



Maryland  
Hospital Association

**Senate Bill 597 – Maryland Health Care Commission – State Health Plan  
and Certificate of Need for Hospital Capital Expenditures**

**Position: *Support***

**Bill Summary**

SB 597 would require the State Health Plan to be consistent with the State of Maryland's contract with the Center for Medicare and Medicaid Services; require, annually or by petition by any person, the Maryland Health Care Commission (MHCC) to assess each State Health Plan chapter, make a certain determination, and establish a certain priority order and timeline in a certain manner; and more.

**MHA Position**

Under Maryland's unique Total Cost of Care agreement with the federal government, Maryland's hospitals are working to lower costs and improve population health. In addition to treating illness and injury, hospitals are reaching out beyond their four walls to keep people well and improve the health of the communities they serve. The result: hospitals are taking care of the whole person, empowering patients and families, coordinating care among different providers, and addressing social factors that influence people's health.

Hospitals across the state are therefore changing and adapting to meet the needs of their communities. Yet, Maryland's State Health Plan, which includes the Certificate of Need (CON) program, contains some policies that are nearly 20 years old. Because CON ensures that health care needs are considered before large sums are spent on health facilities, the chairs of the Senate Finance and House Health and Government Operations Committees in June 2017 asked MHCC to study CON and address two issues: changed incentives under Total Cost of Care, and the complicated, burdensome CON application process. Both MHCC and the Maryland Hospital Association formed diverse and representative work groups that came to the same conclusions:

- CON is a necessary tool to ensure access to quality service and efficient care delivery, and should support health care transformation
- CON and the State Health Plan should align with the goals of the new Maryland Total Cost of Care Model and be reviewed annually to assess need
- The process needs to be streamlined and improved by addressing outdated policy standards and raising the threshold for hospital projects

SB 597 accomplishes these goals by modernizing the CON process and ensuring that both CON and the State Health Plan are reviewed more frequently to keep up with the changes in health care across the state being made under the Total Cost of Care Model.

For these reasons, we respectfully urge a *favorable* report for Senate Bill 597.