FinThrive

hfma hawaii chapter

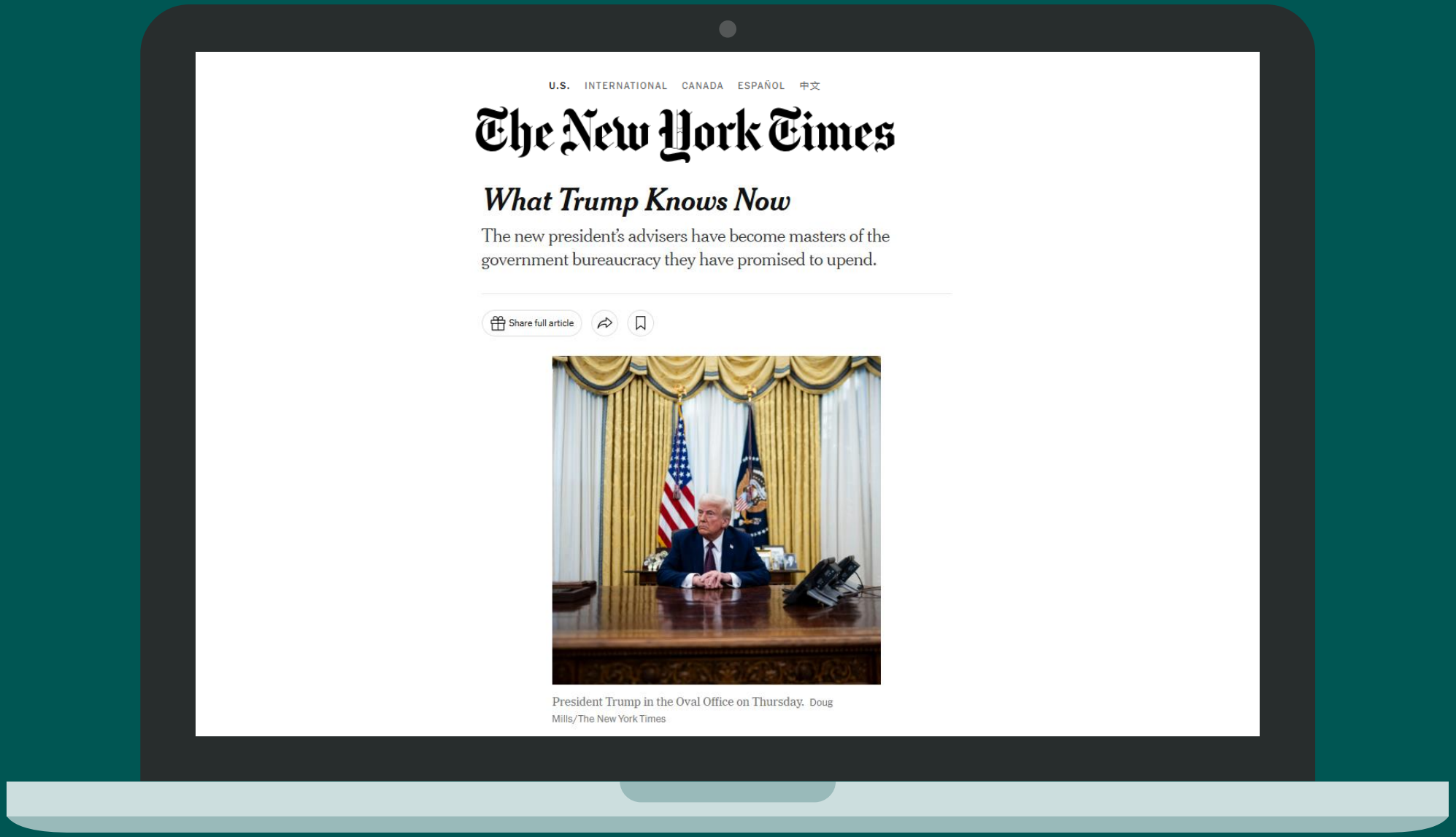
Legislative Update

Federal impacts to healthcare finance

March 13, 2025

© FinThrive, Inc. All Rights Reserved.

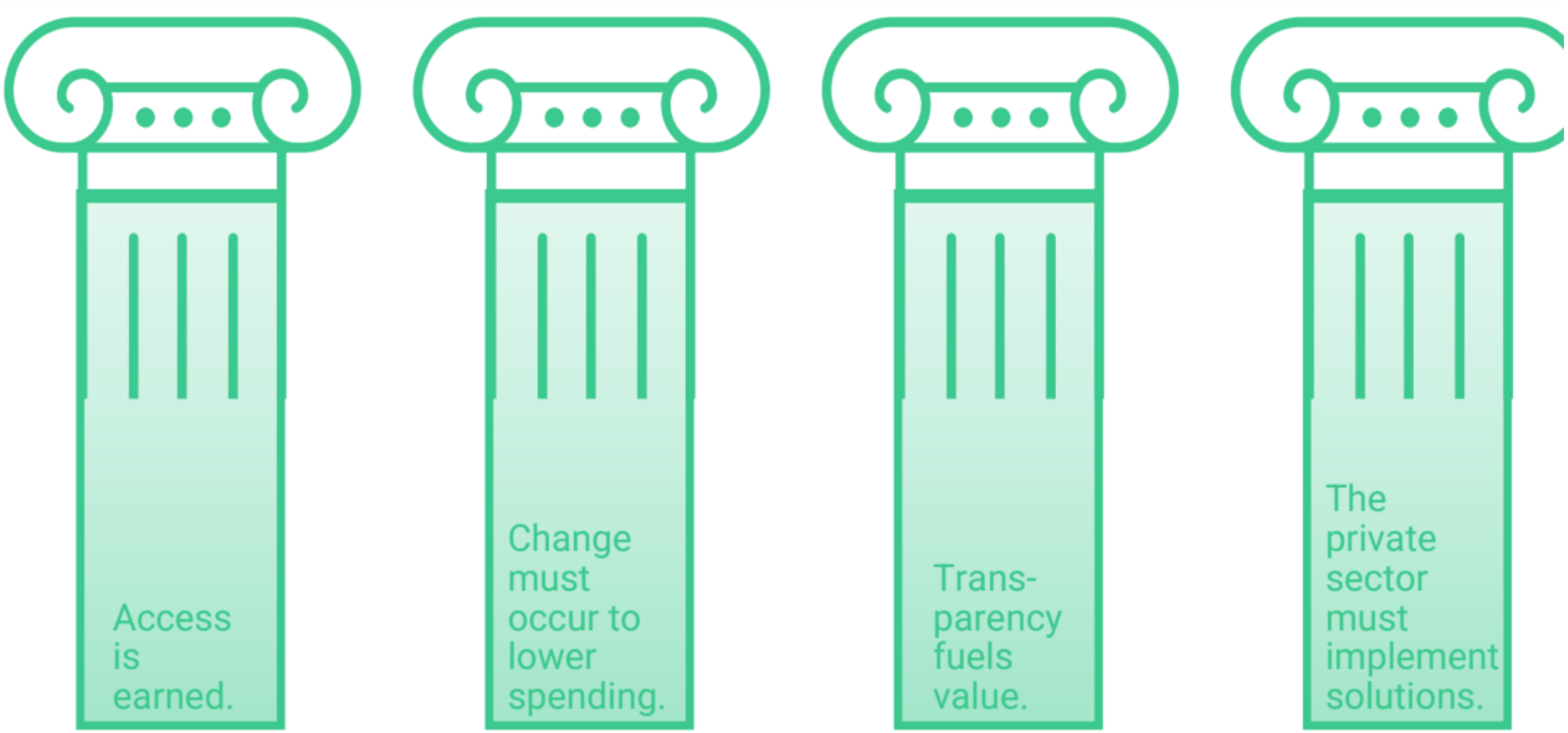
President Trump 2.0



© FinThrive, Inc. All Rights Reserved.

President Trump Healthcare Framework

Healthcare is transactional…



FinThrive

Source: THMA

© FinThrive, Inc. All Rights Reserved.

HHS and CMS

Robert F. Kennedy (RFK), Jr.
Health and Human Services (HHS) Secretary

Dr. Mehmet Oz
Centers for Medicare and Medicaid Services (CMS)
Nominee

FinThrive

© FinThrive, Inc. All Rights Reserved.

Key Congressional Healthcare Policy Leaders

House: Ways and Means

Jason Smith (R-MO), Chair, House Ways and Means Committee

Richard Neal (D-MA)
Ranking member

House Energy and Commerce

Brett Guthrie (R-KY), Chair, House Energy and Commerce

Buddy Carter (R-GA)
Subcommittee Chair

Frank Pallone (D-NJ)
Ranking Member

House Budget Committee

Jodey Arrington (R-TX), Chair House Budget Committee

Health Subcommittee

Diana DeGette (D-CO)
Ranking Member

Vern Buchanan (R-FL)

Lloyd Doggett (D-TX)

FinThrive

© FinThrive, Inc. All Rights Reserved.

Key Congressional Healthcare Policy Leaders

Senate: HELP Committee

U.S. SENATE COMMITTEE ON
Health, Education
Labor & Pensions

Bill Cassidy (R-LA), Chair, Health, Education, Labor and Pensions

Bernie Sanders (D-VT)
Ranking Member

Senate Budget Committee

UNITED STATES SENATE
COMMITTEE
ON THE
BUDGET

Sen. Lindsay Graham (R-SC), Chair Senate Budget Committee

Senate Finance Committee

UNITED STATES SENATE
COMMITTEE ON FINANCE

Mike Crapo (R-ID), Chair Senate Finance Committee

Ron Wyden (D-OR)
Ranking Member, SFC

FinThrive

© FinThrive, Inc. All Rights Reserved.

President Trump and the 119th Congress

Immigration

Taxes

Trade

Foreign Policy

Healthcare

Education

Housing

Climate

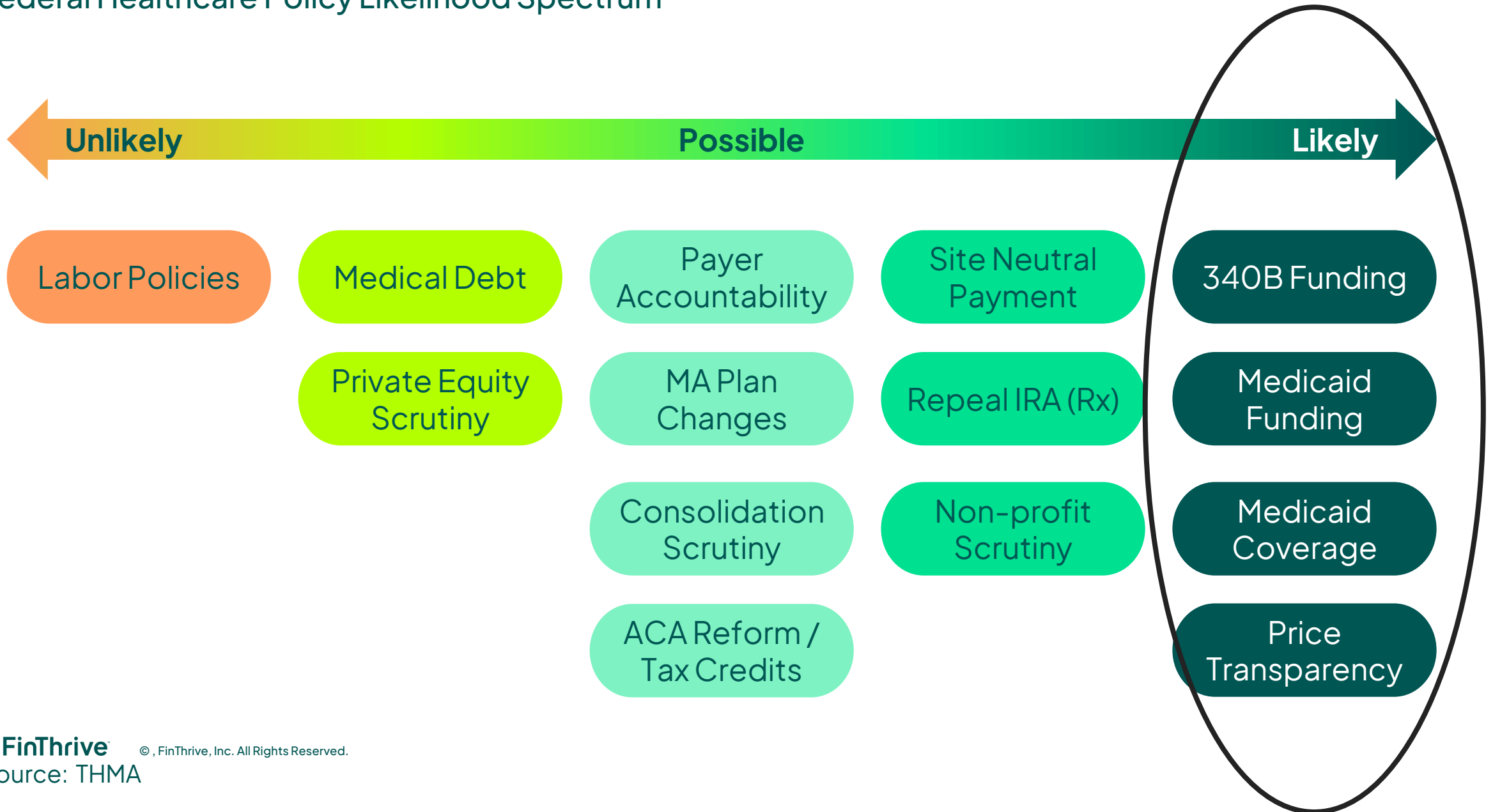
Expect healthcare policy proposals to ramp up more April 2025…

FinThrive

https://www.politico.com/news/2025/01/20/donald-trump-presidential-agenda-00198167

© FinThrive, Inc. All Rights Reserved.

