



Maryland
Hospital Association

Senate Bill 42-Health Service Cost Review Commission-Duties and Reports-Revisions

Position: Support with Amendments

January 15, 2020

Senate Finance Committee

MHA Position

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are caring for Maryland around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined \$1.75 billion in their communities, expanding access to housing, education, transportation, and food.

On January 1, 2019 Maryland entered into a new Total Cost of Care agreement with the federal government. The model builds on the All-Payer Model contract and is designed to improve population health, support outcomes for individuals and control growth of the total cost of care. Maryland hospitals work under a unique rate-setting and payment system—the only one of its kind in the nation.

This model incentivizes hospitals to reduce unnecessary hospital use, focus on upstream and preventive care and improve care coordination across the health care continuum. The model is overseen by Maryland's Health Services Cost Review Commission and holds hospitals accountable at a level unseen in other states—ensuring greater transparency.

This approach is working, with data showing that Maryland, led by its hospitals, has lowered health care cost growth while improving the quality of care.

The Health Services Cost Review Commission (HSCRC) is integral to the operations of the model and its success. HSCRC establishes rates specifically for each hospital based on its global budget policies and adjusts based historical data and payment policies. The Maryland Model does not regulate physician services, regardless of where they are provided. We agree that the agency needs to maintain the authority to regulate the model, develop policies aligned with model goals and conduct ongoing audits to determine the state's progress. HSCRC should provide ongoing updates to key stakeholders to determine benefits, patient outcomes and impact to the health care delivery system.

Senate Bill 42 updates current statutory language for HSCRC's reporting requirements to align with the provisions of the new model. The Maryland Hospital Association does request one technical amendment that strikes language that originated from the expired All-Payer Model contract referencing a compound annual gross state product. This amendment would better align the statute with the new contract language and the process to determine annual rate adjustments.

We would ask the committee to accept this technical amendment and move the bill favorable in an expedited manner given we are now entering year two of the new model.

Proposed Amendment:

On page 4, section (b)(6)(iv)(1) add the following and strike:

PERFORMANCE IN LIMITING INPATIENT AND OUTPATIENT HOSPITAL PER CAPITA COST GROWTH FOR ALL PAYERS TO A TREND BASED ON THE STATE'S 10-YEAR COMPOUND ANNUAL GROSS STATE PRODUCT;

For these reasons, we urge a **favorable** report with the above technical amendment.

For more information, please contact:

Jennifer Witten

Jwitten@mhaonline.org