



## DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

February 19, 2025

The Honorable Joseline Peña-Melnyk  
Chair, House Health and Government Operations Committee  
241 House Office Building  
Annapolis, MD 21401-1991

**RE: House Bill (HB) 1104 – Maryland Department of Health - AHEAD Model Implementation - Electronic Health Care Transactions and Population Health Improvement Fund – Letter of Support**

Dear Chair Peña-Melnyk and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of support for House Bill (HB) 1104 – Maryland Department of Health – AHEAD Model Implementation – Electronic Health Care Transactions and Population Health Improvement Fund. HB 1104 proposes two components in support of Maryland’s participation in the States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model, authorized by the federal Centers for Medicare and Medicaid Services (CMS): 1) expanding the use cases permitted by the state-designated health information exchange; and 2) establishing a Population Health Improvement Fund (the Fund).

HB 1104 establishes the Population Health Improvement Fund as outlined in the State Agreement for Maryland’s participation in the All-Payer Health Equity Approaches and Development (AHEAD) model and activities paid for out of this special, non-lapsing fund, must support the goal of meeting statewide population health targets. The Fund is to be administered jointly by the Department and the Health Services Cost Review Commission (HSCRC); and it can accept public and private dollars from different sources. This provides the opportunity to align public and private funding to invest in programs that meet one or more of the functions enumerated in the State Agreement - reduce rates of common preventable health conditions; address health-related social needs; or reduce or eliminate disparities in health outcomes.

To generate public revenue for the Fund, HB 1104 allows for a uniform, broad-based assessment as part of the annual all-payer hospital global budget rate-setting system. Medicaid constitutes an estimated 20 percent of the hospital payer mix. Currently, approximately 50 percent of the Medicaid costs are contributed by federal financial participation (FFP). The impact on the Medicaid budget will depend on the amount of the annual assessment passed by the HSCRC. In December 2024, HSCRC voted for a one-time, \$25 million increase in rates for calendar year (CY) 2025 to support the Fund contingent on the passage of this legislation. The Medicaid share (*i.e.*, 20 percent) translates into \$5 million (TF) and approximately \$2.5 million from the General

Fund. However, the Department anticipates that savings stemming from the impact of the Fund's investments in population health may lower costs for Medicaid participants, thereby offsetting the cost.

The AHEAD Model is the multi-state CMS model that builds upon the successes of the Maryland Total Cost of Care Model in reducing health care cost growth, improving statewide health care quality and addressing health disparities. As an integral part of the Department, as well as a payer of health care for more than one in five Marylanders, the Maryland Medicaid program is a critical partner in AHEAD Model implementation and looks forward to advancing the State's population health goals.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at [sarah.case-herron@maryland.gov](mailto:sarah.case-herron@maryland.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Laura Herrera Scott".

Laura Herrera Scott, M.D., M.P.H.  
Secretary