

# SENATE BILL 513

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CF HB 613

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By: **Senator Klausmeier**

Introduced and read first time: February 6, 2015

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2015

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## CHAPTER \_\_\_\_\_

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~~ that meets certain criteria for the purpose of  
6 ~~allowing~~ making it possible for the hospital outpatient service ~~to continue~~ to  
7 participate in a certain federal program under rates set by the State Health Services  
8 Cost Review Commission; and generally relating to rates for hospital outpatient  
9 services.

10 BY repealing and reenacting, with amendments,  
11 Article – Health – General  
12 Section 19–201  
13 Annotated Code of Maryland  
14 (2009 Replacement Volume and 2014 Supplement)

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

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

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **Article – Health – General**

2 19–201.

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

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

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

6 (1) Any hospital; or

7 (2) Any related institution.

8 (d) (1) “Hospital services” means:

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

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

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

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

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

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

19 **(2) “HOSPITAL SERVICES” INCLUDES A HOSPITAL OUTPATIENT**  
20 **SERVICE:**

21 **(I) OF A HOSPITAL THAT, ON OR BEFORE JUNE 1, 2015, IS**  
22 **UNDER A MERGED ASSET HOSPITAL SYSTEM; AND**

23 **(II) THAT IS DESIGNATED AS A PART OF ANOTHER HOSPITAL**  
24 **UNDER THE SAME MERGED ASSET HOSPITAL SYSTEM TO ~~ALLOW~~ MAKE IT POSSIBLE**  
25 **FOR THE HOSPITAL OUTPATIENT SERVICE ~~TO CONTINUE~~ TO PARTICIPATE IN THE**  
26 **340B PROGRAM UNDER THE FEDERAL PUBLIC HEALTH SERVICE ACT; AND**

27 **(III) THAT COMPLIES WITH ALL FEDERAL REQUIREMENTS FOR**  
28 **THE 340B PROGRAM AND APPLICABLE PROVISIONS OF 42 C.F.R. § 413.65.**

1            ~~[(2)]~~ (3)        “Hospital services” does not include:

2                            (i)        Outpatient renal dialysis services; or

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

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

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

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

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

12    19–219.

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

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

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

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

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

25                        (2)        A facility shall:

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

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

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

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

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.