backgrounder

H.R. 9504 BRIEF: THE TAX-EXEMPT HOSPITAL TRANSPARENCY ACT

Recently introduced federal legislation could bring a new level of transparency to how tax-exempt hospitals report community benefits. Here's what's in the bill and what it could mean for these hospitals.

H.R. 9504, the Tax-Exempt Hospital Transparency Act, cleared the House Ways and Means Committee on July 1, 2026, just days after Representative Greg Murphy, a Republican from North Carolina, introduced it in late June.

The bill would add new disclosure requirements to IRS Form 990 Schedule H, the primary mechanism through which nonprofit hospitals report the community benefit that justifies their tax-exempt status, with the scope of reporting tiered by hospital size and revenue, meaning large and high-revenue systems would face more detailed facility-level reporting than smaller organizations.

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First introduced in 2008 as part of a broader Form 990 redesign, Schedule H established a standardized way for the IRS and the public to track hospital community benefit, the charity care, health education, and other services that anchor a hospital's nonprofit mission.

A few years later, the Affordable Care Act layered on additional requirements under section 501(r), things like community health needs assessments (CHNAs), financial assistance policies, and billing and collection practices. H.R. 9504 would be the next chapter, pushing hospitals toward even more granular, facility-level reporting.

How reporting could shift, by hospital type

H.R. 9504 doesn't treat every hospital the same. The bill sets a foundational set of disclosures that would apply to every tax-exempt hospital organization, then layers on more detailed, facility-level requirements for large tax-exempt hospital organizations and high-revenue tax-exempt hospital organizations. Below, we break down what each tier would mean in practice.

Tier 1: All Tax-Exempt Hospitals

This tier sets a baseline for every tax-exempt hospital, regardless of size or whether they are within a larger health system.

- **Operational disclosures:** hospitals must submit full, audited financial statements (or consolidated health system statements) and their CMS certification number to streamline federal cross-referencing.
- **Community accountability:** hospitals must explain how they are addressing identified local needs in their most recent CHNA, describe needs not being addressed, and provide reasons why those needs aren't being addressed.
- **Financial assistance reporting:** in addition to reporting the dollar value of provided financial assistance, hospitals would now need to report counts of applications received, approved, and denied. See page 3 for how this differs from the current reporting structure.

Tier 2: "Large" Hospitals with more than 100 staffed inpatient beds

This tier targets mid- to large-sized hospitals and regional health hubs and excludes critical access and rural emergency hospitals.

- **Targeted community spending:** hospitals must identify their top three CHNA-identified priorities, a description of actions taken, their impact, and exact dollar amounts spent addressing each.
- **Nonclinical oversight:** hospitals must separately report spending on quality improvement versus "nonclinical programming" (administrative and operational functions such as IT) at both the system and facility levels.

Tier 3: "High Revenue" Hospitals with more than $100M in net patient revenue

This tier falls most heavily on major medical centers and academic systems and excludes critical access and rural emergency hospitals.

- **Service line breakdown:** hospitals must break down revenue, costs, and cost allocations for each health service line (e.g., cardiology) and map to a standardized federal category.
- **Marketing and drug cost tracking:** hospitals must disclose advertising costs reported to CMS, and 340B Drug Pricing Program participation, patient volume, net payment amounts, and compliance costs. You can find more on 340B on page 3.

The financial assistance piece, explained

Hospitals currently use a cost-to-charge ratio to report the net cost of charity care. H.R. 9504 would add three new access-focused data points on top of that cost figure.

- **Application volume:** exact counts of financial assistance applications received, approved, and denied, so a high reported cost of charity care can be checked against the number of applicants actually approved.
- **Verification of true access:** denial-rate data would let regulators assess whether hospitals are steering low-income patients toward assistance or toward billing and collections.
- **Facility-level reporting:** multi-hospital systems can currently aggregate financial assistance totals regionally. This bill would require facility-by-facility reporting, so a single safety-net hospital cannot be used to justify tax exemption for a system's more profitable suburban facilities.

Industry response

Reaction to the bill has been mixed. The Catholic Health Association (CHA) raised concerns in a letter to the committee, specifically flagging the 340B provisions and the CHNA reporting requirements as adding burden without clear benefit. The American Hospital Association (AHA) similarly says the bill improved over earlier iterations, including the removal of an earlier for-profit parallel tax calculation, but still argues the remaining requirements create administrative and financial burdens, potentially affecting close to two-thirds of hospitals nationally.

