



## **Patient Protection and Affordable Care Act CHARITABLE HOSPITAL 501(c)(3) Requirements**

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**
  - 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.
  - Strategy is made widely available to the public.
- 2. Additional reporting requirements and audited financial statements**
  - A description of how the organization is addressing the needs identified in each community needs assessment.
  - A description of any such needs that are not being addressed together with the reasons why such needs are not being addressed.
  - And submitted audited financial statements.
- 3. Reports - Secretary must report to congressional committees, and hold an annual report of:**
  - Hospital level of charity care provided,
  - Bad debt expense,
  - Unreimbursed costs for services provided with respect to non-means tested government programs,
  - Unreimbursed costs for services provided with respect to means tested government programs, and
  - Costs of/incurred for community benefit activities.
  - Includes government-owned hospitals.
- 4. Timing and effective dates**
  - The community needs assessment requirement applies to tax years that start after March 23, 2012.
  - 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.
  - Hospitals have a two-year window to complete an assessment and develop and adopt an implementation plan to meet their initial compliance obligation.