2025 SESSION
POSITION PAPER

BILL NO: **HB 1104**

COMMITTEE: **Senate Finance Committee**

POSITION: **Support**

TITLE: **Maryland Department of Health - AHEAD Model Implementation - Electronic Health Care Transactions and Population Health Improvement Fund**

BILL ANALYSIS

HB 1104 – Maryland Department of Health - AHEAD Model Implementation - Electronic Health Care Transactions and Population Health Improvement Fund is intended to clarify that electronic health care transaction information may be used to support the State's participation in the States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model. It establishes the Population Health Improvement Fund (Fund) as a special, non-lapsing fund to invest in population health improvements that align with the statewide health targets under the AHEAD Model and any successor models. The bill requires that interest earnings on the Fund be credited to the Fund, authorizes the Health Services Cost Review Commission to assess certain amounts in hospital rates, which will be credited to the Fund, and generally relates to the implementation of the AHEAD Model.

POSITION AND RATIONALE

The Maryland Health Care Commission (MHCC) supports HB 1104, which aims to amend current law[1] to explicitly allow for the use of electronic health care transaction data to support Maryland's participation in the AHEAD Model.[2] Electronic health care transaction data will provide the necessary insights for data-driven interventions, fully advancing the comprehensive health strategy under the AHEAD Model. The bill is crucial as Maryland focuses on improving population health, advancing health

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[1] Chapter 790 (HB 1022) of the 2021 laws of Maryland available at
www.mgaleg.maryland.gov/2021RS/chapters_noln/Ch_790_hb1022T.pdf.
[2] The AHEAD Model award was received from the Centers for Medicare & Medicaid Services on July 2, 2024. Information on the AHEAD Model is available at:
www.cms.gov/priorities/innovation/innovation-models/ahead.

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equity by reducing disparities in health outcomes, and addressing health care cost growth.

To support the AHEAD Model's goals, Maryland requires access to timely and accurate data across all payer groups, including those not previously covered by State-specific data collection efforts. Access to accurate and timely utilization and spending data will enable health officials and providers to implement targeted, effective strategies to address the unique health challenges facing Maryland's diverse population. Current Maryland law allows the use of electronic health care transaction data for certain public health and clinical purposes.[3] However, it does not explicitly mention the AHEAD Model as an authorized use, which creates uncertainty for electronic health networks (EHNs) regarding the permissible use of such data. By updating the statute to specifically include the AHEAD Model, this bill will resolve these concerns and clarify that electronic health care transaction data may be used for the broader goal of advancing health equity and improving population health outcomes.

Existing law requires EHNs to provide electronic health care transaction data to the State-designated health information exchange (CRISP) for certain public health and clinical health purposes. EHNs route administrative transactions, such as claims and eligibility data, electronically between providers and payers,[4] which historically had been performed by paper using the postal system.[5, 6,7] Existing regulations, COMAR 10.25.07, *Certification of Electronic Health Networks and Medical Care Electronic Claims Clearinghouses,* requires payers operating in the State to only accept electronic transactions from MHCC-certified EHNs.[8] To receive MHCC certification, EHNs must be accredited or certified by a nationally recognized organization.[9] Accreditation and certification ensures that EHNs meet standards related to privacy and confidentiality,

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[3] See n.1, *Supra.*

[4] EDI Basics. Available at: www.edibasics.com/edi-resources/document-standards/hipaa/.

[5] EHNs reduce administrative overhead as the payer cost to process electronic claims is around seven percent of the paper cost, and the provider cost to generate an electronic claim is about 47 percent of the paper cost.

[6] Payer claim submission cost per transaction is $1.18 for manual and $0.08 for electronic. Provider claim submission cost per transaction is $2.52 for manual and $1.19 for electronic.

[7] 2020 CAQH, Closing the Gap: The Industry Continues to Improve, But Opportunities for Automation Remain. Available at: www.caqh.org/sites/default/files/explorations/index/2020-caqh-index.pdf.

[8] Health General Article § 19-134 requires MHCC to establish standards for the operation of medical care electronic claims clearinghouses in Maryland and license clearinghouses meeting those standards.

[9] Organizations include the Electronic Healthcare Network Accreditation Commission (EHNAC) and the Health Information Trust Alliance (HITRUST).

business practices, physical and human resources, technical performance, and security. Approximately 30 MHCC-certified EHNs operate in Maryland.[10]

HB 1104 is a crucial step toward enabling Maryland to meet the AHEAD Model's performance requirements and goals of improving health equity and population health. By clarifying that electronic health care transaction data can be used to support the AHEAD Model, the bill ensures that Maryland's data-sharing infrastructure continues to evolve in support of the State's ongoing health care transformation.

For the stated reasons above, we ask for a favorable report on HB 1104.

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[10] The list of EHNs certified by MHCC is available at
www.mhcc.maryland.gov/mhcc/Pages/hit/hit_ehn/hit_ehn_application_process.aspx.

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