

NEWS RELEASE

Senator Chuck Grassley, R-Iowa, September 19, 2017

Garnishing wages. Turning over accounts to collection agents. Withholding services until an individual's ability to pay is proven. These might seem like the practices of a big bank in the news for financial scandals. Instead, these tactics have surfaced at unexpected places: some of the country's nonprofit, tax-exempt hospitals.

A woman seeking treatment for leukemia at MD Anderson Cancer Center in Houston said the hospital refused to admit her before she produced \$105,000 in cash. The University of Chicago Medical Center pushed to steer poor, uninsured patients with non-urgent needs to local clinics instead of admitting them to its emergency room. A Mosaic Life Care hospital in Missouri referred low-income patients to its in-house, for-profit collection agency for debt collection without offering charity care. I was astounded when NPR and ProPublica shared their investigative findings on the extent of Mosaic's collection operation.

A recent investigation by Politico shows that these practices are ongoing, with some nonprofit hospitals continuing to improve their revenue while reducing their charity care for the poor.

All of this is contrary to the philosophy behind tax exemption. In exchange for the taxes they'd have to pay if they were for-profit businesses, nonprofit hospitals are supposed to provide treatment for those who can't pay or can't pay enough toward the cost of their own care. These hospitals are required to make their payment assistance programs clear to everyone who walks through the door. Patients should know whether they're eligible for financial help.

The arrangement is a compact between tax-exempt hospitals and the entities that grant tax exemption. Federal, state, and local governments forgo billions of dollars in taxes to tax-exempt entities that have been deemed to meet a pressing societal need.

I've been evaluating and investigating tax-exempt hospitals for more than a decade. Most of them work hard to meet their obligations and care for low-income patients to the best of their abilities. But when the wheels fall off at certain hospitals, they fall off badly. Such hospitals seem to forget that tax exemption is a privilege, not a right. In addition to withholding financial assistance to low-income patients, they give top executives salaries on par with their for-profit counterparts. Early on in my oversight of tax-exempt hospitals, the congressional Government Accountability Office concluded that nonprofit hospitals and for-profit hospitals were virtually indistinguishable in their levels of uncompensated care.

All of these findings made clear that tax-exempt hospitals should be more transparent about how they meet their obligations. At my and others' encouragement, the IRS put out a Schedule H form specifically for tax-exempt hospitals. In 2009, Congress enacted provisions that I co-authored to impose standards for the tax exemption of charitable hospitals for the first time.

These include requiring that a hospital complete a community needs assessment once every three years and adopt and publicize its financial assistance policy. The law prohibits billing those who qualify for financial assistance at the top rates. It bars a hospital from taking

extraordinary collection actions if the hospital hasn't made reasonable efforts to notify patients of its financial assistance policy.

A key requirement is an IRS review of the tax-exempt status of each hospital every three years. The IRS has fulfilled that requirement so far. The agency has completed 968 reviews of tax-exempt hospitals for compliance with their charitable obligations under the law. It made 363 referrals for field examinations for a deeper look and said this work will continue. One hospital reportedly decided to give up its tax exemption, finding it unnecessary.

The IRS is right to monitor compliance with the law and consider enforcement actions where appropriate. For the provisions to have the positive effects that Congress intended, hospitals need to know that consequences exist for failing to comply.

Mosaic Life Care, the Missouri health care system in the headlines for aggressive debt collection practices, ultimately forgave \$16.9 million in patient debt. That's good news, but it came only after media investigation of its disturbing practices and a persistent inquiry from me as a U.S. senator. It shouldn't take a herculean oversight effort for tax-exempt hospitals to follow the spirit and letter of the law on charitable obligations. Hospitals should do the right thing when no one's looking. But in case they don't, the IRS is required to keep them on track.

Enforcing the law is a matter of fairness for the many taxpayers who pay what they owe and subsidize the good works of tax-exempt organizations for the public good.

Republican Sen. Chuck Grassley represents Iowa. He is chairman of the Judiciary Committee, and a senior member and former chairman of the Finance Committee, which has jurisdiction over tax-exempt policy.

Form **4564**
(Rev. September 2006)

Department of the Treasury — Internal Revenue Service
Information Document Request

Request Number

1

To: (Name of Taxpayer and Company Division or Branch)

Subject

Audit of Form 990

SAIN number

Submitted to:

Organization

Dates of Previous Requests (mmddyyyy)

Please return Part 2 with listed documents to requester identified below

Description of documents requested

The following information is being requested for the examination of the organization's Form 990 for the tax year ended 2015. The information requested will be used to determine if the organization is in compliance with IRC §501(r)(4)(A) which requires a hospital organization to establish a written financial assistance policy including certain information. Please provide a cover sheet with each response, identifying the IDR number and question number(s) related to the response.

