

Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements		Met
Prepared by Verité Healthcare Consulting, LLC		
A.	General requirements. A hospital organization meets the requirements of section 501(r)(3) with respect to a hospital facility it operates only if	
	(1) The hospital facility has conducted a CHNA that meets the requirements of paragraph (B); and	
	(2) An authorized body of the hospital facility has adopted an implementation strategy to meet the community health needs identified through the CNHA, as described in paragraph (C), on or before the 15th day of the fifth month of the taxable year in which the CHNA is conducted.	
B.	Conducting a CHNA	
	(1) <u>Steps Required.</u> To conduct a CHNA, a hospital facility must complete all of these following steps:	
	(i) Define the community it serves.	
	(ii) Assess the health needs of that community.	
	(iii) In assessing the health needs of the community, solicit and take into account input from persons whose represent the broad interests of that community, including those with special knowledge of or expertise in public health.	
	(iv) Document the CHNA in a written report (CHNA report) that is adopted for the hospital facility by an authorized body of the hospital facility.	
	(v) Make the CNHA report widely available to the public.	
	(2) <u>Date a CHNA is conducted.</u> A hospital facility will have conducted a CHNA on the date it has completed all of the steps described in paragraph (B)(1), generally on the date it first makes the CHNA report widely available to the public as required.	
	(3) <u>Community served by a hospital facility.</u> In defining the community it serves,	
	A hospital facility may take into account all relevant facts and circumstances, including:	
	The geographic area served by the hospital facility,	
	Target populations served (for example, children, women, or the aged), and	
	Principal functions (for example, focus on a particular specialty area or targeted disease).	
	However, a hospital facility may not define its community to exclude [the following] populations who live in the geographic areas from which the hospital facility draws its patients (unless such populations are not part of the hospital facility's target population or affected by its principal functions, or otherwise should be included based on the method the hospital facility uses to define its community):	
	Medically underserved, or	
	Low-Income, or	

CHA Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements				Met
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			Minority populations.	
			A hospital facility must take into account all patients without regard to:	
			Whether (or how much) they or their insurers pay for the care received, or	
			Whether they are eligible for assistance under the hospital facility's financial assistance policy.	
			In the case of a hospital facility consisting of multiple buildings that operate under a single state license and serve different geographic areas or populations, the community served by the hospital facility is the aggregate of such areas or populations.	
	(4)		<u>Assessing the community health needs.</u> To assess the health needs of the community it serves,	
			A hospital facility must:	
			Identify significant health needs of the community,	
			Prioritize those health needs, and	
			Identify resources (such as organizations, facilities, and programs in the community, including those for the hospital) potentially available to address those needs.	
			For these purposes, the health needs of a community include requisites for the improvement or maintenance of health status both:	
			In the community at large, and	
			In particular parts of the community (such as particular neighborhoods or populations experiencing health disparities).	
			These needs may include the need to:	
			Address financial and other barriers to accessing care,	
			Prevent illness,	
			Ensure adequate nutrition, and	
			Address social, behavioral, and environmental factors that influence health in the community.	
			A hospital facility may determine whether a health need is significant based on all of the facts and circumstances presented in the community it serves.	
			A hospital facility may use any criteria to prioritize the significant health needs it identifies, including, but not limited to:	
			The burden, scope, severity, or urgency of the health need;	
			The estimated feasibility and effectiveness of possible interventions;	
			The health disparities associated with the need; or	
			The importance the community places on addressing the need.	

501(r) Final Rule: CHNA and Implementation Strategy Requirements					Met
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	(5)	<u>Persons representing the broad interests of the community.</u>			
		(i)	A hospital facility must solicit and take into account input received from all of the following sources in identifying and prioritizing significant health needs and in identifying resources potentially available to address those needs:		
			(A)	At least one state, local, tribal, or regional governmental public health department (or equivalent department or agency), or a State Office of Rural Health described in Section 338J of the Public Health Service Act (42 U.S.C. 254r), with knowledge, information, or expertise relevant to the health needs of that community.	
			(B)	Members of medically underserved, low-income, and minority populations in the community served by the hospital facility ¹ , or individuals or organizations serving or representing the interests of such populations.	
			(C)	Written comments received on the hospital facility's:	
				Most recently conducted CHNA, and	
				Most recently adopted implementation strategy.	
		(ii)	A hospital facility may also solicit and take into account input received from a broad range of persons located in or serving its community, including, but not limited to:		
				Health care consumers and consumer advocates,	
				Nonprofit and community-based organizations,	
				Academic experts,	
				Local government officials,	
				Local school districts,	
				Health care providers and community health centers,	
				Health insurance and managed care organizations,	
				Private businesses, and	
				Labor and workforce representatives.	
	(6)	<u>Documentation of a CHNA.</u>			
		(i)	The CHNA report adopted for the hospital facility by an authorized body of the hospital facility must include:		
			(A)	A definition of the community served by the hospital facility and a description of how the community was determined.	
			(B)	A description of the process and methods used to conduct the CHNA.	

