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Hawkins Advisory: Medicare Shared Savings Program.

Introduction

On October 24, 2014, the Internal Revenue Service ("IRS") issued Notice 2014-67 (the "Notice"), in an effort to provide interim
guidance to governmental and 501(c)(3) hospitals and health care organizations participating in the Medicare Shared Savings Program ("MSSP") described in §§ 3022 and 10307 of the Patient Protection and Affordable Care Act, Pub. L. 111- 148, 124 Stat. 119 ("Affordable Care Act"), enacted March 23, 2010. Participation in the MSSP through an "accountable care organization" ("ACO") will not result in a private business use of a facility financed with the proceeds of a tax-exempt bond issue if the guidance provided in the Notice is followed. The question of whether such participation will result in an unrelated trade or business activity in respect of the rules governing 501(c)(3) organizations is addressed in Notice 2011-16, dated April 18, 2011. The provisions of Notice 2011-16 are reflected in the interim guidance provided by the IRS in the Notice.

The Notice also addresses certain provisions of Rev. Proc. 97-13, 1997-1 C.B. 632, as amended by Rev. Proc. 2001-39, 2001-2 C.B. 38 ("Rev. Proc. 97-13"), describing management contracts with private service providers that will not result in private business use.

Continue reading the Advisory.

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