

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 108

(Chair, Education, Health, and Environmental Affairs
Committee)(By Request - Departmental - Higher
Education Commission)

Education, Health, and Environmental Affairs

Appropriations and Health and
Government Operations

Nurse Support Program Assistance Fund - Revisions

This departmental bill removes the limitation of “bedside” nurses as the only type of nurse who is eligible to receive grants from the Nurse Support Program Assistance Fund.

Fiscal Summary

State Effect: None. Changing the type of nurses *eligible* for grants from the Nurse Support Program Assistance Fund does not affect State finances or the amount of money available for grants.

Local Effect: None.

Small Business Effect: The Maryland Higher Education Commission (MHEC) has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: The Nurse Support Program Assistance Fund consists of revenue generated through an increase, as approved by the Health Services Cost Review Commission (HSCRC), to the rate structure of all hospitals. Expenditures from the fund must be made by approved budget amendment.

The money in the fund must be used for competitive grants and statewide grants to increase the number of qualified *bedside* nurses in Maryland hospitals in accordance with guidelines

established by MHEC and HSCRC. The guidelines established must direct a portion of the grants to be used to attract and retain minorities to nursing and nurse faculty careers in Maryland.

Background: In response to a 2003 report by the University of Maryland, Center for Health Workforce Development about the State's impending nursing shortage, HSCRC established the Nurse Support Program I to fund individual nurse retention strategies in hospitals through a 0.1% increase in the rates for hospital services. HSCRC established the Nurse Support Program II (NSPII) on May 4, 2005, to increase the number of nurses and nurse educators. NSPII is administered by MHEC in collaboration with HSCRC. NSPII was codified by Chapters 221 and 222 of 2006.

NSPII has two components: (1) competitively awarded grants to fund innovative nurse education collaborations between nursing schools and hospitals and (2) statewide stipends and scholarships to support nurse educators and, to a lesser degree, service-obligated *bedside* nurses.

In 2005, when the NSPII program was developed, most hospital services were provided in the inpatient setting; therefore, hospital admissions continued to grow. The per-case payment incentives at the time played a role in the growth of inpatient volume as hospitals attempted to grow profitability. While Maryland continued to pass the Medicare-required charge per-case-based test, its growth comparison to the nation was declining. This was partially due to various changes in the health care delivery system, which resulted in cases remaining in the hospital being more acute. In 2016, more services are provided in an outpatient setting than when NSPII was developed due to changes in technology and health care practices.

In 2014, the State entered into a new agreement with the federal Centers for Medicare & Medicaid Services known as the Maryland All-Payer Model. This initiative allowed Maryland to adopt new and innovative policies aimed at improving care, improving population health, and moderating the growth in hospital costs. Under this new system, hospitals operate on global budgets that include inpatient hospital care, outpatient care, and other care settings. Therefore, while there is still a need for "bedside" nurses, there is a greater need for nurses that service patients in hospitals that may not be at the bedside, as well as in outpatient settings. Specifically, hospitals are in need of nurses that perform care coordination activities such as discharge planning, transition management, liaison duties with community providers, and addressing social determinants of patients in the community. Nurses are a major factor in success under the All-Payer Model, and their responsibilities are expanding under related health care delivery transformation. Removing "bedside" from the NSPII grant requirements better reflects current hospital health care delivery and budgeting practice, by allowing NSPII grant funds to be used for other nurses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Higher Education Commission, Department of Health and Mental Hygiene, Department of Legislative Services

Fiscal Note History: First Reader - January 26, 2016
md/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Nurse Support Program Assistance Fund - Clarification

BILL NUMBER: SB 108

**PREPARED BY: Maryland Higher Education Commission
(Dept./Agency)**

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

 X WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

 WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This proposed legislative change only impacts administrative procedures at MHEC. There will not be an impact on small business.