Unofficial Copy
1999 Regular Session
91r1074

By: Delegates Goldwater and Taylor

Introduced and read first time: February 12, 1999

Assigned to: Environmental Matters

#### A BILL ENTITLED

### 1 AN ACT concerning

### 2 Health Care Regulatory Reform - Commission Consolidation

| FOR the purpose of integrating, consolidating, and streamlining certain health ca | 3 | FOR the purpose | of integrating, | consolidating, | and streamlining | certain health car |
|---|---|-----------------|-----------------|----------------|------------------|--------------------|
|---|---|-----------------|-----------------|----------------|------------------|--------------------|

- 4 regulatory responsibilities and duties under the Maryland Health Care Access
- and Cost Commission; altering the number of commissioners on the Commission
- 6 who must meet certain criteria; establishing a Health Care Access and Cost
- 7 Commission Fund; specifying the funding for the Health Care Access and Cost
- 8 Commission Fund; specifying the purpose of this Act; abolishing a certain
  - commission that functions in the Department of Health and Mental Hygiene by
- certain dates; altering the duties, responsibilities, and functions of the
- 11 Maryland Health Care Access and Cost Commission; altering certain provisions
- of law related to State health planning and development; providing for the
- classification of certain staff hired by the Health Care Access and Cost
- 14 Commission and the Health Services Cost Review Commission; altering certain
- procurement procedures required of certain commissions; specifying certain
- transitional provisions relating to the implementation of the provisions of this
- Act; requiring certain individuals to meet periodically for a specified purpose;
- 18 requiring a certain report to be filed by a certain date; providing for the accurate
- 19 codification of the provisions of this Act; making certain technical and stylistic
- 20 changes; reorganizing certain provisions; defining certain terms; altering
- 21 certain definitions; providing for a delayed effective date for certain provisions
- of this Act; and generally relating to the integration, consolidation, and
- 23 streamlining of certain health care regulatory responsibilities and duties.
- 24 BY repealing

- 25 Article Health General
- 26 Section 19-102 through 19-109, inclusive, 19-121, 19-122, the part "Part I.
- 27 Health Planning and Development", and the subtitle "Subtitle 1.
- 28 Comprehensive Health Planning"; 19-222; 19-1511 and 19-1512
- 29 Annotated Code of Maryland
- 30 (1996 Replacement Volume and 1998 Supplement)
- 31 BY repealing and reenacting, without amendments,
- 32 Article Health General

- 1 Section 2-101 to be under the new part "Part I. General Provisions" Annotated Code of Maryland 2 3 (1994 Replacement Volume and 1998 Supplement) 4 BY repealing and reenacting, with amendments, 5 Article - Health - General 6 Section 2-106 7 Annotated Code of Maryland 8 (1994 Replacement Volume and 1998 Supplement) 9 BY adding to Article - Health - General 10 Section 19-101, 19-102, 19-109 through 19-111, inclusive, to be under the new 11 12 part "Part I. Maryland Health Care Access and Cost Commission" and the 13 new subtitle "Subtitle 1. Health Care Planning and Systems Regulation"; 14 19-115 and 19-116 to be under the new part "Part II. Health Planning and 15 Development"; and the new part "Part III. Medical Care Data Collection" 16 Annotated Code of Maryland 17 (1996 Replacement Volume and 1998 Supplement) 18 BY repealing and reenacting, with amendments, Article - Health - General 19 Section 19-101, 19-110 through 19-120, inclusive, 19-123; 19-125, 19-126, and 20 the part "Part II. Deficiencies in Services and Facilities"; 19-206 and 21 22 19-208; 19-207.1, 19-207.2, 19-207.3, and 19-209 through 19-221, inclusive, to be under the new part "Part II. Health Care Facility Rate 23 24 Setting"; 19-1501 through 19-1510, inclusive, 19-1513, 19-1514, and 25 19-1516 26 Annotated Code of Maryland 27 (1996 Replacement Volume and 1998 Supplement) 28 BY repealing and reenacting, without amendments, 29 Article - Health - General 30 Section 19-201 through 19-205, inclusive, and 19-207 to be under the new part "Part I. Definitions; General Provisions" 31 32 Annotated Code of Maryland (1996 Replacement Volume and 1998 Supplement) 33 34 BY repealing and reenacting, with amendments, Article 43C - Maryland Health and Higher Educational Facilities Authority 35 36 Section 16A 37 Annotated Code of Maryland
- 39 BY repealing

(1998 Replacement Volume)

| 1<br>2<br>3<br>4<br>5 | Section<br>Annota   | - Health - General<br>19-1515 and the subtitle "Subtitle 15. Maryland Health Care Access and<br>Cost Commission"<br>ated Code of Maryland<br>Replacement Volume and 1998 Supplement) |          |  |  |  |  |  |  |
|-----------------------|---|--|----------|--|--|--|--|--|--|
| 8<br>9                | SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 19-102 through 19-109, inclusive, 19-121, 19-122, the part "Part I. Health Planning and Development", and the subtitle "Subtitle 1. Comprehensive Health Planning"; 19-222; 19-1511 and 19-1512 of Article - Health - Of General of the Annotated Code of Maryland be repealed. |  |          |  |  |  |  |  |  |
| 11<br>12              | SECTION read as follows   |  | D BE IT  | FURTHER ENACTED, That the Laws of Maryland                   |  |  |  |  |  |
| 13                    |   |  |          | Article - Health - General                                   |  |  |  |  |  |
| 14                    |   |  |          | PART I. GENERAL PROVISIONS.                                  |  |  |  |  |  |
| 15                    | 2-101.  |  |          |  |  |  |  |  |  |
| 16<br>17              | There is department   |  |          | Health and Mental Hygiene, established as a principal nment. |  |  |  |  |  |
| 18                    | 2-106.  |  |          |  |  |  |  |  |  |
| 19                    | (a)   | The foll   | owing ur | nits are in the Department:                                  |  |  |  |  |  |
| 20                    |   | (1)  | Alcohol  | and Drug Abuse Administration.                               |  |  |  |  |  |
| 21                    |   | (2)  | Anatom   | y Board.   |  |  |  |  |  |
| 22                    |   | (3)  | Develop  | omental Disabilities Administration.                         |  |  |  |  |  |
| 23                    |   | [(4)   | State He | ealth Resources Planning Commission.]                        |  |  |  |  |  |
| 24                    |   | [(5)]  | (4)      | Health Services Cost Review Commission.                      |  |  |  |  |  |
| 25                    |   | [(6)]  | (5)      | Maryland Psychiatric Research Center.                        |  |  |  |  |  |
| 26                    |   | [(7)]  | (6)      | Mental Hygiene Administration.                               |  |  |  |  |  |
| 27                    |   | [(8)]  | (7)      | Postmortem Examiners Commission.                             |  |  |  |  |  |
| 28                    |   | [(9)]  | (8)      | Board of Examiners for Audiologists.                         |  |  |  |  |  |
| 29                    |   | [(10)]   | (9)      | Board of Chiropractic Examiners.                             |  |  |  |  |  |
|                       |   |  |          |  |  |  |  |  |  |

Board of Dental Examiners.

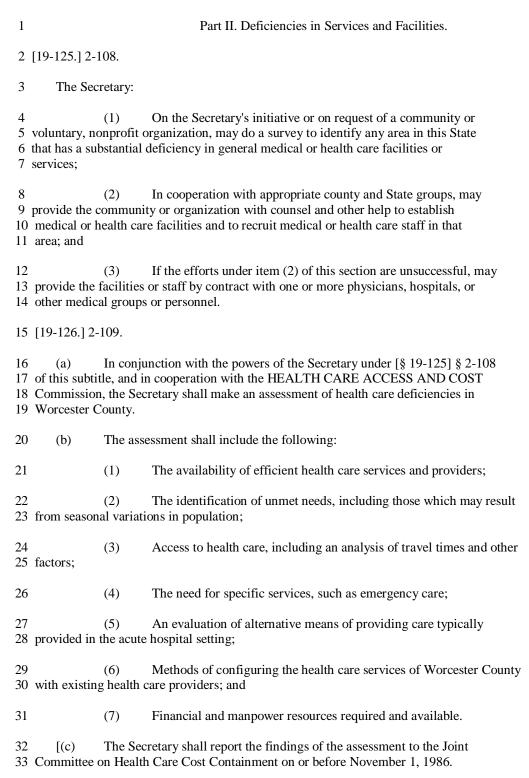
[(11)]

(10)

| 1  |     | [(12)] | (11)       | Board of Dietetic Practice.                              |
|----|-----|--------|------------|--|
| 2  |     | [(13)] | (12)       | Board of Electrologists.                                 |
| 3  |     | [(14)] | (13)       | Board of Morticians.                                     |
| 4  |     | [(15)] | (14)       | Board of Nursing.  |
| 5  |     | [(16)] | (15)       | Board of Examiners of Nursing Home Administrators.       |
| 6  |     | [(17)] | (16)       | Board of Occupational Therapy Practice.                  |
| 7  |     | [(18)] | (17)       | Board of Examiners in Optometry.                         |
| 8  |     | [(19)] | (18)       | Board of Pharmacy.                                       |
| 9  |     | [(20)] | (19)       | Board of Physical Therapy Examiners.                     |
| 10 |     | [(21)] | (20)       | Board of Physician Quality Assurance.                    |
| 11 |     | [(22)] | (21)       | Board of Podiatry Examiners.                             |
| 12 |     | [(23)] | (22)       | Board of Examiners of Professional Counselors.           |
| 13 |     | [(24)] | (23)       | Board of Examiners of Psychologists.                     |
| 14 |     | [(25)] | (24)       | Board of Social Work Examiners.                          |
| 15 |     | [(26)] | (25)       | Board of Examiners for Speech-Language Pathologists.     |
| 16 |     | [(27)] | (26)       | Commission on Physical Fitness.                          |
| 17 |     | [(28)  | Advisor    | y Board on Hospital Licensing.]                          |
| 18 |     | [(29)] | (27)       | State Advisory Council on Alcohol and Drug Abuse.        |
| 19 |     | [(30)] | (28)       | Advisory Council on Infant Mortality.                    |
| 20 | (b) | The De | nartment ( | also includes every other unit that is in the Department |

<sup>20</sup> (b) The Department also includes every other unit that is in the Department 21 under any other law.

<sup>22 (</sup>c) The Secretary has the authority and powers specifically granted to the 23 Secretary by law over the units in the Department. All authority and powers not so 24 granted to the Secretary are reserved to those units free of the control of the 25 Secretary.



6 **HOUSE BILL 995** 1 (d)] (C) In cooperation with appropriate county and State groups, the 2 Secretary shall develop recommendations to implement the findings of the 3 assessment. 4 [(e)] (D) The Secretary shall report to the General Assembly on February 1, 5 1987, on the progress towards implementation of the recommendations. The [Commission] SECRETARY shall include standards and policies 6 [(f)](E) 7 in the State health plan that relate to the Secretary's recommendations. 8 SUBTITLE 1. HEALTH CARE PLANNING AND SYSTEMS REGULATION. 9 PART I. MARYLAND HEALTH CARE ACCESS AND COST COMMISSION. 10 19-101. 11 IN THIS SUBTITLE, "COMMISSION" MEANS THE MARYLAND HEALTH CARE 12 ACCESS AND COST COMMISSION. 13 19-102. 14 THE GENERAL ASSEMBLY FINDS THAT THE HEALTH CARE REGULATORY (A) 15 SYSTEM IN THIS STATE IS A HIGHLY COMPLEX STRUCTURE THAT NEEDS TO BE 16 CONSTANTLY REEVALUATED AND MODIFIED IN ORDER TO BETTER REFLECT AND BE 17 MORE RESPONSIVE TO THE EVER CHANGING HEALTH CARE ENVIRONMENT AND THE 18 NEEDS OF THE CITIZENS OF THIS STATE. 19 (B) THE PURPOSE OF THIS SUBTITLE IS TO ESTABLISH A STREAMLINED 20 HEALTH CARE REGULATORY SYSTEM IN THIS STATE IN A MANNER SUCH THAT A 21 SINGLE STATE HEALTH POLICY CAN BE BETTER ARTICULATED, COORDINATED, AND 22 IMPLEMENTED IN ORDER TO BETTER SERVE THE CITIZENS OF THIS STATE. 23 [19-1502.] 19-103. 24 There is a Maryland Health Care Access and Cost Commission. (a) 25 (b) The Commission is an independent commission that functions in the 26 Department. 27 (c) The purpose of the Commission is to:

Develop health care cost containment strategies to help provide

33 THAT PROVIDES, FOR ALL MARYLANDERS, FINANCIAL AND GEOGRAPHIC ACCESS TO

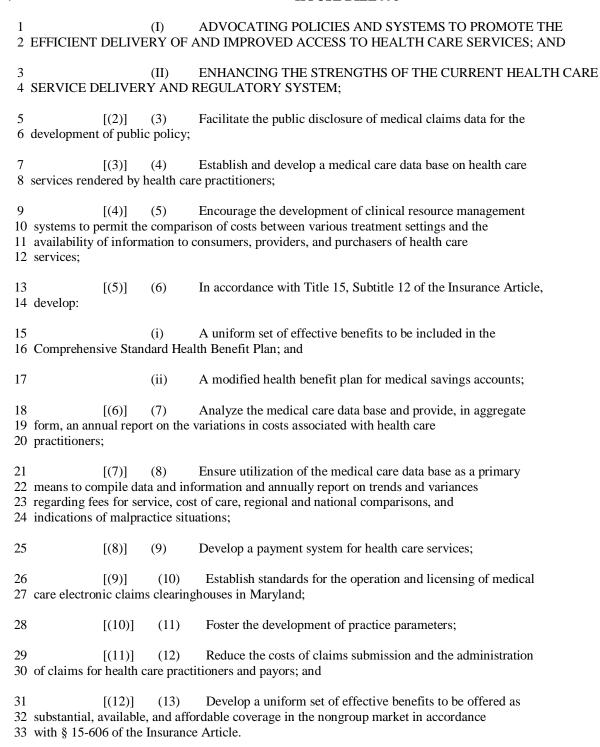
PROMOTE THE DEVELOPMENT OF A HEALTH REGULATORY SYSTEM

29 access to appropriate quality health care services for all Marylanders, after 30 consulting with [the Health Resources Planning Commission and] the Health

34 QUALITY HEALTH CARE SERVICES AT A REASONABLE COST BY:

31 Services Cost Review Commission;

28



- 1 [19-1503.] 19-104.
- 2 (a) (1) The Commission shall consist of nine members appointed by the 3 Governor with the advice and consent of the Senate.
- 4 (2) Of the nine members, [six] FIVE shall be individuals who do not have
- $5\,$  any connection with the management or policy of a health care provider or payor.
- 6 (b) (1) The term of a member is 4 years.
- 7 (2) A member who is appointed after a term has begun serves only for 8 the rest of the term and until a successor is appointed and qualifies.
- 9 (3) The Governor may remove a member for neglect of duty, 10 incompetence, or misconduct.
- 11 (4) A member may not serve more than two consecutive terms.
- 12 (c) (1) Except as provided in paragraph (2) of this subsection, to the extent
- 13 practicable, when appointing members to the Commission, the Governor shall assure
- 14 geographic balance in the Commission's membership.
- 15 (2) Two members of the Commission shall be appointed at large and may 16 be from a geographic area already represented on the Commission.
- 17 [19-1504.] 19-105.
- 18 (a) The Governor shall appoint the chairman of the Commission.
- 19 (b) The chairman may appoint a vice chairman for the Commission.
- 20 [19-1505.] 19-106.
- 21 (a) With the approval of the Governor, the Commission shall appoint an
- 22 executive director who shall be the chief administrative officer of the Commission.
- 23 (b) The executive director, the deputy directors, and the principal section
- 24 chiefs serve at the pleasure of the Commission.
- 25 (c) (1) The executive director, the deputy directors, and the principal section 26 chiefs shall be executive service or management service employees.
- 27 (2) The Commission, in consultation with the Secretary, shall determine
- 28 the appropriate job classification and, subject to the State budget, the compensation
- 29 for the executive director, the deputy directors, and the principal section chiefs.
- 30 (d) Under the direction of the Commission, the executive director shall
- 31 perform any duty or function that the Commission requires.

