



March 29, 2022

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

RE: Senate Bill 917 – Health Care Facilities – Health Services Cost Review Commission – User Fee Assessment – Letter of Support

Dear Chair Pendergrass and Committee Members:

The Health Services Cost Review Commission (HSCRC or Commission) requests a favorable report on Senate Bill (SB 917), “Health Care Facilities - Health Services Cost Review Commission - User Fee Assessment”. SB 917 ensures a responsible and adequate level of revenue for the ongoing operations of the HSCRC.

SB 917, as amended and passed by the Senate, will change the cap on HSCRC’s user fee assessment for the next three (3) fiscal years (FY 23, FY 24, and FY 25) from a flat \$16 million per year to the greater of 0.1% of budgeted, regulated gross hospital revenue or the largest amount of the cap in the prior five (5) fiscal years. This approach aligns with other assessments in HSCRC’s statute that are based on a percent of hospital revenues. This approach will tie the HSCRC’s user fee cap to the cost controls under the Total Cost of Care Model. The bill sunsets this methodology change at the end of FY 25. For FY 26 and subsequent years, the assessment fee cap is set at the average of the amount of the cap for FY 23, FY 24, and FY 25.

The Commission’s operating budget is funded solely by the hospital’s assessments that are subject to this cap. HSCRC builds these assessments into hospital rates so the rates are paid by the State’s healthcare payers. The Commission is not required to collect the full amount of the fee cap in any year and does not collect the full amount when the annual appropriation allows for a lower assessment amount.

This change is timely. Historically, this cap has been revised every three (3) to four (4) years. The cap was last changed five (5) years ago (FY 2018). Passage of SB 917 will allow HSCRC to continue to meet the increasing needs for policy development, implementation, research, analysis, and auditing under the Maryland Health Model. It would also help HSCRC continue to conduct high quality research and analysis in response to legislative requests.

If you have any questions or if we may provide you with any further information, please do not hesitate to contact me at katie.wunderlich@maryland.gov or Megan Renfrew, Associate Director of External Affairs, at 410-382-3855 or megan.renfrew1@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Katie Wunderlich". The signature is fluid and cursive, written over a white background.

Katie Wunderlich
Executive Director

Adam Kane, Esq
Chairman

Joseph Antos, PhD
Vice-Chairman

Victoria W. Bayless

Stacia Cohen, RN, MBA

James N. Elliott, MD

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Katie Wunderlich
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Gerard J. Schmith
Director
Revenue & Regulation Compliance

William Henderson
Director
Medical Economics & Data Analytics

Appendix 1: Projected User Fee Cap under SB 917, as amended

Table 1: Projected User Fee Cap Set at 0.1% Budgeted Hospital Gross Revenues, FY 23 – FY 27

| Fiscal Year | Projected User Fee Cap under SB 917 as Amended by the Senate |
|-------------|--|
| 2023 | \$19,687,559 |
| 2024 | \$20,291,510 |
| 2025 | \$20,913,988 |
| 2026 | \$20,297,686 |
| 2027 | \$20,297,686 |