



A Passionate Voice for Compassionate Care

**Statement
of the
The Catholic Health Association of the United States
for the
House Ways and Means
Oversight Subcommittee
of the U.S. House of Representatives
Hearing on Virtue Signaling vs. Vital Services:
Where Tax-Exempt Hospitals are Spending Your Tax Dollars
September 16, 2025**

The Catholic Health Association of the United States (CHA) is grateful for the opportunity to provide these comments for the House Ways and Means Oversight Subcommittee Hearing on *Virtue Signaling vs. Vital Services: Where Tax-Exempt Hospitals are Spending Your Tax Dollars*

Catholic hospitals have been serving communities and families in need of care across this country for over one hundred years. [The Catholic health care ministry](#), with its 665 hospitals and more than 700,000 full-time and part-time employees, is the largest group of not-for-profit healthcare providers in the country. Every year, Catholic hospitals care for more than 1 in 7 patients, provide over one hundred million outpatient visits, and over one million Medicaid discharges.

Integral to the mission of Catholic and other not-for-profit health care organizations, community benefit is an extension of not-for-profit hospitals' historic mission to meet the needs of the time in their communities, especially the needs of vulnerable and disenfranchised members. CHA and Catholic hospitals do this work not only because of the need in communities but more fundamentally because [we believe that health care](#) should be available, affordable, and accessible to everyone, paying special attention to the poor and vulnerable.

Through this work, CHA is recognized nationally as a leader in community benefit planning and reporting. In collaboration with member hospitals and health systems, CHA developed the first uniform standards for community benefit reporting by non-profit groups and worked closely with congressional leaders and the Internal Revenue Service to develop the [guidelines](#) that all tax-exempt hospitals have widely adopted. CHA also worked closely with the IRS to develop its Form 990 Schedule H for not-for-profit hospitals.

In the most recent year in which reporting is available, Catholic Health Association members contributed more than [\\$14.6 billion in community benefits in 2022](#). This included more than \$2.7 billion in financial assistance at cost, also known as “charity care,” and more than \$7.9 billion to cover the cost of unreimbursed Medicaid and other means-tested programs. Through this work, Catholic health providers invested in a wide variety of community health programs, including [healthy housing programs](#), [community partnerships](#), [community grants](#), and a wide variety of other social, educational, and health interventions as found in their community health implementation plans and community benefit reports. These health promotion programs keep communities healthy. For individuals, this means not having to experience the trauma and personal costs of illness and not missing work or school. For the broader health system, this means reduced burdens and costs. Catholic health providers have done this despite facing ongoing financial struggles to meet the growing needs of the patients and communities that they serve.¹

Tax-Exempt Hospital Community Benefit Standard

Not-for-profit hospitals have the most [extensive transparency and accountability requirements](#) of any tax-exempt entity. The community benefit standard for hospitals is a well-defined set of criteria involving hospitals’ promotion of health and healing as a response to identified community needs.

The Internal Revenue Service (IRS) [identifies eight categories of community benefit](#) that are reportable on tax-exempt hospitals’ IRS Form 990 Schedule H: Financial assistance at cost (also known as charity care); Unreimbursed Medicaid; Costs of other means-tested government programs; Community health improvement services and community benefit operations; Health professions education; Subsidized health services; Research; and Cash and in-kind contributions for community benefit. Each community benefit category is essential to [improving community health and well-being](#).

Tax-exempt hospitals are required, [under 501 \(r\)](#) and 6033 of the Internal Revenue Code (IRC) to work with their communities to (1) conduct community health needs assessments (CHNA); (2) create

¹ Susanna Vogel, “Nonprofit providers’ operating margins fall as more challenges loom,” *Healthcare Dive*, May 22, 2025. Available at: <https://www.healthcaredive.com/news/nonprofit-providers-operating-margins-fall-market-volatility-washington-policy/748786/>

implementation strategies based on identified needs; (3) report on their community benefit programs and CHNA information financial assistance and emergency medical care policies, limitations on charges, and through their publicly available IRS Form 990 Schedule H; and (4) meet IRS requirements regarding financial assistance, billing, and collections.

