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United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

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March 8, 2006

Sr. Carol Keehan, DC, RN, MS
President and CEO
The Catholic Health Association
of the United States
1875 Eye Street, NW; Suite 1000
Washington, DC 20006-5409

Dear Sister Keehan:

Thank you for taking the time to meet with the Senate Finance Committee's ("Committee") tax and health staffs recently. The Catholic Health Association's ("CHA") work in the area of defining and reporting charity care and community benefit is praiseworthy. It is also encouraging to know that the CHA has been developing these concepts for the last 15 years - a time when many nonprofit hospitals appear to have paid little attention to their charitable missions.

In addition to the issues of community benefit and charity care, nonprofit hospitals' practices in other areas also are of serious concern. Some of these areas include investments in joint ventures, taxable subsidiaries, venture-capital funds and other financial arrangements, contracts for health care, management and administrative services, executive compensation, travel and expense reimbursement, billing and debt collection practices, particularly for the uninsured, use of tax-exempt bond proceeds, conflicts of interest and other governance issues, and accounting, reporting, public disclosure and general transparency issues. I would appreciate receiving your detailed advice in the areas listed above. Understanding what "best practices" your members may currently be using will further the work of the Committee.

So that I may better understand what role the CHA can take in these areas, I would appreciate your response to the following.

- 1) Who are CHA's members and what is CHA's current membership level?
- 2) What is CHA's governance structure and how are board members selected?
- 3) What are CHA membership fees and what are the benefits of CHA membership?
- 4) What are CHA policies and procedures for ensuring members comply with CHA guidelines?
- 5) What sanctions does CHA impose on members who do not comply with CHA guidelines?

- 6) Does CHA have any plans to reach out to the Internal Revenue Service or the Financial Accounting Standards Board to improve accounting and reporting practices?

CHA's thoughtful work on charity care and community benefit reporting has helped inform the Committee as it considers reforms for nonprofit hospitals. I look forward to receiving your advice on these other areas of concern. If possible, we would appreciate receiving your response within thirty days. If you have any questions, please contact the Committee staff at (202) 224-4515 with any questions.

Sincerely,


Charles E. Grassley
Chairman

cc: Max Baucus, U.S. Senator
Ron Wyden, U.S. Senator