

Dear State Leader,

Welcome to the Summer 2013 edition of the Strategies to Overcome and Prevent (STOP) Obesity Alliance's "Weight and the States" bulletin. During the past year, we've tracked how the Affordable Care Act (ACA) is impacting obesity care, primarily via obesity's inclusion, or exclusion, under the Essential Health Benefits provision. Our analysis found that many states selected benchmark plans that do not include obesity-related services. For 2013, we are continuing to analyze how provisions of the ACA might impact the obesity landscape. In particular, we now turn our attention to a new provision relating to nonprofit hospitals and the "community benefit" services they provide in order to maintain tax-exempt status.

The ACA included a Community Health Needs Assessment (CHNA) provision, which creates new reporting standards for nonprofit hospitals that seek to maintain their federal tax-exempt status. Every three years, nonprofit hospitals must conduct and report on community health needs via a formal CHNA process. Additionally, nonprofit hospitals must submit an "implementation strategy," which states what community benefit programming the hospital will undertake to address the health needs identified in their CHNA.

As the CHNA process is designed to identify pressing health needs, obesity likely will be identified in communities across the country, given the number of people it affects. With this process in mind, the Alliance released a set of recommendations in late April, based on the Alliance's guiding principles, to aid hospitals that choose to address obesity as part of their community benefit requirement. Additionally, the Alliance is hosting an expert roundtable this month to explore how obesity services can be integrated into the CHNA process. We will release a summary of the roundtable's findings in late 2013 that will provide more in-depth detail and recommendations regarding the inclusion of obesity-related programming and services in the implementation plans of non-profit hospitals.

This bulletin focuses on what states, particularly state public health agencies, might consider doing to aid nonprofit hospitals. Ensuring that local obesity efforts align with state efforts could help increase the efficacy and reach of public health efforts. State public health departments could consider:

- Identifying opportunities to work with their local public health counterparts and nonprofit hospitals throughout the CHNA process to ensure that hospitals conduct appropriate health needs assessments.
- Looking for ways to participate in nonprofit hospitals' strategic implementation planning and provide appropriate technical expertise based on each community's identified health needs.

In 2012, the IOM noted that while many private sector organizations, state and federal agencies are implementing obesity programming, there is some degree of overlap and waste that could be reduced through forming alliances and creating a shared agenda.¹ The CHNA process presents

¹ Standing Committee on Childhood Obesity Prevention, Food and Nutrition Board, Institute of Medicine. "Front Matter." *Alliances for Obesity Prevention: Finding Common Ground: Workshop Summary*. Washington, DC: The National Academies Press, 2012.

one such opportunity and, by getting involved in the early stages of the CHNA implementation, public health agencies may uniquely situate themselves as the CHNA process further develops in coming years.

We would be pleased to hear from you if your agency is assisting or considering assisting nonprofit hospitals in their CHNA processes. Please email us at obesity@gwu.edu with comments or questions. You can also find more information about the Alliance at www.stopobesityalliance.org.

Sincerely,

A handwritten signature in black ink that reads "Scott Kahan, MD". The signature is written in a cursive, flowing style.

Scott Kahan, M.D., M.P.H.
Director, STOP Obesity Alliance
School of Public Health and Health Services and School of Medicine
Faculty, The George Washington University

What Is “Community Benefit”?

As of 2012, more than half of all U.S. hospitals (2,900 total) operated as nonprofit corporations. The estimated federal value of hospital tax exemption was approximately \$13 billion in 2002, accounting for less than .05 percent of total health care expenditures.¹ To qualify as a nonprofit organization, hospitals must provide a “community benefit.”

For years, hospitals have provided charity care or financial assistance, for which no compensation could be expected, as the primary, if not sole, means of fulfilling their “community benefit” requirement to maintain nonprofit status. In 1969, the IRS broadened the classes of community benefit activities in which hospitals could engage – beyond charity care – to include education, research and activities that promote community health, among others. However, the IRS did not precisely define the community benefit, nor did the agency maintain a detailed method for collecting information about the size and scope of community benefit activities.

Beginning in 2009, the IRS began requiring nonprofit hospitals to submit a special form, Schedule H, which they must file along with their annual Form 990 filings. Schedule H provides guidance on how the agency defines community health benefit. In 2011, the IRS updated Schedule H, which now describes that community benefit expenditures can include:

- Expenditures in the form of financial assistance to the uninsured;
- Expenditures in connection with participation in Medicaid and other means-tested public insurance programs that pay less than the reasonable cost of care;
- Expenditures in connection with health professions education and health research;
- Expenditures in connection with community health improvement activities; and
- Expenditures in connection with certain “community-building” activities when these activities can be shown to be interventions that are known to improve community health.

The rest of this bulletin will focus on these last two categories - community health improvement and community-building - and how the addition of these activities under Schedule H present new public health opportunities to address overweight and obesity.

What Qualifies as Community Health Improvement and Community-Building?

