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HEALTH CARE

Friday, April 30, 2010

Reform-driven assessments may improve care, cut costs

Kansas City Business Journal - by [Mike Sherry](#) Staff Writer

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The health care reform law has been criticized as doing more to expand coverage than to moderate medical costs.

But one provision could save money.

The Patient Protection and Affordable Care Act requires that nonprofit hospitals conduct a community health needs assessment at least every three years. The provision takes effect for hospital fiscal years that begin after March 23, 2012.

"If it's taken seriously and helps hospitals move away from only seeing patients when they come in their door, but actually (tries to) help the community become healthier, absolutely" it could save money in the system, said Dr. Rex Archer, Kansas City's health director.

Nonprofit community facilities comprise roughly half of the nation's 5,815 hospitals, according to the [American Hospital Association](#).

The assessment must include broad input, be made widely available to the public, have an implementation strategy and be included in reporting to the [Internal Revenue Service](#), said Douglas Anning, a health care lawyer with [Polsinelli Shughart PC](#).

For instance, if the community survey determines that diabetes is a significant problem, the hospital has to prove to the IRS that it's making progress in treating that condition or explain why not.

Failure to comply can trigger a \$50,000 penalty for each year of noncompliance. But Anning said the bigger hammer is the potential for the IRS to revoke a hospital's tax-exempt status.

IRS regulations should answer such questions as whether hospitals can partner to conduct a regional assessment through an agency like the [Mid-America Regional Council](#), he said.

Allen Johnson, CFO of [Truman Medical Centers](#), said the assessment shouldn't be too difficult for his system, once the regulations flesh out the law. He said the provision is beneficial.

"Increased transparency of the value a hospital provides to a community is good," Johnson said.

NONPROFIT HOSPITALS

The health care reform law imposes new requirements on nonprofit hospitals to maintain their tax-exempt status. They include producing:

- A community needs assessment at least every three years
- A written financial assistance policy for needy patients
- A billing and collections policy that assesses a patient's eligibility for financial assistance before initiating undefined "extraordinary collection actions"

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