



TESTIMONY BEFORE THE SENATE FINANCE COMMITTEE
Senate Bill 774

Hospitals- Community Benefits

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Maryland Association of County Health Officers (MACHO)
Position: Support Sponsor's Amendments- March 5, 2020

The Maryland Association of County Health Officers (MACHO) **supports SB 774 as amended by the sponsor.**

Community Benefit spending is required by each Maryland hospital to maintain its non-profit status. Non-profit 501(c)(3) status allows hospitals to avoid payment of state, local, and federal taxes, qualify for substantially lower bond interest rates, and increase fund raising. *In exchange, it is expected that hospitals will spend an amount comparable to these benefits to improve health-related projects in their communities.*

The Health Service Cost Review Commission (HSCRC) estimates that annual statewide Community Benefit expenditures total \$1.4 billion. The current norm across Maryland is that hospitals unilaterally decide on allocation of these dollars. Although to varying degrees hospitals gather input from outside stakeholders, hospitals have no requirement to solicit data, expertise, or the concerns of community organizations or involve them in funding decisions.

The HSCRC has worked with the bill sponsors and relevant stakeholders, including the Maryland Hospital Association (MHA), SEIU Hospital Workers' Union, and Local Health Departments (LHDs), to develop an amended bill that is a critical first step in improving the use of Community Benefit dollars. *The proposed Workgroup to be convened by the HSCRC will develop a better foundation to strategically plan for both the immediate and long-term health needs of communities.* In turn, this should lead to lower healthcare costs and align with the Total Cost of Care model.

LHDs possess a combination of professional community health expertise, deep knowledge of the needs of the underserved, and a strong working relationship with health and social service wrap-around organizations that are critical to the success of community health programs. LHDs have no financial biases, and as state and county employees, LHD staff members are held to public ethics laws and standards. SB 774, as amended, stipulates that LHDs will assess the effectiveness of our local hospitals' future Community Benefits spending. We appreciate the confidence placed in our agencies by the stakeholders involved in crafting this legislation.

We understand the importance of this responsibility and will work in partnership with MHA members to:

- 1) Strengthen hospital services; and
- 2) Continually reassess the health needs of our communities to maximize the value and equity of Community Benefit spending.

For these reasons, MACHO supports SB 774 as a meaningful first step toward more effective use of Community Benefit dollars. For more information, please contact Ruth Maiorana, MACHO Executive Director at rmaiora1@jhu.edu.