



BUILDING HEALTHY AND PROSPEROUS NEIGHBORHOODS

IN COOK COUNTY

Thursday, November 15, 2018

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County Health
Rankings & Roadmaps

Building a Culture of Health, County by County

A Robert Wood Johnson Foundation program



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Hospitals and Communities
Improving Health Across
Chicago and Cook County



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Racial Equity, Health, and Community Development

Moderator: Julie Willems Van Dijk, Director, County Health Rankings and Roadmaps at the University of Wisconsin

- Julie Morita, Commissioner, Chicago Department of Public Health
- Mary Sajdak, COO of Integrated Care Services, Cook County Health
- Joanna Trotter, Senior Program Officer, Chicago Community Trust



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National Examples of Cross-Sector Collaboration and Investment

Moderator: Meghan Harte, Executive Director, Chicago LISC

- Susan Frank, Executive Vice President, Cinnaire, Wilmington, DE
- Colby Dailey, Managing Director, Build Healthy Places Network
- Tonya Wells, Vice President, Social Impact Investing & Community Development, Trinity Health, Detroit, MI
- Gretchen West, Executive Director, Healthy Homes, Nationwide Children's Hospital, Columbus, OH



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Can Banks and Tax-Exempt Hospitals Collaborate on Community Building and Health Improvement Efforts?

- Community Reinvestment Act
- Regulatory Background for Nonprofit Hospitals Seeking Federal Tax Exemption
- Where Banks and Nonprofit Hospitals Can Work Together



Community Reinvestment Act – Overview

- Passed in 1977, Congress was addressing redlining.
- CRA encourages banks to make loans in the communities where they take deposits, including low- and moderate income (LMI) neighborhoods.
- CRA examination ratings are made publicly available (Outstanding, Satisfactory, Needs to Improve, Substantial Noncompliance).



Community Reinvestment Act – Overview

- Penalties for Noncompliance – a bank’s regulator could delay or deny an application to merge, acquire, open a branch or expand services.
- A Bank Must Define an Assessment Area – essentially the geographies where the bank has its main office, branches and ATMs. Many not exclude LMI areas.
- Types of CRA Exams – small, intermediate small, large, wholesale and limited purpose.



What is Community Development?

- Includes activities that promote economic development by financing small businesses and farms;
- Also includes affordable housing targeted to LMI individuals/families (including multifamily rental housing);
- Community Services or retail banking services targeted to LMI individuals/families (e.g., providing financial literacy services, serving on a CDC, offering IDA accounts).



What is Community Development?

- Activities that revitalize or stabilize:
 - LMI census tracts (e.g., a loan for an anchor business that employs or serves area residents);
 - Designated Disaster Areas (e.g., provision of financing for essential communitywide infrastructure)
 - Distressed or Underserved Non-Metropolitan Middle-Income Census Tracts (e.g., financing for a new or expanded hospital that serves the entire county).



What is Community Development?

- Loans, investments and services that support, enable, or facilitate Neighborhood Stabilization Program (NSP) eligible activities in designated targeted areas (i.e., abandoned or foreclosed homes).



Updated guidance clarified that community development can include activities that promote:

- Community or tribal-based child care;
- Educational, health, social services, or workforce development or job training programs targeted to LMI people;
- Affordable housing for LMI individuals; and
- Activities that revitalize or stabilize LMI areas, designated disaster areas, or underserved or distressed nonmetropolitan middle-income geographies.



Investment Test for Large Banks

- Includes qualified investments, grants, deposits or shares in, or to financial intermediaries. Examples would be:
 - Community Development Financial Institutions (CDFIs);
 - New Markets Tax Credit Community Development Entities (NMTC CDEs);
 - Community Development Corporations;
 - Minority- and woman-owned financial institutions; and
 - Community loan funds that primarily lend in LMI areas or to LMI individuals to promote community development.



Investment Test for Large Banks

- Further examples would be an investment in:
 - A CDFI that promotes community development on an Indian Reservation;
 - Organizations engaged in affordable housing rehabilitation and construction;
 - Facilities that promote community development by providing community services for LMI individuals such as: youth programs, homeless shelters, soup kitchens, health care facilities, battered woman's centers, and alcohol and drug recovery centers.
 - Organizations supporting activities essential to helping LMI individuals or geographies to use credit to sustain economic development, such as day-care facilities and job-training programs that enable LMI individuals to work.



