


TO: Chief Financial Officers

FROM: Gerard Schmith, Deputy Director of Revenue & Compliance 

DATE: February 15, 2023

RE: Increase In FY 2023 Undercharge Unit Rate Corridors/FY 2022 Lab Undercharge Penalties

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Due to the recent increases in utilization across the hospital industry, all hospitals will be allowed to increase their unit rate **undercharge** corridors, without approval from HSCRC, from -5% to -10% for the period **January 1, 2023 to June 30, 2023**. Hospitals also will be allowed to increase their Supplies and Drugs overhead **undercharge** corridors from -30% to -40% for the same period. This increase is being provided such that hospitals will not be penalized for undercharging unit rates in order to meet their overall FY 2023 GBR Target Revenue. If undercharge corridor relief beyond 10% is needed during the January 1, 2023 – June 30, 2023 period, hospitals will need to submit a written request, including an analysis of the need to extend the undercharge corridor beyond -10%.

Hospitals must continue to collectively raise or lower rates to comply with the GBR target and avoid raising or lowering individual rates.

In addition, due to the continuation of the fixed pricing guidance for Covid testing in FY 2022 penalties incurred in the **Lab** rate center will be waived.

If you have any questions please contact Chris Konsowski at [chris.konsowski@maryland.gov](mailto:chris.konsowski@maryland.gov).