



Maryland
Hospital Association

House Bill 1136 - Nonprofit Hospitals - Community Benefits

Position: *Oppose*

March 4, 2026

House Health Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in opposition of House Bill 1136.

While we appreciate the sponsor's intent in introducing HB 1136, we respectfully oppose this legislation. This legislation is duplicative and conflicts with the stakeholder-developed methodology and reporting requirements implemented pursuant to legislation passed in 2020.

2020 Legislation and Stakeholder Work Group

MHA participated in a legislatively mandated stakeholder work group, led by HSCRC, to identify opportunities to improve the community benefit reporting process. The work group's recommended changes aligned state and federal requirements to guide the development of community benefit reports and community health needs assessments. The legislation also mandated HSCRC collect hospital community benefit information and compile a statewide community benefit report that is available to the public. This report includes summary information as well as individual hospital reports. The most recent report was published on Jan. 8, 2026 and includes information from FY 2024.

Maryland's Community Benefit Reporting Requirements

Each year, nonprofit hospitals are required to complete Schedule H of IRS Form 990. This form shows the community benefit provided and is publicly posted on the Health Services Cost Review Commission (HSCRC) website.

Maryland law requires hospitals to include the following information in their community benefit reports:

- The hospital's mission statement
- A list of the hospital's activities to address the identified community health needs
- The costs of each community benefit activity
- A description of how each of the listed activities addresses the health needs of the hospital's community
- A description of efforts to evaluate the effectiveness of each community benefit activity
- A description of gaps in the availability of providers to serve the community
- A description of the hospital's efforts to track and reduce health disparities in the community

- A description of the process the hospital used to develop their Community Health Needs Assessment (CHNA)
- A list of the unmet community health needs identified in the most recent CHNA
- A list of tax exemptions the hospital claimed during the preceding taxable year

Additional State Reporting Requirements and Public Transparency

Maryland law requires additional information be reported each year that goes beyond federal requirements. HSCRC has been reporting hospitals' community benefit information for 21 years.

HSCRC developed categories hospitals must report on including:

- Community health services
- Health professions education
- Research
- Financial contributions to other organizations
- Community-building activities, including partnerships with community-based organizations
- Financial assistance (i.e., free and reduced-cost care)
- Mission-driven health services

In addition to the aggregate reporting, there are publicly accessible individual hospital reports available on HSCRC's website. The public can easily search the HSCRC website or even find this information through a Google search.

Maryland Hospitals' Community Benefit Investments

Maryland hospitals make substantial investments in the health and well-being of their communities. Maryland hospitals invested \$2.35 billion in total community benefit in FY 2024, an increase of about 3% from FY 2023, according to HSCRC data. This is an increase from 2019 when Maryland hospitals provided a combined \$1.75 billion in community benefits to support pivotal social indicators of health such as food, housing, and transportation. In FY 2024, Maryland hospitals reported spending 42.5% of their net community benefit on Community Health Needs Assessment-related activities.

Concerns with HB 1136's Methodology

HB 1136 would require nonprofit hospitals to provide community benefits that equal at least 100% of the value of the hospital's tax-exempt status or equal at least 5% of the value of the hospital's net patient revenue if the value of charity care provided equals at least 4% of the value of the hospital's net patient revenue. This rigid mandate departs from the stakeholder-developed methodology adopted following the 2020 work group, which endorsed a need-based framework tied to community health needs, rather than a fixed financial formula.

Community benefit policy should be driven by community health priorities, not the arbitrary percentage thresholds proposed by HB 1136.

Conflict with Maryland's Unique Rate-Setting System

HB 1136 applies a generic methodology without taking into consideration Maryland's unique rate-setting structure. The current methodology and reporting requirements were developed through a thoughtful stakeholder process. There have been no complaints that the current process is lacking, nor have any hospitals failed to report. HSCRC does calculate and compare the amount of a hospital's community benefit compared to their total operating expenses. Hospitals vary in the amount of community benefit not supported by rates compared to their total operating expenses. The total amount of community benefit expenditures without rate support as a percentage of total operating expenses ranged from 1.1% to 24.7%, with an average of 7.4%. This is similar to the average of 7.6% in FY 2023. According to HSCRC, in FY 2024, nine hospitals reported providing community benefit that exceeded 10% of their operating expenses.

For more information, please contact:

Jane Krienke, Assistant Vice President, Government Affairs & Policy
Jkrienke@mhaonline.org