

# CRS Report for Congress

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## The Hill-Burton Uncompensated Services Program

Sharon Kearney Coleman  
Information Research Specialist  
Knowledge Services Group

### Summary

The Hospital Survey and Construction Act of 1946 (P.L. 79-725), commonly known as the Hill-Burton Act, was enacted to provide federal financial assistance for the planning, construction, and improvement of health care facilities through grants, loans, and guaranteed loans under Title VI and later Title XVI of the Public Health Service Act. Since 1946, the Hill-Burton program has provided assistance to more than 6,900 hospitals and other health care facilities in more than 4,000 communities.

The original legislation stipulated that, in return for assistance, facilities were required to provide *free care* for 20 years to eligible persons unable to pay for health care services. Although there has not been any Title VI funding authority for the program since FY1974, many facilities that received Hill-Burton funds continue to have an obligation to provide a certain level of uncompensated care. Facilities funded under Title XVI must provide uncompensated care in perpetuity.

This report provides information on the act, the obligations and eligibility requirements for free care, and sources for further information. It will be updated annually.

### Background

The Hospital Survey and Construction Act of 1946, known by the names of the legislation's initial sponsors, Senators Lister Hill of Alabama and Harold Burton of Ohio, provided federal assistance for the construction and improvement of hospitals and related facilities. The program was enacted in response to evidence of an extensive shortage of hospital facilities around the country, particularly in rural areas, after a long period of limited hospital construction during the Depression and World War II. It authorized the states to inventory existing hospitals to assess needs for facilities that could furnish "adequate hospital, clinic, and similar services to all their people" and then authorized funds to assist states with the construction of public and nonprofit hospitals to meet these needs. This included building new facilities and expanding, renovating, and otherwise altering existing facilities. Later, the Hill-Burton authority was amended to include

assistance for construction and modernization of nursing homes, rehabilitation facilities, outpatient facilities, and public and nonprofit health centers.

The program provided for assistance through the Public Health Service Act under Title VI (Assistance for Construction and Modernization of Hospitals and Other Medical Facilities). After 1975, assistance was provided under Title XVI (Health Resources Development). There were three types of aid available: (1) grants to construct or modernize public or nonprofit health facilities; (2) loan guarantees to nonfederal lenders on behalf of nonprofit health facilities; and (3) direct loans to public agencies constructing or modernizing hospitals.

## **Free Medical Care Under the Hill-Burton Program**

**Provider Obligations.** Health facilities which received grants, loans, or loan guarantees under the Hill-Burton program have an obligation to provide an annual minimum dollar volume of uncompensated care to eligible individuals who are unable to pay for the care. This minimum dollar volume is equal to the lesser of (1) 10% of the federal assistance they received, adjusted for inflation, or (2) 3% of their annual operating costs, minus the amount of reimbursement they received from Medicare and Medicaid. The length of time for which a facility is required to provide free care varies according to the type of assistance received. Those facilities which received grants under Title VI must provide the services for 20 years from the time the construction project was completed. Facilities that received loans must provide the services until the loan is repaid. Those that received grants under Title XVI must provide services in perpetuity.

A facility that provides more than the minimum required level of uncompensated care in a year may have the excess credited toward future obligations; one that provides less is required to make up the deficit in subsequent years, even if this extends their obligation beyond 20 years. Federal funding for health care facility construction under Title VI has not been appropriated since FY1974. However, many facilities that received funds have not yet fulfilled their obligation to provide free care. This could be because construction on a project was not completed until the 1980s, at which point the 20-year obligation began, or a facility might be making up a deficit for care not provided previously. Beginning in 1975, funds for facility construction were provided under Title XVI. This assistance carried the same qualifying requirements as those under Title VI, but extended the requirement for uncompensated care indefinitely. As of May 2005, there were 316 Hill-Burton-obligated facilities.

