

Department of Legislative Services
 Maryland General Assembly
 2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 977

(Senator Pipkin, *et al.*)

Finance

Health and Government Operations

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 submit an interim report and, by December 1, 2014, submit a final report on its findings and recommendations for improvements to the Governor and specified committees of the General Assembly. The Maryland Health Care Commission (MHCC) must provide staff for the task force.

The bill takes effect July 1, 2013, and terminates December 31, 2014.

Fiscal Summary

State Effect: Special fund expenditures increase for MHCC by \$55,000 in FY 2014 to hire a contractor to assist the task force in conducting the required evaluation and submitting the required reports and to provide expense reimbursement to task force members. Special fund expenditures may increase minimally in FY 2015. No effect on revenues.

| (in dollars) | FY 2014 | FY 2015 | FY 2016 | FY 2017 | FY 2018 |
|----------------|------------|---------|---------|---------|---------|
| Revenues | \$0 | \$0 | \$0 | \$0 | \$0 |
| SF Expenditure | 55,000 | - | 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 27-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 two reports, contractual services are required to implement the bill. Thus, special fund expenditures for MHCC 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 reports required under the bill. This amount also includes an estimated \$5,000 to

reimburse the 27 members of the task force for expenses, as authorized under the bill. This estimate assumes all costs for the contract are incurred in fiscal 2014; however, expenditures may also increase minimally in fiscal 2015 to finalize the second report.

Additional Information

Prior Introductions: None.

Cross File: HB 1501 (Delegate Eckardt) - Rules and Executive Nominations.

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 14, 2013
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