AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 802
(I-23)

Introduced by: Medical Student Section

Subject: Improving Nonprofit Hospital Charity Care Policies

Referred to: Reference Committee J

Whereas, nonprofit hospitals comprise over half of all US hospitals nationwide and receive a total in $28 billion in federal tax exemptions\(^1\)-\(^2\); and

Whereas, nonprofit hospitals must fulfill community benefit requirements, including charity care, but they spend half as much on charity care as public and for-profit hospitals\(^3\)-\(^5\); and

Whereas, nonprofit hospitals decide their own criteria for charity care eligibility, and only 10 states require that these are communicated to patients\(^6\)-\(^8\); and

Whereas, the New York Times reported that a large nonprofit hospital system trained administrative employees to intentionally avoid screening patients for charity care eligibility or provide financial assistance information when asking patients for payment\(^1\); and

Whereas, in 2019, nonprofit hospitals billed patients who qualified for charity care for nearly $3 billion, and a study found that nonprofits comprised 70% of hospitals suing patients for medical debt, despite the IRS banning “extraordinary collections actions” by nonprofits\(^9\)-\(^10\); and

Whereas, although nonprofit hospitals are supposed to widely publicize their charity care policies and notify and screen community members, they charge patients who meet eligibility criteria in over 50% of cases\(^6\)-\(^8\),\(^11\); and

Whereas, health economists propose that increasing nonprofit hospital transparency by disclosing charity-care-to-expense and -benefit ratios would increase compliance with charity care and community benefit obligations\(^5\); therefore be it

RESOLVED, that our American Medical Association advocate for legislation and regulations that require nonprofit hospitals to notify and screen all patients for financial assistance according to their own eligibility criteria prior to billing (Directive to Take Action); and be it further

RESOLVED, that our AMA support efforts to establish regulatory standards for nonprofit hospital financial assistance eligibility (New HOD Policy); and be it further

RESOLVED, that our AMA encourages the Centers for Medicare and Medicaid Services (CMS) to publish the charity-care-to-expense ratio and the charity-care-to-benefit ratio for hospitals listed in Medicare Cost Reports to improve transparency and compliance of charitable care and community benefit activities. (New HOD Policy)

Fiscal Note: Modest – between $1,000 - $5,000

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REFERENCES


RELEVANT AMA POLICY

H-160.923 Offsetting the Costs of Providing Uncompensated Care

Our AMA: (1) supports the transitional redistribution of disproportionate share hospital (DSH) payments for use in subsidizing private health insurance coverage for the uninsured; (2) supports the use of innovative federal- or state-based projects that are not budget neutral for the purpose of supporting physicians that treat large numbers of uninsured patients, as well as EMTALA-directed care; and (3) encourages public and private sector researchers to utilize data collection methodologies that accurately reflect the amount of uncompensated care (including both bad debt and charity care) provided by physicians. [CMS Rep. 8, A-05; Reaffirmation A-07; Modified: CMS Rep. 01, A-17]

H-155.958 Appropriate Hospital Charges

Our AMA encourages hospitals to adopt, implement, monitor and publicize policies on patient discounts, charity care, and fair billing and collection practices, and make access to those programs readily available to eligible patients. [CMS Rep. 4, A-09; Reaffirmed in lieu of: Res. 213, I-17]