Maryland
Hospital Association

Senate Bill 192- Budget Reconciliation & Financing Act of 2020

Position: ***Support with Amendments***
February 26, 2020
Senate Budget & Taxation Committee

MHA Position

Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are caring for Maryland around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined $1.75 billion in their communities, expanding access to housing, education, transportation, and food.

As major employers throughout the state, Maryland's hospital and system executives have identified the ability to recruit and retain physicians as their top challenge. We thank the Governor for including an additional $400,000 for the Loan Assistance Repayment Program in the BRFA. Enhancing funding for this program will allow us to draw down additional federal matching funds and will help fill critical shortage areas in our most underserved communities.

Maryland's hospitals also appreciate Governor Hogan and the Maryland General Assembly's partnership and commitment in making an annual reduction of the Medicaid Deficit Assessment a priority. We thank the Governor for including a $15 million reduction of the Medicaid Deficit Assessment in his proposed fiscal year 2021 budget. In 2015, Governor Hogan and the Maryland General Assembly committed to reduce the assessment by $25 million annually. Maryland's hospitals are therefore asking the General Assembly to amend the Budget Reconciliation & Financing Act of 2020 to provide the promised $25 million reduction in the state's final FY 2021 budget.

The assessment, passed in 2009 as a temporary measure to shore up a deficit in the state's Medicaid program, was just $19 million that first year, but ballooned to $390 million in 2015. Reducing the assessment yields multiple benefits for individual Marylanders and for the state. First, it lessens a financial burden on hospital patients, because the assessment adds approximately two percent to every hospital bill in Maryland. Additionally, the assessment artificially inflates Maryland's health care spending, which puts additional pressure on the state's ability to meet the cost-saving requirements of the Total Cost of Care agreement with the federal government.

Reducing and eventually eliminating the assessment in no way financially benefits hospitals; rather it is a true and direct reduction in health care costs in Maryland via our unique rate setting system. Continuing to reduce it is key to demonstrating to the federal government Maryland's determination to reduce health care costs and meet the requirements of the Total Cost of Care agreement.

For these reasons, we urge a ***favorable with amendments*** report.

For more information, please contact:
Brian Frazee, Bfrazee@mhaonline.org