



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Tax-exempt hospitals, community benefit and charitable care
Da: Friday, Nov. 17, 2006

Sen. Chuck Grassley, chairman of the Committee on Finance, continues to look into whether the nation's non-profit hospitals properly account for their charitable activities, given the tax-exempt status they receive. The designation results in tax benefits totaling tens of billions of dollars every year. The hospital review is part of Grassley's broad effort to prevent abuse of the federal tax laws that created non-profit organizations and encourage charitable work. Today he made the following comment on the Catholic Health Association's (CHA) effort to ensure better reporting of charitable care among its members, and the American Hospital Association's (AHA) decision to perpetuate a murky picture of its member hospitals' charitable care.

"I'm pleased with the Catholic Health Association's recently proposed Hospital Community Benefit Report to be attached to the IRS Form 990. I hope all tax-exempt hospitals will use the CHA reporting guide. It's important that the public and policymakers have a clear understanding through standard reporting of the level of charitable care and community benefits that tax-exempt hospitals offer. Right now, reporting standards are all over the map, and it's nearly impossible to know what's real and what's accounting gimmickry.

"That's why I'm disappointed that the American Hospital Association isn't echoing the good work of the CHA and instead is calling on tax-exempt hospitals to report to the federal government and the public on bad debt as part of community benefits. Bad debt isn't necessarily a reflection of charitable care and community benefit. It clouds the picture. So I encourage all tax-exempt hospitals to operate in good faith and follow the leadership of the CHA and use the CHA reporting guide."