

HOUSE BILL 1587

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CF SB 974

By: ~~Delegate Hammen~~ **Delegates Hammen, Beitzel, Benson, Costa, Donoghue, Elliott, Hubbard, Kach, Kipke, Kullen, McDonough, Mizeur, Montgomery, Morhaim, Nathan-Pulliam, Oaks, Pena-Melnyk, Pendergrass, Reznik, Riley, Tarrant, V. Turner, and Weldon**

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Re-referred to: Appropriations and Health and Government Operations, March 7, 2008

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2008

CHAPTER _____

1 AN ACT concerning

2 **Health Services Cost Review Commission – Averted Uncompensated Care –**
3 **Assessment**

4 FOR the purpose of ~~authorizing~~ requiring the Health Services Cost Review
5 Commission to assess a certain amount in hospital rates to reflect a certain
6 reduction in hospital uncompensated care and to operate and administer the
7 Maryland Health Insurance Plan; requiring, for the portion of the assessment
8 related to a certain expansion of health care coverage, ~~requiring~~
9 Commission to ensure that the assessment amount not exceed certain savings
10 and requiring each hospital to remit its assessment amount to the Health Care
11 Coverage Fund; requiring any savings not subject to the assessment to be
12 shared among certain purchasers; requiring, for the portion of the assessment
13 related to the Maryland Health Insurance Plan, ~~requiring~~ the Commission to
14 ensure the assessment is ~~revenue neutral to each hospital and~~ included in the
15 reasonable costs of each hospital when establishing the hospital's rates, is not
16 considered in making certain determinations, and is not less than a certain
17 percentage of net patient revenue; requiring each hospital to remit certain
18 amounts to the Maryland Health Insurance Plan Fund at certain intervals;
19 prohibiting a certain assessment from exceeding a certain percentage of certain
20 hospital revenue; providing that funds generated from the assessment may be
21 used only for certain purposes; requiring the Commission to report certain

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 information to the Governor and General Assembly on or before a certain date
 2 each year; repealing requirements for the Commission to determine certain
 3 savings and assess a certain amount in hospital rates; repealing certain
 4 requirements related to an assessment on hospitals for the operation and
 5 administration of the Maryland Health Insurance Plan; requiring the Maryland
 6 Health Care Commission to report certain information to the Governor and
 7 General Assembly on or before a certain date each year; establishing the intent
 8 of the General Assembly with regard to Medicaid day limits on hospital
 9 services; ~~requiring that~~ authorizing funds generated from ~~the~~ a certain
 10 assessment under this Act ~~be used only for certain purposes~~ to be used for a
 11 certain purpose notwithstanding certain provisions of law; requiring the Health
 12 Services Cost Review Commission to ensure that a certain assessment does not
 13 exceed certain savings; requiring this Act to be abrogated under certain
 14 circumstances; altering a certain statutory reference; and generally relating to a
 15 Health Services Cost Review Commission assessment on hospitals.

16 BY repealing

17 Article – Health – General

18 Section 19–214(d)

19 Annotated Code of Maryland

20 (2005 Replacement Volume and 2007 Supplement)

21 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007

22 Special Session)

23 BY adding to

24 Article – Health – General

25 Section 19–214(d) and (e)

26 Annotated Code of Maryland

27 (2005 Replacement Volume and 2007 Supplement)

28 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007

29 Special Session)

30 BY repealing

31 Article – Health – General

32 Section 19–219(d) and (e)

33 Annotated Code of Maryland

34 (2005 Replacement Volume and 2007 Supplement)

35 BY repealing and reenacting, without amendments,

36 Article – Insurance

37 Section 14–504(a)(1)

38 Annotated Code of Maryland

39 (2006 Replacement Volume and 2007 Supplement)

40 BY repealing and reenacting, with amendments,

41 Article – Insurance

42 Section 14–504(b)

43 Annotated Code of Maryland

1 (2006 Replacement Volume and 2007 Supplement)

2 BY repealing and reenacting, without amendments,

3 Article – Insurance

4 Section 15–12A–01(a) and (f)

5 Annotated Code of Maryland

6 (2005 Replacement Volume and 2007 Supplement)

7 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
8 Special Session)

9 BY repealing and reenacting, with amendments,

10 Article – Insurance

11 Section 15–12A–05

12 Annotated Code of Maryland

13 (2005 Replacement Volume and 2007 Supplement)

14 (As enacted by Chapter 7 of the Acts of the General Assembly of the 2007
15 Special Session)

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

18 **Article – Health – General**

19 19–214.

