

Leni Preston
Independent Consumer Voice on Health Policy
6306 Swords Way, Bethesda, MD 20817
Email: lenipreston@verizon.net; Cell: 301.351.9381

SUPPORT
Senate Bill 774: Hospitals - Community Benefits
Senate Finance Committee
5 March 2020

As the former President of Consumer Health First and a member of several advisory bodies¹ at the Health Services and Cost Review Commission (HSCRC), I appreciate the opportunity to provide the following testimony in support of SB774 - Hospitals - Community Benefits.

This legislation represents an important opportunity to ensure that the Community Benefits program truly works for the benefit of the communities that hospitals serve and for which they receive a tax-exempt status. Not only does SB774 create a specific Community Benefit Reporting Workgroup to advise on the program, but it has the potential to make essential improvements in the following four areas:

1. Expansion of consumer and community engagement;
2. Standardization of reporting requirements;
3. Increased transparency; and
4. Promotion of greater accountability for hospitals.

These are each explained in further detail below, but as context it is useful to examine the background of the Community Benefits program. The Internal Revenue Service requires that hospitals provide charitable community benefits in exchange for their tax-exempt status and that these be reported on their 990 schedules. To strengthen that approach, the Affordable Care Act (ACA) required that tax-exempt hospitals conduct community health needs assessments and, based upon those, to implement strategies to address the identified needs. The ACA also created the Center for Medicare and Medicaid Innovation (CMMI) at the Centers for Medicare and Medicaid Services (CMS) to design, implement and test new payment models.

Maryland's policy makers wisely recognized an opportunity to use this as a tool to create a new health care delivery system model built upon the state's unique and successful hospital rate-setting system. That led to contracts with CMS for the All-Payer Model. In 2018 that was expanded into the Total Cost of Care Model (TCOC) with one goal of controlling the growth of the total cost of care.

Within the context of SB774, however, I would highlight the TCOC's first two goals, to improve: (1) population health; and (2) outcomes for individuals. For the first goal, the HSCRC is also required to develop three specific population health metrics². Therefore, it is important to

¹ Advisory Councils (2014-2016); Consumer Engagement Task Force, Chair (January - September 2015); Consumer-Standing Advisory Committee (December 2016 - April 2018 and January 2020 - current); and Total Cost of Care Workgroup (July 2018 - current)

² Currently, the priorities are: Diabetes prevention and management; and Opioid screening, prevention and treatment

recognize that the Community Benefits program does not exist in a vacuum. In fact, it is a valuable tool, if used properly, to not only ensure that hospitals meet their tax-exempt requirements, but also to drive the overall success of the TCOC.

The question to ask in that regard is whether Maryland's Community Benefits program is designed to take full advantage of this opportunity. Based upon my work, and that of others engaged in HSCRC's implementation of the model, as well as the findings released in the 1199SEIU report, *Holding Tax-Exempt Hospitals Accountable for Addressing Community Health Needs: An Exploration of Maryland Hospitals' Community Benefits Reports*³ (Report) I believe we can honestly say - not yet.

SB774 will provide important levers to address the issues raised in the Report and those can also be used in the short-term to inform the work of HSCRC's Consumer-Standing Advisory Committee (C-SAC). This group, which was in abeyance for 21 months, has finally been reconvened with a specific focus on the Community Benefits program and the related Community Health Needs Assessment process.

As stated above, I have included four areas where SB774 will have a positive impact on assuring that hospitals' expenditures fully align both with their tax-exempt status and their population health and community needs' goals. These are:

1. **Consumer and Community Engagement** - SB774 will:
 - a. Establish the Community Benefit Reporting Workgroup, which will provide a platform to engage policy and consumer advocacy experts in the future design and implementation of the Community Benefits Program;
 - b. Provide the opportunity to address one of the key recommendations of the HSCRC Consumer Engagement Task Force. A key recommendation in its Report⁴ was to "define Community Benefit dollars to include consumer engagement initiatives and promote these dollars for this use, particularly for those supporting vulnerable populations;"
 - c. Require hospitals to consult with key stakeholders in identifying "the hospital's community health needs when preparing its community health needs assessment ..." Based upon the Report cited above it is clear that there are issues that must be addressed in this regard; and
 - d. Provide an opportunity to target areas that are currently little understood, but which are key to improving outcomes for individuals and addressing community needs. Just one example of an area that is under-resourced with the

³ Holding Tax-Exempt Hospitals Accountable for Addressing Community Health Needs: An Exploration of Maryland Hospitals' Community Benefits Reports - <http://faircareformd.com/wp-content/uploads/2020/02/1199SEIU-Hospital-Tax-Exempt-White-Paper-aa-v1.7-web-version-1.pdf>

⁴ HSCRC Consumer Engagement Task Force Report - <https://hscrc.maryland.gov/documents/md-maphs/wg-meet/ce/09-02/CETF-Commission-Report-FINAL.pdf>

Community Benefits program is the area of health literacy. The Consumer Engagement Task Force report referenced this as the need to "create and make accessible to consumers, information that they understand and can act upon to make informed health care decisions..." Currently, this could be said to be incorporated into the community needs category of "health communications and health information technology." However, in 2018 only two hospitals included any dollars allocated in this area and it is unclear how effectively these were applied.

2. **Reporting requirements** - SB774 will provide for standardized reporting to assist in more effective analysis of the allocation of Community Benefits resources and it will:
 - a. Expand the reporting requirements in two key areas that include data on the :
 - i. unmet community health needs. This will allow for evaluation of the appropriateness of the hospital's current approach, but also provide data for future action; and
 - ii. tax exemptions claimed by a hospital during the preceding tax year that can be used to effectively evaluate its priorities and performance.
3. **Transparency** - SB774 will increase the availability of substantive information on both the development of the Community Health Needs Assessments and the allocation of Community Benefits dollars. That, in turn, will provide additional tools for the:
 - a. HSCRC to conduct its oversight and rate-setting responsibilities;
 - b. Hospitals to evaluate their own performance and to do so in relation to other hospitals in the state; and
 - c. Health policy and advocacy community and the public at large to evaluate the effectiveness of the program.
4. **Accountability** - Under the Total Cost of Care Model, hospitals have assumed an expanded role, and greater responsibilities, in addressing the transformation of Maryland's health care delivery system and with that the goals of improving population health and outcomes for individuals. SB774 provides tools to ensure that both the HSCRC, as a state agency, and the hospitals themselves, are fully accountable for their approaches to this task by leveraging the Community Benefits program.

Maryland has a well-deserved reputation as a national leader on health care reform. Senate Bill 774 represents another opportunity to burnish that reputation while ensuring that its residents are well-served by the hospitals, which benefit from their own tax-exempt status. For that, and the points cited above, I urge a favorable report for Senate Bill 774.