Maryland
Hospital Association

March 4, 2026

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, I am writing to comment on the set of questions raised by the Health Services Cost Review Commission (HSCRC) to inform the principles and parameters of a potential draft policy for health system transformation. The questions being contemplated by the Commission are important and any potential health system transformation policy should be carefully considered and incorporate hospital and community input.

Any policy that leads to the closure or conversion of hospitals would have significant implications for access to acute care services, the state's health care system, and the health and well-being of Marylanders. Should HSCRC move forward with this effort, we would encourage it to devote the time necessary to engage in a thoughtful, transparent policy design process with robust hospital and health system input to ensure any transformation efforts strengthen the state's health care system and communities and avoid any unintended negative impacts.

We offer the following principles for policy development consideration.

1. **The process for establishing and implementing any policy should be led by hospitals and health systems with input from local stakeholders.** Hospitals are uniquely positioned to inform transformation efforts as they will be the most directly impacted by the policy and are deeply embedded in their communities. They engage in strategic planning, conduct community health needs assessments, and collect robust data that can be evaluated to determine if their communities could be better served by transformation and how to reallocate resources to ensure continued access to acute care services in the event of a facility transition or closure. Given that health care delivery is regionally nuanced and community needs vary across the state, input from stakeholders within the community served by the hospitals/systems of focus should be prioritized. The Commission could consider standing up hospital-led regional advisory committees to receive input from stakeholders and inform policy development and implementation.

2. **Any transformation and realignment policy should:**

a. **Clearly define, evaluate, and establish excess capacity.** Before developing and implementing a policy, there must be a transparent and comprehensive evaluation of capacity. HSCRC should define capacity and demonstrate that excess capacity exists based on metrics generally accepted by stakeholders. Access and utilization across the full care continuum (primary care, behavioral health and other specialties, post-acute, urgent care, etc.) should be factored into this evaluation.

b. **Explore opportunities to incentivize hospital transformations.** To the greatest extent practicable, hospitals and health systems should retain the ability to decide whether to initiate any transformation effort, consistent with HSCRC's historical approach to facility conversions. This approach will ensure hospital/system investment in decision-making, support continuity of internal transformation efforts already underway that are informed by community needs, and facilitate well-planned and effective transitions that meet intended goals. If federal or state policy action ultimately requires transitions, any compulsory transition process needs to ensure there is significant engagement with impacted hospitals and time to support a managed transition.

c. **Consider key access, quality of care, and health outcome implications.** The potential impacts of any transformation efforts should be thoroughly explored and well understood. HSCRC should consider any impacts on access to acute care and specialist services, patient travel and wait times, and health equity, as well as the central role hospitals play in connecting patients to social support services.

d. **Prioritize access preservation over returning savings to health care purchasers.** The state is expected to see a marked uptick in the uninsurance rate due to federal policy changes impacting Medicaid and Marketplace enrollment. HSCRC should ensure that hospitals/systems are adequately resourced to meet any resulting increased demand for services and are able to reinvest any savings from transformation efforts to improve the health of their communities. As Chair Sharfstein noted at the February Commission meeting, hospital transformation should leave the population better off.

e. **Consider future utilization needs and ensure system resilience.** Transformation efforts must not be solely based on an evaluation of current capacity and should also consider how changes in policy, demographics, and disease burden will impact future demand for acute care services across the state. Key factors include how Maryland communities are expected to grow and age, the prevalence of chronic diseases, trends in health insurance enrollment, and the need to ensure the system has adequate capacity to address surges in volumes (e.g., COVID-19, respiratory diseases).

f. **Consider economic and workforce impacts.** Hospitals are anchor institutions that are heavily invested in their communities. Maryland hospitals and health systems across the state employ over 223,000 Marylanders, directly and indirectly, and are often the single-largest employer in their community. Understanding the economic implications of potential facility closures and transitions will be critical.

g. **Reallocate resources in a manner that supports ED throughput and other priorities.** It is important to ensure that hospital closures or transitions do not unintentionally place further strain on emergency department wait times or result in limited access to care in the hospital service area. Resources could be reallocated to support hospital and health system-led initiatives to repurpose acute care beds for sub-acute or post-acute services or strengthen care delivery in other settings, such as providing enhanced support for freestanding ambulatory facilities. Any transformation policy should address regulatory barriers that could inhibit these efforts.

Thank you for the opportunity to comment on this important matter.

MHA urges HSCRC staff and Commissioners to carefully consider our comments and those provided by Maryland hospitals and health systems before proceeding with policy development. We look forward to continuing to engage with HSCRC on this topic and other policies in the coming months.

Sincerely,

Tequila Terry
Senior Vice President, Care Transformation & Finance

cc: Dr. Joshua Sharfstein, Chair
Jonathan Blum
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