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When Gratuitous Honesty May be the Best Policy?

A few years ago, I wrote two blog posts ([#1](#) and [#2](#)) regarding the likely penalties that a hospital qualifying for Section 501(c)(3) status (a “501(c)(3) hospital”) would incur if it failed to comply with the Patient Protection and Affordable Care Act (“ACA”) provisions set forth in Section 501(r) of the Internal Revenue Code of 1986, as amended. In sum, there are three levels of penalties for three levels of violations. Minor violations of the ACA made inadvertently or due to reasonable cause may be corrected by the 501(c)(3) hospital without any need to disclose them. Mid-level violations of the ACA require corrective action, restitution, and a public disclosure of the violation by the 501(c)(3) hospital. Willful or egregious violations may result in revocation of a 501(c)(3) hospital’s status as such.

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By Cynthia Mog on October 17, 2017

The Public Finance Tax Blog

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