

Taxation of healthcare institutions essay example

[Sociology](#), [Community](#)



Charitable hospitals are the ones that operate not for profit. Under internal revenue code of 1986, section 501(c)(3), these hospitals are exempted from tax. For hospitals to be exempt from tax they, however, have to meet some requirements.

The requirements include, community health needs assessment requirement, which stipulates that the charitable hospital must conduct a health assessment within the community every once in three years. The year might be the taxable year or two years preceding the taxable year. The health assessment has to integrate various health experts in the community like the, experts in public health.

The second requirement is that the charitable hospital must implement a certain limitation on the charges after provision of health care service. The amount charged must be less than the ones charged to patients who have insurance. They are permitted to bill any emergency, but the amount is not to exceed the amount charged on individuals with insurance cover covering the same service.

They also ought to have a financial assistance policy including an eligibility criterion that is for financial assistance, a well-pronounced criteria helping in the calculation of how different patients will be charged, method to use when applying for financial assistance and the measure to be taken in ensuring community awareness of the financial position of the institution.

Charitable hospitals also need to have a collection and billing policy that allows it to determine patient assistance eligibility. It allows them to

determine whether a patient qualifies for financial assistance. This is because the qualification might have an enormous effect on the dollar.

Failure to comply with the requirements is met by serious penalty of loss of tax exemption policy with a penalty of 50, 000 per year.

Cleveland clinic foundation, located in Cleveland shares the above characteristics with and Texas children hospital. They are both exempted from taxpaying by complying with the provided requirements.

In conclusion, the best way to ensure consistency in hospital charity care is to ensure clear legislation, and definitions are developed in each state.

Work Cited

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