

Department of Legislative Services
 Maryland General Assembly
 2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 887 (Delegate Pena-Melnyk, *et al.*)
 Health and Government Operations

Finance

Maryland Department of Health - Health Commissions and Maryland Insurance Administration - Study

This bill requires the Maryland Department of Health (MDH) to contract with an independent consultant to study the Health Services Cost Review Commission (HSCRC), the Maryland Health Care Commission (MHCC), the Maryland Community Health Resources Commission (MCHRC), and the Maryland Insurance Administration (MIA), as specified. The independent consultant must seek input from MDH, HSCRC, MHCC, MCHRC, and MIA in conducting the study. By January 1, 2026, MDH must report to the Governor, the Senate Finance Committee, and the House Health and Government Operations Committee on the results of the study.

Fiscal Summary

State Effect: MDH general fund expenditures increase by a total of \$50,000 to contract with an independent consultant as required under the bill. These expenditures are likely incurred as \$30,000 in FY 2025 and \$20,000 in FY 2026. MIA and the commissions can provide input on the study with existing budgeted resources. Revenues are not affected.

(in dollars)	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	30,000	20,000	0	0	0
Net Effect	(\$30,000)	(\$20,000)	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The independent contractor must:

- examine overlap of the statutory and regulatory duties performed by HSCRC, MHCC, MCHRC, and MIA;
- identify statutory or regulatory duties performed by HSCRC, MHCC, MCHRC, and MIA that may be more appropriately performed by MDH or another commission or agency;
- identify whether and how HSCRC, MHCC, MCHRC, and MIA could be streamlined to reduce overlap of duties;
- identify whether and how the functions of HSCRC, MHCC, MCHRC, and MIA could be better aligned to improve effectiveness and efficiency;
- examine the alignment of the statutory or regulatory duties performed by HSCRC, MHCC, MCHRC, and MIA with the Maryland Total Cost of Care (TCOC) model and the State's participation in the Advancing All-Payer Health Equity Approaches and Development (AHEAD) model; and
- recommend any changes in HSCRC, MHCC, MCHRC, and MIA administrative structure that may improve the effectiveness and efficiency of the commission or agency.

Current Law: Three independent commissions within MDH comprise the Health Regulatory Commissions: (1) HSCRC; (2) MHCC; and (3) MCHRC. Each commission has its own separate goals and initiatives.

HSCRC was established to contain hospital costs, maintain fairness in hospital payment, provide access to hospital care, and disclose information on the operation of hospitals in the State. HSCRC is responsible for implementing TCOC, the successor to the Maryland All-Payer Model Contract, under which it regulates hospital population-based revenues (commonly referred to as global budgets).

MHCC's mission is to plan for health system needs, promote informed decision making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policymakers, purchasers, providers, and the public.

MCHRC was established in 2005 to expand health care access through community health resources. Historically, MCHRC mainly funded the State's safety net providers. However, the commission's charge has been expanded in recent years. Chapter 36 of 2021 (the Blueprint for Maryland's Future – Implementation) established the Maryland Consortium on Coordinated Community Supports within MCHRC. Part of the consortium's charge is

to administer the Coordinated Community Supports Partnerships grant program. Chapters 741 and 742 required MCHRC to establish a Pathways to Health Equity/Health Equity Resource Community (better known as HERC) program and provide grant funding to reduce health disparities, improve health outcomes, improve access to primary care, promote primary and secondary prevention services, and reduce health care costs and hospital admissions and readmissions.

MIA is responsible for licensing and regulating insurers, insurance agents, and brokers who conduct business in the State and for monitoring the financial solvency of licensed insurers. MIA is also responsible for collecting taxes levied on all premiums collected by insurance companies within the State.

State Expenditures: Under the bill, MDH must contract with an independent consultant to study HSCRC, MHCC, MCHRC, and MIA, as specified, and submit a report on the results of the study by January 1, 2026.

MDH advises that the cost to procure an independent consult for the study is \$50,000. As the bill takes effect October 1, 2024, and the report is due January 1, 2026, this estimate assumes that costs are incurred as \$30,000 in fiscal 2025, and \$20,000 in fiscal 2026.

Additional Comments: The AHEAD Model is an option that would allow Maryland to continue statewide efforts to improve health care quality and control costs under the TCOC model. AHEAD is a model that seeks to drive state and regional health care transformation and multi-payer alignment, with the goal of improving the total health of a state population and lowering costs across all payers. The federal government released the first of two Notice of Funding Opportunities for the AHEAD Model on November 16, 2023.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced in the last three years.

Designated Cross File: SB 694 (Senator Feldman) - Finance.

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

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