



Date: March 3, 2020
Committee: Finance Committee
Legislation: Testimony on SB 774: Hospitals-Community
Benefits
Position: Support

Dear Senator Kelley and members of the Senate Finance Committee.

The Fair Development Roundtable is a coalition of individuals, groups, and advocates anchored by the United Workers in Baltimore, which mobilizes for Equitable Development around the human rights principles of equity, universality, participation, transparency and accountability.

Anchor Institutions such as Johns Hopkins Hospital, Johns Hopkins Bayview, and the University of Maryland Medical Center (UMMC) play key roles in Baltimore City's development. Their tax exemption relative to property taxes puts a great burden on other City taxpayers. This tax break is, of course, tied to the federal exemption and its "community benefit" requirement. Other local jurisdictions in Maryland with tax-exempt hospitals face similar challenges.

While Baltimore hospitals make payments in lieu of taxes (PILOTs) in agreements negotiated with City leaders, they fall far short of paying their fair share. Johns Hopkins Hospital and Johns Hopkins Bayview, for example, jointly contribute roughly \$1.4 million annually in PILOTs, **3.6% of what they would have paid in property taxes** as for-profit corporations.¹ The UMMC pays a \$746,576 annual PILOT, **4.6% of the amount it would pay as a for-profit.**

As Baltimore City has the highest amount of tax-exempt property on a per-capita basis in Maryland and some of the greatest need for government services, it is imperative that hospitals provide **substantive community benefits** to the City. Under current practices, 58.6% of hospitals' reported community benefit expenditures **are already subsidized through rate adjustments or were spent on items not directly related to community benefits.**² It is mystifying that insurance, overhead expenses, and salaries for human resources and finance departments are counted as community benefits.³

This bill would:

1. Create a working group that sets minimum community benefits spending for each hospital;
2. Mandate meaningful public engagement in identifying community health needs; and
3. Require hospitals to clearly report their community benefit expenditures, tax exempt disclosures, and other financial measures.

The bill also would incentivize the community collaboration with hospitals currently envisioned by the Health Services Cost Review Commission (HSCRC) in their "Regional Partnership Catalyst Grants Program,"⁴ advancing the growing recognition that the environmental determinants of health may be key to reducing health care costs.

Housing is one of those health determinants. While Baltimore City housing is considered affordable to many across the state, it's not for many Black city residents, who still suffer from the City's separate and unequal development relative to its predominantly White suburbs. Approximately 150,000 eviction cases are filed by landlords in Baltimore City each year. And nearly 7,000 families—mostly female-headed, mostly African American—are evicted from their homes.⁵ Whether evicted or not, the children in these households suffer toxic stress, the cumulative impact of which requires health care.⁶ We all share these costs in our unique "all-payer" system.

As hospitals like Johns Hopkins and UMMC expand and develop their campuses, neighborhood property values are driven upward, which is positive for many, but stressful for poor renters. SB 774 would force these hospitals not only to conduct community assessments that recognize this, but to work with communities and policy makers on strategies to develop without involuntary displacement.

In short, SB 774 is public policy that meets our tests of equity, universality, transparency, participation, and accountability. We urge you to support it.

Respectfully submitted,



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¹ NNU, Coalition for a Humane Hopkins, AFL-CIO, *Burdening Baltimore: How Johns Hopkins and other Not-for-Profit Hospitals, Colleges, and Universities Fail to Pay their Fair Share*, (www.NationalNursesUnited.org, October 2019).

² FairCare for Maryland, *Holding Tax-Exempt Hospitals Accountable for Addressing Community Health Needs: An Exploration of Maryland Hospital's Community Benefit Reports*, accessed March 3, 2020, <http://faircareformd.com/wp-content/uploads/2020/02/1199SEIU-Hospital-Tax-Exempt-White-Paper-aa-v1.7-web-version-1.pdf>, at p.7.

³ *Id.*, at p.6.

⁴ See *Id.*, at p. 11.

⁵ Public Justice Center, Right to Housing Alliance, Pasciuti, & Cotton, *Justice Diverted: How Renters are Processed in the Baltimore City Rent Court* (Dec. 2015, Abell Foundation) accessed Feb. 14, 2020 <https://www.abell.org/sites/default/files/files/cd-justicediverted216.pdf>

⁶ John M. Pascoe, David L. Wood, James H. Duffee, Alice Kuo, *Mediators and Adverse Effects of Child Poverty in the United States*, [Pediatrics April 2016, 137 (4) e20160340; DOI: <https://doi.org/10.1542/peds.2016-0340>], accessed on March 3, 2020, <https://pediatrics.aappublications.org/content/137/4/e20160340>