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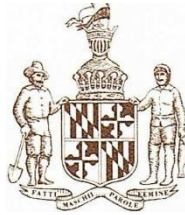
Health and Government Operations Committee

*Subcommittees*

Public Health and Minority Health Disparities, Chair

Elder and Long-Term Care

Maternal, Infant, and Child Health



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## **THE MARYLAND GENERAL ASSEMBLY**

ANNAPOLIS, MARYLAND 21401

### **HB599 LICENSURE OF HOSPITALS – OWNERSHIP REQUIREMENTS**

March 24, 2026

Chair Beidle, Vice-chair Hayes, and Finance Committee Members,

**HB599** –statutorily requires that Maryland hospitals, maintain a nonprofit status as a condition of licensure and in case of future sale.

Currently, all but one Maryland hospital entity which operates two sites have federal 501(c)(3) nonprofit status and state-level nonprofit registration for under our Total Cost of Care Framework, , the changing health care delivery landscape nationally and within the state, as we move forward with the AHEAD model, puts that at risk. With the uncertainty attendant with the state transition to the AHEAD model, the significant disruptions to local communities caused by Maryland hospital closures over the last decade or so, and the national trend of increased penetration of private equity investment in healthcare facilities and institutions, alarm bells are ringing. **HB599** is a proactive response.

Subsequent to **HB599** passing the House 96-47, the Maryland Hospital Association corrected previous information of there being no for-profit hospitals operating in Maryland to note that two rehab hospitals, one in Bowie and the other in Salisbury, are for profit. I ask the committee to accept my sponsor amendment carving them out of the bill and prohibiting acquisition of other sites.

Generally, for-profit hospitals prioritize investor returns over patient care, charge more, lack transparency, and provide little, if any charity care. Nonprofit hospitals, on the other hand, are required to provide benefits to the community, charity care, Medicaid gap filings, and address most, if not all, of the state’s public health needs. Unlike for-profit entities, nonprofit hospitals must reinvest excess revenue into patient care, facilities, and community health improvements. Further, maintaining a hospital’s nonprofit status requires compliance with IRS regulations, including completing Community Health Needs Assessments regularly, adopting clear financial assistance policies, and requiring public disclosure of financial data thus providing a degree of public accountability and transparency.

**HB599** has little to no impact on current Maryland stakeholders and is one small, no cost, guardrail to protect our residents, communities, and state from a growing and potentially devastating trend. I request a favorable report with amendment.

*Terri L. Hill, M.D.*