



December 9, 2015

Sunita Lough
Commissioner
Tax Exempt and Government Entities Division
Internal Revenue Service
SE:T
NCA-660
1111 Constitution Avenue, N.W.
Washington, DC 20224

Tamara Ripperda
Director, Exempt Organizations
Internal Revenue Service
1111 Constitution Avenue, N.W.
Washington, DC 20224

Re: Ensuring Schedule H Instructions for 2015 Reflect Current Research on Housing as Community Benefit

Dear Sunita and Tammy:

Earlier this year representatives of the American Hospital Association, the Catholic Health Association of the United States and the Association of American Medical Colleges spoke with you and your colleagues about seeking a change to the 2015 instructions to Schedule H of Form 990 to make clear that expenditures to make clean and safe housing available to those in need are community benefit expenditures that can be reported on Part I, Financial Assistance and Certain Other Community Benefits at Cost on page 1 of Schedule H. At your request, we sent you supplemental information demonstrating that, since 2007 when Schedule H was created, there is now a significant accumulation of data and analysis establishing the strong connection between housing and health. The research is extensive and persuasive – housing is a critical determinant of health. Many of your fellow federal agencies agree.

As we stressed in our call, clarification to the Schedule H Form and Instructions is needed because both of these documents signal that hospitals are taking a risk if they report housing as a community benefit expenditure in Part I of Schedule H. We were disappointed that despite the overwhelming research that “housing is health,” the 2015 Schedule H Form and the September draft Schedule H Instructions continue to explicitly treat physical improvements and housing as Part II community building activities and state that Part II expenditures may not be reported in Part I.

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Ms. Tammy Ripperda
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We are aware of the remarks of your senior technical advisor, Eric San Juan, at the American Health Lawyers Association's tax program on October 8, 2015, in which he acknowledged that housing and other social determinants of health that meet a documented community need are community benefit activities. He also indicated that if a hospital believes that its housing activities meet the community benefit standard, it can include such expenses in Part I. While we were pleased to hear him articulate this position, unfortunately, the language of the current Schedule H Form and Instructions are still at odds with that, leaving hospitals with uncertainty on how to proceed.

Accordingly, as calendar year 2015 draws to a close and hospitals are preparing to gather information for their 2015 Form 990s, the need for the changes to the 2015 Schedule H Form and/or Instructions is imperative. This change also will align community benefit incentives with population health findings. Should you anticipate any delay in being able to make these changes, we request that you use other means available to you, such as through your blog, a notice or a written reply to this letter, to publicly confirm that hospitals are permitted to report expenditures for clean and safe housing as community benefit expenditures in Part I of their 2015 Schedule H Forms.

Thank you for your continuing attention to this matter. Please let us know if you have any questions or require additional information.¹

Sincerely,

/s/
Lisa Gilden
VP, General Counsel/Compliance Officer
The Catholic Health Association
Of the United States

/s/
Melinda Hatton
Senior Vice President & General Counsel
American Hospital Association

/s/
Janis M. Orłowski, MD, MACP
Chief Health Care Officer
Association of American Medical Colleges

¹ We are submitting a copy of this letter as a comment on Schedule H and its draft instructions through the electronic channel available on www.irs.gov to be sure the IRS Forms and Publications function has it as well.