

# Report on Medicare Compliance Volume 33, Number 21. June 10, 2024

## Northwell Will Provide More Free Care in Agreement With AG; Other States Eye Charity Care

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By Nina Youngstrom

More uninsured and underinsured patients will soon get free or discounted care at Northwell Health under an agreement with the New York state Attorney General (AG).<sup>[1]</sup> The agreement, announced June 4, brings to life the requirements all hospitals in the state must satisfy by Oct. 20, when a law takes effect modifying financial assistance and medical debt collection policies. Other states have recently passed laws in this arena, upping the ante for compliance with charity care obligations amid scrutiny of the data reported by nonprofit health care organizations on IRS Form 990.

Northwell's "Best Practices Agreement" provides "a public model for effective compliance by tax-exempt hospitals with their nonprofit mission and purpose regarding financial assistance."<sup>[2]</sup> The agreement, which also revises medical debt collection policies, applies to Northwell's 21 hospitals and 56 clinics.

Hospitals in New York are not the only ones that may be interested in this document because the media and academics have been shining a spotlight on charity care and debt-collection practices and states have started paying attention. New laws in states like Minnesota, Georgia, Maryland and New York intend, in a nutshell, to ensure eligible patients have access to financial assistance at tax-exempt hospitals. Oregon and Washington have already been active in enforcing their charity care laws.

On a federal level, Sec. 501(r) of the Internal Revenue Code governs tax-exempt nonprofit hospitals and health systems, which are required to report information on Schedule H of the 990 form, including whether they (1) had a financial assistance policy during the tax year, (2) budgeted amounts for free or discounted care provided under its financial assistance policy and (3) used federal poverty guidelines in determining eligibility for free and discounted care. The publicly available information may be used to calculate how much a hospital spent on charity care versus how much it was reimbursed for charity care (e.g., from disproportionate share hospital adjustments).

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