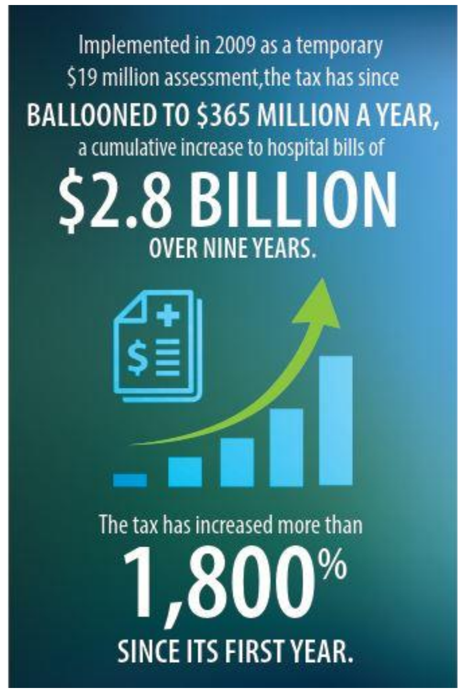
Maryland
Hospital Association

A 'SICK' TAX ON HOSPITAL PATIENTS
RAISING COSTS ON PATIENTS AND HEALTH SERVICES

THE ISSUE

Maryland's hospital patients face a hidden 'sick' tax added to every hospital bill. The tax has cumulatively added $2.8 billion to patients' bills over the past nine years and hikes every patient bill by 2.3 percent. Begun 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 statewide spending on hospital services, the tax also threatens Maryland's unique hospital payment model, an agreement with the federal government that brings our state an additional $2 billion annually. This revenue helps fund not only tens of thousands of hospital jobs but tens of thousands of non-hospital jobs in industries that support hospital work. These jobs drive Maryland's economy and the state's tax base.

Under the agreement with the federal government, Maryland's hospitals are required to limit growth in health care spending. This tax – even though the entirety of the $365 million goes back to the state – makes it appear as though services at Maryland's hospitals are more costly.

To reduce taxes on sick patients and preserve Maryland's unique agreement, a bipartisan agreement on an annual spend-down of the tax, culminating with its elimination, was reached in 2016. 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. Any reduction of the sick tax goes directly toward reducing patient's bills and not to hospitals.

WHAT HOSPITALS ARE FOR

The legislature and executive branch must commit to protecting the $35 million spend-down for fiscal year 2019.