

Spotlight on State: Maryland

This is part of a [series of summaries](#) that highlight notable legislation and initiatives in health policy and reform of all 50 states. Check back on The Source as we roll out additional states each week.

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Maryland has been a pioneer in state healthcare system reform. Maryland is the only state in the country that regulates rates for hospital services under the Maryland All-Payer Model. Launched in 1971, the [all-payer system](#) requires all third-party payers to reimburse hospitals at the same rate. The program was revised in 2014 to include global budgets for all hospitals in the state. In 2018, the Centers for Medicare and Medicaid (CMS) approved Maryland's goal to expand its all-payer global budgets model beyond hospitals to nursing homes, mental health facilities, and other nonhospital settings under a five-year contract.

Maryland also actively promotes price transparency. The [Maryland Health Care Commission](#) (MHCC) operates the state-mandated all-payer claims database (APCD), the Maryland Medical Care Data Base (MCDB). In 2017, the MHCC launched an online pricing tool named "[Wear the Cost](#)" that allows Maryland residents to compare the costs of common medical procedures using commercial insurer data. The state also protects patients from surprise medical bills for covered services rendered by providers outside of their health maintenance organization (HMO) by [requiring](#) the HMO to pay the provider directly. In addition, state [law](#) establishes coverage parity for telehealth services. Most recently, the coverage parity requirement was expanded to include services provided by psychiatrists and psychiatric nurse practitioners.

In healthcare markets, Maryland statute mandates the [Maryland](#)

[Health Connection](#), an active state-based health insurance exchange under the Affordable Care Act. The federal government approved the state's [Section 1332 state innovation waiver](#) to partially finance the [Maryland Reinsurance Program](#). The plan reimburses up to eighty percent of claims with a \$250,000 cap to reduce health insurance premiums and mitigate the impact of high-risk individuals on certain rates in the state's exchange.

The state regulates provider consolidation by requiring Attorney General notice and approval of all non-profit mergers or acquisitions. Additionally, the state Commission must issue a certificate of need for a health care facility to engage in any conversion, acquisition, consolidation, or change in bed numbers. The state also encourages competition by prohibiting most-favored nation clauses between a health insurance carrier and a provider, as well as general restriction of exclusive contracting provisions under state antitrust law.

In recent terms, Maryland has been active in regulating prescription drug costs, including pharmaceutical price transparency. In 2017, Maryland passed [legislation](#) to combat price gouging in essential generic or off-patent drugs. The legislation proposed to give Maryland's Attorney General the power to hold companies accountable for unconscionable increases in prices. However, the 4th U.S. Circuit Court of Appeals [deemed the law unconstitutional](#) for violating the dormant commerce clause. The state appealed that decision, but the Supreme Court denied certiorari, effectively striking down the landmark law.