



Maryland  
Hospital Association

March 14, 2025

Dr. Jon Kromm  
Executive Director  
Health Services Cost Review Commission  
4160 Patterson Avenue  
Baltimore, MD 21215

Dear Dr. Kromm,

On behalf of the Maryland Hospital Association (MHA) and its member hospitals and health systems, thank you for the opportunity to provide comments on the Health Services Cost Review Commission (HSCRC) draft proposal to align Medicare Advantage (MA) incentives with the Maryland Model. Our members appreciate HSCRC's efforts to explore opportunities that promote population health improvements and reduce avoidable utilization.

**General Considerations**

The proposal to provide funding to MA plans comes at a time when hospitals have contended with cost pressures and resource constraints during the post-COVID years. We urge HSCRC to first address the unmet financial needs of Maryland hospitals before considering a program to subsidize MA plans.

Additionally, before allocating additional funding support for MA plans, HSCRC should analyze the impact of Maryland's previous Medicare Advantage Partnership (MAP) Grant Program. This program leveraged Maryland's rate setting system to invest up to \$100 million to support plans. Given the MAP program's similar goals, a thorough evaluation of its outcomes is critical. Understanding its effectiveness in improving population health and reducing hospital utilization—as well as identifying lessons learned—can provide valuable insights to inform the design of incentives under a new initiative.

It is also critical to acknowledge the growing challenges hospitals face with MA plans. Hospitals across the state continue to face a troubling and persistent increase in inappropriate and excessive Medicare Advantage denials, a trend that has worsened since fiscal year 2019. From FY 2019 to FY 2024, medical necessity denials for MA plans in Maryland increased by 233%. These denials have imposed significant administrative burdens and financial strain, exacerbating ongoing sustainability challenges for hospitals. As a result, we believe that any MA initiative must directly address this issue to prevent hospitals from being further disadvantaged by increased plan participation without meaningful accountability.

As HSCRC considers next steps, we encourage a careful and thoughtful approach to avoid any negative financial or operational consequences for hospitals. We also encourage the Commission to closely evaluate the potential impact of using the Medicare Performance Adjustment (MPA)

to offset MA discounts on Maryland's Total Cost of Care savings position, to ensure continued model success.

### **Eligibility Criteria**

We urge HSCRC to provide additional details on the full scope and cost implications of the proposed Medicare Advantage Alignment Program to ensure its potential impact on hospitals and patients, and the long-term sustainability of the Maryland Model is fully understood. As the final policy is developed, it is also essential to include critical protections that safeguard hospital financial stability, support positive patient outcomes, and promote accountability from participating MA plans.

First, implementation of the MA proposal must be accompanied by action to increase funding for hospitals to support financial sustainability, maintain access to essential acute care services, and enable hospital investment in population health initiatives. As we have highlighted over the past few months, Maryland hospitals and health systems have experienced challenging financial conditions since January 2020 as expenses have risen significantly. HSCRC should not allocate funding to support MA plans without first addressing the financial challenges of Maryland hospitals. Action is needed to better fund volume growth and shifts, inflationary and other cost pressures, and capital needs. Second, hospitals must be held harmless from the financial effects of the MA discount, with any discount applied contingent on the approval of a corresponding MPA offset.

Additionally, strong guardrails and accountability measures are necessary for ongoing participation. The program should include requirements for MA plans to demonstrate meaningful investment in population health and member support services. MA plans must also adhere to reasonable utilization review standards, including compliance with benchmarks for medical necessity determinations, prior authorization processes, and minimal rates of denials overturned on appeal. Over time, participating plans should be required to show measurable improvements in star ratings as evidence of their commitment to quality and patient outcomes. Without these safeguards, hospitals risk absorbing the costs of plan incentives without corresponding improvements in care delivery or patient health.

For these reasons, MHA recommends that the MA Alignment Program be implemented as a time-limited initiative, with ongoing evaluation and adjustments as needed to protect the integrity of the Maryland Model, support hospital sustainability, and ensure positive outcomes for patients.

### **Upfront Investment for Implementation**

In considering the level of upfront investment needed for MA plans to successfully implement programs that reduce avoidable utilization and improve patient outcomes, additional investments will likely be required to build strong partnerships with providers and improve data-sharing capabilities to ensure the necessary exchange of information across hospitals, plans, and HSCRC. Given the scale of these investments, we suggest that HSCRC work with hospitals and participating plans to define minimum investment expectations. MA plans should be expected to adopt a sustainability strategy to support these investments on a long-term basis without an indefinite dependency on subsidized support through hospital rates.

MHA and our members are committed to working collaboratively with HSCRC and Maryland's Medicare Advantage plans to develop a sustainable and responsible alignment strategy that advances population health goals without compromising hospital financial stability or the state's TCOC savings obligations. We appreciate the Commission's leadership on this issue and welcome the opportunity for continued engagement as the proposal evolves.

Sincerely,



Patrick Carlson  
Vice President, Health Care Payment

cc: Dr. Ryan Moran, Acting Secretary, Maryland Department of Health  
Dr. Joshua Sharfstein, Chairman  
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Ricardo Johnson  
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