

# SENATE BILL 774

J3, Q3, Q2

0lr1272  
CF HB 1169

---

By: **Senator Kelley**

Introduced and read first time: February 3, 2020

Assigned to: Finance

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 9, 2020

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Hospitals~~ **Health Services Cost Review Commission – Community Benefits –**  
3 **Reporting**

4 FOR the purpose of repealing certain provisions governing the identification of community  
5 health care needs by nonprofit hospitals; repealing certain provisions of law  
6 requiring nonprofit hospitals to submit a certain annual community benefits report  
7 to the Health Services Cost Review Commission; requiring the Commission to  
8 establish a Community Benefit Reporting Workgroup; providing for the composition  
9 of the workgroup; requiring the Commission to adopt certain regulations relating to  
10 the community health needs of nonprofit hospitals and reporting by nonprofit  
11 hospitals regarding community health needs and benefits provided by the hospital;  
12 requiring the Commission to establish a method through which State and local  
13 governing bodies are made aware of certain meetings; requiring the Commission, on  
14 or before a certain date, to ~~issue a certain report, conduct a certain assessment, issue~~  
15 ~~certain recommendations, certain information~~ and submit a copy of a certain report  
16 to certain committees of the General Assembly; altering certain definitions; making  
17 conforming changes; and generally relating to community benefits provided by  
18 nonprofit hospitals.

19 BY repealing and reenacting, with amendments,  
20 Article – Health – General  
21 Section 19–303  
22 Annotated Code of Maryland  
23 (2019 Replacement Volume)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

**Article – Health – General**

19–303.

(a) (1) In this section the following words have the meanings indicated.

(2) “Commission” means the Health Services Cost Review Commission.

(3) **(I)** “Community benefit” means ~~an activity that is intended to address community needs and priorities primarily through disease prevention and improvement of health status, including:~~

~~(i) [Health] NONREIMBURSABLE HEALTH services provided to vulnerable or underserved populations such as Medicaid, Medicare, or Maryland Children’s Health Program enrollees;~~

~~(ii) Financial or in-kind support of public health programs;~~

~~(iii) Donations of funds, property, or other resources that contribute to a community priority;~~

~~(iv) Health care cost containment activities;~~

~~(v) Health education, screening, and prevention services; and~~

~~(vi) Financial or in-kind support of the Maryland Behavioral Health Crisis Response System~~ **A PLANNED, ORGANIZED, AND MEASURED ACTIVITY THAT IS INTENDED TO MEET IDENTIFIED COMMUNITY HEALTH NEEDS WITHIN A SERVICE AREA.**

**(II) “COMMUNITY BENEFIT” MAY INCLUDE:**

**1. A COMMUNITY HEALTH SERVICE;**

**2. HEALTH PROFESSIONAL EDUCATION;**

**3. RESEARCH;**

**4. A FINANCIAL CONTRIBUTION;**

**5. A COMMUNITY-BUILDING ACTIVITY, INCLUDING PARTNERSHIPS WITH COMMUNITY-BASED ORGANIZATIONS;**

**6. CHARITY CARE;**

**7. AN ACTIVITY DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH THAT IS FUNDED BY A FOUNDATION;**

**8. A MISSION-DRIVEN HEALTH SERVICE;**

**9. AN OPERATION RELATED TO AN ACTIVITY DESCRIBED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH; AND**

**10. FINANCIAL OR IN-KIND SUPPORT OF THE MARYLAND BEHAVIORAL HEALTH CRISIS RESPONSE SYSTEM.**

(4) “COMMUNITY BENEFIT REPORTING WORKGROUP” MEANS THE COMMUNITY BENEFIT REPORTING WORKGROUP ESTABLISHED IN ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION.

(5) “Community HEALTH needs assessment” means ~~the process~~ REQUIRED BY THE AFFORDABLE CARE ACT by which unmet community health care needs and priorities are identified; ~~A COMMUNITY HEALTH NEEDS ASSESSMENT CONDUCTED BY A NONPROFIT HOSPITAL IN ACCORDANCE WITH § 501(R)(3) OF THE INTERNAL REVENUE CODE.~~

[(b) In identifying community health care needs, a nonprofit hospital:

(1) Shall consider, if available, the most recent community needs assessment developed by the Department or the local health department for the county in which the nonprofit hospital is located;

(2) May consult with community leaders and local health care providers; and

(3) May consult with any appropriate person that can assist the hospital in identifying community health needs.

(c) (1) Each nonprofit hospital shall submit an annual community benefit report to the Health Services Cost Review Commission detailing the community benefits provided by the hospital during the preceding year.

(2) The community benefit report shall include:

(i) The mission statement of the hospital;

(ii) A list of the initiatives that were undertaken by the hospital;

(iii) The cost to the hospital of each community benefit initiative;

(iv) The objectives of each community benefit initiative;

(v) A description of efforts taken to evaluate the effectiveness of each community benefit initiative;

(vi) A description of gaps in the availability of specialist providers to serve the uninsured in the hospital; and

(vii) A description of the hospital's efforts to track and reduce health disparities in the community that the hospital serves.

