



# **Nonprofit Hospitals' Charitable Care: IRS Finalized Regulations**

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# **Effective December 29, 2015**

- **The IRS finalized regulations for nonprofit hospitals on December 29, 2014**
  - **Will be enforced beginning December 29, 2015**
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# Requirements

Under the PPACA, nonprofit hospitals are required to:

- 1. establish written Financial Assistance Policies (FAP);**
  - 2. limit the amounts charged for patients that qualify under the FAP;**
  - 3. make reasonable efforts to see if patients are eligible for FAP before engaging in extraordinary collection actions;**
  - 4. conduct, adopt, and implement a Community Health Needs Assessment (CHNA) once every three years.**
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## **Establish A Written FAP**

- **A FAP is a policy that defines eligibility, application process, and charging procedures for discounted care.**
  - **FAP is for indigent or low-income patients**
  - **But must be made available to all.**
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## **A FAP Must Include**

- **eligibility requirements;**
  - **the basis for the amount charged to patients;**
  - **the method for applying for financial assistance;**
  - **what actions the hospital will take in the event of nonpayment; and**
  - **a list of providers delivering medical and other medically necessary care in the hospital that are covered by the FAP.**
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# Widely Publicize

- 1. post the FAP and the application online;**
  - 2. provide the FAP, its associated application, and a plain language explanation upon request;**
  - 3. provide notification and information of the FAP to the community served, including those who receive care; and**
  - 4. make the FAP available in languages spoken in the community.**
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# **Community Health Needs Assessments (CHNA)**

- 1. Define the community served**
  - 2. Solicit input from the community**
  - 3. Identify and assess the needs of the community**
  - 4. Adopt and implementation strategy to address the needs**
  - 5. Make the CHNA widely available**
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# **Failure to Comply**

**Three levels:**

- 1.) Minor, inadvertent, or omission**
  - 2.) Aggregated minor or inadvertent errors or omissions**
  - 3.) Willful omissions or errors**
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# Failure to Comply

- 1. Minor or inadvertent errors and omissions**
    - No excise tax
    - No removal of nonprofit status
  - 2. Aggregated minor or inadvertent errors and omissions**
    - Excise tax
    - No removal of nonprofit status
  - 3. Willful omissions or errors**
    - Excise Tax
    - Potential loss of nonprofit status
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