



MARYLAND CITIZENS' HEALTH INITIATIVE

2600 ST. PAUL STREET BALTIMORE, MD 21218

P: (410) 235-9000

F: (410) 235-8963

WWW.HEALTHCAREFORALL.COM

SUPPORT
SENATE BILL 774 – Hospitals – Community Benefits

Finance Committee

March 5, 2020

The Maryland Citizens' Health Initiative, Inc. **supports** SB 774 and requests a favorable report on the bill by the Senate Finance Committee.

In order to retain their tax-exempt status, hospitals have long been required to meet a "community benefit" test, i.e. they must provide health benefits and services to their local communities and report those community benefit expenditures on an annual basis at both the state and federal level. Federal reporting for community benefit expenditures is done through the IRS Form 990, Schedule H. In addition, the Maryland Health Services Cost Review Commission (HSCRC) requires an annual Community Benefits Report to be submitted by every hospital in the state. And finally, the ACA amended the tax code to require that hospitals conduct a community health needs assessment (CHNA) every three years in order to maintain their tax-exempt status.

While these state and federal reporting requirements have generated considerable data on the type and amount of community benefits that hospitals provide, analyses of these reporting forms have also shown that hospitals often fall short in achieving a fair balance between operating income and community benefit expenditures. Community benefits are a critical component of health policy that can improve public health and reduce disparities. We must, however, ensure that the proper accountability measures are in place to guarantee that the billions of dollars hospitals receive in tax subsidies are reinvested to address the significant social and economic needs of communities.

SB 774 will establish the Community Benefit Reporting Workgroup, which will create new standards and uniform reporting requirements for hospitals to hold them accountable to their charitable missions. It will also mandate meaningful public engagement in identifying the most relevant and pertinent health needs for the community served. Most importantly, SB 774 will require hospitals to report the impact of each community benefit initiative on the health needs of their community and to evaluate the effectiveness of the intervention. Such increased transparency and accountability in hospitals' community benefit reporting practices will lead to substantial improvements in public health, particularly for communities that experience health inequities.

Accordingly, **the Maryland Citizens' Health Initiative, Inc. strongly encourages the committee to issue a favorable report on SB 744.**

For more information, please contact Anna Davis, JD, MPH, Board Member and Health Policy Consultant at 443.415.1146 or by email at adavislaw@aol.com.