- 1 [19-1506.] 19-107.
- 2 (a) A majority of the full authorized membership of the Commission is a
- 3 quorum. However, the Commission may not act on any matter unless at least four of
- 4 the voting members in attendance concur.
- 5 (b) The Commission shall meet at least six times each year, at the times and 6 places that it determines.
- 7 (c) Each member of the Commission is entitled to:
- 8 (1) COMPENSATION IN ACCORDANCE WITH THE STATE BUDGET; AND
- 9 (2) [reimbursement] REIMBURSEMENT for expenses under the Standard
- 10 State Travel Regulations, as provided in the State budget.
- 11 (d) (1) The Commission may employ a staff in accordance with the State
- 12 budget.
- 13 (2) STAFF HIRED AFTER SEPTEMBER 30, 1999, ARE IN THE
- 14 UNCLASSIFIED SERVICE OF THE STATE PERSONNEL MANAGEMENT SYSTEM.
- 15 [19-1510.] 19-108.
- 16 (a) In addition to the duties set forth elsewhere in this subtitle, the
- 17 Commission shall adopt regulations specifying the comprehensive standard health
- 18 benefit plan to apply under Title 15, Subtitle 12 of the Insurance Article.
- 19 (b) In carrying out its duties under this section, the Commission shall comply
- 20 with the provisions of § 15-1207 of the Insurance Article.
- 21 19-109.
- 22 (A) IN ADDITION TO THE POWERS SET FORTH ELSEWHERE IN THIS SUBTITLE,
- 23 THE COMMISSION MAY:
- 24 (1) ADOPT RULES AND REGULATIONS TO CARRY OUT THE PROVISIONS
- 25 OF THIS SUBTITLE;
- 26 (2) CREATE COMMITTEES FROM AMONG ITS MEMBERS;
- 27 (3) APPOINT ADVISORY COMMITTEES, WHICH MAY INCLUDE
- 28 INDIVIDUALS AND REPRESENTATIVES OF INTERESTED PUBLIC OR PRIVATE
- 29 ORGANIZATIONS:
- 30 (4) APPLY FOR AND ACCEPT ANY FUNDS, PROPERTY, OR SERVICES FROM
- 31 ANY PERSON OR GOVERNMENT AGENCY;
- 32 (5) MAKE AGREEMENTS WITH A GRANTOR OR PAYOR OF FUNDS,
- 33 PROPERTY, OR SERVICES, INCLUDING AN AGREEMENT TO MAKE ANY STUDY, PLAN,
- 34 DEMONSTRATION, OR PROJECT;

- 1 (6) PUBLISH AND GIVE OUT ANY INFORMATION THAT RELATES TO THE 2 FINANCIAL ASPECTS OF HEALTH CARE AND IS CONSIDERED DESIRABLE IN THE 3 PUBLIC INTEREST; AND
- 4 (7) SUBJECT TO THE LIMITATIONS OF THIS SUBTITLE, EXERCISE ANY 5 OTHER POWER THAT IS REASONABLY NECESSARY TO CARRY OUT THE PURPOSES OF 6 THIS SUBTITLE.
- 7 (B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS SUBTITLE, 8 THE COMMISSION SHALL:
- 9 (1) ADOPT RULES AND REGULATIONS THAT RELATE TO ITS MEETINGS, 10 MINUTES, AND TRANSACTIONS;
- 11 (2) KEEP MINUTES OF EACH MEETING;
- 12 (3) PREPARE ANNUALLY A BUDGET PROPOSAL THAT INCLUDES THE
- 13 ESTIMATED INCOME OF THE COMMISSION AND PROPOSED EXPENSES FOR ITS
- 14 ADMINISTRATION AND OPERATION;
- 15 (4) BEGINNING DECEMBER 1, 2000, AND EACH DECEMBER 1
- 16 THEREAFTER, SUBMIT TO THE GOVERNOR, TO THE SECRETARY, AND, SUBJECT TO §
- 17 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY AN
- 18 ANNUAL REPORT ON THE OPERATIONS AND ACTIVITIES OF THE COMMISSION
- 19 DURING THE PRECEDING FISCAL YEAR, INCLUDING:
- 20 (I) A COPY OF EACH SUMMARY, COMPILATION, AND
- 21 SUPPLEMENTARY REPORT REQUIRED BY THIS SUBTITLE; AND
- 22 (II) ANY OTHER FACT, SUGGESTION, OR POLICY
- 23 RECOMMENDATION THAT THE COMMISSION CONSIDERS NECESSARY; AND
- 24 (5) EXCEPT FOR CONFIDENTIAL OR PRIVILEGED MEDICAL OR PATIENT
- 25 INFORMATION, MAKE:
- 26 (I) EACH REPORT FILED AND EACH SUMMARY, COMPILATION, AND
- 27 REPORT REQUIRED UNDER THIS SUBTITLE AVAILABLE FOR PUBLIC INSPECTION AT
- 28 THE OFFICE OF THE COMMISSION DURING REGULAR BUSINESS HOURS; AND
- 29 (II) EACH SUMMARY, COMPILATION, AND REPORT AVAILABLE TO
- 30 ANY OTHER STATE AGENCY ON REQUEST.
- 31 (C) (1) THE COMMISSION MAY CONTRACT WITH A QUALIFIED,
- 32 INDEPENDENT THIRD PARTY FOR ANY SERVICE NECESSARY TO CARRY OUT THE
- 33 POWERS AND DUTIES OF THE COMMISSION.
- 34 (2) UNLESS PERMISSION IS GRANTED SPECIFICALLY BY THE
- 35 COMMISSION, A THIRD PARTY HIRED BY THE COMMISSION MAY NOT RELEASE,
- 36 PUBLISH, OR OTHERWISE USE ANY INFORMATION TO WHICH THE THIRD PARTY HAS
- 37 ACCESS UNDER ITS CONTRACT.

- 1 19-110. 2 (A) EXCEPT AS EXPRESSLY PROVIDED IN THIS SUBTITLE, THE POWER OF THE 3 SECRETARY OVER PLANS, PROPOSALS, AND PROJECTS OF UNITS IN THE 4 DEPARTMENT DOES NOT INCLUDE THE POWER TO DISAPPROVE OR MODIFY ANY 5 REGULATION, DECISION, OR DETERMINATION THAT THE COMMISSION MAKES 6 UNDER AUTHORITY SPECIFICALLY DELEGATED BY LAW TO THE COMMISSION. THE POWER OF THE SECRETARY TO TRANSFER, BY RULE, REGULATION, OR 7 8 WRITTEN DIRECTIVE, ANY STAFF, FUNCTIONS, OR FUNDS OF UNITS IN THE 9 DEPARTMENT DOES NOT APPLY TO ANY STAFF, FUNCTION, OR FUNDS OF THE 10 COMMISSION. 11 (C) (1) THE POWER OF THE SECRETARY OVER THE PROCUREMENT 12 PROCEDURE FOR UNITS IN THE DEPARTMENT DOES NOT APPLY TO THE 13 PROCUREMENT PROCEDURE FOR THE COMMISSION. 14 SUBJECT TO THE PROVISIONS OF PARAGRAPH (1) OF THIS 15 SUBSECTION, ANY PROCUREMENT FOR SERVICES TO BE PERFORMED OR FOR 16 SUPPLIES TO BE DELIVERED TO THE COMMISSION IS SUBJECT TO THE PURPOSES 17 AND REQUIREMENTS OF THE STATE FINANCE AND PROCUREMENT ARTICLE. 18 19-112. RESERVED. 19 19-113. RESERVED. 20 PART II. HEALTH PLANNING AND DEVELOPMENT. 21 [19-101.] 19-114. 22 In [Part I] THIS PART II of this subtitle the following words have the 23 meanings indicated. 24 "Ambulatory surgical facility" means any center, service, office, (b) (1) 25 facility, or office of one or more health care practitioners or a group practice, as defined in § 1-301 of the Health Occupations Article, that: 27 (i) Has two or more operating rooms; 28 (ii) Operates primarily for the purpose of providing surgical 29 services to patients who do not require overnight hospitalization; and 30 (iii) Seeks reimbursement from payors as an ambulatory surgical
- 31 facility.
- 32 (2) For purposes of this subtitle, the office of one or more health care
- 33 practitioners or a group practice with two operating rooms may be exempt from the
- 34 certificate of need requirements under this subtitle if the Commission finds, in its
- 35 sole discretion, that:

| 1 2      | safety, and quality of                        | (i)<br>the surgi    | A second operating room is necessary to promote the efficiency cal services offered; and  |
|----------|---|---------------------|---|
|          | of need requirements<br>regulations adopted b |                     | The office meets the criteria for exemption from the certificate bulatory surgical facility in accordance with mmission.  |
| 6<br>7   |   |                     | eed" means a certification of public need issued by the le] PART II OF THIS SUBTITLE for a health care project.   |
| 8        | (d) ["Comr                                    | nission" r          | means the State Health Resources Planning Commission.   |
| 9<br>10  |   |                     | eans the National Health Planning and Resources ablic Law 93-641), as amended.  |
| 11       | [(f)] (E)                                     | (1)                 | "Health care facility" means:   |
| 12       |   | (i)                 | A hospital, as defined in § 19-301 of this title;   |
| 13       |   | (ii)                | A related institution, as defined in § 19-301 of this title;  |
| 14       |   | (iii)               | An ambulatory surgical facility;  |
|          |   |                     | An inpatient facility that is organized primarily to help in the viduals, through an integrated program of medical and competent professional supervision;                    |
| 18       |   | (v)                 | A home health agency, as defined in § 19-401 of this title;   |
| 19       |   | (vi)                | A hospice, as defined in § 19-901 of this title; and  |
| 20<br>21 | [Part I] THIS PART                            | (vii)<br>II of this | Any other health institution, service, or program for which subtitle requires a certificate of need.  |
| 22       | (2)   | "Health             | care facility" does not include:  |
| 23<br>24 | certified, by the Firs                        | (i)<br>t Church     | A hospital or related institution that is operated, or is listed and of Christ Scientist, Boston, Massachusetts;  |
| 27       |   |                     | For the purpose of providing an exemption from a certificate of 23 of this subtitle, a facility to provide comprehensive of continuing care, as defined by Article 70B of the |
| 31       |   |                     | 1. The facility is for the exclusive use of the provider's d continuing care agreements for the purpose of nits or domiciliary care within the continuing care                |
|          |   |                     |   |

|          | facility does not exceed 2 continuing care communi   |                                  |                                      | number of computer of independent     |  |                            | ds in the      |
|----------|--|----------------------------------|--------------------------------------|---------------------------------------|--|----------------------------|----------------|
| 4<br>5   | facility;  | 3.                               | The                                  | facility is locate                    | d on the camp                                | ous of the con             | tinuing care   |
|          | programs, a kidney disea.<br>United States Departmen   | se treatm                        | ent facility,                        |                                       |  |                            | es or          |
|          | (iv<br>disease treatment station<br>related institution; or  |                                  |                                      | dney transplant s<br>ded by or on bel |  |                            | idney          |
|          | (v) 3 dentistry under Title 4 of 4 practicing dentistry.   |                                  |                                      | one or more ind<br>tions Article, for |  |                            | re             |
| 17<br>18 | [(g)] (F) "H<br>or otherwise authorized of<br>services in the ordinary of<br>INDIVIDUAL WHO IS<br>THE HEALTH OCCUP | under the<br>course of<br>LICENS | Health Oc<br>business of<br>ED, CERT | r practice of a pr<br>IFIED, OR OTH   | e to provide r<br>ofession] AN<br>HERWISE AU | nedical<br>IY<br>UTHORIZED | UNDER          |
| 20<br>21 | (h)] (G) "H<br>designates as appropriate   |                                  |                                      | neans an area of<br>eveloping of hea  |  | at the Governo             | or             |
|          | 2 [(i)] (H) "L<br>3 SECRETARY designate<br>4 health service area.  |                                  |                                      | gagency" means<br>planning and de     |  |                            | ion]           |
| 25       | 5 19-115.  |                                  |                                      |                                       |  |                            |                |
| 26<br>27 | (A) IN ADDITE<br>IN THIS PART II OF T  |                                  |                                      | ES SET FORTH<br>IE COMMISSIO          |  | RE IN THIS S               | SUBTITLE,      |
| 28<br>29 | 3 (1) AC<br>VI OF THE FEDERAL  |                                  |                                      |                                       |  | THE STATI                  | E UNDER TITLE  |
| 30<br>31 | ) (2) PE<br>STUDIES THAT RELA  |                                  | ALLY PAI                             | RTICIPATE IN                          | OR PERFOR                                    | M ANALYS                   | ES AND         |
| 32<br>33 | (I)<br>3 THE NEEDS OF THE F  |                                  |                                      | OF SERVICES                           | S AND FINA                                   | NCIAL RESO                 | OURCES TO MEET |
| 34       | II)  | ) DI                             | STRIBUTI                             | ON OF HEALT                           | TH CARE RE                                   | SOURCES;                   |                |
| 35       | 5 (II  | I) AI                            | LOCATIO                              | ON OF HEALTI                          | H CARE RES                                   | OURCES;                    |                |

- 1 (IV) COSTS OF HEALTH CARE IN RELATIONSHIP TO AVAILABLE 2 FINANCIAL RESOURCES; OR

  3 (V) ANY OTHER APPROPRIATE MATTER.

  4 (B) IN ADDITION TO THE DUTIES SET FORTH ELSEWHERE IN THIS PART II OF 5 THIS SUBTITLE, THE GOVERNOR SHALL DIRECT, AS NECESSARY, A STATE OFFICER 6 OR AGENCY TO COOPERATE IN CARRYING OUT THE FUNCTIONS OF THE 7 COMMISSION.
- 8 (C) THIS STATE RECOGNIZES THE FEDERAL ACT AND ANY AMENDMENT TO 9 THE FEDERAL ACT THAT DOES NOT REQUIRE STATE LEGISLATION TO BE EFFECTIVE. 10 HOWEVER, IF THE FEDERAL ACT IS REPEALED OR EXPIRES, THIS PART II OF THIS 11 SUBTITLE REMAINS IN EFFECT.
- 12 19-116.
- 13 (A) (1) THE SECRETARY SHALL PROVIDE FOR A STUDY OF SYSTEMS 14 CAPACITY IN HEALTH SERVICES.
- 15 (2) THE STUDY SHALL:
- 16 (I) DETERMINE FOR ALL HEALTH DELIVERY FACILITIES AND 17 SETTINGS WHERE CAPACITY SHOULD BE INCREASED OR DECREASED TO BETTER 18 MEET THE NEEDS OF THE POPULATION:
- 19 (II) EXAMINE AND DESCRIBE THE IMPLEMENTATION METHODS 20 AND TOOLS BY WHICH CAPACITY SHOULD BE ALTERED TO BETTER MEET THE
- 21 NEEDS; AND
- 22 (III) ASSESS THE IMPACT OF THOSE METHODS AND TOOLS ON THE 23 COMMUNITIES AND HEALTH CARE DELIVERY SYSTEM.
- 24 (B) (1) IN ADDITION TO INFORMATION THAT AN APPLICANT FOR A 25 CERTIFICATE OF NEED MUST PROVIDE, THE COMMISSION MAY REQUEST, COLLECT,
- 26 AND REPORT ANY STATISTICAL OR OTHER INFORMATION THAT:
- 27 (I) IS NEEDED BY THE COMMISSION TO PERFORM ITS DUTIES 28 DESCRIBED IN THIS PART II OF THIS SUBTITLE; AND
- 29 (II) IS DESCRIBED IN REGULATIONS OF THE COMMISSION.
- 30 (2) IF A HEALTH CARE FACILITY FAILS TO PROVIDE INFORMATION AS 31 REQUIRED IN THIS SUBSECTION, THE COMMISSION MAY:
- 32 (I) IMPOSE A PENALTY OF NOT MORE THAN \$100 PER DAY FOR
- 33 EACH DAY THE VIOLATION CONTINUES AFTER CONSIDERATION OF THE
- 34 WILLFULNESS AND SERIOUSNESS OF THE WITHHOLDING, AS WELL AS ANY PAST
- 35 HISTORY OF WITHHOLDING OF INFORMATION;

34

[(b)]

(C)

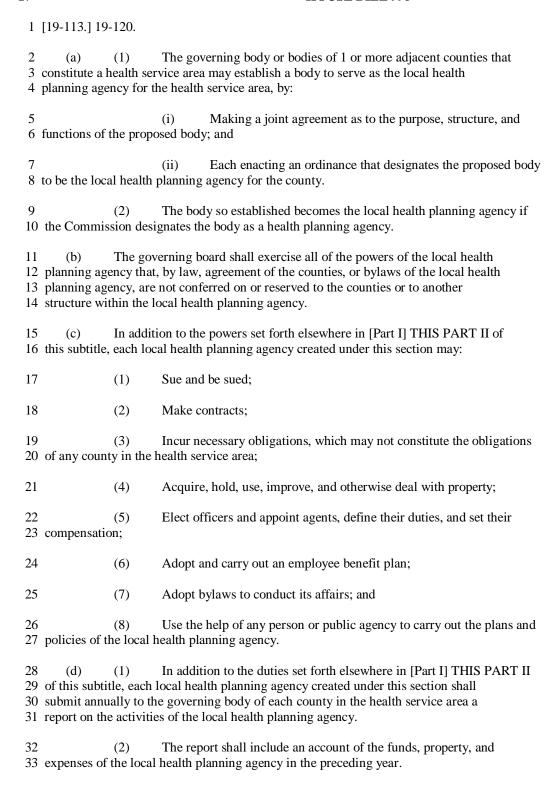
35 criteria for designation of local health planning agencies.

