

citizens to affordable quality health care; and

WHEREAS, The rising cost of health care impacts most severely on those segments of the population, such as the elderly, the handicapped and the economically disadvantaged, who are the least able to afford, and often in the greatest need of medical care; and

WHEREAS, The Maryland hospital payment system has enabled our State to establish one of the most effective programs in the country for ensuring that the approximately 300,000 Marylanders who lack health care coverage have access to needed hospital care; and

WHEREAS, The State must enhance its current cost containment efforts in order to preserve the Medicare Waiver which is the foundation of Maryland's hospital payment system; and

WHEREAS, In 1983 the rate of increase in net total hospital revenues exceeded the national rate of increase for such revenues; and

WHEREAS, Net patient service revenues have risen steadily as a percent of total personal income in Maryland; and

~~WHEREAS, The increases in net total hospital revenues are the result of many individual decisions and demonstrate that a State affordability limit is needed to monitor and limit overall aggregate net patient revenues generated by Maryland's hospitals; and~~

~~WHEREAS, In the absence of a publicly determined State affordability limit, individual payers responding to the pressures of health care cost escalation may attempt to constrain costs in a manner which may be detrimental to our hospital payment system and individual hospitals, particularly those who provide a high level of care for the indigent; and~~

WHEREAS, Actions taken to enhance the effectiveness of the current hospital payment system and to retain the Medicare Waiver ought to consider certain factors regarding hospitals, including location in urban, suburban, or rural areas, migration patterns, payor mix, bad debt, socio-economic status of the patient population, severity of illnesses treated at a hospital, and in certain circumstances the historical role of a hospital to the community it serves;

~~WHEREAS, A State affordability limit is consistent with and will enhance the effectiveness of the incentives and operation of the current hospital payment system and thereby improve our ability to retain the Medicare Waiver; now, therefore,~~

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows: