

# Charity Care & Community Benefit at Memorial Hermann Health System

Memorial Hermann Health System qualifies for exemption from federal, state, and local taxes as a nonprofit health system because it meets federal and state requirements to serve a charitable purpose and provide community benefits, including providing free health care services to qualifying individuals.

## Memorial Hermann Health System provided \$470 million in total community benefit in fiscal year 2023.

The majority of the System’s community benefit (66 percent) is in unreimbursed care costs absorbed by the System.

### WHAT IS COMMUNITY BENEFIT?

Nonprofit, tax-exempt hospitals are federally required to assess the needs of their communities and develop implementation plans to address those needs. They also are required to abstain from extraordinary collection acts, make their financial assistance policies widely available, and be transparent with their billing and collection items. Beyond these requirements, however, there are no federal requirements or guidelines to spend a certain amount on community benefit or that community benefit amounts be proportional to or benchmarked against the value of tax exemption.

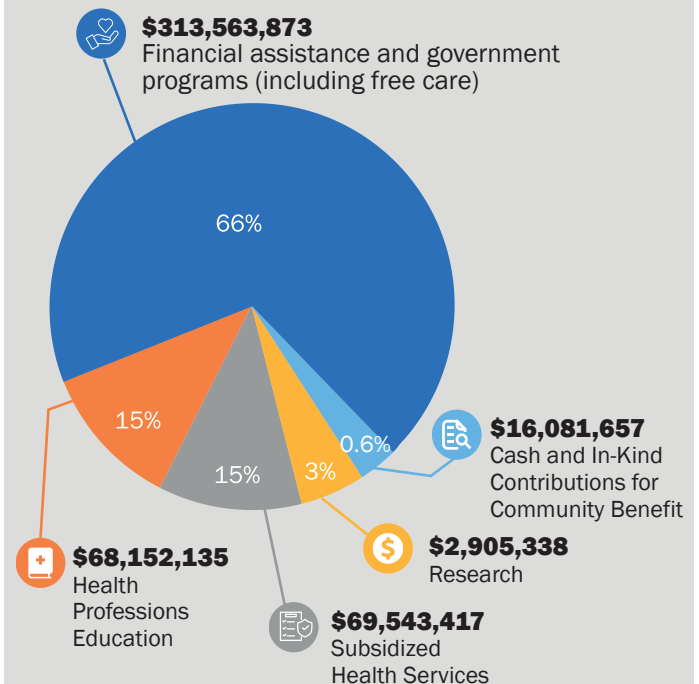
Texas is one of a handful of states with a framework to assess whether nonprofit hospitals are providing sufficient community benefit. Texas has guardrails for nonprofit hospitals to attain and maintain nonprofit, tax-exempt status. One such guardrail is the provision to provide community benefit equal to at least 5% of net patient revenue, provided charity care is at least 4% of net patient revenue.

Nonprofit hospitals report their community benefit expenditures annually to the IRS on Schedule H of the Form 990 and annually to the state.



## Memorial Hermann Health System Community Benefit (2023)

Memorial Hermann Health System’s community benefit was 6.5% of annual net patient revenue, exceeding Texas’ statutory requirement for nonprofit, tax-exempt hospitals.



## Community Benefit at Memorial Hermann Health System

In addition to charity care and workforce training programs, Memorial Hermann Health System's community benefit programming partners with more than 138 region-area schools, churches, and community-based organizations to increase access to care, improve physical activity, increase consumption of healthy foods, increase academic achievement, reduce emergency room visits and hospitalizations, and achieve other health-related outcomes.



Community Health Workers



Nurse Health Line



Community Resource Centers



Exercise is Medicine



School-Based Health Centers



Food as Health

### WHAT IS CHARITY CARE?

- Charity care is free or heavily discounted care provided to individuals meeting income eligibility standards, established by hospitals individually.
- Nonprofit hospitals have full latitude to determine their own eligibility policies for charity care. Each nonprofit hospital develops its own policies appropriate to meet identified community needs.



### WHO IS ELIGIBLE FOR CHARITY CARE?

- At Memorial Hermann, patients whose annual gross family income is equal to or less than 200% of the federal poverty level without the ability to pay are eligible for medically necessary free care.
- At Memorial Hermann uninsured or underinsured patients with annual gross family income between 200% and 400% of the federal poverty level are eligible for discounted care.
- Patients with primary Medicare coverage and secondary Medicaid coverage are eligible for a 100% discount on any balance remaining after billing the payers.

For more information about Memorial Hermann's Community Benefit, please visit:

**[MemorialHermann.org/giving-back/community-benefit](http://MemorialHermann.org/giving-back/community-benefit)**