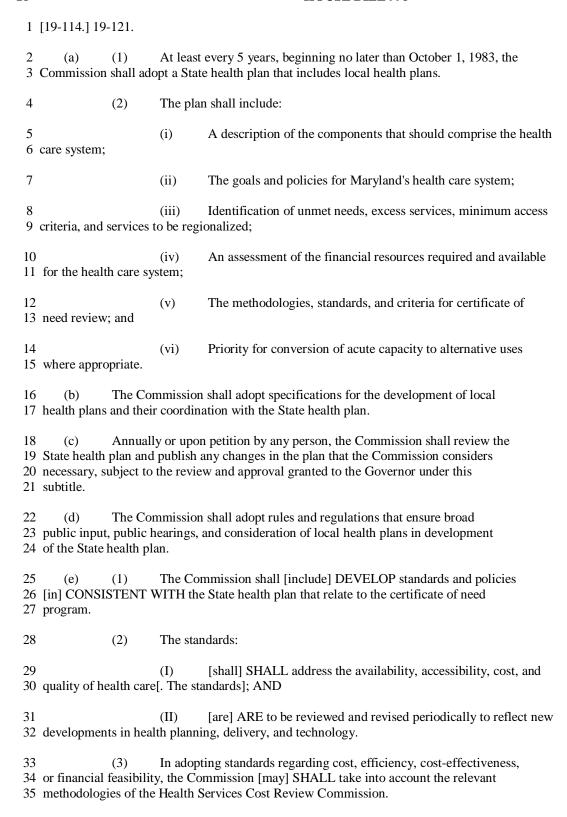
#### **HOUSE BILL 995**

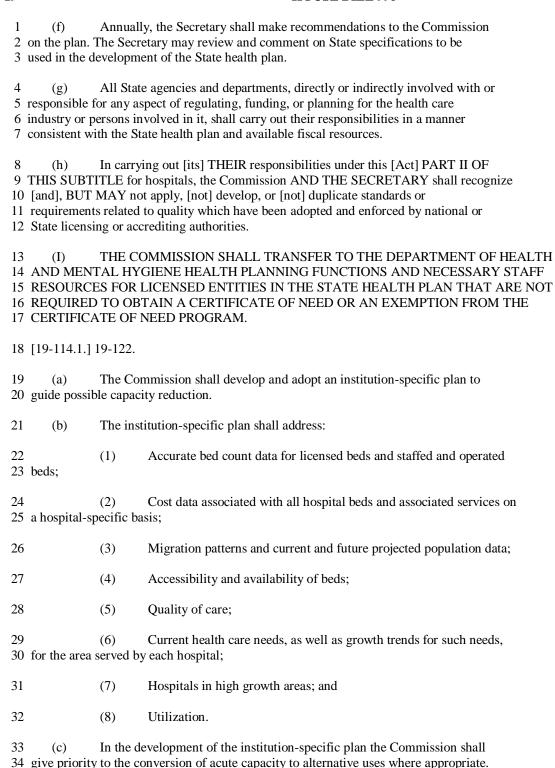
1 ISSUE AN ADMINISTRATIVE ORDER THAT REQUIRES THE (II)2 APPLICANT TO PROVIDE THE INFORMATION; OR 3 (III)APPLY TO THE CIRCUIT COURT IN THE COUNTY IN WHICH THE 4 FACILITY IS LOCATED FOR LEGAL RELIEF CONSIDERED APPROPRIATE BY THE 5 COMMISSION. 6 THE COMMISSION MAY SEND TO A LOCAL HEALTH PLANNING (3) 7 AGENCY ANY STATISTICAL OR OTHER INFORMATION THE COMMISSION IS 8 AUTHORIZED TO COLLECT UNDER PARAGRAPH (1) OF THIS SUBSECTION. 9 [19-110.] 19-117. 10 (a) In accordance with criteria that the Commission sets, the Governor shall designate health service areas in this State. 12 (b) After a 1-year period, the Governor may review or revise the boundaries of 13 a health service area or increase the number of health service areas, on the 14 Governor's initiative, at the request of the Commission, at the request of a local 15 government, or at the request of a local health planning agency. Revisions to 16 boundaries of health service areas shall be done in accordance with the criteria established by the Commission and with the approval of the legislature. 18 Within 45 days of receipt of the State health plan or a change in the State 19 health plan, the plan becomes effective unless the Governor notifies the Commission 20 of [his] THE GOVERNOR'S intent to modify or revise the State health plan adopted by 21 the Commission. 22 [19-111.] 19-118. 23 The Commission shall designate, for each health service area, not more 24 than 1 local health planning agency. 25 (B) Local health systems agencies shall be designated as the local health planning agency for a one-year period beginning October 1, 1982, provided that the local health systems agency has: 28 (1) Full or conditional designation by the federal government by October 29 1, 1982; 30 The ability to perform the functions prescribed in subsection [(c)] (D) (2) 31 of this section; or 32 Received the support of the local governments in the areas in which 33 the agency is to operate.

The Commission shall establish by [regulations] REGULATION

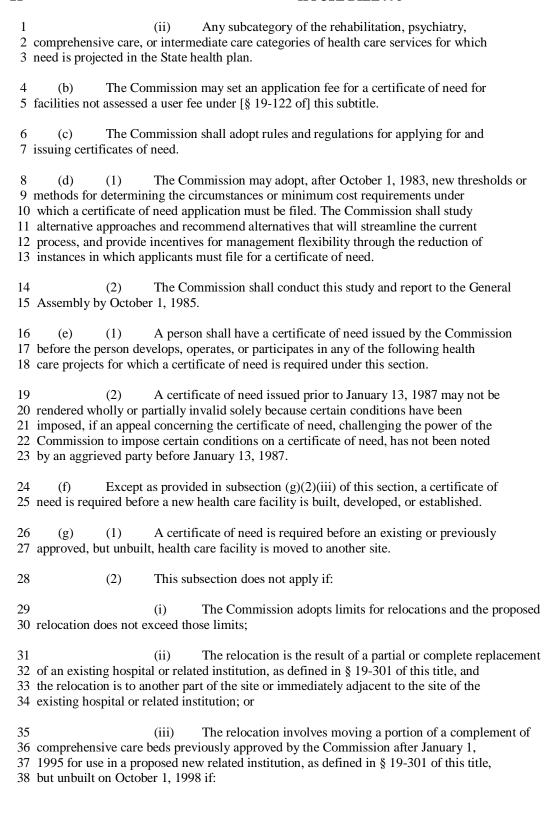
1 Applicants for designation as the local health planning agency shall, [(c)](D) 2 at a minimum, be able to: 3 (1) Assure broad citizen representation, including a board with a 4 consumer majority; 5 Develop a local health plan by assessing local health needs and 6 resources, establishing local standards and criteria for service characteristics, 7 consistent with State specifications, and setting local goals and objectives for systems 8 development: 9 Provide input into the development of statewide criteria and (3) 10 standards for certificate of need and health planning; and 11 Provide input into evidentiary hearings on the evaluation of 12 certificate of need applications from its area. Where no local health planning agency 13 is designated, the Commission shall seek the advice of the local county government of 14 the affected area. 15 (E)(1) THE COMMISSION SHALL ESTABLISH CRITERIA FOR OBTAINING INPUT 16 FROM AFFECTED LOCAL HEALTH PLANNING AGENCIES WHEN CONSIDERING AN 17 APPLICATION FOR CERTIFICATE OF NEED. WHERE NO LOCAL HEALTH PLANNING AGENCY IS DESIGNATED, THE 18 19 COMMISSION SHALL SEEK THE ADVICE OF THE LOCAL COUNTY GOVERNMENT OF 20 THE AFFECTED AREA. 21 The Commission shall require that in developing local health plans, [(d)]22 each local health planning agency: 23 (1) Use the population estimates that the Department prepares under § 24 4-218 of this article; 25 Use the figures and special age group projections that the Office of (2) 26 Planning prepares annually for the Commission; 27 (3) Meet applicable planning specifications; and 28 Work with other local health planning agencies to ensure consistency (4) 29 among local health plans. 30 [19-112.] 19-119. Annually each local health planning agency shall receive the Department's 31 32 program and budgetary priorities no later than July 1 and may submit to the 33 Secretary comments on the proposed program and budgetary priorities within 60 34 days after receiving the proposals.







|          |  |                  | plications                    | for conv                         | shall use the institution-specific plan in reviewing ersion, expansion, consolidation, or unction with the State health plan.  |  |  |  |
|----------|--|------------------|-------------------------------|----------------------------------|--|--|--|--|
| 6<br>7   | State Govern   | nment Ar         | the Comticle to in teess capa | mission inplement<br>acity in be | ict between the State health plan and any rule or<br>in accordance with Title 10, Subtitle 1 of the<br>an institution-specific plan that is developed<br>eds and services, the provisions of whichever<br>control. |  |  |  |
| 11       | (3) Immediately upon adoption of the institution-specific plan the [Health Resources Planning] Commission shall begin the process of incorporating the institution-specific plan into the State health plan and shall complete the incorporation within 12 months. |                  |                               |                                  |  |  |  |  |
| 15       |  | (b) of this      | ic plan in<br>section i       | to the Sta<br>n addition         | an developed or adopted after the incorporation of the health plan shall include the criteria in to the criteria in [§ 19-114 of this article] §   |  |  |  |
| 17       | [19-115.] 19   | 9-123.           |                               |                                  |  |  |  |  |
| 18       | (a)  | (1)              | In this s                     | ection the                       | e following words have the meanings indicated.   |  |  |  |
| 19<br>20 | including a  | (2)<br>medical s |                               |                                  | rice" means any clinically-related patient service graph (3) of this subsection.   |  |  |  |
| 21       |  | (3)              | "Medica                       | al service                       | " means:   |  |  |  |
| 22       |  |                  | (i)                           | Any of t                         | the following categories of health care services:  |  |  |  |
| 23       |  |                  |                               | 1.                               | Medicine, surgery, gynecology, addictions;   |  |  |  |
| 24       |  |                  |                               | 2.                               | Obstetrics;  |  |  |  |
| 25       |  |                  |                               | 3.                               | Pediatrics;  |  |  |  |
| 26       |  |                  |                               | 4.                               | Psychiatry;  |  |  |  |
| 27       |  |                  |                               | 5.                               | Rehabilitation;  |  |  |  |
| 28       |  |                  |                               | 6.                               | Chronic care;  |  |  |  |
| 29       |  |                  |                               | 7.                               | Comprehensive care;  |  |  |  |
| 30       |  |                  |                               | 8.                               | Extended care;   |  |  |  |
| 31       |  |                  |                               | 9.                               | Intermediate care; or  |  |  |  |
| 32       |  |                  |                               | 10.                              | Residential treatment; or  |  |  |  |
|          |  |                  |                               |                                  |  |  |  |  |



| 3        | 1. The comprehensive care beds that were originally approved by the Commission in a prior certificate of need review were approved for use in a proposed new related institution to be located in a municipal corporation within Carroll County in which a related institution is not located; |
|----------|--|
|          | 2. The comprehensive care beds being relocated will be used to establish an additional new related institution that is located in another municipal corporation within Carroll County in which a related institution is not located;   |
| 8<br>9   | 3. The comprehensive care beds not being relocated are intended to be used to establish a related institution on the original site; and  |
| 12       | 4. Both the previously approved comprehensive care beds for use on the original site and the relocated comprehensive care beds for use on the new site will be used as components of single buildings on each site that also offer independent or assisted living residential units.           |
|          | (3) Notwithstanding any other provision of this subtitle, a certificate of need is not required for a relocation described under paragraph (2)(iii) of this subsection.  |
| 17<br>18 | (h) (1) A certificate of need is required before the bed capacity of a health care facility is changed.  |
| 19<br>20 | (2) This subsection does not apply to any increase or decrease in bed capacity if:   |
| 21<br>22 | (i) During a 2-year period the increase or decrease would not exceed the lesser of 10 percent of the total bed capacity or 10 beds;  |
| 23<br>24 | (ii) 1. The increase or decrease would change the bed capacity for an existing medical service; and  |
| 25       | 2. A. The change would not increase total bed capacity:  |
| 26       | B. The change is maintained for at least a 1-year period; and  |
|          | C. At least 45 days prior to the change the hospital provides written notice to the Commission describing the change and providing an updated inventory of the hospital's licensed bed complement; or  |
|          | (iii) 1. At least 45 days before increasing or decreasing bed capacity, written notice of intent to change bed capacity is filed with the Commission; and  |
| 33<br>34 | 2. The Commission in its sole discretion finds that the proposed change:   |

|          | health care facilities, or<br>nonhealth-related use; |                 |                    | Is pursuant to the consolidation or merger of 2 or more health care facility or part of a facility to a  |
|----------|--|-----------------|--------------------|--|
| 4<br>5   | institution-specific plan                            |                 |                    | Is not inconsistent with the State health plan or the e Commission;  |
| 6<br>7   | health care services; and                            | d               | Z.                 | Will result in the delivery of more efficient and effective  |
| 8        |  | Γ               | ).                 | Is in the public interest.   |
| 9<br>10  | (3) V health care facility of it                     |                 |                    | f receiving notice, the Commission shall notify the  |
| 11<br>12 | (i) (1) A care service is changed                    |                 |                    | eed is required before the type or scope of any health e service is offered:   |
| 13       | (i   | i) E            | By a hea           | lth care facility;   |
| 14       | (i   | ii) I           | n space            | that is leased from a health care facility; or   |
| 15       | (i   | iii) I          | n space            | that is on land leased from a health care facility.  |
| 16       | (2) T  | his subse       | ection d           | oes not apply if:  |
| 17<br>18 | \  |                 |                    | nmission adopts limits for changes in health care d not exceed those limits;   |
|          | \  |                 |                    | posed change and the annual operating revenue that y associated with the use of medical  |
| 22<br>23 | health care service and                              |                 |                    | bosed change would establish, increase, or decrease a d not result in the:   |
| 24<br>25 | an existing medical ser                              | vice;           |                    | Establishment of a new medical service or elimination of   |
| 26<br>27 | surgery, or burn or neo                              | 2<br>natal inte |                    | Establishment of an open heart surgery, organ transplant ealth care service;   |
| 28<br>29 | program, or freestanding                             | 3<br>ng ambula  |                    | Establishment of a home health program, hospice rgical center or facility; or  |
| 32       |  | xpansion        | atment,<br>related | Expansion of a comprehensive care, extended care, psychiatry, or rehabilitation medical to an increase in total bed capacity in this section; or |

| 1 (iv) 1. At least 45 days before increasing or decreasing the 2 volume of 1 or more health care services, written notice of intent to change the volume 3 of health care services is filed with the Commission;   |
|--|
| The Commission in its sole discretion finds that the proposed change:  |
| A. Is pursuant to the consolidation or merger of 2 or more health care facilities, or conversion of a health care facility or part of a facility to a nonhealth-related use;   |
| 9 B. Is not inconsistent with the State health plan or the 10 institution-specific plan developed and adopted by the Commission;   |
| 11 C. Will result in the delivery of more efficient and effective 12 health care services; and   |
| D. Is in the public interest; and  |
| 14 3. Within 45 days of receiving notice under item 1 of this subparagraph, the Commission shall notify the health care facility of its finding.   |
| 16 (3) Notwithstanding the provisions of paragraph (2) of this subsection, a 17 certificate of need is required:   |
| 18 (i) Before an additional home health agency, branch office, or home 19 health care service is established by an existing health care agency or facility;  |
| 20 (ii) Before an existing home health agency or health care facility 21 establishes a home health agency or home health care service at a location in the 22 service area not included under a previous certificate of need or license;   |
| 23 (iii) Before a transfer of ownership of any branch office of a home<br>24 health agency or home health care service of an existing health care facility that<br>25 separates the ownership of the branch office from the home health agency or home<br>26 health care service of an existing health care facility which established the branch<br>27 office; or |
| 28 (iv) Before the expansion of a home health service or program by a 29 health care facility that:  |
| 1. Established the home health service or program without certificate of need between January 1, 1984 and July 1, 1984; and  |
| 32 During a 1-year period, the annual operating revenue of 33 the home health service or program would be greater than \$333,000 after an annual 34 adjustment for inflation, based on an appropriate index specified by the Commission.   |
| 35 (j) (1) A certificate of need is required before any of the following capital 36 expenditures are made by or on behalf of a health care facility:   |

| 2        | principles, is not properly chargeable as an operating or maintenance expense, if:  |
|----------|---|
| 5<br>6   | 1. The expenditure is made as part of an acquisition, improvement, or expansion, and, after adjustment for inflation as provided in the regulations of the Commission, the total expenditure, including the cost of each study, survey, design, plan, working drawing, specification, and other essential activity, is more than \$1,250,000;           |
|          | 2. The expenditure is made as part of a replacement of any plant and equipment of the health care facility and is more than \$1,250,000 after adjustment for inflation as provided in the regulations of the Commission;  |
| 11<br>12 | The expenditure results in a substantial change in the bed capacity of the health care facility; or   |
|          | 4. The expenditure results in the establishment of a new medical service in a health care facility that would require a certificate of need under subsection (i) of this section; or  |
| 16<br>17 | (ii) Any expenditure that is made to lease or, by comparable arrangement, obtain any plant or equipment for the health care facility, if:   |
| 20<br>21 | 1. The expenditure is made as part of an acquisition, improvement, or expansion, and, after adjustment for inflation as provided in the rules and regulations of the Commission, the total expenditure, including the cost of each study, survey, design, plan, working drawing, specification, and other essential activity, is more than \$1,250,000; |
|          | 2. The expenditure is made as part of a replacement of any plant and equipment and is more than \$1,250,000 after adjustment for inflation as provided in the regulations of the Commission;  |
| 26<br>27 | 3. The expenditure results in a substantial change in the bed capacity of the health care facility; or  |
|          | 4. The expenditure results in the establishment of a new medical service in a health care facility that would require a certificate of need under subsection (i) of this section.   |
| 33       | (2) A certificate of need is required before any equipment or plant is donated to a health care facility, if a certificate of need would be required under paragraph (1) of this subsection for an expenditure by the health care facility to acquire the equipment or plant directly.  |
| 37       | (3) A certificate of need is required before any equipment or plant is transferred to a health care facility at less than fair market value if a certificate of need would be required under paragraph (1) of this subsection for the transfer at fair market value.  |
|          |   |

|          | facility if a certificate of                      | f need w                      | ould be r                            | ed is required before a person acquires a health care equired under paragraph (1) of this half of the health care facility.  |
|----------|---|-------------------------------|--------------------------------------|--|
| 4        | (5) T   | his subs                      | section do                           | es not apply to:   |
| 5        | (i  | i)                            | Site acqu                            | isition;   |
| 8<br>9   | making the contractual a intent to make the arran | arranger<br>gement<br>days af | nent to action is filed water the Co | on of a health care facility if, at least 30 days before equire the facility, written notice of the ith the Commission and the Commission receives notice, that the health ill be changed; |
| 11<br>12 | related to patient care;                          | iii)                          | Acquisiti                            | on of business or office equipment that is not directly  |
| 13<br>14 | to the acquisition and in                         |                               |                                      | expenditures to the extent that they are directly related or medical equipment;  |
|          | `   | e faciliti                    | es, or cor                           | expenditure made as part of a consolidation or merger version of a health care facility or part of a   |
| 18<br>19 | notice of intent is filed                         |                               |                                      | At least 45 days before an expenditure is made, written sion;  |
| 20<br>21 |   |                               |                                      | Within 45 days of receiving notice, the Commission in its onsolidation, merger, or conversion:   |
| 22<br>23 | institution-specific plan                         |                               |                                      | is not inconsistent with the State health plan or the e Commission as appropriate;   |
| 24<br>25 | health care services; an                          |                               | В.                                   | Will result in the delivery of more efficient and effective  |
| 26       |   |                               | <b>C</b> .                           | s in the public interest; and  |
| 27<br>28 | notify the health care fa                         | acility o                     |                                      | Within 45 days of receiving notice, the Commission shall ng;   |
| 29<br>30 | construction, or renova                           |                               |                                      | expenditure by a nursing home for equipment,   |
| 31       |   |                               | 1.                                   | s not directly related to patient care; and  |
| 32<br>33 | other rates;                                      |                               | 2.                                   | is not directly related to any change in patient charges or  |
| 34<br>35 | this title, for equipment                         |                               | -                                    | expenditure by a hospital, as defined in § 19-301 of renovation that:  |

| 1        |   | 1.                                       | Is not directly related to patient care; and   |
|----------|---|--|--|
| 2        |   | 2.                                       | Does not increase patient charges or hospital rates;   |
| 3        | (viii) this title, for a project in exce                      |  | al expenditure by a hospital as defined in § 19-301 of 50,000 for construction or renovation that:   |
| 5        |   | 1.                                       | May be related to patient care;  |
| 8<br>9   | hospital rates of more than \$1                               | ,500,000                                 | Does not require, over the entire period or schedule of debt<br>tal cumulative increase in patient charges or<br>for the capital costs associated with the project<br>r consultation with the Health Services Cost |
| 13       |   | mmission                                 | At least 45 days before the proposed expenditure is made, and within 45 days of receipt of the relevant makes the financial determination required   |
|          | hospital is defined in regulat consultation with the Health   |  | The relevant financial information to be submitted by the nulgated] ADOPTED by the Commission, after Cost Review Commission; or  |
| 20<br>21 | more than \$1,500,000 for cap                                 | nulative in<br>oital costs               | donated to a hospital as defined in § 19-301 of this title, acrease in patient charges or hospital rates of associated with the donated plant as consultation with the Health Services Cost                        |
| 25       |   | mmission                                 | At least 45 days before the proposed donation is made, the within 45 days of receipt of the relevant makes the financial determination required  |
|          | hospital is defined in regulat consultation with the Health   |  | The relevant financial information to be submitted by the nulgated] ADOPTED by the Commission after Cost Review Commission.  |
|          |   | to offer a                               | ), (vii), (viii), and (ix) of this subsection may not be new health care service for which a certificate   |
| 35<br>36 | subsection, a hospital may ac<br>office of one or more health | equire a fr<br>care pract<br>ily for the | otice requirements of paragraph (5)(ii) of this eestanding ambulatory surgical facility or itioners or a group practice with one or more purpose of providing ambulatory surgical practice:                        |
| 38       | (i)   | Has obt                                  | ained a certificate of need;   |
|          |   |  |  |

