
EOTS NewsFlash

Exempt Organizations Tax Services

July 11, 2011

IRS issues notice and request for comments regarding community health needs assessment requirements for tax-exempt hospitals

The IRS recently issued Notice 2011-52, which describes specific provisions related to the community health needs assessment (“CHNA”) requirements that both Treasury and the IRS anticipate will be included in regulations to be proposed in the future under section 501(r).

The notice clarifies that both Treasury and the IRS intend to require hospital organizations operating more than one hospital facility to conduct CHNAs and adopt implementation strategies for each facility, and that the \$50,000 section 4959 excise tax will be applied separately with respect to each facility’s failure to meet the CHNA requirements. Noticeably, however, the notice does not address any other potential consequences of a failure to satisfy the CHNA requirements (or other requirements under section 501(r)) with respect to one or more hospital facilities. Instead, this issue has been reserved for proposed regulations or other future guidance.

Although the CHNA requirements are effective for taxable years beginning after March 23, 2012, the notice explains that the “once every three years” reporting requirement may, in some cases, be triggered as early as the 2013 tax year. In addition, the notice establishes that the CHNA and implementation strategy requirements would be satisfied only if the implementation strategy is adopted by the end of the same taxable year in which the organization conducts the CHNA to which it applies.

Hospital organizations may rely on the anticipated regulatory provisions described in the notice with respect to any CHNAs made widely available to the public (under rules similar to those applicable to the organizations’ Forms 990), and any implementation strategies adopted, on or before the date that is six months after the date further guidance regarding the CHNA requirements is issued.

Comments may be submitted to the IRS in writing or electronically by September 23, 2011. Clients wishing to discuss the requirements described in the notice are encouraged to contact their primary PwC contacts.

Click [here](#) to access Notice 2011-52.

For additional information, please contact a National Tax Services Exempt Organizations Tax Practice representative:

<i>Marci Krause</i>	<i>202-414-1012</i>	<i>marci.k.krause@us.pwc.com</i>
<i>Rob Friz</i>	<i>267-330-6248</i>	<i>robert.w.friz@us.pwc.com</i>
<i>Travis Patton</i>	<i>202-414-1042</i>	<i>travis.patton@us.pwc.com</i>
<i>Gwen Spencer</i>	<i>617-530-4120</i>	<i>gwen.spencer@us.pwc.com</i>
<i>Kaye Ferriter</i>	<i>617-530-4063</i>	<i>kaye.b.ferriter@us.pwc.com</i>
<i>Laura Parello</i>	<i>646-471-2472</i>	<i>laura.j.parello@us.pwc.com</i>
<i>Howard Schoenfeld</i>	<i>202-414-1717</i>	<i>howard.schoenfeld@us.pwc.com</i>
<i>Ron Schultz</i>	<i>202-346-5096</i>	<i>ronald.j.schultz@us.pwc.com</i>
<i>Caroline Burnicki</i>	<i>267-330-6356</i>	<i>caroline.n.burnicki@us.pwc.com</i>
<i>Larry Desalvo</i>	<i>267-330-6322</i>	<i>larry.desalvo@us.pwc.com</i>
<i>John Edie</i>	<i>202-414-1569</i>	<i>john.edie@us.pwc.com</i>
<i>Michelle Michalowski</i>	<i>202-414-1615</i>	<i>michelle.g.michalowski@us.pwc.com</i>
<i>Eric McNeil</i>	<i>267-330-6415</i>	<i>eric.m.mcneil@us.pwc.com</i>

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