



Maryland
Hospital Association

**House Bill 1104 Maryland Department of Health - AHEAD Model Implementation -
Electronic Health Care Transactions and Population Health Improvement Fund**

Position: *Letter of Information*

February 19, 2025

House Health & Government Operations Committee & House Appropriations Committee

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment on House Bill 1104.

Hospitals have been the backbone of Maryland's unique healthcare reimbursement model. Under the current *Total Cost of Care Model*, hospitals generated \$4.6 billion of savings for Medicare through high-quality, efficient care delivery. Maryland hospitals have also reduced disparities in unplanned readmissions, preventable admissions, and timely follow-up care. Today, Maryland hospitals support the goals of the latest iteration of the model called AHEAD but want to ensure we move forward with balanced and sustainable policies.

The AHEAD Model builds on Maryland hospitals' track record of success and places an even greater emphasis on health care access and population health. To that end, the model requires the establishment of the Population Health Improvement Fund (the Fund) to support statewide population health targets. While this is undoubtedly a laudable goal, this is one of multiple proposals this session to support statewide programs through hospital rates. Hospital rates are a finite resource, and many hospitals are already stretched thin by cost drivers that are not adequately covered under current hospital rates. These drivers include the cost to serve the state's growing and aging population, the drastically increasing costs of labor, and the increased costs to maintain hospital facilities.

MHA appreciates that establishing the Fund is required under the AHEAD Model, however, we have several considerations with the bill as drafted.

- The bill names two entities responsible for administering the Fund. To avoid confusion, there needs to be clear protocols for decision making and budgetary authority.
- There needs to be a maximum amount of funding that will be obtained from the rate setting system per year and defined protocols on how that amount is determined and by whom.
- There should be an established sunset to provide an opportunity to review the Fund and make adjustments as needed.
- There should be annual reporting on the uses of the Fund to ensure oversight, transparency, and accountability.

As Maryland transitions into the AHEAD Model, we must ensure we have healthy hospitals if we want to achieve healthy communities. MHA and our member hospitals look forward to continuing to work with the legislature and state agencies to achieve this important balance.

For these reasons, we respectfully submit this letter for consideration and appreciate the opportunity to comment on HB1104.

For more information, please contact:

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