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Health Services Cost Review Commission

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MEMORANDUM

To: Chief Financial Officers

From: Katie Wunderlich – Executive Director

Date: May 6, 2020

Re: Hospital Charging Practices

The purpose of this memorandum is to remind hospitals of the Commission's policy on hospital charging practices, which remains in effect during the COVID-19 State of Emergency. As a general principle, hospitals may not grant a discount or charge one purchaser of health care hospital services more so that another purchaser is charged less.

100% Inpatient Patient Care Centers:

Hospitals may tier their 100% inpatient patient care (room and board) rates among private, semi-private, and multi-patient ward accommodations, without the prior approval of the Commission. Hospitals may also tier their 100% inpatient patient care center rates based on resource intensity, e.g., levels of nursing care in Medical/Surgical Acute and Medical/Surgical Intensive Care units, without prior Commission approval. When tiering rates, hospitals are still required to maintain unit rate compliance.

Ancillary and Ambulatory Centers:

In the absence of prior approval by the Commission for differential pricing, hospitals must charge the average approved rate to all patients in all ancillary and ambulatory centers. This means that hospitals may not differentially charge for services within an ancillary or ambulatory rate center, i.e., vary the pricing of predominantly inpatient or outpatient services within a rate center.

In addition, hospitals are subject to annual price compliance corridors for ancillary and ambulatory services in accordance with current regulation, COMAR 10.37.03.05. However, in extraordinary circumstances, and with prior Commission approval, hospitals may charge beyond the price corridors specified in COMAR 10.37.03.05.

Hospitals that violate the principles stated above will be subject to penalties as detailed in the Commission's cross-subsidization regulation, COMAR 10.37.12.02.

If you have any questions, you may contact Dennis N. Phelps at dennis.phelps@maryland.gov.