

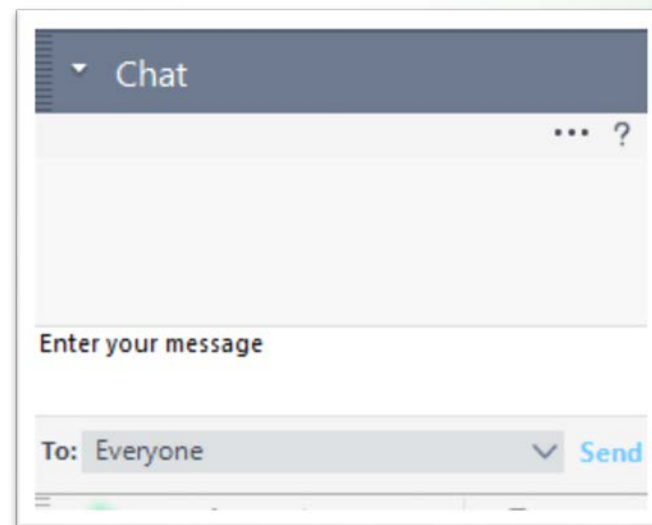
Community Health Needs Assessment — Legal Compliance Requirements

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Welcome

- MHA uses the GoToWebinar platform which allows participants the option to participate via phone or via computer audio if your computer has speakers.
- All lines will be unmuted on our end, we ask that you please mute your individual line.
- A chat feature is available on the meeting panel, please feel free to utilize this feature.
- Thank you for your participation.



Objectives

- Understand the legal and regulatory requirements surrounding CHNAs
- Understand the penalties for noncompliance
- Review recent enforcement activity

OBJECTIVES

- 1.
- 2.
- 3.



CHNA Compliance

You are in compliance with CHNA requirements if:

- You conduct a CHNA with all of the elements contained in the 501(r) regulation **and**
- The hospital's *authorized body* has adopted an implementation strategy

CHNA Compliance

Authorized body:

- The board or someone designated by the board and legally authorized to act on behalf of the board or
- Governing body of a disregarded entity or partnership that is operating the hospital or someone designated and legally authorized to act on its behalf

NOTE: CHNA compliance rests with the licensed operator, not a contracted management company.

Elements of a CHNA

- Defining the community served by the hospital
- Assessing the health needs of that community
- Broad representation of the community's interests, including public health experts
- Documenting the CHNA in a written report adopted by the authorized body
- Making the CHNA report widely available to the public

Defining the Community

- Geographic area
- Target population(s)
 - Non-discriminatory
- Principal functions



Assessing Health Needs

- Identify significant health needs — maintenance or improvement of needs of the overall community, as well as those experiencing health disparities
- Prioritize needs
- Identify resources — hospital and external partners



Representation of Community Interests

- Public health officials
- Representatives of medically underserved, low-income and minority populations
- Written comments on most recent CHNA and implementation strategy

CHNA Report

- Definition of the community served
- Description of the process and methods for conducting CHNA
- Prioritized description of community's significant health needs and how they were identified and prioritized
- Description of the potential resources for addressing needs
- Evaluation of actions taken in response to prior CHNA



Public Availability

- Widely available on website
 - Conspicuous placement
 - Can be viewed, downloaded and printed for free
 - Individuals can obtain direct web address or URL
- Paper copy available for public inspection upon request and without charge



Implementation Strategy

- Written plan to address each significant health need identified in CHNA
- Must be adopted by authorized body by the 15th day of the 5th month following end of taxable year in which the CHNA is completed
- Describe how hospital plans to meet health need
 - Actions and anticipated impact
 - Resources to be committed
- Planned collaborations
- Or state why hospital does not intend to address
 - Resource constraints
 - Others addressing need
 - Lack of expertise



Penalties for Noncompliance

- \$50,000 excise tax
- Taxation of income derived during taxable year in which noncompliance occurs
- Revocation of tax exempt status
 - Retroactive to first day of tax year in which noncompliance occurs

Assessing Noncompliance

- Factors:
 - Previous noncompliance
 - Size/scope/nature of noncompliance
 - Systemic noncompliance
 - Reasons for noncompliance
 - Presence of processes to ensure compliance
 - Reasons for failure to follow compliance processes
 - Implementation of safeguards to protect against such failures
 - Prompt correction of noncompliance
 - When corrective actions occurred

Audit Activity

The IRS audits CHNA compliance.

- 692 reviews in 2016
- Process
 - Agents check publicly available information
 - Request for additional information/notice of audit
 - Field exam
 - seeking proof of board involvement
- 2017 IRS Work Plan included 501(r) compliance focus
- 501(r) audit can expand to other areas of noncompliance.

Enforcement Activity

IRS revoked hospital's tax exempt status in February 2017

- Dual status hospital
- Completed CHNA to keep Medicare critical care access facility designation
- CHNA report was available in paper on request, but not on website.
- Implementation strategy did not meet 501(r) requirements and was not adopted by authorized body.
- Administrators indicated facility did not have financial resources or staff to comply with CHNA requirements and did not need to maintain 501(c)(3) status.
- IRS deemed noncompliance "egregious" and "willful."

Questions?

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