



**American Hospital
Association**

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February 28, 2005

Mark W. Everson
Commissioner, Internal Revenue Service
CC:PA:LPD:PR (REG-130671-04)
Room 5203
Internal Revenue Service
Post Office Box 7604
Ben Franklin Station
Washington, DC 20044

Re: Proposed regulations regarding certain tax returns required on magnetic media

Dear Commissioner Everson:

On behalf of the American Hospital Association's (AHA) 4,700 hospital, health care systems, and other health care provider members, and our 31,000 individual members, we appreciate this opportunity to offer comments on the Internal Revenue Service's (IRS) proposed regulations (REG-130671-04) requiring certain tax returns be filed electronically.

Hospitals are committed to increasing the transparency of hospital operations and practices to serve our patients in the best way possible. We agree that the current health care "system" does not serve Americans well in many ways. One way to address the problem would be to make more information available to the public. We're committed to working with the Administration, the Congress and others to develop these methods.

We believe refining and improving Form 990 is an important step in correcting many of the problems identified by the IRS and others. Greater consistency in filing standards for IRS Form 990 would provide federal and state authorities with better means of identifying concerns by allowing easier comparison of similarly situated tax-exempt organizations. Electronic filing would reduce the administrative burden on the IRS as well as allow the public access to information more quickly.

These regulations would require tax-exempt organizations, including hospitals, which file at least 250 returns during the calendar year ending with or within the taxpayer's taxable year and which have total assets in excess of \$100 million to file their Form 990 returns electronically for taxable



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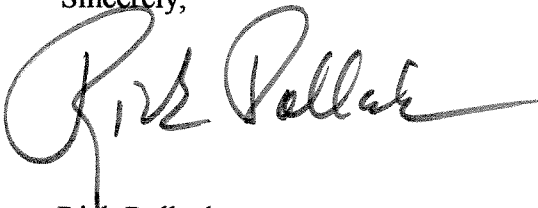
years ending on or after December 31, 2005. For those tax-exempt organizations, including hospitals, with total assets in excess of \$10 million, they would be required to file their Form 990 returns electronically for taxable years ending on or after December 31, 2006.

We strongly encourage IRS to ensure that the appropriate software and hardware are available and accessible to organizations subject to these new requirements and that they not impose any undue costs to hospitals' already formidable regulatory burden.

We believe that refinements and improvements in the Form 990 are an important step to provide oversight agencies and the public with useful additional information about the operations of not-for-profit hospitals. As the IRS works to increase the use of electronic means of filing exempt organization returns, we strongly encourage you to ensure that any revisions to the Form 990 can be incorporated into the existing software and hardware required for electronic filing of returns to reduce the regulatory and economic impact on hospitals ability to comply with the regulations.

The AHA appreciates the opportunity to comment on this proposed rule. If you have any questions, please contact me or Steve Ahnen, AHA's senior vice president, at 202-626-2354 or via e-mail at sahnen@aha.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Pollack". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Rick Pollack
Executive Vice President