

Understanding Your Environment: Practical Processes for Understanding Community Needs

Value-based purchasing, workforce shortages, the demand for transparency, increased governance scrutiny, health information technology, evidence-based medicine, changing demographics, economic challenges – these are just a few challenges facing hospitals and health systems in today’s complex and rapidly changing health care environment. But in order to stay true to the hospital’s community-centered mission, trustees cannot let the challenges presented in today’s turbulent health care environment overpower the importance of understanding and meeting community needs.

To successfully and effectively lead their organizations, boards of trustees must have a deep understanding of the issues, challenges and needs confronting them. They should have clear answers to questions such as:

- How dependent is our organization’s success on the direction these issues take?
- If the hospital’s mission is to improve the community’s health, what is the health status of the community?
- Does our board have the evidence and information it needs to make effective, data-driven strategic decisions?

Community needs assessments help trustees answer these questions. In addition, they provide hospitals and health systems with unique opportunities to connect with the community and maximize partnerships and develop opportunities for building public trust and confidence.

Why Conduct a Community Needs Assessment?

A comprehensive community needs assessment provides the hospital with first-hand information about the health care needs of the community it serves. With this “snapshot” of the community’s health, the hospital can identify the most pressing health care needs of the community, populations of individuals in need, gaps in care and services, barriers and challenges to receiving services, and information about other organizations that may already be working to meet specific needs. This information provides the foundation needed to build strategic and operational plans that will advance the hospital’s mission of service to the community.

Using the data and information from the assessment, trustees can:

- Assess and evaluate where and how the hospital should direct its attention;

- Prioritize strategic initiatives; and
- Best determine the allocation of resources.

An Opportunity to Strengthen Community Relationships.

A community needs assessment is a prime opportunity to strengthen community relations and build community partnerships. For example, conducting an assessment provides opportunities for the hospital to collaborate with a variety of community organizations in the distribution of surveys and collection of data. In addition,

conducting community-based focus groups and making a dedicated effort to solicit the views and opinions of community members can help build and strengthen positive perceptions of and trust in the hospital.

It's Mandatory for Not-For-Profit Hospitals.

Conducting a community needs assessment is more than an important step in building community relationships and providing hospitals with the information they need to meet community needs—it is also a requirement enforced by the Internal Revenue Service (IRS).

IRS: Assessing Community Health Needs

According to the Internal Revenue Service, **to assess the health needs of its community, a hospital facility must identify the significant health needs of the community. It must also prioritize those health needs, as well as identify resources potentially available to address them.**

Examples of Needs

The health needs of a community include both improvement and maintenance of community health status, in both community at large and in particular areas of a community (e.g. a specific neighborhood or population facing greater health disparities). The IRS provides the following examples:

- Addressing financial and other barriers to accessing care
- Preventing illness
- Ensuring adequate nutrition
- Addressing social, behavioral and environmental factors that influence health in the community

Significance of Needs

Hospitals may determine if a health need is significant based on the facts and circumstances present. The IRS suggests hospitals use criteria to prioritize health needs, including but not limited to the:

- Burden, scope, severity, or urgency of the health need
- Estimated feasibility and effectiveness of possible interventions
- Health disparities associated with the need
- Importance the community places on addressing the need

Source: Community Health Needs Assessment for Charitable Hospital Organizations—Section 501(r)(3). Internal Revenue Service. Updated Aug. 21, 2020. www.irs.gov.

The IRS requirements for tax-exempt hospitals include regularly conducting a community health needs assessment (CHNA), as well as maintaining a financial assistance policy and emergency medical care policy, limitations on charges, and requirements around billing and collections. Specifically, the IRS requires that hospitals: 1) conduct a community needs assessment every three years, and 2) adopt an implementation strategy to meet the needs identified in the assessment.

The IRS also specifies what hospitals must include in their community needs assessment process:

- Define the community served.
- Assess the health needs of that community.
- In assessing the community's health needs, solicit and take into account input received from persons who represent the broad interests of that community, including those with special knowledge of or expertise in public health.
- Document the CHNA in a written report that is adopted for the hospital by an authorized body of the hospital facility.
- Make the CHNA report widely available to the public.

