



Maryland
Hospital Association

Senate Bill 321 - Budget Reconciliation and Financing Act of 2025

Position: *Support with Amendments*

February 28, 2025

Senate Budget & Taxation Committee

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support with amendments on SB 321.

MHA appreciates the state's significant budgetary challenges and recognizes the importance of securing critical programs that support vulnerable populations like Medicaid. Like the state, Maryland hospitals are also experiencing financial strain. Hospitals face many cost drivers that are not adequately funded by the reimbursement rates set by the Health Services Cost Review Commission. These cost drivers include caring for Maryland's growing and aging population, the rising cost of labor, and routine capital investments.

Maryland hospitals operate around the clock to care for their communities and serve as the backbone of a healthy, thriving state. To meet hospitals' mission of care, it is essential that state budget decisions do not impose undue financial burdens on hospitals—allowing us to continue meeting the needs of all Marylanders.

Medicaid Deficit Assessment

MHA acknowledges the significant deficit in Medicaid and that securing this program is of critical importance. We urge the Committee to implement policies that effectively address the Medicaid deficit while also considering the financial stability of hospitals. It is essential that any funding mechanism tied to hospital rates is structured in a way that does not create an undue burden on hospitals, ensuring they can continue to provide high-quality care to patients. A balanced approach will help sustain the health care system while responsibly managing financial challenges.

Medicaid Primary Care Program Fund

The Medicaid Primary Care Program Fund (the Fund) is intended to fund the advancement of primary care under the AHEAD Model. MHA urges the Committee to clarify the BRFA language, so it accurately reflects the method by which the Fund will be established. The Fund is being established to manage a one-time \$30-million refund of a savings overpayment Maryland made to Medicare in 2023. MHA does not object to the establishment of this Fund, however, this funding process is not reflected within the language in the BRFA. The current language creates the inaccurate impression that the Fund could be established through an assessment on hospital rates,

placing an undue burden on hospitals. We respectfully urge the Committee to amend the BRFA to clarify that this fund will be established through a one-time payment from Medicare as intended.

For these reasons, we request a favorable report on SB 321 with amendments.

For more information, please contact:

Andrew Nicklas, Senior Vice President, Government Affairs & Policy

Anicklas@mhaonline.org