STRUCTURE OPTIONS AND CONSIDERATIONS FOR HEALTH STATUS IMPROVEMENT EFFORTS

Introduction

In order to assist a health status improvement effort that is at the stage of becoming a formal entity, which may or may not involve the establishment of a not-for-profit or a 501-c-3, this document is intended to provide a frame of reference for discussion and decision.

Rationale

Five sets of functions or resources are required for communities to establish, support, and maintain effective community health status improvement efforts. These are:

1. **Resource development**, which includes acquisition, allocation, and management of financial, human, and technological resources. Typical application of this function or resource is in obtaining and distributing funding (both from internal and external sources), and leveraging existing resources (e.g., matching, in-kind and other formula approaches).

2. **Training and technical assistance** for a variety of collaboration and community health status improvement needs including developing leadership, enhancing community participation, development of specific health status intervention planning and implementation, and program monitoring and evaluation.

3. **Information and resource exchange**, which includes health status data exchange, technologic or methodological expertise reallocation, community and individual information dissemination and educational strategies, among other applications.

4. **Monitoring and evaluation** of collaborative processes including the Partnership itself, community health status interventions, and the impact of external factors such as regulatory, financial or service delivery changes.

5. Supporting **multiple community demonstration sites** for health status interventions (i.e., Child Health Improvement, Primary Care, etc.) as an essential vehicle for developing community ownership through experience in collaboration.

Each community must decide the extent to which these functions/resources are present and available for community collaboration, or if they need to be developed. In either case, only then can a decision be made about what, if any, type of structure is needed to facilitate the interaction of these functions to optimally improve community health status. It is not unreasonable to expect that in most communities some of these functions will be present. For example, a local university could probably provide faculty, students and the needed hardware to perform health status intervention monitoring and evaluation. After identifying this resource, in this example, the next step would be to determine availability and then seek a commitment from the university's leadership to invest some defined portion of that resource to the improvement of community health status (in this example, for monitoring and evaluation activities). An even more appropriate example would be to consider the role of local public health organizations as a resource, given the radical transition these organizations are undergoing in evolving to their proposed focus on assessment, assurance and policy development.

A similar process is followed with each potential resource. When functions are not present or unavailable in a community, then the health status improvement effort (or "partnership") options are to encourage some entity in the community to develop that capacity, or create that function with in the partnership itself. This latter situation, where capacities are lacking, is one of those in which a more formal partnership structure is an appropriate consideration.

Besides providing functions that are not present and cannot readily be incorporated into existing community structures, the other situation in which a more formal partnership structure may be appropriate is for the general management and facilitation of community health status interventions. In some communities the creation of a neutral entity to play this role may be essential. A further consideration is that external funders, both private philanthropy and governmental entities have a strong bias toward community-based collaborative approaches. A "Partnership for Community Health" is an ideal candidate for such funding.

Establishing a 501-1-c-3

If a community decides because of the above considerations that a formal structure is appropriate, the creation of a tax exempt not for profit organization, or "501-c-3" after the section of the Internal Revenue Code related to tax exempt organizations, should be considered. While other approaches are possible, including simply remaining a loose affiliation of individuals and organizations but with no legal status, there are significant limitations, particularly for the receipt of funding, which significantly constrain these other options. The actual steps in this process are simple and straight forward, as the table on the following page displays..

Steps in the Process for Non-Profit, Tax Exempt Designation

Activity Area	Steps	Applicable Form	Results
Articles of Incorporation	Reserve the name of your organization. Prepare Certificate of Incorporation including the purpose, incorporators and any clauses required by Georgia's not-for-profit laws.	File application for reservation of name with appropriate state agency. Obtain necessary consents for name, where required. File articles of Incorporation with Secretary of State.	Reserves your name so that others cannot incorporate under same name. State recognizes your organization as an Incorporated Nonprofit Organization.
Federal Employer Identification Number	File with the IRS as a nonprofit, even if you do not have employees.	IRS Form SS-4.	Your organization has an tax ID number so IRS can track your reports.
Federal Tax Exemption	Determine which section of IRS code under which to apply. File with the IRS as a tax exempt organization within 27 months of date of incorporation (if not done above).	IRS Publication 557 and IRS Form 1023 or 1024. IRS filing fee is a maximum of $465 (Dec '94). See IRS Form 8718.	Recognized by the IRS as exempt from paying income tax on most revenues. Donations are tax deductible (if 501-c-3) and increases eligibility for private philanthropy.
State Registration and Reporting	Contact Secretary of State and Attorney General for reporting requirements.	Registration forms and fiscal annual reports.	Organization is officially registered as a charity to solicit funds, do business and own property in Georgia.
Reporting to the IRS	Report annually to IRS.	Form 990.	Provides IRS with a report of income and disbursements.

