













July 16, 2025

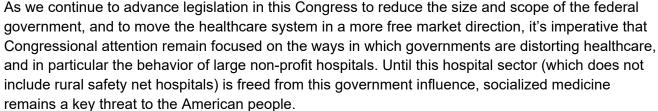


The Honorable Mike Johnson Speaker of the House U.S. House of Representatives Washington, DC 20515 The Honorable John Thune Majority Leader United States Senate Washington, DC 20510



Dear Speaker Johnson and Leader Thune:







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Hospitals receive approximately 37% of all Medicare spending, and 32% of all Medicaid spending—a total of around \$650 billion annually. Government money creates both dependence and rent seeking behavior, but it is also a conduit for waste, fraud, and abuse. The market distorting actions from these large non-profit hospitals are the driver of many of the worst problems with our nation's healthcare.







The "One Big Beautiful Bill Act" limited so-called "provider taxes" in Medicaid, and more work needs to be done. In these arrangements, providers such as large, non-profit hospitals are used as conduits to funnel money to states with national taxpayers left holding the bag. This has to be further limited and eventually disallowed entirely for the sake of taxpayers.











One area to examine in the next round of tax reform is the role of non-profit hospitals, especially outside of rural America where access is challenging. Any non-profit has a social contract—the corporate income tax is waived in exchange for serving the public through an exempt purpose. In the case of non-profit hospitals, the key metric here is charity care provided to low-income Americans. But charitable care is hard to find at these hospitals. There is a \$26 billion gap between the tax exemption large non-profit hospitals enjoy, and the amount of charity care they provide. The largest gap is at the largest non-profit hospitals, those with more than \$100 million in tax-free income.

The 340B program is supposed to help hospitals provide care to indigent populations at low or no cost, but it is now routinely used fraudulently. Hospitals serving low income areas receive the medicines at low or no cost, but then distribute them throughout a vast hospital network, specifically targeting affluent areas, and increasing the price for everyone. This is a failure of the government to monitor applications, define eligible patients, and track what happens to 340B drugs procured by large non-profit hospitals. The "Bon Secours" scandal in Richmond is both the best example of this, and a sadly representative one.





If these entities receive direct and indirect government aid as detailed above, and benefit from a kind of tax haven status in the healthcare system, there needs to be some accountability.



There is a lot to do to get the government's nose out of the large, non-profit, hospital sector. Until we do so, free market healthcare will remain a far-off goal.



REACTIONARY TIMES Sincerely,



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John Tamny Parkview Institute



Americans for Prosperity



Karen Kerrigan Small Business & Entrepreneurship Council



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James Davis Fans for Fair Play



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Jeremy Nighohossian Competitive Enterprise Institute

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Kevin Kearns US Business and Industry Council

Julio Rivera **Reactionary Times**

Joshua Delano Southeast Texans for Liberty

C. Preston Noell III Tradition, Family, Prosperity

Gerard Scimeca CASE

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