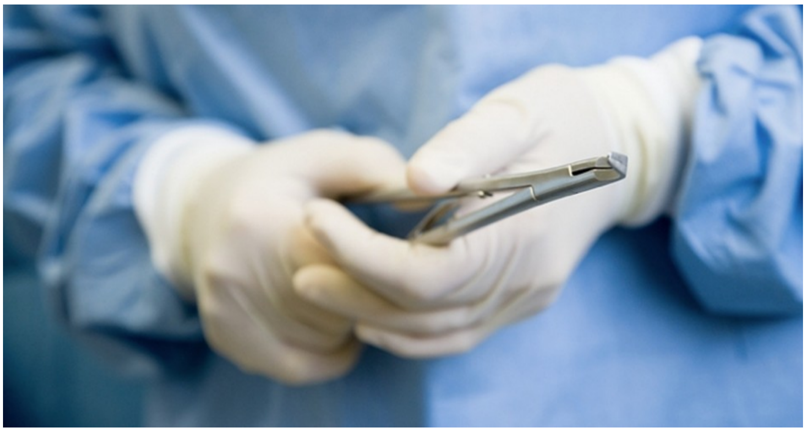
Healthcare Law to Fine Hospitals That Provide Free Services to Poor



President Obama's healthcare law is full of increased costs to taxpayers, in the form of taxes, higher premiums, and of course, fines. In fact, the healthcare law may punish charitable hospitals for treating uninsured Americans by issuing large fines to those institutions that continue to provide treatment to uninsured Americans.

The Daily Caller reported, "A new provision in Section 501 of the Internal Revenue Code, which takes effect under Obamacare, sets new standards of review and installs new financial penalties for tax-exempt charitable hospitals, which devote a minimum amount of their expenses to treat uninsured poor people."

With approximately 60 percent of American hospitals classified as nonprofit, this can prove to be a substantial amount of money in penalties. Hospitals that fail to meet the new standards could face fines upwards of $50,000.

John Kartch of the Americans for Tax Reform added that the law requires tax-exempt hospitals to regularly prove that they are necessary by filing paperwork with the IRS.

"It requires tax-exempt hospitals to do a community needs survey and file additional paperwork with the IRS every three years. This is to prove that the charitable hospital is still needed in their geographical area — 'needed' as defined by Obamacare and overseen by IRS bureaucrats," said Kartch.

"Failure to comply, or to prove this continuing need, could result in the loss of the hospital's tax-exempt status. The hospital would then become a for-profit venture, paying income tax — hence the positive revenue score" for the federal government, Kartch said. "Obamacare advocates turned over every rock to find as much tax money as possible."

Of course, these hospitals are being set up to fail, as the resulting increase in the number of insured Americans as a result of the healthcare law is likely to minimize the need for tax-exempt hospitals. This will result in more hospitals operating as "for–profit" businesses, resulting in more tax money for the government.

"The requirements generally apply to any section 501(c)(3) organization that operates at least one hospital facility," according to a "Technical Explanation" report of new ObamaCare provisions prepared by the congressional Joint Committee on Taxation (JCT) on the day ObamaCare was passed.

Under the law, hospitals must provide details of how and why they administered discounted or free treatment to patients and explain the criteria they used to screen applicants for assistance and what they used to calculate patients' bills.

“The hospital must disclose in its annual information report to the IRS (i.e., Form 990 and related schedules) how it is addressing the needs identified in the assessment and, if all identified needs are not addressed, the reasons why (e.g., lack of financial or human resources). Each hospital facility is required to make the assessment widely available. Failure to complete a community health needs assessment in any applicable three-year period results in a penalty on the organization of up to $50,000,” according to the JCT report.

Paperwork submitted by the hospitals is reviewed by a representative at the Department of Health and Human Services, who is then responsible for identifying trends in the hospitals’ spending and submitting the data in a report to Congress.

Many in the healthcare field are issuing warnings about how the new requirements will impact the operation of these hospitals.

“Nonprofit hospitals should be advised that the new PPACA requirements will play a significant role in how they operate and report, specifically when it comes to billing and collections for services provided to the uninsured. The new law leaves many gray areas and hospitals themselves will have to establish eligibility criteria for financial assistance. Following the new procedures as best they can will ensure the best chance of maintaining their tax exempt status,” wrote D. Douglas Metcalf, partner at the law firm Lewis and Roca, in a 2013 op-ed entitled, “Will nonprofit hospitals disappear under Obamacare?”

It has oft been asserted that American welfare programs discourage charity, but now the American people witness a law that actually explicitly discourages charity and demands instead compliance with yet another government-run, taxpayer-funded safety net.

And whether Americans can expect any significant progress to arise out of the implementation of ObamaCare seems unlikely. As noted by Hadley Heath of the Independent Women’s Forum, there were over 70 federal means-tested welfare programs operating in 2011, costing more than $900 billion, while 49 million Americans remained impoverished.

Heath addressed the crux of the problem when she wrote, “Advocates of expanding the welfare state equate bigger government with humanitarianism, or charity. But many programs do more harm than good by creating counter-productive incentives and reducing economic growth and opportunity, which sadly keeps today’s poor people poor.”

Even more, as the healthcare law continues to be implemented, it is becoming clear that ObamaCare will not only fail to remedy the plight of the poor, but could also potentially increase the number of Americans considered “impoverished” as companies continue to downsize and reduce many of their employees from full-time to part-time in an effort to save money by not having to comply with the healthcare law.