CHA Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements					Met
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			(C)	A description of how the hospital facility solicited and took into account input received from persons who represent the broad interests of the community it serves.	
			(D)	A prioritized description of the significant health needs of the community identified through the CHNA, along with:	
				A description of the process and criteria used in identifying certain health needs as significant and prioritizing those significant health needs.	
			(E)	A description of the resources potentially available to address the significant health needs identified through the CHNA; and	
			(F)	An evaluation of the impact of any actions that were taken, since the hospital facility finished conducting its immediately preceding CHNA, to address the significant health needs identified in the hospital facility's prior CHNA(s).	
		(ii)		A hospital facility's CHNA report will be considered to describe the process and methods used to conduct the CHNA if the CHNA report:	
				Describes the data and other information used in the assessment,	
				Describes the methods of collecting and analyzing this data and information, and	
				Identifies any parties with whom the hospital collaborated, or contracted for assistance.	
				In the case of data obtained from external source material, the CHNA report may cite the source material rather than describe the method of collecting the data.	
		(iii)		A hospital facility's CHNA report will be considered to describe how the hospital facility took into account input received from persons who represent the broad interest of the community it serves if it:	
				Summarizes any input provided by such persons and how and over what time period such input was provided;	
				Provides the names of any organizations providing input and summarizes the nature and extent of the organization's input; and	
				Describes the medically underserved, low-income, or minority populations being represented by organizations or individuals that provided input.	
				A CHNA report does not need to name or identify any specific individual providing input on the CHNA.	
				In the event a hospital facility solicits, but cannot obtain, input from a public health department; or from members of medically underserved, low-income, and minority populations; and from written comments received, the hospital facility also must describe the hospital facility's efforts to solicit input from such source.	
		(iv)		A hospital facility may conduct its CHNA in collaboration with other organizations and facilities including, but not limited to,	

CHA Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements					Met
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				Related and unrelated hospital organizations and facilities,	
				For-profit and government hospitals,	
				Governmental departments, and	
				Nonprofit organizations.	
				Every hospital facility must document its CHNA in a separate CHNA report unless it adopts a joint CHNA report.	
				However, if a hospital facility is collaborating with other facilities and organizations in conducting its CHNA or if another organization (such as a state or local public health department) has conducted a CHNA for all or part of the hospital facility's community, portions of the hospital facility's CHNA report may be substantively identical to portions of a CHNA report of a collaborating hospital facility or other organization conducting a CHNA, if appropriate under the facts and circumstances. ²	
		(v)		A joint CHNA report produced for the hospital facility and one or more of the collaborating facilities and/or organizations is permitted provided that the following conditions are met:	
				The joint CHNA report includes all required content,	
				The joint CHNA report is clearly identified as applying to the hospital facility, and	
				All of the collaborating hospital facilities and organizations included in the joint CHNA report define their community to be the same.	
	(7)			<u>Making the CHNA report widely available to the public.</u>	
		(i)		A hospital facility's CHNA report is made widely available to the public only if the hospital facility:	
				Makes the CHNA report widely available on a Web site at least until the date the hospital facility has made widely available on a Web site its two subsequent CHNA reports; and	
				Makes a paper copy of the CHNA report available for public inspection upon request and without charge at the hospital facility at least until the date the hospital facility has made available for public inspection a paper copy of its two subsequent CHNA reports.	
		(ii)		If a hospital facility makes widely available on a Web site (and/or for public inspection) a version of the CHNA report that is expressly marked as a draft on which the public may comment, the hospital facility will not be considered to have made the CHNA report widely available to the public.	
C.				Implementation strategy	
	(1)			A hospital facility's implementation strategy to meet the community health needs identified through the hospital facility's CHNA is a written plan that, with respect to each significant health need identified through the CHNA, either:	
		(i)		Describes how the hospital facility plans to address the health need; or	
		(ii)		Identifies the health need as one the hospital facility does not intend to address and explains why the hospital facility does not intend to address the health need.	

