

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
Enrolled - Revised

House Bill 694

(Delegate Charkoudian, *et al.*)

Health and Government Operations

Finance

Hospitals - Financial Assistance - Medical Bill Reimbursement

This bill requires the Health Services Cost Review Commission (HSCRC), in coordination with the Department of Human Services (DHS), the State-designated exchange, the Comptroller's Office, and the Maryland Hospital Association (MHA), to develop a process that (1) identifies the patients who paid for hospital services who may have qualified for free care at the time of care during calendar 2017 through 2021; (2) provides reimbursement to the patients, which may be applied incrementally; (3) ensures that a patient's alternate address is used if the patient required an alternate address for safety reasons; and (4) determines how HSCRC, DHS, and the Comptroller's Office should share with or disclose relevant specified information, to the minimum extent necessary, to the hospital and in accordance with federal and State confidentiality laws. HSCRC may modify the process, as necessary. By January 1, 2023, and January 1, 2024, HSCRC must report to specified committees of the General Assembly on the development and implementation by hospitals of the process required under the bill. If the process requires legislation for implementation, HSCRC must include legislative recommendations in the 2023 report; if not, hospitals must implement the process by January 1, 2023. **The bill takes effect July 1, 2022, and terminates June 30, 2025.**

Fiscal Summary

State Effect: HSCRC, DHS, the State-designated exchange, the Comptroller's Office, and MHA can likely *develop* the process required under the bill with existing resources. HSCRC can submit the required reports with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Hospital Financial Assistance and Hardship Policies

HSCRC requires each hospital to develop a financial assistance policy for providing free and reduced-cost care to patients who lack health care coverage or whose health care coverage does not pay the full cost of the hospital bill. Hospital financial assistance policies must, at a minimum, provide free medically necessary care to patients with family income at or below 200% federal poverty level (FPL) and reduced-cost medically necessary care to patients with family income above 200% FPL. A patient's family income must be calculated at the time of service or updated, as appropriate, to account for any change in financial circumstances of the patient that occurs within 240 days after the initial hospital bill is provided.

HSCRC may establish higher income thresholds for financial assistance, but financial assistance policies must provide reduced-cost medically necessary care to patients with family income less than 500% FPL who have a financial hardship. For patients eligible for reduced-cost medically necessary care, the hospital must apply the reduction that is most favorable to the patient, whether that is the reduced-cost policy or financial hardship policy.

Financial assistance policies must provide presumptive eligibility for free medically necessary care to a patient who is not eligible for Medicaid or the Maryland Children's Health Program and (1) lives in a household with children enrolled in the free and reduced-cost meal program or (2) receives benefits through the federal Supplemental Nutrition Assistance Program, the State's Energy Assistance Program, the federal Special Supplemental Food Program for Women, Infants, and Children, or from any other social service program as determined by the Maryland Department of Health and HSCRC.

In addition to income-based criteria, a hospital may also consider household monetary assets in determining eligibility for free and reduced-cost care. Assets convertible to cash must be excluded, including (1) at a minimum, the first \$10,000 of monetary assets; (2) a safe harbor equity of \$150,000 in a primary residence; (3) specified retirement assets; (4) one motor vehicle used for the transportation needs of the patient or any family member of the patient; (5) any resources excluded in determining financial eligibility under Medicaid; and (6) specified prepaid higher education funds. Excluded monetary assets must be adjusted annually for inflation in accordance with the Consumer Price Index.

Health Services Cost Review Commission

HSCRC is an independent State agency charged with constraining hospital growth and establishing hospital rates to promote cost containment, access to care, equity, financial stability, and hospital accountability. HSCRC oversees acute and chronic care hospitals. HSCRC may review costs and rates and make any investigation it considers necessary to assure each purchaser of health care facility services that (1) the total costs of all hospital services are reasonable; (2) the aggregate rates of the facility are related reasonably to the aggregate costs of the facility; and (3) the rates are set equitably among all purchasers. HSCRC may review and approve or disapprove the reasonableness of any rate that a facility sets or requests. HSCRC may establish hospital rate levels and rate increases in the aggregate or on a hospital-specific basis and promote and approve alternate methods of rate determination and payment that are of an experimental nature.

Chapter 470 of 2020 required HSCRC to evaluate the impact of specified changes to hospital financial assistance policies and report its findings and recommendations regarding any impact on (1) the amount of hospital uncompensated care included in hospital rates and (2) the total cost of care for Medicare, Medicaid, commercial insurers, and self-pay individuals. In their [report](#), HSCRC found that, for patients who received care in calendar 2017 and 2018, approximately 1% of total hospital charges to individuals who likely qualify for free care were paid out of pocket by those individuals.

Health Information Exchange

The Maryland Health Care Commission designated the Chesapeake Regional Information System for our Patients (CRISP) as the statewide health information exchange (HIE) in 2009, and the infrastructure became operational in 2010. An HIE allows clinical information to move electronically among disparate health information systems. CRISP offers tools aimed at improving the facilitation of care for the region's health care providers.

Additional Information

Prior Introductions: None.

Designated Cross File: SB 944 (Senator Hayes) - Rules.

Information Source(s): Comptroller's Office; Maryland Department of Health; Department of Legislative Services

Fiscal Note History:
rh/jc

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