

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 547 (Delegate Grammer, *et al.*)
 Health and Government Operations

Hospitals - Price Transparency - Requirements and Fund

This bill requires each hospital located in the State to comply with the “federal price transparency law” and maintain and make publicly available a list of the standard charges for the hospital’s “shoppable services” (a service that may be scheduled by a health care consumer in advance.) The Secretary of Health must implement a public awareness campaign regarding the availability of the hospital price information and other consumer rights. By December 30, 2025, the Secretary must create an initial list of noncompliant hospitals, update the list every 30 days thereafter, and include the list on the department’s website. By January 1, 2027, and annually thereafter, the Secretary must submit a specified report to the Governor and the General Assembly. The bill establishes the Hospital Price Transparency Fund to provide money for administering and enforcing the bill’s requirements. The Secretary may adopt regulations to carry out the bill.

Fiscal Summary

State Effect: Special fund revenues to the new fund increase by \$29,000 annually beginning in FY 2026 to reflect administrative penalties. Maryland Department of Health (MDH) general/special fund expenditures increase by \$238,300 in FY 2026 for staff, as discussed below. Future years reflect annualization and ongoing costs. General fund revenues increase minimally from interest earnings of the new special fund through FY 2028 (not shown).

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$29,000	\$29,000	\$29,000	\$29,000	\$29,000
GF/SF Exp.	\$238,300	\$281,800	\$294,400	\$307,500	\$320,600
Net Effect	(\$209,300)	(\$252,800)	(\$265,400)	(\$278,500)	(\$291,600)

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: “Federal price transparency law” means 42 U.S.C. § 300GG-18 and specified hospital price transparency rules adopted by the U.S. Department of Health and Human Services and the Centers for Medicare and Medicaid Services (CMS).

Shoppable Services Requirements

Each hospital must maintain and make publicly available a list of the standard charges for the hospital’s shoppable services. The list must include:

- from October 1, 2025, to September 30, 2029: (1) if the hospital provides at least 400 shoppable services, at least 400 shoppable services provided by the hospital or (2) if the hospital provides fewer than 400 shoppable services, all shoppable services provided by the hospital; and
- beginning October 1, 2029: (1) if the hospital provides at least 500 shoppable services provided by the hospital, at least 500 shoppable services provided by the hospital or (2) if the hospital provides fewer than 500 shoppable services, all shoppable services provided by the hospital.

The hospital must publish the list in a machine-readable format that conforms with any template required by the federal price transparency law and in a manner that is readable in plain language without the use of software. A hospital must (1) comply with the requirement to make public either or both of the lists described in the federal price transparency law and (2) maintain either or both of the lists required by the federal price transparency law in accordance with the requirements of 45 C.F.R. § 180.

A hospital that maintains an Internet-based price estimator tool determined by CMS to meet the requirements of the federal price transparency law regarding the list of standard charges for shoppable services meets the requirements of the bill if the hospital takes reasonable steps to (1) improve the accuracy and performance of the Internet-based price estimator tool and (2) regularly updates the underlying data used by the Internet-based price estimator tool and audits price estimates generated by the tool for quality assurance purposes.

A hospital may not sell personal data acquired from the use of a hospital’s Internet-based price estimator tool. A hospital may not use, sell, or process personal data acquired from

the use of the hospital's Internet-based price estimator tool for the purpose of targeted advertising.

Hospital Noncompliance

The Secretary of Health must issue a notice of violation to a hospital that has violated the bill's requirements. The notice of violation must: (1) clearly explain the manner in which the hospital is not in compliance; (2) require the hospital to submit a corrective action plan to the Secretary; (3) indicate the form and manner in which the corrective action plan is to be submitted; and (4) include the date by which the hospital must submit the plan, which may not be less than 15 days after the notice is sent.

A hospital that receives a notice of violation must submit a corrective action plan to the Secretary in the form and manner indicated and by the date specified in the notice. In the corrective action plan, the hospital must provide a detailed description of the corrective action the hospital will take to address each violation. The hospital must specify the date by which the hospital will complete the corrective action, which may not be more than 90 days after the plan is submitted.

A corrective action plan is subject to review and approval by the Secretary. After the Secretary reviews and approves the plan, the Secretary must monitor and evaluate the hospital's compliance with the plan.

