



Maryland
Hospital Association

**Senate Bill 619: University of Maryland Medical System Corporation-Board of Directors-
Conflicts of Interest, Prestige of Office, and Financial Disclosure**

Letter of Information

Bill Summary

Senate Bill 619 specifies that a member of the Board of Directors of the University of Maryland Medical System Corporation (UMMSC) may not be employed by or have a financial interest in (1) a business entity subject to the authority of UMMSC or the University System of Maryland (USM) or (2) a business entity that is actively negotiating a contract, has entered into a contract, or is a subcontractor on a contract with UMMSC or USM.

MHA Position

Every acute care hospital in Maryland is a not-for-profit organization, meeting its charitable mission of care by tailoring services to the specific needs of the community it serves. Hospitals need the expertise of community members, including but not limited to physicians to serve on their boards to advance that mission. Hospital boards operate under a number of existing rules that provide for high levels of transparency.

Fiduciary duty to the community: The boards of Maryland's hospitals are made up of members of each hospital's community, who volunteer their time to ensure that the hospital meets its mission of delivering high-quality health care while remaining financially healthy. They share a fiduciary duty to act in the best interest of the organization, when making board decisions.

It's critical and necessary for hospital and health systems to interact with their communities and other businesses in order to collaborate, better understand needs and barriers, and expand knowledge and innovation. Hospitals rely on the expertise of their board members and need to have the ability to enter into appropriate business relationships in accordance with applicable standards. In fact, physicians that serve on hospital boards will have a relationship with the organization, while providing an important clinical voice, and serving as a patient advocate, when strategic decisions are made.

Numerous policies ensure transparency and protect against conflicts of interest: All of Maryland's hospitals have conflict of interest policies for their boards of directors. Hospitals conduct annual conflict of interests and outside commitments audits requiring employees to disclose those activities.

As part of maintaining their nonprofit status, hospitals file annual Form 990s with the Internal Revenue Service, which are publicly available. Additionally, several public disclosures are filed by hospitals annually with the Health Services Cost Review Commission (HSCRC). These standards are outlined in *Section 400: Reporting Requirements* of the HSCRC Accounting and Budget Manual and include several requirements for trustee disclosures.