



Maryland
Hospital Association

House Bill 268- Hospitals - Financial Assistance and Collection of Debts - Policies

Position: *Letter of Information*

January 29, 2025

House Health & Government Operations Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment on House Bill 268.

Maryland hospitals have one core mission: delivering the highest quality care to every patient across the state. Hospitals believe every person should receive the care they need without financial worry or hardship. Maryland hospitals make every effort to inform patients about available financial assistance, including free or reduced-cost care. That includes helping patients enroll in Medicaid or other insurance options and offering reasonable payment options when needed.

The hospital field supports HB 268's goal to reduce patient out-of-pocket costs and ensure equitable access to hospital care for all Marylanders. In recent years, Maryland hospitals have worked with the state to strengthen already robust financial assistance laws, including reforming debt collection practices, expanding eligibility for free and reduced care, and providing more consumer-friendly hospital bill payment plan policies.

While the hospital field supports the goal of this legislation, we respectfully caution this Committee from implementing comprehensive reforms while prior financial assistance reforms are ongoing. For example, the payment plan regulations pursuant to 2021 financial assistance reform legislation are still in development.

In addition, the state signed an agreement with the federal government in November 2024 to implement the AHEAD Model beginning in 2026. This new chapter of the Maryland Model presents an opportunity for the state to make important investments in primary care, population health, and health equity. It also commits the state to achieving a new total cost of care (TCOC) savings target for Medicare and will implement new limitations on TCOC growth.

Free and reduced-cost care is an important component of uncompensated care that is provided for under global budgets and hospital rates that are set by the Health Services Cost Review Commission (HSCRC). Modifications to financial assistance requirements could impact the total cost of care and the state's ability to meet our obligations under the AHEAD Model. Statutory requirements for financial assistance must align with our AHEAD commitments and provide the state and hospitals with flexibility to meet the needs of patients in our communities.

Hospitals tailor financial assistance to meet the diverse needs of the communities they serve—reflecting the unique characteristics of their patient populations. Hospitals are in the best position to understand the needs of patients in their communities and need flexibility to determine the best way to allocate resources for free and reduced-cost care. Any structure must enable hospitals to prioritize financial assistance to support the patient populations with the greatest need.

Finally, financial assistance reforms should consider the relationship between a rise in outstanding bills and an increase in high-deductible health plans, rising denials, and unnecessary prior authorization requirements. High-deductible health plans leave many people functionally uninsured while payer denials and onerous prior authorization requirements increase patient out-of-pocket costs and limit access to care.

For these reasons, we respectfully request the Committee adopt the following amendments:

Amendment 1

MHA requests that this Committee strike provisions that standardize for specified income tiers the amounts by which hospitals must reduce patient out-of-pocket expenses and require the provision of reduced-cost care for patients with family incomes up to 500% of the federal poverty level without the ability for hospitals to seek a lower threshold to meet the unique community needs.

Maryland hospitals remain committed to providing free and reduced-cost care to eligible patients and provided more than \$400 million in free and reduced-cost care to patients in FY 2023 alone. That said, current financial assistance policies carefully balance the unique health needs of each community and the funding needed by hospitals to adequately serve their communities. This requirement would impose additional administrative burdens and limit hospitals' flexibility to invest resources based on the unique community and region of Maryland that they serve. For example, since many communities lack available behavioral health and primary care, hospitals frequently step up to help address these gaps in access to care. To meet the growing needs of Marylanders and sustain healthy communities, hospitals must remain financially stable and operationally strong.

Amendment 2

MHA requests that this Committee remove the requirement that patients sign and date a notice acknowledging that the patient is aware of a hospital's financial assistance policies. The hospital field already goes to great lengths to ensure patients receive notice of financial assistance policies and have access to free and reduced-cost care. Hospitals have financial policies displayed at multiple locations throughout facilities, including main lobbies, hallways, outpatient registration, cafeterias, and other places throughout the hospital. Financial assistance policies are provided to patients upon admission, displayed in multiple languages on hospitals' websites, and posted on online patient portals. Maryland hospitals strive to provide flexible policies that meet the unique needs of patients across the state.

For more information, please contact:
Jake Whitaker, Assistant Vice President, Government Affairs & Policy
Jwhitaker@mhaonline.org