Federal Healthcare Policy Likelihood Spectrum



FinThrive © , FinThrive, Inc. All Rights Reserved.

Source: THMA

KFF: Potential Health Policy Administrative Actions in the Second Trump Administration

Policy	Scope	Impacts

KFF: Potential Health Policy Administrative Actions in the Second Trump Administration

Policy	Scope	Impacts
ACA	• Price transparency enforcement • ACA HBE Marketplace Plan funding/reform • ACA consumer assistance/outreach • ACA waivers/private coverage • Short-term limited duration plans (STLD) • Associated Health Plans/GPO	• 24M members coverage risk • Premium increases with lack of subsidies • Increase in uncompensated care • Disruption in coverage / delays in care • Rising cost of care for providers and payer • $335B savings (10 Years) to Federal Budget
Medicaid	• Funding Allocation (Freeze grants, FMAP->Block) • Medicaid Savings Program (MSP) • Children Health Insurance Program (CHIP) • Enrollment/Eligibility/Access Rules • Section 1115 Waiver (work req't, Funding caps)	• 79M members coverage risk (incl CHIP/SSDI) • Budget reconciliation program reform/cuts • Reduced/delayed payments to providers • Disenrollment (income, eligibility, at work, etc.) • $631B savings (10 Years) to Federal Budget
Prescription Drugs	• Enhance domestic production of essential medications (WHO exit related) • Rx negotiations and pricing reform (IRA)	• Could lower or raise prescription drug "costs" • Increased access and coverage to drugs/therapies
Public Health	• Vaccine mandate reform • Water fluoridation removal • Rural Healthcare funding/reform	• Vaccine production and coverage reduced (not limited to COVID) • Rural healthcare access improve
Immigration Healthcare	• Deferred Action for Childhood Arrivals (DACA) • Deportations (Mental Health implications) • Birthright citizenship/coverage	• Disruption in coverage from disenrollment • Increase in uncompensated care • Higher mental health costs
Family Planning	• Title X funding prohibitions • ACA exclusions for abortions/OTC contraceptives	• Contraception/Abortion/RX utilization reduced • Increased births/OB utilization possible

https://www.kff.org/potential-health-policy-administrative-actions-in-the-second-trump-administration/

Medicaid impacts under new administration

Funding

- House Ways and Means evaluating **$2.3T** in cuts and policy changes
  - Block grants: Per capita cap to states (versus FMAP, matching)
  - Reducing FMAP
  - ACA reform: Reduction in ACA expansion, expanding work requirements, eligibility
- State directed payments (SDPs) could also negatively impact hospitals

Work requirements

- 13 states received Section 1115 waivers in President Trump's first term
- CBO (HR 2811)
  - 91% of members enrolled in Medicaid are working
  - Federal costs would decrease ($109B)
  - Uninsured would increase (600K, <1%)
  - Employment status of and hours worked by Medicaid recipients would be unchanged
  - State budget constrains/costs would increase ($70B)

FinThrive

https://www.cbo.gov/publication/59109#:~:text=2811%2C%20the%20Limit%2C%20Save%2C%20Grow%20Act%20of%202023.,and%20state%20costs%20would%20increase.
https://www.kff.org/medicaid/issue-brief/medicaid-what-to-watch-in-2025/ https://static01.nyt.com/newsgraphics/documenttools/28cb85c5ed1f6c52/44e83eb4-full.pdf

© FinThrive, Inc. All Rights Reserved.

ACA impacts under new administration

ACA HBE Tax Subsidies

- 2023 ACA subsidies were $1.8T
- ACA Health Benefit Exchange (HBE) subsidies set to expire by 2026 (IRA)
- Premium payments an average of 93% higher in 2024 without the credits

Impacts

- Net premium payments to increase by an average of 79% and more than doubling in some states
- $335B to retain subsides 2026-2035
- Medicaid funding could also be impacted through ACA reform and 1115 “waiver-land”
- Reform could lead to reduced/delayed payments to providers
- ACA / HBE / Medicaid disenrollment (income, eligibility, at work, preexisting conditions, etc.)
- $631B savings (10 Years) to Federal Budget

FinThrive

https://www.kff.org/quick-take/what-trumps-2024-victory-means-for-the-affordable-care-act/
https://www.kff.org/medicaid/issue-brief/medicaid-what-to-watch-in-2025/
https://static01.nyt.com/newsgraphics/documenttools/28cb85c5ed1f6c52/44e83eb4-full.pdf
https://www.modernhealthcare.com/politics-policy/aca-subsidies-trump-exchange-market

© FinThrive, Inc. All Rights Reserved.

ACA HBE “subsidy cliff”

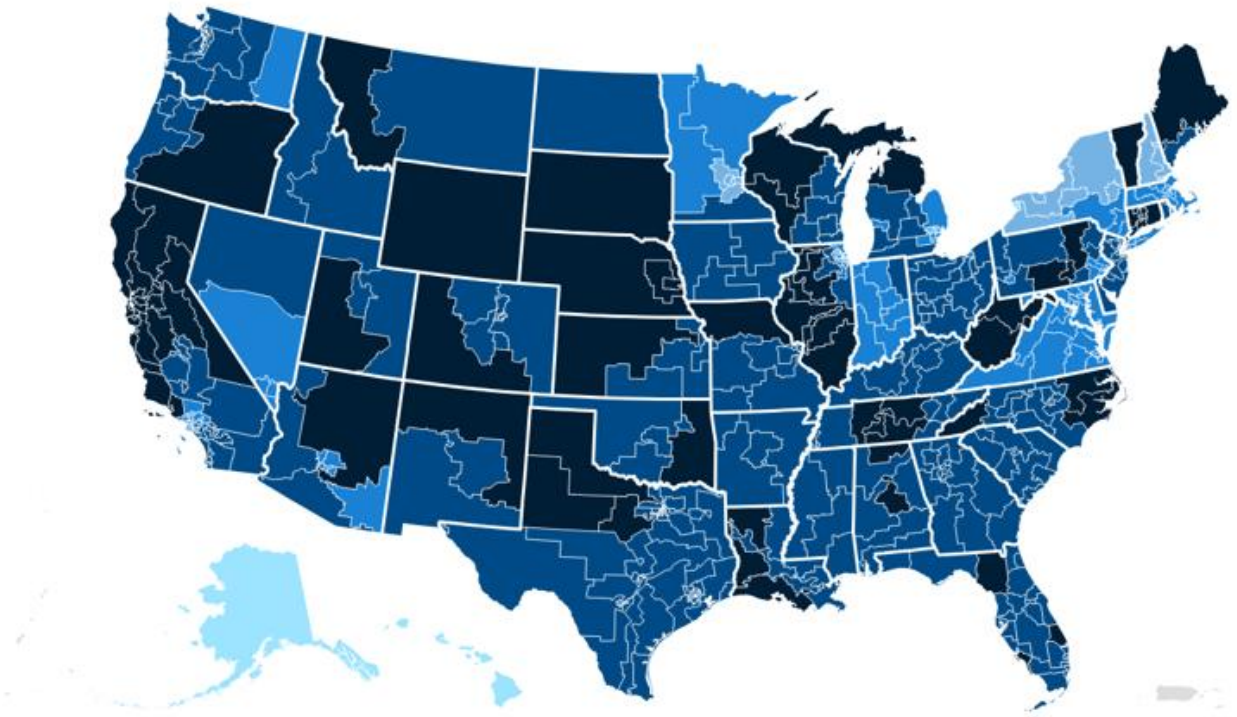
- Subsides Increase the amount of premium assistance lower-income ACA HBE Plan enrollees receive
- They have been newly eligible for financial assistance to buy health insurance
- These enhanced subsidies will **expire** at the end 2025 unless Congress further extends them and President Trump signs it into law
- If subsides expire, monthly premium payments for most enrollees will increase starting January 1, 2026

Premium Payments for Subsidized Enrollees Will Increase Nationwide if Enhanced ACA Subsidies Expire

Percent Increase in Average Monthly Premium Payments for Benchmark Silve. Plan Without Enhanced Subsidies, 60-Year Old Couple Making $82,000, 2025

Average | 60-Year Old Couple, $82,000 | 40-Year-Old, $31,000

< 100% | 100%–150% | 150%–200% | 200%–300% | ≥ 300%



https://www.kff.org/affordable-care-act/issue-brief/congressional-district-interactive-map-how-much-will-aca-premium-payments-rise-if-enhanced-subsidies-expire/

© FinThrive, Inc. All Rights Reserved.

ACA impacts under new administration (CONT)

Other impacts to the ACA

- Medicaid is the next largest source of federal spending (outside of Medicare and SSA)
- Medicaid and ACA prime targets for spending cuts
- Coverage restrictions (Family planning, high-cost therapies, et.al.)
- Removal of Special Enrollment Periods (SEPs)
- Medical debt protections may be impacted
- Disruption in coverage / delays in care
- Increase in uncompensated care
- Rising cost of care for providers and payer
- Shift to private market "coverage" from ACA – Adverse Selection:
  - Healthier Individuals: Likely to opt for less comprehensive, low-cost plans (STLD)
  - High-Risk Populations: Higher premiums as they absorb a disproportionate share of cost
  - Pre-Existing Conditions: High-risk pools potentially underfunded, resulting in restricted access and higher costs for those with complex medical needs

