

SB 253 - MHCC User Fee Bill(Sen Finance 2022).pdf

Uploaded by: Ben Steffen

Position: FAV



2022 SESSION
POSITION PAPER

BILL NO: SB 253

COMMITTEE: Senate Finance Committee

POSITION: Support

TITLE: SB 253 - Maryland Health Care Commission – User Fee Assessments

BILL ANALYSIS

Senate Bill 253 increases the maximum amount of user fees the Maryland Health Care Commission (MHCC) may assess on hospitals, nursing homes, payors, and health care practitioners. Under the bill the maximum amount of the user fee assessment cannot exceed 20 million dollars.

POSITION AND RATIONALE

The MHCC is a 15-member independent regulatory agency. Our mission is to plan for health system needs, promote informed decision-making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policy makers, purchasers, providers, and the public. Our operating budget is special funded through the assessment of fees on four sectors in the health care industry: hospitals, insurance companies, nursing homes, and health care practitioners. The current assessment is \$16M. In previous years we had a surplus however over the past few years this surplus has decreased significantly.

A cap increase is needed for the following reasons:

1. MHCC is providing advanced funding for the Prescription Drug Affordability Board (PDAB). The PDAB is scheduled to reimburse the MHCC for the approximate amount of expenditures of \$1M that they have incurred from Fiscal Years 2020-2022 starting in Fiscal Year 2023. The Governor's Office requested that the MHCC provide advanced funding to the PDAB when the PDAB bill was passed without a funding mechanism in 2019.
2. The continued funding requirements of the MDPCP amounting to \$600,000 per fiscal year. The projected funding that the MHCC will have funded the MDPCP from Fiscal Years 2021-2023 is \$1.8 million.

3. The Telehealth Evaluation that the MHCC was directed to complete under HB 123/SB 3. This contract was awarded in Fiscal Year 2022 to NORC for \$500,000.
4. The MHCC pays the Maryland Department of Health (MDH) a 30.5% allocation of indirect cost each fiscal year. The percentage of indirect cost was raised in 2017 from 18% to 2 30.5% because this was the percentage of indirect costs that the Boards were paying to MDH. The MHCC projected indirect costs expenditures at a rate of 30.5% for FY 2023 is \$1,827,192. The indirect cost expenditures at a rate of 18% for Fiscal Year 2023 would be \$1,078,343. This difference has added an additional number of projected expenditures to the MHCC FY 2023 budget in the amount of \$748,849. The increase in MHCC's indirect cost allocation absorbed about 20% of the increase in authorized cap that was approved in 2017.

The PDAB, MDPCP, and Telehealth expenditures have added expenditures to the MHCC in the amount of approximately \$3.3M since Fiscal Year 2020. This amount does not include the additional amount of expenditures paid in indirect costs to the MDH since Fiscal Year 2017.

Our increased obligations and mandated work extended the existing assessment cap to its ceiling in 2022 and our work in 2023 will exceed the assessment cap. MHCC maintained a reasonable fund reserve that is now being spent down. The Commission has used several approaches to curtail spending such as not filling vacancies, reducing operational expenses, and declining to conduct several insurance mandates studies due to budgetary concerns.

MHCC has prudently expended its budget in the past. An increase in the assessment cap is justified for the reasons referenced above. The MHCC urges a favorable report on SB 253.

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.



Kelley Testimony SB 253.pdf

Uploaded by: Delores Kelley

Position: FAV

TESTIMONY OF SENATOR DELORES G. KELLEY
**REGARDING SENATE BILL 253-MARYLAND HEALTH CARE COMMISSION-
USER FEE ASSESSMENTS**
BEFORE THE SENATE FINANCE COMMITTEE
ON JANUARY 26, 2022

Mr. Vice-Chair and Members:

Senate Bill 253 is before you today at the request of the Maryland Health Care Commission (MHCC). This Bill will give the Commission the ability to increase their user fee assessment cap from 16 million to 20 million, a user fee which is assessed on hospitals, nursing homes, insurance payors, and health care practitioners.

The MHCC is responsible for health facility planning and quality reporting for nursing homes, other long-term care settings, hospitals, commercial health plans, as well as for out-patient surgery centers. MHCC is also charged with the

SB 253-Page 2

dissemination of health information technology, including telehealth. In addition to these responsibilities, the MHCC conducts various studies and special projects at the request of the legislature, and passage of this Bill would enable them to continue such projects. This Committee is familiar with MHCC's assessments of health insurance mandates, work on rural health, and the assignment of benefits legislation, among other issues.

Ben Steffen, Executive Director of the MHCC, will now explain the necessity for the increase in the user fee and answer any questions that you might have.

