

**SB0619/117372/1**

BY: Finance Committee

AMENDMENTS TO SENATE BILL 619  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, at the top of the page, insert “EMERGENCY BILL”; strike beginning with “Directors” in line 2 down through “Disclosure” in line 3 and substitute “Directors, Ethics, and Performance Audits”; strike beginning with “prohibiting” in line 4 down through “Board” in line 9 and substitute “requiring, on or before a certain date, the Board of Directors of the University of Maryland Medical System Corporation to adopt a certain conflict of interest policy; requiring the Board to send a copy of a certain policy to certain persons at certain times; requiring the Board to ensure that the Medical System Corporation continues to be a certain independent corporation; altering the maximum number of members of the Board; requiring certain members of the Board to be appointed by the Governor with the advice and consent of the Senate of Maryland; repealing a provision of law requiring a certain number of voting members of the Board to be members of the General Assembly; authorizing the Governor to appoint certain additional voting members who represent certain hospitals; requiring a certain voting member to be the Governor’s designee; adding a certain number of voting members to the Board to be appointed by the President of the Senate and the Speaker of the House; prohibiting a member of the Board from intentionally using the prestige of office for private gain or the gain of another; requiring certain members of the Board annually to submit a certain disclosure statement to the State Health Services Cost Review Commission; requiring certain new members of the Board to submit a certain disclosure within a certain time period; requiring a certain statement to be available to the public on a certain website through a certain registration program under certain circumstances; requiring the Governor to remove a certain member of the Board if the member files a certain false statement; requiring certain statements to be reviewed for compliance with a certain policy by the Board and the compliance officer of the Medical System Corporation; requiring the State Health Services Cost Review Commission annually to send a summary of certain statements to the Governor, the President, and”

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the Speaker; prohibiting the Board from using sole source procurement to award certain contracts to certain persons; requiring the Governor to remove a certain member of the Board under certain circumstances; prohibiting the Board from providing a certain preference for the award of certain contracts; requiring the Medical System Corporation to employ a certain independent entity with certain expertise to conduct a certain performance audit of the administrative and financial offices of the Medical System Corporation for a certain purpose on or before a certain date; providing that a certain audit does not include certain entities; requiring the Medical System Corporation to submit a certified copy of a certain performance audit to the Governor, the President, and the Speaker on or before a certain date; requiring the Board to conduct a certain internal review and report certain findings and recommendations to the Governor, the President, and the Speaker on or before a certain date; requiring the terms of certain members of the Board to terminate on certain dates; authorizing certain members of the Board to apply for reappointment subject to certain provisions of law as enacted by this Act; requiring certain members appointed to the Board by the Governor to be subject to the advice and consent of the Senate during a certain legislative session; requiring certain members to be considered appointed as of a certain date and subject to certain requirements; making this Act an emergency measure; making certain conforming changes"; in line 10, strike "Board of Directors of the"; in line 13, after "(m)" insert ", 13-303(a)."; in the same line, strike "13-304(a) and (b)" and substitute "13-304(a) and (d)"; in line 18, strike "13-304(k)" and substitute "13-303(m) and (n) and 13-304(k), (l), and (m)"; and in line 23, strike "13-304(k)" and substitute "13-304(b), (c), and (k)".

On pages 1 and 2, strike in their entirety the lines beginning with line 26 on page 1 through line 8 on page 2, inclusive.

#### AMENDMENT NO. 2

On page 2, after line 19, insert:

"13-303.

(a) Prior to the transfer date:

(1) The Board of Public Works shall approve the articles of incorporation of the Medical System Corporation which shall reflect the requirements of this subtitle; and

(2) The Board of Regents and the Board of Directors shall take all actions necessary to create and organize the Medical System Corporation, which shall be organized for charitable, scientific, and educational purposes and shall attain and maintain exemption from federal income taxation but which shall not be a State agency, political subdivision, public body, public corporation, or municipal corporation and is not subject to any provisions of law affecting only governmental or public entities.

**(M) THE BOARD OF DIRECTORS SHALL ENSURE THAT THE MEDICAL SYSTEM CORPORATION CONTINUES TO BE A PRIVATE, NONPROFIT, NONSTOCK CORPORATION THAT IS INDEPENDENT FROM ANY STATE AGENCY.**

**(N) (1) ON OR BEFORE MAY 31, 2019, THE BOARD OF DIRECTORS SHALL ADOPT A CONFLICT OF INTEREST POLICY FOR MEMBERS OF THE BOARD THAT INCLUDES:**

**(I) STANDARDS FOR THE DISCLOSURE OF FINANCIAL INTERESTS;**

**(II) STANDARDS FOR BOARD MEMBER PARTICIPATION IN CONTRACTS WITH THE MEDICAL SYSTEM CORPORATION IN ACCORDANCE WITH THIS SUBTITLE, INCLUDING AN ATTESTATION THAT THE BOARD MEMBER HAS COMPLIED WITH THE CONFLICT OF INTEREST STANDARDS ADOPTED BY THE BOARD;**

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(III) A REQUIREMENT THAT A BOARD MEMBER MAY NOT USE THE BOARD MEMBER'S POSITION ON THE BOARD FOR PERSONAL GAIN WHEN CONTRACTING WITH THE MEDICAL SYSTEM CORPORATION; AND

(IV) A REQUIREMENT THAT A BOARD MEMBER PROVIDE AN ATTESTATION OF ANY BUSINESS RELATIONSHIP WITH THE MEDICAL SYSTEM CORPORATION OR ANY AFFILIATE OF THE CORPORATION.

