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To: Maryland Hospitals
Date: January 25, 2021
Re: Guidance on the COVID-19 Pandemic and Hospital Community Benefit Reporting

Introduction

The Maryland Health Services Cost Review Commission (HSCRC) is releasing this guidance to provide clarification on how hospitals should report pandemic-related expenses and offsetting revenues as community benefits. According to the instructions for Schedule H, community benefit activities or programs seek to achieve a community benefit objective, including improving access to health services, *enhancing public health*, advancing increased general knowledge, and relief of a government burden to improve health.¹ Reportable community benefit activities or programs include those that “strengthen community health resilience by improving the ability of a community to withstand and recover from public health emergencies.”

The Internal Revenue Service (IRS) has not formally released any COVID-19-related community benefit reporting guidance, other than moving the deadline for hospitals to conduct community health needs assessments (CHNAs) and adopt an implementation strategy to December 31, 2020.² This extension applies to hospitals who were due to comply with any CHNA activities during the period from April 1, 2020 to December 31, 2020.

Available Resources on the COVID-19 Pandemic and Reporting Community Benefits

The Catholic Hospital Association (CHA) has released two guidance documents on the COVID-19 pandemic and community benefit reporting. One was released in April 2020 that focused on the financial impact of the pandemic on hospitals, community benefit reporting and hospital accounting principles, process recommendations, and provided some reporting recommendations for each community benefit category.³ This document also provides some guidance to hospitals on how to account for some of the newly available pandemic-related revenue, such as Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. In July 2020, CHA released draft recommendations for reporting community benefits related to COVID-

¹ IRS. *2019 Instructions for Schedule H*. Available at <https://www.irs.gov/pub/irs-pdf/i990sh.pdf>.

² IRS. *Notice 2020-56*. Available at <https://www.irs.gov/pub/irs-drop/n-20-56.pdf>.

³ Hearle, Keith (April 2020). *Coronavirus Pandemic and Community Benefit Reporting*. Available at [https://www.chausa.org/docs/default-source/community-benefit/covid-19-and-community-benefit-reporting-v1-\(002\).pdf?sfvrsn=0](https://www.chausa.org/docs/default-source/community-benefit/covid-19-and-community-benefit-reporting-v1-(002).pdf?sfvrsn=0).

memorandum

19, which includes a “question and answer” section about whether different activities qualify as a community benefit.⁴

Guidance on Community Benefit Reporting

Drawn from the CHA guidance, a wide variety of pandemic response activities fall under Maryland’s Guidelines⁵ for the Community Health Improvement services category, including:

- Providing community health education, newsletters, and information designed to keep communities informed about the pandemic and how to access available community resources.
- Providing unbilled “ask-a-nurse” type services established in response to the pandemic, and self-help programs for individuals recuperating at home.
- Supporting discharged patients at home rather than in post-acute facilities, if this has been done explicitly to mitigate coronavirus exposure risks (if this is a billed, home health type service, then any net community benefit spend should be reported within the “subsidized health services” category).
- Providing mobile, drive-through, and free clinic COVID-19 testing and treatment services specifically associated with the pandemic (*if not generating patient bills*).
 - Free or discounted COVID-19 testing and treatment services provided to uninsured individuals who qualify under the hospital’s financial assistance policy would be reportable as charity care.
- Any other activities and programs (*that do not generate patient bills*) established in response to the pandemic that are focused on addressing public health objectives and social determinants of health, and that otherwise meet the definitions that apply to community benefits and community health improvement services.
- Operating or participating in the work of disaster response (or incident response) centers.
- Coordinating activities and programs with public health agencies, other hospitals, and others in response to the pandemic.
- Additional examples are included in the CHA materials.

If a hospital is providing a billable service, such as testing or lab work, or performing funded activities such as the provision of personal protective equipment then that would not be a reportable community benefit.

⁴ CHA (July 17, 2020). *Draft Recommendations for Reporting Community Benefit Related to Coronavirus*. Available at <https://www.chausa.org/docs/default-source/community-benefit/recommendations-for-cb-related-to-coronavirus-july-2020.pdf>.

⁵ https://hsrc.maryland.gov/Documents/HSCRC_Initiatives/CommunityBenefits/CBR-FY20/FY20_CommunityBenefitsGuidelinesandDefinitions.pdf

CHA also has some general guidance on reporting disaster preparedness as community benefit.⁶ Hospital costs associated with participation in planning for community disaster preparedness, the establishment of command centers that are specific to disaster readiness and over and above licensure requirements, and participation in community-wide assessments of community disaster preparedness and resilience may be reported as a community benefit. In order to be reportable as a community benefit, the activity must be focused on the community, rather than the hospital's internal functions.

COVID-19 Vaccination Efforts

COVID-19 vaccinations should be reported in a similar way to flu and other community immunizations. Billed vaccination services, the costs of vaccinating staff members or patients and residents of hospital-owned long-term care facilities, lost reimbursement due to canceled appointments, and time spent by employees and volunteers on vaccination efforts should not be counted. As with other COVID-19 activities, a reportable community benefit is limited to those expenditures in which the effort is focused on the community's health rather than hospital functions. The following list contains examples of unreimbursed activities that may qualify as community benefit:

- Unpaid costs of free or discounted vaccine services provided as a part of the hospital's Financial Assistance Policy or Charity Care.
- Activities where there is no patient bill, such as awareness and community education, community vaccination efforts, and clinics to support public health.
- Costs of research conducted on COVID-19 vaccine, and the results of which are made available to the public.

Counting Staff Hours and Encounters

Hospitals are advised to make their best effort to track staff hours, encounters, and lives touched. The HSCRC understands that with many hospital employees working remotely and more services being delivered through telehealth, it may be more difficult for hospitals to track these remote activities.

CARES Act and Other COVID-19 Relief Funding

There are several newly appropriated funds that are becoming available to help hospitals address revenue losses and new expenses related to COVID-19. For example, the federal CARES Act provides appropriations intended to reimburse hospitals for COVID-19 expenses, including: "building or construction of temporary structures, leasing of properties, medical supplies and equipment including personal protective equipment and testing supplies, increased workforce and trainings, emergency operation centers, retrofitting facilities, and surge capacity." CHA

⁶ <https://www.chausa.org/communitybenefit/what-counts-q-a-listing/community-building-activities/disaster-preparedness>

advises that to the extent that hospitals receive appropriations, grants, and other revenues intended to offset COVID-19 expenses that have been reported as community benefit, those amounts should be reported as “direct offsetting revenue.” Hospitals should not include appropriations or grants that offset COVID-19 related revenue losses in offsets because revenue losses due to COVID-19 may not be reported as community benefit. Hospitals may need to split any funding or revenue received between these purposes. See page 7 and Appendix 1 in CHA’s guidance, [Coronavirus Pandemic and Community Benefit](#), for more information on how to allocate funding that hospitals may receive to support COVID-19 related expenses and revenue losses.

Summary

Hospitals should report pandemic-related community benefit activities in alignment with Schedule H and Generally Accepted Accounting Principles that apply to hospitals. In general, activities performed as part of a billable service, such as COVID-19 testing of patients, should not count as community benefit (unless they qualify as financial assistance or another explicit category in Schedule H). **In order to count COVID-19 activities as a Community Benefit in Maryland, the activity should be focused on community health rather than the hospital’s internal functions.**