At the conclusion of this hearing I am asking for your strong support for Senate Bill 253.

5 - SB 253 - MHCC - LoS.pdf

Uploaded by: Heather Shek

Position: FAV



2022 SESSION
POSITION PAPER

BILL NO: SB 253

COMMITTEE: Senate Finance Committee

POSITION: Support

TITLE: SB 253 - Maryland Health Care Commission – User Fee Assessments

BILL ANALYSIS

Senate Bill 253 increases the maximum amount of user fees the Maryland Health Care Commission (MHCC) may assess on hospitals, nursing homes, payors, and health care practitioners. Under the bill the maximum amount of the user fee assessment cannot exceed 20 million dollars.

POSITION AND RATIONALE

The MHCC is a 15-member independent regulatory agency. Our mission is to plan for health system needs, promote informed decision-making, increase accountability, and improve access in a rapidly changing health care environment by providing timely and accurate information on availability, cost, and quality of services to policy makers, purchasers, providers, and the public. Our operating budget is special funded through the assessment of fees on four sectors in the health care industry: hospitals, insurance companies, nursing homes, and health care practitioners. The current assessment is \$16M. In previous years we had a surplus however over the past few years this surplus has decreased significantly.

A cap increase is needed for the following reasons:

1. MHCC is providing advanced funding for the Prescription Drug Affordability Board (PDAB). The PDAB is scheduled to reimburse the MHCC for the approximate amount of expenditures of \$1M that they have incurred from Fiscal Years 2020-2022 starting in Fiscal Year 2023. The Governor's Office requested that the MHCC provide advanced funding to the PDAB when the PDAB bill was passed without a funding mechanism in 2019.
2. The continued funding requirements of the MDPCP amounting to \$600,000 per fiscal year. The projected funding that the MHCC will have funded the MDPCP from Fiscal Years 2021-2023 is \$1.8 million.

3. The Telehealth Evaluation that the MHCC was directed to complete under HB 123/SB 3. This contract was awarded in Fiscal Year 2022 to NORC for \$500,000.
4. The MHCC pays the Maryland Department of Health (MDH) a 30.5% allocation of indirect cost each fiscal year. The percentage of indirect cost was raised in 2017 from 18% to 2 30.5% because this was the percentage of indirect costs that the Boards were paying to MDH. The MHCC projected indirect costs expenditures at a rate of 30.5% for FY 2023 is \$1,827,192. The indirect cost expenditures at a rate of 18% for Fiscal Year 2023 would be \$1,078,343. This difference has added an additional number of projected expenditures to the MHCC FY 2023 budget in the amount of \$748,849. The increase in MHCC's indirect cost allocation absorbed about 20% of the increase in authorized cap that was approved in 2017.

The PDAB, MDPCP, and Telehealth expenditures have added expenditures to the MHCC in the amount of approximately \$3.3M since Fiscal Year 2020. This amount does not include the additional amount of expenditures paid in indirect costs to the MDH since Fiscal Year 2017.

Our increased obligations and mandated work extended the existing assessment cap to its ceiling in 2022 and our work in 2023 will exceed the assessment cap. MHCC maintained a reasonable fund reserve that is now being spent down. The Commission has used several approaches to curtail spending such as not filling vacancies, reducing operational expenses, and declining to conduct several insurance mandates studies due to budgetary concerns.

MHCC has prudently expended its budget in the past. An increase in the assessment cap is justified for the reasons referenced above. The MHCC urges a favorable report on SB 253.

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.



SB0253_FWA_MedChi_MHCC - User Fee Assessments.pdf

Uploaded by: Steve Wise

Position: FWA

MedChi

The Maryland State Medical Society

1211 Cathedral Street
Baltimore, MD 21201-5516
410.539.0872
Fax: 410.547.0915

1.800.492.1056

www.medchi.org

TO: The Honorable Delores G. Kelley, Chair
Members, Senate Finance Committee

FROM: J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Christine K. Krone

DATE: January 26, 2022

RE: **SUPPORT WITH AMENDMENT** – Senate Bill 253 – *Maryland Health Care Commission – User Fee Assessments*

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports with amendment** Senate Bill 253.

This bill increases the limit on the amount of user fees that the Maryland Health Care Commission (MHCC) can generate annually. Currently the limit is \$16 million dollars, with approximately 16% (or \$2.5 million) of that amount coming from health care providers. Senate Bill 253 would increase the limit by 25% to \$20 million.

