



DEPARTMENT OF HEALTH

Larry Hogan, Governor · Boyd K. Rutherford, Lt. Governor · Robert R. Neall, Secretary

February 28, 2020

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

RE: HB 1420 – Hospitals – Financial Assistance Policies and Bill Collections – Letter of Information with Amendments

Dear Chair Pendergrass:

The Maryland Department of Health (Department) respectfully submits this letter of information with amendments for HB 1420 – Hospitals – Financial Assistance Policies and Bill Collections.

The Department supports the amendments (attached) offered by HSCRC to modify the bill so that statutory language in the Health – General Article and COMAR are in alignment. The Medical Assistance program consulted with HSCRC and the Maryland Health Care Commission on the development of this language and concurs with its intent.

Maryland Medicaid participants are not financially responsible for payments on health care services received; therefore, the provisions of HB 1420 would not affect the Medicaid-enrolled population. If enacted, there would be an indeterminate fiscal impact on the Medicaid program, due to Maryland's unique, all-payer approach to uncompensated care for acute care hospitals.

Under HB 1420, the uncompensated care pool would likely increase, thereby increasing the amount owed by payers of health care—including Medicaid—according to the payer mix of hospital utilization in that year. Medicaid is typically about 20 percent of the hospital revenues, accounting for 21 percent of total hospital charges in FY 2019.

I hope this information is useful. If you would like to discuss this further, please contact Director of Governmental Affairs Webster Ye at (410) 260-3190 or webster.ye@maryland.gov.

Sincerely,

Robert R. Neall
Secretary

AMENDMENTS TO HOUSE BILL 1420
(First Reader File Bill)

AMENDMENT NO. 1

On page 2, in line 32, strike “150%” and substitute “200%”.

RATIONALE: This number should align with that in line 30 of this page, as free care is required above the threshold and reduce-cost care is required above the threshold. Overlap in the thresholds would result in confusion as to which type of care hospitals should provide.

AMENDMENT NO. 2

On page 4, in line 14, after “WHO” insert “IS NOT OTHERWISE ELIGIBLE FOR MEDICAID OR CHIP AND”.

RATIONALE: This aligns with current language in COMAR, which ensures that patients enrolled in the Maryland Medical Assistance Program (Medicaid) and the Maryland’s Children Health Insurance Program (CHIP) are not presumptively eligible for reduced-cost care, as Medicaid should be covering the entire cost of their services. Excluding Medicaid patients from this section would also prevent Uncompensated Care from increasing unnecessarily.

AMENDMENT NO. 3

On page 4, strike beginning with “RECEIVES” in line 21 down through “BENEFITS” in line 22.

RATIONALE: This program no longer exists, as it ended after the Affordable Care Act was implemented in Maryland.

AMENDMENT NO. 4

On page 11, strike beginning with “THE” in line 11 down through “BILL” in line 14.

RATIONALE: As a hospital regulatory agency, the HSCRC has legal authority to set hospital rates and ensure hospital compliance with Maryland Statute and Regulations so that Marylanders have access to high quality, low cost healthcare. The HSCRC does not, however, monitor individual hospital interactions with patients on a regular basis, as it does not have expertise in the consumer advocacy field. While HSCRC agrees with the spirit of this section, as hospital regulators, HSCRC staffers are not equipped to handle complaints with medical creditors and outside collection agencies. If this amendment is not included, the HSCRC would need to hire an additional permanent staff member to conduct the activities in the current language (see fiscal note).

AMENDMENT NO. 5

On page 13, in line 6, after “(a)” insert “TO THE EXTENT PRACTICABLE,”.

On page 13, in line 6, strike “model” and substitute “EVALUATE”.

On page 13, in line 7, strike “modeled” and substitute “EVALUATED”.

RATIONALE: HSCRC is invested in providing the Governor and General Assembly an accurate and reliable evaluation of potential changes to financial assistance policies. HSCRC believes the evaluation proposed in this legislation can help legislators make informed decisions about financial assistance requirements in Statute and potentially improve access to healthcare. However, after consulting with the Comptroller and the State-designated Health Information Exchange, CRISP, the HSCRC believes the scope of the evaluation should be modified so as to ensure that HSCRC’s work is possible given the available consumer data. This amendment modifies the scope of HSCRC’s work, with the aim of improving the accuracy of the information provided by the evaluation to legislators.

AMENDMENT NO. 6

On page 13, in line 17, strike “minimum free care policy” and substitute “MAXIMUM FREE CARE THRESHOLD AND MINIMUM REDUCED-COST CARE THRESHOLD”.

On page 13, strike beginning with “increasing” in line 21 through “450%,” in line 24.

RATIONALE: As stated in the rationale for Amendment 1, the thresholds for free and reduced-cost care should align, as free care is provided under that threshold and reduced-cost care is provided above that threshold.

AMENDMENT NO. 7

On page 13, in line 15, after “(b)” insert “TO THE EXTENT PRACTICABLE,”.

On page 13, in line 15, strike “model” and substitute “EVALUATE”.

On pages 13 and 14, strike beginning with “increasing” in line 24 on page 13 down through “program.” in line 3 on page 15 and substitute:

“(3) INCREASING THE REDUCED-COST CARE WITH A FINANCIAL HARDSHIP THRESHOLD;
(4) REDUCING THE MEDICAL DEBT AS A PERCENTAGE OF FAMILY INCOME THRESHOLD;
AND”.

RATIONALE: As stated in the rationale for Amendment 5, these changes reflect HSCRC’s

evaluating capacity given data limitations to ensure that the report given to the Governor and the General Assembly is as accurate as possible.

AMENDMENT NO. 8

On page 14, in line 11, after “who” insert “ARE NOT OTHERWISE ELIGIBLE FOR MEDICAID OR CHIP AND”.

On page 14, strike beginning with “receive” in line 16 down through “Act” in line 19.

On page 14, strike beginning with “receive” in line 23 down through “Program;” in line 24.

RATIONALE: As explained in the rationale for Amendment 2, Medicaid and CHIP should cover the full cost of services. Patients enrolled in those programs should therefore not be included in presumptive eligibility requirements for hospitals.