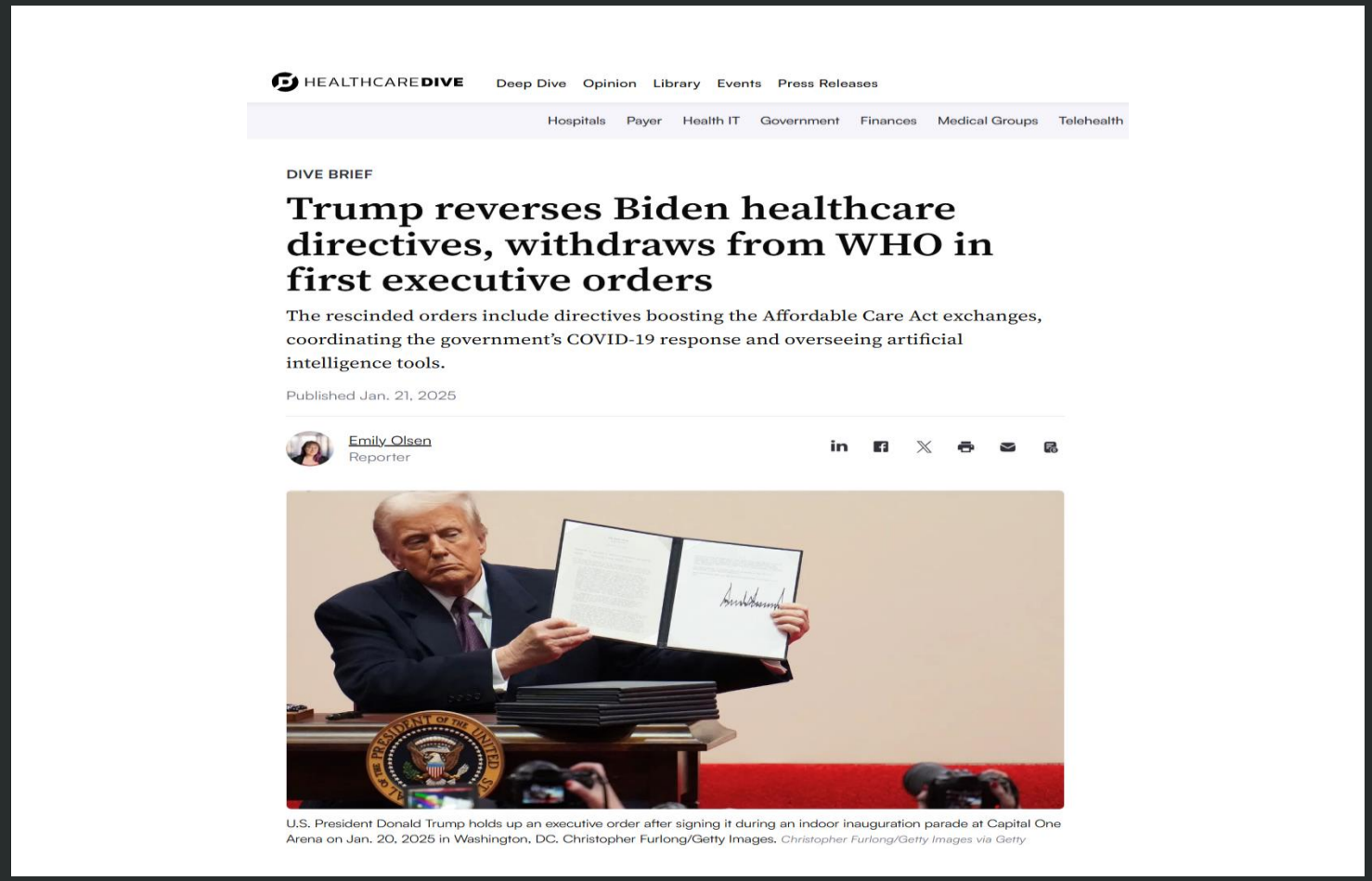
FinThrive

https://www.chiefhealthcareexecutive.com/view/how-donald-trump-s-return-affects-hospitals-medicaid-the-affordable-care-act-and-tariffs
https://www.frost.com/growth-opportunity-news/post-us-election-market-brief-the-impact-of-trump-2-0-on-the-affordable-care-act-tjstory-cim-sg/

© FinThrive, Inc. All Rights Reserved.

President Trump issues Executive Orders

- Reduced resources for COVID-19 pandemic
- WHO Exit
- Freezed grants
- Limited oversight AI
- Reduced resources for Affordable Care Act and exchanges



HEALTHCAREDIVE Deep Dive Opinion Library Events Press Releases

Hospitals Payer Health IT Government Finances Medical Groups Telehealth

DIVE BRIEF

Trump reverses Biden healthcare directives, withdraws from WHO in first executive orders

The rescinded orders include directives boosting the Affordable Care Act exchanges, coordinating the government's COVID-19 response and overseeing artificial intelligence tools.

Published Jan. 21, 2025

Emily Olsen
Reporter

U.S. President Donald Trump holds up an executive order after signing it during an indoor inauguration parade at Capital One Arena on Jan. 20, 2025 in Washington, DC. Christopher Furlong/Getty Images. *Christopher Furlong/Getty Images via Getty*

FinThrive © FinThrive, Inc. All Rights Reserved.

https://www.healthcaredive.com/news/trump-reverses-biden-healthcare-executive-orders-withdraws-world-health-organization/737838/?utm_source=Sailthru&utm_medium=email&utm_campaign=Newsletter%20Weekly%20Roundup:%20Healthcare%20Dive:%20Daily%20Dive%2001-25-2025&utm_term=Healthcare%20Dive%20Weekender

POTUS Executive Orders impacting healthcare

Executive Actions Facing No Legal Challenges (Yet)

Pause on All Outstanding Rulemaking
- CFPB[1] medical debt final rule effective date delayed; DEA[2] telehealth and OCR[3] HIPAA[4] proposed rules in limbo with comments currently due in March

World Health Organization
- Began process of US exit, limiting response to future public health threats

External Communications Pause
- HHS[5] reported some external communications are allowed; specifics remain unclear. Some communications (e.g., CDC[6]) resumed in early Feb.

Withdrew Biden-era Executive Orders (EOs)
- Revoked EOs related to strengthening Medicaid and the ACA[7], testing innovative payment models to reduce drug costs, and development of an AI regulatory framework

Executive Actions Facing Legal Challenges

Funding Freeze on Federal Assistance
- Withdrew memo after significant legal activity; administration's compliance and next steps remain to be seen

Youth Gender-Affirming Care
- Providers that offer gender-affirming care to people under age 19 may be at risk of federal and state repercussions

NIH[8] Administrative Payments
- Temporarily halted, but set 15% cap for indirect costs for research, limiting research institutions' capacity to conduct biomedical research

Deleted Certain Health Agency Webpages
- Providers secure temporary restraining order to restore access; argue health information is critical for research and patient care

Outstanding Priorities to Watch

DOGE[9]
- Investigating CMS[10] payments for fraud and targeting HHS for additional cuts

Make America Healthy Again
- RFK Jr. could use platform to spread vaccine safety skepticism; enhance chronic disease focus

Potential Cuts for Tax Bill
- Enhanced marketplace subsidies, Medicaid, tax-free status of interest on municipal bonds are potential offsets

Tariffs
- Some are delayed for now; could cause disruption/increased costs in supply chains

Antitrust Enforcement
- New FTC[11] chair presently appears focused on free speech issues

FinThrive

https://www.kaufmanhall.com/insights/blog/gist-weekly-february-14-2025

© FinThrive, Inc. All Rights Reserved.

MAHA

FinThrive © FinThrive, Inc. All Rights Reserved.

https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-establishes-the-make-america-healthy-again-commission/

Price Transparency Executive Order

The Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services shall take all necessary and appropriate action to rapidly implement and enforce the healthcare price transparency regulations issued pursuant to Executive Order 13877, including, within 90 days of the date of this order, action to:

(a) ***require the disclosure of the actual prices of items and services, not estimates;***

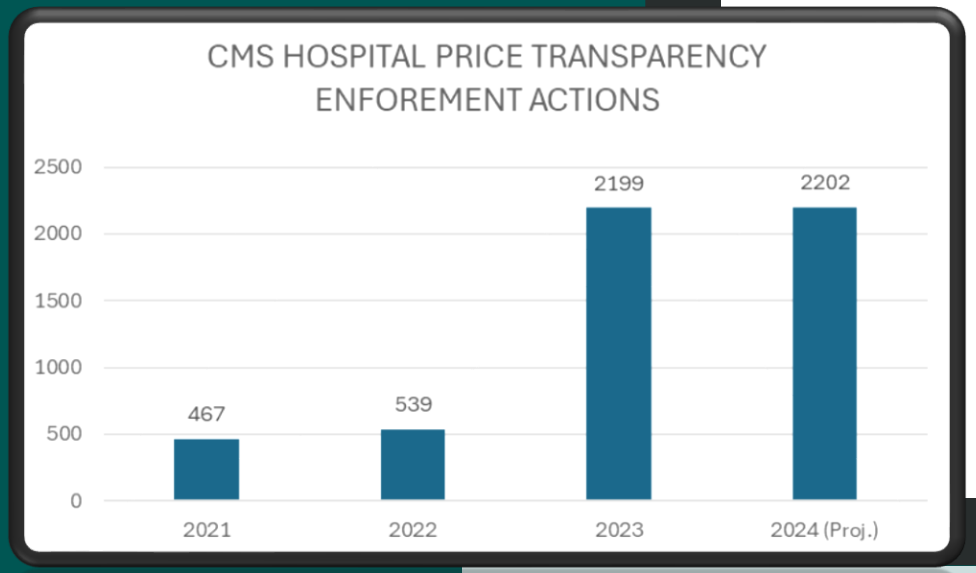
(b) issue updated guidance or proposed regulatory action ensuring pricing information is standardized and easily comparable across hospitals and health plans; and

(c) issue guidance or proposed regulatory action updating enforcement policies designed to ensure compliance with the transparent reporting of complete, accurate, and meaningful data.

© FinThrive, Inc. All Rights Reserved.

https://www.whitehouse.gov/fact-sheets/2025/02/fact-sheet-president-donald-j-trump-establishes-the-make-america-healthy-again-commission/

CMS enforcement of price transparency 4X since 2021



BECKER'S
Hospital CFO Report

Financial Management

2 more hospitals fined for price transparency violations in 2024

Andrew Cass - Tuesday, December 31st, 2024

Save Post Tweet Share Listen Text Size Print Email

CMS has fined two hospitals for alleged price transparency violations, according to a Dec. 30 update on its price transparency enforcement website.

Baytown (Texas) Medical Center was fined $50,711 for alleged violations and West Chase Houston Hospital was fined $44,251. Both fines were imposed Dec. 19, according to CMS records.

Both hospitals have 30 or fewer beds, according to their fine notices. Neither hospital immediately responded to a request for comment on Dec. 31.

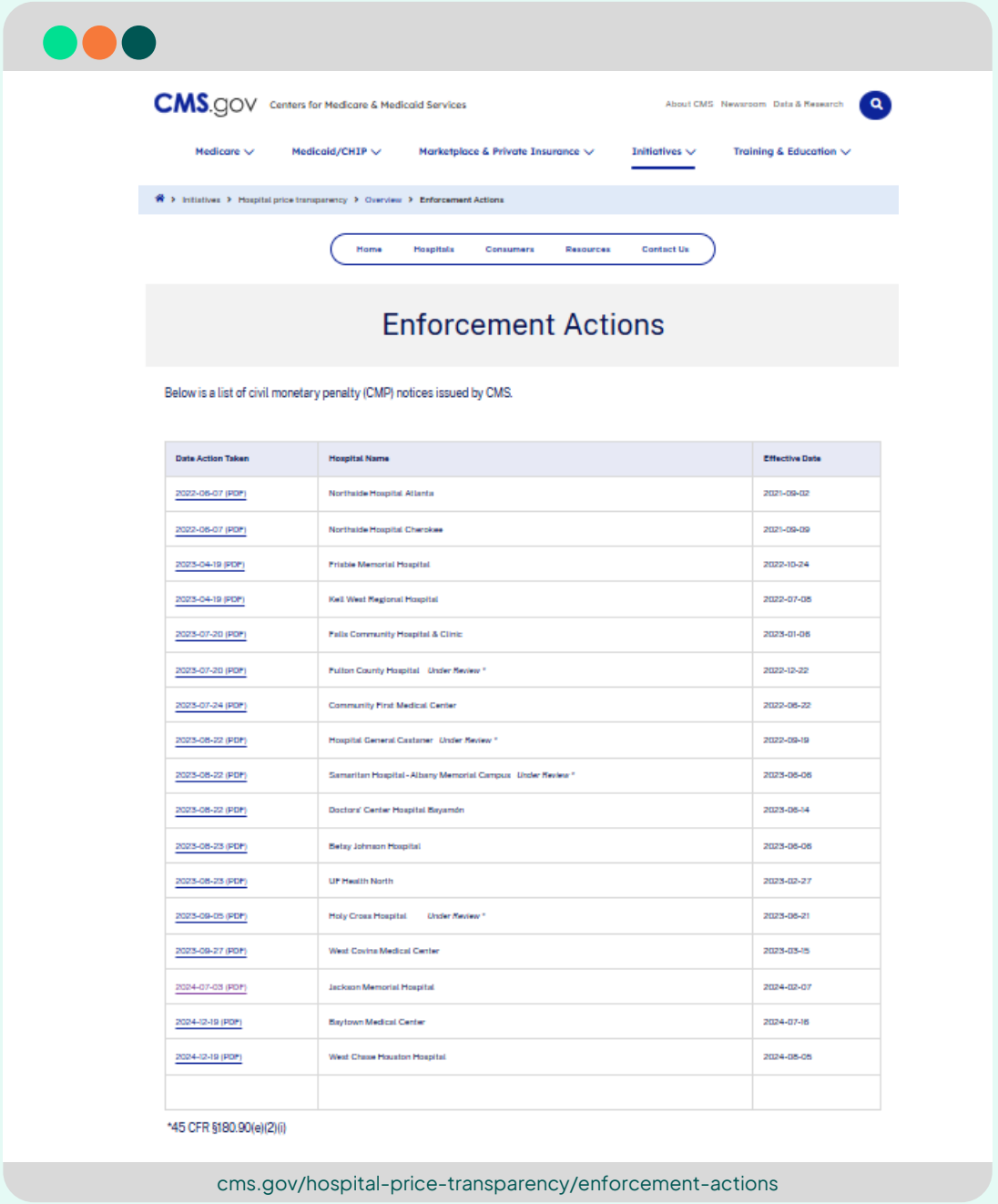
CMS fined three hospitals for price transparency violations in 2024, compared with 12 in 2023.

© FinThrive, Inc. All Rights Reserved.

