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MEMORANDUM

To: Reporters and Editors  
Re: Letters to two tax-exempt hospitals  
Da: Tuesday, Sept. 2, 2008

As part of his ongoing oversight of tax-exempt issues, Sen. Chuck Grassley, ranking member of the Committee on Finance, sent separate inquiries in the last several weeks to two tax-exempt hospitals whose public service and tax-exempt purpose have come into question. On July 23, Grassley wrote to M.D. Anderson Cancer Center in Houston, a hospital that was featured in an April 28, 2008, Wall Street Journal article regarding the hospital's billing practices involving a leukemia patient. On Friday, Grassley wrote to the University of Chicago Medical Center after a story in The Washington Post last month described the hospital's efforts to steer under-insured and uninsured patients away from the hospital to clinics. Grassley made the following comment on his two letters. The text of the letters is attached.

“I keep hearing that tax-exempt hospitals are changing their ways. At the roundtable I convened last year, the hospital community told me to wait and see before legislating, that the new 990 Schedule H would not only provide data to make informed decisions but also would change behavior. It's troubling then to hear about two world-renowned hospitals engaging in questionable practices. One made it into the limelight for reportedly requiring a critically ill patient to come up with exorbitant amounts of cash upfront and badgering her for cash during medical treatment. Another appears to be culling the least profitable patients from its emergency room. The answers to the questions I'm asking are critical to understanding whether these hospitals are setting standards for their peers. Those standards might include losing sight of the public service that comes with tax-exempt status.”