

SENATE BILL 832

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6lr3368
CF HB 1136

By: **Senator Hershey**

Introduced and read first time: February 6, 2026

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Nonprofit Hospitals – Community Benefits**

3 FOR the purpose of requiring certain nonprofit hospitals to provide a certain value of
4 community benefits each year; requiring the Health Services Cost Review
5 Commission to report on the compliance of nonprofit hospitals with the community
6 benefits requirement to the Attorney General and the Comptroller; authorizing the
7 Comptroller to revoke the tax-exempt status of a nonprofit hospital under certain
8 circumstances; altering the requirements of a community benefit report; and
9 generally relating to nonprofit hospitals and community benefits.

10 BY repealing and reenacting, with amendments,
11 Article – Health – General
12 Section 19–303
13 Annotated Code of Maryland
14 (2023 Replacement Volume and 2025 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
16 That the Laws of Maryland read as follows:

17 **Article – Health – General**

18 19–303.

19 (a) (1) In this section the following words have the meanings indicated.

20 (2) **“CHARITY CARE” MEANS FREE AND REDUCED-COST CARE**
21 **REQUIRED UNDER § 19–214.1 OF THIS TITLE.**

22 [(2)] (3) **“Commission” means the Health Services Cost Review**
23 **Commission.**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 ~~[(3)] (4)~~ (i) “Community benefit” means a planned, organized, and
2 measured activity that is intended to meet identified community health needs within a
3 service area.

4 (ii) “Community benefit” may include:

5 1. A community health service;

6 2. Health professional education;

7 3. Research;

8 4. A financial contribution;

9 5. A community-building activity, including partnerships
10 with community-based organizations;

11 6. Charity care;

12 7. An activity described under subparagraph (i) of this
13 paragraph that is funded by a foundation;

14 8. A mission-driven health service;

15 9. An operation related to an activity described under
16 subparagraph (i) of this paragraph;

17 10. Financial or in-kind support of the Maryland Behavioral
18 Health Crisis Response System; [and]

19 11. A community health worker workforce program
20 established in accordance with § 19–303.1 of this subtitle; AND

21 **12. GOVERNMENT-SPONSORED INDIGENT CARE.**

22 ~~[(4)] (5)~~ “Community Benefit Reporting Workgroup” means the
23 Community Benefit Reporting Workgroup established in accordance with subsection (b) of
24 this section.

25 ~~[(5)] (6)~~ “Community health needs assessment” means the process
26 required by the Affordable Care Act by which unmet community health care needs and
27 priorities are identified by a nonprofit hospital in accordance with § 501(r)(3) of the Internal
28 Revenue Code.

(7) "GOVERNMENT-SPONSORED INDIGENT CARE" MEANS THE UNREIMBURSED COST TO A HOSPITAL OF PROVIDING HEALTH CARE SERVICES TO RECIPIENTS OF A GOVERNMENT-BASED INDIGENT HEALTH CARE PROGRAM, INCLUDING THE MARYLAND MEDICAL ASSISTANCE PROGRAM.

(B) (1) THIS SUBSECTION DOES NOT APPLY TO A NONPROFIT HOSPITAL LOCATED IN A COUNTY WITH A POPULATION OF FEWER THAN 50,000 PEOPLE.

(2) A NONPROFIT HOSPITAL ANNUALLY SHALL PROVIDE COMMUNITY BENEFITS THAT:

(I) EQUAL AT LEAST 100% OF THE VALUE OF THE HOSPITAL'S TAX-EXEMPT BENEFITS; OR

(II) EQUAL AT LEAST 5% OF THE VALUE OF THE HOSPITAL'S NET PATIENT REVENUE, IF THE VALUE OF ALL CHARITY CARE PROVIDED EQUALS AT LEAST 4% OF THE VALUE OF THE HOSPITAL'S NET PATIENT REVENUE.

(3) WITHIN 120 DAYS AFTER THE END OF A NONPROFIT HOSPITAL'S FISCAL YEAR, THE NONPROFIT HOSPITAL SHALL FILE A STATEMENT WITH THE COMMISSION, DETAILING HOW THE NONPROFIT HOSPITAL HAS PROVIDED THE COMMUNITY BENEFITS REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION.

