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Research and Methodology

**HEALTH SERVICES COST REVIEW COMMISSION**

4160 PATTERSON AVENUE · BALTIMORE, MARYLAND 21215

Phone: 410-764-2605 Fax: 410-358-6217

Toll Free: 1-888-287-3229

[www.hscrc.state.md.us](http://www.hscrc.state.md.us)

## **Notice of Commission Action:**

On Tuesday, April 6, 2010, the Health Services Cost Review Commission (“HSCRC” or “Commission”) held a special session to reconsider its policy with regard to the funding of the proposed FY 2011 budget cuts related to Maryland Medicaid’s expenditures on acute hospital services.

After hearing testimony from citizens groups (including the AARP and Health Care for All), a Local Health Officer, payer representatives, and hospital representatives the Commission voted to depart from its previously articulated policy of sharing the burden of the \$123 million Medicaid cuts, from a 50%/50% sharing between hospitals and the paying public to a 30%/70% sharing of this burden between hospitals/payers, respectively.

This change was consistent with the HSCRC staff recommendation and Secretary of Health and Mental Hygiene’s recommendation that because of extenuating circumstances, the Commission consider a change in how this burden would be distributed. In deliberating over this decision to shift a larger proportion of the financing of this budget burden away from hospitals, the Commission took into consideration the impact of its decision for jobs in the State and the current operating financial performance of Maryland hospitals. The Commission’s action also shared the FY 2010 costs to Medicaid resulting from the failure of the Maryland False Claims Act of 2009 on a 50/50 basis - changing previous action which placed the burden fully on hospitals.

The Commission expressed its serious concern regarding continuing to use the All-payer system as a taxing source for the State’s Medicaid budget. However, if future Medicaid cuts require HSCRC assessments, the standard 50/50 sharing policy would apply.

The Commission also was mindful that even with this revised policy on the sharing of the \$123 million, some hospitals may still require additional assistance from the Commission.

Accordingly, the Commission also directed staff to:

- 1) consider individual hospital requests for rate relief for additional costs sustained during the blizzards in February (for additional costs not recouped through anticipated federal assistance);
- 2) consult with the Maryland Insurance Commission regarding the reasonableness of potential denials by payers during the days following the State's two largest snow storms in February and work with payers and hospitals to establish an understanding regarding what constitute fair and appropriate denials during these periods.