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To: The Honorable Guy Guzzone  
Chair, Budget and Taxation Committee

From: The Office of the Attorney General

Re: Senate Bill 172 (Maryland Health Equity Resource Act): Support

The Office of the Attorney General (the Office) supports Senate Bill 172 which would create Health Equity Resource Communities (HERC) and implement a program to reduce health disparities, health care costs, hospital admissions and hospital readmissions while improving health outcomes, access to primary care, and promoting preventive services. As detailed in the Attorney General's COVID-19 Access to Justice Task Force report, the COVID-19 crisis has highlighted that black and brown Marylanders have fared worse than others during the pandemic. Black residents in Maryland make up 31 percent of the population but account for nearly 40 percent of COVID-19 deaths; Hispanics account for 11 percent of the population but 19 percent of COVID-19. The bill would help to eliminate health outcome disparities for the duration of the pandemic and beyond.

The bill would build on the progress spearheaded by the Health Enterprise Zone Initiative, a previous program that was in effect from 2013 through 2017. According to an October 2018 study, the previous program's goal was "to improve access to health care and health outcomes in underserved communities and reduce health care costs and avoidable hospital admissions and readmissions. ... [T]he initiative was associated with a reduction of 18,562 inpatient stays and an increase of 40,488 emergency department visits in the period 2013-16. The net cost savings from reduced inpatient stays far outweighed the initiative's cost to the state."

<https://www.healthaffairs.org/doi/abs/10.1377/hlthaff.2018.0642>

The bill also would address the challenges of attracting primary care providers to work in underserved communities. The bill would provide PCPs financial incentives such as state income tax credits, loan repayment assistance, practice equipment and capital improvement grants. Funding for these incentives would result from the bill's proposed increase to the alcohol tax from 9% to 10%, effective October 1, 2021 for off-sales retailers and October 1, 2023 for on-sales retailers which include restaurants, bars, and carry-out beverages. From there, 10% of the alcohol tax revenues would be credited to the HERC Reserve Fund created by the bill.

Health outcome disparities will not be eliminated unless we take meaningful action, as the Attorney General observed in the COVID-19 Access to Justice Task Force's report:

COVID-19 did not create the systemic failings and inequities of our social safety net and civil justice system. Those most vulnerable to any setback have disproportionately experienced the effects of these deficiencies for generations. Yet the pandemic exacerbated and brought to light with painful clarity these deficiencies and the suffering that they cause. We must, therefore, seize this unprecedented chance and collectively work together to fix them. As much suffering and loss as this public health crisis has wrought, let us not compound that tragedy by failing to ensure that it paves the way to progress.

We urge the Committee to give Senate Bill 172 a favorable report.

cc: Sponsor