



H.R. 9504, *Tax Exempt Hospital Transparency Act*

Rep. Murphy (R-NC)

Background:

- As of 2023, the U.S. hospital sector was a \$1.4 trillion industry, with nonprofit hospitals making up nearly 60% of all community hospitals.
 - Hospital prices have grown nearly 300% since 2000, more than any other part of the U.S. economy.
- High hospital prices fuel health care unaffordability, harming patients and taxpayers.
 - Tax-exempt health systems are taxpayer subsidized, yet they are also sophisticated profit-seeking institutions that provide little charity care.
- Nonprofit hospitals are deemed tax exempt under Internal Revenue Code (IRC) § 501(c)(3).
 - In order to maintain their tax-exempt status, the hospitals must **meet the requirements under IRC § 501(r) to maintain their tax-exempt status**.
- Tax-exempt hospitals must also **annually disclose metrics and community benefits** to the Internal Revenue Service (IRS) via Form 990, Schedule H, which details charity care, community health needs assessments, and facility policies.
- Currently, nonprofit hospitals do not have to report on a facility-to-facility basis.
 - For example, CommonSpirit, with locations in 24 states and 158 hospitals reports their community benefit in a **single, massive, aggregate filing**.

H.R. 9504, *Tax Exempt Hospital Transparency Act*:

- Amends IRC § 6033 governing disclosure to require additional reporting from all tax-exempt hospitals including:
 - **CMS certification number** for each hospital facility;
 - **Value of the financial assistance provided** during a taxable year; and
 - **Number of completed financial assistance applications received, granted, and denied** during a taxable year.
- Requires the following additional reporting from **large tax-exempt hospitals** that have **more than 100 inpatient beds**:
 - Amount of spending to address the **3 highest priority health needs** identified in the most recent Community Health Needs Assessment and a description of actions taken during the taxable year to meet each such need.
 - Amount of spending on:
 - **Quality improvement**;
 - **Nonclinical programming**; and
 - Other **community benefits** that the Secretary may prescribe.
- Requires the following additional reporting from **high revenue tax-exempt hospitals** that have **more than \$100 million in net patient revenue**:
 - Spending on **advertising costs**;
 - Information on **health service lines**; and
 - Information on **340B drug discount program**.
- This bill requires nonprofit hospitals to show their work.