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Department of Health**



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**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  
[hsrc.maryland.gov](http://hsrc.maryland.gov)

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February 13, 2020

The Honorable Paul G. Pinsky, Chair  
Senate Education, Health, and Environmental Affairs Committee  
2 West, Miller Senate Office Building  
Annapolis, MD 21401

Dear Chairman Pinsky and Committee Members:

The Health Services Cost Review Commission (“HSCRC”) submits this letter of support with amendment for Senate Bill 501 (SB 501) titled, “Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants – Administration and Funding”. SB 501 transfers oversight of the Maryland Loan Assistance Repayment Program for Physicians and Physician Assistants from the Office of Student Financial Assistance within the Maryland Higher Education Commission to the Maryland Department of Health.

The HSCRC acknowledges the importance of having high quality physicians and physician assistants practice medicine in the State, particularly in rural and medically underserved areas. The Total Cost of Care (TCOC) Agreement requires the State to save \$300 million per year in total cost of care spending by 2024. The State will only be able to reach this target if Marylanders have access to high quality providers. The HSCRC also understands that loan repayment assistance is a strong incentive for physicians and physician assistants to practice in communities that otherwise lack resources. The HSCRC believes the following factors should be considered when deciding the source of funding for the Maryland Loan Assistance Repayment Program.

Under the State’s former Medicare waiver agreement with the federal government, the Centers for Medicare and Medicaid Services (CMS) rejected a plan to increase hospital all-payer rates to fund the Loan Assistance Repayment Program. Because of this, the HSCRC was unable to implement the funding mechanism referred to in the current statute. The HSCRC believes that CMS’ position on this issue would not change under the current TCOC Agreement, which explicitly gives the federal government final authority to make decisions on rate setting approaches. The TCOC Agreement requires the HSCRC to provide written notice to CMS regarding any new payment methodology, which CMS can then accept or reject (Section 8. A.

iii., p 17-18). This includes new payments that are included in legislation passed through the Maryland General Assembly.

In addition, HSCRC has received several requests this Legislative Session to build additional funding into hospital rate structures. These requests add up over time and, if implemented, would result in an increase in the total cost of care in the State. Increasing total cost of care could threaten the State's ability to achieve its savings goals under the TCOC Agreement. Doing so would jeopardize all the benefits that the State's Medicare waiver brings to Marylanders. These benefits include equitable funding of Uncompensated Care, which improves access to care in the same areas that are disproportionately affected by physician shortages, as well as a payment mechanism for the state-designated health information exchange (CRISP), which physicians often cite as a valuable component of the State's healthcare system.

The HSCRC remains committed to ensuring Marylanders have access to high quality healthcare, which requires attracting high quality physicians. For the aforementioned reasons, however, the HSCRC encourages the Committee to consider alternative sources of funding for the Loan Assistance Repayment Program. The HSCRC therefore proposes the below amendment, which removes language that requires the rate setting system to fund the Program.

If you have questions, please feel free to contact me at [tequila.terry1@maryland.gov](mailto:tequila.terry1@maryland.gov).

Sincerely,

A handwritten signature in cursive script that reads "Tequila Terry".

Tequila Terry  
Deputy Director

AMENDMENT:

On page 4, strike beginning with "Revenue" in line 8 down through "and" in line 10.