



April 1, 2015

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

Dear Ms. Lough:

On behalf of the American Hospital Association (AHA) and the Catholic Health Association of the United States (CHA) and the nation's tax-exempt hospitals, we urge that the Internal Revenue Service (IRS) formally acknowledge that support for improved housing to enhance the health of a hospital's community is a community benefit and should be recognized on page 1 of the Form 990 Schedule H.

The promotion of health for the community as a whole is the linchpin of a hospital's tax-exemption under Revenue Ruling 69-545. Hospitals are actively addressing the need for safe clean housing in ways that have been repeatedly proven to enhance health for individuals and the broader community. Yet the format and instructions of IRS Schedule H continues to exclude support for improved housing from community benefit. Expenditures to improve housing are excluded from Part I where community benefit is reported. Instead they are reported in Part II under community building activities. The form instructions are tentative about whether items in Part II are community benefit expenditures, saying, "Some community building activities may also meet the definition of community benefit."

We have urged that IRS recognize the direct relationship between improved housing and improved health since the initial Schedule H was developed. The merit of this position has only grown in the past seven years with the mounting evidence demonstrating the importance of a healthy and safe home environment to the health of individuals and the community.

"It is unreasonable to expect that people will change their behavior easily when so many forces in the social, cultural, and physical environment conspire against such change." Institute of Medicine, 2003. "Focusing on the social determinants as a means of reducing disparities in health outcomes emphasizes the importance of the overall environment where people live and work." G. Wilensky and D. Satcher, 2009. "Healthy and safe community environments include those with clean air and water, affordable and secure housing, sustainable and economically vital neighborhoods, and supportive structures (e.g., violence-free places to be active)." Surgeon General, National Prevention Strategy, 2014.

In serving as the community's health care safety net, hospital activities necessarily go beyond the traditional inpatient and outpatient care. In striving to achieve the goals of a healthy population – improving the overall health of a given population while also reducing health disparities – hospitals are actively engaged in traditional prevention activities as well as efforts that contribute to the overall mental, physical and social well-being of the community.

Some examples of the kinds of activities a hospital might undertake to improve housing for patients and others in the community include: removing materials such as asbestos or lead paint that harm residents of low-income housing; providing HEPA filter vacuum cleaners or air conditioners to low-income households to reduce asthma triggers; and making grants to not-for-profit organizations to subsidize relocation of needy individuals to healthy living arrangements.

The final Section 501(r) regulations reinforce the need for this change to make the form and instructions consistent. One of the requirements is that a hospital conducts a community health needs assessment. The regulations specify that health needs include prerequisites for the improvement or maintenance of health status of the community at large and in particular parts of the community (such as particular neighborhoods or populations experiencing health disparities). These may include addressing barriers to prevent illness, ensure adequate nutrition, or address social, behavioral, and environmental factors that influence health in the community.

The change can be effected by revising the instructions for Schedule H, specifically for “community health improvement services,” Part I, line 7(e) on page 1. The list of community health improvement activities should be expanded to include:

“activities and services that are provided to improve the health of individuals in the community by addressing the determinants of health, including the social, economic, and physical environment, such as improved housing for vulnerable populations by removing building materials that harm the health of the residents, housing for vulnerable patients and low-income seniors.”

A companion change should be made in the instructions for “community building” activities, Part II, line 1, to remove the references to housing. At the earliest opportunity, we also urge that the Schedule H form be revised by removing “housing” from Part II, line 1 on page 2.

Thank you for your consideration. The AHA and CHA welcome an opportunity to meet with you to discuss our recommendation. We can be reached at mhatton@aha.org or (202) 626-2336, and lgilden@chausa.org or (202)721-6319.

Sincerely,

/s/

Melinda Reid Hatton
Senior Vice President & General Counsel
American Hospital Association

/s/

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