



*We Will Empower Bold Change to Elevate
Human Flourishing.SM*

October 11, 2023

The Honorable Bernie Sanders
Chairman
Senate Committee on Health, Education, Labor, and Pensions
United States Senate
Washington, DC 20510

Dear Chairman Sanders.

On behalf of the Catholic Health Association of the United States (CHA), the national leadership organization representing more than 2,200 Catholic healthcare systems, hospitals, long-term care facilities, clinics, service providers, and organizations, I would like to take this opportunity to respond to the [Senate Health, Education, Labor and Pensions Committee \(HELP\), Majority Staff Report](#) on hospital non-profit status and community benefit.

Catholic hospitals have been serving communities and families in need of care across this country for over 100 years. [The Catholic health care ministry](#), with its 665 hospitals and more than 700,000 full-time and part-time employees, is the largest group of not-for-profit healthcare providers in the country. Every year, Catholic hospitals care for more than 1 in 7 patients, provide over 100 million outpatient visits and over 1 million Medicaid discharges.

Through this work, CHA is recognized nationally as a leader in community benefit planning and reporting. In collaboration with member hospitals and health systems, CHA developed the first uniform standards for community benefit reporting by non-profit groups and worked closely with congressional leaders and the Internal Revenue Service to develop the [guidelines](#) that all tax-exempt hospitals have widely adopted. CHA also worked closely with the IRS to develop the IRS 990 Schedule H for not-for-profit hospitals.

CHA and Catholic hospitals do this work not only because of the need in communities but more fundamentally because [we believe that health care](#) should be available, affordable, and accessible to everyone, paying special attention to the poor and vulnerable. It is unacceptable that our nation's health care system continues to let down families while asking hospitals to absorb the costs and pick up the pieces for our failure to adequately insure everyone and ensure shared responsibility for financing among all stakeholders in our health system.

Catholic Health Association members alone contributed more than [\\$13 billion in community benefits in 2019](#) (the year identified in the Staff Report). This included more than \$2.8 billion in financial assistance at cost, also known as "charity care," and more than \$6.5 billion to cover the cost of unreimbursed Medicaid and other means-tested programs. Over the last five years, CHA members have spent on average more than 8.5% of their expenses on charity care, other unreimbursed essential community services and other community benefit programs each year.



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This includes investments in community mental health programs, [healthy housing programs](#), [community partnerships](#), [community grants](#) and a wide variety of other social, educational and health interventions as found in their community health implementation plans and community benefit reports. They have done this despite facing financial losses year after year.¹

The Majority Staff Report's focus only on "charity care" (also known as financial assistance at cost) gives the impression that "charity care" is the primary requirement for not-for-profit hospitals. The reality is, charity care is only one of [eight categories of community benefit](#) that hospitals provide and report on in their IRS form 990 Schedule H.² Since the passage of the Affordable Care Act and the expansion of Medicaid in most states, both of which are supported by CHA, the expenses for unreimbursed Medicaid and other community outreach programs have taken a larger role in hospital's community benefit reports. Therefore, by focusing only on charity care and not including the other categories of community benefit, the report gives a misleading impression of how hospitals are contributing to their communities. In addition, it also fails to account for the preventative interventions that other community benefit programs can have on addressing health care needs such as screenings, public health outreach campaigns, and preventative and chronic health interventions.

Not-for-profit hospitals also have some of the most [extensive transparency and accountability requirements](#). In addition to the reporting requirements of IRS form 990 Schedule H, not-for-profit hospitals are required to (1) conduct a community health needs assessment (CHNA) in collaboration with public health and community organizations, taking into account input from the community and (2) create an implementation plan. Both of these requirements are posted and available on hospitals' websites. The IRS also reviews hospitals' community benefit activities and other requirements for tax-exemption at least once every three years. These reports and the active engagement of community members in their community health needs assessments mean not-for-profit hospitals are more transparent to the public and local communities in their contribution to the health safety net than any other aspect of the health system.

The Majority Staff Report also fails to accurately reflect the current financial realities facing

¹ [CommonSpirit Health](#) (\$1.4 billion operating loss and \$259 million net loss), [Ascension Health](#) (\$3.04 billion operating loss and \$1.84 billion net loss), [Providence St. Joseph](#) (\$1.7 billion operating loss and \$6.1 billion net loss) [Bon Secours Mercy Health](#) (net operating loss of \$1.2 billion) and [Trinity Health](#) (operating loss of \$206.27 million and \$1.4 billion total in losses).

² The [Internal Revenue Service \("IRS"\) identifies](#) eight categories of community benefit that are reportable on tax-exempt hospitals' IRS Form 990 Schedule H: Financial assistance at cost (also known as charity care), Unreimbursed Medicaid, Costs of other means-tested government programs, Community health improvement services and community benefit operations, Health professions education, Subsidized health services, Research, and Cash and in-kind contributions for community benefit.



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not-for-profit hospitals. The report states that hospitals saw a steady increase in revenues and operating profits in recent years. However, the report only focuses on the years 2011-2018 and does not acknowledge the fundamental change in hospital finances that has taken place because of the global COVID-19 pandemic. Instead of “profits,” not-for-profit hospitals have faced extreme financial challenges and have increasingly relied upon their investment savings to meet ongoing operational costs while continuing to [offer critical services at a financial loss](#) and working to improve the quality of care.³

Catholic hospitals continue to address the challenges of rising medical debt and the role that insurance policies play in increasing medical debt by leaving patients underinsured or denying coverage. On average, CHA members’ financial assistance policies provide free care up to 231% of the federal poverty guidelines and discounted care provided up to 381%. That means a family of four making around \$130,000 per year may still be eligible for discounted care. In addition, not-for-profit hospitals are already required to report their collection practices on the 990 Schedule H and are required to make reasonable efforts to determine whether an individual is eligible for financial assistance before making collection efforts. In order to address medical debt, we must look at the role that increasing deductibles and other [inadequate insurance products play](#) in turning hospitals into collection agencies for health insurance products that pass costs on to patients that they cannot afford.

Through our long experience as a leader in community benefit, we continue to advocate for a [wide variety of proposals](#) that would strengthen community benefit reporting and its impact in communities. However, not-for-profit hospitals cannot do this work alone. CHA stands ready to discuss with you the many proposals in the report to strengthen the community benefit standard for not-for-profit hospitals as well as ensuring quality health insurance coverage for all. We strive for a system that is sustainably and justly financed with shared responsibility for financing among all stakeholders in our health system, including strengthening the safety net by having all stakeholders collectively assume responsibility for those who need assistance.

Sincerely,

A handwritten signature in black ink that reads "Sr. Mary Haddad". The signature is written in a cursive style.

Sr. Mary Haddad, RSM
President and CEO

CC: The Honorable Bill Cassidy
Senate HELP Committee Members

³ See footnote 1.