Community health improvements can include programming ranging from clinical programs to health-related educational initiatives. For example, as weight is a highly stigmatized condition², hospitals could consider incorporating activities that will address obesity stigma, both within their community as a whole, and also within their provider setting. Research has shown that physicians who exhibit similar weight bias and lack of obesity-related training may contribute to difficulties in the patient-provider relationship and affect clinical care.³ Nonprofit hospitals may consider implementing education and training to help physicians and other health care staff to improve clinical treatment of obesity and weight-related issues.

In addition to providing health improvement support, nonprofit hospitals also may choose to make community-building investments, such as developing evidence-based community health-related infrastructure and systems to support healthy living. Support for infrastructure such as recreation centers, parks, and bike lanes encourage and provide opportunities for physical activity, an essential component for maintaining one’s fitness and health; similarly, programs

that increase access to healthful foods and promote sustainable and healthful food systems in the community support improved community health.

The community-building category, compared with the health improvement category, more so fits within the purview of public health agencies' expertise, rather than hospitals' traditional scope of activities.

How Does the Affordable Care Act Change the Current Environment?

The Affordable Care Act (ACA) changes the charity care landscape by reducing the number of uninsured and presumably uncompensated care costs. This should help support nonprofit hospitals in diversifying their community benefit expenditures to include more community improvement and community-building activities.

The ACA also includes a provision known as the "Community Health Needs Assessment," or CHNA, which imposes new IRS-reporting requirements on hospitals seeking to maintain their nonprofit status.

The CHNA is a planning process that occurs every three years and is supposed to create a system through which hospitals continually and publically assess community health needs. Nonprofit hospitals must then devise implementation strategies linking their community benefit expenditures to the community health needs identified in the CHNA. Hospitals must make these CHNAs publically and widely available.

Why Is the CHNA Process Important to My State and/or Agency?

In conducting their CHNA, hospitals must "take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge or expertise in public health." The IRS further specifies that hospitals must include a state, regional, or local public health representative in the CHNA process. This presents a unique opportunity for public health agencies to integrate into the CHNA processes and offer assistance to hospitals as they develop appropriate implementation strategies.

With two-thirds of adults classified as overweight or obese, obesity is a highly prevalent chronic health condition. Most nonprofit hospitals will identify obesity as a community health need within their community. However, many local communities lack specific knowledge in how to address it. State and local public health agencies with such expertise should make concentrated effort to assist nonprofit hospitals.

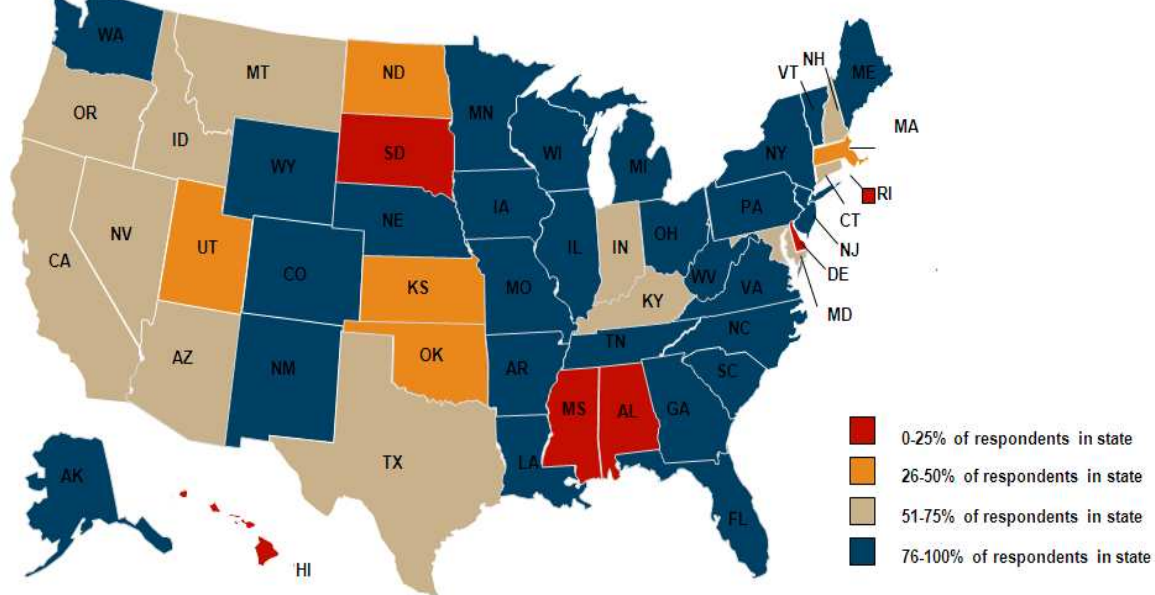
How Can My State Agency Get Involved?

Conducting CHNAs is not a new process. Many health departments and states have been conducting CHNAs for years. The CDC, in addition to other nonprofit and trade organizations, have a number of resources available to assist nonprofit hospitals to more effectively engage with their communities. However, state public health agencies can and should take a proactive approach by engaging communities early on in the CHNA development process and building collaborative partnerships beyond conducting the CHNA alone.