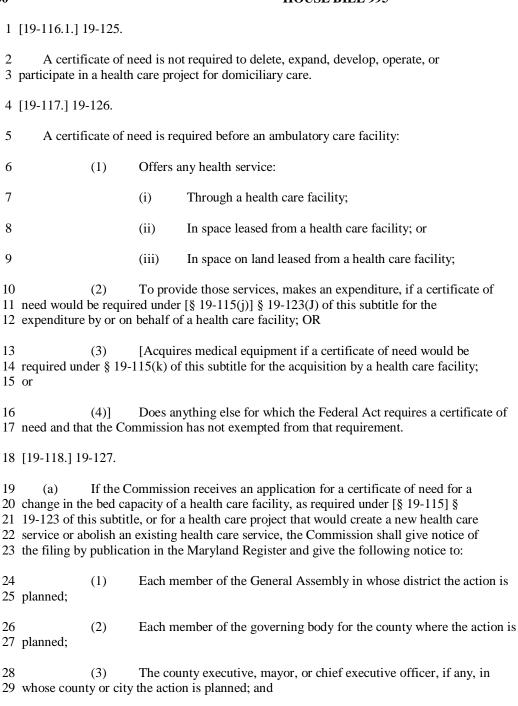
| 1 2      | requirements; or   | (ii)                | Has obtained an exemption from certificate of need  |  |  |  |
|----------|--|---------------------|---|--|--|--|
| 3        | ambulatory surgical s  | (iii)<br>services a | Did not require a certificate of need in order to provide fter June 1, 1995.  |  |  |  |
| 7<br>8   | (8) Nothing in this subsection may be construed to permit a hospital to build or expand its ambulatory surgical capacity in any setting owned or controlled by the hospital without obtaining a certificate of need from the Commission if the building or expansion would increase the surgical capacity of the State's health care system. |                     |   |  |  |  |
| 10       | (k) Repeale  | ed.                 |   |  |  |  |
| 11<br>12 | (l) A certif<br>hospital as defined in   |                     | eed is not required to close any hospital or part of a 1 of this title if:  |  |  |  |
| 13<br>14 | (1) with the Commission  |                     | 45 days before closing, written notice of intent to close is filed  |  |  |  |
|          |  | ith the Sta         | nmission in its sole discretion finds that the proposed closing ate health plan or the institution-specific plan and is in the public interest; and |  |  |  |
| 18<br>19 | (3) care facility of its fin   |                     | 45 days of receiving notice the Commission notifies the health  |  |  |  |
|          |  |                     | e terms "consolidation" and "merger" include increases<br>or services among the components of an organization                                       |  |  |  |
| 23       | (1)  | Operate             | s more than one health care facility; or  |  |  |  |
| 24<br>25 | (2) certificate of need to   |                     | s one or more health care facilities and holds an outstanding t a health care facility.   |  |  |  |
|          | shall consider the spe   | ecial need          | standing any other provision of this section, the Commission ls and circumstances of a county where a medical ion, does not exist; and              |  |  |  |
| 31       | (2) The Commission shall consider and may approve under this subsection a certificate of need application to establish, build, operate, or participate in a health care project to provide a new medical service in a county if the Commission, in its sole discretion, finds that:  |                     |   |  |  |  |
| 33<br>34 | the project would be   | (i)<br>located;     | The proposed medical service does not exist in the county that  |  |  |  |
| 35<br>36 | care needs of the res  | (ii)<br>idents of   | The proposed medical service is necessary to meet the health that county;   |  |  |  |

| 1 2      | (iii) The proposed medical service would have a positive impact on the existing health care system;  |
|----------|--|
| 3        | (iv) The proposed medical service would result in the delivery of more efficient and effective health care services to the residents of that county; and   |
| 5<br>6   | (v) The application meets any other standards or regulations established by the Commission to approve applications under this subsection.  |
| 7        | [19-116.] 19-124.  |
| 8<br>9   | (a) In this section, "health maintenance organization" means a health maintenance organization under Subtitle 7 of this title.   |
| 12<br>13 | (b) (1) A health maintenance organization or a health care facility that either controls, directly or indirectly, or is controlled by a health maintenance organization shall have a certificate of need before the health maintenance organization or health care facility builds, develops, operates, purchases, or participates in building, developing, operating, or establishing:                                |
| 15<br>16 | (i) A hospital, as defined in § 19-301 of this title, or an ambulatory surgical facility or center, as defined in [§ 19-101(f)] § 19-114(B) of this subtitle; and  |
|          | (ii) Any other health care project for which a certificate of need is required under [§ 19-115] § 19-123 of this subtitle if that health care project is planned for or used by any nonsubscribers of that health maintenance organization.  |
| 22<br>23 | (2) Notwithstanding paragraph (1)(i) of this subsection, a health maintenance organization or a health care facility that either controls, directly or indirectly, or is controlled by a health maintenance organization is not required to obtain a certificate of need before purchasing an existing ambulatory surgical facility or center, as defined in [§ 19-101(f) of this title] § 19-114(B) OF THIS SUBTITLE. |
| 27       | (c) An application for a certificate of need by a health maintenance organization or by a health care facility that either controls, directly or indirectly, or is controlled by, a health maintenance organization shall be approved if the Commission finds that the application:  |
|          | (1) Documents that the project is necessary to meet the needs of enrolled members and reasonably anticipated new members for the services proposed to be provided by the applicant; and  |
| 34<br>35 | (2) Is not inconsistent with those sections of the State health plan or those sections of the institution-specific plan that govern hospitals, as defined in § 19-301 of this title, and ambulatory surgical facilities or centers, as defined in [§ 19-101(f)] § 19-114(B) of this subtitle, or health care projects for which a certificate of need is required under subsection (b)(1)(ii) of this section.         |

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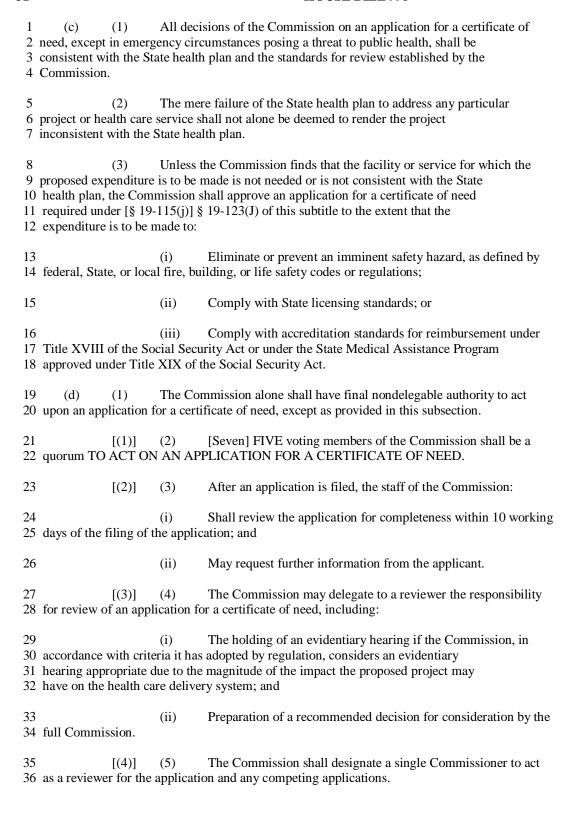
(b)

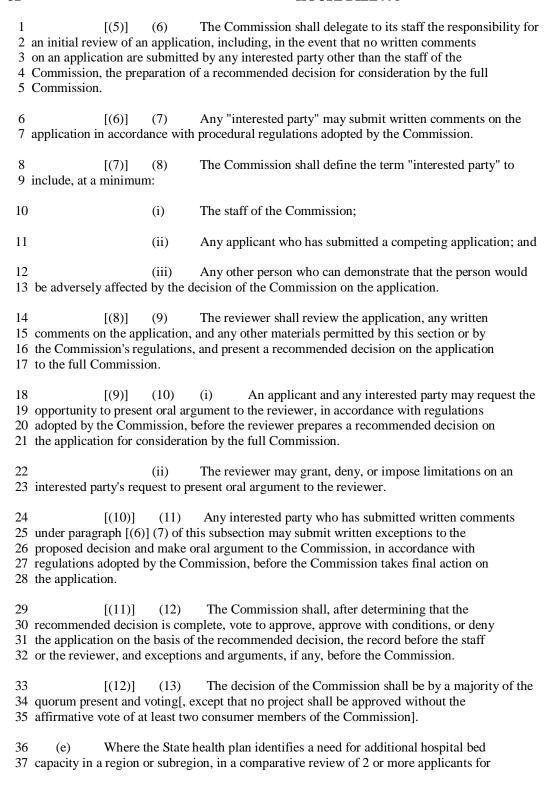


Any health care provider, third party payor, local planning agency, or

31 any other person the Commission knows has an interest in the application.

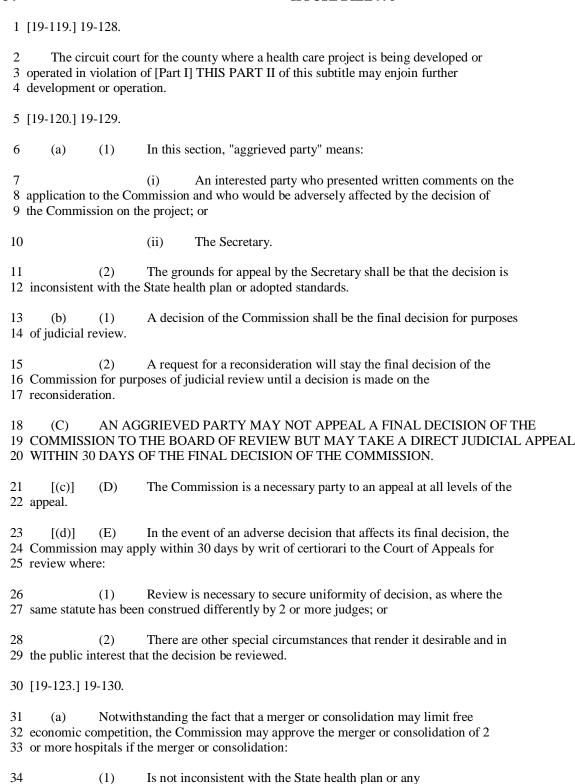
Failure to give notice shall not adversely affect the application.





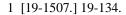
1 hospital bed expansion projects, a certificate of need shall be granted to 1 or more 2 applicants in that region or subregion that: 3 (1) Have satisfactorily met all applicable standards; 4 Have within the preceding 10 years voluntarily delicensed the (2) greater of 10 beds or 10 percent of total licensed bed capacity to the extent of the beds 6 that are voluntarily delicensed; or 7 Have been previously granted a certificate of need which was (ii) 8 not recertified by the Commission within the preceding 10 years; and 9 The Commission finds at least comparable to all other applicants. (3) 10 (1) If any party or interested person requests an evidentiary hearing 11 with respect to a certificate of need application for any health care facility other than 12 an ambulatory surgical facility and the Commission, in accordance with criteria it has 13 adopted by regulation, considers an evidentiary hearing appropriate due to the 14 magnitude of the impact that the proposed project may have on the health care 15 delivery system, the Commission or a committee of the Commission shall hold the 16 hearing in accordance with the contested case procedures of the Administrative 17 Procedure Act. 18 Except as provided in this section or in regulations adopted by the 19 Commission to implement the provisions of this section, the review of an application 20 for a certificate of need for an ambulatory surgical facility is not subject to the contested case procedures of Title 10, Subtitle 2 of the State Government Article. 22 An application for a certificate of need shall be acted upon by the 23 Commission no later than 150 days after the application was docketed. 24 If an evidentiary hearing is not requested, the Commission's decision 25 on an application shall be made no later than 90 days after the application was 26 docketed. 27 (h) The applicant or any aggrieved party, as defined in [§ 19-120(a)] § (1) 28 19-129(A) of this subtitle, may petition the Commission within 15 days for a 29 reconsideration. 30 The Commission shall decide whether or not it will reconsider its 31 decision within 30 days of receipt of the petition for reconsideration. 32 The Commission shall issue its reconsideration decision within 30 (3)33 days of its decision on the petition. 34 If the Commission does not act on an application within the required period, the applicant may file with a court of competent jurisdiction within 60 days 36 after expiration of the period a petition to require the Commission to act on the 37 application.

35 institution-specific plan;

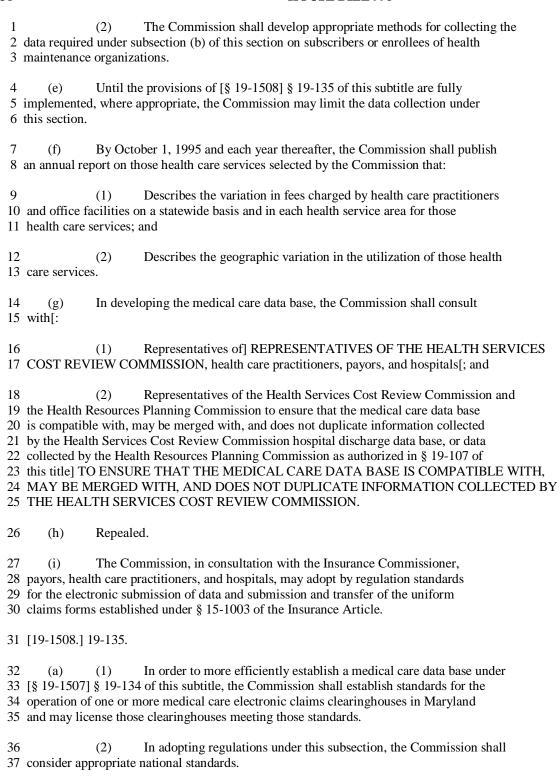


| 1 2      | services; and  | (2)          | Will rest   | ult in the       | e delivery of more efficient and effective hospital   |  |
|----------|--|--------------|-------------|------------------|---|--|
| 3        |  | (3)          | Is in the   | public in        | nterest.  |  |
| 6<br>7   | (b) Notwithstanding the fact that a merger or consolidation or the joint ownership and operation of major medical equipment may limit free economic competition, a hospital may engage in a merger or consolidation or the joint ownership of major medical equipment that has been approved by the Commission under this section. |              |             |                  |   |  |
| 9        | 19-131. RES  | SERVED       |             |                  |   |  |
| 10       | 19-132. RE   | SERVED       | )           |                  |   |  |
| 11       |  |              |             | PART I           | III. MEDICAL CARE DATA COLLECTION.  |  |
| 12       | [19-1501.] 1   | 9-133.       |             |                  |   |  |
| 13<br>14 | (a)<br>meanings in   |              | subtitle] I | PART III         | I OF THIS SUBTITLE the following words have the   |  |
| 15<br>16 | [(b)<br>Commission   |              | ssion" m    | eans the         | Maryland Health Care Access and Cost  |  |
|          | F(.)]  |              | ard health  |                  | e standard health benefit plan" means the plan adopted in accordance with § 15-1207 of  |  |
| 20       | [(d)]  | (C)          | (1)         | "Health          | care provider" means:   |  |
| 23       |  |              |             | Article to       | on who is licensed, certified, or otherwise authorized to provide health care in the ordinary course of in an approved education or training program; |  |
| 25<br>26 | including:   |              | (ii)        | A facilit        | ty where health care is provided to patients or recipients,   |  |
| 27<br>28 | article[,];  |              |             | 1.               | [a] A [facility] FACILITY, as defined in § 10-101(e) of this  |  |
| 29<br>30 | this article[,   | ];           |             | 2.               | [a] A [hospital] HOSPITAL, as defined in § 19-301(f) of   |  |
| 31<br>32 | 19-301(n) of   | f this artic | cle[,];     | 3.               | [a] A related [institution] INSTITUTION, as defined in §  |  |
| 33<br>34 | as defined in  | ı § 19-70    | 1(e) of th  | 4.<br>is article | [a] A health maintenance [organization] ORGANIZATION e[,];  |  |

| 1        |                         |                   |                       | 5.                     | [an] AN outpatient clinic[,]; and  |
|----------|-------------------------|-------------------|-----------------------|------------------------|--|
| 2        |                         |                   |                       | 6.                     | [a] A medical laboratory.  |
| 5        | directors of a          | a facility,       | therwise and the a    | authorize<br>agents an | vider" includes the agents and employees of a facility and to provide health care, the officers and demployees of a health care provider who are vide health care. |
| 9        | WHO IS LIC              | CENSED            | censed ui<br>, CERTII | nder the I<br>FIED, OF | ctitioner" means [any person that provides health Health Occupations Article] ANY INDIVIDUAL R OTHERWISE AUTHORIZED UNDER THE HEALTH VIDE HEALTH CARE SERVICES.    |
| 11<br>12 | [(f)]<br>service rend   | (E)<br>lered by a |                       |                        | rice" means any health or medical care procedure or itioner that:  |
| 13<br>14 | dysfunction             | (1)<br>; or       | Provide               | s testing,             | diagnosis, or treatment of human disease or  |
| 15<br>16 | goods for th            | (2)<br>e treatme  |                       |                        | medical devices, medical appliances, or medical ase or dysfunction.  |
| 17<br>18 | [(g)]<br>practitioners  | (F)<br>s in which | (1)<br>n health o     |                        | facility" means the office of one or more health care ces are provided to individuals.   |
| 19       |                         | (2)               | "Office               | facility"              | includes a facility that provides:   |
| 20       |                         |                   | (i)                   | Ambula                 | tory surgery;  |
| 21       |                         |                   | (ii)                  | Radiolo                | gical or diagnostic imagery; or  |
| 22       |                         |                   | (iii)                 | Laborat                | ory services.  |
|          | operated by<br>SUBTITLE |                   |                       |                        | does not include any office, facility, or service oder [Subtitle 2 of this title] PART II OF THIS  |
| 26       | [(h)]                   | (G)               | "Payor"               | means:                 |  |
|          |                         |                   | y and pro             | ovides he              | or nonprofit health service plan that holds a alth insurance policies or contracts in the the Insurance Article;   |
| 30<br>31 | authority in            | (2)<br>the State  |                       | n mainten              | ance organization that holds a certificate of  |
| 32<br>33 | third party a           | (3)<br>administra |                       |                        | URPOSES OF THIS PART III OF THIS SUBTITLE ONLY, A § 15-111 of the Insurance Article.   |



