Maryland
Hospital Association

September 7, 2026

Douglas Jacobs, MD, MPH
Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Dr. Jacobs,

On behalf of the Maryland Hospital Association (MHA) and our member hospitals and health systems, thank you for the opportunity to comment on the Maryland Health Care Commission's (MHCC) draft plan to administer $25 million in one-time funding recently approved by the Health Services Cost Review Commission (HSCRC) through the Rate Year 2027 Update Factor to support Federally Qualified Health Centers (FQHCs) and Local Health Departments (LHDs).

Maryland hospitals share the state's goal of protecting access to primary and preventive care for individuals affected by coverage losses as a result of federal policy changes to reduce avoidable hospital utilization and mitigate potential increases in hospital uncompensated care. Hospitals recognize the critical role of FQHCs, LHDs, and other safety net providers in achieving this goal, and support efforts to ensure they have the resources necessary to serve uninsured Marylanders.

MHA offers the following comments for MHCC's consideration.

Statutory and Regulatory Authority

MHA respectfully requests that the state ensure all statutory and regulatory authorities necessary to implement the approved funding through an increase in hospital rates are clearly established and made public. The state's hospital rate-setting system is intended to set hospital rates that are reasonably related to costs of providing *hospital* services. Additionally, while HSCRC has the statutory authority to generate funds through an increase in hospital rates for the purpose of financing delivery of hospital uncompensated care, the funding for FQHCs and LHDs generated through an increase in hospital rates does not directly finance the delivery of *hospital* uncompensated care.

The use of hospital rates to generate funding for services delivered by other providers raises important questions about the appropriate use of the rate-setting system, especially given the previously identified statutory limitations identified by HSCRC for hospital expenses associated with employing or contracting with hospital-based physicians. MHA recommends that the state conduct a formal legal analysis to confirm that this novel use of the hospital rate-setting system is permissible under applicable Maryland statutes and regulations or otherwise confirm its legality in writing as requested by Commissioners. MHA also suggests the analysis consider

whether this approach is consistent with federal requirements and Centers for Medicare and Medicaid Services' (CMS) expectations regarding the use of Medicare funding generated through the rate-setting system.

One-Time Nature of Funding

A strong safety net is critically important, especially given the coverage challenges the state is confronting. MHA supports efforts to ensure the sustainability of FQHCs, LHDs, and other providers serving uninsured Marylanders that are permitted under applicable statutes and regulations. The hospital rate setting system should not, however, become an ongoing financing mechanism for services and organizations intended to be supported through other funding sources. MHA respectfully requests that the $25 million in funding generated through an increase in hospital rates be limited to rate year 2027, consistent with the policy approved by HSCRC. If additional support is needed to ensure robust access to primary care and preventive health care for uninsured individuals in the years to come, the state could consider more sustainable funding sources, including state funds, local matching funds, Health Resources & Services Administration (HRSA) resources, and other available state and federal resources.

Provider Eligibility

MHA appreciates that the draft plan recognizes that Maryland's safety-net infrastructure varies by geography by making LHDs eligible for funding in areas not currently served by FQHCs. We encourage MHCC to also account for communities in which neither an FQHC nor an LHD provides the primary care and preventive services these funds are intended to support. In these areas, hospitals and health systems that operate primary care health centers should qualify for funding to ensure funding follows community need and avoid leaving communities without access to these resources solely because of the structure of their local delivery system.

Reporting and Monitoring

MHA supports the reporting requirements included in the draft plan, including monthly reporting on patients served, encounters, and services provided by grantees. This information is necessary to ensure clear accountability for how grant funds are used and the services supported by those funds. We ask that information reported by grantees to MHCC on expenditures, services provided, populations served, and program outcomes be made publicly available and periodically presented at MHCC and HSCRC public meetings to promote public transparency.

We also support MHCC's proposed program evaluation, particularly its focus on whether the initiative preserves access to care and reduces unnecessary emergency department and hospital utilization. In evaluating the effectiveness of the funding, it will be important to consider the measures identified in the draft plan including ED and hospital avoidance, cost efficiency, and retention in care, as well as any impacts on coverage stability, financial risk to safety net providers, and operational efficiency. The central purpose of this investment is to mitigate anticipated increases in hospital uncompensated care; therefore, the evaluation should explicitly quantify averted hospital uncompensated care costs, in addition to changes in utilization. We recommend this evaluation be publicly reported to assess whether the initiative is achieving its intended objectives and inform future policies on safety-net financing.

Impact of Denials on Funding Availability

It is important to recognize that HSCRC's authorization of a $25 million increase in hospital rates to support this program does not necessarily mean hospitals will be able to collect the full amount. While HSCRC authorized hospitals to charge amounts intended to generate $25 million for this initiative, hospitals continue to experience significant challenges with payer denials. Between 2019 and 2024, the total dollars denied for care in Maryland hospitals rose by $166 million, and one in every eight inpatient hospital claims experienced a denial in 2024. As a result, the amount authorized through rates may not translate into an equivalent amount of funding collected from payers. If hospitals are responsible for the full $25 million regardless of actual collections, the program could unintentionally create additional financial pressure on hospitals by leaving them to absorb the difference at the same time they are experiencing the uncompensated care pressures the initiative is intended to mitigate.

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MHA appreciates MHCC's work to address the challenges facing Maryland's health care safety net and supports the goal of maintaining access to care as the state confronts significant coverage losses due to federal policy changes. We look forward to continued collaboration in support of ensuring access to health care for all Marylanders regardless of coverage.

Sincerely,

Melony G. Griffith
President & CEO

cc: Joan Gelrud, RN, Chair, MHCC
Kevin Sexton, Chair, HSCRC
William Henderson, Interim Executive Director, HSCRC