

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 1426

(Chair, Health and Government Operations
Committee)(By Request - Departmental - Health)

Health and Government Operations

Finance

Health Services Cost Review Commission - Duties and Reports - Revisions

This departmental bill modifies the timing and required contents of the annual report of the Health Services Cost Review Commission (HSCRC) to include specified information on the “All-Payer Model Contract.” The bill also repeals (1) provisions related to a separate biannual report on the status of the All-Payer Model Contract; (2) a requirement that HSCRC publish specified information about acute care hospital charges; and (3) obsolete provisions related to a report on hospital uncompensated care. The bill authorizes HSCRC to assist in the implementation of federally approved model programs consistent with the current All-Payer Model Contract on the request of the Secretary of Health. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: The bill is not anticipated to affect State operations or finances.

Local Effect: None.

Small Business Effect: The Maryland Department of Health has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary/Current Law: Under the bill, “All-Payer Model Contract” means the payment model demonstration agreement authorized under § 1115A of the Social Security

Act, including any amendments to the agreement, between the State and the federal Center for Medicare and Medicaid Innovation (CMMI).

The bill requires that HSCRC submit its annual report by May 1 of each year (rather than by October 1) and expands the required contents of the report to include an update on the status of the State's compliance with the provisions of the current All-Payer Model Contract, including:

- performance in limiting inpatient and outpatient hospital per capita cost growth for all payers;
- annual progress toward achieving the State's financial targets established by the current contract;
- a summary of the work conducted, recommendations made, and HSCRC action on activities related to, and recommendations made by, workgroups created to provide technical input and advice on the contract;
- actions approved and considered by HSCRC to promote alternative methods of rate determination and payment of an experimental nature;
- reports submitted to CMMI relating to the contract; and
- any known adverse consequences that implementing the contract has had on the State, including changes or indications of changes to quality of or access to care, and the actions HSCRC has taken to address and mitigate the consequences.

Three other reporting provisions are repealed. First, the bill repeals the requirement that HSCRC, beginning October 1, 2014, and every six months thereafter, submit to the Governor, the Secretary of Health, and the General Assembly, specified information on the status of the State's compliance with the provisions of the All-Payer Model Contract. Second, the bill repeals the requirement that HSCRC, in consultation with the Maryland Health Care Commission, annually publish each acute care hospital's severity-adjusted average charge per case for the 15 most common inpatient diagnosis-related groups. Finally, the bill repeals the requirement that HSCRC report on the aggregated reduction in hospital uncompensated care realized from the expansion of Medicaid coverage under Chapter 7 of the 2007 special session, including the number of individuals who enrolled in Medicaid as a result, and the expenses associated with inpatient hospital utilization.

Background:

Maryland All-Payer Model Contract and Total Cost of Care Model

Effective January 1, 2014, Maryland entered into a contract with the federal government to replace the State's 36-year-old Medicare waiver with the Maryland All-Payer Model Contract. Under the waiver, Maryland's success was based solely on the cumulative rate

of growth in Medicare inpatient per admission costs. Under the model contract, however, the State was not only required to limit inpatient, outpatient, and Medicare per beneficiary hospital growth but also to shift hospital revenues to a population-based system and to reduce both hospital readmissions and potentially preventable complications.

The All-Payer Model Contract also called for Maryland to submit a proposal for a new model, no later than January 2017 that would limit, at a minimum, the Medicare beneficiary total cost of care growth rate. In July 2018, Maryland and the federal Centers for Medicare and Medicaid Services agreed to the terms of the new Total Cost of Care Model (TCOC). TCOC, which went into effect January 1, 2019, is designed to (1) improve population health; (2) improve outcomes for individuals; and (3) control growth of the total cost of care. To accomplish these goals, the model is designed to move beyond hospitals to address Medicare patients' care in the community. Under the new model, the State will be required to address care delivery across the health care system with the objective of improving health and quality of care, while limiting State growth in Medicare spending to a level lower than the national rate.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 21, 2019
mag/jc Third Reader - April 4, 2019
Revised - Amendment(s) - April 4, 2019

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Health Services and Cost Review Commission – Statute

BILL NUMBER: HB 1426

PREPARED By: Katie Wunderlich, Executive Director of the Health Services Review Commission.

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

No impact. While the Total Cost of Care Model Agreement stipulates financial savings targets for the State to achieve, this proposal's purpose is to ensure accurate statutory references and reporting requirements. This proposal does not include HSCRC policies related to the Total Cost of Care Model, nor the Commission's regulatory purview over hospital rate-setting and related functions.