Maryland
Hospital Association

September 6, 2019

The Honorable Benjamin L. Cardin
509 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Christopher Van Hollen
110 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Andy Harris
2334 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Steny Hoyer
1705 Longworth House Office Building
Washington, D.C. 20515

The Honorable C.A. Dutch Ruppersberger
2206 Rayburn House Office Building
Washington, D.C. 20515

The Honorable David Trone
1213 Longworth House Office Building
Washington, D.C. 20515

The Honorable John Sarbanes
2370 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Elijah Cummings
2163 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Anthony G. Brown
1323 Longworth House Office Building
Washington, D.C. 20515

The Honorable Jamie Raskin
412 Cannon House Office Building
Washington, D.C. 20515

Reference: Maryland Amendment to H.R. 3630 (amended H.R. 2328) "No Surprises Act," and S. 1895, "Lower Health Care Costs Act"

Dear Maryland Congressional Delegation:

On behalf of the Maryland Hospital Association (MHA) and our 61 hospital and health system members, we appreciate the opportunity to submit comments regarding H.R. 3630, "No Surprises Act" (now amended into H.R. 2328) and S. 1895, "Lower Health Care Costs Act." We support the Health Services Cost Review Commission's (HSCRC) request to clarify that hospital rates set by the state's rate-setting authority are exempt from the application of a median contracted rate to settle billing discrepancies per HSCRC letter sent in August. This will protect the state's Total Cost of Care Model agreement with the federal government and ensure payers compensate hospitals at rates determined by the state.

The Maryland Model
There are no "median contracted rates" in Maryland — all payers pay the rate set by the HSCRC.
Maryland's all-payer hospital rate setting system—the Maryland Model—was established on July 1, 1977. The system was instituted to create parity and access for all patients in Maryland. Hospitals charge for services based on rates approved by the HSCRC (Maryland Code, Health-General Article §19-219(b)(2)(i)), and all payers reimburse hospitals based on those approved rates, regardless of

network participation status. For 42 years, these rates have applied to all private plans operating in Maryland, including fully-insured and self-insured plans. Medicare and Medicaid also participate in this program through a series of waivers and demonstration programs. Neither the Maryland Model, nor the state's rate-setting authority regulates physician reimbursement or network participation. For example, the model does not prevent a payer from charging an enrollee high coinsurance for seeking services from an out-of-network provider.

Model Success
The Maryland Model has produced tremendous savings for the health care system while improving quality. Medicare hospital spending per capita in Maryland has increased at a significantly slower rate than the nation, according to the Centers for Medicare & Medicaid Services (CMS). In addition, the Health Care Cost Institute found Maryland is second best in the nation on employer sponsored health care spending (see MHA Insight). This success led the state to enter into a new 10-year Total Cost of Care Model agreement with CMS starting January 2019.

Proposal for Maryland
MHA strongly recommends an amendment to clarify hospital rates set and regulated by Maryland would be exempt from the application of the median contracted rate. This will make certain all insurers continue to pay hospitals HSCRC defined rates. The amendment should include the legislative source that links state authority, (*Medicare and Medicaid as authorized under Section 1115A of the Social Security Act).*

Maryland hospitals fully support health care affordability for all patients. This includes protection from unexpected charges for emergency services or excessive balance billing for services rendered by out-of-network providers. Patients should know their cost-sharing obligations as out-of-pocket costs continue to rise. We caution against any proposals that create disincentives for insurers to improve their provider networks or undermine the state's efforts.

We appreciate your support of the state's patients, the hospitals that care for them, and the Maryland Model. If you have any questions, please contact Jennifer Witten, Vice President of Government Affairs jwitten@mhaonline.org.

Sincerely,

Bob Atlas, President & CEO
Maryland Hospital Association

cc:
Robert Neall, Secretary of Health, Maryland Department of Health
Katie Wunderlich, Executive Director, Health Service Cost Review Commission