1. Please provide a copy of the written financial assistance policy (FAP) for each hospital facility identified on Schedule H, within Part V, section A, that was in place during tax year ended .
2. For each FAP provided in response to question #1, please provide the following:
 - a. A sample application and instructions for applying for financial assistance.
 - b. The basis for calculating the amounts charged to patients under the FAP.
 - c. Written documentation supporting what actions the hospital organization may take in the event of nonpayment.
 - d. Committee minutes describing the hospital organization's actions in regard to widely publicizing the financial assistance policy as well as documentation supporting the publicity and plain language summary of the hospital's financial assistance policy.
 - e. A detailed description of how the hospital notifies and informs patients of the availability of the FAP.
 - f. A copy of a representative billing statement provided to a patient after discharge (please redact all patient-identifying information).
 - g. A copy of any translated FAP documents, including the FAP, the FAP application form, and the plain language summary of the FAP. Also, describe the methodology used to ensure that any limited English proficiency (LEP) populations served by your hospital organization have access to these translated documents.
 - h. Copies of any complaints, including legal complaints, in which a patient alleged that your hospital facility either failed to comply with its FAP or did not comply with the requirements of IRC § 501(r)(4)(A) during the current audit period and prior two year periods.
3. A copy of your return Form 990 for the year ended . 2016.

NOTE: We may ask you to make a person with knowledge of the hospital organization's billing and collection policies available for interview in connection with this request. In addition, we may ask you to make arrangements to have the Revenue Agent escorted for an onsite tour of all signage and publications that are present in your hospital facility regarding the FAP.

Information Due By May 9, 2017

At Next Appointment

Mail in

From:

Name and Title of Requester

Employee ID number

Date (mmddyyyy)

Office Location

Telephone Number

135 High Street, Mail Stop 250, Hartford, CT 06103

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group _____

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): _____

Community Health Needs Assessment

		Yes	No
1	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		
3	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 If "Yes," indicate what the CHNA report describes (check all that apply):		
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The significant health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j	<input type="checkbox"/> Other (describe in Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA: 20 ____		
5	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted		
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C		
6b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a	<input type="checkbox"/> Hospital facility's website (list url): _____		
b	<input type="checkbox"/> Other website (list url): _____		
c	<input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11		
9	Indicate the tax year the hospital facility last adopted an implementation strategy: 20 ____		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?		
a	If "Yes," (list url): _____		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?		
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		
12b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V Facility Information *(continued)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group _____

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	13	
a	<input type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of ___ % and FPG family income limit for eligibility for discounted care of ___ %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input type="checkbox"/> Asset level		
d	<input type="checkbox"/> Medical indigency		
e	<input type="checkbox"/> Insurance status		
f	<input type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	14	
15	Explained the method for applying for financial assistance? If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	15	
a	<input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b	<input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c	<input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Was widely publicized within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	16	
a	<input type="checkbox"/> The FAP was widely available on a website (list url): _____		
b	<input type="checkbox"/> The FAP application form was widely available on a website (list url): _____		
c	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____		
d	<input type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<input type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f	<input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g	<input type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j	<input type="checkbox"/> Other (describe in Section C)		

Part V Facility Information *(continued)*

Billing and Collections

Name of hospital facility or letter of facility reporting group _____

		Yes	No
17	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment?		
18	<p>Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:</p> <p>a <input type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p> <p>f <input type="checkbox"/> None of these actions or other similar actions were permitted</p>		
19	<p>Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?</p> <p>If "Yes," check all actions in which the hospital facility or a third party engaged:</p> <p>a <input type="checkbox"/> Reporting to credit agency(ies)</p> <p>b <input type="checkbox"/> Selling an individual's debt to another party</p> <p>c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP</p> <p>d <input type="checkbox"/> Actions that require a legal or judicial process</p> <p>e <input type="checkbox"/> Other similar actions (describe in Section C)</p>		
20	<p>Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):</p> <p>a <input type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs</p> <p>b <input type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process</p> <p>c <input type="checkbox"/> Processed incomplete and complete FAP applications</p> <p>d <input type="checkbox"/> Made presumptive eligibility determinations</p> <p>e <input type="checkbox"/> Other (describe in Section C)</p> <p>f <input type="checkbox"/> None of these efforts were made</p>		

Policy Relating to Emergency Medical Care

21	<p>Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?</p> <p>If "No," indicate why:</p> <p>a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions</p> <p>b <input type="checkbox"/> The hospital facility's policy was not in writing</p> <p>c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)</p> <p>d <input type="checkbox"/> Other (describe in Section C)</p>		
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Part V Facility Information *(continued)*

Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)

Name of hospital facility or letter of facility reporting group _____

		Yes	No
22	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
23	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? If "Yes," explain in Section C.	23	
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? If "Yes," explain in Section C.	24	