Many local health departments already maintain strong ties with nonprofit hospitals within their communities and have significant experience in conducting CHNAs. In fact, the National Association of County and City Health Officials (NACCHO) found that in 2012 more than 43

percent of local public health agencies had been involved in a CHNA within the last three years, with an additional 9 percent intending to get involved during 2013.⁴

Map 1: Percentage of Local Community Health Agencies That Have Ever Conducted a CHNA



Source: NACCHO. 2012 National Profile of Local Health Departments

However, this research revealed that in some states (including Mississippi, Alabama, South Dakota, Rhode Island, Delaware, Utah, North Dakota, Kansas, Oklahoma, Massachusetts, and Hawaii), local health agencies do not have much - if any - experience in conducting CHNAs, and these states, in particular, could benefit from state-led efforts to assist local health departments and hospitals in CHNA processes.

Collaboration Should Not End With the CHNA

While the CHNA is an extremely valuable process that elucidates community health needs, it does little in and of itself. Somewhat in acknowledgement of this, the IRS also requires hospitals to develop “implementation strategies” to detail the investments they will make to address the health needs identified in the CHNA. While hospitals are not required to engage community members in developing the implementation strategy, they may choose to do so as a collaborative effort.⁵ Public health agencies should offer their expertise as hospitals conclude the CHNA process and begin to develop implementation strategies, particularly as these may be areas in which hospitals have little to no prior experience.

Looking Ahead

While there is currently no formal evaluative component built into the IRS community benefit provision, it seems likely that there may be future calls for greater accountability demanding scientifically-backed approaches to addressing health needs. Nonprofit hospitals will likely look

to local and state public health agencies more in the coming years. State and local agencies should begin developing mutually beneficial collaborative partnerships.

The Strategies to Overcome and Prevent (STOP) Obesity Alliance encourages all interested parties to refer to our recently released guiding principles for nonprofit hospitals choosing to address obesity as one of their community's health needs:

<http://www.stopobesityalliance.org/newsroom/press-releases/stop-obesity-alliance-encourages-nonprofit-hospitals-to-address-obesity-as-part-of-new-federal-community-health-benefit-requirements/>.

The Alliance is conducting an expert roundtable in June to further explore issues around CHB implementation and how hospitals can address obesity if it is identified as one of their community's health needs. We will share a summary of the roundtable proceedings.

If your agency is involved in assisting nonprofit hospitals in the CHNA process or in developing or implementing an implementation strategy, we'd love to hear from you at obesity@gwu.edu.

Sources Cited:

¹ Rosenbaum S, Margulies R. Tax-exempt hospitals and the patient protection and affordable care act: Implications for public health policy and practice. *Public Health Rep.* 2011;126(2):283-286.

² Brownell K, Puhl R, Schwartz M, Rudd L. *Weight Bias: Nature, Extent, and Remedies.* 2005. (Guilford Press).

³ Gudzone KA, Catherine Beach M, Roter DL, Cooper LA. Physicians build less rapport with obese patients. *Obesity (Silver Spring).* 2013.

⁴ Kent L. NACCHO: Community Health Assessment and Community Benefit: An Opportunity for Collaborations. 2012. Available: http://www.naccho.org/topics/infrastructure/mapp/upload/Final-NACCHOAnnual_Community_Benefit_2012_Final_1.pdf

⁵ Rosenbaum S, Brynes M. Working Draft: Conditions of federal tax exemption for nonprofit hospitals: the community health needs assessment (CHNA) provisions of the affordable care act.

Other Useful Resources

The Alliance would like to thank Maureen Barnes, Sara Rosenbaum, and Amber Rieke for their generous support and contributions to our Community Health Benefit activities. Their research, both public and private, has been invaluable. Articles of note include:

- Rosenbaum S, Brynes M, Rieke AM. Hospital tax-exempt policy: a comparison of schedule h and state community benefit reporting systems. *Frontiers in Public Health Services and Systems Research.* 2(1) [2013], Art. 3
<http://uknowledge.uky.edu/frontiersinphssr/vol2/iss1/3/>
- Rosenbaum S, Brynes M. Working Draft: Conditions of federal tax exemption for nonprofit hospitals: the community health needs assessment (CHNA) provisions of the affordable care act.
- National Association of County and City Health Officials (NACCHO). Mobilizing for action Through Planning and Partnerships (MAPP) Framework.
<http://www.naccho.org/topics/infrastructure/mapp/index.cfm>
Community planning source offering technical assistance, sorties from the field, and other related publications and resources.
- Catholic Health Association of the United States (CHA). Addressing & Assessing Community Health Needs. Feb 2013.
<http://www.chausa.org/WorkArea/linkit.aspx?LinkIdentifier=1d&ItemID=8136>
Handbook for hospitals undertaking the CHNA process. Includes step-by-step guidance for engaging community stakeholders.