Notwithstanding any other State law, the Secretary must impose an administrative penalty on a hospital, if the hospital violates the requirement to make the shoppable lists publicly available, maintain the lists, or respond to the requirement to submit a corrective action plan. Each day a hospital is in violation is considered a separate violation. In imposing an administrative penalty, the Secretary must act in accordance with the Administrative Procedure Act. The Secretary must determine the amount of the penalty to be imposed on a hospital, subject to the maximum amounts and considerations specified. For any penalty that is imposed, the Secretary must select an amount that is sufficient to ensure that the hospital complies with requirements. An administrative penalty may not be more than:

- \$300 for a hospital with 30 or fewer beds;
- \$10 per bed for a hospital with more than 30 beds but fewer than 551 beds; and
- \$5,500 for a hospital with more than 550 beds.

In determining the amount of the penalty, the Secretary must consider: (1) any previous violation by the hospital's operator; (2) the seriousness of the violation; (3) any demonstrated good faith or the hospital's operator; and (4) any other matters as justice may require. An administrative penalty must be deposited in the Hospital Price Transparency Fund.

Maryland Department of Health Requirements

The Secretary must monitor each hospital's compliance through: (1) evaluating complaints made by individuals to the Secretary; (2) reviewing a credible analysis prepared regarding compliance or noncompliance by the hospital; and (3) auditing a hospital's website for compliance.

The Secretary of Health must create and make publicly available a list that identifies each hospital that is not in compliance with the bill's requirements. The list of noncompliant hospitals must include each hospital that (1) has been sent a notice of violation; (2) is subject to an order imposing an administrative penalty; (3) has been sent other written communication from the Secretary regarding a violation; or (4) otherwise has been determined by the Secretary to be out of compliance. The list of noncompliant hospitals is a public record. If the Secretary determines that a hospital is not in compliance, any related notice, order, communication, or determination is a public record.

Within 60 days after any change to the federal price transparency law, the Secretary must prepare a report of the Secretary's recommendations for conforming with the change, or alternatively, stating that no conforming changes are necessary, and promptly submit the report to the Governor and General Assembly.

By January 1 each year, beginning in 2027, the Secretary must report to the Governor and the General Assembly on each hospital that violates the requirements to make the shoppable lists publicly available, maintain the lists, or respond to the requirement to submit a corrective action plan.

Hospital Price Transparency Fund

The purpose of the fund is to provide money for administering and enforcing the bill's federal price transparency law requirements. The fund is a special, nonlapsing fund administered by the Secretary that consists of (1) administrative penalties collected for noncompliance with the bill's requirements; (2) money appropriated in the State budget to the fund; (3) interest earnings; and (4) any other money from any other source accepted for the benefit of the fund. Interest accrues to the fund beginning in fiscal 2029, as for most special funds; however, from fiscal 2026 through 2028, interest is instead credited to the general fund.

The fund may be used only for administering and enforcing the bill's requirements, including the implementation of the required public awareness campaign. Expenditures from the fund may be made only in accordance with the State budget.

Current Law: “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.

Federal Hospital Price Transparency Requirements

Pursuant to 42 U.S.C. § 300GG-18, each U.S. hospital must annually update and make public a list of the hospital’s standard charges for items and services provided by the hospital, including for diagnosis-related groups. The rule took effect on January 1, 2021.

Per 45 C.F.R. § 180, each hospital must: (1) beginning January 1, 2024, make a good faith effort to ensure that the standard charge information encoded in the machine-readable file is true, accurate, and complete as of the date indicated in the machine-readable file and (2) beginning July 1, 2024, affirm in its machine-readable file that, to the best of its knowledge and belief, the hospital has included all applicable standard charge information and that the information encoded is true, accurate, and complete as of the date indicated in the machine-readable file. CMS is charged with evaluating a hospital’s compliance with the hospital price transparency requirements.

Centers for Medicare and Medicaid Services

CMS’s hospital price transparency requirements require each U.S. hospital to make its standard charges public with the intention of providing individuals with the cost of a hospital item or service before receiving it. Hospitals are required to make these standard charges public in two ways: (1) a single comprehensive machine-readable file with all standard charges established by the hospital for all the items and services it provides; or (2) a consumer-friendly display of standard charges for as many of the 70 CMS-specified shoppable services that are provided by the hospital, and as many additional hospital-selected shoppable services as is necessary for a combined total of at least 300 shoppable services. This requirement can be satisfied through the release of a shoppable services file or by offering a price estimator that generates a personalized out-of-pocket estimate that takes into account the individual’s insurance information.