(d) (1) The Commission shall compile the reports required under subsection (c) of this section and issue an annual Nonprofit Hospital Community Health Benefit Report.

(2) In addition to the information required under paragraph (1) of this subsection, the Nonprofit Hospital Community Health Benefit Report shall contain a list of the unmet community health care needs identified in the most recent community needs assessment prepared by the Department or local health department for each county.

(3) The Nonprofit Hospital Community Health Benefit Report shall be made available to the public free of charge.

(4) The Commission shall submit a copy of the annual Nonprofit Hospital Community Health Benefit Report, subject to § 2–1257 of the State Government Article, to the House Health and Government Operations Committee and the Senate Finance Committee.

(e) The Commission shall adopt regulations, in consultation with representatives of nonprofit hospitals, that establish:

(1) A standard format for reporting the information required under this section;

(2) The date on which nonprofit hospitals must submit the annual community benefit reports; and

(3) The period of time that the annual community benefit report must cover.]

**(B) (1) THE COMMISSION SHALL ESTABLISH A COMMUNITY BENEFIT REPORTING WORKGROUP.**

(2) THE COMMUNITY BENEFIT REPORTING WORKGROUP SHALL BE COMPOSED OF INDIVIDUALS AND STAKEHOLDER GROUPS THAT HAVE KNOWLEDGE OF AND ARE IMPACTED BY HOSPITAL COMMUNITY BENEFIT SPENDING.

(C) THE COMMISSION SHALL ADOPT REGULATIONS, ~~IN CONSULTATION WITH REPRESENTATIVES OF NONPROFIT HOSPITALS AND~~ TO IMPLEMENT THE RECOMMENDATIONS OF THE COMMUNITY BENEFIT REPORTING WORKGROUP, THAT:

(1) ESTABLISH A STANDARD FORMAT FOR REPORTING THE INFORMATION REQUIRED UNDER THIS SUBSECTION;

(2) SPECIFY THE DATE BY WHICH EACH NONPROFIT HOSPITAL IS REQUIRED TO SUBMIT THE ~~REPORTS REQUIRED UNDER THIS SUBSECTION TO THE COMMISSION~~ ANNUAL COMMUNITY BENEFIT REPORT;

(3) REQUIRE EACH NONPROFIT HOSPITAL TO ~~IDENTIFY THE HOSPITAL'S COMMUNITY HEALTH NEEDS WHEN PREPARING ITS COMMUNITY HEALTH NEEDS ASSESSMENT BY CONSULTING WITH:~~

~~(I) CONSUMERS AND OTHER MEMBERS OF THE PUBLIC;~~

~~(II) HEALTH CARE PROVIDERS THAT ARE NOT EMPLOYED BY A HOSPITAL;~~

~~(III) FAITH LEADERS;~~

~~(IV) COMMUNITY LEADERS;~~

~~(V) LOCAL HEALTH CARE PROVIDERS;~~

~~(VI) THE PUBLIC HEALTH DEPARTMENTS OF THE COUNTIES WITHIN THE NONPROFIT HOSPITAL'S SERVICE AREA; AND~~

~~(VII) ANY OTHER PERSON THAT CAN ASSIST THE NONPROFIT HOSPITAL IN IDENTIFYING COMMUNITY HEALTH NEEDS~~ SOLICIT AND TAKE INTO ACCOUNT INPUT RECEIVED FROM INDIVIDUALS WHO REPRESENT THE BROAD INTERESTS OF THAT COMMUNITY, INCLUDING INDIVIDUALS WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC AND BEHAVIORAL HEALTH IN ACCORDANCE WITH § 501(R)(3) OF THE INTERNAL REVENUE CODE;

~~(4) REQUIRE EACH NONPROFIT HOSPITAL TO HOLD MEETINGS FOR THE PURPOSE OF SOLICITING COMMENTS AND FEEDBACK FROM THE GENERAL PUBLIC ON THE NONPROFIT HOSPITAL'S PROPOSED COMMUNITY BENEFIT~~

~~INITIATIVES MEANT TO ADDRESS THE IDENTIFIED COMMUNITY HEALTH NEEDS FOR THE FOLLOWING YEAR; AND~~

~~(5) REQUIRE EACH NONPROFIT HOSPITAL TO SUBMIT AN ANNUAL COMMUNITY BENEFIT REPORT TO THE COMMISSION THAT DETAILS THE COMMUNITY BENEFITS PROVIDED BY THE HOSPITAL DURING THE IMMEDIATELY PRECEDING YEAR AND THAT INCLUDES:~~

