



## Guidance for Hospital Administrators for Subsidized Health Services Accounting

This guidance clarifies a change in accounting reflected in the CBR-1 form instructions for FY 2021 relating to the unreimbursed cost of Medicare and Subsidized Health Services.

Prior to January 1, 2020, hospitals were allowed to count unreimbursed Medicare costs as part of their community benefit unreimbursed care. This changed when House Bill 3076 (2019) removed unreimbursed Medicare as a category of community benefit effective January 1, 2020. Prior to January 1, 2020, Medicare amounts were reported as unreimbursed care, and so could not also be reported as Subsidized Health Services, even if they met the criteria.

Now that unreimbursed Medicare is no longer counted as a category a community benefit, hospitals can include Medicare revenue and expenses in Subsidized Health Services on the CBR-1, if the service meets the definition of Subsidized Health Services set out in the [CBR-1 instructions](#), which [follow IRS Form 990 Schedule H guidelines](#).

It is important that unreimbursed Medicare costs reported as Subsidized Health Services meet the definition of this community benefit category. Subsidized Health Services are clinical services lines that:

- Meet an identified community need, and
- Are provided despite a financial loss, and
- If the hospital were unable to offer the service, the service would be unavailable in the community or become the responsibility of government.

**Not all unreimbursed Medicare costs count as Subsidized Health Services, especially for hospitals in urban areas where the community may choose where to seek care.** Please refer to the [CBR-1 form instructions](#) on our website for further information.

Please also keep in mind that OHA's Hospital Community Benefit Reporting Program is an opportunity for hospitals to show how their community benefit investments seek to reduce health inequities, meet community needs, and improve population health and health equity.

Please reach out with questions or concerns.  
Thank you,

**Sarah Grabe, MPH** (she/her)  
Hospital Community Benefit Program Coordinator  
OREGON HEALTH AUTHORITY  
Health Policy & Analytics Division  
Office of Health Analytics  
[Sarah.Grabe@dhsola.state.or.us](mailto:Sarah.Grabe@dhsola.state.or.us)  
Cell: (503) 339-6666