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**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 Chair Bagnall, Vice Chair Cullison and Members of the Health Committee,

Thank you for the opportunity to present SB 515, Health Services Cost Review Commission Health Facilities – Jurisdiction and Rate. SB 515 passed the Senate 42 to 0 with amendments. It 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.

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

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.