(2) THE BOARD OF DIRECTORS SHALL SEND A COPY OF THE CONFLICT OF INTEREST POLICY ADOPTED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE GOVERNOR, THE PRESIDENT OF THE SENATE, AND THE SPEAKER OF THE HOUSE OF DELEGATES:

(I) AFTER THE POLICY IS INITIALLY ADOPTED; AND

(II) EACH TIME A CHANGE IS MADE TO THE POLICY.”;

in line 23, strike “paragraph” and substitute “PARAGRAPHS”; in the same line, after “(2)” insert “AND (3)”; in line 24, strike “27” and substitute “25”; and in line 25, after “Governor” insert “WITH THE ADVICE AND CONSENT OF THE SENATE”.

On page 3, in line 3, after “Governor” insert “WITH THE ADVICE AND CONSENT OF THE SENATE”; strike beginning with “The” in line 5 down through “(v)” in line 7; after line 10, insert:

“(3) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION, FOR EACH HOSPITAL THAT AFFILIATES WITH THE MEDICAL SYSTEM ON OR AFTER JUNE 1, 2019, THE GOVERNOR MAY APPOINT AN ADDITIONAL VOTING MEMBER WHO IS A REPRESENTATIVE FROM THE HOSPITAL.”;

and strike in their entirety lines 11 through 24, inclusive.

AMENDMENT NO. 3

On page 3, after line 24, insert:

“(c) (1) Each member shall be a resident of this State.

(2) Three voting members shall be members of the Board of Regents.

[(3) Two voting members shall be members of the General Assembly, 1 nominated by the President of the Senate and 1 nominated by the Speaker of the House of Delegates.]

**(3) ONE VOTING MEMBER SHALL BE THE GOVERNOR’S DESIGNEE.**

**(4) TWO VOTING MEMBERS SHALL BE APPOINTED AS FOLLOWS:**

**(I) ONE APPOINTED BY THE PRESIDENT OF THE SENATE OF MARYLAND; AND**

**(II) ONE APPOINTED BY THE SPEAKER OF THE HOUSE OF DELEGATES.**

[(4) (5) At least 1 voting member of the Board shall be appointed by the Governor, upon nomination by the membership of the Community Advisory Council, from the membership of the Community Advisory Council.]

[(5) (6) At least 1 voting member of the Board of Directors shall have expertise in the hospital field.]

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[(6)] (7)     In appointing the voting members of the Board of Directors, the Governor shall [insure] ENSURE that the composition of the Board fairly represents the minority composition of the State.

[(7)] (8)     The nonvoting members shall be, ex officio, the Chancellor of the University System of Maryland, the President, the Chief Executive Officer, the Dean of the School of Medicine, the President of the medical staff organization of the medical system, and the Associate Director of nursing services for the medical system.

(d)    (1)    The term of a member is 5 years and begins on the 1st Monday in June of the year of appointment.

(2)    The terms of members are staggered as required by the terms provided for members of the Board on the transfer date.

(3)    At the end of a term, a member continues to serve until a successor is appointed and qualifies.

(4)    A member appointed to fill a vacancy in an unexpired term serves only for the remainder of that term and until a successor is appointed and qualifies.

(5)    A member may be reappointed, but may not serve more than 2 consecutive full terms.

**(K)    A MEMBER OF THE BOARD MAY NOT INTENTIONALLY USE THE PRESTIGE OF OFFICE OR PUBLIC POSITION FOR THAT MEMBER'S PRIVATE GAIN OR THAT OF ANOTHER.**

**(L)    (1)    (I)    EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS PARAGRAPH, EACH MEMBER ANNUALLY SHALL SUBMIT A DISCLOSURE OF FINANCIAL INTEREST, INCLUDING ANY POTENTIAL CONFLICTS OF INTEREST, TO**

THE STATE HEALTH SERVICES COST REVIEW COMMISSION.

(II) 1. EXCEPT AS PROVIDED IN SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH, THE STATE HEALTH SERVICES COST REVIEW COMMISSION SHALL MAKE FREELY AVAILABLE TO THE PUBLIC ON ITS WEBSITE, THROUGH AN ONLINE REGISTRATION PROGRAM, THE STATEMENT SUBMITTED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

2. THE STATE HEALTH SERVICES COST REVIEW COMMISSION MAY NOT PROVIDE PUBLIC ACCESS TO THE PORTION OF THE STATEMENT THAT INCLUDES AN ADDRESS THAT THE MEMBER HAS IDENTIFIED AS THE MEMBER'S HOME ADDRESS.

