



Policy Guidance



Developed by the
NC Public Health - Hospital Collaborative

Achieving the Community Health Needs Assessment Requirement for Tax-Exempt Community Hospitals in North Carolina

Background

The recently passed Affordable Care Act (ACA) contains several measures regarding nonprofit hospital community benefits, including one that requires hospital organizations to conduct an assessment of the health needs of the people in the community each of its hospital facilities serves and take steps toward addressing those needs. The measure requires hospitals to consult with community members in this process, including those with expertise in public health. This community health needs assessment (CHNA) requirement is effective for taxable years beginning after March 2012.

The federal CHNA is similar, though not identical, to the Community Health Assessment (CHA) that each North Carolina health department is currently required to conduct. This document provides answers to frequently asked questions regarding the federal requirement affecting hospitals, the North Carolina requirement affecting health departments, and opportunities for both entities to work together on completing the required assessments.

NC hospitals already track, monitor and post their annual community health benefit investments. Likewise, North Carolina health departments conduct and post CHAs. Hospitals and health departments are encouraged to leverage resources by working together to enhance the CHA/CHNA process and to align, to the extent feasible, hospital community benefit investments with the evidence-based practices, goals and population health outcomes identified by health department CHAs.

Frequently Asked Questions

Q: What are the general requirements of the federal law?

A: The federal law requires each nonprofit hospital organization to conduct a CHNA every three years and adopt an implementation strategy to meet the community health needs identified through the assessment. A number of details about the assessment must be reported on the hospital organization's yearly tax return. If the identified needs are not being addressed, the hospital must state why.

The CHNA 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 of or expertise in public health and be made widely available to the public. If the hospital maintains more than one facility, a separate CHNA must be conducted for each facility.

Failure to complete the requirements will result in a fine of \$50,000 per year per non-compliant facility.

Q: May the hospital CHNA be based on already-existing information?

A: Yes. The Joint Committee on Taxation's Technical Explanation of the Affordable Care Act (Technical Explanation) states that the CHNA "may be based on current information collected by a public health agency or non-profit organizations."

Q: May the hospital CHNA be conducted in conjunction with other organizations?

A: Yes. The activities defined in the new community benefit requirement can be achieved by the Local Health Department(s) working in collaboration with the local hospital(s) and community partners. The Technical Explanation is clear that the CHNA "may be conducted together with one or more organizations, including related organizations."

Recent IRS guidance states that input from "[f]ederal, tribal, regional, [s]tate or local health or other departments or agencies with current data or other information relevant to the health needs of the community served by the hospital facility" is required. The IRS has stated that it intends "to allow a hospital organization to conduct a CHNA in collaboration with other organizations, including state and local agencies, such as public health departments" as well as "related organizations, other hospital organizations, for-profit and government hospitals."

The IRS cautions, however, that a "CHNA will satisfy the CHNA requirements with respect to a hospital facility only if it identifies and assesses the health needs of, and takes into account input from persons who represent the broad interests of, the community served by that specific hospital facility." The definition of "community served" is still in the process of being more concretely defined.

Q: When is the CHNA considered to be "conducted" for federal purposes?

A: According to IRS Announcement 2011-52, the CHNA is considered to be "conducted" in the tax year that the report is made widely available to the public.

Q: Where can I find the Community Health Assessment (CHA) for my county(ies)?

A: Each local health department (LHD) has copies of its CHA and most provide electronic copies through their website. The most current CHA for each LHD is also posted on the Healthy Carolinians [website](#). NC DPH also has a CHA library with hard copies of each LHD CHA document on file.

Q: What if my hospital serves a region broader than a single county?

A: Most but not all LHDs cover only a single county, so the hospital may need to consult more than one CHA and interact with more than one LHD. Although each LHD is required to conduct its own CHA, there are components that could be addressed

regionally (i.e. survey-core list of questions, review of secondary data, and implementation of some priorities at the regional level).

Q: The federal law requires that the hospital CHNA be conducted every three years. How often are the local health department CHAs conducted?

A: For NC LHD Accreditation, the CHA must have been conducted within the last 48 months. There is no bar on LHDs conducting CHAs more often than required; a LHD may elect to move to an every-three-year CHA schedule to coincide with the federal requirement.

Q: How does my hospital participate in the local Community Health Assessment?

A: Many hospitals already participate in local CHAs: some hospital staff and leaders are also CHA team members; some help select health priorities in communities; and some are part of the implementation/action plan intervention work to name only a few roles. This new IRS requirement provides a great opportunity for hospitals to integrate, in greater detail, their community-focused work with the health department.

Q: Where can I learn about community and population health outcomes for my county and community?

A: Start with your county CHA. It has a great deal of primary and secondary data specific to the county. The NC State Center for Health Statistics is also a valuable resource. Their [county level data book](#) has data specific to each county, region and NC. Multiple web links and resources are also available statewide on the Healthy Carolinians [website](#).

Q: Recent IRS guidance requires the hospital to include the titles and expertise of the persons/groups involved in developing the assessment. Do LHDs collect this information?

A: Each local health department is required to include a list of individuals involved in the CHA process with their organization name and role played in the process.

Q: How can local community organizations (including the hospital) address the needs identified in the Community Health Assessment?

A: Needs are addressed in variety of ways. Of primary importance is the selection of priorities to be addressed over the next cycle. Action plans are the next important phase of a CHA where the interventions and actual collaborations with partners occur to address those health priorities in a community. Evidence-based interventions, community partners, roles/responsibilities and evaluation of interventions are the key elements of the plans. Hospitals traditionally have a strong presence in North Carolina's CHA process. The CHA document itself has information addressing this issue.

Q: How is the Community Health Assessment made widely available to the public?

A: Each LHD has to have a dissemination plan for their CHA to include stakeholders and general public. All must submit their CHA and action plans to their local Board of Health

for approval. Most will make their CHA available through the [web](#), and copies are often placed in local libraries, colleges, major partners, chambers, etc.

Q: Where can I find information about NC's CHA process, including tools, guidebook, data resources and technical assistance?

A: This information is available in the CHA Section of the Healthy Carolinians [website](#).

Q: Where can I find the text of the federal requirements?

A: The federal CHNA requirements are explained in [Section 9007](#) of the Affordable Care Act. Most are codified in Section 501(r)(3) of the Internal Revenue Code. IRS [Announcement 2011-52](#) provides additional guidance.

Q: Who should I contact for technical assistance and with questions?

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Additional Resources

NCDPH: [Crosswalk - Comparison of the Federal and State Assessment Requirements](#)

NCDPH: [Materials from May Webinar regarding CHNAs](#)

NACCHO: [Summary of May 2011 Meeting Regarding CHNAs](#)

Public Health Law Network: [New Requirements for Nonprofit Hospitals Provide Opportunities for Health Department Collaboration](#)

Association for Community Health Improvement: www.communityhlth.org