

United States Senate
Committee on Finance



Sen. Chuck Grassley · Iowa
Ranking Member

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MEMORANDUM

To: Reporters and Editors
Fr: Jill Gerber for Sen. Grassley, 202/224-6522
Re: Non-profit hospitals provision
Da: Thursday, Sept. 17, 2009

The chairman's mark of health care reform legislation includes a proposal from Sen. Chuck Grassley, ranking member of the Committee on Finance, to improve the community service, transparency, and billing practices of non-profit hospitals. Grassley has long urged more transparency and modernization of tax-exempt groups' practices, since the last major federal review of tax-exempt laws occurred in 1969. Non-profit hospitals sometimes are indistinguishable from for-profit hospitals, according to the Government Accountability Office and other entities. Some of the best-known non-profit hospitals have specialized in research and cutting edge techniques and de-emphasized their treatment of low-income, uninsured patients. Grassley made the following comment on the non-profit hospitals provisions in the health care reform bill.

"These reforms reflect what some non-profit hospitals are already doing. Those hospitals review health care needs in their communities, have clear financial assistance policies, prevent abusive billing and collection practices, and operate with transparency. For those hospitals that have resisted these good practices, and aren't as accountable as they should be for their special tax status, these reforms will help bring them up to speed with their more community-minded peers.

"For now, there's no minimum percentage requirement for charity care and community benefit in this bill. That requirement needs more study. I agree with groups that take their charitable mission seriously, such as the Catholic Health Association, that a percentage pay-out requirement would become a ceiling, not a floor, like the private foundation pay-out of generally 5 percent. Instead, we need a formula that would maximize expenditures for charitable purposes. The Internal Revenue Service and the Centers for Medicare and Medicaid Services will collect data that I and others will monitor to ensure that non-profit hospitals are doing charitable work commensurate with their financial resources."

The text of the chairman's mark is located at the following link. The hospital provision description begins on p. 209.

http://finance.senate.gov/sitepages/leg/LEG%202009/091609%20Americas_Health_Future_Act.pdf