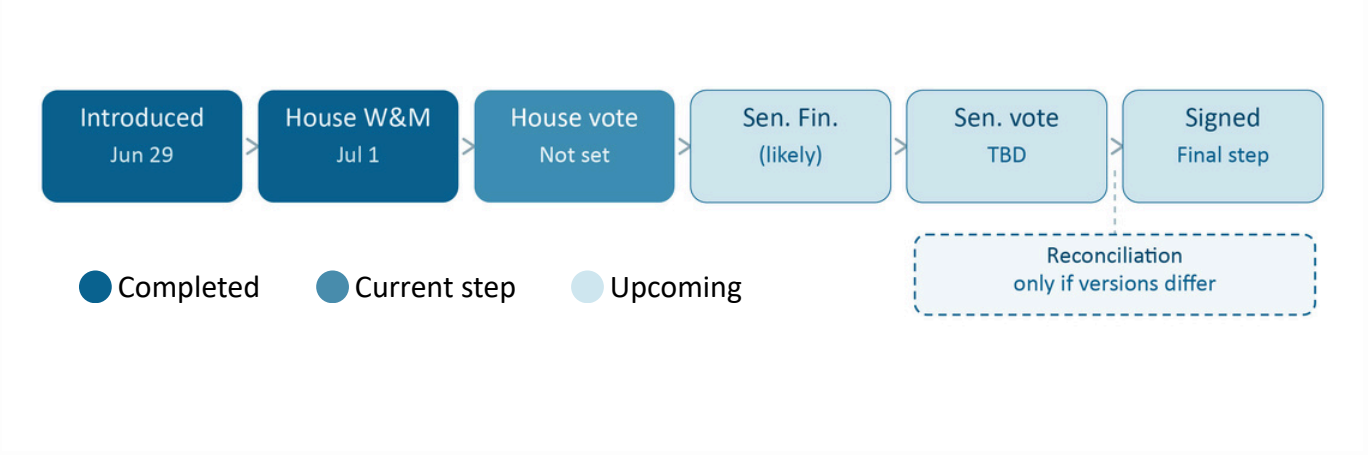
Why 340B is a flashpoint

Of everything in H.R. 9504, the 340B provisions are drawing the most pointed objections, and for reasons beyond the usual administrative burden argument. Under Tier 3, tax-exempt hospitals participating in the 340B Drug Pricing Program would have to report the number of patients who received 340B discounted outpatient drugs by insurance type, the aggregate net 340B payment amount for those drugs, and the compliance costs associated with running the program, including legal, administrative, and educational costs, and payments to outside contractors.

AHA has said outright that using tax documents as a vehicle for 340B reporting is inappropriate, since the 340B program is not a federal tax issue and has no bearing on 501(c)(3) or 501(r) status, questioning whether a drug discount program administered through Health Resources and Services Administration should appear on a tax return at all. CHA raised a related concern, specifically urging the committee to review the 340B provisions given the burden they would place on these hospitals, many of which rely on 340B savings to support charity care and other community benefit spending.

What could happen next

H.R. 9504 still has a long road ahead, and each step gives stakeholders another opportunity to weigh in. The bill cleared House Ways and Means on a party-line vote on July 1, with committee Democrats opposed. Legislation that clears committee without bipartisan support tends to face a steeper climb, especially once it needs sixty votes to pass the Senate.



Next, it needs a full House floor vote; then, if passed, it'd likely move to the Senate Finance Committee for review, a likely markup, and a vote. From there, it'll then move to the Senate floor for a vote. If the House and Senate pass different versions, which, given how contested some provisions already are, would not be surprising, those differences would need to be reconciled before the bill reaches the President's desk.

Timing is the open question. No House floor vote has been scheduled, and Congress has a packed calendar ahead: defense authorization, FISA reauthorization, and appropriations bills are all competing for floor time. Bills without bipartisan momentum often lose ground in that crunch, and with the November 2026 midterms approaching, legislative priorities tend to narrow further. Whether H.R. 9504 finds a path through or stalls until a new Congress is seated remains unclear.

This brief reflects legislative activity as of early July 2026. Given how much can still shift, from floor amendments to Senate action to a potential new Congress altogether, treat everything here as a current snapshot rather than a settled outcome. We will keep watching this one for you.
