

## THE CONSENSUS: LEGISLATION IS NEEDED TO ...

- ...align Maryland's State Health Plan with the goals of its Total Cost of Care Model
- ... modernize the Certificate of Need application process
- ... ensure the health planning process keeps up with changes to the ways care is delivered

## WHY IT MATTERS

For four decades in Maryland, hospital rates have been regulated by an independent state body. From 2014 to 2018, that system was enhanced via global hospital budgets, fixed annual amounts for hospitals to keep people and communities healthy. In January 2019, hospitals will operate under a new contract with the federal government: the Total Cost of Care Model. It's designed to expand these hospital-led improvements to all health care providers; yet hospitals retain all the financial risk. This groundbreaking work requires flexibility and a regulatory system that evolves with the model.

## CERTIFICATE OF NEED AND THE STATE HEALTH PLAN

Maryland's State Health Plan is a blueprint for better care. Within the Plan are rules that guide the state's Certificate of Need (CON) program, which ensures that health service needs are considered before large sums are spent on health facilities. Plan chapters cover services like psychiatry, skilled nursing care, medical/surgical, and obstetrics. CON and the Plan are administered by the Maryland Health Care Commission. The problem: parts of the Plan and CON policies are almost 20 years old.

## TIME FOR CHANGE, AND LEGISLATION THAT PROVIDES IT

In June 2017, the Maryland Legislature's Senate Finance and House Government and Operations committees asked the Commission to review the CON program. Aims were to better align it with Maryland's unique Total Cost of Care Model and to simplify the application process. Two separate work groups – one formed by the Commission with representatives from hospitals, long term care facilities, ambulatory care, hospice and home health, and another formed by the Maryland Hospital Association with hospital representatives from across the state – came to the same conclusion: CON must be modernized.

**THE SOLUTION: THE MARYLAND CERTIFICATE OF NEED MODERNIZATION ACT** aims to align CON with the goals of the new Maryland Total Cost of Care Model. The Act would require the Commission, on a yearly basis and at a public meeting, to discuss all chapters of the Plan and decide whether any chapters should be revised in the upcoming year. The Act requires the Commission to prioritize the chapters that need to be updated so as not to unduly burden its staff. Importantly, though, it does recognize the urgency of the state's behavioral health and addiction crisis by requiring that those chapters be reviewed immediately and concurrently by June 2019.

## CUTTING RED TAPE IN THE APPLICATION PROCESS

The Act cuts regulatory red tape by limiting the CON's application standards to those the Commission truly needs to decide upon an application. Over the years, standards and submission requirements have ballooned to the point that they discourage new applicants and strain the resources of existing providers who need to update services for their communities. The Act also raises the threshold of hospital CON approval from the current outdated \$12 million to an amount proportional to a hospital's revenue, up to \$50 million. Hospitals with lower cost projects will be freed to launch services that meet the goals of the Total Cost of Care Model and to innovate to improve the health of their populations.