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Economic Matters Committee

Subcommittees

Public Utilities

Chair, Unemployment Insurance



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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

HB 333- HOSPITALS-FINANCIAL ASSISTANCE- MEDICAL BILL REIMBURSEMENT PROCESS

TESTIMONY OF DELEGATE LORIG CHARKOUDIAN

FEBRUARY 28, 2023

Chair Peña-Melnyk, Vice Chair Kelly, and Members of the Health and Government Operations Committee,

The 2020 legislatively-mandated report from the Health Services Cost Review Commission (HSCRC) found that “approximately 1% of total hospital charges to individuals who likely qualify for free care are paid by those individuals (this amounts to approximately \$60 million statewide).”¹ That is, hospitals likely collected \$60 million per year in 2017 and 2018 from individuals who qualified for free care. Hospitals were not required to change their practices until 2021, so we expect these practices continued until then.

Last year, with the passing of HB 694, a legislatively-mandated task force was created to determine an appropriate process for reimbursing these individuals. **This legislation codifies the recommendations of the task force.**

This bill requires hospitals to identify all patients who paid an out-of-pocket expense for dates of service between 2017 and 2021 and to share this data with the Comptroller’s office, DHS, MDH, and MSDE. These agencies will determine who should have been eligible for free care based on their participation in means tested programs and their tax filings. DHS will identify who was eligible for free care based on presumptive eligibility including households with children in the free or reduced meals program, Supplemental Nutrition Assistance Program (SNAP) participants, Low-income-household Energy Assistance Program participants, Primary Adult Care Program (PAC) participants- until such time as inpatient benefits are added to the PAC benefit package-, and Women, Infants, and Children (WIC) participants.

Those identified as eligible (by the offices above) will be contacted by the hospital to be informed that they may be eligible for a refund. Hospitals will provide a refund to patients who were eligible for free care but paid their bills for care. Hospitals will also reimburse the agencies for effort spent based on the percentage of patients billed by their hospital. Considering the use of Comptroller and DHS data, applicants will not need to confirm income status, the hospital need only check if the applicant paid a bill in the year in question and if an asset test was used to determine eligibility.

Hospitals in Maryland are awarded tax-exempt status because of their legal commitment to provide free and low cost care to individuals who cannot afford healthcare services. This legislation will support hospitals in meeting their legal obligations to the state.

I respectfully request a favorable report on HB 333.

¹The Health Services Cost Review Commission. (2021).. Analysis of the Impact of Hospital Financial Assistance Policy Options on Uncompensated Care and Costs to Payers. Retrieved from [https://dlslibrary.state.md.us/publications/Exec/MDH/HSCRC/HB1420Ch470\(2\)\(2020\).pdf](https://dlslibrary.state.md.us/publications/Exec/MDH/HSCRC/HB1420Ch470(2)(2020).pdf).