Practical Steps for Conducting a Community Needs Assessment

Maximizing the value of your community needs assessment requires careful forethought and planning. The process should begin with a clear definition of the objectives of the assessment by the board and the hospital's executive leadership. Hospital leadership must then communicate the importance of the assessment throughout the organization, and

Steps in Conducting a Community Needs Assessment

1. Determine a project sponsor (often a member of the executive team) and a project coordinator
2. Clearly define the objectives of the assessment
3. Identify available resources
4. Develop a detailed plan
5. Collect and analyze data, including primary data collection (surveys, focus groups and interviews) and secondary data collection (information readily available from existing sources)
6. Develop a summary report of findings
7. Follow-up, including next steps to address the needs identified and communicating with the broader community

engage the hospital's employees in support of data collection efforts. In addition, involving community leaders and key stakeholders in the process is particularly critical to a successful community needs assessment.

Although every organization's community needs assessment process will be different, the following steps provide an overview of the steps often undertaken in a community needs assessment.

Step 1: Determine a Project Sponsor and a Project Coordinator. The project sponsor is typically a member of the executive management team but may be a board member. This individual serves as a liaison between the coordinator, the executive team and the board. The project sponsor provides oversight and high-level guidance, provides assistance in navigating threats or obstacles to

the assessment, and is accountable for the successful and timely completion of the assessment.

The project coordinator is responsible for planning and implementing the logistics of the assessment.

Step 2: Clearly Define the Objectives of the Assessment. The general purpose of the community needs assessment is to identify health care needs that exist in the community and to determine the role the hospital should serve in meeting those needs. A more clearly defined set of objectives will also identify:

- If the assessment will be used to set strategic direction, identify organizational initiatives and prioritize the allocation of resources;
- If the assessment is or will be used in measuring progress against an established baseline of community need(s); and
- What elements of the assessment are required to be included in the assessment in order to fulfill any legal, contractual or regulatory requirements (for example, the board may want certain demographics to be collected and analyzed to substantiate the hospital's IRS Form 990 filing).

In addition to defining the information needed and how the findings will be used, the objectives should also define the assessment's geographic reach, generally considered to be the hospital's primary and secondary service area.

Step 3: Identify Available Resources. Define the budget, number of employees and other resources available and dedicated for conducting the community needs assessment.

Step 4: Develop a Detailed Plan. The project plan should include specific milestones, actions,

accountabilities, dependencies and timeframes for completion. The plan should include processes for conducting the assessment, sources and methodologies for collecting data and information, a process for analyzing the results, and a plan for communicating findings and outcomes to the board, key stakeholders and the community.

Step 5: Collect and Analyze Data. Once the goals have been identified and the work plan has been approved, the next step in the assessment is to collect and analyze data. Utilizing multiple methods of data collection is recommended to ensure the widest possible opportunity for community representation and a clear picture of the issues, and can generally be divided into primary data collection and secondary data collection.

Primary Data Collection. The three most common forms of primary data collection are surveys, focus groups and personal interviews.

Surveys. Surveys are most frequently used to gather input from a larger number of people at the same time. Surveys may be conducted in various forms – a written paper survey, an online survey, a telephone survey, or a survey completed in-person by a survey-taker. Regardless of the survey format, it is important to consider the primary languages spoken in the community and provide translated versions of the survey as needed by the community.

When deciding which format to use, consider the target audience and the format that is most likely to achieve the greatest response rate. Once the format is determined, make survey submission as easy as possible.

Oftentimes, traditional survey methods fail to engage important community populations and constituencies. These populations may

Distributing the CHNA Survey: Getting the Word Out

In addition to distributing surveys through local employers and retailers, other alternatives to consider for survey promotion and distribution include:

- Your hospital's website
- Distribution to hospital employees, volunteers, trustees, foundation members and other hospital or hospital related entities. Encourage employees to distribute the survey to friends, neighbors and acquaintances
- Inclusion with other hospital mailings and public notices
- Internal hospital communications
- Local media - newspaper, TV and/or radio coverage and announcements
- Distribution through physician offices, federal, state and/or county health clinics, other providers of health care and Medicaid programs
- Local health insurers and agents or brokers
- Health fairs and job fairs
- Food banks, homeless shelters and other locations where people of limited means gather to secure resources
- Community organizations and other entities such as senior centers, libraries and churches
- Chambers of Commerce, Rotary clubs and other civic organizations
- Local employers
- Local health and fitness centers
- Local pharmacies
- Other local opportunities identified by your organization

include the homeless, those without available Internet or telephone services, individuals with disabilities, non-English speaking people and others. The needs and perceptions of these people are important when considering the health of the entire community and how health care needs are or are not being met. When determining your survey methodology, it is important to consider using more than one method in attempting to reach the broadest possible representation of the entire community.

