

SENATE BILL 513

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CF 5l2064

By: **Senator Klausmeier**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Hospitals – Rate–Setting – Participation in 340B Program Under the Federal**
3 **Public Health Service Act**

4 FOR the purpose of altering the definition of “hospital services” to include a certain hospital
5 outpatient service of a certain hospital for the purpose of allowing the hospital
6 outpatient service to continue to participate in a certain federal program under rates
7 set by the State Health Services Cost Review Commission; and generally relating to
8 rates for hospital outpatient services.

9 BY repealing and reenacting, with amendments,
10 Article – Health – General
11 Section 19–201
12 Annotated Code of Maryland
13 (2009 Replacement Volume and 2014 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article – Health – General
16 Section 19–219(a) and (b)
17 Annotated Code of Maryland
18 (2009 Replacement Volume and 2014 Supplement)

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

21 **Article – Health – General**

22 19–201.

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

24 (b) “Commission” means the State Health Services Cost Review Commission.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) “Facility” means, whether operated for a profit or not:

2 (1) Any hospital; or

3 (2) Any related institution.

4 (d) (1) “Hospital services” means:

5 (i) Inpatient hospital services as enumerated in Medicare
6 Regulation 42 C.F.R. § 409.10, as amended;

7 (ii) Emergency services, including services provided at:

8 1. Freestanding medical facility pilot projects authorized
9 under Subtitle 3A of this title prior to January 1, 2008; and

10 2. A freestanding medical facility issued a certificate of need
11 by the Maryland Health Care Commission after July 1, 2015;

12 (iii) Outpatient services provided at the hospital; and

13 (iv) Identified physician services for which a facility has
14 Commission–approved rates on June 30, 1985.

15 **(2) “HOSPITAL SERVICES” INCLUDES A HOSPITAL OUTPATIENT**
16 **SERVICE:**

17 **(I) OF A HOSPITAL UNDER A MERGED ASSET HOSPITAL**
18 **SYSTEM; AND**

19 **(II) THAT IS DESIGNATED AS A PART OF ANOTHER HOSPITAL**
20 **UNDER THE SAME MERGED ASSET HOSPITAL SYSTEM TO ALLOW THE HOSPITAL**
21 **OUTPATIENT SERVICE TO CONTINUE TO PARTICIPATE IN THE 340B PROGRAM**
22 **UNDER THE FEDERAL PUBLIC HEALTH SERVICE ACT.**

23 **[(2)] (3)** “Hospital services” does not include:

24 (i) Outpatient renal dialysis services; or

25 (ii) Outpatient services provided at a limited service hospital as
26 defined in § 19–301 of this title, except for emergency services.

27 (e) (1) “Related institution” means an institution that is licensed by the
28 Department as:

1 (i) A comprehensive care facility that is currently regulated by the
2 Commission; or

3 (ii) An intermediate care facility–intellectual disability.

4 (2) “Related institution” includes any institution in paragraph (1) of this
5 subsection, as reclassified from time to time by law.

6 19–219.

7 (a) The Commission may review the costs, and rates, quality, and efficiency of
8 facility services, and make any investigation that the Commission considers necessary to
9 assure each purchaser of health care facility services that:

10 (1) The total costs of all hospital services offered by or through a facility
11 are reasonable;

12 (2) The aggregate rates of the facility are related reasonably to the
13 aggregate costs of the facility; and

14 (3) The rates are set equitably among all purchasers or classes of
15 purchasers without undue discrimination or preference.

16 (b) (1) To carry out its powers under subsection (a) of this section, the
17 Commission may review and approve or disapprove the reasonableness of any rate or
18 amount of revenue that a facility sets or requests.

19 (2) A facility shall:

20 (i) Charge for services only at a rate set in accordance with this
21 subtitle; and

22 (ii) Comply with the applicable terms and conditions of Maryland’s
23 all–payer model contract approved by the federal Center for Medicare and Medicaid
24 Innovation.

25 (3) In determining the reasonableness of rates, the Commission may take
26 into account objective standards of efficiency and effectiveness.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
28 October 1, 2015.