

ANTONIO HAYES
Legislative District 40
Baltimore City

Finance Committee



Annapolis Office
James Senate Office Building
11 Bladen Street, Room 222
Annapolis, Maryland 21401
410-841-3656 • 301-858-3656
800-492-7122 Ext. 3656
Antonio.Hayes@senate.state.md.us

THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

January 27, 2021

**Testimony of Senator Antonio Hayes in Support of SB 172:
Maryland Health Equity Resource Act**

Chairman Guzzone and Members of the Budget and Taxation Committee,

It is with great enthusiasm that I introduce the Maryland Health Equity Resource Act. I and many of my colleagues strongly believe that Marylanders have a right to good healthcare no matter their socioeconomic status, geographic location, or their racial background. Despite this, racial and ethnic minorities living in underserved communities have historically had disparate access to healthcare. This has translated into higher rates of chronic diseases in these groups. When compared to White people, Black Maryland residents are 20% more likely to die from heart disease, 35% more likely to die of a stroke, twice as likely to die from diabetes, and almost five times as likely to die from asthma.

In terms of infectious diseases, the COVID-19 pandemic has laid bare how social determinants impact disparities in the state. Black and Hispanic Marylanders make up a disproportionately high percentage of cumulative COVID-19 cases, hospitalizations, and deaths. These outcomes can partially be explained by barriers to proper care illustrated by increased usage of emergency care for both chronic and acute issues by Black Marylanders, which is not only more expensive but a less effective method of care when it comes to maintaining the health of an individual.

The Maryland Health Equity Resource Act (**SB 172**), creates a framework to bring about new Health Equity Zones throughout the state, allows for the creation of community specific health programs that increase access to care, and reduces healthcare spending. This policy shows a large base of support in the state of Maryland. A recent poll of 838 registered voters conducted last September showed a strong majority favored the bill (66%) compared to a small percentage opposing (9%), with the remaining respondents saying they were not sure.

SB 172 will be administered through the Maryland Department of Health. The Secretary of Health will be tasked with designating certain areas as **Equity Resource Communities**,

considering geographic diversity among other factors when choosing. Those communities wanting to participate must submit applications describing a sustainable plan to meet the goals of **SB 172**: reducing health disparities, reducing costs/producing savings to the healthcare system, and improving health outcomes. Application material will include how funding is to be used to address the policy goals as well as a plan with objectives that sets forth how the initiative is strongly based in evidence, is innovative, and is in collaboration with important stakeholders.

Communities deemed eligible will receive grants or tax credits to be used for different community based organizations such as clinics, higher education, and local government agencies. In order to ensure effectiveness of the programs; awarded entities are required to submit yearly reports to the Health Secretary detailing their progress towards the objectives laid out in their application along with a description of objectives to be met the following year. Upon review, the secretary will approve or revoke the Health Equity Community(HEC) status. Information from said review will be detailed in a report that the secretary must provide to the governor at the end of each year.

In order to fund this program, **SB 172** sets forth a Health Equity Resource Community Reserve Fund, to be overseen by the secretary, which is to be kept separate from the general fund. Money will come from the proceeds of a one penny-per dollar increase in the state alcohol sales tax (section 11-1049G of the tax-general article). In addition to providing tax credits and grants to specified Health Equity Communities, the law will also provide fiscal support to the Maryland Department of Health for the purpose of supporting behavioral health programs that provide prevention, recovery support, and harm reduction services for individuals with substance abuse and mental health disorders. The increase in the alcohol sales tax, which will also reduce underage drinking and drunk driving, is delayed for two years for alcohol consumed in bars and restaurants hurt by COVID 19. The alcohol sales tax increase will bring in \$14 million per year in the first two years and \$22 million per year after that, with \$1 million per year in the first two years and \$2 million per year after that allocated to statewide behavioral health programs and the remainder to fund Health Equity Resource Communities.

The pilot program funded five Health Enterprise Zones (HEZ) (Health Equity Communities in the proposed legislation) in the State of Maryland. All of the HEZs aimed to reduce chronic diseases such as diabetes, cardiovascular disease, asthma, and the risk factors associated with them. In previous analysis of the pilot program: the HEZ initiative was associated with a net savings of over \$93 million for Maryland's healthcare system. Overall, the initiative showed success in positively impacting health outcomes in their respective areas.

The Health Equity Community initiative proved the concept as effective for improving the wellbeing of Marylanders. Expanding upon this proven success with **SB 172** will make moves to further support community based initiatives, expanding the success of the program in reaching

the policy's overall goals. It is our duty to ensure that all Marylanders have access to competent and fiscally sound healthcare benefits. Passing this bill will be another monumental step in that direction.

I strongly urge a favorable report on SB 172.

Respectfully,

A handwritten signature in blue ink, appearing to read "Antonio L. Hayes", is positioned below the word "Respectfully,".

Senator Antonio L. Hayes
40th Legislative District - MD