



FACT SHEET

How Nonprofit Hospitals Can Best Support Their Communities

By Nicole Rapfogel and Emily Gee August 19, 2021

Nonprofit hospitals have a tax-free status that hinges on their obligation to provide benefits to the community. Within this broad community benefit requirement, some hospitals have prioritized meaningful community engagement and investments that address urgent community needs. As anchor institutions in their communities and as charitable entities, nonprofit hospitals are uniquely positioned to improve population health and health equity.

The Center for American Progress interviewed representatives from three nonprofit health systems with robust and innovative community benefit programs. Based on these interviews and additional analyses, CAP recommends the following best practices and policies to support community benefit programming that addresses community health and health equity.

Best practices for nonprofit hospitals and health systems

- Accurately and efficiently assess community needs with community partnerships and input.
- Co-create community benefit programs with community members.
- Collaborate with other community organizations and leverage existing community service and trust.
- Build community and hospital buy-in.

Policy recommendations

Congressional action:

- Adjust the community health needs assessment cycle from three years to five years to allow nonprofit hospitals to align their inquiries with other community organizations and more efficiently use resources.
- Clarify tax exemption reporting requirements to explicitly support activities that address unmet social needs.

Administrative action:

- Standardize IRS community benefit review and data collection to facilitate program evaluation and information sharing.

State action:

- Consider additional standards for community benefits on the state level, including by setting minimum spending thresholds.
- Codify community collaboration standards for needs assessments and implementation plans.
- Require implementation plans to meet community needs and tie initiatives to broader equity goals.

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