

BY: Senators Dyson and Middleton

AMENDMENTS TO HOUSE BILL NO. 242

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 5, after “assess;” insert “authorizing the Health Services Cost Review Commission to allow a hospital to charge below Commission-approved rates for certain services under certain circumstances; declaring the intent of the General Assembly; requiring the Commission to report to certain committees of the General Assembly under certain circumstances; providing for the termination of certain provisions of this Act;”; and in line 9, after “19-207.1” insert “and 19-217”.

AMENDMENT NO. 2

On page 3, after line 24, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Health - General

19-217.

(a) (1) To have the statistical information needed for rate review and approval, the Commission shall compile all relevant financial and accounting information.

(2) The information shall include:

(i) Necessary operating expenses;

(ii) Appropriate expenses that are incurred in providing services to patients who cannot or do not pay;

(Over)

(iii) Incurred interest charges; and

(iv) Reasonable depreciation expenses that are based on the expected useful life of property or equipment.

(b) (1) The Commission shall define, by rule or regulation, the types and classes of charges that may not be changed, except as specified in § 19-219 of this subtitle.

(2) SUBJECT TO THE PROVISIONS OF THIS SUBSECTION, THE COMMISSION MAY ALLOW A HOSPITAL TO CHARGE BELOW COMMISSION-APPROVED RATES FOR HOSPITAL OUTPATIENT SURGICAL SERVICES IF:

(I) THE COMMISSION CONTINUES TO SET THE MAXIMUM ALLOWABLE RATES FOR THESE OUTPATIENT SURGICAL SERVICES FOR ALL PATIENTS;

(II) THE COMMISSION DETERMINES THAT THE RATES FOR THESE OUTPATIENT SURGICAL SERVICES ARE ADEQUATE; AND

(III) THE REVENUE LOSSES, IF ANY, ASSOCIATED WITH A HOSPITAL CHARGING BELOW COMMISSION-APPROVED RATES FOR HOSPITAL OUTPATIENT SURGICAL SERVICES ARE NOT RECOGNIZED BY THE COMMISSION AS REASONABLE COSTS FOR REIMBURSEMENT AND ARE NOT USED TO JUSTIFY A RATE INCREASE.

(c) The Commission shall obtain from each facility its current rate schedule and each later change in the schedule that the Commission requires.

(d) The Commission shall:

(1) Permit a nonprofit facility to charge reasonable rates that will permit the facility to provide, on a solvent basis, effective and efficient service that is in the public interest; and

(2) Permit a proprietary profit-making facility to charge reasonable rates that:

(i) Will permit the facility to provide effective and efficient service that is in the public interest; and

(ii) Based on the fair value of the property and investments that are related directly to the facility, include enough allowance for and provide a fair return to the owner of the facility.

(e) In the determination of reasonable rates for each facility, as specified in this section, the Commission shall take into account all of the cost of complying with recommendations made, under Subtitle 1 of this title, on comprehensive health planning.

(f) In reviewing rates or charges or considering a request for change in rates or charges, the Commission shall permit a facility to charge rates that, in the aggregate, will produce enough total revenue to enable the facility to meet reasonably each requirement specified in this section.

(g) Except as otherwise provided by law, in reviewing rates or charges or considering a request for changes in rates or charges, the Commission may not hold executive sessions.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Health Services Cost Review Commission may implement the changes to § 19-217 of the Health - General Article, as enacted by Section 2 of this Act, related to the regulation of hospital outpatient surgical services, in only one region of the State in 1999.

(b) Prior to implementing the changes in other regions of the State, the Commission shall report, in accordance with § 2-1246 of the State Government Article, to the Senate Finance Committee, the House Environmental Matters Committee, and the House Economic Matters Committee on the effect of these changes on:

- (1) regulated hospital rates;
- (2) the cost of outpatient surgery to consumers and payors;
- (3) access to outpatient surgery, particularly for individuals without health insurance; and

(Over)

(4) the State's Medicare waiver.

(c) It is the intent of the General Assembly that, in reviewing and approving hospital regulated rates, the Commission only take into account the costs attributable to regulated hospital services and exclude costs attributable to unregulated hospital services including, where applicable, outpatient surgical services.

SECTION 4. AND BE IT FURTHER ENACTED, That Sections 2 and 3 of this Act shall take effect July 1, 1999. They shall remain effective for a period of 2 years and, at the end of June 30, 2001, with no further action required by the General Assembly, Sections 2 and 3 of this Act shall be abrogated and of no further force and effect."

AMENDMENT NO. 3

On page 3, in line 25, strike "2." and substitute "5."; in the same line, after "That" insert "1  
subject to Section 4 of this Act."; and in line 26, strike "October" and substitute "July".