Beyond their primary charitable purpose and community benefit activities, tax-exempt hospitals continue to be critical anchor institutions in their communities. They invest in their local communities, employ millions of people, and create and support non-profit organizations and health innovations that go well above and beyond the requirements of the community benefit standard.

Value of tax exemption

Tax-exempt hospitals provide [10 times more](#) in community benefit than the value of federal revenue forgone due to the tax exemption of nonprofit hospitals. This includes [more than \\$149 billion](#) in total benefits to communities for work that goes above and beyond their community benefit work, and \$65 billion for charity care provided through their financial assistance policies.

Catholic hospitals continue to address the challenges of rising medical debt and increasing numbers of underinsured and uninsured patients by having robust and generous financial assistance policies. According to the most recently available IRS Schedule H 990 data, on average, CHA members' financial assistance policies provide free care up to 231% of the federal poverty guidelines (FPG) and discounted care for people up to 381% of FPG. That means a family of four making around \$130,000 per year may still be eligible for discounted care. However, the increasing use of health plans with high deductible plans and the projected increase in the number of people uninsured means tax-exempt hospitals' financial assistance policies will face increasing challenges to meet the needs of the uninsured and those with [inadequate insurance products](#).

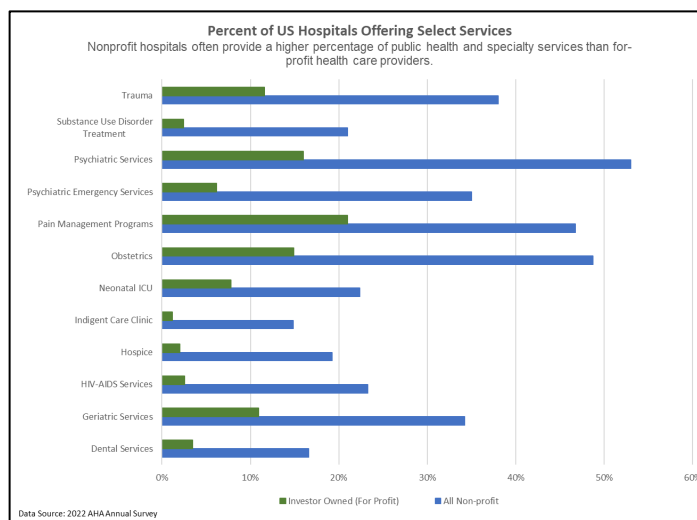
Providing critical health services

One distinguishing feature of nonprofit hospitals is that they are more likely than for-profit, taxable hospitals to provide needed health care services that are not profitable.² In many places, often rural or low-income communities, maintaining health care services needed in the community and/or keeping a hospital open is one of the largest benefits that a hospital can provide.

² Jill R. Horwitz and Austin Nichols, "Hospital Service Offerings Still Differ Substantially by Ownership Type," *Health Affairs* 41, no. 3 (2022): <https://doi.org/10.1377/hlthaff.2021.01115>.

The not-for-profit hospital industry continues to face significant financial struggles as it responds to increasing costs, reductions in coverage, and impending cuts to the Medicaid program.³ This means providers often struggle to maintain services while facing significant financial losses. Despite these financial challenges, and because of their tax-exempt charitable purposes and community service-oriented, not-for-profit hospitals have continued to provide services and keep facilities open.

This commitment to maintain necessary services and access to care is of critical importance to the work of the Catholic health ministry. According to a recently released study, Catholic hospitals “were more likely to preserve or expand access to mission-oriented services—such as chaplaincy and charity care—and were less likely than their non-Catholic counterparts to eliminate obstetrics care, even as many rural hospitals across the country are shuttering these units.”⁴



This study builds upon previous research that found that Catholic hospitals, compared to other hospitals, were more likely to provide charity care and community benefit services, more likely to provide HIV/AIDS and psychiatric care services, and more likely to operate obstetric care and neonatal intensive care units.⁵ These are the services most often needed in communities, and as part of their charitable not-for-profit mission Catholic hospitals continue to do their best to maintain and expand this care.

