Community Health Needs Assessment

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Introduction

The Patient Protection and Affordable Care Act (PPACA) enacted in March 2010 has had a significant impact on the evolving healthcare industry. The PPACA legislation has created a new sense of urgency within the industry to discover new care delivery models, increase access for healthcare and challenge the quality of care that is being provided to patients. New programs are being piloted (Pioneer Acute Care Organization program, Bundled payments, etc.) and hospitals and physicians alike have been critically evaluating their strategic responses to the legislation. Now that the Supreme Court has upheld PPACA, health reform is moving forward and there are requirements that health care systems will need to understand in order to avoid constant regulatory pressure.

Buried within the 2,300 pages of the PPACA are four new requirements for 501(c)(3) hospitals. Specifically, the PPACA imposes new tax requirements on 501(c)(3) hospital organizations for tax years beginning after March 23, 2012. The law added two new sections to the Internal Revenue Code documenting the new mandates identified below:

1. Each tax exempt hospital must adopt and implement written financial assistance and emergency medical care policies.
2. The hospital organization must limit charges for emergency or other necessary medical care.
3. Comply with new billing and collection restrictions.
4. Each tax exempt hospital is required to conduct a Community Health Needs Assessment (CHNA).

Arguably the most significant requirement, the Community Health Needs Assessment will necessitate a well defined approach and process from hospitals to ensure a successful completion this IRS mandate.

Based on the content of the PPACA legislation and the IRS Guidance document, there are four clearly stated requirements for a CHNA:

- Develop a health profile of the county's population.
- Determine how the community perceives its health status and health care needs.
- Enable the identification of the major risk factors and causes of health issues.
- Provide the identification of the actions needed to address.

In its simplest definition, a CHNA is the ongoing process for a hospital to evaluate the health needs of a community, which facilitates a prioritization of needs and strategies to address them. The PPACA legislation uses only one page out of 2,300 pages to define a CHNA. Thankfully the IRS posted a 26 page document in 2011 to provide further clarity on what could be seen as an intentionally ambiguous subject.

The CHNA will provide information to answer an organization's questions. If a hospital is one of the 2,918 non-government not-for-profit hospitals in the U.S and it fits the following requirements, the hospital is subject to the CHNA:

1. The organization is required to be licensed by the state.
2. The IRS determines hospital care as the organization's principal function.
3. State-licensed hospitals operated through a disregarded entity or joint venture – treated as the activities of the tax exempt partner, multi-hospital systems, critical access hospitals organized as 501(c)(3).

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In addition, it is important for multi-hospital systems to understand that each hospital is required to produce its own implementation strategy.

Beginning in 2012, the CHNA is required every three years. Hospital organizations not in compliance with this mandate will be penalized up to $50,000 per year and can be at risk of losing not-for-profit status. In the past, the assessment has been shared with local government agencies and other healthcare entities in order to coordinate the allocation of both public and private resources.

The IRS also requires a communication of results. Hospital organizations that perform the CHNA must make the report widely available by posting their CHNA report on a website. Hospitals must also attach their Implementation Strategy to Form 990 (from the IRS). The IRS plans to add questions reflecting the new reporting requirement for Form 990 in the future.

Framing Your Response

As hospitals embark on fulfilling the CHNA mandate, they should consider a well-defined scope and process. The scope can be simplified to three levels (compliance, coordination and coalition) that all meet the requirements of the PPACA and vary in the depth of assessment and the involvement from the community. As a hospital moves from compliance to coalition, the assessment shifts from health indicator analysis and individual interviews to detailed population health analysis and community task force.

By using the scope to create an end-in-mind mentality and to force an understanding of the objective for the assessment, it is acceptable and realistic to strive for compliance. Compliance avoids any governmental penalties and helps prepare an organization for health reform. The information necessary to become compliant allows each organization to increase coordination, quality and market awareness, while potentially decreasing cost. The organization also can use the CHNA to support informed decisions about services, health promotion and prevention programs. It is a support tool for managing the health of a population across the episode of care. A hospital organization should take a proactive approach to follow a defined path that leads to a satisfactory response to the CHNA.

Once an acceptable scope is created, the hospital organization can analyze quantitative and qualitative data to assess the community needs of the entities involved and to create the implementation process.

The CHNA Process

The core of the CHNA demonstrates the value each health organization brings to a community. Each organization should be committed to involving and informing the community in the process. It is recommended that local government officials, health agencies and other community leaders be included in the analysis.

Data Assessment (Secondary Research): The data assessment performed should include the first requirement: develop a health profile of the community the hospital serves. After defining the service area for each hospital organization, analysis is performed on the population distribution. Typically, data is compiled based on the ZIP codes within each service area.