(4) ON OR BEFORE DECEMBER 1 EACH YEAR, BEGINNING IN 2028, THE COMMISSION SHALL SUBMIT TO THE ATTORNEY GENERAL AND THE COMPTROLLER:

(I) A REPORT IDENTIFYING EACH NONPROFIT HOSPITAL, IF ANY, THAT FAILED TO PROVIDE THE COMMUNITY BENEFITS REQUIRED UNDER PARAGRAPH (2) OF THIS SUBSECTION IN THE IMMEDIATELY PRECEDING FISCAL YEAR; AND

(II) FOR EACH NONPROFIT HOSPITAL IN THE STATE, A REPORT ON:

1. THE AMOUNT OF COMMUNITY BENEFITS PROVIDED BY THE HOSPITAL;

2. THE COST TO THE HOSPITAL OF EACH COMMUNITY BENEFIT, INCLUDING AN ITEMIZED LIST OF THE COST TO THE HOSPITAL FOR PROVIDING CHARITY CARE AND GOVERNMENT-SPONSORED INDIGENT CARE;

3. THE AMOUNT OF NET PATIENT REVENUE;

1 4. THE AMOUNT THAT WOULD EQUAL 4% OF NET
2 PATIENT REVENUE;

3 5. AN ITEMIZED CALCULATION DEMONSTRATING
4 WHETHER THE COMMUNITY BENEFITS PROVIDED BY THE HOSPITAL MEET THE
5 REQUIREMENTS OF PARAGRAPH (2) OF THIS SUBSECTION;

6 6. THE VALUE OF THE TAX EXEMPTIONS THE HOSPITAL
7 CLAIMED DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR; AND

8 7. THE AMOUNT OF CHARITY CARE EXPENSES
9 REPORTED IN THE HOSPITAL'S MOST RECENT AUDITED FINANCIAL STATEMENT.

10 (5) (I) ON RECEIPT OF THE REPORT REQUIRED UNDER
11 PARAGRAPH (4)(I) OF THIS SUBSECTION, THE COMPTROLLER SHALL VERIFY THAT
12 EACH NONPROFIT HOSPITAL IDENTIFIED IN THE REPORT HAS FAILED TO COMPLY
13 WITH PARAGRAPH (2) OF THIS SUBSECTION.

14 (II) IF THE COMPTROLLER FINDS THAT A NONPROFIT
15 HOSPITAL HAS NOT COMPLIED WITH PARAGRAPH (2) OF THIS SUBSECTION, THE
16 COMPTROLLER SHALL REVOKE THE TAX-EXEMPT STATUS OF THE HOSPITAL FOR
17 THE IMMEDIATELY FOLLOWING TAXABLE YEAR.

18 (III) A NONPROFIT HOSPITAL MAY CURE A FINDING OF
19 NONCOMPLIANCE BY THE COMPTROLLER BY PROVING THAT THE NONCOMPLIANCE
20 WAS A RESULT OF UNINTENTIONAL MISCALCULATION AND PROVIDING THE
21 REMAINING REQUIRED COMMUNITY BENEFITS.

22 (IV) THE COMPTROLLER SHALL REINSTATE THE TAX-EXEMPT
23 STATUS OF A HOSPITAL THAT CURES A FINDING OF NONCOMPLIANCE UNDER
24 SUBPARAGRAPH (III) OF THIS PARAGRAPH.

25 (V) A HOSPITAL MAY CURE A FINDING OF NONCOMPLIANCE
26 UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH ONLY ONCE.

27 [(b)] (C) (1) The Commission shall establish a Community Benefit Reporting
28 Workgroup.

29 (2) The Community Benefit Reporting Workgroup shall be composed of
30 individuals and stakeholder groups that have knowledge of and are impacted by hospital
31 community benefit spending.

