

Testimony to the House Health & Government Operations Committee
HB328 Hospitals-Financial Assistance Policies-Revisions
Position: Favorable

February 14, 2024

Honorable Chair Pena-Melnyk and Members of the Committee:

Chair and Members of the Committee,

I am writing today in strong support of HB328.

Currently, not all nonprofit hospitals in Maryland use asset tests and service tests. For those that do, each hospital uses discretion to develop its own criteria for asset tests and service area boundaries. As a result, an income-eligible patient may receive free care at one hospital while being denied care at another hospital. This means access to affordable care is conditioned on where one becomes ill or has an emergency. This leads to inequitable outcomes and disparities.

HB 328 ensures that income-eligible Maryland residents receive free or reduced-cost care by eliminating additional barriers to charity care some nonprofit hospitals have put in place.

As nonprofit hospitals, Maryland's hospital systems receive substantial tax benefits and, in return, are required to provide free and low-cost care to income eligible residents. Additionally, through Maryland's unique global budgeting system, hospitals are compensated through rate-setting for the charity care that they anticipate spending based on the prior year's expenses. Therefore, the benefits to the hospital in terms of tax breaks are substantial while the costs are built into Maryland's rate-setting system.

Despite this, 27 Maryland nonprofit hospitals create barriers to low-income patients accessing free or low-cost care. These tests deny struggling households the charity care that they are entitled to by law, and that the General Assembly expanded in 2020. One test, the asset test, varies by hospital but may, for example, eliminate a household with two cars from receiving free or discounted care. Another test, the service area test, is used by hospitals to limit charity care to patients who live within a certain radius of the hospital. In urban areas, patients may live between several hospitals and would not know which one to go to since these geographic boundaries are not publicized. In an emergency, patients are sent to whatever hospital is nearest, so even if a patient did know which hospital would provide them with charitable care, they are not given a choice in the matter.

There are 47 hospitals in Maryland and 20 do not use any tests. At these 20 hospitals, if a patient is eligible for free or discounted care, they receive it. That should be the case statewide. Passage of HB328 will bring consistency, clarity, and fairness to hospital financial assistance statewide. It will expand financial assistance to eligible patients that need it at this critical time.

For all these reasons, I urge a favorable report on HB 328.

Sincerely,

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