

# Maryland Hospital Community Benefit Reporting

## What is hospital community benefit?

Community benefits refer to initiatives, activities, and investments undertaken by tax-exempt hospitals to improve the health of the communities they serve.<sup>1</sup> Hospitals are responsible for reporting their community benefit activities to both federal and state agencies.

## Federal community benefit reporting: Form 990 Schedule H filing

Nonprofit, charitable organizations such as hospitals are afforded a favorable tax-exempt status as a result of the benefits they provide to the communities they serve. Nonprofit hospitals must file a Form 990 with the Internal Revenue Service. Form 990 has an attachment (Schedule H) to list information on the community benefits provided.

## What are some examples of community benefits?

Community benefits recognized on Schedule H include:<sup>2</sup>

- Patient financial assistance, such as charity care
- Medicaid and other means-tested government programs (difference between costs and payments received)
- Community health improvement services and community benefit operations
- Health professions education
- Subsidized health services
- Research
- Cash and in-kind contributions for community benefits

Not all hospital activities that benefit the community qualify as community benefits. Bad debts and shortfalls associated with Medicare payments, for example, are not considered community benefits.<sup>3</sup>

## How are hospital community benefits funded?

Maryland hospitals fund community benefits from their global budget revenue (GBR), which is fixed annually by the Health Services Cost Review Commission (HSCRC). More [information about GBR](#) is available from the Maryland Hospital Association.

---

<sup>1</sup> Health Services Cost Review Commission. "Community Benefit Reporting Guidelines and Standard Definitions." 2022, p.1.

<sup>2</sup> 2022 Schedule H (Form 990). [www.irs.gov/pub/irs-pdf/f990sh.pdf](http://www.irs.gov/pub/irs-pdf/f990sh.pdf)

<sup>3</sup> James, Julia. "Nonprofit Hospitals' Community Benefit Requirements." Health Affairs, February 25, 2016. [www.healthaffairs.org/doi/10.1377/hpb20160225.954803/](http://www.healthaffairs.org/doi/10.1377/hpb20160225.954803/).

# Maryland Hospital Community Benefit Reporting

## **HSCRC community benefit report**

Maryland law requires hospitals to submit additional community benefit information to HSCRC to be compiled into a statewide report available to the public. Maryland reporting is split into two parts, a financial report and a narrative report. Maryland hospitals also are required to submit a supplemental schedule that identifies line-item community health initiatives undertaken in response to their community health needs assessment (CHNA).<sup>4</sup> Community health initiatives include activities that address mental health and substance use or social determinants of health, such as housing and employment.<sup>5</sup>

## **What is a community health needs assessment?**

The Affordable Care Act requires nonprofit hospitals to prepare a CHNA at least once every three years. In addition to financial barriers people in the community may face, the CHNA must address other impediments to care such as social, behavioral, and environmental factors that influence the community's health or emergency preparedness.<sup>6</sup>

---

<sup>4</sup> Health Services Cost Review Commission, Community Benefit, p.4.

<sup>5</sup> Health Services Cost Review Commission, Community Benefit, p.5.

<sup>6</sup> James, Julia. "Nonprofit Hospitals' Community Benefit Requirements." Health Affairs, February 25, 2016. [www.healthaffairs.org/doi/10.1377/hpb20160225.954803/](http://www.healthaffairs.org/doi/10.1377/hpb20160225.954803/).