



Smart decisions. Lasting value.™

Crowe Healthcare Virtual Symposium

Navigating Healthcare Healthcare Tax Checkup

March 15, 2017

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Donna M. Wallace, CPA – SSM Health – System Director, Tax and Compliance

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Disclaimer

The information provided herein is educational in nature and is based on authorities that are subject to change. You should contact your tax adviser regarding application of the information provided to your specific facts and circumstances.



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Today's Keynote Presenters



Scott D. Schitter
Corporate Director,
Tax and Financial Compliance
Mercy Health



Donna M. Wallace
System Director, Tax and
Compliance
SSM Health



Rachel Spurlock
Tax Partner
Crowe Horwath



Janice M. Smith
Tax Senior Manager
Crowe Horwath

Mercy Health (formerly Catholic Health Partners) is the largest health system in Ohio and one of the largest health systems in the United States, employing more than 32,000 employees in Ohio and Kentucky. With \$6 billion in assets, Mercy Health operates about 450 health facilities, including 23 hospitals, eight senior living communities, five hospice programs and seven home health agencies. Truven Health Analytics (formerly Thomson Reuters) consistently rates Mercy Health among the nation's top health systems for clinical quality and efficiency. In keeping with its mission, Mercy Health provides about \$1 million per day in community benefit services. Mercy Health's bonds are rated AA- by Standard & Poor's and Fitch, and A1 by Moody's. For more information, visit www.mercy.com or connect with Mercy Health on Facebook, LinkedIn, Google+, Pinterest and Twitter (@LivingMercyHlth).

SSM Health is a Catholic, not-for-profit health system serving the comprehensive health needs of communities across the Midwest through one of the largest integrated delivery systems in the nation. With care delivery sites in Illinois, Missouri, Oklahoma, and Wisconsin, SSM Health includes 20 hospitals, 62 outpatient care sites, a pharmacy benefit company, an insurance company, two nursing homes, comprehensive home care and hospice services, a technology company and two Accountable Care Organizations. With more than 8,500 physicians on our medical staff and more than 33,000 employees in four states, SSM Health is one of the largest employers in every community it serves. An early adopter of the electronic health record (EHR), SSM Health is a national leader for the depth of its EHR integration.

Session Goals

What is on your priority list of tax issues to address in 2017?

- Gain a greater understanding of issues faced by tax issues faced by health care organizations.
- Discuss “real world” application and approaches taken by tax directors on tax matters and what keeps healthcare leaders up at night.

Tax Topics for Discussion

- ✓ Alternative Investments – strategic decisions; required filings; best practices
- ✓ Operational Investments – unrelated business income; private inurement considerations; organizational preferences
- ✓ Sales Tax – managing filings; identifying risks system-wide
- ✓ Section 501(r) – challenges in maintaining compliance and related strategies
- ✓ Real Estate Tax Exemptions – managing a system-wide real estate portfolio; initial exemption; and own or lease considerations



Alternative Investments

Alternative Investment Topics



- Required filings related to investments
- State filing strategies
- Working with internal Treasury Department
- Strategic decisions about investments
- Best practices and takeaways
 - Utilize a matrix to track and monitor state tax filings and deadlines (i.e. C-TRAC State Module).
 - Develop internal policy to establish organizational state filing thresholds for compliance.
 - Create cross-walk between investment portfolio leadsheet to alternative investment tracker (i.e. C-TRAC AIM) to ensure all investments are properly accounted for.



Operational Investments

Operational Investment Topics

- For-profit partnership relationships
- Single-member limited liability companies
 - SMLLC Advantages
 - SMLLC Disadvantages
- Monitoring for unrelated business income and private inurement/benefit
- Best practices and takeaways
 - Establish and monitor system operational investment policies that consider the following:
 - Mission-based Investment – How does the investment support the mission and/or further exempt purpose and strategy of the hospital system?
 - Transfer Pricing – Are cost sharing arrangements and allocations between parent and operational investments at arm's length? What documentation is in place to support these arrangements?
 - Unrelated business income and private inurement / private benefit risks – When SMLLC activities are rolled up to a larger entity, are collective risks being properly monitored?





Sales Tax

Sales Tax Topics

- Sales tax exemption
- Collecting sales tax
- Collection information organization-wide
- Monitoring lines of business
- W-9 (Request for Taxpayer Identification Number and Certification)
- Best practices and takeaways
 - Use correct corporate names when contracting (match exemption certificate)
 - Set up internal tracking to monitor where activities are conducted and who is conducting each activity
 - Maintain a matrix/inventory of all places where the institution is paying sales tax
 - Have a consolidated or single point of contact to ensure that the legal name is used on Form W-9 rather than a d/b/a





Section 501(r)

Section 501(r) Topics

- Community Health Needs Assessments (CHNA) and Implementation Strategies (IS)
- Financial assistance and related policies
- Auditing operational compliance
- Effect of employee turnover on 501(r) compliance
- IRS audits
- Best practices and takeaways
 - CHNA and IS
 - CHNA and IS address different requirements; both are needed
 - Make sure two cycles are accessible on website
 - Use templates to maintain consistency; establish measurable goals
 - Financial assistance, AGB, billing and collection
 - Ensure continuing education for revenue cycle leaders to ensure that any changes to AGB/sliding scale are compliant
 - Have someone (internal or external) help ensure overall compliance
 - 501(r) is not “done”!