- 2 (a) The Commission shall establish a Maryland medical care data base to 3 compile statewide data on health services rendered by health care practitioners and 4 office facilities selected by the Commission.
- 5 (b) In addition to any other information the Commission may require by 6 regulation, the medical care data base shall:
- 7 (1) Collect for each type of patient encounter with a health care 8 practitioner or office facility designated by the Commission:
- 9 (i) The demographic characteristics of the patient;
- 10 (ii) The principal diagnosis;
- 11 (iii) The procedure performed;
- 12 (iv) The date and location of where the procedure was performed;
- 13 (v) The charge for the procedure;
- 14 (vi) If the bill for the procedure was submitted on an assigned or
- 15 nonassigned basis; and
- 16 (vii) If applicable, a health care practitioner's universal
- 17 identification number;
- 18 (2) Collect appropriate information relating to prescription drugs for 19 each type of patient encounter with a pharmacist designated by the Commission; and
- 20 (3) Collect appropriate information relating to health care costs, 21 utilization, or resources from payors and governmental agencies.
- 22 (c) The Commission shall adopt regulations governing the access and
- 23 retrieval of all medical claims data and other information collected and stored in the
- 24 medical care data base and any claims clearinghouse licensed by the Commission and
- 25 may set reasonable fees covering the costs of accessing and retrieving the stored data.
- 26 (2) These regulations shall ensure that confidential or privileged patient 27 information is kept confidential.
- 28 (3) Records or information protected by the privilege between a health
- 29 care practitioner and a patient, or otherwise required by law to be held confidential,
- 30 shall be filed in a manner that does not disclose the identity of the person protected.
- 31 (d) (1) To the extent practicable, when collecting the data required under
- 32 subsection (b) of this section, the Commission shall utilize any standardized claim
- 33 form or electronic transfer system being used by health care practitioners, office
- 34 facilities, and payors.

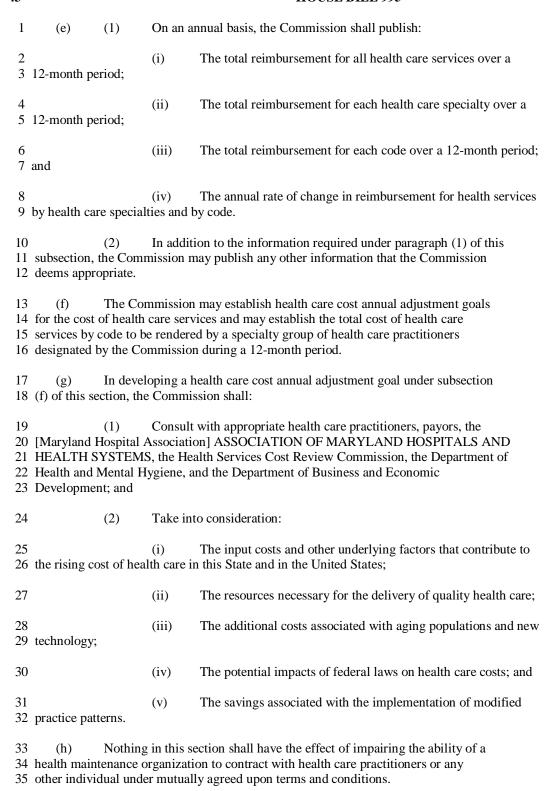


| 1 2         | (3) The Commission may limit the number of licensed claims clearinghouses to assure maximum efficiency and cost effectiveness.  |
|-------------|---|
| 3<br>4      | (4) The Commission, by regulation, may charge a reasonable licensing fee to operate a licensed claims clearinghouse.  |
| 7<br>8<br>9 | (5) Health care practitioners in Maryland, as designated by the Commission, shall submit, and payors of health care services in Maryland as designated by the Commission shall receive claims for payment and any other information reasonably related to the medical care data base electronically in a standard format as required by the Commission whether by means of a claims clearinghouse or other method approved by the Commission. |
|             | (6) The Commission shall establish reasonable deadlines for the phasing in of electronic transmittal of claims from those health care practitioners designated under paragraph (5) of this subsection.  |
| 16<br>17    | (7) As designated by the Commission, payors of health care services in Maryland and Medicaid and Medicare shall transmit explanations of benefits and any other information reasonably related to the medical care data base electronically in a standard format as required by the Commission whether by means of a claims clearinghouse or other method approved by the Commission.   |
|             | (b) The Commission may collect the medical care claims information submitted to any licensed claims clearinghouse for use in the data base established under [§ 19-1507] § 19-134 of this subtitle.   |
| 22          | (c) (1) The Commission shall:   |
| 25          | (i) On or before January 1, 1994, establish and implement a system to comparatively evaluate the quality of care outcomes and performance measurements of health maintenance organization benefit plans and services on an objective basis; and   |
| 27          | (ii) Annually publish the summary findings of the evaluation.   |
| 30<br>31    | (2) The purpose of a comparable performance measurement system established under this section is to assist health maintenance organization benefit plans to improve the quality of care provided by establishing a common set of performance measurements and disseminating the findings of the performance measurements to health maintenance organizations and interested parties.  |
| 33<br>34    | (3) The system, where appropriate, shall solicit performance information from enrollees of health maintenance organizations.  |
| 35<br>36    | (4) (i) The Commission shall adopt regulations to establish the system of evaluation provided under this section.   |
| 37<br>38    | (ii) Before adopting regulations to implement an evaluation system under this section, the Commission shall consider any recommendations of the   |
|             |   |

1 quality of care subcommittee of the Group Health Association of America and the 2 National Committee for Quality Assurance. The Commission may contract with a private, nonprofit entity to 4 implement the system required under this subsection provided that the entity is not 5 an insurer. 6 [19-1509.] 19-136. 7 (a) (1) In this section the following words have the meanings indicated. 8 (2)"Code" means the applicable Current Procedural Terminology (CPT) 9 code as adopted by the American Medical Association or other applicable code under 10 an appropriate uniform coding scheme approved by the Commission. 11 (3) "Payor" means: 12 A health insurer or nonprofit health service plan that holds a 13 certificate of authority and provides health insurance policies or contracts in the 14 State in accordance with the Insurance Article or the Health - General Article; or 15 A health maintenance organization that holds a certificate of (ii) 16 authority. 17 (4) "Unbundling" means the use of two or more codes by a health care 18 provider to describe a surgery or service provided to a patient when a single, more 19 comprehensive code exists that accurately describes the entire surgery or service. 20 By January 1, 1999, the Commission shall implement a payment (1) 21 system for all health care practitioners in the State. 22 The payment system established under this section shall include a 23 methodology for a uniform system of health care practitioner reimbursement. 24 Under the payment system, reimbursement for each health care 25 practitioner shall be comprised of the following numeric factors: A numeric factor representing the resources of the health care 27 practitioner necessary to provide health care services; 28 A numeric factor representing the relative value of a health care 29 service, as classified by a code, compared to that of other health care services; and A numeric factor representing a conversion modifier used to 30 (iii) 31 adjust reimbursement. 32 To prevent overpayment of claims for surgery or services, in (4) 33 developing the payment system under this section, the Commission, to the extent 34 practicable, shall establish standards to prohibit the unbundling of codes and the use 35 of reimbursement maximization programs, commonly known as "upcoding".

|          | ` '  | underlyi        | e payment system under this section, the ng methodology used in the resource based 2 U.S.C. § 1395w-4.   |  |  |  |
|----------|--|-----------------|--|--|--|--|
| 6        | (6) The Commission and the licensing boards shall develop, by regulation, appropriate sanctions, including, where appropriate, notification to the Insurance Fraud Unit of the State, for health care practitioners who violate the standards established by the Commission to prohibit unbundling and upcoding. |                 |  |  |  |  |
| 8<br>9   | (c) (1) In establishing a payment system under this section, the Commission shall take into consideration the factors listed in this subsection.   |                 |  |  |  |  |
|          |  |                 | rmination under subsection (b)(3)(i) of this section re practitioner necessary to deliver health care  |  |  |  |
| 13<br>14 | (i) reasonably related to the cost   |                 | sure that the compensation for health care services is ing the health care service; and  |  |  |  |
| 15       | (ii)   | Shall co        | nsider:  |  |  |  |
| 16       |  | 1.              | The cost of professional liability insurance;  |  |  |  |
| 17<br>18 | regulatory requirements;   | 2.              | The cost of complying with all federal, State, and local   |  |  |  |
| 19       |  | 3.              | The reasonable cost of bad debt and charity care;  |  |  |  |
|          |  |                 | The differences in experience or expertise among health n of relative preeminence in the practitioner's ion and continuing professional education; |  |  |  |
| 23       |  | 5.              | The geographic variations in practice costs;   |  |  |  |
| 24<br>25 | necessary by the Commission  | 6.<br>to delive | The reasonable staff and office expenses deemed r health care services;  |  |  |  |
| 26<br>27 | with a teaching hospital; and  | 7.              | The costs associated with a faculty practice plan affiliated   |  |  |  |
| 28       |  | 8.              | Any other factors deemed appropriate by the Commission   |  |  |  |
|          |  |                 | rmination under subsection (b)(3)(ii) of this section ervice relative to other health care services, the   |  |  |  |
| 32<br>33 | (i) that of other health care service  |                 | tive complexity of the health care service compared to   |  |  |  |
| 34       | (ii)   | The cog         | nitive skills associated with the health care service;   |  |  |  |
|          |  |                 |  |  |  |  |

| 1 2      | care service; and                                 | (iii)                               | The time and effort that are necessary to provide the health   |
|----------|---|-------------------------------------|--|
| 3        |   | (iv)                                | Any other factors deemed appropriate by the Commission.  |
| 4<br>5   | (4)<br>modifier shall be:                         | Except a                            | s provided under subsection (d) of this section, a conversion  |
| 6        |   | (i)                                 | A payor's standard for reimbursement;  |
| 7        |   | (ii)                                | A health care practitioner's standard for reimbursement; or  |
| 8<br>9   | practitioner.                                     | (iii)                               | Arrangements agreed upon between a payor and a health care   |
| 12<br>13 | practitioner specialty                            | group, to                           | The Commission may make an effort, through voluntary and ween the Commission and the appropriate health care bring that health care practitioner specialty group h care cost goals of the Commission if the Commission                               |
| 15<br>16 | to unreasonable incre                             | ases in th                          | 1. Certain health care services are significantly contributing the overall volume and cost of health care services;  |
|          |   |                                     | 2. Health care practitioners in a specialty area have attained results services under a specific code in comparison to other specialty area for the same code;   |
|          | unreasonable levels of<br>to health care practiti |                                     | 3. Health care practitioners in a specialty area have attained resement, in terms of total compensation, in comparison another specialty area;   |
| 23<br>24 | health care services;                             | or                                  | 4. There are significant increases in the cost of providing  |
|          | significantly from the subsection (f) of this     |                                     | 5. Costs in a particular health care specialty vary are cost annual adjustment goal established under  |
| 30<br>31 | unsuccessful in bring                             | ing the a                           | If the Commission determines that voluntary and cooperative on and appropriate health care practitioners have been oppopriate health care practitioners into compliance of the Commission, the Commission may adjust the                             |
| 35<br>36 | group may not be rein according to the factor     | cular spe<br>mbursed<br>ors set for | ommission adjusts the conversion modifier under this cialty group, a health care practitioner in that specialty more than an amount equal to the amount determined th in subsection (b)(3)(i) and (ii) of this section and the ad by the Commission. |



- 1 (i) A professional organization or society that performs activities in good faith 2 in furtherance of the purposes of this section is not subject to criminal or civil liability 3 under the Maryland Anti-Trust Act for those activities.
- 4 [19-1516.] 19-137.
- 5 (a) The Commission may implement a system to encourage health care 6 practitioners to voluntarily control the costs of health care services.
- 7 (b) The Commission may require health care practitioners of selected health 8 care specialties to cooperate with licensed operators of clinical resource management 9 systems that allow health care practitioners to critically analyze their charges and 10 utilization of services in comparison to their peers.
- 11 (c) If the Commission determines that clinical resource management systems
- 12 are not available in the private sector, the Commission, in consultation with
- 13 interested parties including payors, health care practitioners, and the [Maryland
- 14 Hospital Association] ASSOCIATION OF MARYLAND HOSPITALS AND HEALTH
- 15 SYSTEMS, may develop a clinical resource management system.
- 16 (d) The Commission may adopt regulations to govern the licensing of clinical
- 17 resource management systems to ensure the accuracy and confidentiality of
- 18 information provided by the system.
- 19 [19-1513.] 19-138.
- In any matter that relates to the utilization or cost of health care services
- 21 rendered by health care practitioners or office facilities, the Commission may:
- 22 (1) Hold a public hearing;
- 23 (2) Conduct an investigation; or
- 24 (3) Require the filing of any reasonable information.
- 25 [19-1514.] 19-139.
- 26 If the Commission considers a further investigation necessary or desirable to
- 27 authenticate information in a report that a health care practitioner or office facility
- 28 files under this subtitle, the Commission may make necessary further examination of
- 29 the records or accounts of the health care practitioner or office facility, in accordance
- 30 with the regulations of the Commission.
- 31 19-140. RESERVED
- 32 19-141. RESERVED

An intermediate care facility -- mental retardation.

"Related institution" includes any institution in paragraph (1) of this

The Commission consists of 7 members appointed by the Governor.

There is a State Health Services Cost Review Commission. The Commission is

22

23

26

29

25 19-202.

28 19-203.