Catholic health care systems provide these services despite the reality that many of them face ongoing negative margins in their ongoing effort to keep services available to communities that are most in need.

³ Congressional Budget Office. (2025, July 21). *Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline*. Retrieved from <https://www.cbo.gov/publication/61570>.

⁴ Schulte A, Staiger B, Rodriguez HP, Brewster AL. Mission vs. Margin: The Effects of Catholic Health System Ownership on Hospital Operations. *Medical Care Research and Review*. 2025;0(0). doi:[10.1177/10775587251355541](https://doi.org/10.1177/10775587251355541)

⁵ *Id.* Citing, [Ferdinand et al. 2024](#); [Zare & Gabow, 2023](#), [White Et al., 2006](#), [Garrido et al., 2012](#), [Weisman et al 1999](#).

Listening to Communities through the Community Health Needs Assessment (CHNA)

In addition to reporting on their community benefit spending, tax-exempt hospitals must conduct a [community health needs assessment](#), prepare a CHNA report, and develop a corresponding implementation strategy at least once every three years as part of their compliance with IRC Section [501\(r\)](#). The Section 501(r) CHNA requirements were developed by Congress and the IRS, recognizing that the health needs of people were best identified and addressed by listening to communities. Rather than trying to create a one-size-fits-all national policy, the CHNA requirements encourage local solutions for local needs. This has helped to focus tax-exempt hospitals on addressing and evaluating prioritized community needs and strengthening community partnerships to improve community health.

The community health needs assessment (CHNA) is a data-driven process guided by the community's voice. It begins with carefully examining public health data to understand the most pressing needs in a community, and to identify where and among whom the greatest needs exist. Equally critical is listening to and partnering with community members, especially those who experience the greatest differences in health outcomes. The implementation strategies developed are also shaped by community health data and the community's voice. Therefore, the priority health care needs in some communities include addressing a shortage of health care professionals, addressing mental health, promoting healthy eating, or creating targeted health interventions to serve rural, low-income, or minority communities. These strategies include programs that are designed to address the gaps in resources and health, focusing on areas where they can have the greatest impact.

This process of listening to our communities, discerning the greatest health care need, and using a focused approach to address those needs is what civic leaders and Catholic health care's founding congregations of religious women and men in Catholic health care have historically followed and continue following to this day. This community-driven approach employs limited resources where they are most needed and most likely to be effective.

Cornerstone of community health and well-being, above and beyond community benefit

As policymakers evaluate community benefit activities, it is important to keep in mind that the full benefit tax-exempt hospitals bring to their communities cannot be captured in a tax form that focuses mostly on dollars spent on community benefit.

Tax-exempt hospitals benefit their communities in many ways: first, by fulfilling their primary charitable purpose of providing health care; second, by fulfilling their IRS-defined community benefit requirements, as discussed above; and third, by serving as an anchor institution that provides activities

and investments that go above and beyond their requirements. Tax-exempt hospitals' investments in communities, their patients, their business operations, and their workforce are all part of their efforts to prioritize the needs of their communities and reflect their continued commitment to addressing and strengthening community health. This work goes above and beyond their primary charitable purpose and the community benefit requirements, reflecting their continued commitment to addressing and strengthening community health. For example, bad debt, low-interest community investments, and the Medicare loss are not included in community benefit.

Nonprofit hospitals are a cornerstone of their communities' health and well-being. They tailor their community health improvement activities to respond to their communities' unique needs, and their positive impact on their communities' health and well-being is immense. Nonprofit hospitals' investments in community health and well-being far exceed the value of their tax exemption.

Conclusion

As the largest group of not-for-profit healthcare providers in the country and as a leader in not-for-profit hospital community benefit for nearly 40 years, the Catholic Health Association of the United States (CHA) thanks you for the opportunity to provide these comments and looks [forward to working with you](#) to support a community benefit standard that responds to local needs, reflects the real impact of tax-exempt hospitals in their communities and is implemented faithfully.