



Maryland
Hospital Association

HOSPITALS' TAX-EXEMPT STATUS **THE FOUNDATION OF COMMUNITY CARE**

THE ISSUE

Every acute care hospital in Maryland is a not-for-profit, tax-exempt organization that meets its mission of care by tailoring services to the specific needs of its community. The bedrock of hospitals' ability to provide the kind of care and services that no other entity can provide – intensive care, emergency departments open 24/7, disaster readiness and response, and much more – is their tax-exempt status. The tax-exempt status allows them to provide critical patient services and other community benefits they otherwise could not afford.

In fact, hospitals last year provided \$1.5 billion in community benefits – including wellness programs, research, medical education, job training, and services like high-level trauma care and neonatal intensive care.

Hospitals' tax-exempt status is similar to that of many other local, charitable organizations like churches and foundations. The tax-exempt status is determined by many factors, including community benefits spending, charitable purpose, and others. Community benefits reporting provided by Maryland's hospitals is highly transparent to the public so Marylanders can easily understand the value that hospitals bring to their communities. In fact, Maryland has been a leader in best practices on the reporting of charity care and community benefits.



Still, there are some who would threaten hospitals' tax-exempt status by requiring additional administrative hurdles and burdensome reporting requirements that do not fully capture hospitals' investments in their communities. Jeopardizing hospitals' tax-exempt status would jeopardize their financial stability, and thereby jeopardize the \$2 billion in federal dollars Maryland brings in each year through the unique All-Payer Model.

WHAT HOSPITALS ARE FOR

Hospitals need state support to retain their tax-exempt status so they can care for their communities. Lawmakers should reject attempts to add duplicative reporting burdens whose underlying purpose is to threaten the tax-exempt status and resources for community services.