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Senate Finance Committee
February 24, 2026
Senate Bill 515 – *Health Services Cost Review Commission – Health Facilities –
Jurisdiction and Rate Setting*

POSITION: SUPPORT WITH AMENDMENT

The Maryland State Medical Society (MedChi), the largest physician organization in Maryland, **supports** Senate Bill 515 **with amendments**. This bill expands the jurisdiction of the Health Services Cost Review Commission (HSCRC) to include the costs associated with employing or contracting with physicians and other professional providers and allows the HSCRC to take these costs into account when setting rates.

MedChi supports the intent of this bill and believes it is appropriate for the HSCRC to consider physician costs when setting rates. MedChi wants to ensure that, as these costs are considered, any adjustments to facility rates resulting from the reporting of physician costs are publicly disclosed and any increase is equitably distributed. MedChi wants to avoid the unintended consequences that arise when one part of the equation is increased while another is decreased. Our suggested amendments seek, in short, to accomplish the following (formal amendments are further below):

- 1) Clarifying that the HSCRC is not being given “jurisdiction” over physician costs, but is instead being given the authority to consider those costs in rate setting;
- 2) Ensuring that proper transparency and reporting are required, so that as these labor costs are used by the HSCRC to set rates and provide subsidies to regulated entities, the State can be sure that specific interventions are impacting social determinants of health and, furthermore, that if they are not, the HSCRC has the authority to intervene.

In addition to, and consistent with, the above amendments, the State must begin prioritizing fair and equitable payments to physicians and other health care practitioners. Maryland has the 3rd lowest payment rates in the country. Low payment rates affect the ability to recruit and maintain physicians. According to the Maryland Health Care Commission, independent physician practices declined by 45.9% between 2018 and 2023. Maryland’s insurance market is a monopoly, with one carrier accounting for 78.3% of the small group market and 65.3% of the individual market. This monopoly creates an uneven playing field, where physician practices are often in a “take it or leave it” position in negotiations. To build and maintain a robust delivery system and ensure timely access to care, Maryland must adopt policies that ensure health care practitioners are paid fairly.

We welcome the opportunity to work with the General Assembly, the HSCRC, and the hospitals to obtain the goals of the AHEAD model.

Accordingly, with these amendments, MedChi supports Senate Bill 515.

For more information call:

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MedChi Amendments to Senate Bill 515

AMENDMENT No. 1

On Page 2, at line 3, delete the brackets; at line 4 strike “(I) HOSPITAL”, and “; AND” down through “REVENUE.” in line 8.

Rationale: The purpose of the legislation is to provide the HSCRC with the authority to consider the costs of physicians and other professional providers when setting rates. This amendment removes the provision that affirmatively stipulates that the Commission “has jurisdiction” while still preserving the provision that mandates that the Commission considers all costs incurred or expenditures made, including physician costs.

AMENDMENT No. 2

On page 2, after line 19, insert “(III) IF A SUBSIDY OR ADDITIONAL REVENUE IS ASSOCIATED WITH INFORMATION ASSOCIATED WITH EMPLOYING OR CONTRACTING WITH PHYSICIANS OR OTHER PROFESSIONAL PROVIDERS, HOW THAT REVENUE IS USED BY THE FACILITY.”

Rationale: This amendment promotes transparency to ensure that monies are distributed equitably and that physician payments do not continue to be decreased or not compensated at a fair level.

AMENDMENT No. 3

On Page 3, after line 23, insert “(4) THE FACILITY’S EXPENDITURES AND INTERVENTIONS SUPPORT SOCIAL DETERMINANTS OF HEALTH CONSISTENT WITH THE AHEAD MODEL.”

Rationale: This amendment will bolster the State’s efforts to ensure that the goals of the AHEAD Model are achieved.