

**State of Maryland
Department of Health**



Nelson J. Sabatini
Chairman

Joseph Antos, PhD
Vice-Chairman

Victoria W. Bayless

Stacia Cohen

John M. Colmers

James N. Elliott, M.D.

Adam Kane

Katie Wunderlich
Executive Director

Allan Pack, Director
Population Based
Methodologies

Chris Peterson, Director
Payment Reform &
Provider Alignment

Gerard J. Schmith, Director
Revenue & Regulation
Compliance

William Henderson, Director
Medical Economics &
Data Analytics

Health Services Cost Review Commission

4160 Patterson Avenue, Baltimore, Maryland 21215
Phone: 410-764-2605 · Fax: 410-358-6217
Toll Free: 1-888-287-3229
hsrc.maryland.gov

March 12, 2020

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

Dear Chair Pendergrass and Committee Members:

The Health Services Cost Review Commission (HSCRC) submits this letter of support for House Bill 1571 (HB 1571) titled, "Hospitals - Changes in Status - Hospital Employee Retraining and Placement". HSCRC supports measures that enable Maryland's hospital and healthcare systems to continue to be good stewards and employers in their communities. We have therefore worked with various stakeholders on an approach that ensures displaced hospital workers are retrained in order to continue to be resources for the healthcare system.

HB 1571 maintains Maryland's longstanding rate-setting mechanism of funding hospital worker retraining in the cases where hospitals cease to provide all services (Health General Article §§ 19-223 and 19-326.1). The existing Health General Statute, which allows the HSCRC to increase hospital payments from all payers when a hospital fully closes, has been in place since 1985, and has been applied a few times. HB 1571 maintains HSCRC's authority to assess rates for the Retraining Fund in the case of a "closure," "full delicensure," and "merger".

HB 1571 also adds a new funding mechanism in Health General 19-326.1 to pay for retraining in cases where the quantity of hospital workers changes dramatically but does not qualify as a full cessation of services (i.e., full closure of the hospital). Under HB 1571, 19-326.1 would require hospitals to pay a direct remittance into the fund annually to pay for the retraining of any seventeen or more workers displaced in a three-month period. This new provision ensures that workers displaced in the case of an "acquisition," "downsizing," "partial closure," or "partial delicensure" have access to the Hospital Workers' Retraining Fund as well.

The HSCRC believes HB 1571 preserves the intent of the original law passed in 1985, while also adding new protections for employees and making sure that hospitals, as large employers in many municipalities across Maryland, are acting as good stewards to their communities. By

identifying funding outside of the rate setting system for the new portion of the Retraining Fund, the approach in HB 1571 also ensures that the Retraining Fund is not subject to review by the federal government. Under the Total Cost of Care Model, the Centers for Medicare and Medicaid Services (CMS) has sole authority to reject any changes to the rate-setting system. In these ways, HSCRC believes the new provisions in HB 1571 achieve the aims of all stakeholders.

For the reasons outlined above, the HSCRC supports HB 1571 and thanks the Committee for the opportunity to comment on the bill. Please feel free to email me with any questions at tequila.terry1@maryland.gov.

Sincerely,

A handwritten signature in black ink that reads "Tequila Terry". The signature is written in a cursive style with a large, looping initial "T".

Tequila Terry
Deputy Director