



Senate Finance Committee

February 24, 2026

Senate Bill 494 – *Maryland Health Care Commission – Certificates of Need and Material Change Transactions*

**POSITION: SUPPORT with AMENDMENT**

The Mid-Atlantic Association of Community Health Centers (MACHC), representing the state's sixteen federally qualified health centers (FQHCs), submits this letter of **support with amendment** for Senate Bill 494. FQHCs provide comprehensive primary care and preventive services to more than 374,00 patients regardless of insurance status or ability to pay. Health centers serve a disproportionate share of underinsured patients with complex needs, with the majority (86 percent) living at or below 200 percent of the Federal Poverty Level and two thirds (67 percent) on Medicaid or uninsured. FQHCs provide a range of integrated services, including primary care, behavioral health, dental care, and chronic disease management, as well as enabling services such as care coordination and enrollment assistance.

MACHC supports the intent behind this legislation to promote transparency, accountability, and protection of the public interest in health care transactions. Increased oversight of mergers, acquisitions, and other material change transactions is an important tool to ensure that access to quality health care is preserved, competition remains fair, and patients and communities are protected from the unintended consequences of consolidation.

FQHCs share the Committee's interest in maintaining a health care system that prioritizes patient access, continuity of services, and responsiveness to local needs. The material change transaction notice and review process established under SB 494 would enhance visibility into structural changes that could affect care availability, pricing, and service delivery. These objectives align with the mission of FQHCs, which are specifically designed to ensure access to comprehensive primary care in underserved communities.

However, MACHC respectfully requests that Senate Bill 494 be amended to include a clear statutory exemption for health centers. FQHCs operate under a uniquely comprehensive federal regulatory framework that governs establishment, expansion, service locations, and governance structure. FQHC sites must be located in federally designated Health Professional Shortage Areas (HPSAs) or demonstrate service to medically underserved populations, ensuring that placement decisions are driven by objective measures of community need rather than market opportunity.

In addition, FQHCs are governed by patient-majority boards of directors, with at least 51 percent of board members required to be active patients of the health center. This governance structure ensures that organizational decisions reflect the priorities and needs of the communities served. No other segment of the health care system is subject to this level of direct patient governance.

Applying the material change transaction review framework established under SB 494 to FQHCs would create duplicative regulatory requirements without providing additional patient protections. Further state review could unintentionally conflict with the Health Resources and Services Administration's (HRSA's) exclusive federal authority over scope-of-project changes and site approvals. HRSA requires FQHCs to obtain prior approval for all changes in scope, including new or relocated sites, and expects implementation to be consistent with federal review timelines and conditions. Adding state-level approval processes could delay site openings and expose health centers to federal noncompliance or funding consequences.

To address this concern, MACHC respectfully recommends adding the following exemption language to §19–120.3:

*“This section does not apply to a federally qualified health center, as defined under Health-General §24-1301 and recognized in COMAR 10.09.08.05 as unique entities, or any service delivery site operating within the federally approved scope of project of such a center.”*

This amendment would ensure appropriate oversight of health care consolidation while recognizing the distinct role, governance structure, and federal oversight framework unique to the Health Center Program.

MACHC and FQHCs remain committed to working collaboratively with the Maryland Health Care Commission, the General Assembly, and other stakeholders to ensure that Maryland’s health care system remains accessible, competitive, and responsive to community needs. The association appreciates the Committee’s consideration of this legislation and respectfully requests that the proposed amendment be adopted to ensure that FQHCs can continue to provide high-quality, efficient, and effective care.

