



February 21, 2024

The Honorable Pamela G. Beidle
Chair, Senate Finance Committee
James Senate Office Building, Room 202
11 Bladen Street
Annapolis, MD 21401

Re: SB 694 -Maryland Department of Health – Health Commissions and Maryland Insurance Administration –Study - Letter of Support

Dear Chair Beidle and Members of the Committee:

The Maryland Health Care Commission (MHCC) appreciates the opportunity to support Senate Bill 694 and to provide its view on Maryland’s changing health care delivery and regulatory environment. Assessing the operations of Executive Branch organizations and seeking greater efficiencies is within the purview of the legislative branch.

This legislation requires the Maryland Department of Health (MDH) to contract with a consultant to evaluate potential overlap among the Maryland Health Care Commission, the Health Services Cost Review Commission, the Community Health Resources Commission, and the Maryland Insurance Administration. The legislation requires the agencies to work collaboratively with the consultant hired by MDH. MHCC will make Commissioners and senior staff available to the consultant and will work in collaboration with the other agencies to characterize MHCC’s role in Maryland’s regulatory framework. While we do not believe there is duplicative overlap but necessary collaboration, an external assessment by an independent consultant could prove valuable to the Departments, Commissions, and General Assembly.

New State and national initiatives are driving a transformation of the healthcare delivery system aimed at expanding health equity by eliminating the disparity in health outcomes, providing early and improved access to primary and behavioral care, lowering total costs, and ensuring greater accountability among providers and payers. Health care providers are breaking out of their service silos and creating strategic linkages across the care continuum and across geographic regions to support care coordination, improve health outcomes and increase efficiencies. These changes can be positive and negative. While in many instances positive there are significant challenges.

Ambulatory care is assuming a more dominant position in the health care delivery system as it must if we are to provide patient-centered care. Physician practices are growing larger

through consolidation with other practices, acquisitions with large payers and technology companies, or affiliation with health care systems. Private equity firms increasingly see opportunities to acquire nursing home facilities and ambulatory surgery centers; these sectors will not be the last targets.

Regulators may celebrate some of these trends and bemoan others, but the regulatory tools to shape the new frameworks, arrangements, and collaborative actions of providers and payers should be assessed. As new business processes and technology innovations create opportunities for providers and payers, the regulatory framework must also be aligned to respond to new opportunities and challenges. SB 694 presents an opportunity to conduct these assessments.

The assessment period for the study envisioned under SB 694 aligns with critical milestones in Maryland's next phase of health care reform. On March 18th, the State will submit its application to participate in CMS's Advancing All-Payer Health Equity Approaches and Development (AHEAD) model. If Maryland's application is successful, State agencies will spend the next eighteen months preparing for the launch of the AHEAD model in January 2026.

AHEAD represents the most significant opportunity for health care transformation in Maryland since the establishment of hospital-rate setting in the early 1980's. AHEAD will enable Maryland to manage better the total cost of care across all public and private payers, improve population health, and advance health equity by reducing disparities in health outcomes. Participation in the AHEAD model is essential for the State to continue to play a leading role in the evolution of health care delivery in the United States. CMS will support participating states through AHEAD Model components that aim to increase investment in primary care, provide financial stability for hospitals, and support beneficiary connection to community resources.

MHCC believes the assessment envisioned in SB 694 may play a role in continuing to align regulatory processes with the rapidly changing health care delivery system and health care needs of Maryland residents.

Sincerely,

Ben Steffen

Ben Steffen,
Executive Director