20 [(d) (1) On or after July 1, 2009, if the expansion of health care coverage
21 under Chapter 7 of the Acts of the General Assembly of the 2007 Special Session
22 reduces hospital uncompensated care, the Commission:

23 (i) Shall determine the savings realized in averted
24 uncompensated care for each hospital individually; and

25 (ii) May assess an amount in each hospital’s rates equal to a
26 portion of the savings realized in averted uncompensated care for that hospital.

27 (2) The Commission shall ensure that any savings realized in averted
28 uncompensated care not subject to the assessment under paragraph (1) of this
29 subsection be shared among purchasers of hospital services in a manner that the
30 Commission determines is most equitable.

31 (3) Each hospital shall remit any assessment under this subsection to
32 the Health Care Coverage Fund established under § 15–701 of this article.]

33 **(D) (1) ~~THE EACH YEAR, THE COMMISSION MAY~~ SHALL ASSESS A**
34 **UNIFORM, BROAD–BASED, AND REASONABLE AMOUNT IN HOSPITAL RATES TO:**

1 (I) REFLECT THE AGGREGATE REDUCTION IN HOSPITAL
2 UNCOMPENSATED CARE REALIZED FROM THE EXPANSION OF HEALTH CARE
3 COVERAGE UNDER CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF
4 THE GENERAL ASSEMBLY; AND

5 (II) OPERATE AND ADMINISTER THE MARYLAND HEALTH
6 INSURANCE PLAN ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE
7 INSURANCE ARTICLE.

8 (2) (I) FOR THE PORTION OF THE ASSESSMENT UNDER
9 PARAGRAPH (1)(I) OF THIS SUBSECTION:

10 1. THE COMMISSION SHALL ENSURE THAT THE
11 ASSESSMENT AMOUNT DOES NOT EXCEED THE SAVINGS REALIZED IN AVERTED
12 HOSPITAL UNCOMPENSATED CARE FROM THE HEALTH CARE COVERAGE
13 EXPANSION; AND

14 2. EACH HOSPITAL SHALL REMIT ITS ASSESSMENT
15 AMOUNT TO THE HEALTH CARE COVERAGE FUND ESTABLISHED UNDER §
16 15-701 OF THIS ARTICLE.

17 (II) ANY SAVINGS REALIZED IN AVERTED UNCOMPENSATED
18 CARE AS A RESULT OF THE EXPANSION OF HEALTH CARE COVERAGE UNDER
19 CHAPTER 7 OF THE ACTS OF THE 2007 SPECIAL SESSION OF THE GENERAL
20 ASSEMBLY THAT ARE NOT SUBJECT TO THE ASSESSMENT UNDER PARAGRAPH
21 (1)(I) OF THIS SUBSECTION SHALL BE SHARED AMONG PURCHASERS OF
22 HOSPITAL SERVICES IN A MANNER THAT THE COMMISSION DETERMINES IS
23 MOST EQUITABLE.

24 (3) FOR THE PORTION OF THE ASSESSMENT UNDER PARAGRAPH
25 (1)(II) OF THIS SUBSECTION:

26 (I) THE COMMISSION SHALL ENSURE THAT THE
27 ASSESSMENT:

28 ~~1. SHALL BE REVENUE NEUTRAL TO EACH~~
29 ~~HOSPITAL; AND~~

30 1. SHALL BE INCLUDED IN THE REASONABLE COSTS
31 OF EACH HOSPITAL WHEN ESTABLISHING THE HOSPITAL'S RATES;

32 2. MAY NOT BE CONSIDERED IN DETERMINING THE
33 REASONABLENESS OF RATES OR HOSPITAL FINANCIAL PERFORMANCE UNDER
34 COMMISSION METHODOLOGIES; AND

1 **3. MAY NOT BE LESS AS A PERCENTAGE OF NET**
2 **PATIENT REVENUE THAN THE ASSESSMENT OF .8128% THAT WAS IN EXISTENCE**
3 **ON JULY 1, 2007; AND**

