



Maryland  
Hospital Association

## **A HIDDEN TAX ON HOSPITAL CARE RAISING COSTS ON PATIENTS AND HEALTH SERVICES**

### **THE ISSUE**

Marylanders who receive hospital care face a hidden tax that adds 2.3 percent to their hospital bill, a tax that has cost the public a cumulative \$2.4 billion over the past eight years. Passed in 2009 as a temporary measure to shore up a deficit in the state's Medicaid program, the tax was \$19 million that first year. It is now \$365 million, a more than 1,800 percent increase.

By artificially inflating hospital bills, and therefore, the total spending tab for hospital services, the tax hurts consumers who pay for care and threatens Maryland's unique agreement with the federal government. This agreement brings in more than \$2 billion in federal dollars annually to the state.

Under the agreement, Maryland's hospitals are required to limit growth in spending on hospital services as well as all other health care services in the state. Maryland's growth in spending for hospital is compared to the nation's growth. The added hidden tax makes Maryland's spending appear higher. And this tax hinders the innovative work hospitals are doing to keep costs down and expand care into communities.

Thanks to the governor and the state legislature, a multi-year agreement was reached to reduce this hidden "sick tax" through a \$25 million annual spend-down, eventually culminating with its elimination. This will help Marylanders receive the efficient and high-quality health care they deserve, and protect the state's agreement with the federal government that helps that happen.

### **WHAT HOSPITALS ARE FOR**

Commit to protecting the \$25 million annual spend-down of Maryland's "sick tax."

