**PROPOSAL**

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**Title 10   
MARYLAND DEPARTMENT OF HEALTH**

**Subtitle 09 MEDICAL CARE PROGRAMS**

**10.09.92 Acute Hospitals**

Authority: Health-General Article, §§2-104(b), 15-102.8, 15-103, and 15-105, Annotated Code of Maryland

**Notice of Proposed Action**

[19-142-P]

The Secretary of Health proposes to amend Regulation **.07** under **COMAR 10.09.92 Acute Hospitals**.

**Statement of Purpose**

The purpose of this action is to amend hospital payment procedures set forth in the acute hospitals chapter to clarify that the Program will reimburse hospitals at the rate set for the Program by the Health Services Cost Review Commission (HSCRC).

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

**I. Summary of Economic Impact.**Based on CY 2018 data from HSCRC rate regulated hospitals, the estimated impact of reducing the rate paid for hospital charges from 94 percent of charges to 92.3 percent of charges and increasing hospital rates by 1.2 percent is an expenditure decrease of $8,357,012 (60 percent federal funds, 40 percent general funds).

|  |  |  |
| --- | --- | --- |
|  | Revenue (R+/R-) |  |
| **II. Types of Economic Impact.** | Expenditure  (E+/E-) | Magnitude |
|  |  | |
|  |  |  |
| A. On issuing agency: | (E-) | $8,357,012 |
| B. On other State agencies: | NONE |  |
| C. On local governments: | NONE |  |
|  | | |
|  | Benefit (+) Cost (-) | Magnitude |
|  |  | |
|  |  |  |
| D. On regulated industries or trade groups: | (-) | $8,357,012 |
| E. On other industries or trade groups: | NONE |  |
| F. Direct and indirect effects on public: | NONE |  |
| **III. Assumptions.** (Identified by Impact Letter and Number from Section II.) | | |
| A. (1) The HSCRC changed the payer differential for hospitals from 94 percent of charges in FY 2019 to 92.3 percent of charges in FY 2020. Simultaneously, the HSCRC increased hospital rates by 1.2 percent. Therefore, the net change in the differential is 0.5 percent. The combined impact is a change in the amount Medicaid pays for hospital charges from 94 percent to 93.5 percent.   (2) In CY 2018, the Department paid $1,571,118,236 for acute inpatient and outpatient hospital services at 94 percent of charges.   (3) Based on CY 2018 data and the HSCRC action, the Department is projected to pay $1,562,761,224.49 for acute inpatient and outpatient hospital services.       (4) The total magnitude reflects the difference between paid amounts at 94 percent of charges and projected paid amounts at 93.5 percent of charges for acute inpatient and outpatient hospital services, based on CY 2018 data.   (5) This amount is subject to a 60 percent federal match. | | |
| D. See A. above. | | |

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Jake Whitaker, Acting Director, Office of Regulation and Policy Coordination, Maryland Department of Health, 201 West Preston Street, Room 512, Baltimore, MD 21201, or call 410-767-6499 (TTY 800-735-2258), or email to mdh.regs@maryland.gov, or fax to 410-767-6483. Comments will be accepted through September 3, 2019. A public hearing has not been scheduled.

**.07 Payment Procedures.**

A. Reimbursement Principles for Acute Hospitals Located in Maryland.

(1) (text unchanged)

(2) **[**Acute**]** *Except for administrative days, acute* hospitals **[**located in Maryland that participate in the Program,**]** shall **[**charge**]** *be reimbursed* *at* the **[**rates approved**]** *rate set for the Program* by the HSCRC **[**and be reimbursed 94 percent**]** pursuant to COMAR 10.37.10**[**, except for administrative days**]***or allowed under COMAR 10.37.03*.

(3)—(12) (text unchanged)

B.—D. (text unchanged)

ROBERT R. NEALL  
Secretary of Health