Focus Groups. Focus groups provide another opportunity for input from people who work with community groups and under-represented populations. Generally limited in size, focus group participants respond to open-ended questions presented by a group facilitator. Views and perspectives are discussed in greater depth than can be accomplished in a survey. A focus group may be best conducted in follow-up to a survey, allowing themes and issues identified in the survey to be further explored and validated.

Interviews. Like focus groups, interviews offer an opportunity to explore and validate themes arising from the survey and focus group results. Brief, highly-focused interviews may be used as a means of gathering insights from individuals, such as physicians and others, for whom scheduling focus group time is difficult.

Secondary Data Collection. In addition to collecting data directly from surveys, focus groups and interviews, organizations should supplement their findings with secondary data. This information is readily available from various sources and can contribute to the overall strength of the assessment findings.

When collecting secondary data, it is important to determine what information has the most significance and to seek out local as well as state, regional and national level data. When possible, local health information should be benchmarked against state, regional and national trends. Benchmarking allows hospital leaders to explore questions such as: “Does our community exceed averages for various indicators of community health?” and “Is our community’s health status better or worse than that of similar communities?”

Identifying the potential causes and reasons behind these findings will help the board uncover potential opportunities and strategies for addressing the community’s health care needs. Typical categories of secondary data and information to research include population growth trends and projections, age, gender, race and ethnicity trends, income levels, education levels, rates of uninsured, unemployment trends, rates of physical activity, vaccination rates, graduation rates, rates for preventive screening measures, incidents of chronic disease and statistics about health care utilization.

Step 6: Develop a Summary Report of Findings. A summary report pulls together all of the findings and should include the objectives of the assessment, the methodologies employed, findings, implications and recommendations. The findings from the needs assessment survey, focus groups and interviews should be synthesized and compiled in an organized and logical manner that allows the board and the hospital’s executive leadership to identify and evaluate the implications and develop potential strategies.

Step 7: Follow-Up. Trustees are responsible for making decisions about how the assessment results will be used. The assessment process

should give the board a strong foundation for strategic planning by providing clarity about needed services and identifying specific, attainable goals for meeting community needs. Part of this process may mean determining if it is necessary to provide additional services or create new programs. Some services may benefit the hospital with additional income, while others may result in minimal or no profit. When evaluating potential new services, the board must decide if adding the services:

- Provides a substantial benefit to the community;
- Is important in fulfilling a specific community need;
- Contributes toward the community benefit activities required of tax-exempt hospitals; or
- Directly contributes to the achievement of the hospital’s mission.

Communicating the assessment results to stakeholders, partners in the assessment process and other community members is an important step in engaging their continued interest, support, trust and ownership of solutions to meeting needs and improving the health of the community.

Building on the Community Needs Assessment: Conducting an Environmental Assessment

In addition to conducting a community needs assessment, a good environmental and market trend assessment can provide boards of trustees with new insights and help drive sound strategic decision-making. Comprehensive environmental assessments offer:

- Relevant and reliable data needed for strategic analysis and evaluation;
- “Early warnings” of changes on the horizon;
- A consistent context for discussion, debate and decision-making;
- An integrated, holistic perspective of the health care environment;
- Improved organizational responsiveness to the environment; and
- Greater opportunity for successful achievement of strategic plan initiatives.

An environmental assessment should provide not only an outside look at the surrounding

environment but should give trustees a complete perspective by including an inward view as well. As with a community needs assessment, a variety of primary and secondary sources of information and data should be accessed to provide the greatest possible breadth and depth of relevant information. When possible, organizations should use the information, data and reports they already gather and produce, but which may not have been historically compiled into a single resource. This will minimize duplication of effort and ensure that all available information is included in one comprehensive and integrated location.