Each facility must determine the level of uncompensated services it must provide annually and arrive at a plan to reach its annual obligation. The facility may decide which services it will provide free of charge and may specify services it will provide at reduced cost.<sup>1</sup> An *allocation plan* which specifies a description of the services and how they will be allocated, the dollar amount of services to be provided, the criteria used in determining eligibility, and an invitation to comment on the plan must be published by the facility in a local newspaper. In addition, a written *individual notice* must be provided to anyone seeking services at the facility. The notice must state the facility's obligation to provide

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<sup>1</sup> Services not covered under the Hill-Burton program include private physician fees, pharmacy fees, and Medicare deductibles and copayments.

free or reduced-cost care to individuals unable to pay, the eligibility criteria to be met, where application for care must be made, and the time frame within which a written determination will be provided to the applicant. Finally, *posted notices* in English and Spanish (and other languages as necessary) must be conspicuously displayed in appropriate areas of the facility stating that uncompensated services will be provided for those who cannot pay.

**Eligibility for Uncompensated Services.** The federal poverty guidelines published by the Department of Health and Human Services (HHS) annually in the *Federal Register* are used as the basis for determining eligibility for free or reduced-cost health care under the Hill-Burton program. Services cannot be denied on the basis of race, creed, color, or national origin, regardless of citizenship or residency status.<sup>2</sup> Facilities must provide the services listed in their allocation plans *free* to persons with incomes up to the guideline amounts (Category A). Facilities have the option of offering free or reduced-cost services to persons with incomes up to twice the guidelines (Category B) or, in the case of nursing homes, up to three times the guidelines (Category C). Services that are fully covered by third-party insurance or a governmental program are not eligible for Hill-Burton coverage.

**2005 Poverty Guidelines.** The poverty guidelines are published annually in the *Federal Register* by HHS and are used as criteria for determining eligibility for a number of federal programs, including the Hill-Burton program. The 2005 guidelines were published on February 18, 2005 (*70 Federal Register* 8373), and went into effect for the Hill-Burton program on April 18, 2005.

**Table 1. 2005 Federal Poverty Guidelines**

Size of Family Unit	All Other States	Alaska	Hawaii
1	\$ 9,570	\$11,950	\$11,010
2	12,830	16,030	14,760
3	16,090	20,110	18,510
4	19,350	24,190	22,260
5	22,610	28,270	26,010
6	25,870	32,350	29,760
7	29,130	36,430	33,510
8	32,390	40,510	37,260

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<sup>2</sup> An applicant must have lived in the United States for at least three months to be determined eligible under the program.

## Additional information

Information on the Hill-Burton program, including a list of obligated facilities in a state, can be obtained by phoning the Hill-Burton toll-free Hot Line at 1-800-638-0742 (Maryland residents phone 1-800-492-0359). Information is also available on HHS website at [<http://www.hrsa.gov/osp/dfcr/about/aboutdiv.htm>].

The program is administered by the Health Resources and Services Administration (HRSA) within HHS. Individuals may contact the regional HRSA offices at the following addresses and phone numbers.

## HRSA Field Office/Cluster Contacts

### **Region 1: Boston, MA**

(Connecticut, Maine, New Hampshire, Rhode Island, Vermont)

*Roderick King, MD*

Field Director

Telephone: 617-565-1420

### **Region 3: Philadelphia**

(Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia)

*Vincent Rogers, DDS, MPH*

Telephone: 215-861-4411

### **Region 5: Chicago**

(Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin)

*Deborah Willis-Fillinger, MD*

Telephone: 312-353-6835

### **Region 7: Kansas City, MO**

(Iowa, Missouri, Nebraska, Kansas)

*Hollis Hensley, MD*

Telephone: 816-426-5226

### **Region 9: San Francisco**

(Arizona, California, Hawaii, Nevada)

*Thomas King*

Telephone: 415-437-8090

### **Region 2: New York**

(New Jersey, New York, Puerto Rico, U.S. Virgin Islands)

*Ronald Moss, MPH*

Telephone: 212-264-2664

### **Region 4: Atlanta**

(Alabama, Georgia, Florida, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee)

*Ketty M. Gonzalez, MD*

Telephone: 404-562-7980

### **Region 6: Dallas, TX**

(Arkansas, Louisiana, New Mexico, Oklahoma, Texas)

*Frank Cantu*

Telephone: 214-767-3872

### **Region 8: Denver**

(Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming)

*Jerry Wheeler*

Telephone: 303-844-7869

### **Region 10: Seattle**

(Alaska, Idaho, Oregon, Washington)

*Sharrion Jones*

Telephone: 206-615-2490