CMS Price Transparency Sanctions

17 hospitals as of January 21, 2025

Transparency Resources



cms.gov/hospital-price-transparency/enforcement-actions

FinThrive

© FinThrive, Inc. All Rights Reserved.

DOGE:
Department of Governmental Efficiency

FinThrive © FinThrive, Inc. All Rights Reserved.

DOGE

- Major health agencies that are part of the Department of Health and Human Services (HHS) have already seen layoffs
- Include the Centers for Disease Control and Prevention (CDC), the Food and Drug Administration (FDA), the Centers for Medicare & Medicaid Services (CMS) and the National Institutes of Health (NIH)

https://www.statnews.com/2025/03/03/health-care-cms-doge-unitedhealth-medicare-advantage/

© FinThrive, Inc. All Rights Reserved.

DOGE Healthcare Impacts

*Keckley: The Trump-Musk predisposition toward the U.S. health system is **negative**: it is viewed as wasteful, self-serving and ripe for cuts and disruption.*

Programmatic "targets":

- Medicare and Medicaid payments
  - FWA focus
  - Enrollment/Eligibility Audits
  - Benefit and Payment Audits
  - DOGE gained access to CMS payment and contracting systems (Feb. ' 25)
- Veterans' Health Care Eligibility Reform Act of 1996, $119B/yr
- Paragon Institute – FMAP Floor ($500B in 10 years)
- 1,200+ programs that are no longer authorized but still receive appropriations
- Private Solutions for Public Problems: DC is out – silicon valley and others are in
- Medicare Advantage and Big Insurance: Medicare for all is out and Medicare Advantage for all is in.
- Healthcare Workforce modernization: Deep Seek enabled R1 large language reasoning models, AI application layers and expanded scope of practice is in and traditional training,
- Chronic care management 2.0: Technology-enabled self-care, nutrition, non-allopathic interventions and alternative health providers are in and traditional call-centers and medication management are out (for many). USA first supply chain: USA headquarters are in and off-shore is out.
- And others…

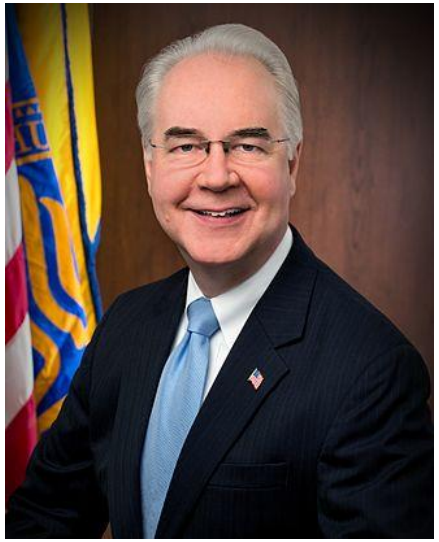
FinThrive

https://paulkeckley.com/the-keckley-report/2025/2/10/healthcare-is-a-prime-target-for-doge-how-to-prepare/

© FinThrive, Inc. All Rights Reserved.

Tom Price (HHS Secretary 2017) – perspective on President Trump, Congress and DOGE (12/17/25)

- Medicaid
  - Block grants and work requirement back on the table
  - Different coverage vehicles (HDHPs)
  - Line-item reimbursement specificity (DOGE)
  - Less federal, more state
- Medicare Advantage support
- Skinny Insurance Plans (STLPs)
- Government crack down on transparency
- "Transparency, competition, and choices will serve as the guiding light of the administration"
  - Transparency: Price (Provider and Payer)
  - Competition: Will lead to more efficiency and lower costs
  - Choice: Patients will select the mode of treatment
- Marry transparency audits with DOGE, AI, large datasets
- DOGE:
  - FWA
  - Will set tone and tenor of departmental agendas
  - Efficiency focus, cut costs/programs
- Labor (bipartisan)



Sen. Tom Price, (R GA) 2005-2017
Served as Representative in House 1996-2005
Former HHS Secretary 2017
Orthopedic Surgeon 1979-2002

FinThrive

https://www.healthcaredive.com/news/trump-administration-healthcare-priorities-tom-price-hhs-secretary/735633/

© FinThrive, Inc. All Rights Reserved.

Budget reconciliation 2025 playbook

Reconciled House committees

House committee	Over 10 years, deficits will:
Agriculture	↓ by at least $230B
Armed Services	↑ by up to $100B
Education and Workforce	↓ by at least $330B
Energy and Commerce	↓ by at least $880B
Financial Services	↓ by at least $1B
Homeland Security	↑ by up to $90B
Judiciary	↑ by up to $110B
Natural Resources	↓ by at least $1B
Oversight	↓ by at least $50B
Transportation and Infrastructure	↓ by at least $10B
Ways and Means*	**↑ by up to $4.5T**

Reconciled Senate committees

Senate committee	Over 10 years, deficits will:
Agriculture, Nutrition, and Forestry	↓ by at least $1B
Armed Services	↑ by up to $150B
Commerce, Science, and Transportation	↑ by up to $20B
Energy and Natural Resources	↓ by at least $1B
Environment and Public Works	↑ by up to $1B
Finance	↓ by at least $1B
Health, Education, Labor, and Pensions	↓ by at least $1B
Homeland Security and Governmental Affairs	↑ by up to $175B
Judiciary	↑ by up to $175B

FinThrive

https://www.americanprogress.org/article/budget-committee-republicans-are-moving-to-take-away-food-and-health-care-from-americans/

© FinThrive, Inc. All Rights Reserved.

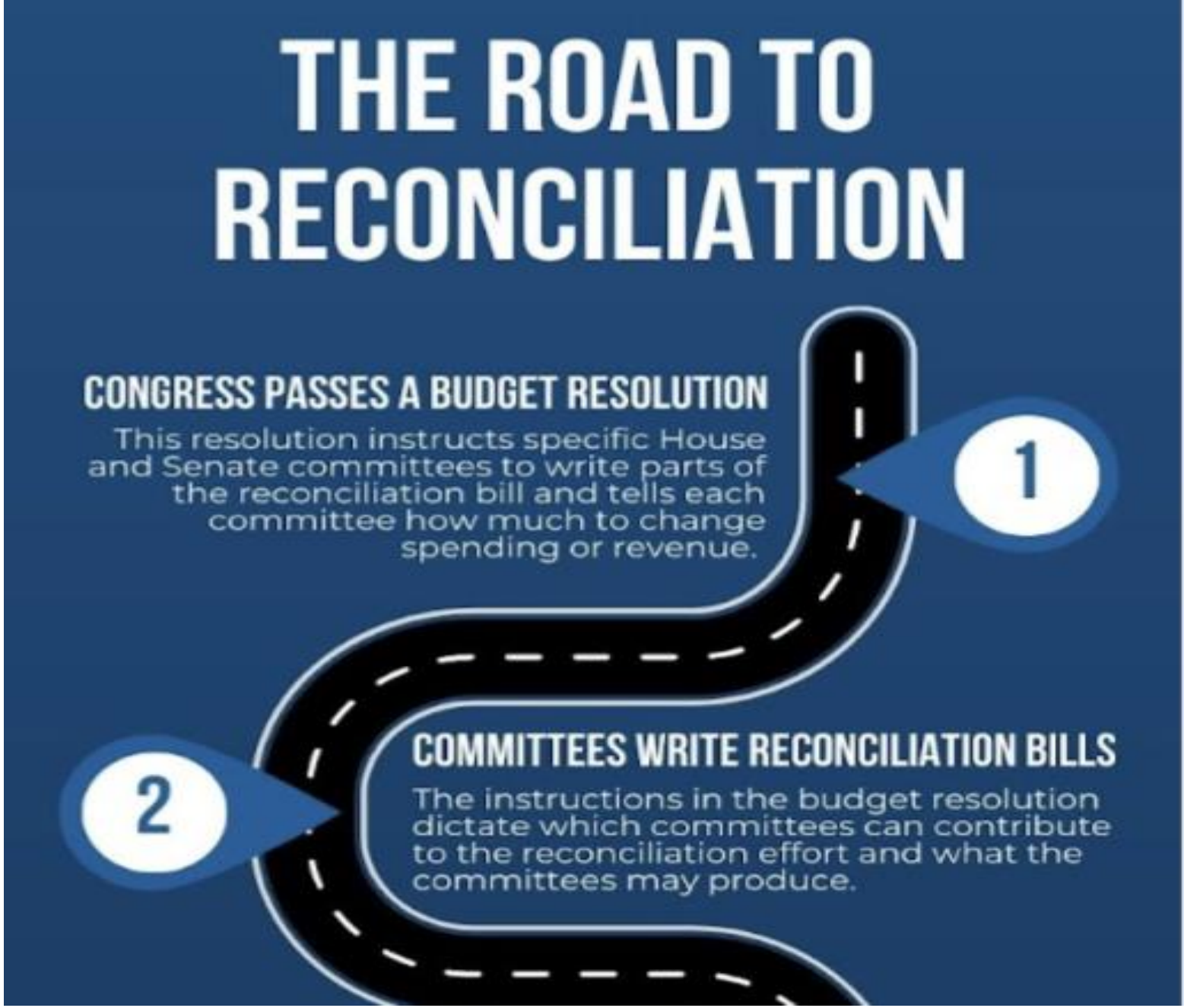
Budget reconciliation "basics"

- Special legislative process created as part of the Budget Act of 1974
- Intended to help lawmakers make the tax and mandatory spending changes
- Adopted by both chambers of Congress
- Sets cost or savings targets for Congressional committees, with instructions covering mandatory spending, revenue, or debt limit changes
- Committees identify specific policies to meet these goals in the form of a reconciliation bill
- A reconciliation bill is privileged in several ways, including a 20-hour limit on debate in the Senate
- Senate can pass a reconciliation bill by a **simple majority**, with the Vice President able to cast a tie-breaking vote, rather than needing 60 votes to end debate

FinThrive

© FinThrive, Inc. All Rights Reserved.

Budget Reconciliation

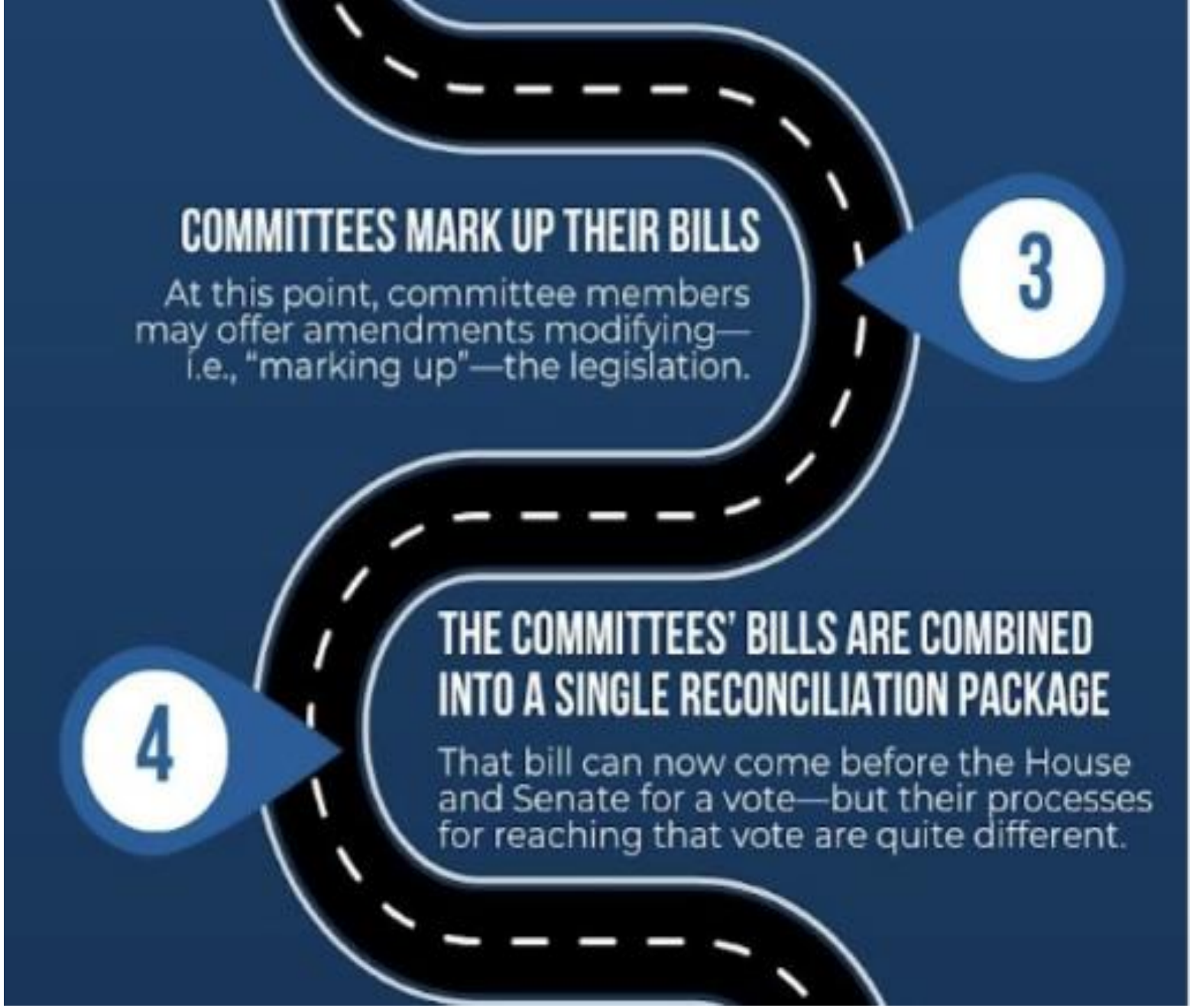


FinThrive

https://www.progressivecaucuscenter.org/the-basics-of-budget-reconciliation

© FinThrive, Inc. All Rights Reserved.