4 **(II) EACH HOSPITAL SHALL REMIT MONTHLY**
5 **ONE-TWELFTH OF THE AMOUNT ASSESSED UNDER PARAGRAPH (1)(II) OF THIS**
6 **SUBSECTION TO THE MARYLAND HEALTH INSURANCE PLAN FUND**
7 **ESTABLISHED UNDER TITLE 14, SUBTITLE 5 OF THE INSURANCE ARTICLE, FOR**
8 **THE PURPOSE OF OPERATING AND ADMINISTERING THE MARYLAND HEALTH**
9 **INSURANCE PLAN.**

10 **(4) THE ASSESSMENT AUTHORIZED UNDER PARAGRAPH (1) OF**
11 **THIS SUBSECTION MAY NOT EXCEED 3% IN THE AGGREGATE OF ANY HOSPITAL'S**
12 **TOTAL NET REGULATED PATIENT REVENUE.**

13 **(5) FUNDS GENERATED FROM THE ASSESSMENT UNDER THIS**
14 **SUBSECTION MAY BE USED ONLY TO:**

15 **(I) SUPPLEMENT COVERAGE UNDER THE MEDICAL**
16 **ASSISTANCE PROGRAM BEYOND THE ELIGIBILITY REQUIREMENTS IN**
17 **EXISTENCE ON JANUARY 1, 2008; AND**

18 **(II) PROVIDE FUNDING FOR THE OPERATION AND**
19 **ADMINISTRATION OF THE MARYLAND HEALTH INSURANCE PLAN.**

20 **(E) ON OR BEFORE JANUARY 1 EACH YEAR, THE COMMISSION SHALL**
21 **REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE**
22 **STATE GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY THE FOLLOWING**
23 **INFORMATION:**

24 **(1) THE AGGREGATE REDUCTION IN HOSPITAL UNCOMPENSATED**
25 **CARE REALIZED FROM THE EXPANSION OF HEALTH CARE COVERAGE UNDER**
26 **CHAPTER 7 OF THE ACTS OF THE GENERAL ASSEMBLY OF THE 2007 SPECIAL**
27 **SESSION; AND**

28 **(2) THE NUMBER OF INDIVIDUALS WHO ENROLLED IN MEDICAID**
29 **AS A RESULT OF THE CHANGE IN ELIGIBILITY STANDARDS UNDER § 15-103(IX)**
30 **OF THE HEALTH - GENERAL ARTICLE AND THE EXPENSES ASSOCIATED WITH**
31 **THE UTILIZATION OF HOSPITAL INPATIENT CARE BY THESE INDIVIDUALS.**

32 19-219.

33 [(d) (1) In this subsection, "base hospital rate" means the aggregate value
34 to participating commercial health insurance carriers of the substantial, available, and

1 affordable coverage purchaser differential as determined by the Commission for the
2 calendar year 2002.

3 (2) The Commission, in accordance with this subsection, shall
4 calculate the amount of funds necessary to operate and administer the Maryland
5 Health Insurance Plan established under Title 14, Subtitle 5 of the Insurance Article.

6 (3) (i) The Commission shall determine the percentage of total net
7 patient revenue received in calendar year 2002 by all hospitals for which the
8 Commission approved hospital rates that is represented by the base hospital rate.

9 (ii) The percentage under subparagraph (i) of this paragraph
10 shall be determined by dividing the base hospital rate by the total net patient revenue
11 received in calendar year 2002 by all hospitals for which the Commission approved
12 hospital rates.

13 (4) On or before May 1 of each year, the Commission shall:

14 (i) Determine the amount of funding to allocate to the
15 Maryland Health Insurance Plan by multiplying the percentage determined under
16 paragraph (3) of this subsection by the value of the total net patient revenues received
17 in the immediately preceding State fiscal year by all hospitals for which rates were
18 approved by the Commission; and

19 (ii) Determine the share of total funding owed by each hospital
20 for which rates have been approved by the Commission proportionate to the
21 percentage of the base hospital rate attributable to each hospital.

22 (5) Each hospital shall remit monthly one-twelfth of the amount
23 determined under paragraph (4)(ii) of this subsection to the Maryland Health
24 Insurance Plan Fund.]