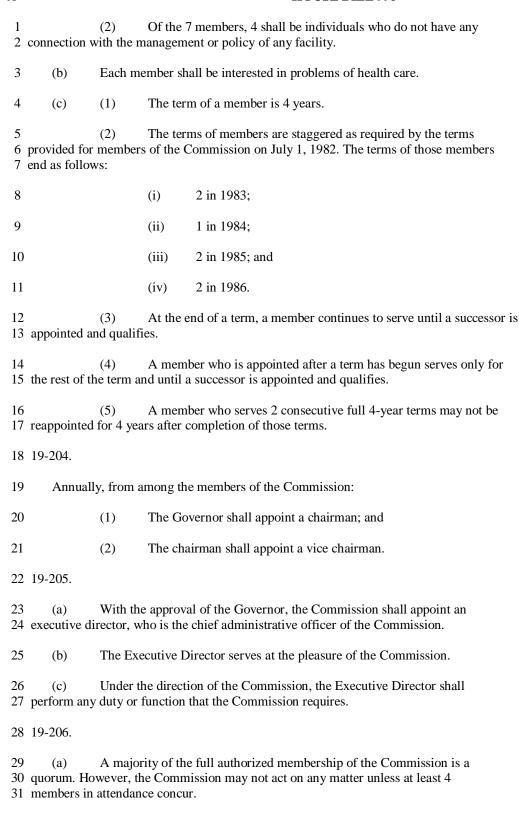
(a)

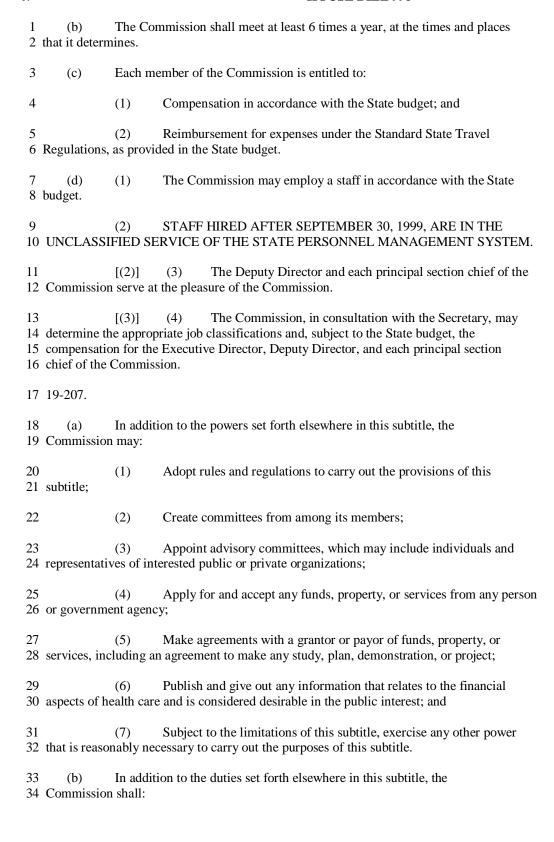
(1)

(ii)

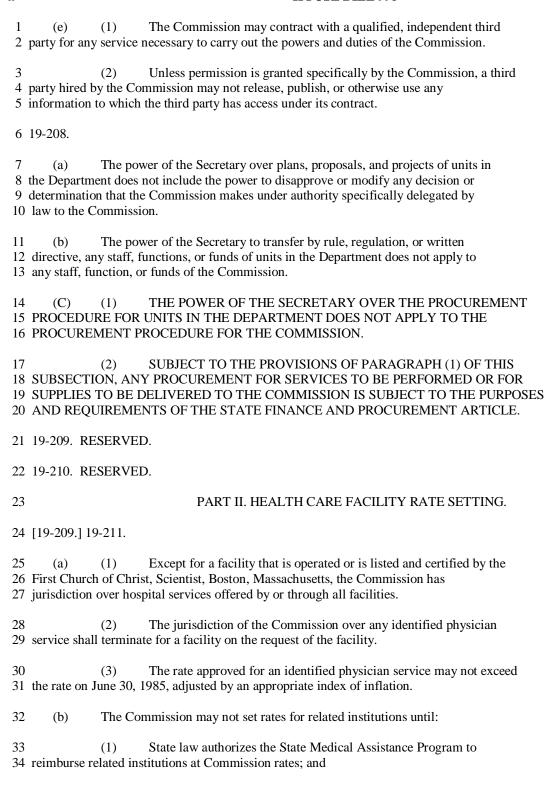
24 subsection, as reclassified from time to time by law.

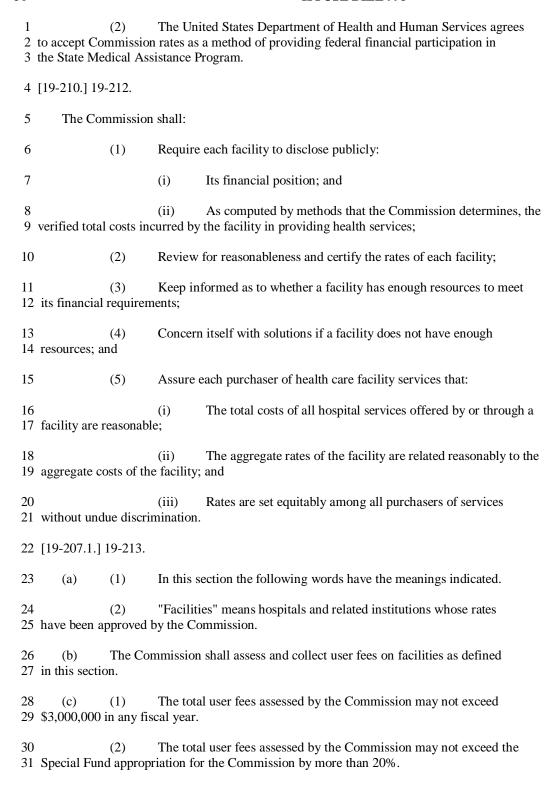
27 an independent Commission that functions in the Department.

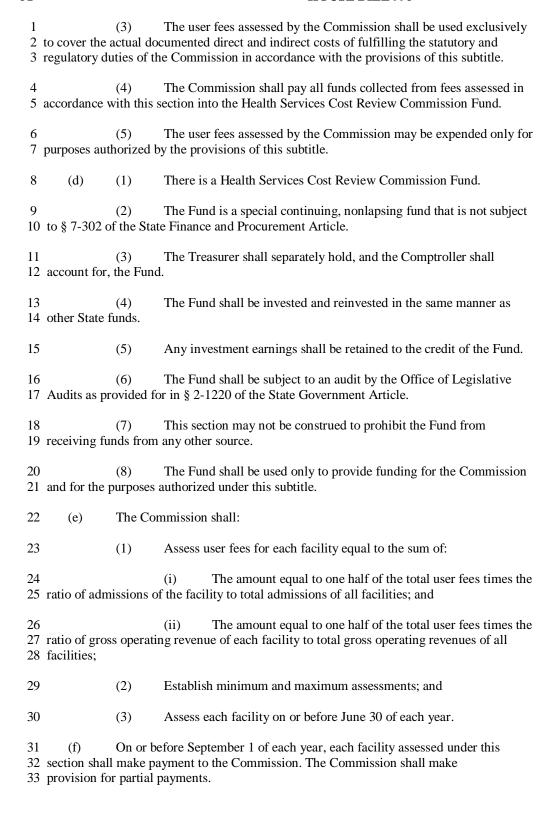




| 1 2      | transactions;            | (1)               | Adopt ru  | iles and regulations that relate to its meetings, minutes, and   |  |  |
|----------|--------------------------|-------------------|---|--|--|--|
| 3        |                          | (2)               | Keep mi   | nutes of each meeting;   |  |  |
|          | income of the operation; | (3)<br>e Commi    | Prepare annually a budget proposal that includes the estimated ission and proposed expenses for its administration and  |  |  |  |
| 9        | the Commiss              | ion any s         | Within a reasonable time after the end of each facility's fiscal year or mission determines, prepare from the information filed with ummary, compilation, or other supplementary report that will of this subtitle; |  |  |  |
| 11       |                          | (5)               | Periodic  | ally participate in or do analyses and studies that relate to:   |  |  |
| 12       |                          |                   | (i)   | Health care costs;   |  |  |
| 13       |                          |                   | (ii)  | The financial status of any facility; or   |  |  |
| 14       |                          |                   | (iii)   | Any other appropriate matter; and  |  |  |
| 17       |                          | n annual i        | ct to § 2-1<br>report on  | fore October 1 of each year, submit to the Governor, to the 1246 of the State Government Article, to the General the operations and activities of the Commission during ading: |  |  |
| 19<br>20 | required by t            | this subti        | (i)<br>tle; and   | A copy of each summary, compilation, and supplementary report  |  |  |
| 21<br>22 | Commission               | conside           | (ii)<br>rs necessa  | Any other fact, suggestion, or policy recommendation that the ary.   |  |  |
| 23<br>24 | (c)<br>under this su     | (1) ubtitle.      | The Con   | nmission shall set deadlines for the filing of reports required  |  |  |
| 25<br>26 | penalties for            | (2)<br>failure to |   | nmission may adopt rules or regulations that impose port as required.  |  |  |
| 27<br>28 | may not be i             | (3)<br>ncluded    |   | ount of any penalty under paragraph (2) of this subsection ts of a facility in regulating its rates.   |  |  |
| 29       | (d)                      | Except f          | for privile   | ged medical information, the Commission shall make:  |  |  |
|          |                          |                   | ibtitle ava   | oort filed and each summary, compilation, and report allable for public inspection at the office of the siness hours; and  |  |  |
| 33<br>34 | request.                 | (2)               | Each sur  | nmary, compilation, and report available to any agency on  |  |  |







32

(a)

(1)

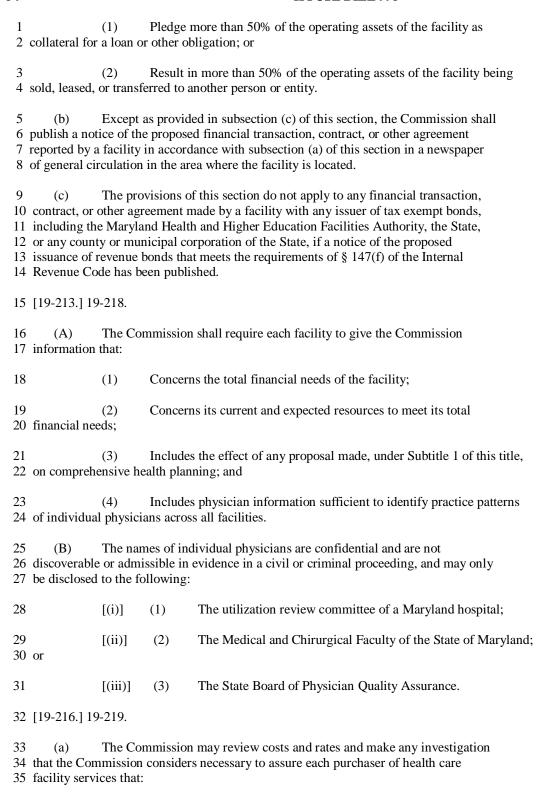
34 and financial reporting system that:

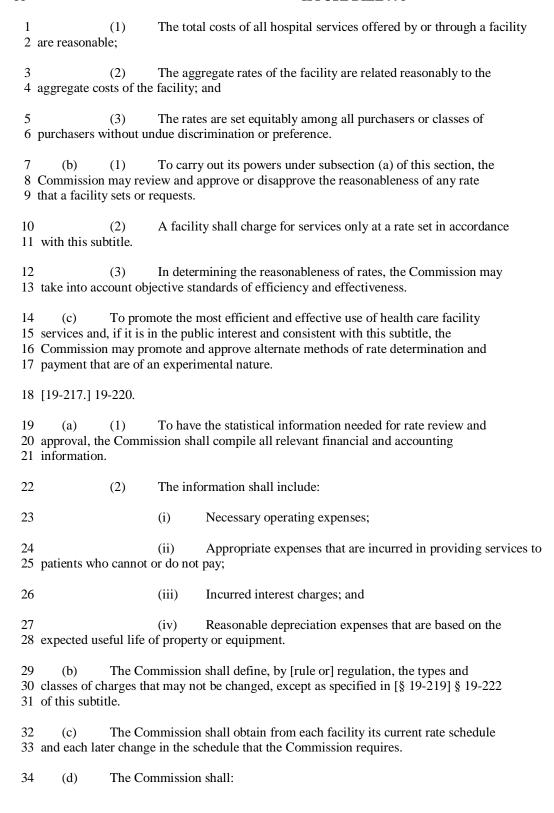
1 Any bill not paid within 30 days of an agreed payment date may be subject (g) 2 to an interest penalty to be determined by the Commission. 3 This section shall terminate and be of no effect on the first day of July 4 following the cessation of a waiver by law or agreement for Medicare and Medicaid 5 between the State of Maryland and the federal government. 6 If notice of intent to terminate is made by the federal government to (2) 7 this State prior to the first day of an intervening session of the Maryland General 8 Assembly, this section shall expire June 30 of the following calendar year. However, 9 under no circumstances shall less than seven calendar months occur between notice 10 of termination and expiration of this section. 11 [19-207.3.] 19-214. 12 The Commission shall assess the underlying causes of hospital 13 uncompensated care and make recommendations to the General Assembly on the 14 most appropriate alternatives to: 15 (1) Reduce uncompensated care; and Assure the integrity of the payment system. 16 (2) 17 The Commission may adopt regulations establishing alternative methods 18 for financing the reasonable total costs of hospital uncompensated care provided that the alternative methods: 20 (1) Are in the public interest; 21 (2) Will equitably distribute the reasonable costs of uncompensated care; 22 Will fairly determine the cost of reasonable uncompensated care (3) 23 included in hospital rates; 24 Will continue incentives for hospitals to adopt efficient and effective 25 credit and collection policies; and Will not result in significantly increasing costs to Medicare or the loss 27 of Maryland's Medicare Waiver under § 1814(b) of the Social Security Act. 28 Any funds generated through hospital rates under an alternative method (c) 29 adopted by the Commission in accordance with subsection (b) of this section may only 30 be used to finance the delivery of hospital uncompensated care. 31 [19-211.] 19-215.

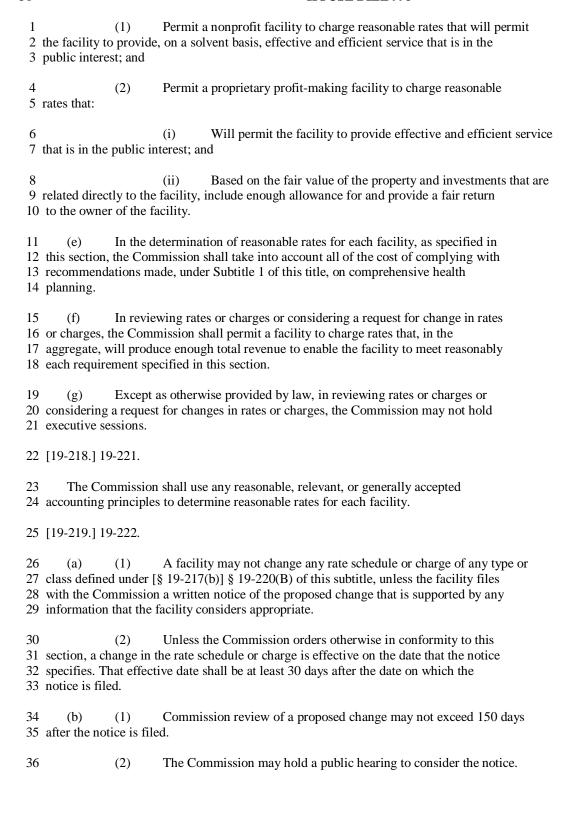
After public hearings and consultation with any appropriate advisory

33 committee, the Commission shall adopt, by rule or regulation, a uniform accounting

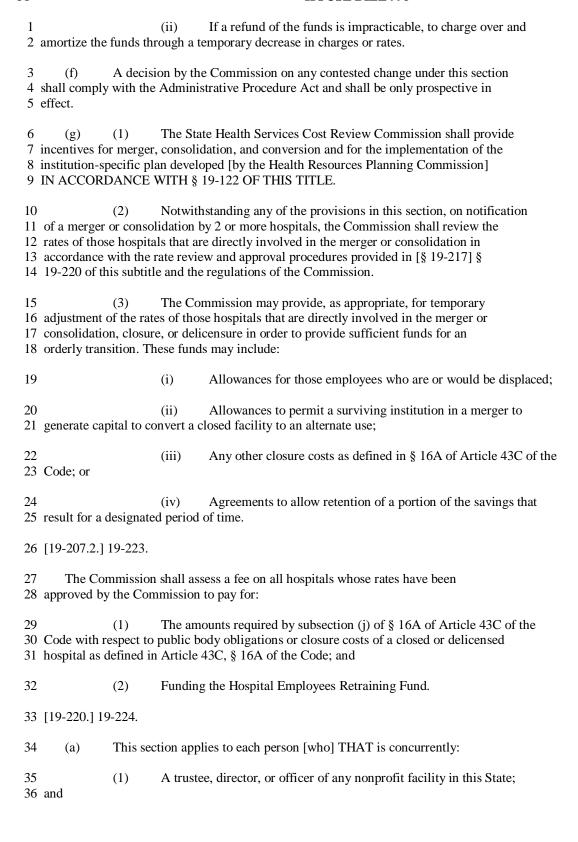
| 1 2      | determines; a  | ınd             | (i)                      | Include                | s any cost allocation method that the Commission  |  |
|----------|--|-----------------|--------------------------|------------------------|---|--|
| 3 4      | expenses, out  | tlays, lia      | (ii)<br>bilities, a      |                        | es each facility to record its income, revenues, assets, of service.  |  |
| 5<br>6   | reporting syst   | (2)<br>tem.     | Each fa                  | cility sha             | ll adopt the uniform accounting and financial   |  |
| 9        | 7 (b) In conformity with this subtitle, the Commission may allow and provide for 8 modifications in the uniform accounting and financial reporting system to reflect 9 correctly any differences among facilities in their type, size, financial structure, or 0 scope or type of service. |                 |                          |                        |   |  |
| 11       | [19-212.] 19   | -216.           |                          |                        |   |  |
|          | ()   | consolid        |                          |                        | ar for a facility at least 120 days following a ther interval that the Commission sets, the   |  |
| 15       |  | (1)             | A balan                  | ce sheet               | that details its assets, liabilities, and net worth;  |  |
| 16       |  | (2)             | A stater                 | ment of ir             | ncome and expenses; and   |  |
| 17<br>18 | in providing   | (3)<br>services |                          | ner report             | that the Commission requires about costs incurred   |  |
| 19       | (b)  | (1)             | A repor                  | t under th             | nis section shall:  |  |
| 20       |  |                 | (i)                      | Be in th               | e form that the Commission requires;  |  |
| 21<br>22 | system adop  | ted unde        | (ii)<br>r this sub       |                        | n to the uniform accounting and financial reporting   |  |
| 23       |  |                 | (iii)                    | Be certi               | fied as follows:  |  |
| 24<br>25 | Legislative A  | Auditor;        | or                       | 1.                     | For the University of Maryland Hospital, by the   |  |
| 26       |  |                 |                          | 2.                     | For any other facility, by its certified public accountant  |  |
| 29       | shall attest th  | conformi        | e best of<br>ty with the | their kno<br>he unifor | on requires, responsible officials of a facility also wledge and belief, the report has been m accounting and financial reporting system e. |  |
| 31       | [19-212.1.] 1  | 19-217.         |                          |                        |   |  |
|          | ` '  | sion at le      | ast 30 da                | ys prior               | section (c) of this section, a facility shall notify to executing any financial transaction, d:   |  |







| 1        | (3)  | If the C            | ommission decides to hold a public hearing, the Commission:   |
|----------|--|---------------------|---|
| 2 3      | and date for the hear                      | (i)<br>ing; and     | Within 65 days after the filing of the notice, shall set a place  |
| 4<br>5   | days after conclusion                      | (ii)<br>n of the he | May suspend the effective date of any proposed change until 30 aring.   |
|          | (4)<br>the Commission shall<br>suspension. |                     | ommission suspends the effective date of a proposed change, facility a written statement of the reasons for the                                       |
| 9        | (5)  | The Cor             | mmission:   |
| 10<br>11 | rules of evidence; ar                      | (i)<br>nd           | May conduct the public hearing without complying with formal  |
| 12<br>13 | relates to the propos                      | (ii)<br>ed change   | Shall allow any interested party to introduce evidence that e, including testimony by witnesses.  |
| 14<br>15 | ` ' ' ' '                                  |                     | mmission may permit a facility to change any rate or charge in considers it to be in the public interest.   |
| 16<br>17 | (2) filing.                                | An appr             | oved temporary change becomes effective immediately on  |
| 18<br>19 | (3)<br>promptly shall consi                |                     | ne review procedures of this section, the Commission asonableness of the temporary change.  |
|          | proposed change, a                         | facility, w         | on modifies a proposed change or approves only part of a ithout losing its right to appeal the part of the full approval of the proposed change, may: |
| 23       | (1)  | Charge              | its patients according to the decision of the Commission; and   |
| 24       | (2)  | Accept              | any benefits under that decision.   |
|          |  |                     | y rate or charge increase becomes effective because a final use of an appeal or otherwise, the Commission may   |
| 28       | (1)  | To keep             | a detailed and accurate account of:   |
| 29       |  | (i)                 | Funds received because of the change; and   |
| 30       |  | (ii)                | The persons from whom these funds were collected; and   |
| 31<br>32 | (2) excessive or unreaso                   |                     | y funds received because of a change that later is held   |
| 33       |  | (i)                 | To refund the funds with interest; or   |