Real Estate Tax Exemption

Real Estate Tax Topics

- Handling real estate tax matters system-wide
- Acquiring new properties
- Lease versus own
- Anticipating property tax challenges and staying ahead of the game
- Best practices and takeaways
 - Maintain an inventory of properties, including location and activities conducted at each location
 - Be aware of the time-sensitivity of applying for exemption, property tax appeals and refunds (and closely track refund amounts due as significant dollars may be “paid under protest” during appeal process)
 - Maintaining an “always-lease” or “always-own” position may be short-sighted—consider the facts and circumstances of each transaction



Thank you

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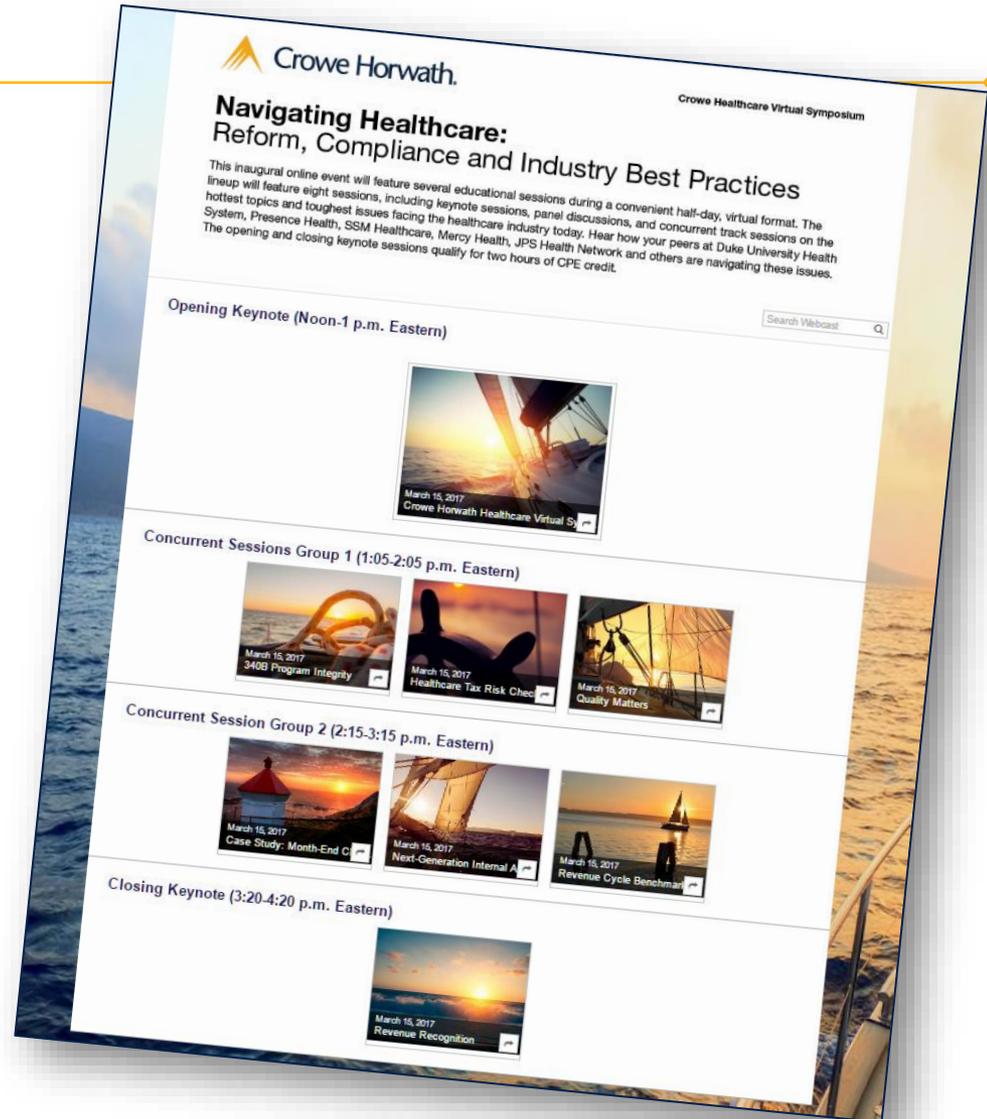
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To join us for the next session, visit the main portal page.

If you need help in locating the portal, please check out the Resources Icon below for a link to the portal page.



The screenshot displays the homepage for the Crowe Horwath Healthcare Virtual Symposium. At the top, the Crowe Horwath logo and the event title "Crowe Healthcare Virtual Symposium" are visible. The main heading is "Navigating Healthcare: Reform, Compliance and Industry Best Practices". Below this, a paragraph describes the event as an inaugural online event featuring educational sessions, keynote sessions, panel discussions, and concurrent track sessions. The opening and closing keynote sessions are noted to qualify for two hours of CPE credit. The page is organized into several sections: "Opening Keynote (Noon-1 p.m. Eastern)" with a search bar; "Concurrent Sessions Group 1 (1:05-2:05 p.m. Eastern)" featuring three sessions: "340B Program Integrity", "Healthcare Tax Risk Check", and "Quality Matters"; "Concurrent Session Group 2 (2:15-3:15 p.m. Eastern)" featuring three sessions: "Case Study: Month-End Close", "Next-Generation Internal Audit", and "Revenue Cycle Benchmarking"; and "Closing Keynote (3:20-4:20 p.m. Eastern)" featuring "Revenue Recognition". Each session is represented by a thumbnail image and a title.