

Hospital Community Benefits Plans Public Transparency Program

Since 1996 Health and Safety Code Sections 127340 - 127360 has required the Department of Health Care Access and Information (HCAI) to collect and make publicly available private not-for-profit hospitals' community benefit plans for the purpose of public transparency.

Not-for-profit hospitals assume a social obligation to provide community benefits, in exchange for federal tax exemptions governed by the Internal Revenue Service.¹ These hospitals are required to provide a description in a community benefit plan of the activities that the hospital has undertaken to address identified community needs within its mission and financial capacity, and the process by which the hospital developed the plan in consultation with the community. These community benefit plans are then submitted to HCAI and posted both to HCAI's and to the hospitals' Internet websites.

Historically, HCAI has not had the authority to develop regulations to standardize the data collection and reporting of community benefits. However, Assembly Bill 204 (Chapter 535, Statutes of 2019) removed the prohibition on standardizing report formatting and gives HCAI the authority to:

- Standardize report data submitted by hospitals for the benefits of transparency and comparability
- Prepare and post on HCAI's website:
 - The amount hospitals spend on community benefits
 - The amount of community benefit spending attributable to charity care, the unpaid cost of government-sponsored health care programs, and community benefit programs and activities
 - A list of hospitals that failed to report community benefits spending
- Grant extensions and impose fines for failure to adopt, update, or submit community benefit plans

Additionally, the passage of Assembly Bill 1204 (Chapter 751, Statutes of 2021) updated the definition of "vulnerable populations" for community benefits planning purposes and adds racial and ethnic groups experiencing disparate health outcomes and socially disadvantaged groups to the definition. The bill also required HCAI to develop and administer a hospital equity reporting program to collect and post hospital equity reports and convene the Health Care Equity Measures Advisory Committee. For more information, please visit the [Hospital Equity Reporting Program webpage](#).

HCAI is developing regulations to standardize community benefits reporting, per the authority granted to HCAI by Assembly Bill 204, by specifying the community benefit

¹ Internal Revenue Services – Requirements for 501(c)(3) Hospitals Under the Affordable Care Act – Section 501(r): <https://www.irs.gov/charities-non-profits/charitable-organizations/requirements-for-501c3-hospitals-under-the-affordable-care-act-section-501r>

categories and other requirements to be included in reporting. For more information about the rulemaking process, please contact communitybenefit@hcai.ca.gov and visit the [Hospital Community Benefit Plans Program webpage](#).

The list of activities below describes the rulemaking process and includes program activities through October 2024 and ongoing.

Projected Time	Period Program Activities
January 2023 to March 2024	<ul style="list-style-type: none"> • Begin rulemaking process for standardization of community benefits reporting • Conduct stakeholder outreach and workshopping for regulations development • Prepare initial draft of proposed regulations • Hospitals continue consulting with community groups to identify community needs, including for the new “vulnerable populations” definition categories, as part of their regular Community Health Needs Assessments
April 2024 to September 2024	<ul style="list-style-type: none"> • Publish proposed regulations for public comment • Complete rulemaking process to standardize community benefits reporting
October 2024 and ongoing	<ul style="list-style-type: none"> • Regulations are effective October 1, 2024 • Annual submission of standardized Hospital Community Benefits Plans to commence for hospitals with fiscal year end dates occurring after October 1, 2024

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