25 [(e) (1) The Commission shall adjust hospital rates to ensure that the
26 assessment collected under subsection (d) of this section is revenue neutral to each
27 hospital.

28 (2) The Commission may not consider the assessment required under
29 subsection (d) of this section in determining:

30 (i) The reasonableness of rates under this section; or

31 (ii) Hospital financial performance.]

32 **Article – Insurance**

33 14–504.

- 1 (a) (1) There is a Maryland Health Insurance Plan Fund.
- 2 (b) The Fund shall consist of:
- 3 (1) premiums for coverage that the Plan issues;
- 4 (2) except as provided in § 14–513(a) of this subtitle, premiums paid
5 by enrollees of the Senior Prescription Drug Assistance Program;
- 6 (3) money collected in accordance with [§ 19–219] § **19–214(D)** of the
7 Health – General Article;
- 8 (4) money deposited by a carrier in accordance with § 14–513 of this
9 subtitle;
- 10 (5) income from investments that the Board makes or authorizes on
11 behalf of the Fund;
- 12 (6) interest on deposits or investments of money from the Fund;
- 13 (7) premium tax revenue collected under § 14–107 of this title;
- 14 (8) money collected by the Board as a result of legal or other actions
15 taken by the Board on behalf of the Fund;
- 16 (9) money donated to the Fund; and
- 17 (10) money awarded to the Fund through grants.

18 15–12A–01.

19 (a) In this subtitle the following words have the meanings indicated.

20 (f) “Program” means the Small Employer Health Benefit Plan Premium
21 Subsidy Program.

22 15–12A–05.

23 On or before January 1, 2009, and annually thereafter, the Commission shall
24 report to the Governor and, in accordance with § 2–1246 of the State Government
25 Article, the General Assembly on:

26 (1) the implementation of the Program; AND

27 (2) THE UNCOMPENSATED CARE SAVINGS DERIVED FROM THE
28 PROGRAM AND THE METHODOLOGY USED BY THE COMMISSION TO TRACK THE
29 UNCOMPENSATED CARE SAVINGS.

1 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the
2 General Assembly that the Department of Health and Mental Hygiene policy of
3 imposing Medicaid day limits on hospital services shall cease effective July 1, 2008.

4 SECTION 3. AND BE IT FURTHER ENACTED, That ~~funds generated from the~~
5 ~~assessment under this Act may be used only to:~~

6 ~~(1) supplement coverage under the Medical Assistance Program~~
7 ~~beyond the eligibility requirements in existence on January 1, 2008;~~

8 ~~(2) provide funding for the Maryland Health Insurance Plan;~~
9 ~~and~~

10 ~~(3) assist in eliminating Medicaid day limits on hospital~~
11 ~~services effective July 1, 2008 notwithstanding § 19-214(d)(1), (2), and (5) of the~~
12 ~~Health – General Article, as enacted by Section 1 of this Act, § 15-701 of the Health –~~
13 ~~General Article, or a delay in the expansion of health care coverage beyond July 1,~~
14 ~~2008, under Chapter 7 of the Acts of the General Assembly of the 2007 Special~~
15 ~~Session:~~

16 (1) funds generated from the assessment under § 19-214(d)(1)(i) of the
17 Health – General Article, as enacted by Section 1 of this Act, may be used to pay for
18 the elimination of Medicaid day limits on hospital services for the period of July 1,
19 2008, through December 31, 2008; and

20 (2) the Health Services Cost Review Commission shall ensure that the
21 assessment under § 19-214(d)(1)(i) of the Health – General Article, as enacted by
22 Section 1 of this Act, does not exceed the savings realized in averted hospital
23 uncompensated care from:

24 (i) the health care coverage expansion; and

25 (ii) the elimination of Medicaid day limits on hospital services
26 for the period of July 1, 2008, through December 31, 2008.

27 SECTION 4. AND BE IT FURTHER ENACTED, That if the State's Medicare
28 waiver under § 1814(b) of the federal Social Security Act terminates or the provisions
29 of 42 C.F.R. 433.68 are changed to prohibit the assessment authorized under this Act,
30 this Act shall be abrogated and of no further force and effect.

31 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 July 1, 2008.