(4) REQUIRE EACH NONPROFIT HOSPITAL TO CONDUCT ITS COMMUNITY HEALTH NEEDS ASSESSMENT IN CONSULTATION WITH COMMUNITY MEMBERS AS RECOMMENDED BY THE COMMUNITY BENEFIT REPORTING WORKGROUP AND TO SUBMIT AN ANNUAL COMMUNITY BENEFITS REPORT TO THE COMMISSION DETAILING THE COMMUNITY BENEFITS PROVIDED BY THE HOSPITAL DURING THE PRECEDING YEAR THAT INCLUDES:

(I) THE MISSION STATEMENT OF THE HOSPITAL;

(II) A LIST OF THE ~~COMMUNITY BENEFIT INITIATIVES UNDERTAKEN BY THE HOSPITAL~~ ACTIVITIES THAT WERE UNDERTAKEN BY THE HOSPITAL TO ADDRESS THE IDENTIFIED COMMUNITY HEALTH NEEDS WITHIN THE HOSPITAL'S COMMUNITY;

(III) THE COST TO THE HOSPITAL OF EACH COMMUNITY BENEFIT INITIATIVE ACTIVITY;

(IV) ~~THE IMPACT OF EACH COMMUNITY BENEFIT INITIATIVE ON IDENTIFIED COMMUNITY HEALTH NEEDS AND AN ITEMIZED ACCOUNTING OF THE COSTS OF EACH COMMUNITY BENEFIT INITIATIVE~~ A DESCRIPTION OF HOW EACH OF THE LISTED ACTIVITIES ADDRESSES THE COMMUNITY HEALTH NEEDS OF THE HOSPITAL'S COMMUNITY;

(V) A DESCRIPTION OF ~~THE HOSPITAL'S EFFORTS TO EVALUATE THE EFFECTIVENESS OF EACH COMMUNITY BENEFIT INITIATIVE~~ EFFORTS TAKEN TO EVALUATE THE EFFECTIVENESS OF EACH COMMUNITY BENEFIT ACTIVITY;

(VI) A DESCRIPTION OF GAPS IN THE AVAILABILITY OF PROVIDERS TO SERVE ~~UNINSURED INDIVIDUALS AT THE HOSPITAL~~ THE COMMUNITY;

(VII) A DESCRIPTION OF THE HOSPITAL'S EFFORTS TO TRACK AND REDUCE HEALTH DISPARITIES IN THE COMMUNITY THAT THE HOSPITAL SERVES;

1 (VIII) A LIST OF THE UNMET COMMUNITY HEALTH NEEDS  
2 IDENTIFIED IN THE MOST RECENT COMMUNITY HEALTH NEEDS ASSESSMENT; AND

3 (IX) A LIST OF TAX EXEMPTIONS THE HOSPITAL CLAIMED  
4 DURING THE IMMEDIATELY PRECEDING TAXABLE YEAR, IN ACCORDANCE WITH  
5 STATE LAW.

6 (D) THE COMMISSION SHALL ESTABLISH A METHOD THROUGH WHICH  
7 STATE AND LOCAL GOVERNING BODIES ARE MADE AWARE OF THE MEETINGS OF THE  
8 COMMUNITY BENEFIT REPORTING WORKGROUP.

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) On or before ~~October~~ December 1, 2020, the Health Services Cost Review  
11 Commission shall compile a report on the steps taken to update the community benefit  
12 reporting process that includes:

13 ~~(1) issue a report on the steps taken to assess the extent to which each~~  
14 ~~nonprofit hospital's community benefit spending addresses the community health needs of~~  
15 ~~its service area;~~

16 ~~(2) conduct an assessment of each nonprofit hospital's process for soliciting~~  
17 ~~public comments on the health needs of the hospital's community and the hospital's process~~  
18 ~~for incorporating the public comments into its community health needs assessment;~~

19 ~~(3) issue recommendations for methodologies and processes for the~~  
20 ~~Maryland Department of Health and local health departments to certify whether a~~  
21 ~~hospital's spending on community benefit initiatives has been directed to a community~~  
22 ~~health need identified in the hospital's community health needs assessment; and~~

23 ~~(4) issue recommendations on the process to develop a community health~~  
24 ~~needs assessment.~~

25 (1) a description of each hospital's process for soliciting input in the  
26 development of the community health needs assessment for the purpose of § 501(r)(3) of  
27 the Internal Revenue Code; and

28 (2) recommendations for the Maryland Department of Health and the local  
29 health departments to assess the effectiveness of hospitals' community benefit spending to  
30 address the community health needs.

31 (b) On or before ~~October~~ December 1, 2020, the Commission shall submit a copy  
32 of the ~~report required under subsection (a) of this section~~ annual Nonprofit Hospital  
33 Community Health Benefit Report to the House Health and Government Operations  
34 Committee and the Senate Finance Committee in accordance with § 2-1257 of the State  
35 Government Article.

1           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
2   1, 2020.

Approved:

---

Governor.

---

President of the Senate.

---

Speaker of the House of Delegates.