



Maryland
Hospital Association

November 30, 2017

The Honorable Lawrence Hogan
Governor
State of Maryland
100 State Circle
Annapolis, Maryland 21401-1925

Dear Governor Hogan:

As the hospital field and your Administration continue to work together to secure an Enhanced Total Cost of Care Model and continue our state's four-decade tradition of innovation in hospital quality and payment, we, the leaders of Maryland's 47 not-for-profit hospitals and health systems, ask you to reduce the state's \$365 million Medicaid "sick tax" by \$35 million in your fiscal year 2019 budget submission. The enhanced model promises to further our shared goal of improving care while also stemming the growth in the cost of care across the state, and reducing and eventually eliminating that tax, as you know, will contribute to our shared efforts in achieving the goals of this model.

Two years ago, a bipartisan state agreement was reached to reduce the tax annually by \$25 million; after a "pause" last year because of budget constraints, a \$35 million spend-down in the upcoming budget was enacted in the Budget Reconciliation and Financing Act of 2017. While we continue to recognize the state's budget challenges, we believe this spend down – our field's top legislative priority for the coming General Assembly – is a critical first step in the elimination of a tax that increases taxpayers' hospitals bills and artificially inflates health care spending in the state – making it harder to meet the terms of the enhanced model and putting at risk the additional \$2 billion in federal funds our model brings into the state.

Our hospitals continue to invest in our communities and collaborate with community partners to get people the right care, at the right time, in the right setting. We appreciate the Administration's continued support for the enhanced model, and for the mission of all of Maryland's community hospitals. We look forward to continuing this partnership as we together keep Maryland at the forefront of innovation at the national level, and of compassion and creativity across the state.

Sincerely,

(signed by hospital CEOs)