

**Green Mountain Care Board
Hospital Budget Policy:
Community Needs Assessment**

Introduction

Each year the Green Mountain Care Board (GMCB) provides the hospitals reporting instructions to complete their budget filing. The “Uniform Reporting Manual Supplement” is the document that accompanies the budget files and provides specific guidance and requirements as approved by the GMCB.

Background

On February 21, the GMCB voted to adopt “Guidance and Principles Governing the Green Mountain Care Board Hospital Budget Review Process for Fiscal Years 2014 through 2016.” In that document, GMCB indicated its intention to incorporate in the budget review process consideration of hospitals’ efforts to understand their communities’ needs and priorities. This consideration includes the review of such information as:

- For each hospital facility (where applicable), the most current version of Schedule H that has been submitted to the Internal Revenue Service (IRS) as part of the hospital organization’s Form 990 reporting obligations under Section 501(c)(3) of the Internal Revenue Code.

Schedule H provides guidance on how the IRS defines “community benefit”, and Schedule H provides facility-specific information regarding hospitals’ community benefit spending in relation to other costs they incur, such as costs related to bad debt expenses or the cost of participation in Medicare. Schedule H is part of hospitals’ tax reporting obligations and is designed to bring greater uniformity and transparency to defining, measuring, and reporting on hospitals’ community benefit investments.

- For each hospital facility (where applicable), the Implementation Strategy described in Section 501(r)(3)(A)(ii) of the Internal Revenue Code (as added by section 9007 of the Patient Protection and Affordable Care Act (Pub. L. 111-148)) that has been adopted by the hospital’s organization’s governing board pursuant to IRS guidelines. The Implementation Strategy as submitted shall conform to the requirements of Section 6033(b)(15) of the Internal Revenue Code as added by Section 9007 of the Affordable

Care Act and shall describe (i) how the hospital organization is addressing the needs identified in each community health needs assessment conducted under section 501(r)(3) of the Internal Revenue Code and (ii) any needs that are not being addressed, together with the reasons why such needs are not being addressed.

Section 9007 of the ACA calls for strengthening and clarifying the community benefit obligations of nonprofit hospitals that seek federal tax-exempt status. The ACA provisions add a Community Health Needs Assessment (CHNA) requirement to the Internal Revenue Code in order to promote hospital investments that reflect community health priorities. The ACA provisions also require all nonprofit hospitals to adopt an Implementation Strategy and describe how the Implementation Strategy meets the community health needs identified through the CHNA.

Reporting Instructions

Under the ACA, the CHNA must be made “widely available”. The IRS has indicated that at a minimum widely available means the CHNA must be posted to the hospital’s web site. The IRS has also encouraged hospitals to post the CHNA on other organizational websites along with clear instructions for obtaining the report from the hospital. Furthermore, a hospital organization and its facility must make the document available (in writing or electronically) to any individual who requests it. All of these requirements will make it easy for the GMCB to access a hospital’s CHNA.

Since the Implementation Strategy is essentially the document that links hospital community benefit expenditures to assessed community health needs, the GMCB expects that many hospitals will post their Implementation Strategies on the hospital web site along with their CHNA. However, the IRS has not explicitly required the same widely available standard for Implementation Strategies as it has for CHNA. Therefore, to assure easy access to a hospital’s Implementation Strategy, the GMCB requires all nonprofit hospitals to comply with the following requirements:

- 1) After the IRS adopts a final rule governing CHNAs and Implementation Strategies, the hospitals shall submit their most recent CHNA and Implementation Strategy to the GMCB. Prior to the IRS’s adoption of a final rule, hospitals shall submit CHNA-related information that the hospital has completed or adopted as of June 30, 2013. This information will be submitted as part of the FY 2014 Budget Narrative as listed in the FY 2014 Uniform Reporting Manual Supplement.
- 2) In the budget narrative, each hospital shall identify any new expenditures that are being requested to address the hospital’s CHNA or Implementation Strategy.
- 3) The IRS requires all nonprofit hospitals to attach Schedule H to the 990 tax forms that all nonprofits file with the IRS annually. To provide more immediate access to this worksheet,



the GMCB is requiring all nonprofit hospitals to submit their annual Schedule H to GMCB as part of their FY 2014 budget filing.

Taken together, the reporting obligations (Schedule H and hospitals' Implementation Strategies) offer transparent information regarding overall hospital expenditures on community benefit activities and other activities, as well as specific hospital expenditures whose specific purpose is to implement the CHNA. This data is essential to GMCB's hospital budget review process and commitment to advancing community health improvement and population health through all sectors of the Vermont health care system.

Effective May 2, 2013

