

STATE OF MARYLAND



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## MARYLAND HEALTH CARE COMMISSION

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February 28, 2020

The Honorable Shane E. Pendergrass, Chair  
Health Government and Operations Committee  
Room 241 House Office Building  
Annapolis, MD 21401-1991

### **RE: HB 1420 – Hospitals - Financial Assistance Policies and Bill Collections- Letter of INFORMATION**

Dear Chair Pendergrass:

The Maryland Health Care Commission (Commission) submits this letter of support on House Bill 1420 – Hospitals - Financial Assistance Policies and Bill Collections (HB 1420).

Non-profit hospitals are required, under federal law, to offer financial assistance plans.<sup>1</sup> All of the 46 general hospitals operating in Maryland are not-for-profit institutions. In addition, existing Maryland law requires that each acute care hospital and each chronic care hospital have financial assistance policies and provide charity care to patients with family incomes under 150 percent of the federal poverty level.<sup>2</sup> HB 1420 seeks to expand charity care to cover family incomes up to 200% of the federal poverty level and provide payment plans to patients with incomes between 200% and 500% of the Federal poverty level. The bill also provides for presumptive eligibility for patients who received other types of public benefits, such as free or reduced charge meals at school, energy assistance, or WIC. HB 1420 requires hospitals to inform patients that they can request an estimate of the cost of non-emergency services. This bill requires that hospitals report annually to the Health Services Cost Review Commission on the financial assistance program, including the number of patients who applied and were granted or denied free or reduced charge care.

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<sup>1</sup> Internal Revenue Code § 501(r)(4)

<sup>2</sup> Health General § 19-214.1

*Note: The Maryland Health Care Commission is an independent State agency, and the position of the Commission may differ from the position of the Maryland Department of Health.*

The Commission is tasked with considering access to health care for all Marylanders when developing State Health Plans and reviewing Certificate of Need (CON) applications. The Commission considers financial access to be an important component of access to health care. As a result, the Commission reviews charity care policies when reviewing applications for a CON from hospitals. Existing hospitals that apply for a CON are also reviewed for the level of charity care that they provide. Hospitals with a level of charity care that falls within the bottom quartile of all hospitals charity care provision must “demonstrate that its level of charity care is appropriate to the needs of its service area population.”<sup>3</sup> All projects are reviewed to ensure that their projected revenue is sufficient to sustain its operation, including the provision of charity care.

Maryland’s uninsured rate has decreased over recent years. However, approximately 400,000 individuals in Maryland continue to lack coverage, despite the expansion of Medicaid and private insurance coverage. In addition, privately insured consumers are bearing the higher cost of health care through expanded use of high deductible health plans and increased cost sharing, such that financial assistance from hospitals may be necessary.<sup>4</sup>

The Commission believes that it is important to balance additional burdens on hospitals with improving access to care, and encourages the Committee to consider hospital administrative burden in considering this legislation.

The Commission hopes that this information is useful. Please feel free to contact me at (410) 764-3566 or [ben.steffen@maryland.gov](mailto:ben.steffen@maryland.gov), or Megan Renfrew, Government Affairs and Special Projects, at (410) 764-3483 or [megan.renfrew@maryland.gov](mailto:megan.renfrew@maryland.gov) if you have any questions.

Sincerely,



Ben Steffen  
Executive Director

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<sup>3</sup> COMAR 10.20.10, State Health Plan for Facilities and Services: Acute Care Hospital Services, effective January 26, 2009.

<sup>4</sup> Per capital out of pocket spending on health care has increased significantly in the United States over time. In constant 2018 dollars, per capital out of pocket spending on health care has risen from \$613 in 1970 to \$1,151 in 2016, according to the Kaiser Family Foundation. [https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-nhe-trends\\_per-capita-out-of-pocket-expenditures-1970-2018](https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-nhe-trends_per-capita-out-of-pocket-expenditures-1970-2018)

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