to patients who typically do not have insurance and have family incomes that qualify for a hospital's indigent or charity care policies. In some cases, the hospital covers the entire amount of the patient's bill. In other cases, the hospital will subsidize the cost of the bill and require the patient to pay some amount based on his or her income and a pre-established sliding scale.

Not-For-Profit Hospital Requirements

In exchange for their tax-exempt status, not-for-profit hospitals are expected to provide additional health benefits to their communities above and beyond indigent and charity care. Not-for-profit hospitals are federally required to report the value of these benefits annually on Schedule H of the IRS Form 990.

Generally, the IRS categorizes community benefits for not-for-profit hospitals as follows:

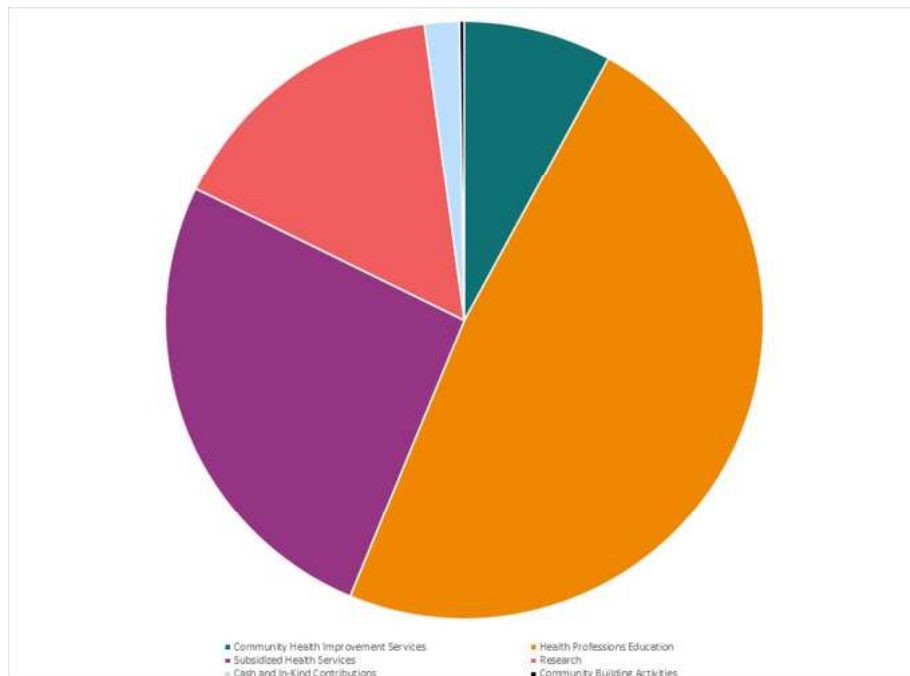
- Community health improvement services;
- Health professions education;
- Subsidized health services;
- Research; and
- Cash and in-kind contributions to community groups.

Schedule H separately captures community-building activities that a hospital engages in to protect or improve the community's health or safety (e.g., leadership development and training for community members or coalition building). Some community building activities may also meet the definition of community benefit but can only be reported as one or the other.

While there are no federally mandated or state-mandated requirements related to the amount of community benefit provided by hospitals, these amounts are watched closely by the IRS and other taxpayer advocacy groups to ensure not-for-profit hospitals are accountable for their tax-exempt status.

As reported on the 2017 Schedule H, Georgia's not-for-profit hospitals provided more than \$1 billion in community benefit.¹⁵ This is in addition to amounts provided by these same hospitals in financial assistance for indigent and charity care.

In order to track compliance with these new community benefit requirements, in 2011, the Internal Revenue Service Significantly expanded the annual reporting requirements for tax-exempt hospitals on Schedule H.



Inside the H

The federal *Patient Protection and Affordable Care Act of 2010 (ACA)* placed additional community benefit mandates on not-for-profit hospitals. These hospitals must:

- Conduct a community health needs assessment at least once every three years and adopt an implementation strategy for all community needs identified in the assessment;
- Adopt and publicize a financial assistance policy;¹⁶
- Limit amounts charged to uninsured individuals eligible for financial assistance to no more than they generally bill to patients who have insurance; and
- Forego extraordinary collection actions before the hospital has made reasonable efforts to determine whether the individual is eligible for financial assistance.