

MASSACHUSETTS

Community Benefit Requirement

Massachusetts requires nonprofit and for-profit hospitals to provide charity care as a condition of original licensure. In addition, Voluntary Guidelines issued by the Attorney General recommend that all nonprofit hospitals develop a community benefit plan.

Massachusetts will not issue an original license to “establish or maintain” an acute care hospital unless the applicant agrees to either maintain or increase the percentage of gross patient revenues allocated to free care. [Mass. Gen. Laws ch. 111, §51G\(3\)](#).

Voluntary Attorney General’s Community Benefits Guidelines for Non Profit Hospitals (2009) (Voluntary Guidelines) emphasize the importance of community benefits to population health and recommend that the Board of each nonprofit acute care hospital affirm and make public a community benefit mission statement and develop and publicize a community benefit plan. [Voluntary Guidelines](#), pp. 6-7.

Minimum Community Benefit Requirement

Massachusetts does not specify a minimum level of community benefits that nonprofit hospitals must provide.

Community Benefit Reporting Requirement

Although Massachusetts law does not require community benefit reporting, the Voluntary Guidelines recommend that each hospital annually report on its community benefit programs.

To comply with the Voluntary Guidelines, nonprofit hospitals complete a standard Community Benefit Report Form that is posted on the Attorney General’s website. [Voluntary Guidelines](#), pp. 23–26. The form accommodates hospital reporting of: 1) organizational leadership, 2) community needs assessment and community involvement, 3) community benefit plans, 4) community benefit programs, and 5) community benefit expenditures, including charity care. [Voluntary Guidelines](#), pp. 23–26. The form also includes an optional section for reporting expenditures for community service programs and charitable activities that cannot be reported as community benefit programs; these “community service” expenditures do not count toward a hospital’s community benefit expenditure total. [Voluntary Guidelines](#), pp. 23-26.



Community Health Needs Assessment

Although Massachusetts law does not require nonprofit hospitals to conduct community health needs assessments, the Voluntary Guidelines recommend that nonprofit hospitals conduct community needs assessments at least every three years.

The Voluntary Guidelines recommend that hospitals conduct community needs assessments before developing their mission statements and community benefit plans, and that an assessment be conducted at least every three years. [Voluntary Guidelines](#), pp. 11.

Community Benefit Plan/Implementation Strategy

Although Massachusetts law does not require nonprofit hospitals to develop community benefits plans or implementation strategies, the Voluntary Guidelines recommend that they do so.

The Voluntary Guidelines recommend that hospitals develop community benefits plans that specify the target population whose needs are to be addressed, describe specific activities directed toward the needs identified by the community health needs assessment, identify measurable short- and long-term goals, and include a budget. [Voluntary Guidelines](#), pp. 13-19.

Financial Assistance Policy

As a condition of original licensure, Massachusetts requires nonprofit and for-profit hospitals to provide charity or discounted care on an income-based sliding scale. [Mass. Gen. Laws ch. 111, §51G\(3\)](#). In addition, the Voluntary Guidelines recommend that all nonprofit hospitals develop written charity care policies.

The Voluntary Guidelines recommend that all nonprofit hospitals develop written “Credit and Collection” policies that describe any program through which a hospital offers discounts for the uninsured or medically indigent, including the hospital’s charity care policies. [Voluntary Guidelines](#), p. 28.

Financial Assistance Policy Dissemination

Massachusetts requires that nonprofit and for-profit hospitals disseminate information about their financial assistance policies as a condition of reimbursement from the Health Safety Net Trust Fund.

In 2007, Massachusetts established a Health Safety Net Trust Fund as part of the state’s health care reform framework. The Trust Fund reimburses nonprofit and for-profit hospitals and other health care providers for medically necessary services provided to eligible uninsured and underinsured Massachusetts residents with family income below 400 percent of the federal poverty level or who qualify for medical hardship status. [Mass. Gen. Law 118E § 69](#); [101 Code Mass. Reg. §§613.04 and](#)



[613.05](#).¹ To be eligible for reimbursement from the Health Safety Net Trust Fund, hospitals must post large, legible signs notifying patients of the availability of financial assistance “and other programs of public assistance.” The signs must be posted in the inpatient, clinic, and emergency admissions/registration areas, as well as in the business office. [101 Code Mass. Reg. 613.08\(e\)](#).

In addition, hospitals must supply individual notice of the availability of financial assistance programs to patients who are expected to incur charges, specifying that the hospital offers a payment plan to low-income and medical hardship patients. [101 Code Mass. Reg. 613.08\(d\)](#).

In addition, the Voluntary Guidelines recommend that all nonprofit hospitals describe and make available to the public “any program through which the hospital offers discounts from charges for the uninsured or medically indigent.” This should occur during the patient intake and registration process, or as soon thereafter as possible, and notice should be included on hospital bills. [Voluntary Guidelines](#), pp. 28-29.

Limitations on Charges, Billing, and Collections

Massachusetts law limits nonprofit and for-profit hospital collection practices as a condition of reimbursement from the Health Safety Net Trust Fund; Voluntary Guidelines recommend additional restrictions on nonprofit hospital billing and collection policies and practices.

As a condition of reimbursement from the Health Safety Net Trust Fund, hospitals may not seek legal execution against a low-income patient’s personal residence or motor vehicle without the express approval of the hospital’s Board of Trustees.

The Voluntary Guidelines recommend that all nonprofit hospitals develop written “Credit and Collection” policies that describe any program through which a hospital offers discounts for the uninsured or medically indigent, including the hospital’s charity care policies. [Voluntary Guidelines](#), (pp. 28-30) also recommend that all nonprofit hospitals refrain from:

- Beginning collection activities before providing the patient a written statement of the availability of financial counseling services, and offering a patient facing financial hardship a reasonable payment plan;

- Referring a patient’s account to a third-party collection agency before 120 days has passed after sending the first bill to the patient;

- Executing a lien against a patient’s residence or automobile unless specifically approved by the hospital’s Board; and

- Charging interest on patient debt.

¹ The Health Safety Net Trust Fund regulations originally codified as 114.6 Code Mass. Reg.13 were repealed and promulgated as 101 Code Mass. Reg. 613 (2014).



Income Tax Exemption

Massachusetts generally exempts from the state's corporate excise tax corporations that are federally recognized as tax-exempt under Internal Revenue Code §501(c)(3). [Mass. Gen. Laws, ch.63, §30, ¶4](#); Massachusetts Department of Revenue, [Corporate Excise Tax, Exemptions](#).

Property Tax Exemption

Massachusetts law exempts the personal property of charitable organizations from property tax and exempts charitable organizations' real property "occupied ... for the purposes for which it is organized."

Personal property owned by a charitable organization is exempt from state property tax, regardless of the property's use. Also exempt is real property owned and occupied by a charitable organization or its officers for its charitable purposes, or occupied by another charitable organization or its officer for its charitable purposes. [Mass. Gen. Laws, ch. 59, § 5, Clause 3](#).

Sales Tax Exemption

Massachusetts law exempts nonprofit hospitals from state sales tax.

Massachusetts law exempts from state sales tax organizations that are exempt from federal income tax under Internal Revenue Code §501(c)(3) if the subject of the sale is used "in the conduct of such ... charitable ... enterprise," if the nonprofit corporation has a sales tax exemption certificate from the Commissioner of Revenue, and if the vendor keeps records of each tax-exempt transaction. [Mass. Gen. Laws, ch. 64H, §6\(e\)](#).

