

[118H2859]

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(Original Signature of Member)

119TH CONGRESS
1ST SESSION

H. R. _____

To amend the Internal Revenue Code of 1986 to establish new community benefit standards for tax-exempt hospital organizations, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mrs. SPARTZ introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to establish new community benefit standards for tax-exempt hospital organizations, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Holding Nonprofit
5 Hospitals Accountable Act”.

1 **SEC. 2. ADDITIONAL REQUIREMENTS FOR CERTAIN HOS-**
2 **PITALS.**

3 (a) IN GENERAL.—Section 501(r) of the Internal
4 Revenue Code of 1986 is amended—

5 (1) in paragraph (1), by striking “and” in sub-
6 paragraph (C), by striking the period at the end of
7 subparagraph (D) and inserting “, and”, and by
8 adding at the end the following new subparagraph:

9 “(E) meets the community benefit stand-
10 ard described in paragraph (7).”,

11 (2) by redesignating paragraph (7) as para-
12 graph (8), and

13 (3) by inserting after paragraph (6) the fol-
14 lowing new paragraph:

15 “(7) COMMUNITY BENEFIT STANDARD.—

16 “(A) IN GENERAL.—A hospital organiza-
17 tion meets the requirements of this paragraph
18 if such organization—

19 “(i) has a board of directors drawn
20 from the community in which such organi-
21 zation is located,

22 “(ii) both—

23 “(I) treats patients who pay their
24 bills through public programs, includ-
25 ing under the Medicare program
26 under title XVIII of the Social Secu-

1 rity Act or under the Medicaid pro-
2 gram under title XIX of such Act,
3 and

4 “(II) does not limit the number
5 of such patients served at any clinical
6 site owned or controlled by such orga-
7 nization, and

8 “(iii) spends an amount which meets
9 or exceeds the expenditure threshold for
10 the taxable year on any combination of—

11 “(I) training, education, or re-
12 search designed to improve patient
13 care,

14 “(II) improvements to facilities
15 and equipment except as provided in
16 subparagraph (C), and

17 “(III) free or discounted care
18 pursuant to a financial assistance pol-
19 icy.

20 “(B) EXPENDITURE THRESHOLD.—For
21 purposes of this paragraph, the term ‘expendi-
22 ture threshold’ means 100 percent of the value
23 of the Federal, State, and local tax exemptions
24 of the hospital organization for the taxable
25 year.

1 “(C) SPECIAL RULES FOR IMPROVEMENTS
2 TO FACILITIES AND EQUIPMENT.—

3 “(i) IN GENERAL.—For purposes of
4 clause (iii)(II) of subparagraph (A)—

5 “(I) expenditures under such
6 clause may not be used to account for
7 more than 50 percent of the minimum
8 spending requirement under such sub-
9 paragraph, and

10 “(II) expenditures for the acqui-
11 sition of a physician practice, hospital,
12 ambulatory surgical center, or any
13 other care delivery organization shall
14 not be taken into account as an im-
15 provement to facilities or equipment
16 under such clause.

17 “(ii) CARE DELIVERY ORGANIZA-
18 TION.—For purposes of clause (i), the
19 term ‘care delivery organization’ means an
20 organization of people, institutions, and re-
21 sources whose primary mission is to deliver
22 health care services to meet the health
23 needs of a target population.”.

1 (b) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2025.

4 **SEC. 3. HOSPITAL ORGANIZATION FINANCIAL ASSISTANCE**
5 **POLICY COMPLIANCE REQUIREMENTS.**

6 (a) IN GENERAL.—Section 501(r) of the Internal
7 Revenue Code of 1986, as amended by the preceding pro-
8 vision of this Act, is further amended in paragraph (5)(A)
9 by inserting “according to Medicare rates with respect”
10 after “billed”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall apply to taxable years beginning after
13 December 31, 2025.

14 **SEC. 4. FINANCIAL ASSISTANCE POLICY REVIEW AND RE-**
15 **PORT.**

16 (a) REVIEW.—The Treasury Inspector General for
17 Tax Administration shall conduct a review of financial as-
18 sistance policies of hospital organizations under section
19 501(r)(4) of the Internal Revenue Code of 1986.

20 (b) REPORT.—Not later than 365 days after the date
21 of the enactment of this Act and annually thereafter, the
22 Treasury Inspector General for Tax Administration shall
23 submit to the Committee on Ways and Means of the
24 House of Representatives and the Committee on Finance

1 of the Senate a report on the results of the review con-
2 ducted under subsection (a), including—

3 (1) the content of financial assistance policies
4 of hospital organizations,

5 (2) compliance of hospital organizations with
6 the financial assistance policy requirements of sec-
7 tion 501(r)(4) of the Internal Revenue Code of
8 1986, and

9 (3) such other topics as are determined by the
10 Treasury Inspector General for Tax Administration
11 to be relevant to financial assistance policies.

12 **SEC. 5. INTERNAL REVENUE SERVICE ENFORCEMENT RE-**
13 **VIEW AND REPORT.**

14 (a) REVIEW.—The Comptroller General of the United
15 States shall conduct a review of the effectiveness of the
16 Internal Revenue Service in enforcing compliance with the
17 community benefit standard for hospital organizations
18 under section 501(r)(7) of the Internal Revenue Code of
19 1986.

20 (b) REPORT.—Not later than 365 days after the date
21 of the enactment of this Act and no later than every three
22 years thereafter, the Comptroller General of the United
23 States shall submit to the Committee on Ways and Means
24 of the House of Representatives and the Committee on

- 1 Finance of the Senate a report on the results of the review
- 2 conducted under subsection (a).