Should the Partnership decide to pursue the creation of a non-profit organization, which is our recommendation, the process could be completed in a few weeks for very little costs (timetable and costs vary by state). Next steps would involve decisions about resourcing and staffing, and the development of a mission statement, goals and objectives.

To summarize this section, developing a shared vision for the health of a community is a goal that requires bringing together diverse segments of the community to work and learn together how to develop and then operationalize that vision. A "Partnership for Community Health" can be an effective vehicle for that process. Focusing on the structure rather than the functions, however, can misplace substantial energy and divert a community from its goal. The Partnership too, however, is only a transitional vehicle. What is required is using the Partnership as a mechanism to increase the adoption of a shared vision, and the process skills required to operationalize the vision.

A 501-c-3 Work Plan

Working with the Partnership to obtain 501-c-3 designation, acquire funding (from the partners and externally), recruit and hire staff, and set up the Partnership's operational infrastructure. This would include developing job descriptions, assisting with recruitment and interviewing of candidates, and drafting policies and procedures for the Partnership itself.

Structures for Consideration

There are other health improvement structures to consider other than a 501-c-3. A preliminary comparison chart has been created below.

Element	Community Based "HMO"	501-c-3	Alliance, Network, or Contracts	Hospital District	Changes to Current System
Basic description	"Managed and responsible to the community and operated on behalf of the patient and the community's health status, rather than shareholder benefit."	A not for profit organization that can serve as the body through which funds can flow	Arrangements between and among providers (on one side) and sources of payment on another to provide or be available to provide services for an agreed on fee to a defined group.	An entity, defined by the Texas Statute, with the power to: issue bonds, transfer assets...for the "full responsibility for providing medical and hospital care for its needy inhabitants."	
Decision makers	Board of Directors, appointed based on mission of the organization; "owned: by	Board of Directors, appointed based on mission of organization	Providers and payers, separately	Elected District Board	
Population served	Entire population, or persons who would like to enroll	Defined based on services that can be contracted for and what providers can be recruited	Defined based on services that can be contracted for and the adequacy of the network	Indigent (="needy") residents of a defined geographic area, with potential responsibility for all indigent who seek services in the community	
Providers	Include those that can assure a "medical home" as well as those required for the full continuum	Depends on programs or services that can be offered or that the organization would like to offer	Individuals, groups or other organizations in the community that desire or are able to provide services at a certain price.	Typically includes providers that historically have provided services to a low income population.	

Element	Community Based "HMO"	501-c-3	Alliance, Network, or Contracts	Hospital District	Changes to Current System
Benefits or services provided	Full continuum of medical services Special programs based on assessment and dialogue	Defined, contracted services Potential for special programs	Based on provider expertise and service range assembled in network	"The legislature by law may determine the health care services a hospital district is required to provide	
Dollar sources that can be integrated	Can vary by HMO	Public and private, depending on organization	Depends on contract or alliance	Public funds	
Risk distribution	HMO handles	Varies	Function of the contracts established	District assumes for defined population; question in terms of other county residents	
Capitalization or start up needs (financial or other)	Indemnification required. Start up is community financed with potential for co-mingled funds; can work from an existing license in the community	Community financed, with potential for co-mingled funds, grants	May be assumed into current operations	Bond issue (?) Or tax revenue	
Environmental or policy challenges/threats	Finances required to establish and maintain	Leadership turnover	Changing rates change provider participation	Liability when community serves as a regional hub for other communities	
Extent of "local control" or "community responsibility"					
Political feasibility	?	?	?	?	

Element	Community Based "HMO"	501-c-3	Alliance, Network, or Contracts	Hospital District	Changes to Current System
Trade-offs from current practice					
Economic impact on the community from implementation					
Impact of participation by sickest/poorest members of community					