



Maryland
Hospital Association

June 20, 2018

Nelson J. Sabatini
Chairman, Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Chairman Sabatini:

On behalf of the Maryland Hospital Association's (MHA) 64 member hospitals and health systems, we are submitting comments in response to the draft policy recommendation for a small adjustment to the public payer differential, from 6 percent to 7.7 percent. We strongly support the proposed recommendation and we look forward to working with the commission to seek federal approval of this modest but important change. We also hope to work with staff on how this proposal will impact individual hospitals for whom Medicare and Medicaid represent varying shares of total patient population.

We agree with the staff analysis that reveals a significant increase in hospital bad debts over the last few years due to the proliferation of high deductible and other large cost-sharing plans. This added burden on commercially insured consumers has inequitably distributed uncompensated care costs to Medicare and Medicaid. This cost shift occurred at the same time that commercial payers benefitted from the expansion of Medicaid coverage under the Affordable Care Act. That prompted a reduction of uncompensated care in hospitals' rates – from over 7 percent to just 4.16 percent – in the latest global budget update approved by the commission.

As we noted at the June commission meeting, the success of the Total Cost of Care Model that begins January 1 will require the contribution of all stakeholders – providers, payers, and state government. The proposed small increase in the differential from 6 percent to 7.7 percent should be seen as part of that effort, and, as staff notes, is likely to increase private payer premiums negligibly, by no more than 0.4 percent. We look forward to discussing this proposed recommendation at the July meeting.

Sincerely,

Michael B. Robbins, Senior Vice President

cc: Joseph Antos, Ph.D., Vice Chairman
Victoria W. Bayless
John M. Colmers
James N. Elliott, M.D.

Adam Kane
Jack Keane
Donna Kinzer, Executive Director