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SearchAmerica's Payment Advisor Suite™ Aids Compliance to New IRS Form 990 for Hospitals

Automated Screening to Determine Charity Care Eligibility Provides the Non-Discriminatory, Defensible Process and Reporting Required by the IRS

Minneapolis, Minn., Jan. 22, 2008 – SearchAmerica, the leader in prediction of payment and automated charity, Medicaid and other government program processing, offers a solution to help tax-exempt hospitals comply with the new Internal Revenue Service (IRS) Form 990.

On December 20, 2007, the Internal Revenue Service (IRS) unveiled its updated Form 990 for tax-exempt organizations, with a new schedule designed specifically for hospitals, Schedule H. While the IRS is phasing in Schedule H for the 2008 tax year, the entire Schedule H will be mandatory in the 2009 tax year.

“Hospitals need to use the 2008 tax year to ready themselves for the 990 by advancing their charity processes and related reporting,” stated Daniel Johnson, President and CEO of SearchAmerica. “For years, hospitals have trusted SearchAmerica’s Payment Advisor Suite solution to efficiently and accurately administer their charity care programs; from automated patient screening, enrollment, and documentation completion to tracking and reporting. This same scrutiny and attention to detail is now being required by the IRS. SearchAmerica delivers the required non-discriminatory, auditable process that demonstrates a tax exempt hospital’s commitment to giving back to their communities via charity care to qualified patients.”

Objective Charity Screening Process

The 990 requires hospitals to demonstrate the effectiveness of their charity care screening process, ensuring that it is non-discriminatory and identifies every patient who would qualify for charity care under the hospital’s guidelines. By automating the screening process using Payment Advisor Suite, the process is void of any human intervention and natural subjectivity, and is truly objective. If a hospital would need to defend its process to the IRS, Payment Advisor Suite provides an audit trail that validates that the screenings took place and that the patient was directed to the appropriate financial arrangement based on the data provided.

Proper classification of Bad Debt/Charity

In Part III of the Form 990, bad debt can be included but smart hospitals realize there is more benefit to reclassifying them to charity. Using SearchAmerica’s solutions to re-classify accounts, many hospitals determine that they are providing more charity care than first reported. Correcting this error could improve a hospital’s standing with their community and the IRS. Too often bad debt accounts should have been enrolled in the charity care program from the beginning.

Before the IRS Form 990 was unveiled, hundreds hospitals had proactively automated their charity care screening and achieved tremendous results using Payment Advisor Suite.

“For every self pay patient, we have Search*America* automatically run a credit and financial profile,” explained Lesa Klepper at Novant Health. “If this information indicates that their income level matches the criteria of Novant’s charity care program, the patient is immediately enrolled. Since implementing this new process, we have more than tripled our number of charity cases and delivered a 50% decline in bad debt.”

Payment Advisor Suite is available from Search*America*. Additional information on its capabilities related directly to compliance with IRS Form 990 Schedule H is available at <http://www.searchamerica.com>.

About Search*America*, Inc.

Founded in 1994, Search*America* is the industry leader in prediction of payment and automated charity, Medicaid and other government program processing. It provides a complete range of real-time, integrated products that are used by more than 900 hospitals to improve their revenue cycles. Search*America*’s quality and accuracy is best in class, and healthcare providers benefit from smarter data which produces a healthier bottom line. Documented case studies prove a significant return on investment, consistent with favorable public relations. Search*America* is headquartered in Maple Grove, Minnesota. For additional information, please contact Search*America* at 763-416-1000 or visit www.searchamerica.com.

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