



CCCB Myths

MYTH

FACT

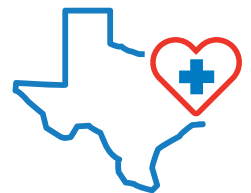
CCCB Facts

ACCESSING CHARITY CARE

MYTH: Nonprofit hospitals hide charity care policies from patients.

FACT: Nonprofit hospitals are required by law to post their charity care policies online and at the hospital. Nonprofit hospitals must also inform patients about financial assistance during intake, and every billing statement must notify patients they can apply for help paying their bill.¹

Delivering free or discounted care to low-income patients is key to hospitals' missions. Hospitals work to identify every patient entitled to a charity care discount. Patients get the care they need without a crushing bill, and hospitals avoid pursuing payment from patients who aren't going to be able to afford it. This is a win-win for the hospital and the patient.



MYTH: Hospitals make patients jump through hoops to get charity care discounts.

FACT: 95% of Texas nonprofit hospitals presumptively evaluate patients for charity care eligibility.

Nonprofit hospitals want patients to receive charity care they are entitled to, and many are working to make sure patients don't even have to ask. Texas nonprofit hospitals proactively evaluate patients for charity care eligibility, often using external databases that validate patients' income and insurance status, rather than requiring them to navigate an application process on their own. It's a system built to connect people with the financial help they qualify for, not to keep it out of reach.

TAX EXEMPTION

MYTH: Nonprofit hospitals aren't doing enough free care and other community benefits to justify their tax exemption.

FACT: For every \$1 in tax exemption it receives, the average Texas nonprofit hospital provides \$12 in charity care and \$33 in total community benefits.

Tax exemption isn't a loophole – it's a benefit earned by delivering a valuable public good. Texas nonprofit hospitals provide free and discounted charity care to the uninsured in a state with a 17% uninsured rate. Nonprofit hospitals further reinvest savings from their tax-exempt status into their communities through health education, screenings, research, teaching, and other free services that for-profit entities aren't obligated to provide.

In Texas, that exchange delivers real value: the average nonprofit hospital returns \$12 in charity care alone for every \$1 in tax benefit, and when you add in the full scope of community benefit spending – things like mental health services, subsidized health programs and support for underserved populations – that number climbs to \$33. These aren't hospitals skimming savings off the top; they're funneling resources back into the communities they serve, often covering care that would otherwise go unpaid or unprovided altogether.

MYTH: Hospitals are given tax exemptions regardless of how much charity care or community benefits they provide.

FACT: Texas law requires nonprofit hospitals to deliver minimum amounts of charity care and community benefits, and hospitals that don't do enough can lose their tax exemption.

Texas has the strictest charity care and community benefit law in the nation. All 127 nonprofit hospitals in Texas required to meet the state standards year after year successfully do so. In fact, they're going far beyond the bare minimum asked of them.

Texas nonprofit hospitals exceeded statewide community benefit minimum standards by 467% – approximately \$12.6 billion – in 2024. That translates to billions of dollars in charity care, health screenings, education programs and community health initiatives benefitting Texans every year – resources that wouldn't exist if nonprofit hospitals were falling short of their charitable duties.

WHAT COUNTS AS COMMUNITY BENEFITS?

MYTH: Nonprofit hospitals count advertising as a community benefit.

FACT: Under IRS rules, nonprofit hospitals are explicitly prohibited from counting activities that are primarily marketing or promotional advertising as a community benefit.

Classifying pure marketing or advertisement as community benefit is a regulatory violation and could result in penalties. A community benefit must respond to an identified community need and meet at least one of the following criteria: improve access to health care services, enhance the health of the community, advance medical or health knowledge, or relieve or reduce the burden of government or other community efforts.

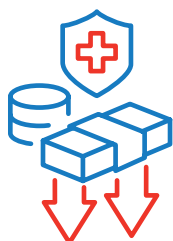


Importantly, the IRS standards consider the primary purpose of the activity, meaning it is perfectly acceptable for community benefits to carry the hospital's logo and brand. Advertising isn't at-odds with hospitals' charitable missions. Nonprofits must attract paying patients to survive financially in a competitive marketplace. Financial stability, in turn, powers further community investments.

UNINSURED SHORTFALL

MYTH: Hospitals don't really lose money on the uninsured and Medicaid patients because they're getting supplemental payments to cover the cost.

FACT: Hospitals accumulate billions of dollars in unreimbursed losses annually from uninsured charity care and Medicaid shortfalls, even after supplemental payments.



In 2025, Texas hospitals incurred \$27 billion in total Medicaid and uninsured charity care cost. Total supplemental payments, net of self-financing, totaled \$18 billion.

Hospitals are required to screen and stabilize anyone who walks through the emergency room door, regardless of insurance status. Costs of care for low-income uninsured patients are almost 100% unreimbursed. Base Medicaid payments fall well below the cost of care, reimbursing only 72% of inpatient costs and 75% of outpatient costs on average.

While supplemental payments help narrow these gaps, they do not eliminate them – meaning hospitals are still paid less than the actual cost of treating Medicaid and uninsured patients.

* 26 CFR 1.501(r)-4