CHA Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements			Met
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	(2)	<u>Description of how the hospital facility plans to address a significant health need.</u> A hospital facility will have described a plan to address a significant health need identified through a CHNA if the implementation strategy:	
		(i)	Describes the actions the hospital facility intends to take to address the health need and the anticipated impact of these actions;
		(ii)	Identifies resources the hospital facility plans to commit to address the health need; and
		(iii)	Describes any planned collaboration between the hospital facility and other facilities or organizations in addressing the health need.
	(3)	<u>Description of why a hospital facility is not addressing a significant health need.</u>	
		In explaining why it does not intend to address a significant health need, a brief explanation of the hospital facility's reason for not addressing the health need is sufficient.	
		Such reasons may include, for example:	
			Resource constraints,
			Other facilities or organizations in the community addressing the need,
			A relative lack of expertise or competency to effectively address the need,
			The need being a relatively low priority, or
			A lack of identified effective interventions to address the need.
	(4)	<u>Joint implementation strategies.</u>	
		A hospital facility may develop an implementation strategy in collaboration with other hospital facilities or other organizations, including but not limited to:	
			Related and unrelated hospital organizations and facilities,
			For-profit and government hospitals,
			Governmental departments, and
			Nonprofit organizations.
		A hospital facility that collaborates with other facilities or organizations in developing its implementation strategy must still document its implementation strategy in a separate written plan that is tailored to the particular hospital facility, taking into account its specific resources.	
		However, a hospital facility that adopts a joint CHNA report may also adopt a joint implementation strategy that, with respect to each significant health need identified through the joint CHNA, either:	
			Describes how one or more of the collaborating facilities or organizations plan to address the health need, or

CHA Handout #4

501(r) Final Rule: CHNA and Implementation Strategy Requirements				Met
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			Identifies the health need as one the collaborating facilities or organizations do not intend to address and explains why they do not intend to address the health need.	
			For a collaborating hospital facility to meet these requirements, such a joint implementation strategy must:	
		(i)	Be clearly identified as applying to the hospital facility;	
		(ii)	Clearly identify the hospital facility’s particular role and responsibilities in taking the actions described in the implementation strategy and the resources the hospital facility plans to commit to such actions; and	
		(iii)	Include a summary or other tool that helps the reader easily locate those portions of the joint implementation strategy that relate to the hospital facility.	
	(5)	<u>When the implementation strategy must be adopted.</u> An authorized body of the hospital facility must adopt the implementation strategy on or before the 15th day of the fifth month after the end of the taxable year in which the hospital facility completes the final step for the CHNA, regardless of whether the hospital facility began working on the CHNA in a prior taxable year.		
	(D)	Exceptions for acquired, new, and terminated hospital facilities		
	(1)	<u>Acquired hospital facilities.</u>		
			A hospital organization that acquires a hospital facility (whether through merger or acquisition) must meet the requirements of section 501(r)(3) with respect to the acquired hospital facility by the last day of the organization's second taxable year beginning after the date on which the hospital facility was acquired.	
			In the case of a merger between two organizations that results in the liquidation of one organization and the survival of the other organization, the hospital facility or facilities formerly operated by the liquidated organization will be considered to have been “acquired.”	
	(2)	<u>New hospital organizations.</u>		
			An organization that becomes newly subject to the requirements of section 501(r) because it is recognized as described in section 501(c)(3) and is operating a hospital facility must meet the requirements of section 501(r)(3) with respect to any hospital facility by the last day of the second taxable year beginning after the later of:	
			The effective date of the determination letter or ruling recognizing the organization as described by section 501(c)(3), or	
			The first date that a facility operated by the organization was licensed, registered, or similarly recognized by a state as a hospital.	
	(3)	<u>New hospital facilities.</u>		

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			A hospital organization must meet the requirements of section 501(c)(3) with respect to a new hospital facility it operates by the last day of the second taxable year beginning after the date the facility was licensed, registered, or similarly recognized by its state as a hospital.	
	(4)	<u>Transferred or terminated hospital facilities.</u>		
			A hospital organization is not required to meet the requirements of section 501(r)(3) with respect to a hospital facility in a taxable year if, before the end of that taxable year, the hospital organization:	
			Transfers all ownership of the hospital facility to another organization, or	
			Ceases its operation of the hospital facility, or	
			Ceases to be licensed, registered, or similarly recognized as a hospital by a state.	
(E)	Transition rule for CHNAs conducted in taxable years beginning before March 23, 2012.			
			A hospital facility that conducted a CHNA described in section 501(r)(3) in either its first taxable year beginning after March 23, 2010, or its first taxable year beginning after March 23, 2011, does not need to meet the requirements of section 501(r)(3) again until the third taxable year following the taxable year in which the hospital facility conducted that CHNA, provided that the hospital facility adopted an implementation strategy to meet the community health needs identified through that CHNA on or before the 15th day of the fifth calendar month following the close of its first taxable year beginning after March 23, 2012.	

¹ For purposes of this paragraph (b), medically underserved populations include populations experiencing health disparities or at risk of not receiving adequate medical care as a result of being uninsured or underinsured or due to geographic, language, financial, or other barriers.

² For example, if two hospital facilities, with overlapping, but not identical, communities are collaborating in conducting a CHNA, the portions of each hospital facility’s CHNA report relevant to the shared areas of their communities might be identical. Similarly, if the state or local public health department with jurisdiction over the community served by a hospital facility conducts a CHNA for an area that includes the hospital facility’s community, the hospital facility’s CHNA report might include portions of the state or local public health department’s CHNA report that are relevant to its community.