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Remarks of Sen. Chuck Grassley  
Roundtable on Non-profit Hospitals  
Tuesday, Oct. 30, 2007

I wanted to come by briefly and thank you all for attending this roundtable to discuss possible reforms for non-profit hospitals. This is very useful to have the input and views of so many different voices as we look at the questions of charity care, community benefit and other important matters surrounding nonprofit hospitals and low and middle-income families. We need to hear from the hospitals, the patient advocates, academics, businesses, and practitioners as we grapple with the tough issues here.

I particularly want to thank the Catholic Health Association for its continued leadership in this area – creating and fighting for tough reporting standards for nonprofit hospitals. I know Michael Rodgers is here for CHA today, and please thank Sister Carol. I also want to thank Nancy Davenport with the Patient Advocate Foundation. Your good organization works on the ground with patients trying to get them the care they need. Your first-hand experience, including in Iowa, is vital as we look to cut through the rhetoric and get to solutions that work. I met earlier today with some of the advocates for low-income families and am greatly appreciative of their leadership in this area. It is tough, but important, work. Finally, I wouldn't be a good Senator from Iowa if I didn't particularly thank Sabra Rosener from the Iowa Health Systems (IHS). We have looked to and listened to IHS and Sabra not only because they are from Iowa but because they don't sing the same old songs but instead are really rethinking these issues. That is something I encourage all the hospitals to do in today's discussion. No one is buying the old lines. New thinking and a new approach is needed.

As I've said, I haven't made any decisions about whether legislation is necessary to address the issues we've seen regarding non-profit hospitals, but I hope today's roundtable will bring a better understanding of what are possible solutions. My hope remains that much can be accomplished with volunteer work. The leadership of CHA has shown me that some hospitals can do the right thing on their own initiative.

The question is, can they bring along all the nonprofit hospitals to do the right thing? I am very worried that the answer may be no. To me an early test is the recent Schedule H of the Form 990 that the IRS recently put out for comment. The Schedule H finally gets real information to the public and policy makers about tax-exempt hospitals. This new Schedule H is a dramatic improvement over

business-as-usual and I particularly want to commend the work of Theresa Pattara – who worked for me as an IRS detailee – and has led the IRS’ efforts to bring real sunshine and transparency.

However, while everyone talks about the need for sunshine, there are a few tax-exempt hospitals in the shadows that are bent on pulling the blinds and closing the drapes. It is disgraceful that they are misleading Congress in efforts to try and get the Schedule H watered down and delayed. If these hospitals continue to press for keeping the public in the dark about how they justify \$50 billion in tax breaks a year, that will greatly color my views about the need for legislation.

Secretary Paulson has stated to me his commitment for reform in the charitable sector – making sure that the Schedule H is not watered down and is made effective as proposed will be a step in meeting that commitment.

Let me close by saying this. We are about to go through another discussion about the SCHIP legislation. There has been a great deal of emotion with SCHIP – on both sides. However, I would say that the issue of tax-exempt hospitals is the same issue – providing health care for working families. Officials in the Administration are interested in helping to provide health care to low-income working families but are troubled by SCHIP. Meanwhile, nonprofit hospitals could go a long way toward solving the problem. I’ve urged the Administration to look at nonprofit hospitals and what duties of charity care and community benefit they should provide.

As we all know, Congress never changed the law regarding the duties of charity care for nonprofit hospitals – it was done by administrative fiat. The Administration has significant authority in this area and could do much good tomorrow if it chose to do so. I am very mindful of the commitments made to me by senior Treasury officials during confirmation hearings to address my concerns and take a fresh look at guidance in this area – those commitments still are to be met. I expect an update from Treasury and IRS officials on this matter.

Similarly, I hope my colleagues in Congress will keep an open mind and join me in talking about what nonprofit hospitals – which receive billions of dollars in tax breaks every year – can or should be doing for the children. Voting for a good SCHIP program and looking at nonprofit hospitals go hand-in-hand toward improving health care for working families. We spend a lot of time in this Congress talking about new spending and new tax breaks. But we spend very little time looking at how that spending is being used – whether it’s being spent effectively or wasted. And unfortunately, we spend almost no time looking at tax breaks – in the case of nonprofit hospitals, billions of dollars each year – and seeing what we are getting for all these big tax breaks. This is a duty of every member of Congress. This roundtable will help us examine this question closely. Thank you all.