Maryland
Hospital Association

January 13, 2026

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

Re: Rate Year 2026 Uncompensated Care (UCC) Policy

Dear Dr. Kromm:

On behalf of the Maryland Hospital Association (MHA) and its member hospitals and health systems, I am writing to respectfully request further consideration of the Health Services Cost Review Commission's (HSCRC) uncompensated care (UCC) policy.

We appreciate HSCRC's recognition of the importance of addressing this issue and your collaboration with the Maryland Department of Health (MDH) and other state partners to project the increase in UCC. Based on the unaudited income statements, the UCC rate for all hospitals between July-October already has risen to 4.3%, compared to 4.1% for the same time period in 2024. MHA's preliminary analysis estimates that statewide UCC rates could grow as much as $245 million—or 30%—in 2026 when certain H.R.1 provisions take effect and federal enhanced premium tax credits expire.[1]

Given these projections and the current policy landscape, we urge HSCRC to:

- regularly monitor changes in statewide UCC rates;
- convene a work group to gather stakeholder input on needed modifications to the UCC policy; and
- consider a prospective adjustment and/or suspension of the downward adjustment to the UCC provision in rates in anticipation of a large increase.

We also ask the Commission to consider the following:

[1] MHA's estimates are based on one provision of H.R.1 that takes effect in 2026 (restriction of coverage to legal permanent residents) and the expiration of enhanced federal tax credits for Affordable Care Act Marketplace plans which are expected to impact 60k Medicaid enrollees and 50k Maryland Health Connection enrollees respectively (after accounting for the state-based subsidies). UCC growth could be as high as $603 million based on external projections of the number of uninsured once all H.R.1 provisions have been implemented.

Uncompensated Care is Expected to Rise Significantly

Federal work requirements, stricter renewal processes, reduced retroactive coverage, and other provisions of H.R.1 could reduce enrollment in Maryland's Medicaid program by 12% to 15% between FY 2027 and FY 2028, according to MDH. And, immediately, Maryland Health Connection (MHC) enrollment could decline by 15% this year due to the expiration of federal enhanced premium tax credits for ACA Marketplace plans, despite the availability of state-based subsidies. These changes will result in greater use of emergency departments (ED) for non-emergent care and higher levels of UCC statewide. Without coverage, Marylanders may delay or forgo necessary care altogether, which will adversely affect health outcomes and lead to higher long-term health care costs. These factors will make it difficult to preserve access to essential acute care for communities and put further financial strain on hospitals.

Rate Year 2026 Policy and Potential Policy Changes

As stated in the Rate Year 2026 Uncompensated Care Report, the statewide UCC provision in hospital rates will decrease to 3.99%, effective July 1, 2025. This amount, based on RY 2024 audited reports, is considerably lower than the amount currently in rates (4.46%) and the lowest rate between RY 2010 and RY 2024. In the report, HSCRC acknowledges that UCC rates could increase as early as FY 2026 due to the aforementioned policies as well as changes to financial assistance and debt collection requirements. Under the current policy, however, any increase in UCC in RY 2026 would not be reflected in rates until late 2027 due to the lag in data availability.

Given the large, anticipated increase in uncompensated care over the next several months, it is critical to regularly monitor the data hospitals submit quarterly for changes in statewide rates and predictors of UCC such as changes in payer mix and increased ED use. Moreover, a policy modification that closely aligns the UCC provision in rates with contemporary UCC rates is needed. This type of action would not be without precedent as HSCRC previously modified the policy in 2014 in anticipation of large decreases in UCC due to expanded coverage under the Affordable Care Act (ACA). HSCRC should engage in work group discussions to solicit stakeholder feedback on the current policy and identify needed modifications. This policy could, for example, prospectively increase the UCC provision in rates based on the most recent estimate, then reconcile the amount in rates to actual UCC rates once the data is available. The Commission could also suspend the downward adjustment, keeping the current UCC provision in rates (4.46%) while a longer-term policy is being developed.

The UCC policy is a foundational component of the global budget revenue payment structure that ensures hospitals have adequate resources to meet the growing needs of the communities they serve. MHA stands ready to assist in identifying both a near-term policy solution that helps protect against the consequences associated with the forthcoming rise in uncompensated care and a mechanism to account for UCC in determining Medicare hospital global budgets under AHEAD.

We appreciate your consideration of this important matter.

Sincerely,

Melony G. Griffith
President & CEO

cc: Dr. Joshua Sharfstein, Chair
Jonathan Blum
Dr. James Elliot
Ricardo Johnson
Dr. Maulik Joshi
Nicki McCann
Dr. Farzaneh Sabi