Budget Reconciliation

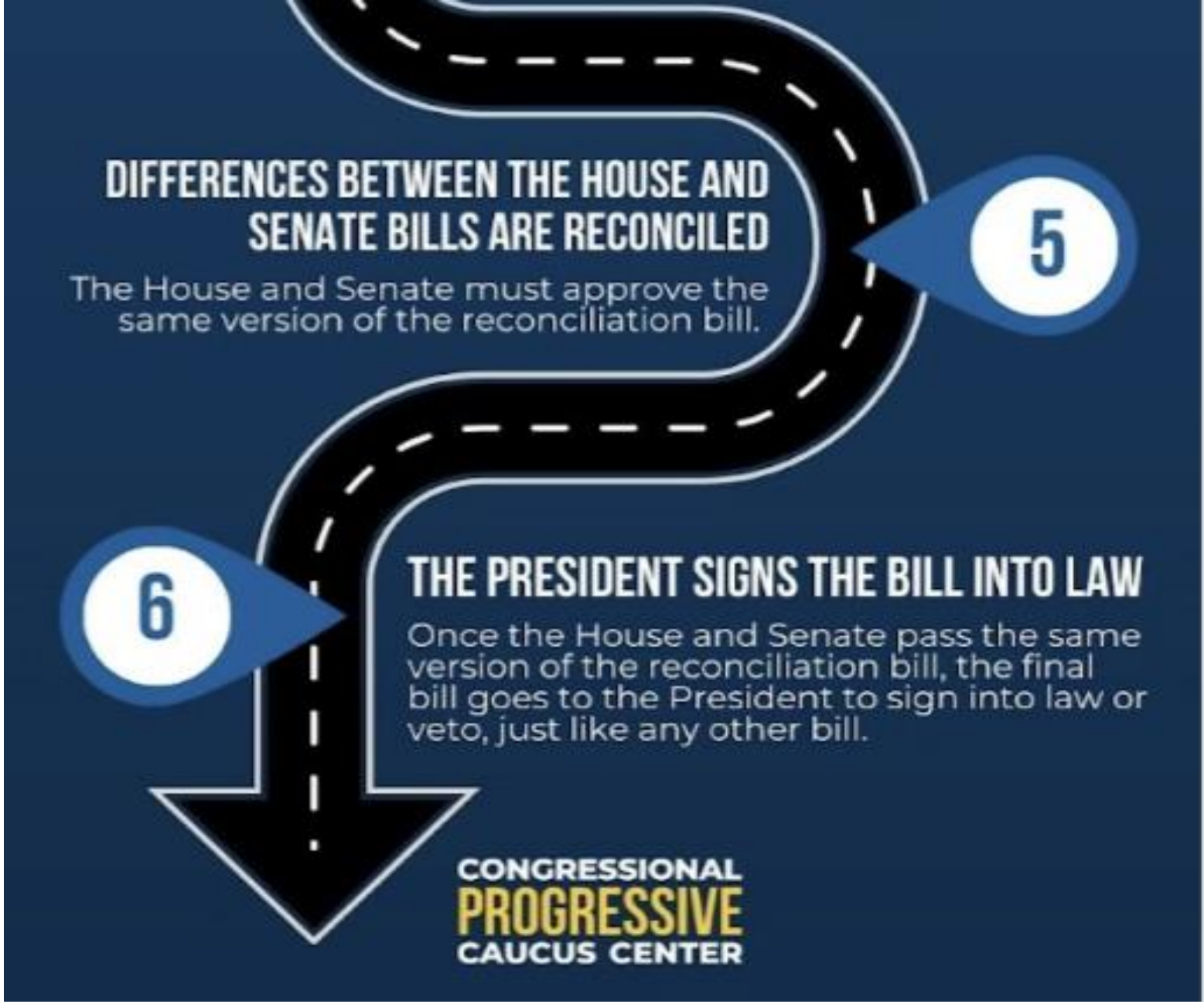


FinThrive

https://www.progressivecaucuscenter.org/the-basics-of-budget-reconciliation

© FinThrive, Inc. All Rights Reserved.

Budget Reconciliation



https://www.progressivecaucuscenter.org/the-basics-of-budget-reconciliation

© FinThrive, Inc. All Rights Reserved.

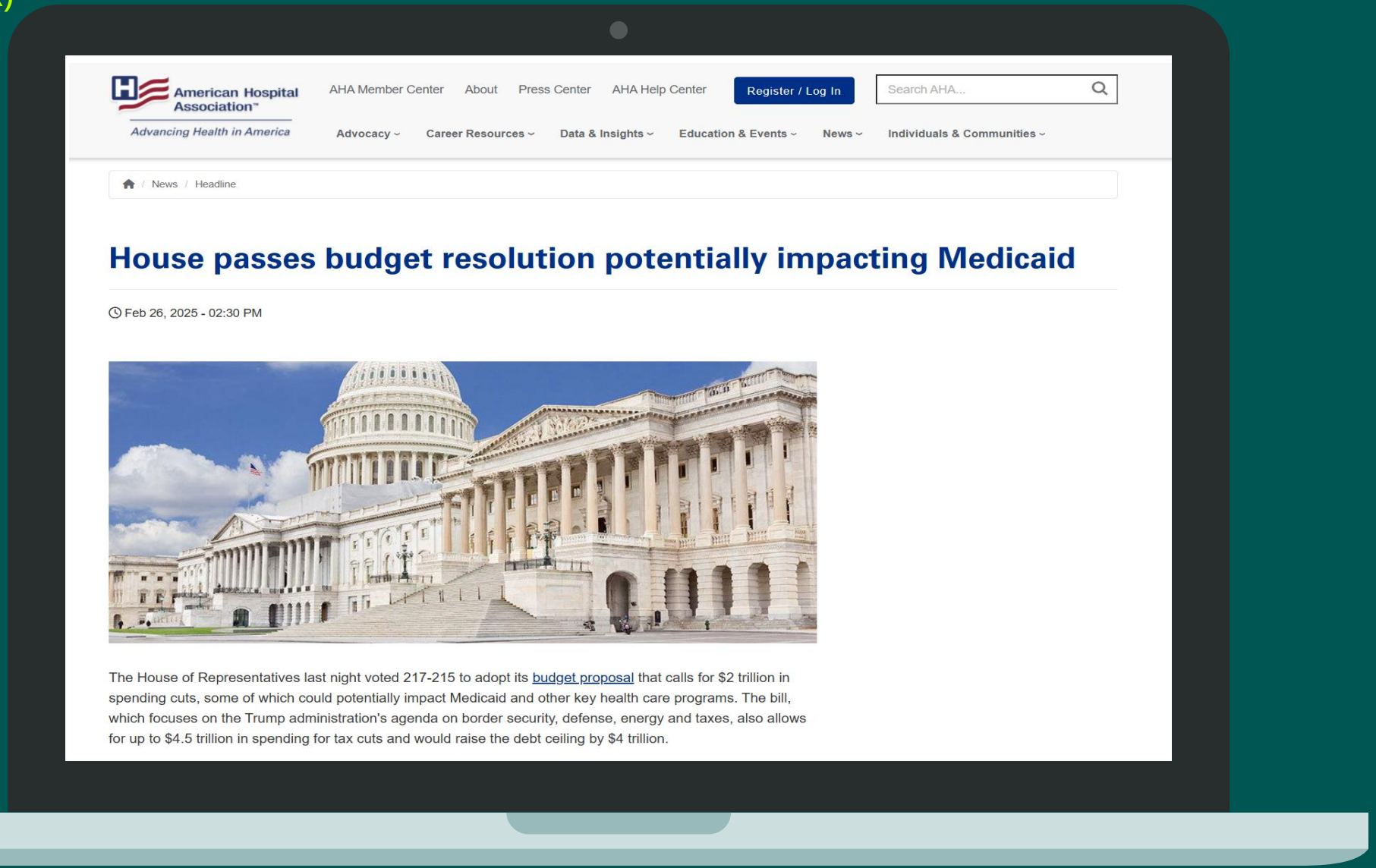
Rep. Jodey Arrington (R-TX)

House: Budget reconciliation bill

“Big beautiful bill”

Voted 217-215 to adopt its budget proposal that calls for $2 trillion in spending cuts, some of which could potentially impact Medicaid and other key health care programs

The bill, which focuses on the Trump administration's agenda on border security, defense, energy and taxes, also allows for up to $4.5 trillion in spending for tax cuts and would raise the debt ceiling by $4 trillion.



FinThrive

© FinThrive, Inc. All Rights Reserved.

https://www.aha.org/news/headline/2025-02-26-house-passes-budget-resolution-potentially-impacting-medicaid

Sen. Lindsay Graham (R-SC)

Senate: Budget Reconciliation bill

The U.S. Senate voted 52-48, after a 10-hour “vote-a-rama" session, to adopt a budget resolution for fiscal year 2025 focusing on the border, military and energy.

Authorizes roughly $340 billion in spending and be fully offset by corresponding spending cuts.

FinThrive © FinThrive, Inc. All Rights Reserved.

https://www.aha.org/news/headline/2025-02-21-senate-passes-budget-resolution-house-plans-vote-its-own-resolution-next-week

Healthcare elements of the congressional bills

HOUSE

- Won 217-215
- $2T cuts in federal spend:
  - Per capita (Block) cap - $880B
  - Medicaid (at work req't – 36M enrollees impacted)
  - SNAP (USDA TFP reform - 40M enrollees impacted)
  - Eliminate FMAP floor
  - ACA funding enhancement $670B
  - IRA

SENATE

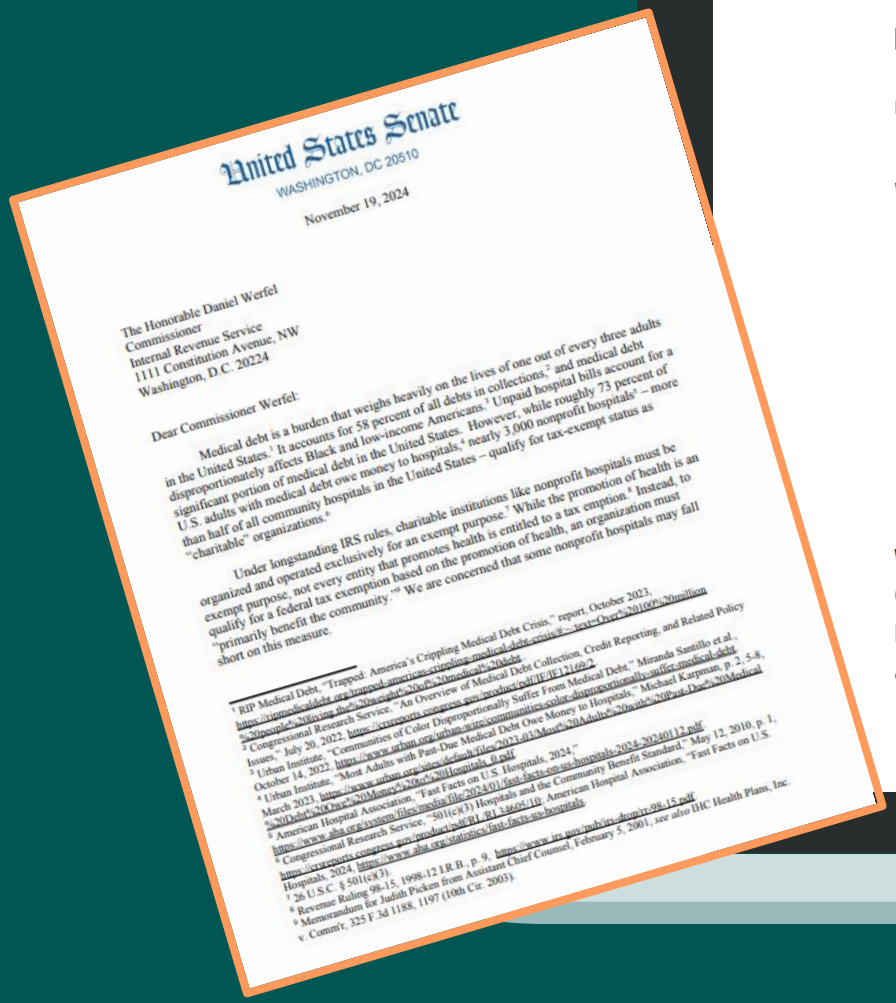
- Won 52-48
- Two track process:
  - First track **NOT** focused on healthcare, looking at immigration, energy, and military.
  - Gave subcommittees (HELP, Finance Committee), $1B targets (each) over 2 years
  - Second bill will be focused on tax cuts **(*** TCJA 2017 – NFP Status ***)**

FinThrive

https://www.cbpp.org/research/health/medicaid-work-requirements-could-put-36-million-people-at-risk-of-losing-health
https://www.cbpp.org/research/health/medicaid-per-capita-cap-would-harm-millions-of-people-by-forcing-deep-cuts-and

© FinThrive, Inc. All Rights Reserved.

