

ILLINOIS

Community Benefit Requirement

Illinois requires nonprofit hospitals to provide charity care or other “health services to low-income or underserved individuals” as a condition of property and sales tax exemption.

Minimum Community Benefit Requirement

Illinois specifies a minimum level of charity care or other “health services to low-income or underserved individuals” that a nonprofit hospital must provide to qualify for property and sales tax exemption.

Effective in 2012, an Illinois statute requires that nonprofit hospitals seeking property tax exemption provide charity care or other specified services or activities at levels at least equivalent to what the hospital otherwise would be required to pay in property taxes. S.B. 2194, codified at [35 ILCS 200/15-86\(c\) \(2012\)](#). For-profit hospitals are eligible to receive an income tax credit in an amount that is the lesser of 1) real property taxes paid during the tax year on property used for hospital purposes during the previous tax year and 2) the cost of free or discounted services provided pursuant to the hospital’s financial assistance policy. S.B. 2194, codified at [35 ILCS 5/223\(a\) \(2012\)](#).

Community Benefit Reporting Requirement

The Illinois Community Benefits Act requires that each nonprofit hospital to which it applies develop a community benefit plan and file an annual report of the plan with the Office of the Attorney General. [210 ILCS 76/20 \(2003\)](#).

The Act does not apply to 1) government hospitals, 2) hospitals located outside of a metropolitan statistical area, or 3) hospitals with 100 or fewer beds. [210 ILCS 76/5 \(2003\)](#).

Illinois requires that a nonprofit hospital to which the Illinois Community Benefits Act applies develop a community benefit plan that identifies the populations and communities the hospital serves and outlines the hospital’s goals and objectives for providing community benefits, including charity care and government-sponsored indigent health care. [210 ILCS 76/15 \(2003\)](#).

A nonprofit hospital to which the Act applies must develop and submit to the Attorney General an annual report of its community benefits plan disclosing the amount and types of “community benefits actually provided, including charity care.” The hospital must include with its report an audited annual financial report for the preceding fiscal year. [210 ILCS 76/20 \(2003\)](#). The hospital must include a financial assistance report disclosing, among other things, the number of financial assistance applications received, approved, and denied as well as the total amount of financial assistance provided. [Ill. Admin. Code tit. 77 §4500.60 \(2013\)](#).



Community Health Needs Assessment

Hospitals to which the Illinois Community Benefits Act applies must include in annual reports of their community benefits plans “a disclosure of the health care needs of the community that were considered in developing the hospital's community benefits plan.” [210 ILCS 76/20\(a\)\(2\) \(2003\)](#).

The Act does not apply to 1) government hospitals, 2) hospitals located outside of a metropolitan statistical area, or 3) hospitals with 100 or fewer beds. [210 ILCS 76/5 \(2003\)](#).

Community Benefit Plan/Implementation Strategy

A nonprofit hospital to which the Illinois Community Benefits Act applies is required to develop a community benefit plan.

The community benefit plan must identify the populations and communities served by the hospital and set out goals and objectives for providing community benefits that include charity care and government-sponsored indigent health care. [210 ILCS 76/15 \(2003\)](#).

The Act does not apply to 1) government hospitals, 2) hospitals located outside of a metropolitan statistical area, or 3) hospitals with 100 or fewer beds. [210 ILCS 76/5 \(2003\)](#).

Financial Assistance Policy

Illinois requires both nonprofit and for-profit hospitals to provide discounts to uninsured patients.

The 2012 amendments to the Illinois Hospital Uninsured Patient Discount Act mandate that hospitals provide patient discounts that take into account hospital type and family income once an application for a discount is made. S.B. 3261, codified as [210 ILCS 89/10 \(2012\)](#). The law requires that hospitals provide:

Charitable discount of 100 percent of charges for medically necessary health care services exceeding \$300 for uninsured patients with family income of not more than 125 percent of the federal poverty level. Note: This applies to rural and critical access hospitals. [210 ILCS 89/10, \(a\)\(4\) \(2012\)](#).

Charitable discount of 100 percent of charges for medically necessary health care services exceeding \$300 for uninsured patients with family income of not more than 200 percent of the federal poverty level. Note: This applies to hospitals other than rural and critical access hospitals. [210 ILCS 89/10, \(a\)\(2\) \(2012\)](#).

Discount from charges for medically necessary health care services exceeding \$300 to any uninsured patient with a family income of not more than 300 percent of the federal poverty level. Note: This applies to rural and critical access hospitals. [210 ILCS 89/10, \(a\)\(3\) \(2012\)](#).



Discount from charges for medically necessary health care services exceeding \$300 to any uninsured patient with a family income of not more than 600 percent of the federal poverty level. Note: This applies to hospitals other than rural and critical access hospitals. [210 ILCS 89/10, \(a\)\(1\) \(2012\)](#).

The 2012 amendment to the Fair Patient Billing Act ([S.B. 3261, codified as 210 ILCS 88/27](#)) also directed the Office of the Attorney General to develop rules requiring hospitals to include specifically prescribed language in financial assistance applications. The final rules require, among other things, that financial assistance applications include an opening statement advising applicants that they may be eligible for free or discounted care and that they are not required to provide a Social Security number. A required certification at the end of financial assistance applications must include the text that the rule prescribes, and none other. [77 Ill. Admin. Code §4500.30\(a\), \(h\) \(2015\)](#); [39 Ill. Reg.10751 \(August 7, 2015\)](#).

