



Tax News & Views Health Care Edition

Section 501(r) Regulations in Effect

The IRC Section 501(r) regulations are effective for any taxable year after December 29, 2015. For hospitals with June 30 fiscal year, this means the Regulations were effective July 1, 2016. By the first day of the hospital's fiscal year, the hospital facility should have in place a compliant financial assistance policy, a compliant emergency medical care policy, and a compliant billing and collections policy. Hospital facilities must also have in place a process for calculating amounts generally billed to individuals who have insurance (AGB) and for confirming that amounts charged to the financial assistance policy eligible individuals are not more than AGB for medical necessities and emergency care, and less than gross charges for all other care.

In addition, organizations that completed a Community Health Needs Assessment (CHNA) for fiscal years ending in 2013 should have a new CHNA completed by the close of their fiscal year ending in 2016. Implementation strategies should be adopted no later than the 15th day of the fifth month after the end of the fiscal year. For example, a hospital facility that completed its last CHNA as of its fiscal year ending June 30, 2013 should have completed a new

CHNA by June 30, 2016 and should adopt the implementation strategy by November 15, 2016.

Deloitte is receiving a number of questions around the implementation of the Regulations specifically in conjunction with effective dates. One of the most common questions is how to treat individuals who received services prior to the effective date but billing for the services that occurred after the effective date and after an update of internal policies. We have also been fielding questions about presumptive qualification for financial assistance and how those processes may need to be factored into the analysis of whether a hospital is in compliance with the Regulations. Deloitte is providing advisory guidance to certain hospitals for developing procedures for monitoring ongoing compliance with the Regulations once policies have been implemented and additionally for identifying that the policies as designed are functioning to keep a hospital in compliance with the final Section 501(r) Regulations.

If your organization has any questions related to the regulations or any other matter, please reach out to your Deloitte contact.

Find it Fast

**Section 501(r)
Regulations in
Effect**

**Inactive
Organization
Losses
Exemption**

Did you know?

Inactive Organization Losses Exemption

In LTR 201637016 dated June 10, 2016, the IRS issued its final adverse determination revoking the exempt status of an inactive charitable organization. The organization stated that its activities included working with other organizations to put on events, shows, festivals, and seminars. However, the organization showed no income or expense from any of the activities, and the organization was not able to produce evidence of any activities conducted or planned. As a result, the IRS found that the organization had no regular exempt financial activities or operations conducted or planned for an unspecified number of years and was therefore not operated exclusively for exempt purposes.

Although it is unclear from LTR 201637016 how many years the organization was dormant, organizations should note the arguments made by the IRS in revoking the organization's exemption. (1) A lack of conducted or planned activities is a lack of operations. An organization that lacks operations is not operated exclusively for one or more exempt purposes. (2) A lack of income or expenses also constitutes a lack of activities by an organization.

Did you know?

FASB Overhauls Guidance on Presentation of Financial Statements for Not-for-Profit Entities

The September 12, 2016 edition of Deloitte Heads Up discusses FASB Accounting Standards Update No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, which significantly changes the presentation requirements for financial statements of not-for-profit entities (NFPs). The amendments are intended to improve the guidance on net asset classification as well as the information presented in the financial statements and financial statement notes regarding liquidity, financial performance, and cash flows for NFPs. Specifically, the ASU addresses (1) the complexity and understandability of net asset classifications, (2) the lack of consistency in the type of information provided about expenses, and (3) inconsistencies in the reporting of (a) operating information in the statement of activities and (b) operating cash flows in the statement of cash flows. For a link to the Heads Up, [click here](#).

CMS will give clinicians two additional options for participating under MACRA

In his [September 9, 2016 Reg Pulse Blog Post](#), Andy Slavitt, Acting Administrator of the US Centers for Medicare and Medicaid Services (CMS), announced in a blog post that CMS will give clinicians two additional options for participating under MACRA. This announcement only gives clinicians flexibility on the reporting requirements and does not change the start date for the first performance period. Based on the CMS blog post, it appears that only clinicians who do not report any information under MIPS and do not meet the Advanced APM thresholds will receive negative payment adjustments. CMS did not give greater detail on the new options. However, Slavitt said in the announcement that stakeholders can expect the final rule by November 1, 2016, which will provide additional details. For more information on MACRA, please see the [September 13, 2016](#) or the [September 20, 2016](#) edition of Deloitte's Health Care Current.

Deloitte Thoughtware

[Deloitte Center for Health Solutions](#). The source for health care insights: The Deloitte Center for Health Solutions (DCHS) is the research division of Deloitte's Life Sciences and Health Care practice. The goal of DCHS is to inform stakeholders across the health care system about emerging trends, challenges, and opportunities.