(III) A NEWLY APPOINTED MEMBER SHALL SUBMIT A DISCLOSURE OF FINANCIAL INTEREST WITHIN 60 DAYS AFTER THE MEMBER'S APPOINTMENT TO THE BOARD.

(2) IF THE GOVERNOR DETERMINES THAT A MEMBER HAS WILLFULLY FILED A FALSE STATEMENT UNDER PARAGRAPH (1)(I) OF THIS SUBSECTION, THE GOVERNOR SHALL REMOVE THE MEMBER FROM THE BOARD.

(3) THE BOARD OF DIRECTORS AND THE COMPLIANCE OFFICER FOR THE MEDICAL SYSTEM CORPORATION SHALL REVIEW EACH STATEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION FOR COMPLIANCE WITH THE BOARD'S CONFLICT OF INTEREST POLICY.

(4) THE STATE HEALTH SERVICES COST REVIEW COMMISSION ANNUALLY SHALL SEND A SUMMARY OF EACH STATEMENT SUBMITTED UNDER PARAGRAPH (1) OF THIS SUBSECTION TO THE GOVERNOR, THE PRESIDENT OF

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THE SENATE, AND THE SPEAKER OF THE HOUSE.

(M) (1) THE BOARD MAY NOT USE SOLE SOURCE PROCUREMENT TO AWARD A CONTRACT TO AN ACTIVE MEMBER OF THE BOARD OF DIRECTORS OR A BUSINESS ENTITY THAT EMPLOYS OR HAS AN AFFILIATION WITH AN ACTIVE MEMBER.

(2) THE GOVERNOR SHALL REMOVE A MEMBER FROM THE BOARD OF DIRECTORS WHO HAS BENEFITED FROM A SOLE SOURCE PROCUREMENT.

(3) THE BOARD MAY NOT PROVIDE A PREFERENCE FOR THE AWARD OF A CONTRACT TO AN ACTIVE MEMBER OF THE BOARD OF DIRECTORS OR A BUSINESS ENTITY THAT EMPLOYS OR HAS AN AFFILIATION WITH AN ACTIVE MEMBER.”;

and in line 25, strike “(L)” and substitute “(N)”.

AMENDMENT NO. 4

On pages 3 and 4, strike in their entirety the lines beginning with line 33 on page 3 through line 14 on page 4, inclusive.

On page 4, after line 14, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) (1) On or before May 15, 2019, the University of Maryland Medical System Corporation shall employ an independent entity with expertise in nonprofit corporate governance to conduct a performance audit of the administrative and financial offices of the University of Maryland Medical System Corporation to evaluate the efficiency and effectiveness of the financial management practices, including procurement and contracting processes, of the University of Maryland Medical System

Corporation.

(2) The performance audit required under paragraph (1) of this subsection does not include the administrative and financial offices of the University of Maryland Medical System or any subsidiaries or affiliated hospitals of the University of Maryland Medical System Corporation.

(b) On or before December 31, 2019, the University of Maryland Medical System Corporation shall submit a certified copy of the performance audit to the Governor and, in accordance with § 2-1246 of the State Government Article, the President of the Senate and the Speaker of the House.

SECTION 3. AND BE IT FURTHER ENACTED, That the Board of Directors of the University of Maryland Medical System Corporation shall:

(1) conduct an internal review of the Board's policies and procedures;  
and

(2) on or before December 31, 2019, report the findings and any recommendations for improvements to the policies and procedures of the Board to the Governor and, in accordance with § 2-1246 of the State Government Article, the President of the Senate and the Speaker of the House.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) The terms of the members of the Board of Directors of the University of Maryland Medical System Corporation who are in office on the effective date of this Act shall terminate as follows:

(1) the terms of approximately one-third of the members of the Board shall terminate on July 1, 2019;

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(2) the terms of approximately one-third of the members of the Board shall terminate on October 1, 2019; and

(3) the terms of the remaining members of the Board shall terminate on January 1, 2020.

(b) (1) Subject to the provisions of § 13-301 of the Education Article, as enacted by Section 1 of this Act, a member of the Board whose term is terminated under subsection (a) of this section may apply for reappointment.

(2) The appointment of a member under paragraph (1) of this subsection who is appointed by the Governor is subject to the advice and consent of the Senate during the legislative session immediately following the date of appointment.

(3) A member reappointed under this subsection shall be considered appointed on the date of the member's initial appointment and is subject to the requirements of § 13-304(d) of the Education Article.”;

in line 15, strike “2.” and substitute “5.”; and strike beginning with “shall” in line 15 down through “2019” in line 16 and substitute “is an emergency measure, is necessary for the immediate preservation of the public health or safety, has been passed by a ye and nay vote supported by three-fifths of all the members elected to each of the two Houses of the General Assembly, and shall take effect from the date it is enacted”.