CMS monitors and assesses each hospital’s compliance through evaluating complaints made by the public, reviewing an entity’s analysis or noncompliance, and internal audits of hospital’s websites. CMS prioritizes hospitals for comprehensive reviews based on the degree to which the hospital appears to be out of compliance with the Hospital Price Transparency regulation.

Under the current enforcement process, the first warning notice is sent to a hospital with instructions to correct the deficiencies within 90 days. If a hospital has not come into compliance after 90 days, CMS issues a corrective action plan request; the hospital must submit a corrective action plan within 45 days. Hospitals are then required to propose a completion date for CMS approval, which typically ranges from 30 to 90 days. For hospitals that have not completed the necessary steps and come into compliance, CMS issues a civil monetary penalty. The maximum daily dollar amount for a civil monetary penalty is \$300.

Health Education and Advocacy Unit

The Office of Attorney General's Health Education and Advocacy Unit (HEAU) offers free mediation services to consumers who require assistance with resolving billing disputes with healthcare providers. Additionally, HEAU assists consumers who may have been denied coverage by their private health plan, need assistance navigating a hospital's financial assistance program, or receive surprise medical bills or fees.

State Revenues: MDH advises that of the 63 licensed or certified hospitals in the State, only one hospital has been in noncompliance with the federal hospital price transparency program since 2021. MDH assumes that, under the bill, one hospital per year may be noncompliant and required to pay administrative penalties. Therefore, MDH estimates there will be approximately \$29,000 in special fund revenue for the Hospital Price Transparency Fund annually beginning as early as fiscal 2026.

Although the bill indicates that interest earnings of the new special fund remain in the fund, the bill does not amend Section 8 of Chapter 717 of 2024 (the Budget Reconciliation and Financing Act of 2024) which requires, notwithstanding any other provision of law, that interest earnings from special funds (with certain exceptions) accrue to the general fund from fiscal 2024 through 2028. Thus, general fund revenues increase minimally from interest earnings of the new special fund through fiscal 2028. The fund is exempted from a similar requirement under § 6-226(a)(2) of the State Finance and Procurement Article that applies from fiscal 2029 forward.

State Expenditures: Hospitals in the State are currently required to comply with federal hospital price transparency requirements, including making public and annually updating a list of the hospital's standard charges. MDH advises that the department does not have existing authority to ensure compliance with these requirements or investigate or dispute any hospital billing practices. MDH does not currently respond to hospital billing complaints but instead refers such complaints to HEAU.

To implement the bill's requirements, which include evaluation of complaints, ongoing auditing of hospital websites for compliance, creation and updating of a list of

noncompliant hospitals, adherence with any future changes to federal guidance regarding hospital price transparency requirements, annual reporting to the Governor and the General Assembly, imposition of administrative penalties, administration of a new special fund, and a public awareness campaign, MDH requires additional personnel resources.

Thus, MDH general/special fund expenditures increase by \$238,282 in fiscal 2026, which accounts for the bill's October 1, 2025 effective date. This estimate reflects the cost of hiring three staff: (1) one administrative officer to conduct monthly audits of hospital websites and evaluate and investigate complaints; (2) one program manager to administer administrative penalties and oversee the public awareness campaign; and (3) one health policy analyst to manage the list of noncompliant hospitals on the department's website and respond to Public Information Act requests or subpoenas. It includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	3.0
Salaries and Fringe Benefits	\$216,176
Operating Expenses	<u>22,106</u>
Total FY 2026 State Expenditures	\$238,282

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses. This analysis assumes that expenditures will be covered by a combination of general funds and special funds from any administrative penalties paid to the Hospital Price Transparency Fund.

To the extent that MDH receives a significant number of complaints regarding hospital noncompliance under the bill, additional staff may be required.

Additional Comments: MDH advises that meeting the requirement to create and publish a list of noncompliant hospitals by the bill's December 30, 2025, deadline will be difficult given the bill's October 1, 2025 effective date and the department's difficulty in recruiting and onboarding new staff.

Additional Information

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

Designated Cross File: None.

Information Source(s): Office of the Attorney General; Maryland Department of Health; Department of Legislative Services

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