

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.



4 (ii) "Community benefit" may include:

1. A community health service;
2. Health professional education;
3. Research;
4. A financial contribution;
5. A community-building activity or organizations;
6. Charity care;
7. An activity described under a foundation;
8. A mission-driven health service;
9. An operation related to an paragraph;
10. Financial or in-kind support of a system; [and]
11. A community health worker with § 19-303.1 of this subtitle; **AND**

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.

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

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

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