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Date: March 2, 2020
Committee: Health and Government Operations
Legislation: Testimony on HB 1169: *Hospitals- Community Benefits Bill*
Position: Support

1199 SEIU United Healthcare Workers East SUPPORTS HB 1169 – Hospitals – Community Benefits- and requests a FAVORABLE report by this committee. This bill would bring much-needed transparency to the hospital community benefits reporting process. It would also improve accountability in hospital community benefits spending, giving stakeholders a stronger voice to advocate for spending that directly improves the health of their communities.

My name is Claudia Balog and I am a Lead Researcher with 1199. We represent 10,000 healthcare workers throughout Maryland and DC across the delivery spectrum – hospitals, nursing homes and clinics. 1199 approaches this conversation wearing two hats: as caregivers and as community members directly impacted by the spending decisions made by hospitals.

Our research team conducted a review of every single hospital community benefits filing with the HSCRC for Fiscal Year 2018, both the financial reports and narrative reports that are required of hospitals. Our guiding framework was to unpack the number that was offered by the Maryland Hospital Association: Exactly where did \$1.75 billion in community benefit spending go in Fiscal Year 2018?

We believe the answer to this question illustrates why reform is so necessary.

First, it is important to highlight that a significant amount of community benefit dollars is supported in rate relief. The HSCRC builds charity care, direct medical education and nurse support programming into hospital rates. In fact, the HSCRC financial report includes a “Net Community Benefit” line item. In FY 2018, \$600 million of the community benefits spending reported by hospitals were reimbursed in rate-setting.

Furthermore, community benefit spending differentiates direct costs for programming that is directly attributable to community benefit services, from indirect costs. Indirect costs could include items like salaries for human resources and financial departments, insurance and overhead costs. When you subtract the spending on indirect costs, along with what is reported that is already reimbursed in rate support, the total amount of community benefit spending for FY 2018 is reduced to \$724 million.

When we dove into the narrative reports we found a great deal of variation in how hospitals dedicated resources to community health initiatives.

The narrative reports offer a hospital the opportunity to highlight spending that is linked to the health priorities that are identified in that hospital’s community health needs assessment. Many hospitals filed reports indicating spending less than \$50,000 on initiatives designed to improve community health outcomes, while reporting total community benefit expenditures well over \$20 million that same fiscal year. We also identified initiatives that the public might find questionable as community benefit spending.

Finally, too many hospitals filed reports indicating an insufficient degree of community engagement in both their Community Health Needs Assessment process, and community benefit spending.

Ultimately, the reports that are currently filed are virtually indecipherable for the public to understand how hospitals are investing in their communities.

Our members live in communities facing unique public health crises. Some regions of our state need targeted community benefit spending to address the opioid crisis. Many of our members live in neighborhoods with high rates of childhood asthma and lead poisoning. Others live in counties where public health officials are battling chronic diseases such as diabetes.

Our state has an opportunity to shine a light on how community benefit dollars are spent – however, we also have an opportunity to ensure that hospital community benefit dollars are being used in ways that directly improve public health outcomes. The communities in Maryland which face grave healthcare inequities deserve to have their voices heard.

We strongly encourage this committee to vote favorably on HB 1169.

Respectfully submitted,

Claudia Balog

Lead Researcher

1199SEIU United Healthcare Workers East