

Hospital Community Benefit: What is it, why is it important, and how could it be more effective?

Nonprofit hospitals achieve and maintain their official nonprofit status through undertakings aimed at promoting the health of their communities, referred to as community benefit activities. Among the categories of community benefit designated by the Internal Revenue Service (IRS), over 85% of overall hospital expenditures fall under direct patient care, including financial assistance programs, shortfall from Medicaid and other means-tested government programs, and subsidized local health service. The remaining 15% of hospital community benefit funds are applied in domains including medical research, health professions education, and community health improvement services.¹ In 2011, hospitals reported over \$62 billion in annual community benefit investments,² and annual per capita community benefit investments have been shown to exceed combined annual state and local health department spending.³ Non-profit hospital community benefit investments have the potential to positively impact the health of communities across the country, yet a number of factors, including lack of clear mechanisms for accountability or inter-hospital cooperation, may limit the effectiveness of these expenditures at improving the health of local populations.

The community health improvement services (CHIS) category, which is explicitly defined as activities or programs carried out "for the express purpose of improving community health," has the greatest potential to address upstream determinants of health.⁴ However, this category has historically accounted for a small portion of overall hospital community benefit expenditures, with estimates ranging from 4-8% of overall community benefit spending.^{2,3,5} This is notably lower than expenditures in direct patient care categories.³

In recent work, our team explored allocations of community benefit expenditures and compared this to local health needs from 23 nonprofit hospitals and health systems across the five-county greater Philadelphia region. We performed this work with the concept that there may be opportunity to better maximize community benefit through coordination of investments across hospitals, especially in a dense, urban region. Two manuscripts have been generated by this work.^{6,7} In the following, we summarize our findings, and provide recommendations for next steps to increase community benefit impact.

Understanding What Communities Need and How Hospitals Allocate Their Expenditures

The Affordable Care Act (ACA) mandates that, every three years, nonprofit hospitals perform a community health needs assessment and establish an implementation strategy to address identified needs. We performed a qualitative content analysis to understand regional health needs and related initiatives outlined in the implementation strategies as reported by each of the Philadelphia nonprofit hospitals. Access to primary care and services for substance abuse were identified as community health needs by all of the Community Health Needs Assessments in Philadelphia County, but only half of the hospitals reported a plan to address these community needs. In addition, while dental health, mental health, insurance coverage, and pharmacy and drug costs were among the most frequently reported community needs, these domains were very rarely included in hospital implementation strategies.

Coordination of Nonprofit Hospital Community Benefit Investments

In this work (currently in press), we explored local community benefit spending patterns, specifically characterizing spending allotments in CHIS. We analyzed hospital-published Community Health Needs Assessments (CHNA) as well as Internal Revenue Service tax filings from 23 nonprofit hospitals and health systems across the five-county greater Philadelphia region. The urban core of Philadelphia County had higher rates of poverty, more non-White residents, lower average educational attainment and higher overall community need than the surrounding suburban counties. However, while hospitals in Philadelphia County reported far higher overall community benefit expenditure, they reported significantly less spending on CHIS as compared to surrounding suburban counties, both as a proportion of their total community benefit spending and as an absolute dollar amount.

Recommendations to Maximize the Impact of Community Benefit Spending

While the hospital community benefit has tremendous potential for impacting and improving regional health, our work has demonstrated substantial gaps between community need and community benefit expenditure. In order to maximize the impact of the hospital community benefit, we propose the following priorities:

1. Improve regional coordination between hospitals that serve overlapping communities

2. Establish a mechanism for hospital accountability to ensure that identified community health needs are being addressed in a community-centered manner, and that evidence-based approaches are being employed to address those needs.
3. Expand hospital reporting requirements to include measures assessing the effect of community benefit-funded programs on local community health. While current policies demand reporting of monetary inputs for community benefit investments, there is no expectation for reporting outcome measures. Measures might vary by region, and hospitals should be able to select outcome measures most relevant to the documented needs of their community. Examples might include measures of rates of immunizations supported by community benefit funding, or number of individuals provided access to job training programs, or number of pregnant women connected to insurance coverage through community benefit supports.
4. Increase transparency within CHNA implementation strategies, including

information on how hospitals prioritize which needs will be targeted, what hospitals have identified as specific goals and objectives regarding their CHNA, hospital dollars invested per program, people served per program, and any other relevant outcomes

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