Inside and Outside Perspectives

Examples of data and information to collect and evaluate in the environmental assessment include:

The Outside View

- Regulatory and legislative changes occurring in the health care field
- Demographic trends
- Community health and health care access information
- The economy, finance, and economic development
- Information technology trends
- Medical technology trends
- Trends in consumerism
- Payer trends
- Political issues
- Physician and other provider changes and trends
- Quality and patient safety mandates and developments
- Competitive information, including statistics, market share trends, areas of excellence, and facility development

The Inside View

- Workforce trends, such as nursing and physician shortages, aging and retirement
- Service utilization
- A portfolio of the services offered by the organization, including utilization trends, market share by service line and a SWOT (strength, weakness, opportunity and threat) analysis
- Foundation and other financial resource data
- Organizational access to and utilization of technology
- Facility development needs
- Quality, patient safety and patient satisfaction measures
- Financial performance
- Medical staff development status and trends

What's Included in an Environmental Assessment

Environmental assessments typically focus on health care trends and forces for change in the health care field, providing hospital leadership with a more in-depth understanding of the issues and trends occurring in key areas. The areas of focus may change over time, but a good assessment will typically highlight:

- **Health care trends**, such as rates of uninsured and underinsured, changes in regulations, shifts in consumer preferences, the impact of health equity and social determinants of health on local communities and the health care system at large.
- **Local demographics**, including population growth projections, household income overviews, local area employment, unemployment and uninsured rates, etc.
- **Competitor information**, including traditional and non-traditional competitors.
- **An organizational profile** to ensure that each member of the board, as well as the executive staff, is working with the same understanding and knowledge about the organization's current performance.
- **Quality and patient satisfaction performance**, including metrics, initiatives and accomplishments.
- **Financial performance**, addressing income and margin statistics and trends, inpatient and outpatient revenue statistics and trends, and financial and operating ratio analyses that identify resulting trends and implications
- **Information about the medical staff**, including not just composition, referrals and

recruitment and retention, but also physician relations with the hospital or health system.

- **Human resource issues**, such as projected shortages, turnover rates and vacancies.

Steps in the Environmental Assessment Process

The steps to conducting an environmental assessment are similar to those of the community needs assessment:

- **Step 1:** A project sponsor and project coordinator should be determined.
- **Step 2:** Establish clearly defined objectives for the assessment.
- **Step 3:** Identify necessary financial and employee resources.
- **Step 4:** Develop and implement a work plan, and complete the assessment.

Putting the Assessments to Work

Armed with the information provided in the assessments, the board should first ask: "What impact will trends and forces for change have on health care and on our hospital?" For example, when faced with changing medical staff demographics, trustees might ask: "What are the critical projected changes in our physician workforce demographics?" and "based on these changes, what will be the key demands on the health care system in the next five years?"

Once the questions are framed, the organization must make astute assumptions about the implications and impacts these issues hold for the future of the hospital. The board should work with the senior leadership team to evaluate the organization's resources, abilities and capacity to successfully respond in the face

Maximize Your Community Needs and Environmental Assessments

Leverage the Work. Both the community needs and environmental assessments are significant resources of information that can be used in multiple ways by individuals and departments throughout the organization. These resources should become a dynamic “go-to” that is shared widely within the hospital. As requests for information and data are made throughout the year, they should be noted and evaluated for relevance. If deemed appropriate, new information and data should be incorporated into the assessments to continue building and improving on the strength, relevance and usefulness of the organization’s intelligence.

Put the Assessments to Work at Board Retreats. Community needs and environmental assessments provide a strong, evidence-based foundation upon which the board can build its strategic plan. Entering a retreat armed with assessment data and information, trustees can envision and develop critical assumptions about the trends and forces expected to influence the health care field in the coming years. Required capabilities and resources to meet those assumptions can then be identified, and the organization’s readiness can be assessed. Assessment knowledge and the assumptions derived from it allow trustees to better evaluate current strategies and to develop new, targeted strategies for achieving its mission and vision.

Ask “What Do We Know?” Assessment work does not end with a board or leadership retreat. Staying attuned to the community and the health care environment requires ongoing effort. Trustees must continually ask, “What do we know today that we didn’t know at our last board meeting? Does this new knowledge in any way change any of our assumptions?” And “If so, how does that change affect our capabilities and strategies moving forward?”

of these assumptions. The outcomes of the assumptions and evaluations will lead the board and management in determining critical strategic opportunities, threats and resource gaps.

Communicating the assessment results to stakeholders, partners in the assessment promotion and other community members is an important step to engaging their continued

interest, support, trust and ownership of solutions to meeting needs and improving the health of the community.

Making the findings of the community health needs assessment widely available to the public is also a requirement of the IRS, which can meet by posting the written community needs assessment report on the hospital’s website.

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