Tax Exemption Scrutiny for NFP Hospitals



United States Senate
WASHINGTON, DC 20510

November 19, 2024

The Honorable Daniel Werfel
Commissioner
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

Dear Commissioner Werfel:

Medical debt is a burden that weighs heavily on the lives of one out of every three adults in the United States.[1] It accounts for 58 percent of all debts in collections;[2] and medical debt disproportionately affects Black and low-income Americans.[3] Unpaid hospital bills account for a significant portion of medical debt in the United States. However, while roughly 73 percent of U.S. adults with medical debt owe money to hospitals,[4] nearly 3,000 nonprofit hospitals[5] – more than half of all community hospitals in the United States – qualify for tax-exempt status as "charitable" organizations.[6]

Under longstanding IRS rules, charitable institutions like nonprofit hospitals must be organized and operated exclusively for an exempt purpose.[7] While the promotion of health is an exempt purpose, not every entity that promotes health is entitled to a tax emption.[8] Instead, to qualify for a federal tax exemption based on the promotion of health, an organization must "primarily benefit the community."[9] We are concerned that some nonprofit hospitals may fall short on this measure.

[1] RIP Medical Debt, "Trapped: America's Crippling Medical Debt Crisis," report, October 2023, https://ripmedicaldebt.org/trapped-americans-crippling-medical-debt-crisis/#:~:text=Over%201000%20million%20people%20living,the%20median%20household%20debt.

[2] Congressional Research Service, "An Overview of Medical Debt Collection, Credit Reporting, and Related Policy Issues," July 20, 2022, https://crsreports.congress.gov/product/pdf/IF/IF12169/2.

[3] Urban Institute, "Communities of Color Disproportionally Suffer From Medical Debt," Miranda Santillo et al., October 14, 2022, https://www.urban.org/urban-wire/communities-color-disproportionally-suffer-medical-debt.

[4] Urban Institute, "Most Adults with Past-Due Medical Debt Owe Money to Hospitals," Michael Karpman, p. 2, 5-8, March 2023, https://www.urban.org/sites/default/files/2023-03/Most%20Adults%20with%20Past-Due%20Medical%20Debt%20Owe%20Money%20to%20Hospitals_0.pdf.

[5] American Hospital Association, "Fast Facts on U.S. Hospitals, 2024," https://www.aha.org/system/files/media/file/2024/01/fast-facts-on-us-hospitals-2024-202401.pdf.

[6] Congressional Research Service, "501(c)(3) Hospitals and the Community Benefit Standard," May 12, 2010, p. 1, https://crsreports.congress.gov/product/pdf/RL/RL33650/10; American Hospital Association, "Fast Facts on U.S. Hospitals, 2024, https://www.aha.org/statistics/fast-facts-us-hospitals.

[7] 26 U.S.C. § 501(c)(3).

[8] Revenue Ruling 98-15, 1998-12 I.R.B., p. 9, https://www.irs.gov/pub/irs-drop/rr-98-15.pdf.

[9] Memorandum for Judith Picken from Assistant Chief Counsel, February 5, 2001; *see also* IHC Health Plans, Inc. v. Comm'r, 325 F.3d 1188, 1197 (10th Cir. 2003).

ELIZABETH WARREN

ABOUT CONTACT SERVICES OVERSIGHT LEGISLATION NEWSROOM ESPAÑOL

NEWSROOM / PRESS RELEASES

Select Language

NOVEMBER 20, 2024

Warren, Grassley Pressure IRS To Crack Down on Nonprofit Hospitals Taking Advantage of Tax Code

Many Hospitals Are Not Fulfilling Their Charitable Mission

Over 1,900 non-profit hospitals received $25.7 billion more in tax breaks than they give back to their community.

Text of Letter (PDF)

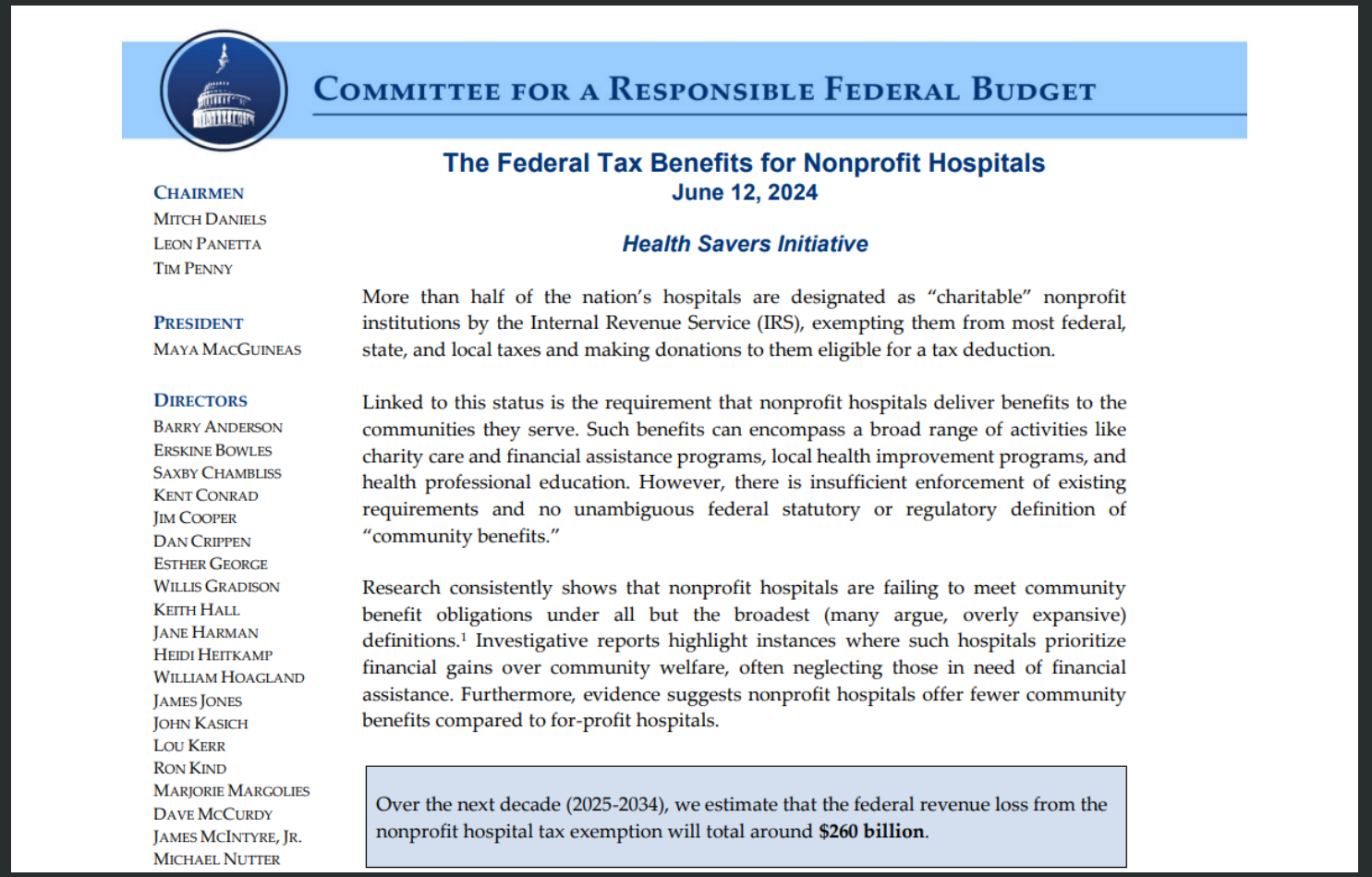
Washington, D.C. - U.S. Senator Elizabeth Warren (D-Mass.) and Senator Chuck Grassley (R-Iowa), members of the Senate Finance Committee, sent a letter to IRS Commissioner Danny Werfel urging him to strengthen and enforce tax code regulations on nonprofit hospitals, which are still taking advantage of their nonprofit status to pay little to nothing in taxes while failing to provide adequate charity and community care to their communities.

https://www.warren.senate.gov/imo/media/doc/letter_to_irs_on_nonprofit_hospitals1.pdf

FinThrive © FinThrive, Inc. All Rights Reserved.

Tax Exemption Scrutiny for NFP Hospitals

"Over the next decade federal revenue loss from the NFP hospital tax exemption will total around **$260 billion**…based on current tax rates and deducted charitable contributions… assumes full extension of the expiring parts of the 2017 Tax Cuts and Jobs Act (TCJA).
The cost would likely be higher under current law and could differ in other ways depending on the tax reforms and **modifications enacted as part of a possible 2025 tax bill**…"



COMMITTEE FOR A RESPONSIBLE FEDERAL BUDGET

The Federal Tax Benefits for Nonprofit Hospitals
June 12, 2024

Health Savers Initiative

CHAIRMEN
MITCH DANIELS
LEON PANETTA
TIM PENNY

PRESIDENT
MAYA MACGUINEAS

DIRECTORS
BARRY ANDERSON
ERSKINE BOWLES
SAXBY CHAMBLISS
KENT CONRAD
JIM COOPER
DAN CRIPPEN
ESTHER GEORGE
WILLIS GRADISON
KEITH HALL
JANE HARMAN
HEIDI HEITKAMP
WILLIAM HOAGLAND
JAMES JONES
JOHN KASICH
LOU KERR
RON KIND
MARJORIE MARGOLIES
DAVE MCCURDY
JAMES MCINTYRE, JR.
MICHAEL NUTTER

More than half of the nation's hospitals are designated as "charitable" nonprofit institutions by the Internal Revenue Service (IRS), exempting them from most federal, state, and local taxes and making donations to them eligible for a tax deduction.

Linked to this status is the requirement that nonprofit hospitals deliver benefits to the communities they serve. Such benefits can encompass a broad range of activities like charity care and financial assistance programs, local health improvement programs, and health professional education. However, there is insufficient enforcement of existing requirements and no unambiguous federal statutory or regulatory definition of "community benefits."

Research consistently shows that nonprofit hospitals are failing to meet community benefit obligations under all but the broadest (many argue, overly expansive) definitions.[1] Investigative reports highlight instances where such hospitals prioritize financial gains over community welfare, often neglecting those in need of financial assistance. Furthermore, evidence suggests nonprofit hospitals offer fewer community benefits compared to for-profit hospitals.

Over the next decade (2025-2034), we estimate that the federal revenue loss from the nonprofit hospital tax exemption will total around **$260 billion**.

© FinThrive, Inc. All Rights Reserved.

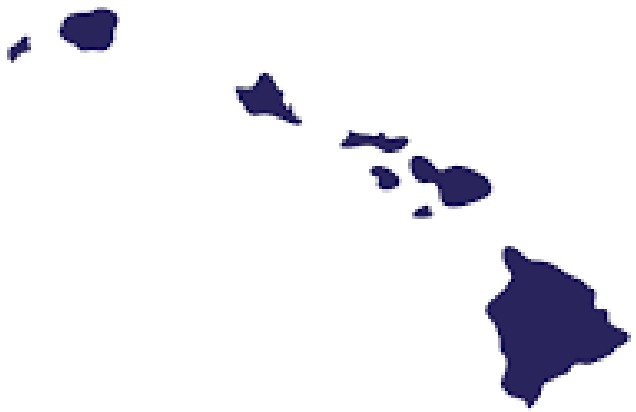
https://www.crfb.org/sites/default/files/media/documents/HSI_Nonprofit_Tax.pdf

Federal Impacts to State of Hawaii Healthcare

FinThrive

© FinThrive, Inc. All Rights Reserved.