The statute also required the Attorney General to promulgate rules setting forth appropriate methodologies for determining “presumptive eligibility” under which patients would be deemed “eligible for hospital financial assistance without further scrutiny.” [S.B. 3261, codified as 210 ILCS 88/27 \(2012\)](#). [Ill. Admin. Code tit. 77 §4500.40\(a\) \(2013\)](#). Under those rules, patients in rural or critical access hospitals will be deemed presumptively eligible if they are homeless, deceased with no estate, mentally incapacitated, or Medicaid eligible—but not on the date of service or for a non-covered service. [Ill. Admin. Code tit. 77 §4500.40\(b\);\(d\) \(2013\)](#). In addition to the above criteria, patients in hospitals that are not rural or critical access hospitals will also be presumptively eligible if enrolled in a public assistance program for individuals below 200 percent of the federal poverty level such as the Women, Infants, and Children Nutrition Program, and the Supplemental Nutrition Program. [Ill. Admin. Code tit. 77 §4500.40\(b\) \(2013\)](#). A hospital may include additional presumptive eligibility criteria, provided it expands a patient’s presumptive eligibility. [Ill. Admin. Code tit. 77 §4500.40\(c\);\(e\)\(2013\)](#).

Financial Assistance Policy Dissemination

Illinois requires both nonprofit and for-profit hospitals to post and otherwise disseminate their financial assistance plans.

Each hospital must post a sign containing specified language conspicuously in the admission and registration areas. [210 ILCS 88/15 \(2007\)](#). Each hospital that has a website must also post notice there and make a brochure, an application for financial assistance, or other written material available in the hospital admission or registration area. [210 ILCS 88/15\(d\) \(2007\)](#). In addition, each patient bill or other summary of charges to an uninsured patient must include a prominent statement that an uninsured patient meeting specified income requirements may qualify for an uninsured patient discount, and information about how to apply for the discount. [S.B. 3261, codified as 210 ILCS 89/10\(d\) \(2012\)](#).

Limitations on Charges, Billing, and Collections

Illinois law limits nonprofit and for-profit hospital collection practices.



Generally, Illinois hospitals may collect as payment for health care services no more than 25 percent of the family income of a patient eligible for an uninsured patient discount. S.B. 3261, codified as [210 ILCS 89/10\(c\) \(2012\)](#).

Before pursuing a collection action against an uninsured patient, a hospital must afford the patient an opportunity to assess the accuracy of the bill, apply for financial assistance, and agree to a reasonable payment plan offered by the hospital. In addition, for an uninsured patient who has indicated the inability to pay the full amount of the bill in a single payment, the hospital must give the patient at least 60 days after discharge to submit an application for financial assistance/charity care. [210 ILCS 88/30\(a\)\(1\)-\(3\) \(2007\)](#). A hospital may not refer a bill to a collection agency without first offering the patient an opportunity to request a reasonable payment plan within 30 days of the date of the initial bill, and giving the patient another 30 days from the request to agree to a reasonable payment plan offered by the hospital. [210 ILCS 88/30\(b\) \(2007\)](#).

Additionally, a hospital may not pursue legal action for non-payment against an uninsured patient who has clearly demonstrated a lack of sufficient income or assets to pay the bill and who has acted reasonably and cooperated with the hospital in good faith. [210 ILCS 88/35 \(2007\)](#).

Income Tax Exemption

Illinois law exempts the income of nonprofit hospitals from state income tax.

Illinois law exempts from state income tax the income of charitable or similar organizations that are exempt from federal income tax. [35 ILCS 5/205\(a\) \(2011\)](#).

For-profit hospitals are eligible to receive an income tax credit in an amount that is the lesser of 1) real property taxes paid during the tax year on property used for hospital purposes during the previous tax year and 2) the cost of free or discounted services provided pursuant to the hospital's financial assistance policy. [35 ILCS 5/223\(a\) \(2012\)](#).

Property Tax Exemption

Illinois law requires nonprofit hospitals to provide charity care/community benefits as a condition of property tax exemption.

Illinois' statute, adopted in 2012, requires that nonprofit hospitals seeking property tax exemption (real property and tangible personal property) provide specified services and activities (charity care, health services to low-income and underserved individuals, etc.) at levels at least equivalent to what the hospital otherwise would be required to pay in property taxes. S.B. 2194, codified as [35 ILCS 200/ 15-86\(c\); 2012 Ill. Pub. L. No 97-0688 \(2012\)](#).

For-profit hospitals are eligible to receive an income tax credit in an amount that is the lesser of 1) real property taxes paid during the tax year on property used for hospital purposes during the previous tax year and 2) the cost of free or discounted services provided pursuant to the hospital's financial assistance policy. S.B. 2194 codified as [35 ILCS 5/223\(a\) \(2012\)](#).



Sales Tax Exemption

Illinois law requires nonprofit hospitals to provide charity care/community benefits as a condition of sales and use tax exemption.

Illinois' statute, adopted in 2012, requires that nonprofit hospitals seeking sales tax and use tax exemptions provide specified services and activities (charity care, health services to low-income and underserved individuals, etc.) at levels at least equivalent to what the hospital otherwise would be required to pay in property taxes. [35 ILCS 120/2-9](#); [35 ILCS 105/3-8 \(2012\)](#).

