

# Hospital Community Benefit Reporting Instructions Workgroup Charge

## March 2024

Maryland law requires the Maryland Health Services Cost Review Commission (HSCRC) to collect community benefit information from individual hospitals and compile it into a statewide, publicly available annual Community Benefit Report (CBR).<sup>1</sup> HSCRC updated the community benefits reporting requirements for fiscal year (FY) 2021, with mandatory reporting on the new data elements beginning for FY 2022. The primary purpose of these reporting changes was to collect more information about the relationship between hospital community benefit activities and community health needs assessments (CHNAs).<sup>2</sup>

After reviewing the results of the FY 2022 community benefit reports from hospitals, two topics were identified as priorities for possible revision of the reporting requirements. HSCRC staff plan to convene a short-term workgroup to review reporting instructions in the following areas:

- Indirect Cost Ratios. There was wide variation in the indirect cost ratios reported by hospitals. Many hospitals reported very high ratios. The Workgroup will review the methodology for calculating indirect cost ratios, and make recommendations about possible changes to this methodology, including whether caps on indirect cost ratios are appropriate.
- CHNA-Aligned Spending. There was wide variation between hospitals in the percentage of community benefit expenditures that were reported as being aligned with the hospital's CHNA initiatives. The Workgroup will review the criteria hospitals are using to determine whether expenditures are CHNA-related. The Workgroup will make recommendations about whether HSCRC's reporting instructions should provide additional guidance to hospitals on this topic.

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<sup>1</sup> MD. CODE. ANN., Health-Gen. § 19-303. Maryland law defines community benefit as a planned, organized, and measured activity that is intended to meet identified community health needs within a service area.

<sup>2</sup> The changes to reporting included requirements that hospitals 1) report on initiatives that directly address needs identified in the CHNA; 2) self-assess the level of community engagement in the CHNA process; 3) separately itemize all physician subsidies claimed as community benefits by type and specialty; and 4) list the tax exemptions the hospital claimed during the immediately preceding tax year. Reporting of items 1 and 2 by hospitals was optional for fiscal year (FY) 2021 but was mandatory for FY 2022.

## Guiding Principles

The following principles will guide Workgroup discussions:

- Community benefit reporting should capture community benefit efforts and spending as accurately and comprehensively as possible.
- To the extent feasible, community benefit reporting will be based on best practices.
- Community benefit data collected will allow for meaningful comparison between hospitals.
- To the extent feasible, the Workgroup’s decisions will be data-driven and based on objective criteria.
- Community benefit reporting will comply with state statutory requirements .

## Timeline

Activity	Timeline
Finalize Workgroup Charge	March
Schedule Workgroup Meetings	March
Recruit Workgroup Members	March
Brief Commissioners	March 13
Meeting 1	April 17, 2:30-4:30
Meeting 2	May 1, 10-12
Meeting 3	May 15, 1-3
Final Workgroup Comments on Reporting Instruction Edits	May 31
Release Final FY 2024 Reporting Instructions	July 1

## Proposed Meeting Agendas

### Meeting 1

- Introductions
- Brief background/history of Community Benefit reporting in Maryland
- Review Workgroup charge and timeline
- Discussion topic: indirect cost ratios
  - Review hospital reporting results showing wide variation
  - Review current reporting instructions, which are tied to the HSCRC Annual Cost Report Schedule M

- Discuss options for revisions to reporting instructions
- Provide an overview of the agenda for next meeting

## Meeting 2

- Introductions
- Review any follow-ups from previous meeting on indirect cost ratios
- Discussion topic: reporting CHNA-related expenditures
  - Review hospital reporting results showing wide variation
  - Review current reporting instructions
  - Review best practices identified in FY 22 reports
  - Discuss options for revisions to reporting instructions
- Provide an overview of the agenda for next meeting

## Meeting 3

- Introductions
- Review any follow-ups from previous meeting
- Discussion topic: updates to reporting instructions
  - Staff to review draft changes based on discussions in previous meeting
  - Collect comments/feedback
- Summarize next steps for finalizing instructions