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**Health Services Cost Review Commission**

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March 5, 2020

The Honorable Delores G. Kelley, Chair  
Senate Finance Committee  
3 East, Miller Senate Office Building  
Annapolis, MD 21401

Dear Chair Kelley and Committee Members:

The Health Services Cost Review Commission (HSCRC) submits this letter of support with amendments for Senate Bill 632 (SB 632) titled, "Health Facilities - Hospitals - Disclosure of Outpatient Facility Fees (Facility Fee Right-to-Know Act)". SB 632 modifies hospital notification and charging requirements for outpatient facility fees.

The HSCRC applauds the bill sponsors on their work to increase healthcare billing transparency for consumers. As a hospital regulatory agency, the HSCRC sets hospital rates and ensures hospital compliance with Maryland's statute and regulations with the goal of ensuring Marylanders have access to high quality, affordable healthcare. As an important component of making sure healthcare is affordable, consumers should have accurate and timely information about potential fees that will be incurred so they can make informed healthcare choices. For this reason, the HSCRC supports the consumer protections included in SB 632.

To further lower costs for consumers in outpatient clinic settings, HSCRC has worked in the last two months to develop a statewide strategy that reallocates overhead in order to lower facility fee-related costs for most consumers. As a result of this strategy, below is a table outlining the charge impacts to consumers for Evaluation and Management (E/M) RVU values that would be made.

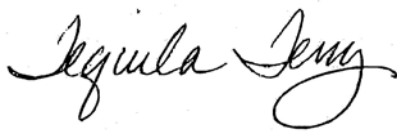
E/M RVU Code	Old Charge	New Charge
99201 (New Patient - Level 1)	\$110	\$120
99202 (Established Patient - Level 1)	\$103	\$101

99202 (New Patient - Level 2)	\$204	\$148
99212 (Established Patient - Level 2)	\$204	\$155
99203 (New Patient - Level 3)	\$368	\$212
99213 (Established Patient - Level 3)	\$347	\$203
99204 (New Patient - Level 4)	\$783	\$269
99214 (Established Patient - Level 4)	\$727	\$250
99205 (New Patient - Level 5)	\$955	\$327
99215 (Established Patient - Level 5)	\$852	\$286
Average Charge Difference (using FY18 data)	\$187	\$139

As is evident in the table, these changes should result in an approximate overall 25% decrease in E/M clinic charges. The HSCRC will be working with hospitals to implement this strategy effective for FY 2021 (starting on July 1, 2020). To address other clinic charges, the HSCRC plans to convene a workgroup in the upcoming year to begin the process of reviewing and updating the RVU values assigned to procedures in the HSCRC's Accounting and Budget Manual. Together, these reforms should result in fewer extreme costs in the clinic setting for consumers while maintaining hospital financial stability.

With these developments in mind, the HSCRC respectfully requests the Committee to consider the amendments to SB 632 listed below. Please feel free to contact me with any remaining questions at [tequila.terry1@maryland.gov](mailto:tequila.terry1@maryland.gov).

Sincerely,



Tequila Terry

AMENDMENTS TO SENATE BILL 632  
(First Reader File Bill)

AMENDMENT NO. 1

On page 2, strike beginning with “SERVICES” in line 12 down through “SERVICES” in line 16 and substitute “, INCLUDING THE USE OF HOSPITAL FACILITIES, CLINICS, SUPPLIES AND EQUIPMENT, AND NONPHYSICIAN SERVICES, INCLUDING BUT NOT LIMITED TO THE SERVICES OF NONPHYSICIAN CLINICIANS, IN ADDITION TO PHYSICIAN FEES BILLED FOR PROFESSIONAL SERVICES PROVIDED AT THE HOSPITAL”.

RATIONALE: This definition aligns with the language used in COMAR 10.37.10.26A (1)(F).

AMENDMENT NO. 2

On page 4, in line 26, strike “FACILITY FEE COMPLAINT, YOU SHOULD FILE IT” and substitute “COMPLAINT ABOUT AN OUTPATIENT FACILITY FEE CHARGE, PLEASE FIRST CONTACT THE HOSPITAL (HOSPITAL BILLING OFFICE CONTACT INFORMATION). IF THE COMPLAINT IS UNRESOLVED, YOU MAY THEN FILE THE COMPLAINT”.

RATIONALE: HSCRC should not be the first ones patients call with any question on their bill, as hospitals are the ones generating those bills. A patient should therefore first contact the hospital they were charged by in case the hospital can provide clarification on the bill. If patients still has a complaint with the charge after that conversation, they can then contact the HSCRC.

AMENDMENT NO. 3

On pages 5 and 6, strike beginning with “THE” in line 29 on page 5 down through “SECTION” in line 2 on page 6 and substitute “A HOSPITAL SHALL DETERMINE THE RANGE OF HOSPITAL OUTPATIENT FACILITY FEES AND FEE ESTIMATES, BASED ON TYPICAL OR AVERAGE FACILITY FEES FOR THE SAME OR SIMILAR APPOINTMENTS, TO BE PROVIDED IN THE NOTICE REQUIRED UNDER THIS SECTION CONSISTENT WITH THE HOSPITAL’S MOST RECENT RATE ORDER AS APPROVED BY THE COMMISSION AND THE COMMISSION’S ACCOUNTING AND BUDGET MANUAL FOR FISCAL AND OPERATING MANAGEMENT”.

RATIONALE: The current version of the bill indicates that the HSCRC and Health Education and Advocacy Unity (HEAU) “shall determine the range of hospital outpatient facility fees and fee estimates to be provided in the written notice...” Neither the HSCRC nor HEAU will be able to develop a range of hospital facility fees or fee estimates that encompass all of the possible service combinations that patients may receive. The HSCRC believes the approach outlined in this amendment should be used by hospitals to determine the range for facility fees or fee estimates that is provided to consumers.

AMENDMENT NO. 4

On page 7, strike beginning with “SECTION” in line 10 down through “Act” in line 15.

RATIONALE: This language is redundant given the process described in Amendment 3.