The PPACA creates new IRS Code Section 501(r) which imposes four additional requirements on tax-exempt hospitals.

**CHARITABLE HOSPITALS MUST:**

1. **Complete Community Needs Assessment**

2. **Meet Financial Assistance Policy Requirements**

3. **Adhere to Limitations on Charges**

4. **Follow Billing and Collection Practices**

**Complete Community Needs Assessment**

1. **Every three years adopt and implement a strategy to meet the community health needs**
   a. Takes into account input from persons who represent the “broad” interests of the community served by the hospital – with special knowledge of, or expertise in, public health.
   b. Strategy is made widely available to the public.

2. **Additional reporting requirements and audited financial statements**
   a. A description of how the organization is addressing the needs identified in each community needs assessment.
   b. A description of any such needs that are not being addressed together with the reasons why such needs are not being addressed.
   c. And submitted audited financial statements.

3. **Reports - Secretary must report to congressional committees, and hold an annual report of:**
   a. Hospital level of charity care provided,
   b. Bad debt expense,
   c. Unreimbursed costs for services provided with respect to non-means tested government programs,
   d. Unreimbursed costs for services provided with respect to means tested government programs, and
   e. Costs of incurred for community benefit activities.
   f. Includes government-owned hospitals.

4. **Timing and effective dates**
   a. The community needs assessment requirement applies to tax years that start after March 23, 2012.
   b. A hospital can meet the requirement by conducting an assessment and adopting an implementation strategy in that tax year or in either of the two immediate preceding tax years.
   c. Hospitals have a two-year window to complete an assessment and develop and adopt an implementation plan to meet their initial compliance obligation.