



2023 SESSION
POSITION PAPER

BILL NO: HB 420

COMMITTEE: Senate Finance

POSITION: Support

TITLE: Health Services Cost Review Commission - Hospital Rates - All-Payer Model Contract

BILL ANALYSIS

HB 420 - Health Services Cost Review Commission - Hospital Rates - All-Payer Model Contract clarifies the authority of the Health Services Cost Review Commission to take into consideration the objective standards of effectiveness and efficiency to determine the reasonableness of hospital rates consistent with the All-Payer Model Contract.

POSITION AND RATIONALE

The Maryland Health Care Commission supports HB 420.

This bill makes a technical change to the HSCRC's authorizing statute that helps support the success of the Total Cost of Care (TCOC) Model. HB 420 conforms Health-General §19-219 (b) with the other provisions of the HSCRC's authorizing statute and with the State's obligations under the TCOC model agreement. The HSCRC is responsible for implementing TCOC, the successor to the All-Payer Model Contract. The hospital rate-setting system is the primary mechanism used to ensure Maryland's compliance with TCOC requirements related to health care cost and hospital quality.

The HSCRC's primary mandate is to review and approve reasonable hospital rates and publicly disclose information on the costs and financial performance of Maryland hospitals. The HSCRC's rate setting authority applies to acute general and specialty hospitals, and for commercial and Medicaid services provided by private psychiatric hospitals. The HSCRC establishes hospital-specific and service-specific rates for all inpatient, hospital-based outpatient, and emergency services. In approving hospital rates, the Commission is required to assure that:

- The total costs of all services offered by a hospital are reasonable;

- Aggregate revenues of a hospital are reasonably related to its aggregate costs; and
- Rates are set equitably among all purchasers of hospital services.

HB 420 does not change the review process by the HSCRC however, it does confirm their authority to consider TCOC requirements in making determinations on the reasonableness of hospital rates. Assessing the reasonableness of hospital rates is an important authority for constraining hospital growth and establishing hospital rates to promote cost containment, access to care, equity, financial stability, and hospital accountability.

For these reasons the Maryland Health Care Commission asks for a favorable report on HB 420.

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.