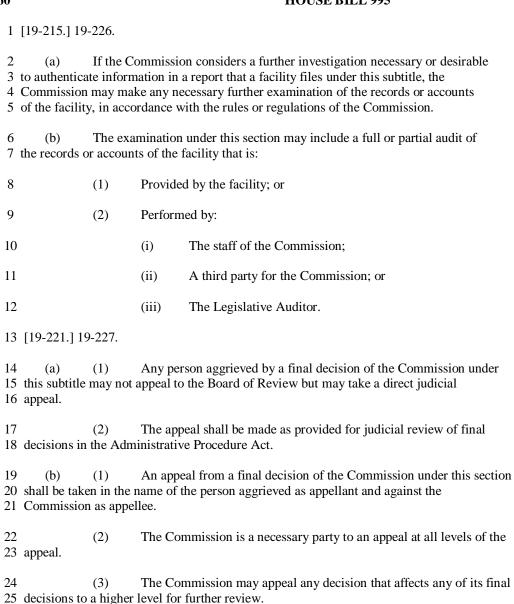


| 1 2      | percent or me  | (2)<br>ore of the |            | loyee, partner, director, officer, or beneficial owner of 3 account or stock of:                                   |  |  |
|----------|--|-------------------|------------|--|--|--|
| 3        |  |                   | (i)        | A partnership;   |  |  |
| 4        |  |                   | (ii)       | A firm;  |  |  |
| 5        |  |                   | (iii)      | A corporation; or  |  |  |
| 6        |  |                   | (iv)       | Any other business entity.   |  |  |
| 9<br>10  | (b) Each person specified in subsection (a) of this section shall file with the Commission an annual report that discloses, in detail, each business transaction between any business entity specified in subsection (a)(2) of this section and any facility that the person serves as specified in subsection (a)(1) of this section, if any of the following is \$10,000 or more a year: |                   |            |  |  |  |
| 12<br>13 | transaction b  | (1)<br>between i  |            | al or imputed value or worth to the business entity of any facility[.]; OR   |  |  |
| 14<br>15 | the facility a   | (2) as part of    |            | ount of the contract price, consideration, or other advances by action.  |  |  |
| 16       | (c)  | A report          | under th   | is section shall be:   |  |  |
| 17       |  | (1)               | Signed a   | and verified; and  |  |  |
| 18<br>19 | Commission   | (2)<br>requires   |            | accordance with the procedures and on the form that the  |  |  |
|          | (d) section is gu \$500.   |                   |            | THAT willfully fails to file any report required by this anor and on conviction is subject to a fine not exceeding |  |  |
| 23       | [19-214.] 19   | <b>)</b> -225.    |            |  |  |  |
| 24<br>25 | (a)<br>Commission  | -                 | natter tha | t relates to the cost of services in facilities, the   |  |  |
| 26       |  | (1)               | Hold a p   | public hearing;  |  |  |
| 27       |  | (2)               | Conduct    | an investigation;  |  |  |
| 28       |  | (3)               | Require    | the filing of any information; or  |  |  |
| 29       |  | (4)               | Subpoer    | a any witness or evidence.   |  |  |
| 30<br>31 | (b) connection v   |                   |            | rector of the Commission may administer oaths in r investigation under this section.                               |  |  |

26

28

31 Commission.



On grant of leave by the appropriate court, any aggrieved party or

Any person, government agency, or nonprofit health service plan that

29 contracts with or pays a facility for health care services has standing to participate in

27 interested person may intervene or participate in an appeal at any level.

30 Commission hearings and shall be allowed to appeal final decisions of the

### **HOUSE BILL 995** 1 Article 43C - Maryland Health and Higher Educational Facilities Authority 2 16A. 3 (a) In this section, the following terms have the meanings indicated. 4 "Closure costs" means the reasonable costs determined by the Health 5 Services Cost Review Commission to be incurred in connection with the closure or 6 delicensure of a hospital, including expenses of operating the hospital, payments to 7 employees, employee benefits, fees of consultants, insurance, security services. 8 utilities, legal fees, capital costs, costs of terminating contracts with vendors, 9 suppliers of goods and services and others, debt service, contingencies and other 10 necessary or appropriate costs and expenses. 11 (2) "Public body obligation" means any bond, note, evidence of 12 indebtedness or other obligation for the payment of borrowed money issued by the 13 Authority, any public body as defined in Article 31, § 9 of the Code, the Mayor and 14 City Council of Baltimore, or any municipal corporation subject to the provisions of 15 Article XI-E of the Maryland Constitution. 16 "Public body obligation" does not include any obligation, or portion of any such obligation, if: 18 The principal of and interest on the obligation or such 1. 19 portion thereof is: 20 A. Insured by an effective municipal bond insurance policy; 21 and 22 Issued on behalf of a hospital that voluntarily closed in 23 accordance with [§ 19-115(l)] § 19-123(L) of the Health - General Article; 24 The proceeds of the obligation or such portion thereof were 25 used for the purpose of financing or refinancing a facility or part thereof which is used 26 primarily to provide outpatient services at a location other than the hospital; or 27 3. The proceeds of the obligation or such portion thereof were 28 used to finance or refinance a facility or part thereof which is primarily used by 29 physicians who are not employees of the hospital for the purpose of providing services 30 to nonhospital patients. The General Assembly finds that the failure to provide for the 31 32 payment of public body obligations of a closed or delicensed hospital could have a 33 serious adverse effect on the ability of Maryland health care facilities, and potentially 34 the ability of the State and local governments, to secure subsequent financing

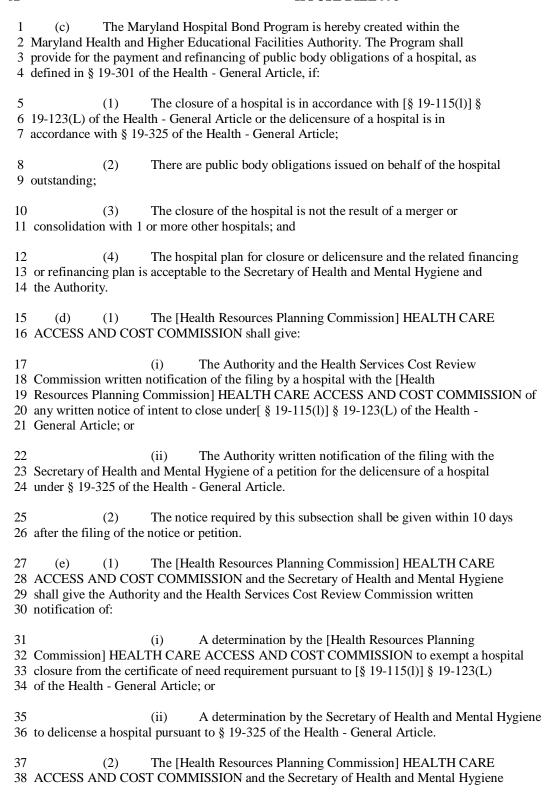
The purpose of this section is to preserve the access of Maryland's

37 health care facilities to adequate financing by establishing a program to facilitate the 38 refinancing and payment of public body obligations of a closed or delicensed hospital.

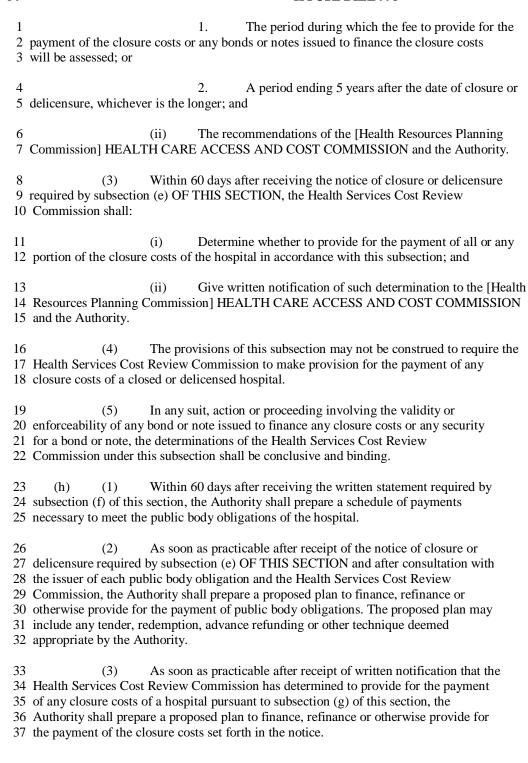
35 through the issuance of tax-exempt bonds.

(2)

36



| <ul><li>2 later than 150 days</li><li>3 and shall include the</li></ul>       | 1 shall submit the written notification required in paragraph (1) of this subsection no<br>2 later than 150 days prior to the scheduled date of the hospital closure or delicensure<br>3 and shall include the name and location of the hospital, and the scheduled date of<br>4 hospital closure or delicensure. |   |  |  |  |  |  |
|---|---|---|--|--|--|--|--|
|   | ity and the l<br>f any outsta   | tal that intends to close or is scheduled to be delicensed shall<br>Health Services Cost Review Commission with a<br>anding public body obligations issued on behalf of the   |  |  |  |  |  |
| 9<br>10 the hospital;   | (i)   | The name of each issuer of a public body obligation on behalf of  |  |  |  |  |  |
| 11<br>12 obligation and the<br>13 thereof;                                    | (ii)<br>due dates fo  | The outstanding principal amount of each public body or payment or any mandatory redemption or purchase   |  |  |  |  |  |
| <ul><li>14</li><li>15 obligation and the</li></ul>                            | (iii)<br>interest rate  | The due dates for the payment of interest on each public body es; and   |  |  |  |  |  |
| <ul><li>16</li><li>17 obligations as the answer</li><li>18 request.</li></ul> | (iv)<br>Authority o   | Any documents and information pertaining to the public body<br>r the Health Services Cost Review Commission may   |  |  |  |  |  |
| 19 (2)<br>20 filed by the hospita   |   | tement required in paragraph (1) of this subsection shall be  |  |  |  |  |  |
|   | g Commiss   | In the case of closure pursuant to [§ 19-115(l)] § 19-123(L) of the in 10 days after the date of filing with the [Health ion] HEALTH CARE ACCESS AND COST COMMISSION of se; or  |  |  |  |  |  |
| <ul><li>25</li><li>26 General Article, at</li></ul>                           | (ii)<br>least 150 d   | In the case of delicensure pursuant to § 19-325 of the Health - lays prior to the scheduled date of delicensure.  |  |  |  |  |  |
| 29 outstanding public   | yment of all<br>body oblig  | alth Services Cost Review Commission may determine to<br>l or any portion of the closure costs of a hospital having<br>gations if the Health Services Cost Review Commission<br>the closing costs is necessary or appropriate to: |  |  |  |  |  |
| 31  | (i)   | Encourage and assist the hospital to close; or  |  |  |  |  |  |
| 32  | (ii)  | Implement the program created by this section.  |  |  |  |  |  |
| 33 (2)<br>34 Services Cost Rev  |   | ng the determinations under this subsection, the Health ission shall consider:  |  |  |  |  |  |
| 35<br>36 system expected to   | (i)<br>result fron  | The amount of the system-wide savings to the State health care in the closure or delicensure of the hospital over:  |  |  |  |  |  |



| 1 (4) Upon the request of the Health Services Cost Review Commission,<br>2 the Authority may begin preparing the plan or plans required by this subsection<br>3 before:   |
|---|
| 4 (i) The final determination by the [Health Resources Planning 5 Commission] HEALTH CARE ACCESS AND COST COMMISSION to exempt a hospital 6 closure from the certificate of need requirement pursuant to [§ 19-115(l)] § 19-123(L) 7 of the Health - General Article;   |
| 8 (ii) Any final determination of delicensure by the Secretary of 9 Health and Mental Hygiene pursuant to § 19-325 of the Health - General Article; or  |
| 10 (iii) Any final determination by the Health Services Cost Review 11 Commission to provide for the payment of any closure costs of the hospital.  |
| 12 (5) The Authority shall promptly submit the schedule of payments and<br>13 the proposed plan or plans required by this subsection to the Health Services Cost<br>14 Review Commission.   |
| 15 (i) (1) The Authority may issue negotiable bonds or notes for the purpose of 16 financing, refinancing or otherwise providing for the payment of public body 17 obligations or any closure costs of a hospital in accordance with any plan developed 18 pursuant to subsection (h) of this section.  |
| 19 (2) The bonds or notes shall be payable from the fees provided pursuant 20 to subsection (j) of this section or from other sources as may be provided in the plan.   |
| 21 (3) The bonds or notes shall be authorized, sold, executed and delivered 22 as provided for in this article and shall have terms consistent with all existing 23 constitutional and legal requirements.  |
| 24 (4) In connection with the issuance of any bond or note, the Authority 25 may assign its rights under any loan, lease or other financing agreement between the 26 Authority or any other issuer of a public body obligation and the closed or delicensed 27 hospital to the State or appropriate agency in consideration for the payment of any 28 public body obligation as provided in this section. |
| 29 (j) (1) On the date of closure or delicensure of any hospital for which a 30 financing or refinancing plan has been developed in accordance with subsection (h) of 31 this section, the Health Services Cost Review Commission shall assess a fee on all 32 hospitals as provided in [§ 19-207.2] § 19-223 of the Health - General Article in an 33 amount sufficient to:                              |
| 34 (i) Pay the principal and interest on any public body obligations, o<br>35 any bonds or notes issued by the Authority pursuant to subsection (i) of this section to<br>36 finance or refinance public body obligations;  |
| 37 (ii) Pay any closure costs or the principal and interest on any bonds<br>38 or notes issued by the Authority pursuant to subsection (i) of this section to finance or<br>39 refinance any closure costs;   |

1 Maintain any reserve required in the resolution, trust (iii) 2 agreement or other financing agreement securing public body obligations, bonds, or 4 (iv) Pay any required financing fees or other similar charges; and 5 Maintain reserves deemed appropriate by the Authority to (v) 6 ensure that the amounts provided in this subsection are satisfied in the event any 7 hospital defaults in paying the fees. The fee assessed each hospital shall be equal to that portion of the 8 9 total fees required to be assessed that is equal to the ratio of the actual gross patient 10 revenues of the hospital to the total gross patient revenues of all hospitals, determined as of the date or dates deemed appropriate by the Authority after consultation with the Health Services Cost Review Commission. 13 Each hospital shall pay the fee directly to the Authority, any trustee 14 for the holders of any bonds or notes issued by the Authority pursuant to subsection 15 (i) of this section, or as otherwise directed by the Authority. The fee may be assessed 16 at any time necessary to meet the payment requirements of this subsection. 17 The fees assessed may not be subject to supervision or regulation by 18 any department, commission, board, body or agency of this State. Any pledge of these 19 fees to any bonds or notes issued pursuant to this section or to any other public body 20 obligations, shall immediately subject such fees to the lien of the pledge without any 21 physical delivery or further act. The lien of the pledge shall be valid and binding 22 against all parties having claims of any kind in tort, contract or otherwise against the 23 Authority or any closed or delicensed hospital, irrespective of whether the parties 24 have notice. 25 In the event the Health Services Cost Review Commission shall 26 terminate by law, the Secretary of Health and Mental Hygiene, in accordance with the 27 provisions of this subsection, shall impose a fee on all hospitals licensed pursuant to 28 § 19-318 of the Health - General Article. 29 Notwithstanding any other provision of this article, any action taken (k) (1)30 by the Authority to provide for the payment of public body obligations shall be for the 31 purpose of maintaining the credit rating of this State, its agencies, instrumentalities, 32 and political subdivisions, ensuring their access to the credit markets, and may not 33 constitute any payment by or on behalf of a closed or delicensed hospital. A hospital is 34 not relieved of its obligations with respect to the payment of public body obligations. 35 The Authority shall be subrogated to the rights of any holders or issuers of public 36 body obligations, as if the payment or provision for payment had not been made. 37 (2)The Authority may proceed against any guaranty or other collateral 38 securing the payment of public body obligations of a closed or delicensed hospital 39 which was provided by any entity associated with the hospital if such action is 40 determined by the Authority to be:

| 1 2                  | body obligations; or   | (i)  | Necessary to protect the interests of the holders of the public   |
|----------------------|--|--|---|
| 3                    | the hospital to close.   | (ii)   | Consistent with the public purpose of encouraging and assisting   |
| 5<br>6               | (3) subsection, the Autho  |  | ng the determination required under paragraph (2) of this consider:   |
| 7<br>8               | was provided; and  | (i)  | The circumstances under which the guaranty or other collateral  |
|                      | Commission and the ACCESS AND COS  |  | The recommendations of the Health Services Cost Review Resources Planning Commission] HEALTH CARE MISSION.  |
| 14<br>15<br>16<br>17 | Authority in the enformation been developed in accommod offset the amount of the Review Commission | rcement of<br>cordance<br>the fee re<br>pursuant<br>n, includi | ount realized by the Authority or any assignee of the of any claim against a hospital for which a plan has with subsection (h) of this section shall be applied to quired to be assessed by the Health Services Cost to subsection (j) of this section. The costs and expenses ng any costs for maintaining the property prior to its from this amount. |
| 21<br>22             | Review Commission<br>ACCESS AND COS  | the [Heat<br>T COMM<br>ers' recor                              | and intent of this section that the Health Services Cost alth Resources Planning Commission,] HEALTH CARE MISSION, and the Authority consult with each other and take numendations in making the determinations required to   |
| 26                   | proceeding involving   | the valid<br>e determi   | any other provision of this section, in any suit, action or<br>lity or enforceability of any bond or note or any security<br>nations of the Authority under this section shall be   |
|                      | Planning Commission  | n,] HEAI   | ces Cost Review Commission, the [Health Resources<br>LTH CARE ACCESS AND COST COMMISSION, or the<br>ce required to be given to it under this section.   |
| 31<br>32             | SECTION 3. AN read as follows:   | D BE IT  | FURTHER ENACTED, That the Laws of Maryland  |
| 33                   |  |  | Article - Health - General  |
| 34                   | 19-111.  |  |   |
| 35<br>36             | (A) (1) INDICATED.   | IN THIS  | S SECTION THE FOLLOWING WORDS HAVE THE MEANINGS   |
|                      |  |  |   |

