
The New IRS Form 990 & Community Health Needs Assessments

Joint Education Session - Sponsored by HFMA

On January 22nd, the Healthcare Financial Management Association sponsored an educational session designed to provide a comprehensive understanding of the implications of changes to the IRS Form 990. Consultants from Ernst & Young and New Solutions, Inc. detailed how tax-exempt organizations can best prepare for these changes.



The presenters recommended hospitals begin to prepare for the 2009 requirements with their 2008 filing. Specifically:

- Your 2008 filing MUST utilize the new form.
- Time required to prepare the filing has increased, and many more organizations are obtaining outside assistance in preparing their 2008 filing. The days of the Finance Department assembling all the required data on its own, in a day or so, are over!
- There has been increased interest in the content of the 990 from many organizational levels, as new or expanded questions require much more input from a broader section of administrative areas than in prior years.
- New Solutions emphasized that Schedule H, related to community benefit, will require significant input from non-financial hospital staff to ensure that all necessary data are captured in the filing and that the community health needs assessment will provide the foundation for successful submissions.
- According to Ernst & Young, many organizations are completing a dry run for all Form 990 sections and schedules this year. This will lay the groundwork for the 2009 filing, when the new areas are required.

The panel discussion focused on organizational approaches to prepare for Form 990 submission. Highlights included:

- Compliance and policy implications of the 990 need to be identified and dealt with immediately. For many organizations, standard procedures will need to be formalized in policy.
- Executive compensation reporting is expanded. Most organizations will be required to publicly disclose additional employees' compensation. These personnel need to be notified of this requirement and its implications.
- To effectively address Form 990's new or expanded questions, a broad range of departments are involved. Panelists recommended assembling an interdepartmental team NOW to delegate responsibilities for data collection and ensure that by year end 2009 the processes and required information are available.
- In preparation for Schedule H, organizations should evaluate their community benefit processes and reporting. To quantify community benefit, needs assessments must be performed and programs developed based on recommendations. New Solutions estimates that organizations should allow six to nine months to complete the community benefit sections, not including inventory tracking.
- If used effectively, activities required to complete the new 2009 Form 990 will promote the hospital's mission and support the strategic plan.



Keeping Ahead Of The Curve

Reducing the potential boomerang effect of losing your tax-exempt status on the long-term financial health of your organization means getting ahead of the curve now. Getting there means redefining the way your organization thinks about community benefit.

For information on how to prepare and integrate community health needs assessments and a focus on community benefit into your organization's strategic planning, please contact Nancy Erickson, Principal, at nerickson@newsolutionsinc.com or 732-418-3210.