[Health Care Current](#). Weekly insights to keep you informed and ahead. This weekly series explores breaking news and developments in the US health care industry; examines key issues facing life sciences and health care companies; and provides updates and insights on policy, regulatory, and legislative changes.

Deloitte Dbriefs

Deloitte Dbriefs are live webcasts that give you valuable insights on important developments affecting your business. Register for the following webcasts or view archived recordings by clicking on the respective hyperlinked button below.

Transfer Pricing

OECD Actions 8-10 and 13: How is transfer pricing guidance playing out globally?

October 5 | 2 p.m. ET

In the year since the OECD issued BEPS guidance on transfer pricing, a flurry of legislative and rule-making activity around the world has accompanied adoption of those guidelines. What major developments should you know about? Keep current with how the BEPS guidance is playing out and how the global tax reset could impact your business.

[Register or View archive](#)

Tax Operations

Tax compliance and provision software: Annual tax technology update

October 6 | 2 p.m. ET

Tax technology companies continue to refine and expand the scope of their income tax compliance and provision applications. What have they accomplished in 2016 and what can you expect in the coming year? Gain new insights about recent and future planned developments within the tax technology arena.

[Register or View archive](#)

Federal Tax

Convertible debt: How could recent tax regulations impact your company?

October 18 | 2 p.m. ET

The IRS has issued new rules that impact the issuers and holders of convertible bonds. What should tax executives know about these changes?

[Register or View archive](#)

Health Sciences

Quality, safety, and efficacy: What regulatory efforts are on the horizon?

October 20 | 1 p.m. ET

Biopharmaceutical and medical device quality, safety, and efficacy continue to be a top priority for health care industry stakeholders. What new regulatory efforts and emerging trends are impacting manufacturers, providers, and patients? How are stakeholders enhancing patient-centric safety and reliability? Explore the intersection of global regulators, manufacturers, and health care providers and their collective impact on patients.

[Register or View archive](#)

Health Sciences

The evolving health care consumer: Winning through differentiated customer experience

November 16 | 1 p.m. ET

Consumers' needs and expectations are constantly evolving in the health care market. Which services and digital experiences matter most to health care consumers, and how can organizations acquire, retain, and engage consumers in this evolving landscape? Hear findings from recent Deloitte Center for Health Solutions research and learn how to win in an evolving consumer health care ecosystem.

[Register or View archive](#)

Health Sciences

A look ahead to 2017: What changes can the health care industry expect?

December 16 | 1 p.m. ET

In a health care environment characterized by continuing rapid change, what strategic priorities and trends should life sciences and health care organizations be mindful of looking ahead to 2017? Explore US and global market forces influencing the life sciences and health care environment in 2017.

[Register or View archive](#)

Contact

Please contact your local Deloitte Tax LLP provider for more information on our services.

Fran Bedard—Nashville

fbedard@deloitte.com

+1 615 259 1811

Kristina Rasmussen—Minneapolis

krasmussen@deloitte.com

+1 612 397 4178

Lori Boyce—Detroit

lboyce@deloitte.com

+1 313 396 3324

**Mary Rauschenberg—
Chicago and Washington National Tax**

mrauschenberg@deloitte.com

+1 312 486 9544

Jeff Frank—Indianapolis

jdfrank@deloitte.com

+1 317 656 6921

Steve Rovner—Tampa

srovner@deloitte.com

+1 813 273 8355

William Homer—Philadelphia

whomer@deloitte.com

+1 215 299 4642

John W. Sadoff, Jr.—Atlanta

jsadoff@deloitte.com

+1 704 887 1810

Christine Kawecki—Jericho

ckawecki@deloitte.com

+1 516 918 7138

Jim Sowar—Cincinnati

jsowar@deloitte.com

+1 513 784 7242

Joan McMahon—San Francisco

jmcmahon@deloitte.com

+1 415 783 5568

Alicia Janisch—Detroit

ajanisch@deloitte.com

+1 313 324 1442

The information contained in Tax News & Views: Health Care Edition is for general purposes only and Deloitte is not, by means of this newsletter, rendering accounting, business, financial investment, legal, tax, or other professional advice or services. This material is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser. Deloitte shall not be responsible for any loss sustained by any person who relies on this newsletter. If you have questions about the content of Tax News & Views: Health Care Edition, contact Mary Rauschenberg at +1 312 486 9544 or at mrauschenberg@deloitte.com.

As used in this document, "Deloitte" means Deloitte Tax LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2016 Deloitte Development LLC. All rights reserved.