Hawaii healthcare

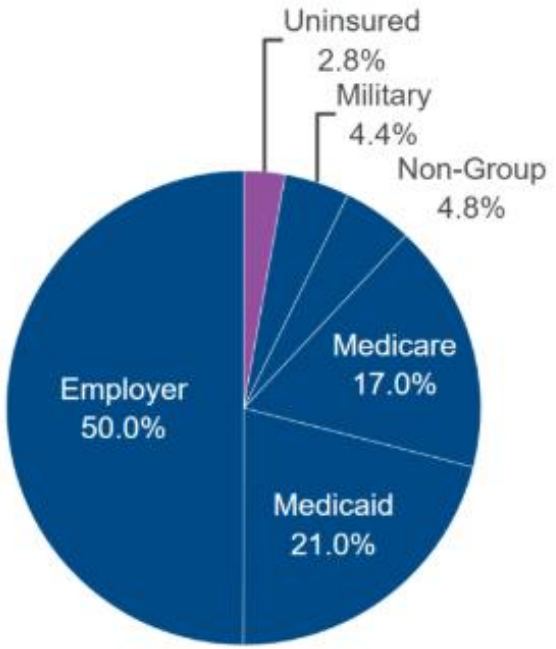


Health Coverage and Costs

In Hawaii, there were 38,400 uninsured people in 2023. That's 2.8% of the state's population compared to 8.0% of the U.S. population being uninsured.

Figure 1

Health Insurance Coverage of the Total Population



KFF

© FinThrive, Inc. All Rights Reserved.

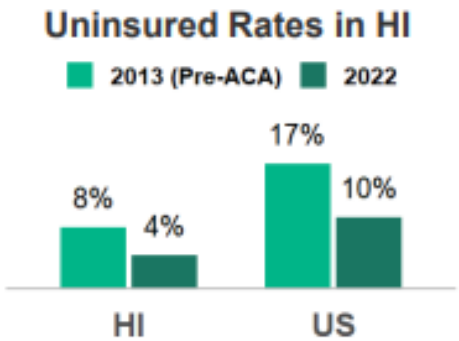
MEDICAID IN HAWAII

August 2024

443,802 enrolled in HI Medicaid

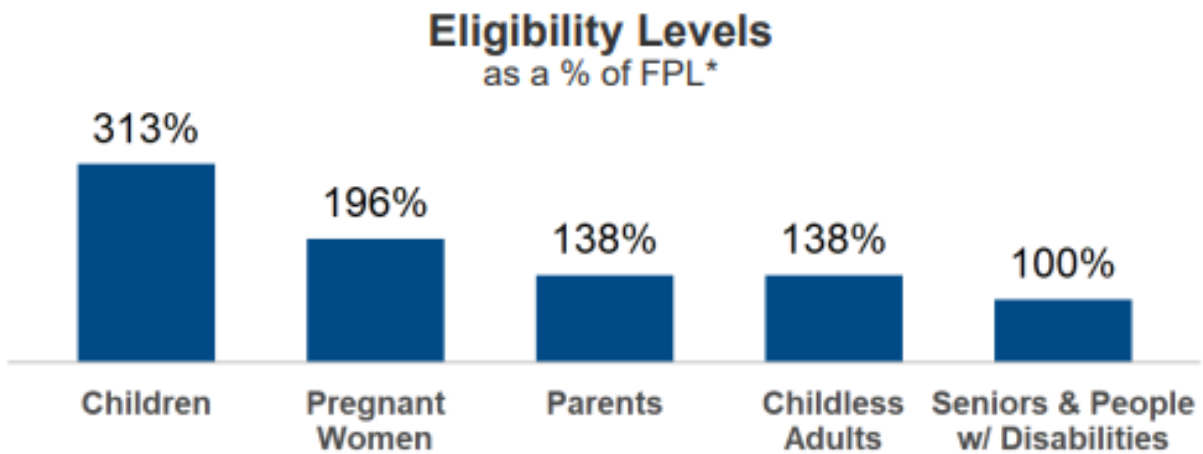
23% of HI population is low-income (<200% FPL*)

20% of HI population is covered by Medicaid/CHIP



HI Expansion Status:
Adopted

Adults in Expansion Group:
184,000



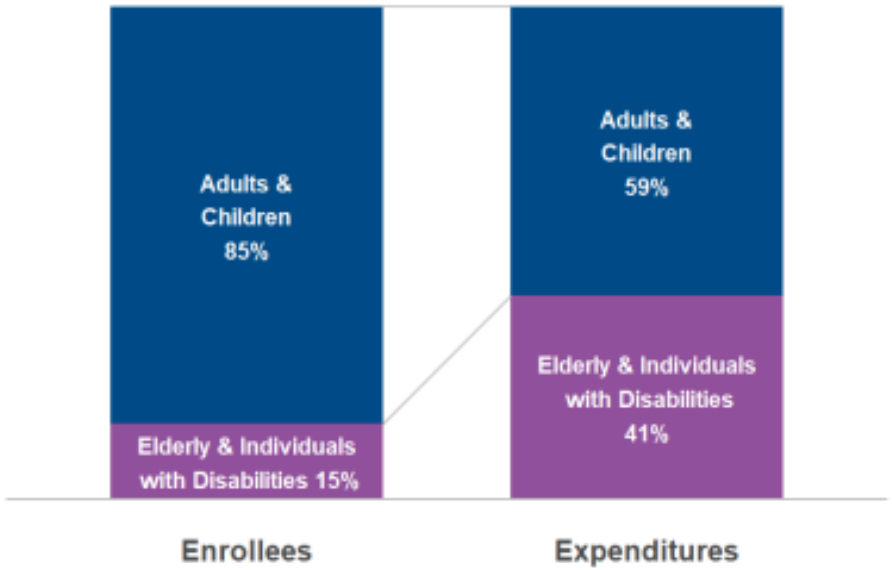
***100% of Federal Poverty Level (FPL):** $25,820 for a family of three; $15,060 for an individual

FinThrive

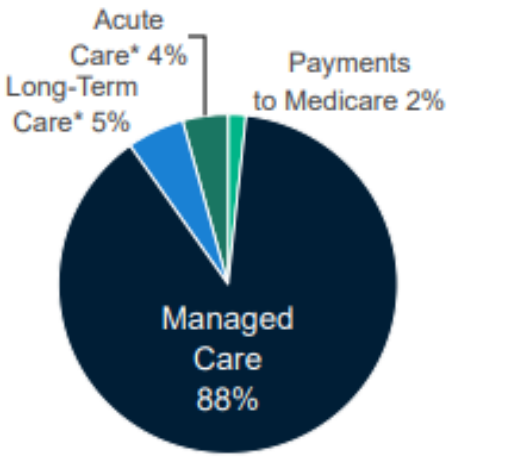
https://files.kff.org/attachment/fact-sheet-medicaid-state-HI

© FinThrive, Inc. All Rights Reserved.

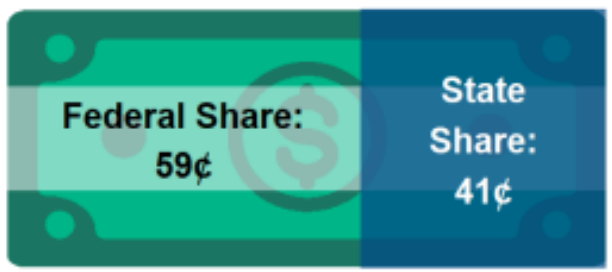
Medicaid Enrollees & Expenditures in HI



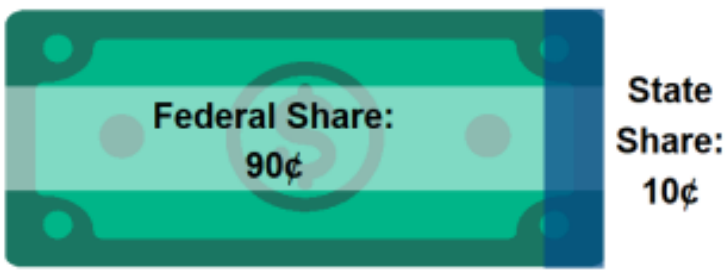
Total HI Medicaid Spending by Service: $3 billion



In HI, the federal government pays **59%** of the cost of traditional Medicaid.



The federal government pays **90%** of the cost of the Medicaid expansion.



FinThrive

https://files.kff.org/attachment/fact-sheet-medicaid-state-HI

© FinThrive, Inc. All Rights Reserved.

Medicaid ACA Expansion Impacts
Hawaii

Changes in Medicaid Spending and Enrollment Due to Eliminating the ACA Expansion Match Rate by State

Estimated percent change in Medicaid enrollment (FY 2034) and spending (FY 2025 - FY 2034) under two illustrative scenarios

Scenario 1: All expansion states pick up new expansion costs

Scenario 2: All states drop the ACA Medicaid expansion

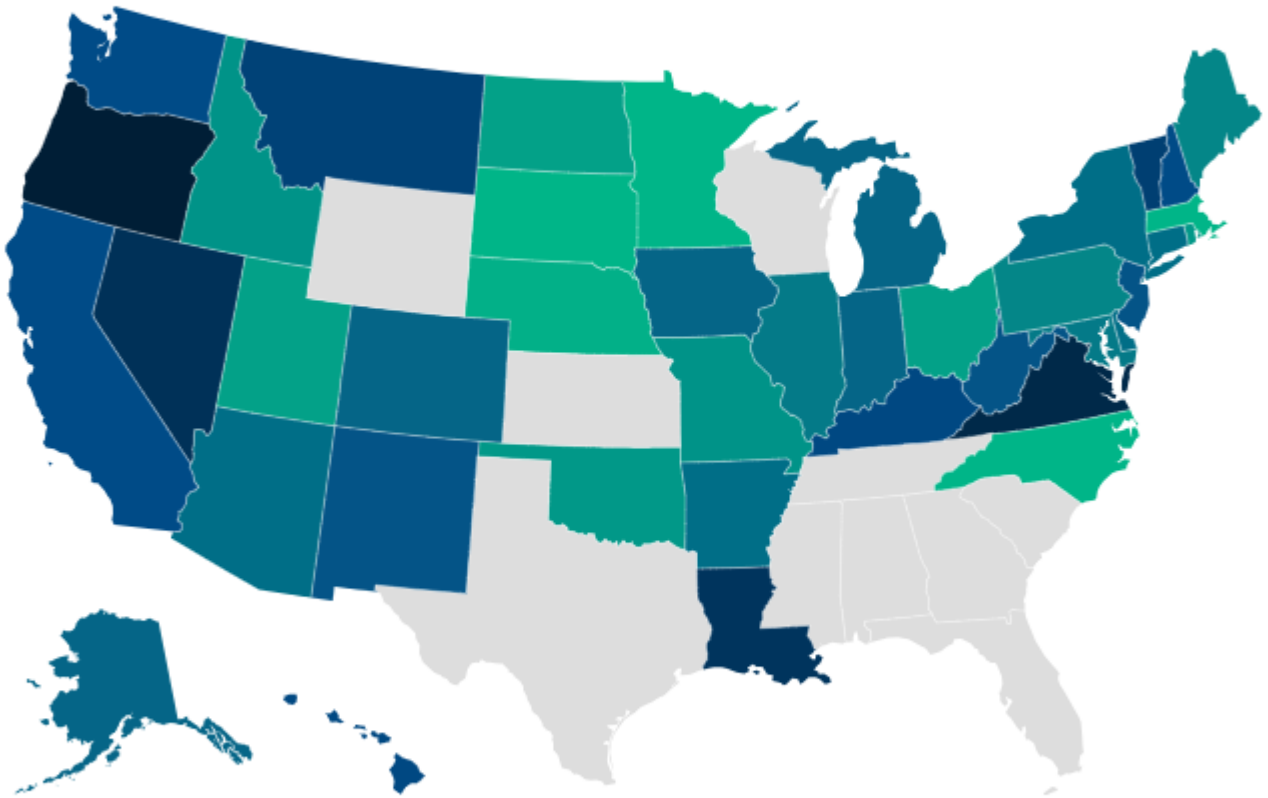
State	Expansion Status	Total Spending Changes	Federal Spending Changes	State Spending Changes	Enrollment Changes	Enrollment Changes (%)
Hawaii	Yes	-	−3.2B	3.2B	-	-
Hawaii	Yes	−10.4B	−9.4B	−1B	−156K	−34%

Eliminating the ACA Expansion Match Rate Could Reduce Total Medicaid Enrollment By 19% to 49% Across Expansion States

Estimated percent decline in Medicaid enrollment (FY 2034) if current expansion states dropped the expansion

Percent Change | Number of Enrollees

19% 49%



Note: *State has law requiring termination of the expansion if the share of federal funding drops. **State required to take some action to mitigate the fiscal impact of the loss of federal funds

Source: KFF analysis of Medicaid enrollment and spending data from various sources. See Methods of "Eliminating the Medicaid Expansion Federal Match Rate: State-by-State Estimates " for more information about projections and assumptions. • Get the data • Download PNG

FinThrive

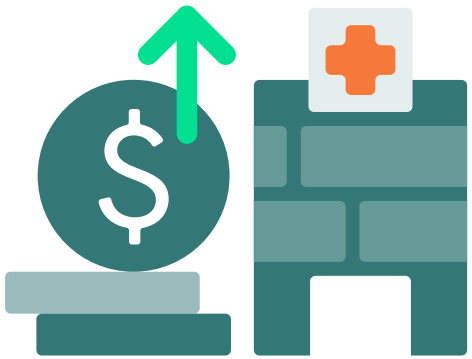
KFF

© FinThrive, Inc. All Rights Reserved.

