UCHealth CENTRAL INSIDER

UNIVERSITY of COLORADO HEALTH

Volume 7 | Issue 3 | through August 13, 2013

Lengthy needs assessments a must for UCH and other non-profits

Health Care Reform Focuses Hospital on Community

Question: What do you get when you combine health care reform with hospital consolidation? The short answer is more regulatory requirements. The long answer is an opportunity to shape health care delivery in local communities.

Just ask the hospitals comprising University of Colorado Health, the system forged in 2012 that includes University of Colorado Hospital, Poudre Valley Hospital, Medical Center of the Rockies, and Memorial Hospital. As 501(c)(3) nonprofit organizations, they find themselves subject to Section 9007 of the 2010 health care reform legislation known as the Affordable Care Act (ACA).

Stripped of byzantine numbering codes and bureaucratic language, the provisions of 9007, which were added to the Internal Revenue Service code, require that nonprofit hospitals conduct a community health needs assessment (CHNA) every three years. The assessment includes, among other things, a description of the communities hospitals serve; data that identify the communities' most important needs and a description of how the information was collected; and direct input from individuals and organizations that represent the interests of the communities.

The ACA requires that hospitals compile the information into a report and post it publicly. At UCH, the CHNA was posted on the hospital's public site after it was approved by the Board of Directors at its June 19 meeting. Poudre Valley Hospital and Medical Center of the Rockies have also completed and posted their CHNAs. The postings met the June 30 fiscal year-end tax deadline.

Proposals into practice. Details of the three hospitals' respective reports must now be filed with the IRS, along with an implementation and strategic plan for meeting the top community needs, by Oct. 15, said Jeff Thompson, director of government and corporate relations for UCHealth.

Memorial has an additional two years to develop its CHNA because it is undergoing an organizational restructuring, he added.

As with anything else in its code, the IRS is serious about the CHNA requirement.

"Hospitals that don't comply with the law and rules will face the possibility of an IRS audit, a potential $50,000 excise tax and even the risk of revocation of their 501(c)(3) tax-exempt status," Thompson said.

Legitimate concerns. Some may view the requirements as simply another example of mindless government regulation. But there were genuine concerns that led to the inclusion of 9007 in the ACA, Thompson noted.

It made its way into the health care reform bill at the behest of congressional legislators who worried that some not-for-profit hospitals were making too much money and reinvesting too little of it in the communities they served, he said.

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The lawmakers argued for – and got – the mandate requiring that not-for-profits not only post a triennial CHNA that identifies the most important health issues facing the people they serve, but also that they implement a strategy to address those issues and assess at regular intervals their success in meeting their goals. They must also provide annual reporting to the IRS.

Leg- and paperwork. Whatever the merits of the mandate, meeting it required a significant effort, Thompson said. He headed a small team at UCH that included Hospital Administration Fellow Emily Porritt; ACT I Project Manager Janet McIntyre; and Administrative Assistant Sara Clausen.

The Center for Health Administration at the University of Colorado Denver was also contracted to provide data on mortality, morbidity, disease incidence and other key measures from the service areas the hospital identified – Adams, Arapahoe, Denver and Douglas counties – and to organize the data into a comprehensive report.

Much of the statistical data came from the Colorado Department of Public Health and Environment. Thompson and his team also conducted 18 interviews with a variety of business, government and public health groups, including the county departments of health, chambers of commerce, Aurora Health Access, Aurora Mental Health, the Colorado Coalition for the Underserved, the Metro Community Provider Network, and police, fire and emergency service providers.

"We wanted to know what these providers, community leaders and organizations representing the medically underserved consider the most significant health needs in their communities," Thompson said. "And we asked what is one thing that they thought could be done to improve the health of the people they serve."

Top concerns. In its CHNA report, the hospital identifies access to care, mental health and obesity as the top three community health priorities. The report also includes a description of how the hospital meets the needs of the indigent and medically underserved, Thompson said.

"We will need to show how we addressed these issues the next time around," Thompson said. That will require much additional work, probably in collaboration with community leaders and providers and other hospitals, to identify metrics, establish benchmarks, and develop methods for ongoing reporting, he added.

The process of developing the CHNA was time-consuming, but ultimately both necessary and instructive, Thompson concluded.

"The priorities we identified were not a surprise, but I appreciated the input we got about our hospital," he said. "Many of those we interviewed already see UCH as a leader in meeting community health needs and look to us to take a strong lead in addressing these issues."