HB 474

Department of Legislative Services

Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 474 (Delegate Bagnall, *et al.*)
Health and Government Operations

Public Health - Maryland Commission on Health Equity - Advisory Committee and Hospital Reporting

This bill requires the Maryland Commission on Health Equity (MCHE), in coordination with the Maryland Department of Health (MDH), to establish a Health Equity Measures Advisory Committee. By October 1, 2025, and annually thereafter, each hospital must submit a "health equity report" to MDH and the advisory committee and publish the report on the hospital's website. MDH must also publish the reports on the department's website. The advisory committee must (1) determine the 10 widest disparities in health care quality, access, or outcomes for vulnerable populations; (2) review each health equity report submitted by a hospital; and (3) make recommendations to the Secretary of Health regarding the reports. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: MDH expenditures increase by $102,400 in FY 2026 for personnel costs, as discussed below. Future years reflect annualization and ongoing costs. Revenues are not affected.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	$0	$0	$0	$0	$0
GF Expenditure	102,400	115,800	121,100	126,700	132,000
Net Effect	($102,400)	($115,800)	($121,100)	($126,700)	($132,000)

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

Local Effect: The bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: "Health equity report" means a comprehensive report analyzing health status and access to care disparities in a patient population, informed by national, State, local, and internal data and any other relevant source. "Health equity strategy" means an equity strategy created to reduce health disparities, particularly in areas identified as high priorities by national, State, local, and internal data and any other relevant source.

Health Equity Measures Advisory Committee

The advisory committee must include an MDH representative and specified members appointed by the Secretary with the advice of the commission, including representatives of academic health care quality and measurement, public and private hospitals or health systems, organized labor, health care consumers, and vulnerable populations.

Hospital Health Equity Reports

Each health equity report must include (1) an analysis of the disparities in health status and access to care at the hospital in the immediately preceding fiscal year, disaggregated by age, sex, race, ethnicity, socioeconomic status, and geographic location and (2) a health equity strategy to achieve disparity reduction that includes measurable objectives with specific timelines for implementation, addresses the 10 widest disparities as determined by the advisory committee, and addresses hospital performance across specified priority areas.

Each hospital system with more than one licensed hospital in the State must submit a health equity report that is disaggregated at the level of each individual hospital in the system and aggregated across all licensed hospitals in the system.

Current Law: Pursuant to § 19-301 of the Health-General Article, "hospital" means an institution that (1) has a group of at least five physicians who are organized as medical staff for the institution; (2) maintains facilities to provide, under the supervision of medical staff, diagnostic and treatment services for two or more unrelated individuals; and (3) admits or retains the individuals for overnight care.

Maryland Commission on Health Equity

Established in 2021, the purpose of MCHE is to (1) employ a health equity framework to develop a statewide health equity plan and make specified examinations; (2) provide advice to the Secretary of Health, the State's independent health regulatory commissions, and others on issues of racial, ethnic, cultural, or socioeconomic health disparities; (3) facilitate coordination of expertise and experience in developing a comprehensive health equity plan addressing the social determinants of health; and (4) set goals for health equity and prepare

a plan for the State to achieve health equity in alignment with other statewide planning activities.

Among other things, MCHE is responsible for determining the impact of the following factors on the health of Maryland residents: access to safe and affordable housing; educational attainment; opportunities for employment; economic stability; environmental factors; public safety, as specified; and food insecurity. MCHE must develop and monitor a statewide health equity plan as required by the Center for Medicare and Medicaid Innovation under any agreement entered into between the State and the Centers for Medicare and Medicaid Services (CMS).

MCHE must, in coordination with the State-designated health information exchange, establish an advisory committee to make recommendations on data collection, needs, quality, reporting, evaluation, and visualization for the commission to carry out its work.

Advancing All-Payer Health Equity Approaches and Development Model

On November 1, 2024, Governor Wes Moore and CMS entered into an agreement for the State to participate in the federal Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model. MDH and the Health Services Cost Review Commission (HSCRC) then successfully applied to participate. The new model will enable Maryland to build on its unique all-payer hospital rate setting system, expanding its focus on primary care, population health, and health equity. Implementation of the AHEAD Model is set to begin January 1, 2026. MCHE serves as the AHEAD Model governance body for the State, while HSCRC will coordinate implementation in conjunction with CMS.

A key component of the AHEAD Model is that participating states must develop a statewide health equity plan. The health equity plan must include strategies to increase safety net provider recruitment and use social risk adjustment of provider payments to address the needs of vulnerable populations. The plan should also seek to promote health-related social needs screening among hospitals and primary care providers so that patients can be connected to necessary community resources. Participating hospitals must also develop their own health equity plans in alignment with the State's health equity priorities.

State Expenditures: MDH general fund expenditures increase by $102,365 in fiscal 2026, which accounts for a 90-day start-up delay from the bill's July 1, 2025 effective date. This estimate reflects the cost of hiring one part-time (50%) administrator to staff the advisory committee and coordinate with the commission, and one part-time (50%) health policy analyst advanced to perform data analyses and create data use agreements to support the advisory committee's study of disparities. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Full-time Equivalent Positions	1.0
Salaries and Fringe Benefits	$88,456
One-time Start-up Expenses	13,080
Ongoing Operating Expenses	829
Total FY 2026 State Expenditures	**$102,365**

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Additional Information

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

Designated Cross File: SB 129 (Senator Ellis) - Finance.

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

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