The objective is to obtain a distribution of age, sex, household income, payer mix, etc., all of which help to create an understanding of the social and economic condition of the community. The data must be analyzed not only to understand the current state but to recognize if access to care will be a barrier in the future. After analyzing an external view of the community, the hospital should review personal inventory. An environmental scan of the critical issues and forces impacting the future of the hospital can be performed (similar to a SWOT analysis). Assessing each hospital's

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strengths, weaknesses, threats and opportunities will be identified to build the foundation of an integrated, cohesive organization. Additionally, the hospital should review data from external sources such as Healthy People 2020, Health Indicators Warehouse, Centers for Disease Control and Prevention (CDC), The Annie E Casey Foundation and The Robert Woods Johnson Foundation. The community health trends and statistics should be correlated with the demographic data and hospital's data (service line outmigration, medical staff development plan, etc) to understand the key trends and findings from the secondary research. .Once this assessment is performed, community input should be provided.

Community Input (Primary Research): Interview questionnaires, surveys or focus groups that are customized to various stakeholders (Physicians, Community, Public Health, School Nurses, and Business Community) will be developed to capture qualitative and quantitative responses including:

1. Individual objectives regarding hospital and community strategies
2. Critical success factors
3. Barriers to success
4. Underserved and chronic disease populations
5. Measure/indicators for success
6. Baseline data

The stakeholders must work together to determine the number of interviews needed to create a strong cross-section of perspectives and personal viewpoints. The IRS guidelines indicate the hospital should secure input representing the broad interests of the community served. Specifically, the hospital should consider obtaining community input from the following sources:

1. Persons with special knowledge of or expertise in public health,
2. Federal, tribal, regional, state or local health, or other departments or agencies with current data or other information relevant to the health needs of the community
3. Leaders, representatives, or members of the medically underserved, low-income and minority populations, and populations with chronic disease needs in the community served.

The Community Input should satisfy the second and third requirements of the PPACA, determine how the community perceives its health status and health care needs and enable the identification of the major risk factors and causes of health issues. The interviews must be carefully planned to align with the gaps in the data discussed in the Data Assessment phase.

Implementation Strategy: The findings from the Data Assessment and Community Input phases will be used to create recommendations and an action plan to achieve success. This includes the development and delivery of an implementation plan to drive execution of the defined strategies. Components include a communication plan, priority initiative work plans, role and responsibility assignments, measure/indicators for success along with baseline data and project timelines. The Implementation Strategy phase will satisfy the last requirement of the PPACA legislation.

Reporting: As stated previously, the CHNA must be widely available to the public. The community needs to understand the explicit issues and must be equally invested in the transformation of their healthcare network. It is important to understand that the CHNA reporting requires 2 reports:

1. Implementation Strategy – Addresses the identified community health needs and the corresponding implementation plan or an explanation if the hospital has chosen not to address certain community needs.
    a. Secure board approval of the Implementation Strategy(ies)

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   b. Attach the Implementation Strategy to Form 990 Schedule H
2. CHNA Report – Defines the community, methodology used, sources of information and prioritized community health needs.
   a. Post the CHNA report to website prior to end of fiscal year to meet CHNA requirement

Both the Implementation Strategy and the CHNA report can be used for three fiscal years without revision.

Monitoring: Through the implementation of each strategy, constant monitoring and updates must be performed to measure success. Demonstrated improvement is equally or even more valuable than performing the assessment. Performance indicators tied to community priorities will help the hospital organization monitor success on an annual basis.

How Do I Get Started?

1. Determine hospital leadership of the CHNA. Proper sponsorship is critical to the success of any project with organization-wide implications. Key stakeholders would include: CEO, CFO, Head of Planning and Development, Government Officials, Hospital Board Members, Marketing Officials, etc.
2. Confirm timing requirements and a high level implementation plan for your organization. The project plan can be based off of the confirmed fiscal year end, which includes a reasonable timeline and established milestones. Anticipate approximately six to nine months to perform an adequate CHNA.
3. Review service area definition for the hospital organization. A recommendation would be to review the Stark II Area Definition, Metropolitan Service Area or the 990 Definition. A hospital organization can create a primary and secondary service area based on ZIP code and/or county discharge analysis.
4. Compile starting elements of a preliminary assessment using a web search of key sites to identify issues and challenges that can be detected early.
5. Guidance of potential model (compliance, coordination, coalition). Compliance and coordination can be hospital led; coalition is much broader.
6. Determine strategy for internal or external partnering and evaluate benefits of a shared approach (community building, market perception, cost sharing). Also consider the response if a competitor asks you to collaborate.
7. Determine approach if multiple facilities are collaborating on a CHNA. Confirm common approaches and a tool to comply with federal regulations. Assign a leader for each facility and possible steering committee.
8. Inform hospital organization's board on standards, timing and approach. The board should be informed early and their input should be requested.

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