

Senate Bill 832 – Nonprofit Hospitals – Community Benefits

POSITION: Unfavorable

March 10, 2026

Senate Finance Committee

The University of Maryland Medical System (“UMMS”) respectfully submits this letter of opposition to Senate Bill 832 – Nonprofit Hospitals – Community Benefits. Senate Bill 832 (“SB 832”) proposes to mandate nonprofit hospital community benefits and reporting that are duplicative of, and in conflict with, existing State and federal law.

Concerns with the Lown Institute Fair Share Spending Report

Proponents of the SB 832 point to data from the Lown Institute’s 2025 Fair Share Spending Report to claim that Maryland nonprofit hospitals are not complying with the requirements for community benefit. **This is not accurate.**

Characterizations of Maryland hospitals as falling short on community investment are not supported by the data, including Lown’s own findings. Even under Lown’s deliberately narrow methodology, which excludes IRS-authorized categories such as Medicaid shortfall, health professions education, and research, **Maryland has the highest rate of community investment among the 20 states studied.** Maryland nonprofit hospitals invested an average of 7% of their total expenses in community benefit, **the highest share of expenses of all 20 states in the study.** Furthermore, when the full IRS Schedule H framework is applied, which includes Medicaid shortfall, health professions education, and research, Maryland’s performance is even stronger. It is also important to note that the Lown Institute’s Fair Share data reflects 2020-2022 figures. Therefore, the data does not show current community benefit practices among Maryland hospitals. For this information, the Committee should look to the annual reports mandated by HSCRC or Lown’s own “Hospital Index for Social Responsibility,” which reflects more recent data.

UMMS Community Benefit Under Lown Hospital Index

UMMS received an “A” from the Lown Institute in their 2025-2026 index recognition. The University of Maryland Medical Center, the flagship hospital in the system and one of the State’s two academic medical centers also received an “A”. In fact, 10 out of 11 UMMS hospitals received an “A” rating on community benefit from Lown, according to their most recent data.

Existing State Law and HSCRC Requirements

Maryland already maintains one of the most transparent community benefit accountability structures in the country: Each year all Maryland Hospitals submit a detailed Community Benefit Report to the HSCRC, outlining programming, spending and alignment with identified

community health needs. Additionally, Maryland enacted a significant Hospital Community Benefit legislation which overhauled reporting requirements and strengthened accountability standards across the State. Similarly, federal law also requires nonprofit hospitals to complete Schedule H of IRS Form 990. This form shows the community benefit provided and is publicly posted on the Health Services Cost Review Commission (HSCRC) website.

Maryland and the General Assembly should be proud of the transparent, comprehensive community benefit reporting that exists in the State. As a result of the work performed by the General Assembly, HSCRC, and Maryland hospitals, total community benefit in FY24 (the most recent year with data) exceeded \$2.3 billion. This figure represented a 3% increase over FY23, according to HSCRC data. Maryland hospitals have also increased total community benefit spend by 34% since 2019 (\$1.75b).

Primary Concerns with SB 832

UMMS has several specific concerns with the legislation, as introduced. Specifically, UMMS raises the following issues for the Committee's consideration:

1. **Community Health Needs Assessment Community Input Language.** The bill proposes redundant requirements that nonprofit hospitals solicit and incorporate community input in conducting CHNAs. These standards are already established under federal Affordable Care Act regulations. To avoid duplicative or potentially conflicting interpretations, state requirements should align directly with existing federal CHNA standards.
2. **Alignment with IRS Schedule H Definitions.** The definitions of community benefit categories in the bill do not align with the IRS Schedule H Form 990 instructions. Establishing different requirements under state and federal definitions would require hospitals to maintain parallel accounting methodologies, increasing complexity and the potential for inconsistent reporting.
3. **Reporting Timeline.** The proposed December 1 reporting deadline will present significant operational challenges, as key financial data referenced in the bill is tied to audited financial statements and IRS Schedule H reporting, which are not available by December 1.
4. **Definition of "Tax-Exempt Benefits".** The bill would require hospitals to provide community benefits equal to at least 100% of the value of their tax-exempt benefits; however, the methodology for calculating the value is vague and not clearly defined. Without a uniform calculation methodology, implementation is unworkable.

For these reasons, the University of Maryland Medical System opposes SB 832, and respectfully requests an *unfavorable* report on the bill.

For more information, please contact:

Will Tilburg
Vice President, Government and Regulatory Affairs
University of Maryland Medical System
William.Tilburg@umm.edu