

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 58 (Delegate Costa)
Health and Government Operations

Finance

**Community Services Reimbursement Rate Commission - Termination Date -
Extension**

This bill extends the termination date for the Community Services Reimbursement Rate Commission (CSRRC) by five years to September 30, 2016.

The bill takes effect July 1, 2011.

Fiscal Summary

State Effect: General fund expenditures budgeted through the Developmental Disabilities Administration (DDA) and the Mental Hygiene Administration (MHA) are maintained beyond September 30, 2011. The Governor's proposed FY 2012 budget includes \$130,000 for commission operations, enough to sustain CSRRC operations through the entire fiscal year.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: CSRRC is an independent unit that functions within the Department of Health and Mental Hygiene (DHMH). Initially authorized in 1996 for three years, CSRRC has since been reauthorized four times. It now terminates September 30, 2011.

CSRRC was established to contain hospital costs, maintain fairness in hospital payment, provide for financial access to hospital care, and disclose information regarding the operation of hospitals in the State. The commission further concerns itself with the

resolution of financial problems that may threaten providers' solvency. Specifically, CSRRC is tasked with:

- developing and refining methodologies for calculating DDA and MHA rate update factors;
- reviewing data in DDA annual cost reports and using data to develop relative performance measures of providers;
- studying variation in transportation costs among providers;
- evaluating regulatory changes proposed by DHMH, DDA, and MHA that may affect the rates paid or the rates structure; and
- assessing a broad range of other rate system issues.

CSRRC must issue a report annually by October 1 to the Governor, the Secretary of Health and Mental Hygiene, and the General Assembly that describes its findings regarding:

- the relationship between changes in wages paid by providers to changes in rates paid by DHMH;
- the financial condition of providers;
- incentives and disincentives in the rate-setting methodologies of DDA and MHA;
- ways to build incentives to provide quality care into the rate-setting methodology; and
- the recommended methodologies for calculating rate update factors.

The commission's findings and recommendations must be considered annually in developing the budgets of DHMH, DDA, and MHA.

Additional Information

Prior Introductions: None.

Cross File: SB 202 (Senator Middleton, *et al.*) – Finance.

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

Fiscal Note History: First Reader - February 4, 2011
ncs/mwc

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