Maryland
Hospital Association

Senate Bill 832 - Nonprofit Hospitals - Community Benefits

Position: *Oppose*
March 10, 2026
Senate Finance 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 Senate Bill 832.

While we appreciate the sponsor's intent in introducing SB 832, we respectfully oppose this legislation. This bill is duplicative and conflicts with the stakeholder-developed methodology and reporting requirements implemented pursuant to Senate Bill 774/House Bill 1169 passed in 2020. Additionally, national studies comparing the value of the tax benefits hospitals receive against their community benefit investments have consistently ranked Maryland among the top states in the nation.

Fair Share Deficit & Maryland Hospitals' Community Benefits
The Lown Institute analyzed The Lown Institute analyzed 47 Maryland nonprofit hospitals to examine how much they received in tax benefits compared with how much they spent on community benefits between 2020-2022.[1] The Institute compared Maryland hospitals to those in 20 states studied and found that hospitals in Maryland have:

- The highest rate of community investment
- One of the lowest "fair share deficits"- a measure of how much more tax benefits are received than spent on community investments One of the lowest "fair share deficits"

2020 Legislation and Stakeholder Work Group
MHA participated in a legislatively mandated stakeholder work group, led by the Health Services Cost Review Commission (HSCRC), to identify opportunities to improve the community benefit reporting process. The work group's recommendations aligned state and federal requirements for community benefit reports and community health needs assessments. The legislation also mandated that HSCRC annually collect hospital community benefit information and compile a statewide community benefit report that is available to the public. This report includes an aggregate summary 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

[1] Maryland_state-report.pdf

Federal law requires nonprofit hospitals to annually complete Schedule H of IRS Form 990. This form shows the community benefit provided and is publicly posted on the HSCRC's 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 identified community health needs
- Costs of each community benefit activity
- How each of the listed activities addresses the health needs of the hospital's community
- Efforts to evaluate the effectiveness of each community benefit activity
- Gaps in the availability of providers to serve the community
- The hospital's efforts to track and reduce health disparities in the community
- The process the hospital used to develop their Community Health Needs Assessment (CHNA)
- Unmet community health needs identified in the most recent CHNA
- Tax exemptions the hospital claimed during the preceding taxable year

Additional State Reporting Requirements and Public Transparency
Maryland law requires additional information to be reported each year that goes beyond federal requirements. HSCRC has reported hospitals' community benefit information for 21 years.

HSCRC requires hospitals to report on:

- 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, publicly accessible individual hospital reports are available on HSCRC's website. The public can access this information on the HSCRC website or easily find it through a Google search.

Maryland Hospitals' Community Benefit Investments
Maryland hospitals make substantial investments in the health and well-being of their communities. According to HSCRC data, our hospitals invested $2.35 billion in total community benefits in FY 2024, an increase of about 3% from FY 2023. This is an increase from 2019 when Maryland hospitals provided a combined $1.75 billion in community benefits to support critical social drivers of health such as access to healthy food, safe 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 SB 832's Methodology
SB 832 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 SB 832.

Conflict with Maryland's Unique Rate-Setting System
SB 832 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. According to HSCRC, in FY 2024, nine hospitals reported providing community benefit that exceeded 10% of their operating expenses.

For these reasons, we request an unfavorable report on SB 832.

For more information, please contact:
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