Service Test for Large Banks

- Analyzes both the availability and effectiveness of a bank's systems for delivering retail banking services and the extent and innovativeness of its community development services. Examples would be:
 - Current distribution of the bank's branches, including LMI census tracts;
 - Record of opening and closing branches, particularly in LMI census tracts;
 - Range of services provided in LMI geographies and the degree to which services are tailored to meet the needs of those areas.
 - Examples include: providing technical assistance on financial matters to nonprofit, tribal, or government organizations serving LMI housing needs; serving on a loan committee for a community development organization.



Regulatory Background for Nonprofit Hospitals Seeking Federal Tax Exemption – Overview

- In 1913, hospitals were not originally considered tax exempt by the IRS.
- In 1950s, IRS recognized the promotion of health as the type of activity that would be considered charitable.
 - In order to establish the hospital as tax-exempt, it had to show it rendered charity care to patients.



Regulatory Background for Nonprofit Hospitals Seeking Federal Tax Exemption – Overview

- In 1969, IRS removed the charity care requirement.
- A more flexible “community benefit” standard was adopted to determine if the hospital qualified for federal tax-exempt status.
- The new standard provided hospitals with a large degree of latitude regarding what constituted charitable activities, such as:
 - Research;
 - Health professionals training, or
 - General efforts to promote community health.



Regulatory Background for Nonprofit Hospitals Seeking Federal Tax Exemption – Overview

- In 2009, IRS Code mandated public reporting of community benefit activities.
- In 2010, the Affordable Care Act (ACA) required a nonprofit hospital to conduct a community health needs assessment (CHNA) every three years and to adopt an implementation strategy to meet the health needs identified in the CHNA.



Conducting a CHNA

- To conduct a CHNA, a nonprofit hospital must complete the following steps:
 - Define the community it serves;
 - Assess the health needs of that community;
 - Document the CHNA in a written report and make it publicly available;
 - A hospital may not define its community in a way that excludes medically underserved, low-income, or minority populations who live in the geographic areas from which it draws its patients.



Community Benefit Activities Further Defined

- To qualify as a community benefit activity, there must be an identified need for the program or service. Community need can be identified by:
 - A Community Health Needs Assessment;
 - A request from a public health agency or community group;
 - The involvement of unrelated, collaborative, tax-exempt or government organizations as partners in activities for the express purpose of improving community health.



Community Benefit Activities Further Defined

- Community benefit activities must seek to achieve a community benefit objective, including:
 - Improving access to health services;
 - Enhancing public health;
 - Advancing increased general knowledge; and
 - Relief of a government burden to improve health.



Community Benefit Activities or Programs:

- Are available broadly to the public and serve low-income consumers;
- Reduce geographic, financial, or cultural barriers to accessing health services;
- Address public health priorities such as eliminating disparities in access to health care services or disparities in health status among different populations;
- Strengthen community health resilience by improving the ability of a community to withstand and recover from public health emergencies;



Community Building Activities

- Distinct from community benefit activities, community building activities are activities nonprofit hospitals engage in to protect or improve the overall community's health or safety – some of which may meet the definition of community benefit.
- Community building activities focus on the social determinants of health – which are things like the quality of schools, affordability and stability of housing, access to good jobs with fair pay, and the safety of neighborhoods.



IRS Enumerates Nine Categories of Activities to Protect the Community's Health or Safety

- Physical improvements and housing – including the rehab of housing for vulnerable populations;
- Economic Development – including small business development in neighborhoods with vulnerable populations and creating new employment opportunities in areas with high unemployment;
- Community Support – including child care for vulnerable populations and disaster readiness and public health emergency activities;



IRS Enumerates Nine Categories of Activities to Protect the Community's Health or Safety

- Environmental Improvements – addressing environmental activities that affect community health;
- Leadership Development and Training for Community Members – includes training in conflict resolution;
- Coalition Building – includes efforts to address health and safety issues;
- Community Health Improvement Advocacy – includes efforts to improve public housing;
- Workforce Development – includes training in health care professionals to meet needs in unserved areas;
- Other – other activities not described in 1-8.



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Exploring Cook County Cross-Sector Efforts and Opportunities

- Chicago Southwest Development Corporation
- Corporation for Supportive Housing
- Proviso Partners for Health
- West Side United



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Please complete an evaluation form.

Thank you.