

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE

House Bill 1501 (Delegate Eckardt)
 Rules and Executive Nominations

Task Force to Evaluate Regional Health Delivery and Health Planning in Rural Areas

This bill establishes a Task Force to Evaluate Regional Health Delivery and Health Planning in Rural Areas. The task force must have a specific emphasis on large hospital systems acquiring or affiliating with smaller hospitals or hospital systems. By January 1, 2014, the task force must report its findings and recommendations for improvements to the Governor and specified committees of the General Assembly. The Department of Health and Mental Hygiene (DHMH) must provide staff for the task force.

The bill takes effect July 1, 2013, and terminates June 30, 2014.

Fiscal Summary

State Effect: General fund expenditures increase for DHMH by \$55,000 in FY 2014 only to hire a contractor to assist the task force in conducting the required evaluation and submitting the required report and to provide expense reimbursement to task force members. No effect on revenues.

(in dollars)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	55,000	0	0	0	0
Net Effect	(\$55,000)	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The 26-member task force includes 2 members of the Senate and 2 members of the House of Delegates. The President and the Speaker must appoint one member of each respective chamber to co-chair the task force. Members of the task force may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations.

Background: In recent years following national trends, the State's largest hospitals/health systems – University of Maryland Medical System (UMMS), Johns Hopkins Medicine, and MedStar Health – have acquired or affiliated with smaller hospitals and health systems.

In addition to several Baltimore City and Baltimore County facilities, UMMS includes Baltimore Washington Medical Center in Glen Burnie, Chester River Health System in Chestertown (including Chester River Hospital), Civista Health System in La Plata (including Civista Medical Center), and Shore Health System (including Dorchester General Hospital in Cambridge and the Memorial Hospital at Easton). In July 2009, UMMS announced a strategic affiliation with Upper Chesapeake Health System that is expected to lead to a full merger. Upper Chesapeake Health includes Upper Chesapeake Medical Center in Bel Air and Harford Memorial Hospital in Havre de Grace.

In addition to the Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center in Baltimore, Johns Hopkins Medicine includes Howard County General Hospital in Columbia; Sibley Memorial Hospital in Washington, DC; Suburban Hospital in Bethesda; and All Children's Hospital in St. Petersburg, FL.

MedStar Health includes four Baltimore hospitals – Franklin Square Medical Center, Good Samaritan Hospital, Harbor Hospital, and Union Memorial Hospital; Montgomery Medical Center in Olney; Southern Maryland Medical Center in Clinton; and St. Mary's Hospital in Leonardtown. MedStar also include three hospitals in Washington, DC – Georgetown University Hospital, the MedStar Rehabilitation Network, and Washington Hospital Center.

State Fiscal Effect: Given the complexity of the issues to be addressed in the evaluation required by the bill, combined with the short timeframe given for the completion of the report, contractual services are required to implement the bill. Thus, general fund expenditures for DHMH increase by a total of \$55,000 in fiscal 2014, primarily to pay one contractor to assist the task force in completing the required evaluation and write the report required under the bill. This amount also includes an estimated \$5,000 to reimburse the 26 members of the task force for expenses, as authorized under the bill.

Additional Information

Prior Introductions: None.

Cross File: SB 977 (Senator Pipkin) - Finance.

Information Source(s): Johns Hopkins Medicine, MedStar Health, University of Maryland Medical System, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - March 18, 2013
mc/ljm

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