The MHCC performs some valuable functions, including researching and studying important health care matters. Current subject matter includes Advanced Directives and the Telehealth Study mandated last year by the General Assembly. It also engages in ongoing reviews of Certificate of Need applications and updating the State's Health Plan.

However, most of the projects of the MHCC do not benefit solely those who pay the user fees. Rather, they benefit the consumer of healthcare as much as facilities and providers. Accordingly, MedChi believes that the increase sought, if warranted, should come from the General Fund rather than user fees. The existing cap on fees assessed to "users" should be held firm, and the additional funds sought by MHCC should be derived from the General Fund.

For these reasons, MedChi supports Senate Bill 253 with amendment.

AMENDMENT:

On page 2 at line 21, delete the brackets and delete "\$20,000,000."

For more information call:

J. Steven Wise
Pamela Metz Kasemeyer
Danna L. Kauffman
Christine K. Krone
410-244-7000

LeadingAge Maryland - 2022 - SB 253 MHCC user fees

Uploaded by: Aaron Greenfield

Position: UNF



576 Johnsville Road
Sykesville, MD 21784

TO: Senate Finance Committee
FROM: LeadingAge Maryland
SUBJECT: Senate Bill 253, Maryland Health Care Commission – User Fee Assessments
DATE: January 26, 2022
POSITION: Unfavorable

LeadingAge Maryland opposes Senate Bill 253, Maryland Health Care Commission – User Fee Assessments.

LeadingAge Maryland is a community of not-for-profit aging services organizations serving residents and clients through continuing care retirement communities, affordable senior housing, assisted living, nursing homes and home and community-based services. Our mission is to expand the world of possibilities for aging in Maryland. We have nearly 80 affordable housing communities as members. We partner with consumers, caregivers, researchers, public agencies, faith communities and others who care about aging in Maryland.

This bill increases the maximum amount, from \$16,000,000 to \$20,000,000, of user fees the Maryland Health Care Commission may assess against hospitals, nursing homes, payors, and health care practitioners.

Skilled nursing and assisted living beds have traditionally been filled almost to capacity. But as COVID-19 ravaged long-term care facilities nationwide, the occupancy rate for those beds plunged from 95 percent to around 70 percent. The median occupancy rate for U.S. nursing homes plummeted during the pandemic, from 85 percent in January 2020 to 68 percent, according to an analysis by CliftonLarsenAllen. While the arrival of vaccines and sharp declines in COVID-19 cases in nursing homes have nudged occupancy back up, it's still only 74 percent as of September 2021.

A return to pre-pandemic occupancy rates is still far off, given the ongoing staffing shortages and the spread of the omicron variant. Nursing homes are projected to lose a combined \$94 billion, based upon a report from the National Center for Assisted Living, which could affect

everything from staffing and activities to food and infection control. Now is not the time to increase nursing home user fees.

For these reasons, LeadingAge Maryland respectfully requests an unfavorable report for Senate Bill 253.

For additional information, please contact Aaron J. Greenfield, 410.446.1992

SB 253 MHCC User Fee- LOI.pdf

Uploaded by: Erin Dorrien

Position: INFO



Maryland
Hospital Association

January 26, 2022

To: The Honorable Delores G. Kelley, Chair, Senate Finance Committee

Re: Letter of Information- Senate Bill 253 - Maryland Health Care Commission - User Fee Assessment

Dear Chair Kelley:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on Senate Bill 253. The Maryland Health Care Commission (MHCC) is the state's health policy think tank, offering valuable information about important policy decisions that impact all Marylanders.

The Commission designates and regulates the state's health information exchange and is a valuable partner that enabled CRISP to grow to the utility it is today. MHCC, as the holder of the state's all-payer claims database, offers research services, gives information to other state agencies to support their regulatory missions, and supports consumer-friendly health policies.

MHCC's assessment cap is \$14 million per year. It assesses three provider groups—hospitals, nursing homes, and health care practitioners—as well as payers. The health care providers give 74% of MHCC's budget; more than half that share, 39%, is contributed by hospitals.

We understand MHCC's desire for more resources to support new policy areas. Yet this proposed increase comes at a time of extreme financial pressure across the three provider sectors after two years of battling the COVID-19 pandemic.

MHCC's assessment authority was founded on the idea that the four industries assessed are the only ones that benefit from MHCC's work. But times have changed. As the Commission's work expands into telehealth and consumer-facing resources, the entire state benefits from MHCC's efforts and products. Therefore, we believe consideration should be given to a general fund appropriation for some portion of the Commission's work.

We hope you find this information helpful as you deliberate on SB 253.

For more information, please contact:
Erin Dorrien, Director, Government Affairs & Policy
Edorrien@mhaonline.org