

To: Chair Pamela Beidle and Senate Finance Committee members

From: Will Tilburg
Vice President, Government and Regulatory Affairs, UMMS

Date: February 24, 2026

Re: Senate Bill 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions – Letter of Concern

The University of Maryland Medical System (“UMMS”) respectfully submits this letter of concern for Senate Bill 494 – Maryland Health Care Commission – Certificates of Need and Material Change Transactions. Senate Bill 494 (“SB 494”) proposes to require any transaction or series of transactions involving a health care facility with total assets that exceed \$10 million to undergo review and approval by the Maryland Health Care Commission (“MHCC”).

UMMS appreciates the intent of SB 494 and understands the significant concerns that prompted this legislation: the increasing national scrutiny of private equity investment in health care facilities and growing body of evidence indicating that at least some private equity acquisitions may be associated with higher costs and/or worsening quality of care or patient outcomes. Efforts to ensure that Maryland’s health care system remains focused on quality, access, and affordability are important and commendable.

At the same time, UMMS believes that SB 494, as currently drafted, will not address the stated concerns of private equity investment in healthcare facilities. While the impetus for the legislation appears to center on private equity ownership and its potential impact on quality and cost, the bill does not define or focus on private equity, patient outcomes, or quality of care. As written, its provisions would apply to a wide array of transactions that do not implicate the concerns the bill seeks to address. In addition, the legislation grants the MHCC seemingly limitless authority to determine whether a transaction should be subject to a public interest review and the scope of the public interest review itself. It is our understanding that the legislation was drafted without any stakeholder or public input, and we believe the bill significantly would benefit from collaboration with impacted entities, including providers and hospitals and health systems

UMMS is concerned about several foundational aspects of the bill, including the following:

1. Overly Broad Definitions

The bill definitions are exceedingly broad and in practice may lead to the review of virtually all health care transactions in the State. For instance, the definition of “health care facility” exempts acute general hospitals; however, it does not exempt affiliated entities of hospitals. UMMS

operates 11 acute care hospitals that appear to be excluded from the bill's scope, yet more than 150 medical facilities and practice groups affiliated with UMMS – entities that share the same ownership as the exempted acute care hospitals – would be subject to the bill and the public interest review process established by MHCC. This distinction creates inconsistencies and would subject routine medical system business transactions to heightened review without advancing the bill's underlying objective. Likewise, the definition of “material change” is so expansive that few healthcare transactions in the State would not qualify under it. As the annual revenue of UMMS and all of its member hospitals exceeds \$10 million, seemingly any transaction involving the medical system would be subject to review under the bill. As a result, transactions that are operational in nature and unrelated to private equity acquisition or concerns about quality or cost would nonetheless trigger review, and likely, delays.

2. Public Interest Review Process

The proposed public interest review is expansive and burdensome. As introduced, the legislation requires extensive documentation, review, and regulatory approval of a large volume of transactions, many of which pose no risk to patient outcomes or cost containment. This approach risks creating a chilling effect on mergers, acquisitions, and other strategic transactions in Maryland. This concern is particularly acute as Maryland enters a period of significant uncertainty and Maryland hospitals face the loss of hundreds of millions of federal Medicare dollars under AHEAD, the State's new total cost of care model. In this period of financial and operational uncertainty, hospitals and health systems must retain the flexibility to restructure, affiliate, and innovate in order to meet evolving payment models, maintain access, and ensure financial sustainability. A regulatory framework that significantly delays or complicates transactions could inadvertently weaken the very institutions providing the high-quality care that the bill seeks to protect.

3. Administrative Burden and Delays

The expansive scope of the bill, and a dramatic increase in reportable transactions, may also inadvertently strain commission resources and cause significant operational delays. Such delays could impede time-sensitive transactions, disrupt care delivery planning, and negatively impact the overall health care industry in Maryland.

For these reasons, UMMS urges the Committee not to rush to pass SB 494. Instead, UMMS encourages the Committee to work with MHCC and interested stakeholders during the interim to craft legislation that is more narrowly tailored to address the specific concern of private equity investment in Maryland's health care sector. We stand ready to work collaboratively to craft a thoughtful and balanced approach that protects patients while preserving Maryland's ability to maintain a strong, innovative, and financially stable health care system.

Thank you for your leadership and for your consideration of these comments.

For more information, please contact:

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