- 1 (2) "FUND" MEANS THE HEALTH CARE ACCESS AND COST COMMISSION 2 FUND.
- 3 (3) "HEALTH CARE PRACTITIONER" MEANS ANY INDIVIDUAL WHO IS
- 4 LICENSED, CERTIFIED, OR OTHERWISE AUTHORIZED UNDER THE HEALTH
- 5 OCCUPATIONS ARTICLE TO PROVIDE HEALTH CARE SERVICES.
- 6 (4) "NURSING HOME" MEANS A RELATED INSTITUTION THAT IS 7 CLASSIFIED AS A NURSING HOME.
- 8 (5) "PAYOR" MEANS:
- 9 (I) A HEALTH INSURER OR NONPROFIT HEALTH SERVICE PLAN
- 10 THAT HOLDS A CERTIFICATE OF AUTHORITY AND PROVIDES HEALTH INSURANCE
- 11 POLICIES OR CONTRACTS IN THE STATE IN ACCORDANCE WITH THIS ARTICLE OR
- 12 THE INSURANCE ARTICLE; OR
- 13 (II) A HEALTH MAINTENANCE ORGANIZATION THAT HOLDS A
- 14 CERTIFICATE OF AUTHORITY IN THE STATE.
- 15 (B) SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS SECTION, THE 16 COMMISSION SHALL ASSESS A FEE ON:
- 17 (1) ALL HOSPITALS;
- 18 (2) ALL NURSING HOMES;
- 19 (3) ALL PAYORS; AND
- 20 (4) ALL HEALTH CARE PRACTITIONERS.
- 21 (C) (1) THE TOTAL FEES ASSESSED BY THE COMMISSION MAY NOT EXCEED
- 22 \$8,250,000 IN ANY FISCAL YEAR.
- 23 (2) THE FEES ASSESSED BY THE COMMISSION SHALL BE USED
- 24 EXCLUSIVELY TO COVER THE ACTUAL DOCUMENTED DIRECT AND INDIRECT COSTS
- 25 OF FULFILLING THE STATUTORY AND REGULATORY DUTIES OF THE COMMISSION IN
- 26 ACCORDANCE WITH THE PROVISIONS OF THIS SUBTITLE.
- 27 (3) THE COMMISSION SHALL PAY ALL FUNDS COLLECTED FROM THE
- 28 FEES ASSESSED IN ACCORDANCE WITH THIS SECTION INTO THE FUND.
- 29 (4) THE FEES ASSESSED MAY BE EXPENDED ONLY FOR PURPOSES
- 30 AUTHORIZED BY THE PROVISIONS OF THIS SUBTITLE.
- 31 (D) OF THE TOTAL FEES ASSESSED BY THE COMMISSION UNDER THIS
- 32 SECTION IN ANY FISCAL YEAR, THE COMMISSION:
- 33 (1) IN LIEU OF THE APPLICATION FEES PROVIDED FOR IN § 19-123 OF
- 34 THIS SUBTITLE, SHALL ASSESS:

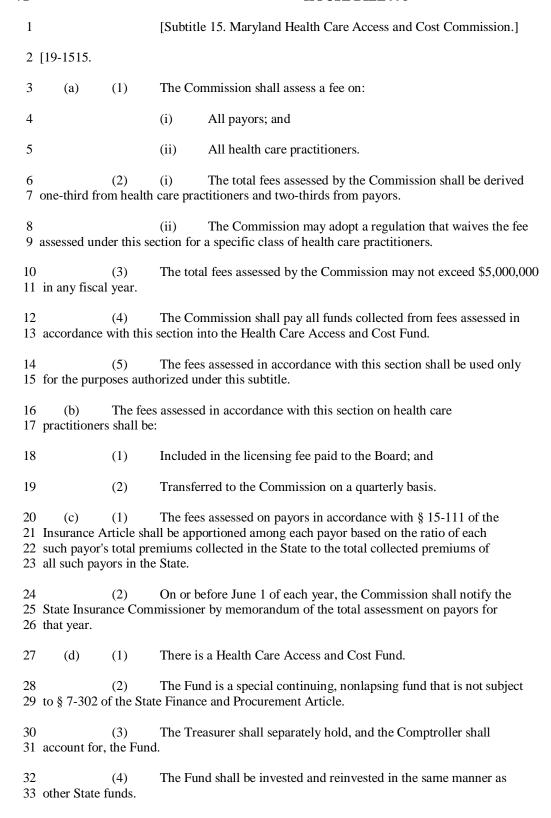
- 1 (I) HOSPITALS AND SPECIAL HOSPITALS FOR AN AMOUNT NOT 2 EXCEEDING 36% OF THE TOTAL AMOUNT ASSESSED; AND
- $_{\rm 3}$   $_{\rm (II)}$  NURSING HOMES FOR AN AMOUNT NOT EXCEEDING 5% OF THE 4 TOTAL AMOUNT ASSESSED;
- 5 (2) SHALL ASSESS PAYORS FOR AN AMOUNT NOT EXCEEDING 40% OF 6 THE TOTAL AMOUNT ASSESSED; AND
- 7 (3) SHALL ASSESS HEALTH CARE PRACTITIONERS FOR AN AMOUNT NOT 8 EXCEEDING 19% OF THE TOTAL AMOUNT ASSESSED.
- 9 (E) (1) THE FEES ASSESSED IN ACCORDANCE WITH THIS SECTION ON 10 HEALTH CARE PRACTITIONERS SHALL BE:
- 11 (I) INCLUDED IN THE LICENSING FEE PAID TO THE HEALTH CARE 12 PRACTITIONER'S LICENSING BOARD; AND
- 13 (II) TRANSFERRED BY THE HEALTH CARE PRACTITIONER'S 14 LICENSING BOARD TO THE COMMISSION ON A QUARTERLY BASIS.
- 15 (2) THE COMMISSION MAY ADOPT REGULATIONS THAT WAIVE THE FEE 16 ASSESSED UNDER THIS SECTION FOR A SPECIFIC CLASS OF HEALTH CARE 17 PRACTITIONERS.
- 18 (F) (1) THERE IS A HEALTH CARE ACCESS AND COST COMMISSION FUND.
- 19 (2) THE FUND IS A SPECIAL CONTINUING, NONLAPSING FUND THAT IS 20 NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.
- 21 (3) THE TREASURER SHALL SEPARATELY HOLD, AND THE
- 22 COMPTROLLER SHALL ACCOUNT FOR, THE FUND.
- 23 (4) THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME 24 MANNER AS OTHER STATE FUNDS.
- 25 (5) ANY INVESTMENT EARNINGS SHALL BE RETAINED TO THE CREDIT 26 OF THE FUND.
- 27 (6) THE FUND SHALL BE SUBJECT TO AN AUDIT BY THE OFFICE OF 28 LEGISLATIVE AUDITS AS PROVIDED FOR IN § 2-1220 OF THE STATE GOVERNMENT 29 ARTICLE.
- 30 (7) THIS SECTION MAY NOT BE CONSTRUED TO PROHIBIT THE FUND 31 FROM RECEIVING FUNDS FROM ANY OTHER SOURCE.
- 32 (8) THE FUND SHALL BE USED ONLY TO PROVIDE FUNDING FOR THE 33 COMMISSION AND FOR THE PURPOSES AUTHORIZED UNDER THIS SUBTITLE.
- 34 (G) THE COMMISSION SHALL:

36 PAYMENTS.

**HOUSE BILL 995** 1 (I) ASSESS FEES ON PAYORS IN ACCORDANCE WITH § 15-111 OF (1) 2 THE INSURANCE ARTICLE AND IN A MANNER THAT APPORTIONS THE TOTAL AMOUNT 3 OF THE FEES TO BE ASSESSED ON PAYORS UNDER SUBSECTION (D)(2) OF THIS 4 SECTION AMONG EACH PAYOR BASED ON THE RATIO OF EACH PAYOR'S TOTAL 5 PREMIUMS COLLECTED IN THE STATE TO THE TOTAL COLLECTED PREMIUMS OF ALL 6 PAYORS COLLECTED IN THE STATE; AND 7 ON OR BEFORE JUNE 1 OF EACH YEAR, NOTIFY THE INSURANCE (II)8 COMMISSIONER BY MEMORANDUM OF THE TOTAL ASSESSMENT ON PAYORS FOR 9 THAT YEAR: AND ASSESS FEES FOR EACH HOSPITAL EQUAL TO THE SUM OF: 10 (2) (I) 11 1. THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES 12 TO BE ASSESSED ON HOSPITALS UNDER SUBSECTION (D)(1)(I) OF THIS SECTION 13 TIMES THE RATIO OF ADMISSIONS OF THE HOSPITAL TO TOTAL ADMISSIONS OF ALL 14 HOSPITALS; AND THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES 15 2. 16 TO BE ASSESSED ON HOSPITALS UNDER SUBSECTION (D)(1)(I) OF THIS SECTION 17 TIMES THE RATIO OF GROSS OPERATING REVENUE OF EACH HOSPITAL TO TOTAL 18 GROSS OPERATING REVENUES OF ALL HOSPITALS: 19 ASSESS FEES FOR EACH NURSING HOME EQUAL TO THE SUM (II)20 OF: 21 THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES 1. 22 TO BE ASSESSED ON NURSING HOMES UNDER SUBSECTION (D)(1)(II) OF THIS 23 SECTION TIMES THE RATIO OF ADMISSIONS OF THE NURSING HOME TO TOTAL 24 ADMISSIONS OF ALL NURSING HOMES; AND 25 THE AMOUNT EQUAL TO ONE-HALF OF THE TOTAL FEES 26 TO BE ASSESSED ON NURSING HOMES UNDER SUBSECTION (D)(1)(II) OF THIS 27 SECTION TIMES THE RATIO OF GROSS OPERATING REVENUE OF EACH NURSING 28 HOME TO TOTAL GROSS OPERATING REVENUES OF ALL NURSING HOMES: 29 (III)ESTABLISH MINIMUM AND MAXIMUM ASSESSMENTS; AND (IV) ASSESS EACH HOSPITAL AND NURSING HOME ON OR BEFORE 31 JUNE 30 OF EACH FISCAL YEAR. 32 ON OR BEFORE SEPTEMBER 1 OF EACH YEAR, EACH HOSPITAL AND (H) (1) 33 NURSING HOME ASSESSED UNDER THIS SECTION SHALL MAKE PAYMENT TO THE 34 COMMISSION. 35 THE COMMISSION SHALL MAKE PROVISIONS FOR PARTIAL (2)

ANY BILL NOT PAID WITHIN 30 DAYS OF THE AGREED PAYMENT DATE MAY

38 BE SUBJECT TO AN INTEREST PENALTY TO BE DETERMINED BY THE COMMISSION.



- 1 (5) Any investment earnings shall be retained to the credit of the Fund.
- 2 (6) The Fund shall be subject to an audit by the Office of Legislative 3 Audits as provided for in § 2-1220 of the State Government Article.
- 4 (7) This section may not be construed to prohibit the Fund from 5 receiving funds from any other source.
- 6 (8) The Fund shall be used only to provide funding for the Commission 7 and for the purposes authorized under this subtitle.]

### 8 SECTION 4. AND BE IT FURTHER ENACTED, That:

- 9 (a) All property of any kind, including personal property, records, fixtures,
- 10 appropriations, credits, assets, liabilities, obligations, rights, and privileges, held
- 11 prior to October 1, 1999, by the State Health Resources Planning Commission shall be
- 12 and hereby are transferred to the Maryland Health Care Access and Cost
- 13 Commission;
- 14 (b) Except as otherwise provided by law, all contracts, agreements, grants, or
- 15 other obligations entered into prior to October 1, 1999, by the State Health Resources
- 16 Planning Commission and which by their terms are to continue in effect on or after
- 17 October 1, 1999, shall be valid, legal, and binding obligations of the Maryland Health
- 18 Care Access and Cost Commission, under the terms of the obligations;
- 19 (c) Any transaction affected by any change of nomenclature under this Act,
- 20 and validly entered into before October 1, 1999, and every right, duty, or interest
- 21 flowing from the transaction, remains valid on and after October 1, 1999, as if the
- 22 change of nomenclature had not occurred; and
- 23 (d) All employees who are transferred to the Maryland Health Care Access
- 24 and Cost Commission from the State Health Resources Planning Commission on
- 25 October 1, 1999, shall be so transferred without diminution of their rights, benefits,
- 26 or employment or retirement status.

### 27 SECTION 5. AND BE IT FURTHER ENACTED, That:

- 28 (a) The publishers of the Annotated Code of Maryland, subject to the approval
- 29 of the Department of Legislative Services, shall propose the correction of any agency
- 30 names and titles throughout the Code that are rendered incorrect by this Act; and
- 31 (b) Subject to the approval of the Director of the Department of Legislative
- 32 Services, the publishers of the Annotated Code of Maryland shall correct any
- 33 cross-references that are rendered incorrect by this Act.

### 34 SECTION 6. AND BE IT FURTHER ENACTED, That:

- 35 (a) Notwithstanding the repeal of § 19-122 of the Health General Article
- 36 under Section 1 of this Act, until the end of May 31, 2000, the Health Care Access and
- 37 Cost Commission shall continue to assess and collect user fees from hospitals and

- 1 nursing homes in the same manner and with the same authority as did the Health
- 2 Resources Planning Commission in accordance with the provisions of § 19-122 of the
- 3 Health General Article as it was in effect on September 30, 1999; and
- 4 (b) All fees assessed and collected by the Health Care Access and Cost
- 5 Commission in accordance with subsection (a) of this section shall be paid into the
- 6 Health Care Access and Cost Fund established under § 19-1515 of the Health -
- 7 General Article and shall be used only to provide funding for the Health Care Access
- 8 and Cost Commission and for the purposes authorized under this Act.
- 9 SECTION 7. AND BE IT FURTHER ENACTED, That any balance remaining in
- 10 the Health Resources Planning Commission Fund, as provided in § 19-122 of the
- 11 Health General Article at the end of September 30, 1999 shall be transferred to the
- 12 Health Care Access and Cost Fund, as established under § 19-1515 of the Health -
- 13 General Article.
- 14 SECTION 8. AND BE IT FURTHER ENACTED, That any balance remaining in
- 15 the Health Care Access and Cost Fund, as provided in § 19-1515 of the Health -
- 16 General Article at the end of May 31, 2000 shall be transferred to the Health Care
- 17 Access and Cost Commission Fund, as enacted by Section 3 of this Act.
- 18 SECTION 9. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
- 19 take effect June 1, 2000.
- 20 SECTION 10. AND BE IT FURTHER ENACTED, That, beginning on October 1,
- 21 1999, the Chairman and the Executive Director of the Health Care Access and Cost
- 22 Commission shall meet regularly, and at least once every three months, with the
- 23 Chairman and Executive Director of the Health Services Cost Review Commission to
- 24 foster the coordination of functions between the two commissions and to evaluate the
- 25 feasibility, desirability, and best method of reorganizing the duties and
- 26 responsibilities of the two commissions under one commission.
- 27 SECTION 11. AND BE IT FURTHER ENACTED, That, on or before January 1,
- 28 2000, the Health Care Access and Cost Commission and the Health Services Cost
- 29 Review Commission, shall review and provide a preliminary report, and on or before
- 30 July 1, 2000, a final report, to the General Assembly on:
- 31 (a) the reorganization of the Health Resources Planning Commission into the
- 32 Health Care Access and Cost Commission as of the date of the report;
- 33 (b) the feasibility, desirability, and most efficient method of reorganizing the
- 34 duties and responsibilities of the Health Care Access and Cost Commission and
- 35 Health Services Cost Review Commission under one commission; and
- 36 (c) an estimate as to the amount of time necessary to reorganize the Health
- 37 Care Access and Cost Commission and the Health Services Cost Review Commission
- 38 under one commission.
- 39 SECTION 12. AND BE IT FURTHER ENACTED, That, except as provided in
- 40 Section 9 of this Act, this Act shall take effect October 1, 1999.