

MedChi

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TO: The Honorable Shane E. Pendergrass, Chair
Members, House Health and Government Operations Committee
The Honorable Thomas M. Middleton

FROM: Gene Ransom

DATE: March 23, 2017

RE: **SUPPORT AS AMENDED** – Senate Bill 369 – *Maryland Patient Referral Law – Compensation Arrangements Under Federally Approved Programs and Models*

The Maryland State Medical Society (MedChi), which represents more than 7,600 Maryland physicians and their patients, **supports** Senate Bill 369, as amended.

Senate Bill 369 exempts a health care practitioner who has a compensation arrangement with a health care entity from Maryland's current self-referral law if the compensation arrangement is funded by or paid for under certain federal programs or initiatives.

While Maryland's self-referral has been the topic of many bills over the years, the most notable difference between past and present discussions is the outside pressure now placed on the State due to the implementation of the All-Payer Waiver (Waiver) and the passage of the federal Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). As you know, the Health Services Cost Review Commission and the Department of Health and Mental Hygiene recently submitted a Blueprint Strategy for the progression of the Waiver over the next two years. This strategy will focus on limiting growth in Medicare total cost of care, limiting growth in Medicaid costs for dual eligible recipients and developing a Primary Care Home Model. At this same time, the federal Centers for Medicare and Medicaid has begun implementation of the federal MACRA legislation, which establishes new Medicare payment models for physicians that essentially require the participation in alternative payment models.

The advancement and success of the Waiver and the implementation of MACRA will require greater alignment between health care providers, including the ability for physicians to enter into compensation arrangements with hospitals to allow for the sharing of revenue. Without passage of Senate Bill 369, Maryland physicians will essentially be unable to satisfy the requirements of MACRA and will be penalized through lower federal reimbursement rates.

Therefore, MedChi urges a favorable vote on Senate Bill 369.

For more information call:

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