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Grassley Seeks Updates from IRS on Tax-exempt Hospital Work in Light of Recent Cases.

WASHINGTON – Sen. Chuck Grassley of Iowa today asked the IRS for updates on implementing tax-exempt hospital accountability measures, citing two instances of non-profit hospitals in the news for aggressively suing patients.

"As Commissioner of the Internal Revenue Service (IRS), you should be made aware of problematic activity within the charitable hospital community," Grassley wrote to IRS Commissioner John Koskinen. "Granted, we can both agree that many charitable hospitals perform good work on behalf of the communities that they service. However, some charitable hospitals get as close to the line as possible, while others callously breach it. It is important that Congress, via its oversight role, and the IRS ensure that charitable hospitals are functioning as intended."

Grassley cited the example of Mosaic Life Care, a Missouri non-profit hospital that ultimately forgave $16.9 million in debt for patients after news coverage of its aggressive collection practices and a persistent inquiry from Grassley. He also cited an Indiana non-profit hospital, Deaconess, that also agreed to help low-income patients after being in the news for patient collection lawsuits.

"These are welcome improvements to the charitable hospital community and others should follow the examples set by Mosaic and Deaconess to better fulfill their charitable mission,"Grassley wrote.

Grassley asked for updates on the IRS' implementation of non-profit hospital reforms that he authored and that were enacted in 2009. These include the public provision of a financial assistance policy and imposing restrictions on certain billing and collection procedures. "Given the abuses observed in my investigation of Mosaic, I am interested in learning more about the IRS' implementation and enforcement of these provisions," Grassley wrote. "The information provided with respect to Mosaic illustrates the value of congressional oversight and sheds light on some of the steps that other charitable hospitals can take to ensure that low-income patients are treated fairly."

Grassley also asked about the status of the requirement, which he also authored, that the IRS and the Department of Health and Human Services collect information on non-profit hospitals and provide an annual report to Congress. The first report was issued in January 2015 covering 2011. The IRS has yet to issue a 2016 report covering 2012.

Grassley has a long record of holding tax-exempt organizations accountable for the tax benefits they receive. His efforts have resulted in well-funded universities' voluntarily spending more from their tax-favored endowments on student aid and reforms to governance at major tax-exempt organizations including the Nature Conservancy and the Red Cross.

Grassley's letter today is available here. More information on his Mosaic inquiry is available here.

Jun 09, 2016

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