



Maryland
Hospital Association

MARYLAND'S HIDDEN TAX ON HOSPITAL CARE ARTIFICIALLY RAISING COSTS FOR PATIENTS

THE ISSUE

Marylanders who receive hospital care are saddled with higher bills due to an onerous yet hidden tax. The tax has cumulatively added \$2.1 billion to costs over the past seven years and hikes every hospital bill by 2.5 percent. Passed in 2009 as a temporary measure to shore up a deficit in the state's Medicaid program, the tax was \$19 million that first year. It is now \$365 million, a more than 1,800 percent increase.

But there's a bigger problem: by artificially inflating spending for hospital services, the tax threatens a unique agreement with the federal government that brings in an additional \$1.8 billion annually to Maryland.

Under the agreement,

Maryland's hospitals are required to severely limit growth in spending on hospital services. But this tax hinders the innovative work hospitals are doing to keep costs down and expand care beyond hospital walls. Every dollar spent on the Medicaid tax is a dollar less to invest in delivering Marylanders comprehensive, proactive and personalized care.

Thanks to the governor and the state legislature, an agreement was reached to reduce this hidden tax through a \$25 million annual spend-down, culminating with its elimination. This will help Marylanders receive the efficient and high-quality health care they expect and deserve, and protect the state's agreement with the federal government that helps that happen.

WHAT HOSPITALS ARE FOR

The legislature and executive branch must commit to protecting the \$25 million spend-down, and expanding it, if possible, until the entire \$365 million tax is eliminated.