Vision 2028

HAH Strategic Plan 2025-2028

Healthcare Association of Hawaii



FinThrive

HAH Strategic Plan 2025-2028

Healthcare Association of Hawaii
THE LEADING VOICE OF HEALTHCARE SINCE 1939

Mission: To be Hawai'i's leading advocate for a comprehensive, resilient, and financially stable healthcare system through visionary thought leadership, transformative collaboration, and broad representation.

Vision: A healthy Hawai'i where every person has access to high-quality healthcare services when they need it, where they need it, in the right setting.

View 2028: HAH is a trusted agent that fosters broad industry collaboration, advocates for equitable public policy, and identifies innovative solutions to member challenges to improve and sustain Hawai'i's healthcare system.

STRATEGIC PILLARS:

Transform Our System Of Care Delivery

Innovate solutions to the biggest issues confronting delivery of healthcare for all Hawai'i residents.

Goals

1. Collaborate to improve transitions of care.
2. Work collaboratively to effectively address workforce shortages facing healthcare providers.
3. Collaborate with members to develop guiding principles for transformation of healthcare delivery system that moves away from transactional delivery of care toward a model that supports our members' vision for what's possible.

A Trusted, Unifying Voice

Use our strong advocacy platform to educate and create support for HAH members' systems of care with a focus on equity, quality, access, and sustainability.

Goals

1. Collaborate with federal and state partners to reduce health disparities, promote access to care, and strengthen the financial sustainability of members.
2. Monitor, screen, analyze, and disseminate policy and regulatory information to members and key stakeholders regularly.
3. Strengthen access to comprehensive and appropriate healthcare services in rural communities.

Demonstrates Value

Serve as trusted convener and advisor to bridge divides, solve problems, ensure sufficient funding, deploy accurate information and data, and proactively navigate future challenges.

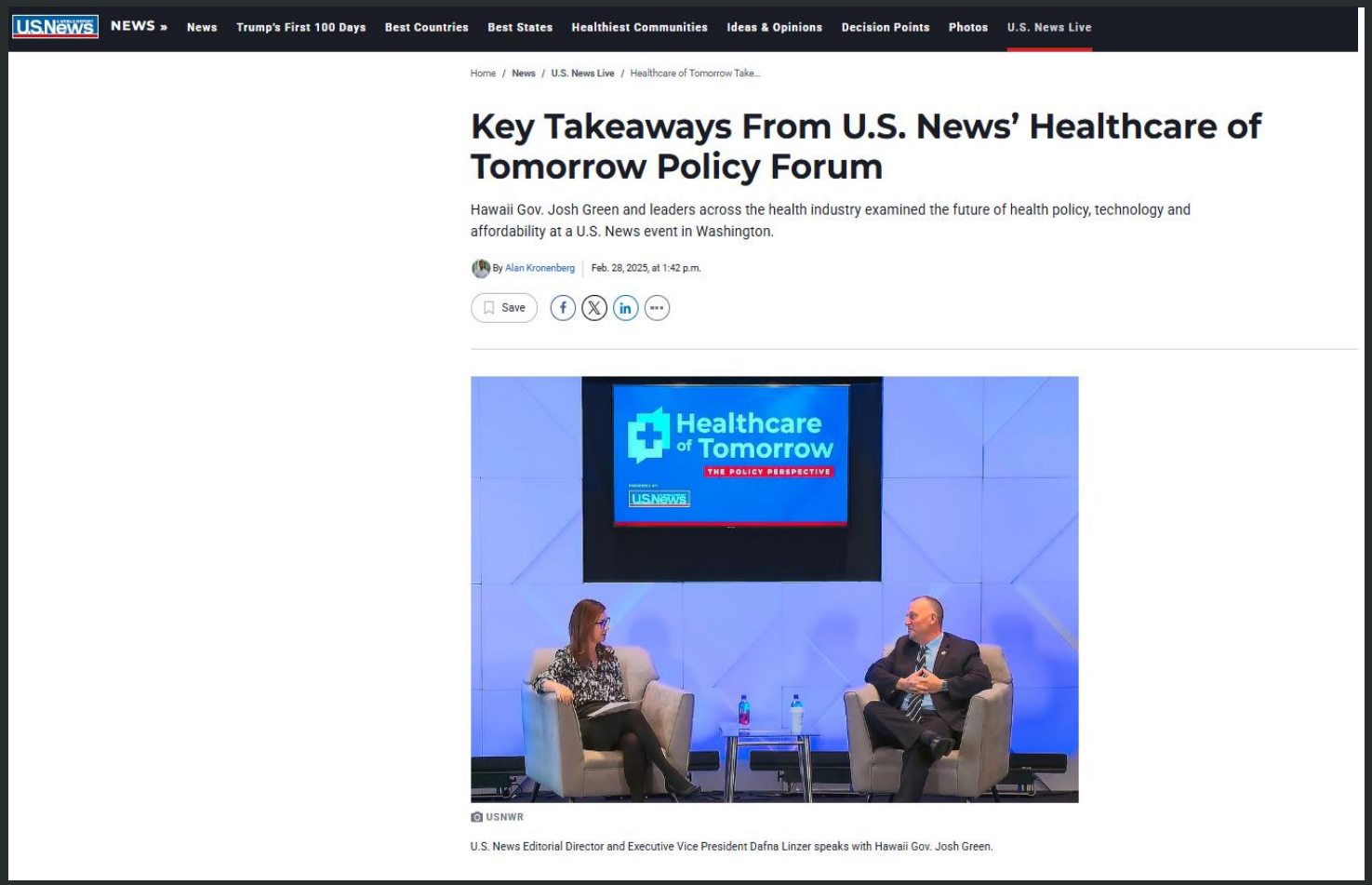
Goals

1. Maximize funding for healthcare providers from state and federal sources.
2. Provide education opportunities for members and adapt delivery of programs based on member needs.
3. Leverage power of the Association for convenings, as appropriate, with regulators, legislators, payors, providers, educators, businesses and other community partners.

Hawaii Gov. Josh Green

"Deeply concerned about cuts to federal funding that could affect Medicare and Medicaid coverage for their residents or important medical research…

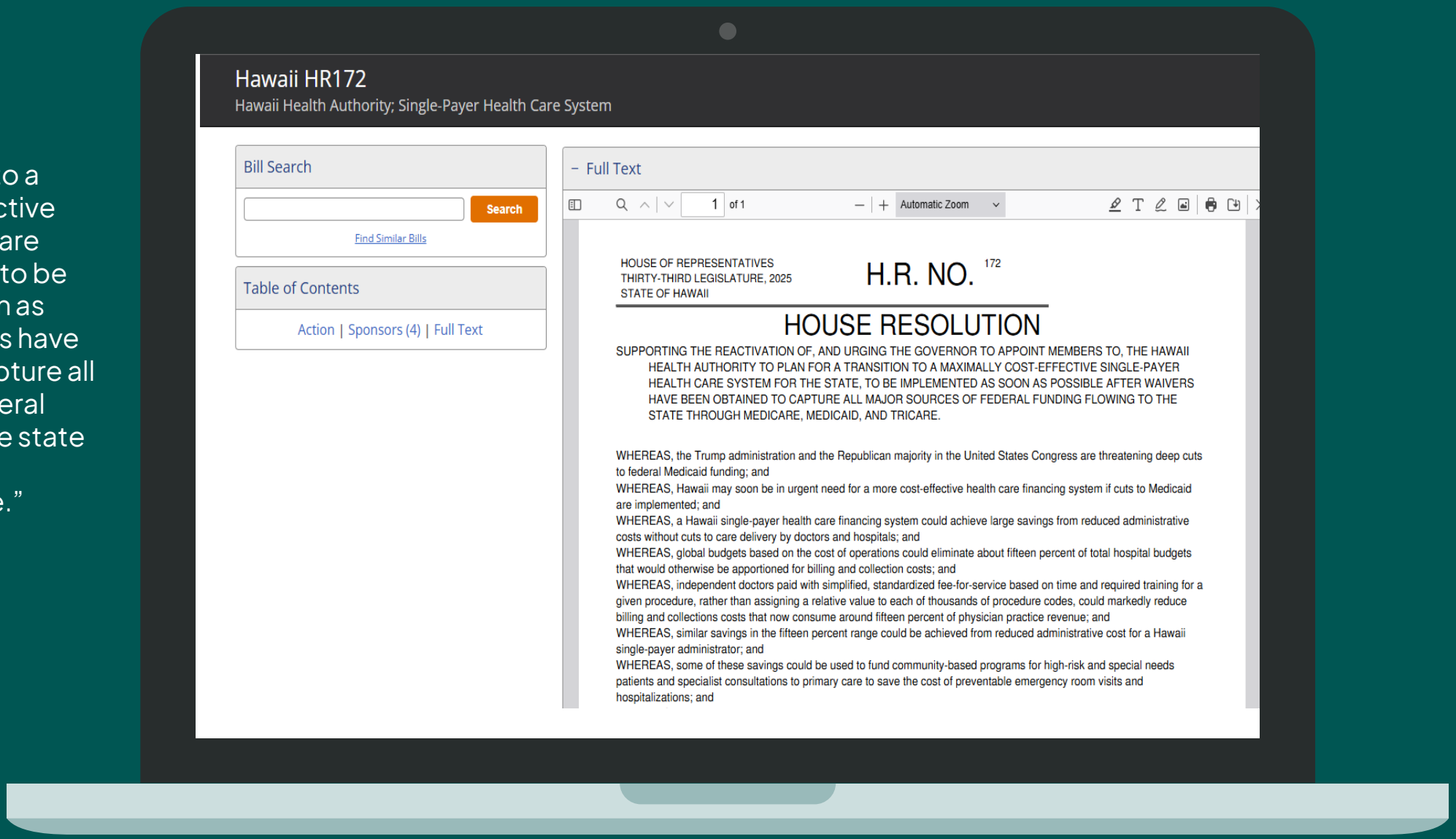
they're taking a bazooka to systems. If you break it up so that the system doesn't work – the payment system, or the health care provider system, or the backbone of the health care safety net – it all will collapse. And I just have to believe that this is not the goal, to collapse people's safety net…"



FinThrive © FinThrive, Inc. All Rights Reserved.
https://www.usnews.com/news/live-events/articles/2025-02-28/key-takeaways-from-u-s-news-healthcare-of-tomorrow-policy-forum

HR 172
Single Payer

"Plan for a transition to a maximally cost-effective single-payerhealth care system for the state, to be implemented as soon as possible after waivers have been obtained to capture all major sources of federal funding flowing to the state through medicare, medicaid, and tricare."



FinThrive © FinThrive, Inc. All Rights Reserved.
https://www.usnews.com/news/live-events/articles/2025-02-28/key-takeaways-from-u-s-news-healthcare-of-tomorrow-policy-forum

FinThrive

What can I do?

1. **Tell your story, know your numbers**
2. **Get involved (politically) where you can (AAHAM legislative day)**
3. **Leverage CHA, make sure you know WHO from your org is there have what THEY need, and they are REPORTING back**
4. **Run scenarios / Expenses**
5. **Get efficient / Insulate revenue**

© FinThrive, Inc. All Rights Reserved.

FinThrive

Questions?

© FinThrive, Inc. All Rights Reserved.

FinThrive

Thank you!

Jonathan G Wiik, MHA MBA FHFMA
Vice President Health Insights
jonathan.wiik@finthrive.com
970-301-1960
finthrive.com

© FinThrive, Inc. All Rights Reserved.