1 [(c)] (D) The Commission shall adopt regulations to implement the
2 recommendations of the Community Benefit Reporting Workgroup, that:

3 (1) Establish a standard format for reporting the information required
4 under this subsection;

5 (2) Specify the date by which each nonprofit hospital is required to submit
6 the annual community benefit report;

7 (3) Require each nonprofit hospital to solicit and take into account input
8 received from individuals who represent the broad interests of that community, including
9 individuals with special knowledge of or expertise in public and behavioral health in
10 accordance with § 501(r)(3) of the Internal Revenue Code;

11 (4) Require each nonprofit hospital to conduct its community health needs
12 assessment in consultation with community members as recommended by the Community
13 Benefit Reporting Workgroup and to submit an annual community benefits report to the
14 Commission detailing the community benefits provided by the hospital during the
15 preceding year that includes:

16 (i) The mission statement of the hospital;

17 (ii) A list of the activities that were undertaken by the hospital to
18 address the identified community health needs within the hospital's community;

19 (iii) The cost to the hospital of each community benefit activity,
20 **INCLUDING AN ITEMIZED REPORT OF THE COST TO THE HOSPITAL FOR PROVIDING**
21 **CHARITY CARE AND GOVERNMENT-SPONSORED INDIGENT CARE;**

22 (iv) A description of how each of the listed activities addresses the
23 community health needs of the hospital's community;

24 (v) A description of efforts taken to evaluate the effectiveness of each
25 community benefit activity;

26 (vi) A description of gaps in the availability of providers to serve the
27 community;

28 (vii) A description of the hospital's efforts to track and reduce health
29 disparities in the community that the hospital serves;

30 (viii) A list of the unmet community health needs identified in the
31 most recent community health needs assessment; [and]

32 (ix) A list of tax exemptions the hospital claimed during the
33 immediately preceding taxable year, in accordance with State law; **AND**

1 **(X) THE TOTAL OPERATING EXPENSES OF THE HOSPITAL FOR**
2 **THE IMMEDIATELY PRECEDING FISCAL YEAR, COMPUTED USING GENERALLY**
3 **ACCEPTED ACCOUNTING PRINCIPLES FOR HOSPITALS.**

4 **[(d)] (E)** The Commission shall establish a method through which State and
5 local governing bodies are made aware of the meetings of the Community Benefit Reporting
6 Workgroup.

7 **(F) IF THE COMMISSION FINDS THAT A NONPROFIT HOSPITAL HAS FAILED**
8 **TO SUBMIT THE ANNUAL COMMUNITY BENEFITS REPORT REQUIRED UNDER**
9 **SUBSECTION (D)(4) OF THIS SECTION, THE COMMISSION SHALL:**

10 **(1) PROVIDE THE NONPROFIT HOSPITAL WITH WRITTEN NOTICE**
11 **THAT THE HOSPITAL HAS FAILED TO FILE THE REQUIRED REPORT; AND**

12 **(2) IF THE HOSPITAL HAS STILL FAILED TO SUBMIT THE REPORT**
13 **WITHIN 10 DAYS AFTER THE NONPROFIT HOSPITAL HAS BEEN PROVIDED WITH**
14 **WRITTEN NOTICE:**

15 **(I) FOR A HOSPITAL WITH A BED COUNT OF 30 OR FEWER,**
16 **IMPOSE A CIVIL MONETARY PENALTY OF \$600 FOR EACH DAY THE HOSPITAL FAILS**
17 **TO SUBMIT THE REPORT;**

18 **(II) FOR A HOSPITAL WITH A BED COUNT OF AT LEAST 31 BUT**
19 **NOT MORE THAN 549, IMPOSE A CIVIL MONETARY PENALTY OF \$20 PER BED FOR**
20 **EACH DAY THE HOSPITAL FAILS TO SUBMIT THE REPORT; OR**

21 **(III) FOR A HOSPITAL WITH A BED COUNT OF 550 OR MORE,**
22 **IMPOSE A CIVIL MONETARY PENALTY OF \$11,000 FOR EACH DAY THE HOSPITAL**
23 **FAILS TO SUBMIT THE REPORT.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2026.