



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Directs Effort to Ensure More Charitable Care from Non-profit Hospitals

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, today directed his staff to develop proposals on ways to make sure non-profit hospitals deliver their fair share of care to the poor and community benefit.

“Federal, state and local governments give nonprofit hospitals tens of billions of dollars each year in tax breaks,” Grassley said. “It’s our responsibility as the Senate committee in charge of taxes to understand what benefits these hospitals provide to the public in exchange for this special tax treatment.”

Grassley convened a Finance Committee hearing to hear from experts on how much charity care and community benefit, such as breast cancer screenings, non-profit hospitals provide. He recognized Diane Insko, a Cincinnati resident in the audience who was making \$14,000 a year when she was hospitalized due to problems related to her Type II diabetes. She was charged by the nonprofit hospital more than \$4,639 – far more than if she had had insurance. No one told her about financial assistance or charity care at the hospital. The tax-exempt hospital went after her for the debt and ultimately put a lien on her house. Mrs. Insko almost lost her home.

“Mrs. Insko’s story fortunately has a happy ending. After many lawyers and many phone calls, the hospital did the right thing and tore up the bill,” Grassley said. “But I believe this committee needs to think about whether we’re comfortable with a system that works only if you have every lawyer in the yellow pages getting in on the act. I think we can do better and I believe so do the vast majority of the tax-exempt hospitals.”

Grassley said the IRS and Congress have done little to ensure uniform measurements and reporting of community benefit and discounted charges or free care to low-income uninsured individuals. He said the Catholic Health Association has provided leadership in establishing best practices for measurements and reporting for community benefits for its member hospitals. But in general, his detailed survey of 10 major non-profit hospitals, as well as staff research into non-profit hospital practices, reflected that non-profit hospitals in general have no consistent method of measuring such services.

Grassley directed his staff to put together a staff discussion paper that will provide the Finance Committee members with proposals to consider in addressing the issues discussed at today’s hearing. The staff discussion draft will have the benefit of consultation with hospital experts, advocates for the poor and uninsured, and the Internal Revenue Service. It will be similar to the

approach Grassley used in considering other charitable reforms, which resulted in wide, bipartisan consensus both on the committee and in the charitable community. Grassley said the staff proposals should determine how much action the IRS can take without legislation to better define charity care and community benefit by non-profit hospitals, and which steps would require legislation.

“I’m confident that many non-profit hospitals are well-intended and do outstanding work on behalf of their communities and the poor,” Grassley said. “But I’m concerned that the best practices of non-profit hospitals are not common practices for all. That needs to change.”