May 17, 2023

Mr. Robert Malone
Director, Exempt Organizations and Government Entities
Internal Revenue Service
1111 Constitution Ave, NW
Washington, DC 20224

Dear Director Malone,

I am writing on behalf of the Catholic Health Association of the United States (CHA). We request a change in the IRS Form 990 Schedule H in order for hospitals to continue to address and report critical community benefit services.

CHA represents more than 650 hospitals and 1,600 long-term care and other health facilities in all fifty states. Our hospitals were established to address health needs in their communities and that tradition continues today. Catholic hospitals are a critical source of care and services in their communities. This includes community-based services that address significant health and health-related needs reported as community benefit.

For over 30 years, CHA has been the leading source of information and tools for planning and reporting hospital community benefit https://www.chausa.org/communitybenefit/community-benefit. In 2008, CHA's accounting system for reporting community benefit was used in the development of the IRS Form 990 Schedule H.

Request

CHA recommends revising the IRS instructions for Form 990, Schedule H, Worksheet 4, 4th paragraph to add the words ("except when responding to a community health need, enhancing public health, or relieving the burden of government to improve health") after the words "required for license or accreditation".

This change will permit hospitals to continue to report how they are addressing social needs of their patients through screening and referral programs. This was their practice prior to new Joint Commission accreditation requirements, and we believe should continue to be permitted and encouraged.

Background

Instructions for the IRS Form 990 Schedule H state that activities required for accreditation should not be reported as community benefit:

"Activities or programs cannot be reported if they are provided primarily for marketing purposes or if they are more beneficial to the organization than to the community. For example, the activity or program may not be reported if it is designed primarily to increase referrals of patients with third-party coverage, required for license or accreditation, or restricted to individuals affiliated with the organization (employees and physicians of the organization)."

Page 8, 2021 IRS Form 990 Schedule H.

Effective January 1, 2023, new requirements to reduce health care disparities will apply to hospitals accredited by the Joint Commission. https://www.jointcommission.org/our-priorities/health-care-equity/ (see Appendix A). These include some activities that previously have been reported as community benefit. It is possible that the Department of Health and Human Services Centers for Medicare and Medicaid may soon add similar requirements for licensure and certification.

In recent years, public health offices and the health care system have become increasingly aware of the role of social needs in determining health. Food and housing insecurity, lack of transportation, racism, exposure to violence and other social factors can greatly impact the health and well-being of individuals. With this awareness, many hospitals have begun screening patients for social needs and referring those with needs to community resources. These activities generally meet the definition of "community health improvement services" in Schedule H, Worksheet 4 instructions, but to the extent they are required for accreditation by a given body (e.g., Joint Commission) they might no longer meet that definition, despite their clearly meeting a community health need and improving the health of vulnerable persons in the community.

We believe that the change in the instructions we are requesting will clarify that when hospitals screen for social needs and help patients find resources to address those needs, these activities can be reported on the IRS Form 990 Schedule H.

Thank you for your consideration of this request. Please let me know if you have questions or would like to discuss the issue further.

Sincerely,

Lisa Smith, MPA
Vice President, Advocacy and Public Policy

Cc: Timothy Berger, Senior Technical Advisor to Director, Exempt Organizations and Government Entities
Geoffrey Campbell, Tax Law Specialist, Exempt Organizations and Government Entities

Appendix A

Joint Commission Announcement (from R3, *Requirements, Rationale and Reference*, Issue 36, June 20, 2022)

"Health-related social needs (HRSN) are frequently identified as root causes of disparities in health outcomes…. Understanding individual patients' HRSNs can be critical for designing practical, patient-centered care plans. A care plan for tight control of diabetes may be unsafe for someone with food insecurity, and outpatient radiation therapy may be impractical for someone who lacks reliable transportation to treatment. Many health care organizations have taken up this challenge and are implementing routine screening for HRSNs and referring patients to community resources as a part of their treatment plan.

Requirement*:*

"EP 2: The [organization] assesses the [patient's] health-related social needs and provides information about community resources and support services. Note 1: [Organizations] determine which health-related social needs to include in the [patient] assessment. Examples of a [patient's] health-related social needs may include the following: • Access to transportation • Difficulty paying for prescriptions or medical bills • Education and literacy • Food insecurity • Housing insecurity Note 2: Health-related social needs may be identified for a representative sample of the [organization's] [patients] or for all the [organization's] [patients].

Rationale:

"A growing body of research, including results from randomized controlled trials, systematic reviews, and well-designed observational studies, supports the value of identifying and addressing specific health-related social needs (HRSNs). Depending upon the HRSNs and the specific intervention studied, a range of improvements have been observed in health outcomes (e.g., blood glucose levels), process measures (e.g., medication adherence), utilization (e.g., hospital admissions), and in the reduction/resolution of unmet social needs.14-16 Organizations may determine which data to collect and whether data are collected for a sample of patients or routinely for all patients. It would be ideal for all patients to have their HRSNs assessed so these can be addressed directly by referral to community resources or indirectly through a modified treatment plan. However, organizations vary in their capacity to do this, so the standards do not require screening of all patients. EP 2 allows organizations to assess HRSNs for a representative sample of their patients rather than all patients. For example, organizations could survey a sample of high-risk patient populations (e.g., those with diabetes, pregnant women, or oncology patients facing high out-of-pocket costs). We encourage organizations to assess the most common HRSNs listed as examples in EP 2. However, due to differences in patient populations served, availability of community resources, and health care organization capacity, it is acceptable for organizations to focus on the social needs that are most practical and relevant for their unique situation. Similarly, the organization may

determine what information about the potential interventions, services and resources in their community are needed to address the HRSNs of its patients. In summary, organizations have the flexibility to determine which patients to target for assessment of HRSNs and which HRSNs to assess and connect to resources.

References:

14. Gottlieb, L., Wing, H., & Adler, N. (2017). A systematic review of interventions on patients' social and economic needs. American Journal of Preventive Medicine. 53(5): p. 719–729. doi: 10.1016/j.amepre.2017.05.011 15. Office of Disease Prevention and Health Promotion. (n.d.). Healthy People 2030: Social determinants of health. U.S. Department of Health and Human Services. https://health.gov/healthypeople/objectives-anddata/social-determinants-health 16. Robert Wood Johnson Foundation. (2011). Health care's blind side: Unmet social needs leading to worse health. https://www.rwjf.org/en/library/articles-and-news/2011/12/health-cares-blind-side-unmet-socialneeds-leading-to-worse-heal.html *Not a complete literature review.