



SB832 Nonprofit Hospitals-Community Benefits

Position: FAV

March 10, 2026

The Honorable Pam Beidle, Chair
Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, Maryland 21401
cc: Members, Senate Finance

Chair Beidle and Members of the Committee,

Economic Action strongly supports SB832 which strengthens and clarifies nonprofit hospitals community benefits by explicitly including government-sponsored indigent care under the kinds of activities that will qualify for hospitals calculations of their benefits.

In addition, under SB832, nonprofit hospitals must provide community benefits that equal its tax benefit or 5% of the net value of patients' revenue. Should a nonprofit hospital fail to meet its community benefits obligations, their nonprofit tax-exempt status will be revoked for the following year.

SB832 addresses an issue that consumer and patient advocates have been grappling with for years—the fact that, despite receiving substantial tax breaks as a nonprofit hospital, many have failed to provide meaningful community benefits. Providing free and reduced-cost care to low-and-moderate income patients is one activity that qualifies as a community benefit, other activities include health education, research, and community partnerships with local nonprofits.

According to the Lown Institute, Maryland's nonprofit hospitals receive \$587 million in tax benefits each year. However, from 2020-2022, 18% of Maryland nonprofit hospitals received more in tax breaks than they spent on community investment. While this is better than some states, the fact remains, nearly 20% of hospitals are getting more in tax breaks than they are giving in terms of community benefits.

The worst offenders were University of Maryland Medical Center with a \$42 million deficit, followed by Holy Cross, Kennedy Krieger, and Atlantic General which each had a \$2 million deficit. Overall, Maryland nonprofit hospitals have an \$82 million fair share deficit.

In terms of charity care, Maryland nonprofit hospitals' record remains troubling. Between 2014 through 2018, the annual amount of charity care provided by Maryland hospitals has declined

Economic Action (formerly the Maryland Consumer Rights Coalition) champions economic rights and housing justice through advocacy, research, consumer education, and direct service. Our 12,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

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by more than a third, falling 36 percent since 2014. Maryland hospitals provided \$168 million less in charity care in 2018 than they did in 2014 (not adjusting for inflation)¹.

SB832 increases transparency and accountability for Maryland's nonprofit hospitals. The \$82 million dollar deficit hospitals have could be used to feed hungry families, end medical debt, or hire additional workforce in hospitals.

SB832 provides a simple premise-hospitals community benefits should at least equal their tax breaks. If nonprofit hospitals choose not to match their benefits with their tax breaks, they will forfeit their tax breaks.

With cuts at the federal level, many Maryland patients may lose healthcare coverage, including Medicaid. By clearly stating that government-sponsored indigent care can qualify as a community benefit, this may spur Maryland's nonprofit hospitals to be more diligent in providing free and reduced-cost care to those who need it.

For all these reasons, we support SB832 and urge a favorable report.

Best,

Marceline White
Executive Director

¹https://www.nationalnursesunited.org/sites/default/files/nnu/graphics/documents/0220_JHH_PreyingOnPatients_Report.pdf

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