

PAMELA G. BEIDLE
Legislative District 32
Anne Arundel County

Chair, Finance Committee

Executive Nominations Committee

Joint Committee on Gaming Oversight

Joint Committee on Management
of Public Funds

Spending Affordability Committee



Miller Senate Office Building
11 Bladen Street, Suite 3 East
Annapolis, Maryland 21401
410-841-3593
800-492-7122 Ext. 3593
Pamela.Beidle@senate.maryland.gov

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

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SB 515

Health Services Cost Review Commission
Health Facilities – Jurisdiction and Rate

Good afternoon Vice Chair Hayes and Members of the Finance Committee,

Thank you for the opportunity to present SB 515, Health Services Cost Review Commission Health Facilities – Jurisdiction and Rate. SB 515 requires the Commission to consider all costs incurred or expenditures made by a health facility in connection with the operation of the facility; and generally relating to health facility rate setting.

It is becoming increasingly expensive for Maryland hospitals to maintain essential physician coverage. Physicians are critical to the ability of hospitals to provide lifesaving, acute care and other health care services that communities rely on.

Given this, the high and increasing costs of employing or contracting with physicians and the corresponding financial losses are unavoidable since hospitals require sufficient medical staff to perform the basic functions of providing daily, lifesaving care to patients.

The current global budget and rate structure does not include a funding mechanism that enables hospitals to recover expenditures for physician services that are not fully reimbursed by payers.

These losses are not sustainable, especially as the state and its providers transition to the AHEAD Model. Without relief, hospitals will face financial instability and resource constraints that threaten their ability to sustain core operations and preserve access to care in every community.

I respectfully request a “Favorable Report” on SB 515