

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE
Revised

House Bill 278

(Chair, Health and Government Operations Committee)
(By Request – Departmental – Health and Mental Hygiene)

Health and Government Operations

Finance

Department of Health and Mental Hygiene - Powers of the Secretary

This departmental bill clarifies the authority of the Secretary of Health and Mental Hygiene to facilitate the provision of health care services in areas of the State that have a substantial deficiency of facilities, staff, or services. The bill also specifically authorizes the Department of Health and Mental Hygiene to continue to execute provider service agreements with public or private health care enterprises for the benefit of public health.

Fiscal Summary

State Effect: Any DHMH revenues from provider service agreements would continue under the bill. No effect on expenditures.

Local Effect: Any local health department revenues from provider service agreements would continue under the bill. No effect on expenditures.

Small Business Effect: DHMH has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Analysis

Bill Summary: The bill expands the Secretary's authority to conduct surveys to identify areas in the State with a substantial deficiency in general medical or health care facilities or services to include deficiencies in specific facilities or staff. The bill clarifies that any counsel or other help to establish medical or health care facilities or services and to

recruit staff are targeted to an underserved area identified as a result of the survey. If the counsel and other help provided in light of the survey does not result in feasible or successful proposals or if other action is necessary, the Secretary is authorized to approve a contract with specified public or private health care entities to facilitate provision of State health care services to the underserved area.

Uncodified language in the bill requires the Secretary, in conducting surveys, to consider market factors that may be contributing to an identified deficiency in facilities, staff, or services. In authorizing an action to ameliorate an identified deficiency, the Secretary has to maximize the State's recovery of State health care costs and expenses and reimbursement for State health care services. The Secretary must consult with the Health Services Cost Review Commission, Maryland Health Care Commission, and other stakeholders concerning feasible means to encourage establishment and expansion of private sector health care providers and services.

The bill may not be construed to have any impact on the current requirements for any licensing and certification of health care providers and facilities, including certificate of need requirements.

Current Law: The Secretary may do a survey to identify any area in this State that has a substantial deficiency in general medical or health care facilities or services and provide assistance to establish medical or health care facilities and recruit medical or health care staff in that area. If the efforts are unsuccessful, the Secretary may provide facilities or staff by contract.

Medicaid managed care organizations are authorized to establish provider networks by subcontracting with a variety of health care providers, including local health departments. Local health departments provide services to MCO enrollees and are reimbursed at a set fee-for-service rate that is higher than MCO may elect to pay out-of-network providers.

Background: According to DHMH, there are specific provider shortages in Western Maryland and other underserved areas of the State. These shortages limit the ability of private health care plans, including health maintenance organizations and alcohol and drug treatment programs, to provide needed services to their members in those areas. Private entities have sought to subcontract with DHMH facilities, including local health departments, for health care services to their clients in underserved areas. DHMH states that this bill is intended to provide clear legal authorization that such public/private collaborative efforts are consistent with the State's public duties.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - February 7, 2008
mcp/ljm Revised - House Third Reader - March 19, 2008
 Revised - Enrolled Bill - May 1, 2008

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