



Maryland
Hospital Association

February 23, 2022

To: The Honorable Shane E. Pendergrass, Chair, House Health & Government Operations Committee

Re: Letter of Information- House Bill 510 - Health Services Cost Review Commission - User Fee Assessment

Dear Chair Pendergrass:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on House Bill 510. The Health Services Cost Review Commission (HSCRC) oversees rate regulation for Maryland's hospitals and health systems and promotes the success of our unique Total Cost of Care Model (Model) agreement with the federal government.

HSCRC's assessment cap at present is \$16 million per year and only applies to hospitals.

The legislation guarantees perpetual growth in the assessment cap by allowing HSCRC to assess the *greater of* 0.1% of gross patient revenue of Maryland hospitals for the immediately preceding fiscal year *or* the highest cap amount assessed in the five prior fiscal years. This creates a situation where the HSCRC assessment on hospitals can grow, even when hospital revenue is falling and without consent of the General Assembly. This would give the HSCRC unique authority as a state agency to raise fees automatically.

Hospital revenues change as a function of several factors, including hospital sector cost inflation, net impact of quality performance, technological advances, and volume growth, some of which is associated with the growth and aging of the population. Not all these factors might logically apply when determining the user fee limit. HSCRC has wide jurisdiction when determining how much hospital revenues can grow, which would impact its user fee allowance under this legislation.

We understand and appreciate the complexity of HSCRC's job and its need for additional resources to take on new policy domains. We also value HSCRC's championing of Maryland's engagement in the Model to the federal government. The Commission needs an appropriate annual budget. It is unclear how their responsibilities expand with increases in hospital revenue.

We hope you find this information helpful as you deliberate on HB 510.

For more information, please contact:

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